ANNUAL REPORT 2019

DUFRY

WorldClass WorldWide

DUFRY GROUP – A LEADING GLOBAL TRAVEL RETAILER

DUFRY AG (SIX: DUFN) IS A LEADING GLOBAL TRAVEL RETAILER OPERATING OVER 2,400 DUTY-FREE AND DUTY-PAID SHOPS IN AIRPORTS, CRUISE LINES, SEAPORTS, RAILWAY STATIONS AND DOWNTOWN TOURIST AREAS.

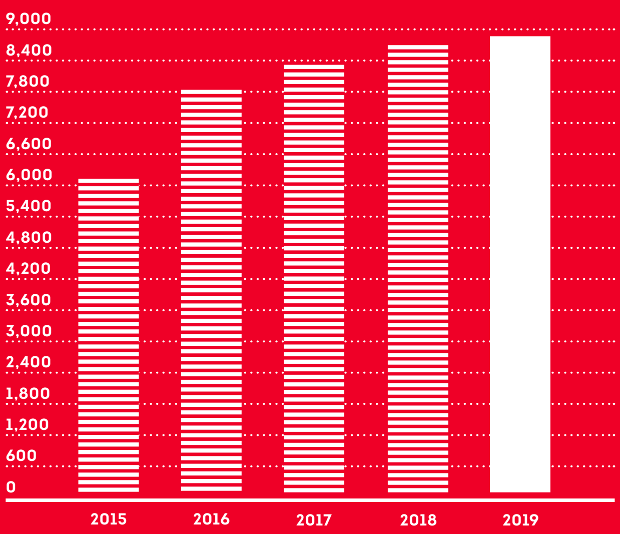
DUFRY EMPLOYS OVER 31,000 (FTE) PEOPLE. THE COMPANY, HEADQUARTERED IN BASEL, SWITZERLAND, OPERATES IN 65 COUNTRIES ON ALL SIX CONTINENTS.

ANNUAL REPORT 2019 CONTENT

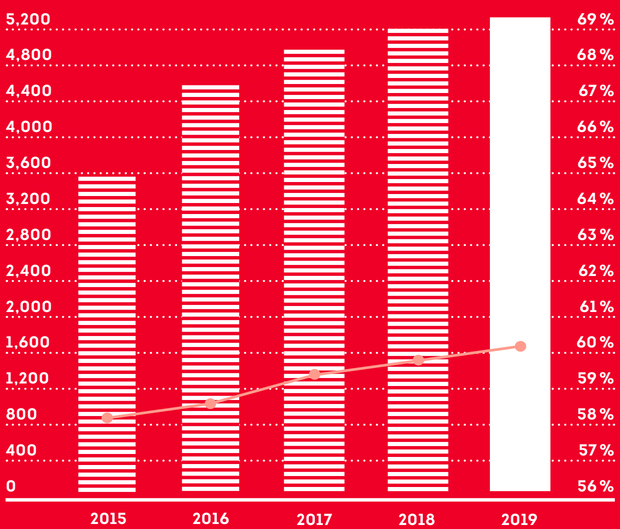
Read the full focus story
on page 30 – 37

DUFRY
AT A GLANCE

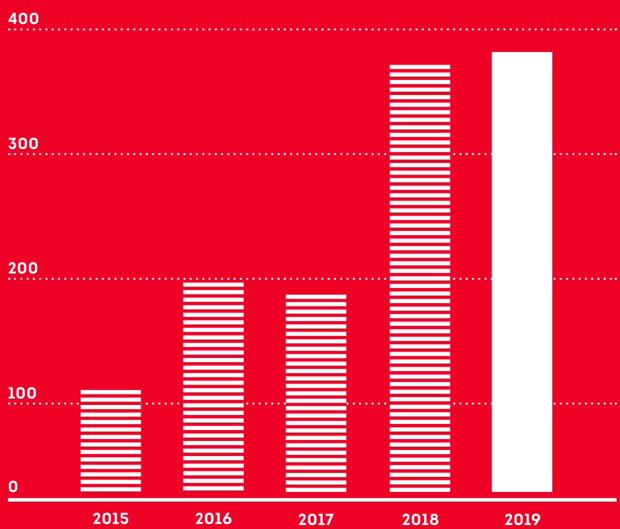
TURNOVER
IN MILLIONS OF CHF



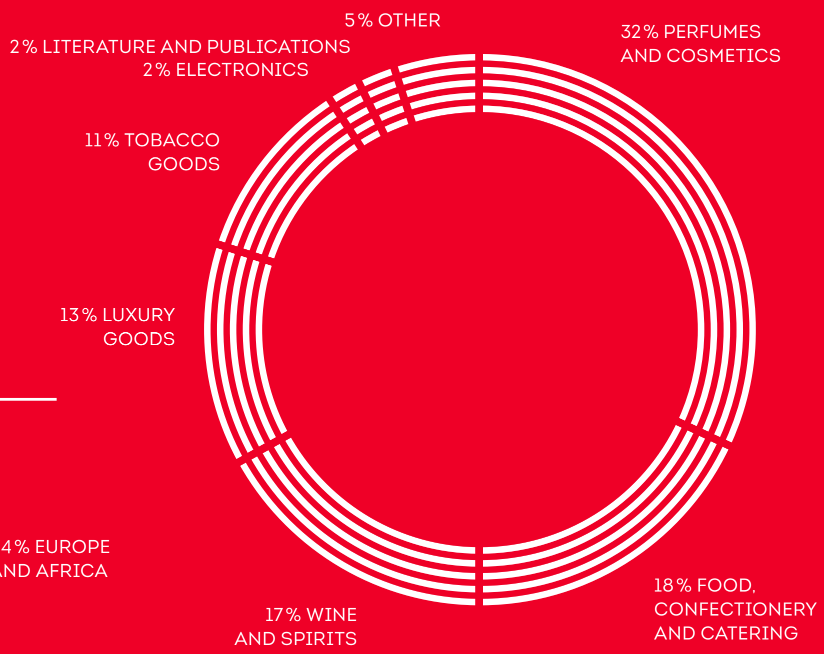
GROSS PROFIT
IN MILLIONS OF CHF
MARGIN



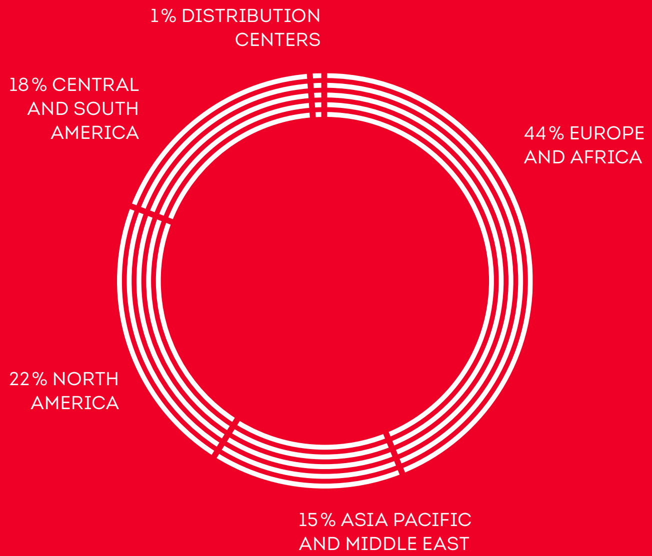
EQUITY FREE CASH FLOW
IN MILLIONS OF CHF



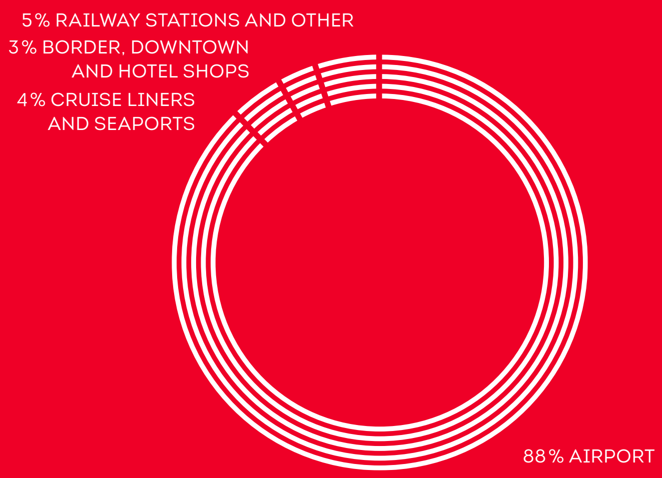
NET SALES BY PRODUCT CATEGORY 2019



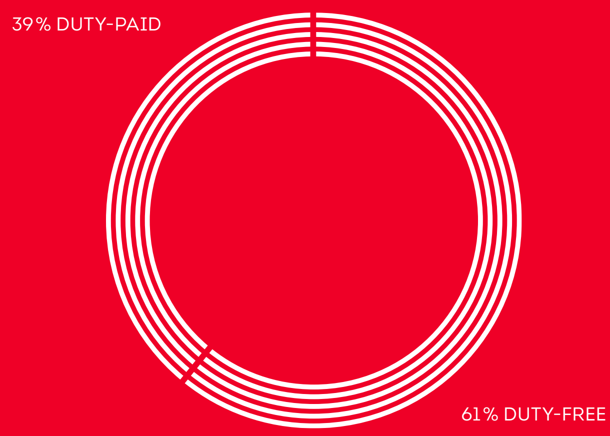
NET SALES BY DIVISION 2019



NET SALES BY CHANNEL 2019



NET SALES BY MARKET SECTOR 2019



HIGHLIGHTS 2019

ORGANIC GROWTH ACCELERATION

Driven by like-for-like growth and contribution from new concessions, organic growth sequentially improved during 2019 and stood in line with the mid-term average organic growth target.

STRENGTHENING AND EXTENDING THE CONCESSION PORTFOLIO

Dufry extended its concession contract with AENA to operate duty-free shops up to 5 years in all Spanish airports and signed several new contracts across the globe, such as in Mexico, Brazil and Finland.

5

million customers included in our CRM system.

The roll-out of our loyalty program has accelerated and RED by Dufry is becoming an important part of our digital strategy focused on driving sales.

CHF 383.3 MILLION

EQUITY FREE CASH FLOW

In 2019, Dufry generated an Equity Free Cash Flow of CHF 383.3 million in line with our annual target of CHF 350–400 million, growing with top line.

STRATEGIC ACQUISITIONS

Dufry executed three important acquisitions, increasing its footprint in both duty-free and duty-paid, and adding new F&B concessions in North America.

EXPANDING ALTERNATIVE CHANNELS

Dufry opened its first border duty-free shop in Brazil and further expanded the cruise channel.

REFINING GOVERNANCE AND EVOLVING ESG REPORTING

Dufry has further refined its corporate governance structure and evolved its ESG reporting in accordance with the Global Reporting Initiative (GRI) CORE option.

DEBT REDUCED AND FINANCING FURTHER OPTIMIZED

As per December, 2019 net debt reached CHF 3,102 million, the lowest level since 2015. New EUR 750 million Senior Notes were issued at lower rates, thus refinancing the existing Senior Notes as well as reducing bank debt and financing costs.

65

Present in 65 countries

In line with its geographic diversification strategy, Dufry has further expanded its footprint.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS

In the financial year 2019, Dufry once again delivered resilient results with respect to organic growth and equity free cash flow generation thereby meeting our expectations. We have also successfully executed three important acquisitions – one in Russia and two in the United States – which further increase our footprint in duty-free and duty-paid, and contribute to strengthen our capabilities to access new avenues of growth within the important food & beverage market in North America. At the corporate governance level, we have continued to evolve the structure of the Board of Directors by welcoming a new member to the Board, introducing the new Lead Independent Director function, and fostering efforts in our Environment, Social and Governance (ESG) engagement.

From a performance perspective, turnover increased by 1.9% to CHF 8,848.6 million, resulting in a new all-time high. Our diversification strategy focusing on operating in different geographic regions and accessing various travel retail channels has once more proven effective, generating positive organic growth of 3.0% despite adverse trading conditions in some key markets. Adjusted net profit reached CHF 349.3 million, resulting in an Adjusted EPS of CHF 7.00. Equity free cash flow reached CHF 383.3 million, confirming Dufry's resilient cash flow generation capability and meeting its average mid-term expectation[1].

While in 2018 Dufry focused on improving its operational efficiency by implementing the Business Operating Model and on building our digital initiatives to drive operational excellence, in 2019 we resumed the focus on growth in strategic areas. In Russia, we expanded our presence in Moscow by acquiring a participation in RegStaer Vnukovo. In North America, we acquired 34 Brookstone shops in the U.S. as well as the majority stake in OHM Concession Group LLC. These three acquisitions perfectly showcase our growth strategy for the future, which besides organic growth also focusses on small and mid-sized acquisitions paving the way into new growth avenues.

In the context of growth and the resilience of our business, I want to highlight – amongst several other contract extensions and new wins – the important renewal of the AENA concession contract covering all Spanish airports, the extension of the Toronto Pearson concession for another eight years, as well as the new contract won at Mexico City International Airport to operate three additional duty-free shops.

> Dividend of CHF 4.00 per share proposed to AGM in 2020.

In 2019, we have continued returning cash to shareholders by paying a CHF 4.00 dividend per share (previous year: CHF 3.75 per share); equal to a yield of 4.3%. Following approval by the 2019 Annual General Meeting, we also cancelled the 3.3 million shares bought during the share buyback program executed in 2018. For the financial year 2019, the Board of Directors' proposal to the annual shareholders' meeting 2020 will be a dividend of CHF 4.00 per share corresponding to a yield of 4.2%. This dividend level will allow us to maintain our flexibility to further reduce debt or allocate capital into M&A.

Our market capitalization at December 31, 2019, amounted to CHF 4.9 billion. Daily trading volumes on all platforms reached CHF 66.5 million, confirming the good liquidity of our shares. The SIX Swiss Ex-

[1] For a glossary of financial terms and key performance indicators please see page 270 of this Annual Report.

change remains our most important trading platform, where the average daily volume of Dufry shares reached CHF 27.3 million in 2019. In this context it has to be mentioned that the SIX Swiss Exchange lost its EU stock market equivalence on 30 June 2019. As a consequence, since July 2019, Dufry's trading volumes were mainly concentrated at the SIX 61% and BATS Chi-X OTC 39% platforms. As is our tradition, we have maintained a continuous dialogue with our shareholders and the financial community in 870 meetings, conference calls and emails in 2019.

Our long-term shareholders, Travel Retail Investments, Qatar Investment Authority, Richemont, GIC Asset Management, Franklin Mutual Advisors LLC as well as Blackrock and JP Morgan Chase & Co continued to support Dufry with participations above 3%. Together, these major shareholders represent approximately 41% of our share capital.

Strong support by long-term and new shareholders.

In 2019, we welcomed Mr. Luis Maroto Camino to our Board of Directors team. He was elected by our shareholders at the 2019 AGM and will contribute with his wealth of experience within the travel and tourism industry. We have also continued to develop the structure and the functions of the Board of Directors by unanimously resolving to es-

470,000 m²

Dufry operates close to 470,000 m² of retail space.

tablish the new position of Lead Independent Director. This decision formally recognizes the key importance and strategic role of the independent members of the Board of Directors, who constitute the majority of the Board and hold all the seats in all Board Committees. Subsequently, Ms. Heekyung Jo Min has been appointed as Dufry's first Lead Independent Director. Moreover, based on her extensive experience Ms. Heekyung Jo Min will also supervise the further development of our Environment, Social and Governance (ESG) engagement.

Evolution of Dufry's ESG program.

Engaging with our stakeholders on a regular basis to understand their expectations, needs and concerns is part of our ongoing commitment to sustainability. In this regard, during 2019 we have revised the social, environmental and economic impacts of our business, and evolved the material matrix of our sustainability reporting by including Data Privacy and IT Security amongst the material topics for the company.

Moreover, we have further improved the granularity of our internal ESG data sourcing, refining the set of information reflected in the KPIs disclosed in the ESG report, which is structured in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards. With respect to human resources KPIs, I am proud to announce that we now cover 100% of our operations. In this context, we also expanded the reach of our Supplier Code of Conduct, receiving their respective acknowledgements and improving acceptance from 82% in 2018 to 84% in 2019.

Fostering a strong corporate culture is one of our primary concerns. In recent years we have thoroughly deployed our ONEDUFRY initiative to engage and align all Dufry employees, while at the same time offering comprehensive training and development opportunities. The employee survey done in 2019 shows a very positive result of this initiative as 75% of our employees report to be satisfied working for our company.

Last but not least, in early 2020 Dufry applied to become a signatory member of the UN Global Compact, and we renewed our support for the United Nation's Global Goal awareness-raising campaign #YouNeedToKnow strengthening our ties with the initiative by supporting a program to reach more passengers using our airport stores. For a complete overview of all our ESG achievements please refer to our ESG report on pages 78–100.

Ongoing community engagement.

Our community engagement programs continue to support disadvantaged children and families around the world and assist communities in markets where we operate. It is now the 10th year that we have supported the funding of SOS Children's Villages initiatives in Brazil, Russia and Mexico. In 2019, we added community projects in many other parts of the world such as Haiti, Greece, Korea, Turkey, the United Kingdom, Switzerland, the United States and Australia.

At the time we wrote this letter, Covid-19 started to create a potential temporary impact for the current business year in locations where we have Asian customers as well as in locations directly affected by the phenomena. Our first action has been the implementation of measures to protect the health and safety of both our employees and customers. Moreover, we have established a dedicated committee at the Global Executive Committee level who has implemented specific action plans to protect the performance of our business. We keep monitoring developments on a daily basis and will activate and implement other initiatives as needed.

I thank our management and employees for the impressive amount of work they have done in 2019 to further evolve and grow our company. I also thank our suppliers, landlords and business partners for their ongoing support and trust in our long-standing relationships. We also extend our thanks to our shareholders and bondholders who repeatedly foster our common vision to further develop Dufry as a WorldClass. WorldWide company.

Sincerely,

Juan Carlos Torres Carretero

STATEMENT OF THE CHIEF EXECUTIVE OFFICER
DEAR ALL

In 2019, we have reactivated our strategy of profitable growth based on organic growth as well as small and mid-sized acquisitions despite the headwinds experienced in South America. We have seen our growth accelerating in many ways, and we were able to achieve important milestones, which will contribute to the future development of Dufry. Our turnover reached CHF 8,848.6 million versus CHF 8,684.9 million in 2018, a total growth of 1.9%. Adjusted Operating Profit amounted to CHF 767.7 million, resulting in an Adjusted Operating Profit margin of 8.7%. Equity Free Cash Flow reached CHF 383.3 million, in line with our guidance[1].

New organization announced in January 2019
In January 2019, we announced a new organization in order to accelerate growth and to benefit from opportunities identified thanks to the implementation of the new business operating model (BOM) completed in 2018. This comprised further simplifying our organization, to drive market agility with full customer focus, generating additional efficiencies at headquarter level and accelerating organic growth. Changes include the regrouping of the former divisions Southern Europe & Africa and UK & Central Europe into the new division Europe & Africa. Moreover, we have further integrated the commercial and corporate teams at divisional and headquarter level, and we have invested in sales staff and sales incentive programs. In the context of the new organization, the Divisional CEOs have joined the Global Executive Committee.

Consistent execution of growth strategy
Dufry has consistently executed on its growth strategy by progressing in all of its growth pillars including extending important contracts, winning new concessions and increasing its footprint with small and mid-sized acquisitions.

Solid execution of initiatives for growth acceleration.

Organic growth accelerated resiliently along the whole business year supported by our marketing initiatives and new concessions, and reached 3.0% for the full year, in line with our mid-term average guidance. This overall positive performance confirms once more that geographical diversification helps to mitigate risks from external factors that are out of our sphere of influence, such as the challenges we have faced in Brazil and Argentina and the temporary slowdown seen in North America. Overall, we saw good performance in the majority of our other markets with highlights in the United Kingdom, Spain, Greece, Turkey, most of the operations in Asia Pacific and the Middle East as well as Central America and with Mexico, the Caribbean and the Dominican Republic ranking best. Our cruise business also reported overall good growth on all routes and on the new ferries, which came into operation in the first and second quarter.

Our like-for-like performance sequentially improved along the year as well, came in at a healthy 2.2% in the last quarter and reached 0.6% for the full year. One of our ongoing focus points to drive like-for-like growth is the refurbishment of shops. The total retail space refurbished in 2019 included over 41,600 m^2 in over 130 shops across all our divisions. In this context it is worth mentioning the refurbishments car-

[1] For a glossary of financial terms and key performance indicators please see page 270 of this Annual Report.

2,400

Dufry is a real global player operating over 2,400 shops throughout all six continents.

ried out in 15 shops in Spain, 9 shops in Sweden, 5 shops in Turkey, 3 shops in Jordan and one shop each in Morocco and Macau as well as the one New Generation Store implemented in Buenos Aires, Argentina. The further tightened collaboration with our brand partners to increase the number of promotions as well as the extended offering of novelties and exclusive products also contributed to the like-for-like acceleration.

Net new concessions contributed with 2.4% to organic growth through expansion of existing locations and the opening of new shops such as in Russia, Mexico, USA and shops across 19 new ships. In 2019, we expanded our gross retail space by 33,900 m^2 in total, of which 32% is located in Asia Pacific and Middle East, including the retail space in Vnukovo, 27% in Europe and Africa, while the remaining 41% are almost equally distributed across North and South America. Dufry has further refined its strong strategic positioning with a broad portfolio of high-quality concessions across many markets, in a sector with positive fundamentals.

Expanding footprint with attractive acquisitions.

In 2019, Dufry has started again to acquire attractive operations allowing to efficiently expand its footprint and to access new channels of growth. In this context, the majority participation Dufry took in RegStaer Vnukovo allows us to further extend presence in the Moscow area and Russia overall. The Vnukovo operation, which we consolidated as of

November 2019, generated a sales volume of EUR 58.8 million in FY 2018 and features 30 duty-free and duty-paid shops across 6,800 m^2. Dufry is now present at all three Moscow airports, with Vnukovo adding a location with premium shops and a high quality passenger profile.

The second bolt-on acquisition was the transaction to acquire the 34 Brookstone shops in the United States, which also included the exclusive right to act as airport retailer to further expand the brand, and to sell a selected Brookstone assortment in existing Hudson shops. Through Hudson's presence in many other locations, we will be able to accelerate the expansion of this well-known U.S. brand to further airports in North America.

The acquisition of OHM Concession Group LLC has a slightly more strategic component as compared to the two described above. Besides adding a volume of around 60 airport food & beverage units to Hudson's current 50 quick service and café concepts, it adds a considerable know-how and skill-set to Hudson to accelerate our subsidiary's further expansion into the airport food & beverage market in North America. OHM operates a variety of over 20 F&B concepts, which provide airport operators with a large variety of culinary options to enrich their offer for travelers.

Ongoing deployment of digital strategy to drive sales

Dufry's digital strategy is aimed at driving sales by creating an immersive digital communication to increase the number of multichannel touch-points and customer engagement, as well as providing employees on the shop floor with digital tools to better serve and interact with customers to improve their shopping experience. In 2019, we have considerably accelerated the digital strategy deployment through the expansion of all its elements such as the New Generation Store concept, the RED by Dufry customer loyalty program, the Reserve & Collect online ordering platform, and Dufry's proprietary social media channel, Forum by Dufry.

Digital strategy further accelerated.

The cornerstone of our digital strategy is the new generation store, of which we have added 4 shops in Buenos Aires, Amman, Alicante and Malaga, and now totaling 13 shops deployed across all our divisions. The new generation stores provide a stronger shopping experience, as the shops communicate with customers in different languages, and adapt promotions and marketing campaigns to match the customer profiles and nationalities present at the airports at any given time of the day. The new generation store also includes the employee digitalization element, which consists of sales tablets to help staff to better serve our customers with more detailed product and other sales related information. Sales tablets are now in operation across 111 locations in 30 countries.

We have substantially intensified the rollout of our customer loyalty program RED by Dufry in the year under review and it is currently available in 236 locations across 46 countries. In addition, we have increased the number of services and benefits for customers by engaging with airport and brand partners around the world. At the end of 2019, Dufry's CRM database included 5 million customers – a database we intend to further expand in 2020 and beyond.

Equally important is the expansion of our Reserve & Collect network, which now covers 170 airports in 44 countries world-wide. This service, allowing customers to order online and pick-up their purchases when departing or upon arrival, is being increasingly used and we see on average higher tickets being generated as compared to traditional average in-shop sales.

Last but not least, in 2019 we have ramped up our social media channel Forum by Dufry, which connects all of our digital dots and adds emotion and experience with content provided by brands, bloggers and influencers highlighting the attractiveness of the travel retail channel.

The deployment of the digital strategy confirms our initial expectation that it would contribute to attracting more customers to the shops, would increase sales, and thus ideally complement the physical shops, which continue to benefit from the traditionally strong impulse buying behavior of our affluent and captive audiences.

Global marketing initiatives driving shopping experiences and customer engagement

We have seen the trend for a more experience-driven shopping behavior, focusing on novelties, exclusive products and limited editions continuing in 2019. Accordingly, we have intensified bilateral collaboration with our most important global brand partners to increase the development of products sold only in travel retail – or increasingly sold exclusively in Dufry shops. This allows us to create that sense of uniqueness and individuality that raises brand value, drives sales and provides customers with memorable experiences. Moreover, we intensified the deployment of marketing initiatives with global brands aimed at – alongside increasing sales for Dufry and the brand partners – getting closer and engaging more tightly with customers, as this proves to be one of the key drivers to increase customer spending.

Securing future business with new concession wins and contract extensions
Both, new wins and contract extensions are key elements to secure our future business. In 2019, we successfully extended the milestone contract to operate all 25 Spanish airports with AENA for up to 5 years. Spain has already shown an improving performance during the year under review and we are looking forward to deploying the operational best practices successfully tested across 5 pilot airports, which have given promising results. Other important extensions were agreed with Philadelphia airport for 9 retail and food & beverage shops, as well as with Toronto Pearson International Airport for an eight-year duty-free contract from 2022 to 2030.

Important contract wins and extensions across channels.

With respect to new wins, Dufry has signed important new contracts in the United States with 6 new shops at Newark including Dufry Shopping, as well as for 9 shops in Indianapolis. New concessions were also awarded at the Mexico City International Airport for 3 duty-free shops covering 1,400 m^2; at Florianópolis (Brazil), with a sales area of 650 m^2 including two duty-free and one duty-paid shop; while in Helsinki the new contract signed covers 7 luxury boutiques across 700 m^2 of space. Worth mentioning is the new confectionery concession won at the Singapore Changi Airport.

2019 was also an important year for alternative channels such as the cruise ships, where Dufry signed a further agreement with Holland America to operate shops on 6 new ships with a total sales area of 650 m^2; as well as for the border shops in Brazil, with the opening of the first border shop covering 850 m^2 of retail space in the city of Uruguaiana. The Brazilian Government had previously approved the long expected law on the border shops, defining 32 cities, where border duty-free shops can be opened.

In this context, I would also like to draw the attention to the allowance increase approved by the Brazilian government for arrival duty-free shops, thus doubling the amount from previously USD 500 to USD 1,000 as of January 1, 2020. This is an important sales driver for our Brazilian business, as it not only permits customers to spend more, but it allows us to considerably expand our product assortment with products in the price range of USD 500–1,000, which could not be presented so far due to the earlier lower limit.

Resilient strong cash flow generation.

Resilient cash flow generation confirmed; net debt reduced
The 2019 business year confirmed once more Dufry's capability to generate resilient cash flows; while maintaining our dividend payment, for which in 2019 we allocated CHF 199.8 million. Our Adjusted Operating Cash Flow amounted to CHF 959.9 million and Equity Free Cash Flow came in at CHF 383.3 million (previous year CHF 370.8 million), in line with our guidance range of CHF 350–400 million. The resilient cash generation allowed us to further reduce our net debt by CHF 184 million, which stood at CHF 3,102 million at year-end, which from a full-year perspective is the lowest level since 2015.

Confident outlook for the resilience of our business
The ongoing improvement in organic growth in 2019, and the additional growth potential we have added with the three acquisitions provide a solid base for the further resilient development of our business. At the time this letter has been written, we have seen Covid-19 creating a potential temporary impact for 2020 in the locations where we have Asian customers as well as in locations directly affected by the phenomena. Both, from a safety and operational perspective we have been closely monitoring the developments with a dedicated committee of the Global Executive Committee on a daily and weekly basis and we have immediately put in place the necessary plans to act as needed. These plans cover the protection of health and safety of our employees and customers at any time, and include measures to drive sales performance as well as to safeguard the profitability and the cash flows of the company. While our flexible cost structure provides certain opportunities to protect the company's performance, it is difficult to assess the magnitude of any impact as this will depend on the duration of the phenomena and its geographic spread.

Thank you
Above all, I want to thank our customers from over 150 nationalities for their ongoing trust and for continuing to visit our shops, appreciating our offering and ultimately generating the sales, which allow our company and our employees to prosper. We will continue to refine our assortments and services, making any visit a memorable experience.

2019 continued to present some challenges to Dufry's market environment, but the dedication and motivation of our teams allowed us to deliver solid results in line with our expectations. All our teams at country, division and headquarter level focused on our strong customer centric strategy to drive sales and further develop our company. I would therefore like to thank all our colleagues and teams across all functions and operations for their strong contribution and their engagement in accomplishing our common goals set for the past year.

I also want to thank our suppliers, landlords and business partners for their ongoing support in further developing Dufry. Again, we have seen the collaboration intensifying along the value chain of travel retail, which we consider to be the key factor for our common success. We are looking forward to continuing to develop this collaboration and will strongly support related initiatives by suppliers and landlords.

Last but not least, I thank our Board of Directors and our shareholders for their ongoing support, trust and contributions in making Dufry even more WorldClass. WorldWide.

Best regards,

Julián Díaz González

OUR ORGANIZATIONAL STRUCTURE – GLOBAL EXECUTIVE COMMITTEE

Group Chief Executive Officer
Julián Díaz González

Deputy Group Chief Executive Officer
José Antonio Gea

Chief Financial Officer
Yves Gerster

Global Chief Corporate Officer
Luis Marin

Group General Counsel
Pascal Duclos

Chief Executive Officer
Europe, Africa and Strategy
Eugenio Andrades

Chief Marketing and
Digital Innovation Officer
Javier González

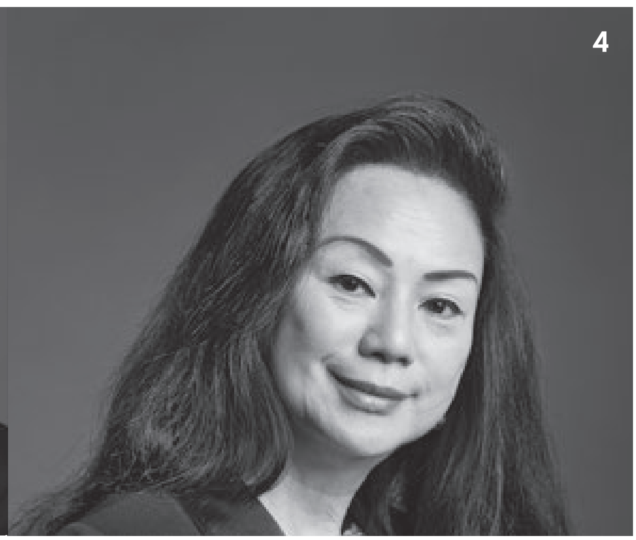
Chief Executive Officer
Asia Pacific and Middle East
Andrea Belardini

Chief Executive Officer
Central and South America
René Riedi

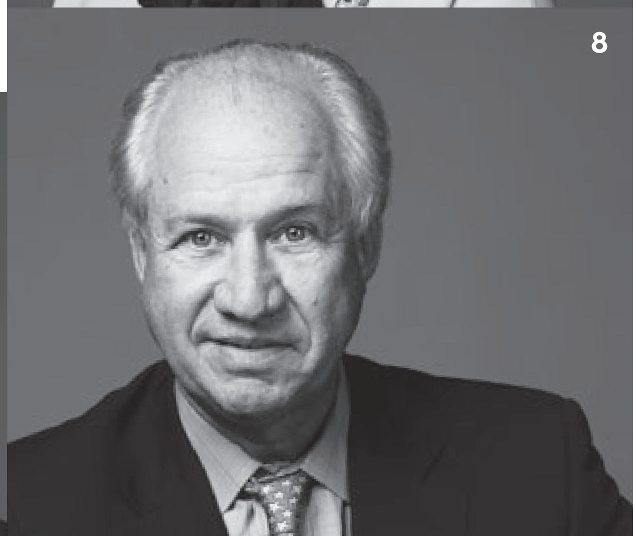
Chief Executive Officer
North America
Roger Fordyce

BOARD OF DIRECTORS MEMBERS

1 Juan Carlos Torres Carretero
2 Julián Díaz González
3 Jorge Born
4 Claire Chiang



5 Heekyung Jo Min
6 Andrés Holzer Neumann
7 Lynda Tyler-Cagni
8 Steven Tadler
9 Luis Maroto Camino



GLOBAL EXECUTIVE COMMITTEE MEMBERS

1 Julián Díaz González
2 Yves Gerster
3 José Antonio Gea
4 Luis Marin
5 Pascal C. Duclos

6 Eugenio Andrades
7 Javier González
8 René Riedi
9 Andrea Belardini
10 Roger Fordyce

DUFRY'S INVESTMENT CASE

MARKET LEADER

Dufry is the undisputed market leader in the travel retail industry.

Close to 20% market share in airport retail.

GLOBALLY DIVERSIFIED CONCESSION PORTFOLIO

Dufry is the most diversified travel retailer with operations on all six continents, covering 65 countries and over 420 locations.

Geographic diversification allows Dufry to capture global growth trends of the travel retail industry and in most cases mitigate potential local events.

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

420

Over 420 locations operated by Dufry worldwide

UNIQUE WINDOW DISPLAY FOR GLOBAL BRANDS

Global player, with over 2,400 shops operated in 65 countries on six continents.

Offering global brands a unique market access and window display.

7 YEARS

7 years of remaining average concession lifetime, across a highly diversified portfolio

LONG-TERM CONCESSION PORTFOLIO

Long-term concession portfolio further enhanced through new important concessions, such as Spain, Finland, Mexico, Brazil 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 EQUITY FREE CASH FLOW GENERATION

Equity free cash flow of CHF 383.3 million in 2019.

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

GLOBAL "PURE PLAY" IN A GROWING INDUSTRY

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

Dufry's organic growth to be further fueled mainly by increasing passenger numbers and net new concessions.

4%

4% p.a. average global passenger growth expected for the next 5 years

FAST GROWING INDUSTRY

Average expected industry passenger growth of 4% p.a. in the coming years will drive Dufry's organic growth.

Affluent customer base, with above average spending power.

OUR STRATEGY CREATING LONG-TERM VALUE

For a glossary of financial terms and key performance indicators please see page 270 of this Annual Report.

Dufry is the leading player in travel retail – an industry which generated a sales volume of USD 79 billion in 2018. With a turnover of CHF 8.8 billion in 2019, Dufry looks back on a successful track record of rapid expansion through organic growth and acquisitions. Dufry has a market share of 11 % in travel retail overall, and close to 20 % in airport travel retail, which accounts for 88 % of our business.

Creating stakeholder value through customer experience and retail excellence

Dufry, and travel retail in general, is at the center of three very important and distinct industries: retail, travel locations and consumer goods. Addressing the different requirements of our stakeholders and aligning their respective interests is critical in order to generate value for all. Our approach can be summarized in a simple way: we focus on offering the best services to our customers.

Our clear travel retail focus, where we mostly concentrate on locations with captive audiences, creates a winning formula for all stakeholders: for customers, by providing an unrivalled shopping experience; for suppliers, by showcasing their brands to a fast-growing group of affluent customers; for landlords, by fully exploring the commercial potential of a travel location and for shareholders, by creating value through generating cash and profits. For an overview of our stakeholder community please refer also to the Dufry stakeholder ecosystem as shown on page 80.

For our customers, we create memorable shopping experiences by constantly improving our shops and developing best-in-class retail formats, as well as by implementing innovative cross-channel marketing initiatives. Our sales representatives will always receive travelers with their biggest smile, introducing them to the world of travel retail and providing them with detailed product information – increasingly supported by digital technology.

An unparalleled sense of place is for Dufry a key element of an attractive customer shopping experience. This includes local product offerings, as customers increasingly want to complete their travel experience by bringing home memories, as well as internationally recognized brands that are well known and much liked. Our shops combine the famous assortments of global brands and high-quality products with a special local touch, which differentiates our shops worldwide and wherever they may be – at airports, seaports, ships, railway stations or borders – and irrespective of whether they are duty-free or duty-paid. For a selection of our main retail concepts please refer to pages 38 through 47 of this report.

Unparalleled customer experiences.

Demographics play a big role in our business and changes in customer profiles and preferences can occur rapidly. For this reason, Dufry sets high priority on consumer intelligence, extrapolated from internal operational information and through external research. We constantly track customer behavior at our shops and use our market insights to continuously fine-tune our offering and not only match but exceed the expectations of our clients.

For suppliers we offer access to the largest footprint in the ever more attractive travel retail channel, through our more than 2,400 shops in over 420 locations in 65 countries. Our shops offer suppliers an unrivalled worldwide window display to promote their brands and products to an affluent consumer segment.

In recent years, we have seen an increasing importance of novelties, exclusive products and limited editions to attract customers to our shops. Dufry works closely with brands to offer customers a unique product selection and to offer dedicated brand experiences, which make the channel even more attractive.

Increasing importance of novelties and exclusive products.

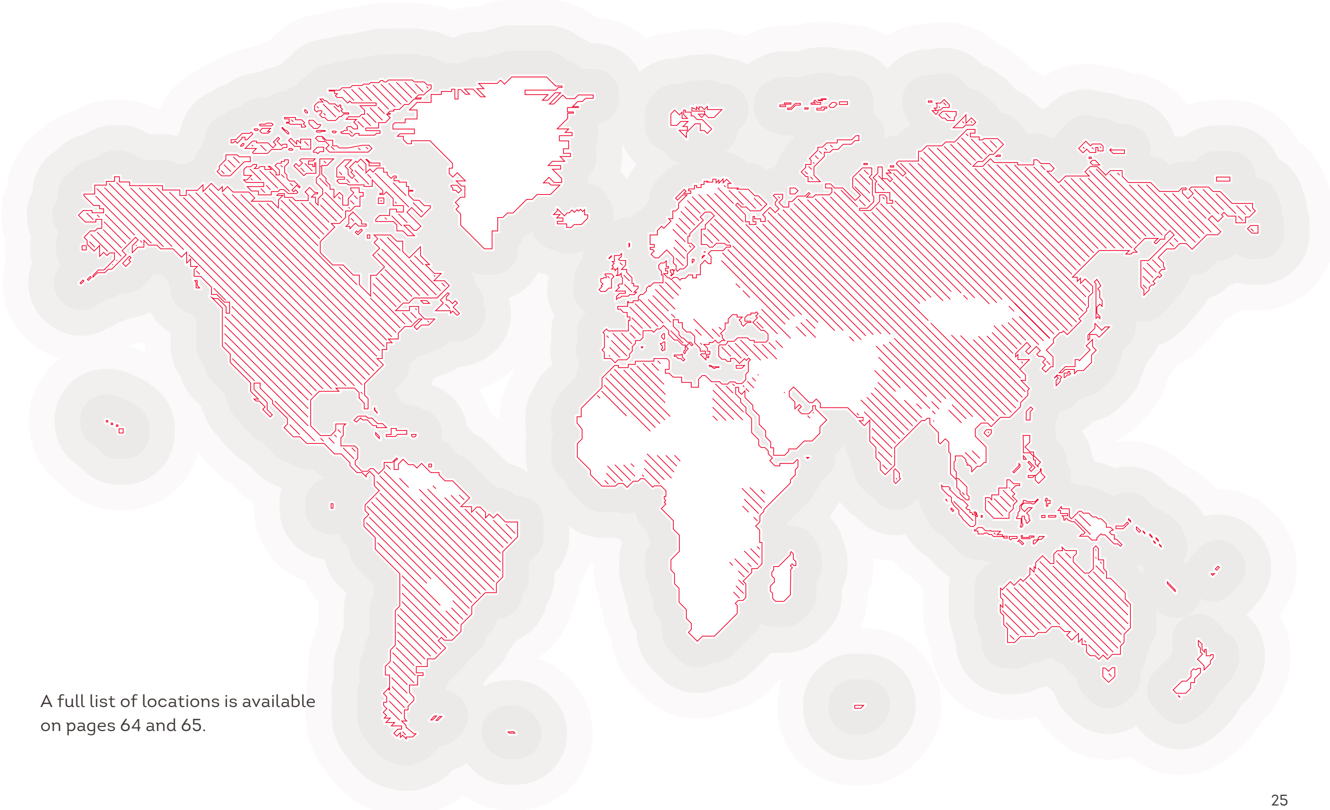
Landlords get the highest productivity from their retail areas, maximizing their revenues when working with Dufry. We offer a full range of retail concepts adapted and customized to any specific location. Moreover, Dufry provides access to the most comprehensive portfolio of global and local brands. In a nutshell, landlords benefit by optimizing their overall business and by offering attractive commercial spaces to their passengers.

For shareholders, Dufry is the world's leading travel retailer, offering them an attractive investment opportunity to participate in a growing industry and a company that focuses on profitable growth and cash generation. For further information on our equity story, please refer to section Investors on page 74.

Diversification strategy maximizes opportunities and mitigates risks
Geographic diversification is of key importance to our strategy for a number of reasons: first, it is the best way to benefit from the ever growing number of travelers worldwide; second, as a global organization, we can efficiently develop new business opportunities anywhere; third, major global brands can offer their products via a truly global travel retailer and fourth, it is a very effective approach to mitigating risks. Dufry is today not only the market leader in travel retail, but also by far the most diversified player in the industry with operations in 65 countries on all six continents.

Our global presence allows us to quickly and thoroughly evaluate new projects almost anywhere, capitalizing on the expertise of our local teams. This local perspective helps us to accurately evaluate opportunities, gives us a clear understanding of the local

GLOBAL PRESENCE



A full list of locations is available on pages 64 and 65.

market characteristics and allows us to closely collaborate with landlords and other local business partners to effectively develop new businesses.

Furthermore, being geographically diversified considerably mitigates risks generated by external impacts in single markets or regions. This diversification is best illustrated by the share of individual concessions in the Group. With the largest concession accounting for around 7% of our business, and with the ten biggest representing less than 35% of 2019 sales, Dufry has limited exposure to single contracts. Ultimately, geographic diversification is key to offering our brand partners a fine-meshed network of locations and shops, which allows them direct engagement with a growing number of customers through a window display in any given mature or emerging market.

Diversification by geography and by channel.

For Dufry, diversification also means accessing different channels, thus further widening the scope of the company. In this context, the cruise and ferry businesses, train stations and downtown locations such as hotels, casinos and leisure resorts have gained in importance. Cruise lines in particular offer an attractive channel to engage with customers during a longer period of time and represent a resilient growth opportunity as cruise vacations continue to be "en vogue" and shipyards for the construction of new vessels are fully booked for the next decade.

Resilient cash flow generation.

Financial discipline focusing on returns
At Dufry, we have a disciplined financial approach to all our projects, be they organic or acquisitions. We carefully analyze every project or significant investment with detailed projections and with a focus on minimum return requirements. This includes a careful assessment of the initial investment needed to build and set up the stores as well as the cost structure, profitability and cash flow generation of the business once it is operational. This culture of giving importance to returns and cost control has allowed us to grow our business profitably and capture opportunities in many different markets.

As part of our financial risk management, we minimize business risks by implementing a highly variable cost structure. These defensive characteristics help to protect the business in case of downturns, which are usually local and temporary, thus providing a solid and resilient profile.

The combination of Dufry's solid profitability and low capital intensity results in a strong cash generation. With the current size of the Group we expect to further improve our cash generation capacity in line with top-line growth.

Organic growth complemented by small and mid-sized acquisitions
Dufry's overall growth strategy continues to be characterized by a combination of organic growth as well as small and mid-sized acquisitions.

With respect to organic growth, the travel retail industry has the unique advantage of benefitting from a secular increase of travelers around the world and offering the great opportunity to directly engage with them. This characteristic clearly differentiates travel retail from any other retail channel. Consequently, organic growth will also continue to be an important driver of Dufry's development going forward. We will focus on driving sales through implementing best-in-class shop concepts, by further deploying our digital strategy, and by complementing the proven marketing and promotional activities we have used and fine-tuned over the years. Besides benefitting from additional passengers, we expect to further increase our retail space, be it through expansion in existing locations or by winning new contracts in airports where we don't currently operate, or in other channels. At Dufry, we traditionally have a sizeable project pipeline, allowing us to grow our retail space in different channels, regions and sectors.

Despite the consolidation seen in travel retail over the last years, the industry remains relatively fragmented, with the top 10 players controlling just over half of the market and the remaining market consisting of small and medium-sized operators. We expect to be able to capitalize on M&A when small and mid-sized opportunities arise, with a focus on Asia and the Middle East, or with bolt-on acquisitions that complement our presence in other existing markets. The majority participation acquired in the RegStaer Vnukovo operation in Russia, as well as the 34 shops acquired from Brookstone in the U.S. are good examples of this type of transaction.

Offering the best retail experience for international and domestic travelers in multiple channels, Dufry currently generates about 61% of its revenues in duty-free and 39% in duty-paid operations, with both sectors continuing to offer further, substantial growth opportunities.

On the duty-free side, the airport channel is expected to continue to be the largest and fastest growing part of our business. We continue to see additional potential in further developing the cruise ship business, duty-free border shops and downtown duty-free shopping in selected markets.

Passenger growth is a key driver in travel retail.

The duty-paid sector also has considerable development potential in airports, since the expected growth of domestic passengers is similar to that for international travelers. Furthermore, this sector is even more fragmented than duty-free, thus offering attractive new expansion opportunities, as we have successfully demonstrated in 2019 with the two acquisitions done through our subsidiary in the United States.

We continue to actively foster the expansion of our successful duty-paid retail concepts, Hudson and Dufry Shopping, which have already been implemented in several markets and have the potential to be deployed further. Hudson is a well-established convenience store concept that has been very successful in North America over the past 30 years and that we have deployed in 17 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 it targets domestic passengers.

We originally piloted Dufry Shopping in Brazil in 2014, expanding to 7 locations across the country and the immediate success has led us to a strategic decision to roll out this concept into other countries. The first Dufry Shopping store outside Brazil was opened in 2017 at Las Vegas McCarran International Airport and followed by the Malta Dufry Shopping in 2018 and by the contract signed in 2019 with Newark Liberty International Airport for a new Dufry Shopping to be opened in 2020. Based on the positive results with 9 Dufry Shopping locations in 3 countries so far, we are convinced that this concept can be successfully rolled out to other markets globally.

With the acquisitions of 34 Brookstone stores across several U.S. airport locations done through our Hudson subsidiary, we now also have an additional duty-paid format, which we can further expand across North American airports.

Ever since the Hudson IPO, Dufry has clearly outlined its intent to further expand into the airport food & beverage market in the U.S. With the acquisition of OHM Concession Group LLC through Hudson, the Group made an important step forward, added new food & beverage concession capabilities and expanded its North American footprint. Airport food & beverage will currently be a focus only in North America. Please find out more on the North American Division on page 56.

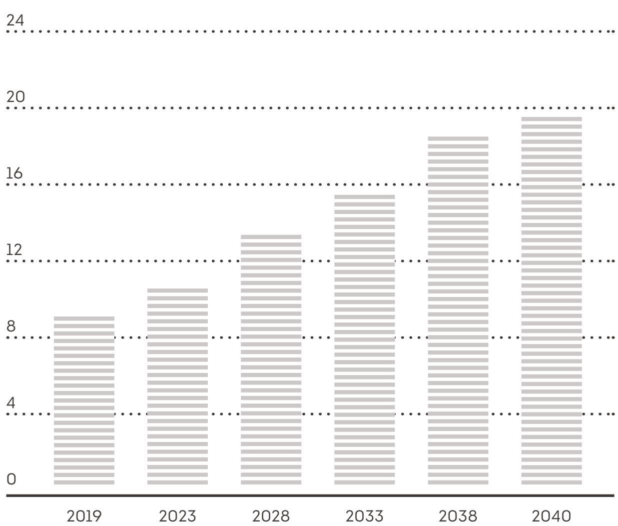
Our strategy is supported by strong and resilient industry fundamentals

Travel retail is a fast-growing industry driven by ongoing growth in traveler numbers. The increased demand from passengers to travel is the reason why this attractive retail channel keeps growing and displays different dynamics to high street retail.

Global passenger numbers are currently expected to grow by around 4% per annum, which translates to a potential of over 300 million new customers for the industry every year. Industry specialists expect this trend to continue, thus providing a resilient driver for

LONG-TERM PASSENGER FORECAST

IN BILLIONS OF PASSENGERS



Source: ACI 2019 / World Airport Traffic Forecast 2019 – 2040.

travel retail going forward. The growth potential is further increased by the development of innovative commercial concepts with landlords and brands. Dufry's ambition is to deliver excellence in execution while driving change in the way travel retail operates. We believe that being the market leader also means being at the forefront of this development.

Seizing the opportunities digitalization brings
Digitalization is changing the way business is done in travel retail. At Dufry, we are excited about the possibilities and opportunities these new technologies offer. In the past two years we have successfully built and deployed our digital platforms, which allow us to engage more frequently with customers and to provide them with additional services, with the ultimate goal of driving sales. For Dufry, digitalization is and remains a key element of our strategy, which supports and evolves a strong business model to the next level, to continuously improve our offer to the travelers we welcome in our shops.

Normally customers come to our stores while they are waiting to board their plane or train, or while they enjoy their stay on a cruise liner, in a casino or hotel. They enjoy strolling through the attractive retail spaces and take away memorable shopping experiences. Sales are often generated by impulse decisions and/or immediate needs, which protect travel retail from the direct competition of online platforms. To attract more customers to our stores we want to provide a superior customer experience and in addition, create further value through a more efficient business. Thus, the use of digital and online technology is changing our business in three major areas: how we communicate with our customers, how we sell products, and how we organize our processes internally and in the value chain.

Capitalizing on digital opportunities.

Specifically, this means that we will be further increasing personalized digital communication with customers at home, during their whole journey, and in particular when they are at the airports close to our shops. We are also digitalizing the shops to increase conversion rates and to simplify in-store processes, such as product consultations, payments, individual promotions etc. Lastly, we will further improve customer service and individualize product offers for specific customer profiles.


PERFUME & COSMETICS
BVLGARI
HERMÈS
VERSACE
ESTĒE LAUDER
TUS FAVORITOS
YOUR FAVOURITES
ELS TEUS FAVORITS
ESTĒE LAUDER

FOCUS STORY

RESILIENT BUSINESS MODEL DRIVING NEW GROWTH AVENUES

Through the integration of the transformational acquisitions, the standardization achieved through the implementation of the new business operating model, the alignment of the company's corporate culture, the launch of its digital strategy and the ongoing refinement of its retail excellence, **Dufry is well prepared to drive further growth and access new avenues of development.**

DUFRY'S PROFITABLE GROWTH STRATEGY

Ever since its IPO back in 2005, Dufry has consistently built and executed on its Global Ambition strategy of profitable growth, which is based on 3 main pillars:

- Global presence and geo-graphic diversification to benefit from the world-wide resilient passenger growth, while at the same time mitigating local temporary risks.
- Growth focused on activities, allowing to generate synergies, as well as on organic footprint expansion across several travel retail channels and covering a wide product mix.
- Standardization and refinement of operational excellence to maximize efficiencies and generate attractive returns and value creation for shareholders.

In the past 5 years (2014 – 2019) Dufry has considerably accelerated the implementation of its strategy. This period has been characterized by a series of distinctive steps, which have transformed the company and prepared the ground for further growth – steps, which can be described as follows:

1 SETTING UP OF GLOBAL SUPPLY CHAIN

One of the first steps of the Global Ambition strategy implementation has been the internal re-organization and the setup of a global supply chain with centralized procurement and logistics departments. This has fostered the ongoing improvement of the gross profit margin, created efficiencies for the company and simplified the tight collaboration with and for our suppliers.

2 TRANSFORMATIONAL ACQUISITIONS

Besides the acquisitions executed between 2006 and 2013, those of Nuance and World Duty Free boosted Dufry's market share in airport travel retail from 10 % in 2013 to well over 20 % in 2015, thus offering brand partners a unique global window display. The two acquisitions generated CHF 195 million of immediate synergies and paved the way for additional efficiency gains through further standardization.

3 IMPLEMENTATION OF THE NEW BUSINESS OPERATING MODEL

Following the integration of the two acquisitions, Dufry implemented the new business operating model (BOM) to standardize processes, procedures and ways of working. The BOM generated CHF 50 million of additional efficiencies.

4 DIGITAL STRATEGY TO SATISFY NEW CUSTOMER PROFILES AND SHOPPING BEHAVIORS

Today's new customer profiles make an extensive use of digital technology creating substantial new requirements for the travel retail industry and the shopping experience. Dufry's digital strategy takes this new shopping behavior into account and creates a consistent customer engagement from the moment a trip is planned until the passenger returns home, through several communication touch points and new online services to facilitate sales and shopping experience. As per year-end 2019, Dufry had 13 New Generation Stores; 5,000,000 customers included in its CRM system; 170 locations with the Reserve & Collect service; 111 shops using digital tablets to serve customers, as well as its own social media channel FORUM by Dufry. All focused on driving like-for-like sales and growth.

5 RETURNING CASH TO OUR SHAREHOLDERS

In the years before the transformational acquisitions, Dufry's capital allocation strategy focused on deploying its free cash flows purely into further growth and on deleveraging. As of 2018, the capital allocation strategy has been evolved to allow shareholders to benefit from the strong cash generation capacity of the company on a yearly basis. Thus, close to CHF 800 million of cash were returned to shareholders in the past two years. Dufry distributed close to CHF 200 million of dividends per year in 2018 and 2019 and executed on top a CHF 400 million share buy-back program in 2018. Dividend payments remain a company priority going forward.

6 CONSIDERABLE IMPROVEMENT OF GOVERNANCE AND ESG ENGAGEMENT

Reflecting the company's transformation and the increased importance of sustainability, Dufry has permanently refined its Environment, Social and Governance (ESG) engagement and started to report on its material ESG topics based on the Global Reporting Initiative (GRI) CORE option. Most recently, Dufry has established the new Lead Independent Director role at the Board of Directors level, to which Ms. Heekyung Jo Min has been appointed. Moreover, Ms. Jo Min will also be responsible for the supervision of Dufry's ESG strategy.

4,197–8,849
TURNOVER DOUBLED

Turnover doubled from 2014–2019; reaching CHF 8,849 million

470,000 m²
RETAIL SPACE EXPANDED

Retail space increased by over 75% from 2014–2019

1,688–2,400
SHOPS INCREASED

Number of shops increases from 1,688 to over 2,400 from 2014–2019

GROSS PROFIT MARGIN IMPROVED

Gross Profit Margin improves from 58.7% in 2014 to 60.2% in 2019

OUTLOOK WITH NEW GROWTH AVENUES AHEAD

In 2019, Dufry has accelerated again its strategy of profitable growth, through ongoing improvement of organic growth as well as small- and mid-sized acquisitions. While organic growth further increased in existing and new channels, the three most recent acquisitions (OHM Concession Group LLC, Brookstone and RegStar Vnukovo) confirm this strategic approach and are expected to add a total of approx. CHF 150 million to Group turnover.

3–4%
ORGANIC GROWTH

Mid-term average organic growth target of 3–4% per annum

350–400
MILLION

Mid-term annual Equity Free Cash Flow target of CHF 350–400 million; growing in line with top line

ACCESSING THE AIRPORT FOOD & BEVERAGE MARKET IN NORTH AMERICA

The acquisition of OHM Concession Group LLC. executed by our subsidiary Hudson Ltd is a pivotal step in accelerating the U.S. expansion beyond retail and into the airport food & beverage services market. Besides adding as immediate effect to Hudson's revenues and footprint – OHM operates 60 units across 13 airports and generated revenues of around USD 62 million in 2018 – the acquisition has two important strategic components: first, it enhances Hudson's competences and capabilities in the North American food & beverage market; and second, it gives access to additional airport locations where Hudson was not present.

EXPANDING DUTY-PAID AND CONVENIENCE ASSORTMENT IN THE U.S.

Hudson Ltd also acquired 34 Brookstone shops across several airports in the U.S. including the exclusive right to sell selected Brookstone merchandise in Hudson shops, and to further expand the brand in the airport channel, thus complementing the overall retail offer. Brookstone is an established American brand, well known for its unique selection of innovative products in the travel, wellness, home and entertainment categories, and it perfectly complements Hudson's convenience assortment.

CONSOLIDATING DUFRY'S FOOTPRINT IN RUSSIA

Through the acquisition of the 60 % stake of RegStaer Vnukovo, Dufry consolidated its position in Russia, especially in Moscow, extracting further synergies with the integration of operations at Sheremetyevo and Domodedovo airports. Vnukovo airport handles 22 million passengers per year, and includes a long-term concession, until 2035, with more than 30 duty-free and duty-paid shops across a retail space of over 6,800 m². The Vnukovo operation is a typical example of small and mid-size targets Dufry intends to acquire, with a focus on Asian markets.

RegStaer Vnukovo

GENERAL TRAVEL RETAIL SHOPS

The general travel retail shop is the most commonly used concept at Dufry, covering the full range of product categories, such as perfumes & cosmetics, food & confectionery, wines & spirits, watches & jewelry, fashion & leather, tobacco goods, souvenirs, electronics and others.

General travel retail shops carry a large assortment and are typically located in central areas with high passenger flow, mostly in airports, but can also be in seaports and other locations. In airports, both departure and arrival areas can be fitted with this shop concept. In the duty-free segment, these shops can be identified as carrying the name of several retail brands in our portfolio, including Dufry, Nuance, World Duty Free, and Hellenic Duty Free among others. As of December 31, 2019, Dufry operated over 970 general travel retail shops.

In 2017, Dufry introduced the new generation store concept, an innovative evolution of the general travel retail shop, increasing the level of communication with the consumer by making use of digital technology. Dufry opened its first three new generation stores in Madrid (Spain), Melbourne (Australia), and Cancun (Mexico) in 2017, followed by four in Zurich (Switzerland), a second one in Cancun and one in Heathrow T3 (UK) in 2018. In 2019, Dufry added 4 New Generation Stores: in Buenos Aires (Argentina), Amman (Jordan), Malaga and Alicante (Spain).


GIFTS WITH LOVE
GIFTS WITH LOVE
CHOCOLATE
Special Offers
CHOCOLATES
CHOCOLATES
Milka
30%
Marlbo
GIFTS WITH LOVE

DUFRY SHOPPING

Dufry shopping offers domestic passengers a similar shopping experience to the one offered to international travelers in a classic general travel retail duty-free shop, but in a duty-paid environment with a wide assortment of different product categories, including a similar brand variety. In this context, Dufry Shopping fulfills more a convenience aspect as there are a number of countries where domestic travelers account for the majority of passengers, specifically in large countries such as China, the United States and Brazil, where this concept can offer additional potential.

The concept was first introduced in Brazil in 2014 and was quickly expanded to 7 other locations in the country. The concept is also present in the United States with a Dufry Shopping store at Las Vegas McCarran International Airport and at Malta International Airport. The newest Dufry Shopping store will open in 2020 at Newark Liberty International Airport in the U.S.


ALTA DUFRY SHOPPING
DISCOVER
A world of
GIFTS

BRAND BOUTIQUES

Dufry is a partner of choice for global brands to showcase their products in dedicated retail spaces and to mirror their high street image. 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 and enhance the traveler's experience, allowing the creation of an exciting shopping mall environment.

As of December 31, 2019, Dufry operated close to 240 brand boutiques, such as: Armani, Burberry, Bally, Bottega Veneta, Bvlgari, Cartier, Clarins, Chloe, Coach, Ermenegildo Zegna, Etro, Gucci, Hermès, Hugo Boss, Jimmy Choo, Jo Malone, Lacoste, LaPrairie, Lindt, Loewe, Longchamp, MAC, Mango, MaxMara, MCM, Michael Kors, Montblanc, Omega, Polo Ralph Lauren, Salvatore Ferragamo, Swatch, Swarovski, Tod's, Tory Burch, Tumi, Versace, Victorinox, Victoria's Secret and others. See also selection of brands on page 71.


Chloé

CONVENIENCE STORES

Our convenience stores offer a wide assortment that passengers may want or need when traveling. The range includes soft drinks, confectionery, packaged food, travel accessories, electronics, personal items, souvenirs, newspapers, magazines and books. Within this concept, we are using different brands according to the passenger profile and the location. North America is home to most of our convenience stores, with more than 650 shops. In addition, we operate 141 convenience stores outside North America.

"Hudson" is our most important brand in the convenience segment with a strong recognition from and highly valued by passengers. As "The Traveler's Best Friend", our goal with Hudson is to provide passengers with anything they may need during their journey.

Hudson is a successful, very flexible concept operated at airports within international and domestic areas, as well as in other channels such as railway stations and other transit locations. Hudson shops are carefully designed and facilitate orientation through whimsical, color-coded signage to attract customers' attention to four distinct selling areas: Media, Marketplace, Essentials and Destination.


Discover
EVERYTHING WORTH KNOWING
GODIVA
SAHALE SNACKS
KOREAN BBQ ALMONDS
PECANS
bare
2 for $20

SPECIALIZED SHOPS

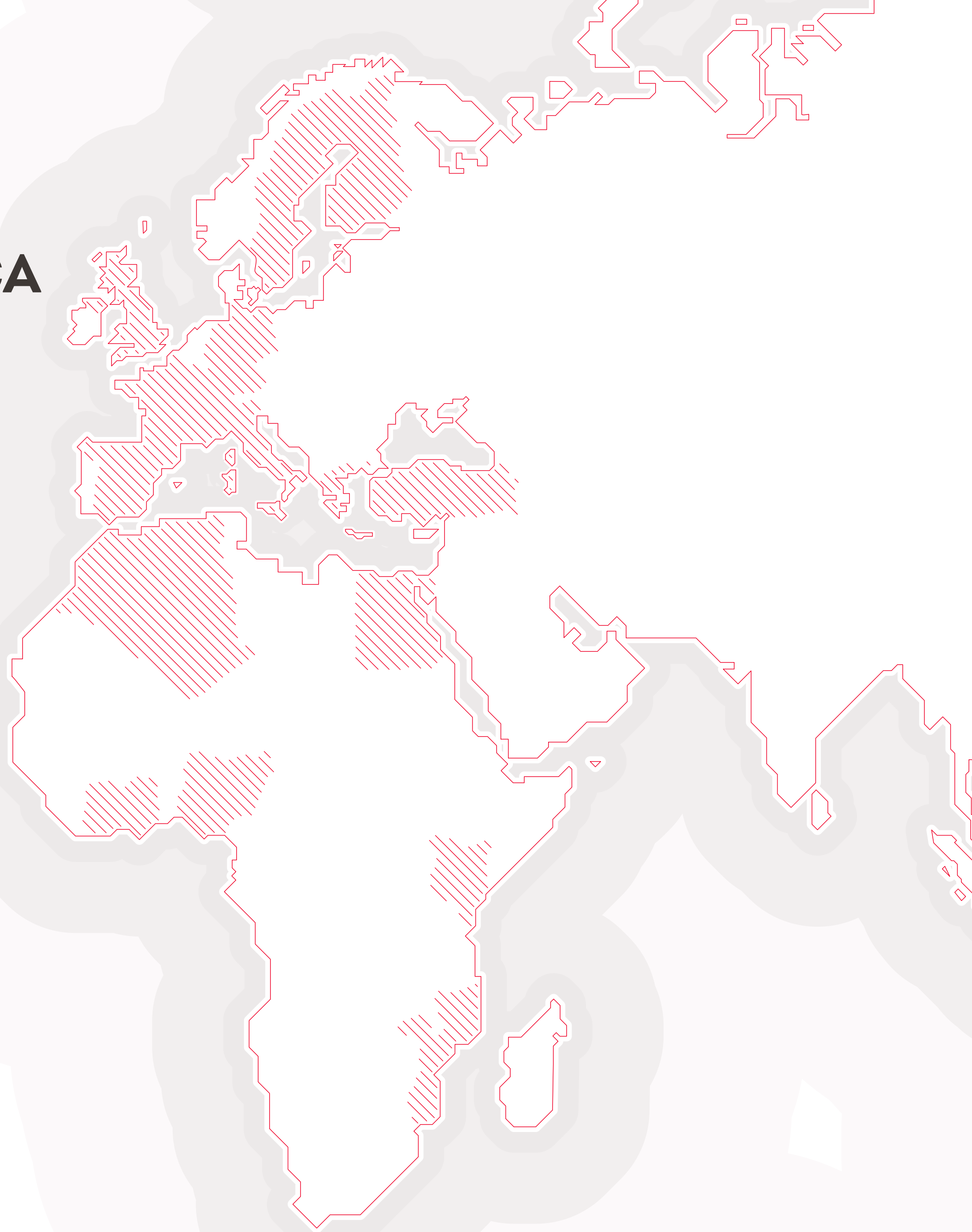
Specialized shops and theme stores are shop concepts that offer products from a variety of different brands belonging to one specific product category or which convey a sense of place. We use this concept often for products such as watches & jewelry, sunglasses, electronics, spirits, food and destination products in locations where we see potential for a shop to carry a broad product range relating to one specific theme. These shops can be located in airports, seaports, on-board cruise liners, as well as in hotels or downtown locations.

Examples of the shop concept names include “Colombian Emeralds International”, a dedicated watches & jewelry format used in the Caribbean market; “Kids Works” with its wide selection of toys, dolls, games, books and apparel for children and “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” and “Tequileria” for a selection of finest single malt or blend whiskies and tequilas; “Master of Time” for luxury watches and jewelries; “Temptation” and “Timebox” for fashion watches and accessories; “Sound & Vision” for multi-brand electronics; “Travel Star” for luggage and travel aid products and finally “Atelier”, a women’s leather accessories store.

As of December 31, 2019, Dufry operated close to 570 shops under the Specialized Shops / Theme Stores concept.


A DUFRY Store
CARMENERE
PREMIUM

EUROPE AND AFRICA



CAPE VERDE / COTE D'IVOIRE / EGYPT / FINLAND / FRANCE / GERMANY / GHANA / GREECE / IRELAND / ITALY / JERSEY / KENYA / MALTA / MOROCCO / MOZAMBIQUE / NIGERIA / SPAIN / SWEDEN / SWITZERLAND / TURKEY / UNITED KINGDOM

Dufry's largest division accelerates growth
In early 2019, Dufry announced a new organizational structure, which among other changes combined the former divisions UK & Central Europe with Southern Europe and Africa, creating the new division Europe and Africa. This division accounted for 44 % of turnover in 2019, representing the largest segment of our Group. It features an interesting mix of tourist destinations, such as the Mediterranean area, an array of more business-oriented operations as well as several African locations, which together allow Dufry to capture important passenger flows.

The division, headquartered in Madrid, comprises and manages 204 locations in 21 countries, as well as our partnership in Portugal, covering a total sales area of 181,124 m².

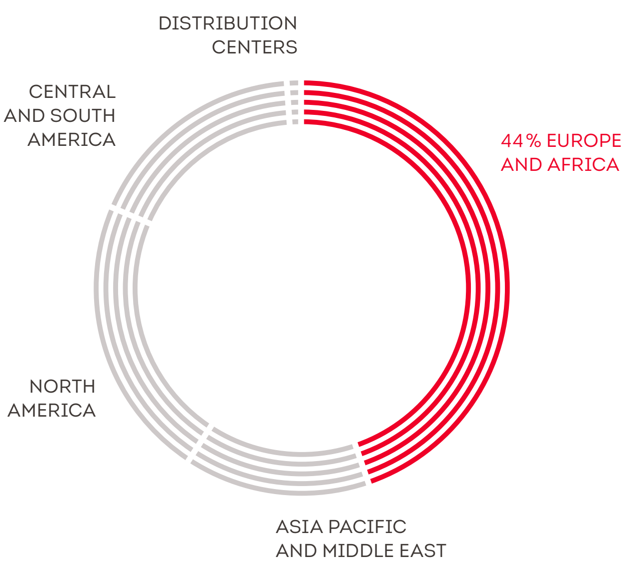
In 2019, Europe & Africa saw an important pick-up in Spain and ongoing healthy performances in the UK, in Greece, Turkey, Italy, Malta and Finland, as well as in most African operations, with highlights in Morocco, Kenia and Egypt. Overall, the new division accelerated sales performance and reported a positive organic growth of 5.8 %.

The key event in the division was the early renewal of the AENA contract in Spain covering all Spanish airports, which has been extended for up to 5 years starting November 1, 2020. The extension is an important step to secure a resilient growth pattern in this important market. Spain has already considerably improved its performance in the year under review, and Dufry is now able and looking forward to implement the best practices successfully tested in 5 airports across all Spanish hubs in 2019.

Besides this milestone renewal, Dufry continued expanding and refurbishing its business also in other airports in the division. Among the expansions worth mentioning, Dufry added 4 new stores across 430 m² in Casablanca, Morocco, as well as 3 new shops in Italy across 410 m² of retail space. A new contract has also been signed in Madagascar, including 3 shops for a total sales space of 640 m² across 2 airports, which are expected to be opened in early 2020.

With respect to refurbishments, the division saw important shop renovations such as 15 shops in Spain (11,600 m²); 9 stores in Sweden (4,200 m²); 5 shops in Antalya (1,700 m²), Turkey, as well as 1 store in Casablanca (1,100 m²), Morocco.

PORTION OF TURNOVER 2019



KEY REPORTED DATA 2019

Number of shops	660
Sales area in m²	181,124
Employees in FTE	10,015

TURNOVER

3,851 IN MILLIONS OF CHF

1

3

2

1 CASABLANCA | MOHAMMED V INTERNATIONAL AIRPORT
Dufry refurbished and expanded the main duty-free shop located at Terminal 1 with almost 1,200 m².

2 ZAKYNTHOS | AIRPORT DIONYSIOS SOLOMOS
Dufry opened a new Last Minute shop of 110 m² shop in Zakynthos, offering to passengers the bestseller products of the main categories.

3 ALICANTE | ALICANTE-ELCHE AIRPORT
Dufry refurbished its departure duty-free shop with more than 2,000 m² in Alicante including an exclusive tasting bar.

4

5

4 **STOCKHOLM | ARLANDA AIRPORT**
Dufry inaugurated the refurbished shop at Arlanda Airport, Terminal 5 with a total retail space of close to 1,700 m².

5 **BARCELONA | BARCELONA-EL PRAT AIRPORT**
The main duty-free shop located in Terminal 2 of Barcelona El-Prat Airport has gone through a major renovation further improving the shopping experience to its customers.

ASIA PACIFIC AND MIDDLE EAST

ARMENIA / AUSTRALIA / BULGARIA / CAMBODIA / CHINA / INDIA / INDONESIA / JORDAN / KAZAKHSTAN / KUWAIT / MALAYSIA / RUSSIA / SERBIA / SINGAPORE / SOUTH KOREA / SRI LANKA / UNITED ARAB EMIRATES

Strong organic growth, important bolt-on acquisition and new wins
Asia and the Middle East is a strategic growth area for Dufry. The region accounts for the globally highest current and prospective passenger growth, while also bearing considerable M&A opportunities, created by the still high fragmentation in these markets. Dufry is already today the most international travel retailer in this interesting region and features the largest number of single operations, which generated 14% of the Group's turnover in 2019.

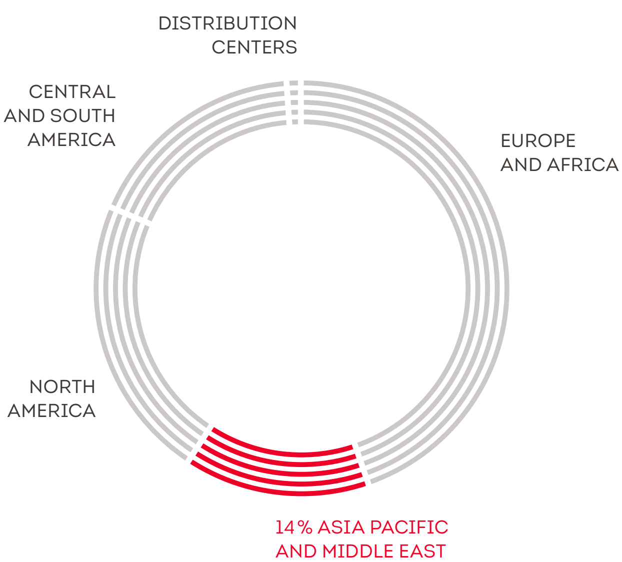
Headquartered in Hong Kong, the division manages 33 locations across 17 countries, covering a total sales area of 55,139 m^2. In line with our strategy to further expand our presence in this growth region, Dufry made an important bolt-on acquisition in 2019, by taking a 60% majority stake in the Vnukovo RegStaer operation. It features more than 30 duty-free and duty-paid shops across a retail space of over 6,800 m^2 with an assortment offering core duty-free categories as well as a selection of fashion and accessory products. The Vnukovo operation generated a sales volume of EUR 58.8 million in the FY 2018 and has been fully consolidated as of November 2019. With the new presence at Vnukovo airport – featuring an interesting passenger profile – Dufry considerably consolidates its footprint in the Moscow area as well as in Russia overall.

Moreover, Dufry also succeeded in winning an important new confectionary concession at Singapore's Changi airport to operate 4 new shops in the Terminal 2 departure hall for a total sales area of 563 m^2. The shops are expected to be opened sequentially as of March 2020.

Performance of the division continued to be very strong in 2019, reporting a double digit organic growth of 10.8% driven by both like-for-like improvements in Russia and Serbia and the important contribution of the new operations in Perth, Australia, and the departure and arrival shops at the MTR high speed train station in Hong Kong.

With respect to expansions, Dufry has opened 52 new shops in Russia covering 9,150 m^2 and one additional shop in Kuwait with a retail space of 1,050 m^2 in 2019. Moreover, the division also saw some important refurbishments with three stores of 2,800 m^2 in Jordan, and another one with 1,900 m^2 in Macau.

PORTION OF TURNOVER 2019



KEY REPORTED DATA 2019

Number of shops	221
Sales area in m^2	55,139
Employees in FTE	4,644

TURNOVER

1,275 IN MILLIONS OF CHF

1

2

3

1 CAMBODIA | SIHANOUK INTERNATIONAL AIRPORT
Dufry offers distinguished top brands with a variety of products to is customers travelling through Sihanouk International Airport.

2 PERTH | PERTH AIRPORT
Following the signing of a new contract with Perth Airport in July 2018, Dufry has opened its fully refurbished duty-free walk-through store, located in the international flights' departures hall in 2019.

3

4

3 MOSCOW | VNUKOVO AIRPORT
Dufry has opened its first 120 m^2 arrivals duty free store at Vnukovo International Airport in January 2019.

4 HONG KONG | HONG KONG INTERNATIONAL AIRPORT
The Dufry and Salvatore Ferragamo partnership unveils the fully renovated boutique with fresh and contemporary design in Hong Kong International Airport located in the East Hall of Terminal 1 Departures.

NORTH AMERICA

Hudson Group
Investor Relations
website

CANADA / USA

Important increase of footprint in North America
The North American travel retail market is another of Dufry's traditional core markets, which continues to offer substantial growth opportunities in duty-paid and duty-free, but also in the airport food and beverage channel, which our subsidiary Hudson succeeded in considerably expanding in 2019. Due to the importance of food & beverage (F&B) at airports in North America and its convergence with retail, this is a remarkable step forward in creating additional avenues of growth.

The division with its operational headquarters in East Rutherford, New Jersey, manages 1,013 shops across 86 airports in the United States and Canada with a total sales area of 100,647 m^2, thus contributing 22% to the Group's turnover in 2019. Dufry's North American business (Hudson Ltd.) is listed at the New York Stock Exchange since 2018 and Dufry retains a majority stake of 57%.

In 2019, Hudson successfully executed two important transactions, allowing to considerably increase its footprint. The acquisition of the 34 Brookstone shops in airports across the U.S. includes the exclusive right to further expand the brand in the airport channel and to offer a select Brookstone assortment within the Hudson convenience shop network, thus further enhancing the product offer for domestic travelers.

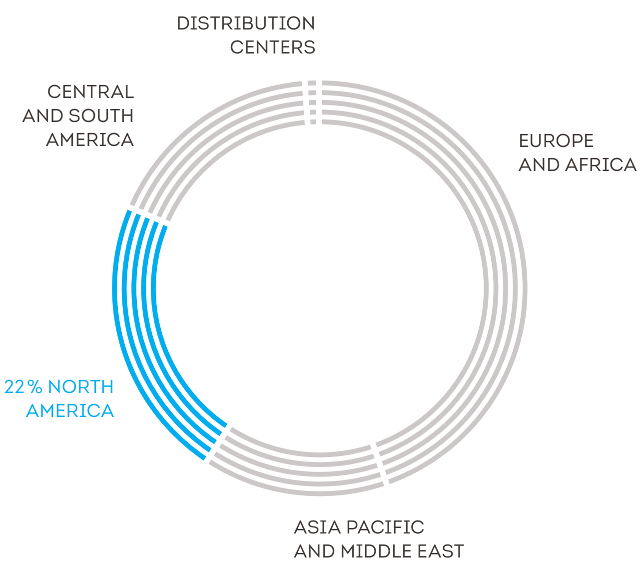
With the acquisition of OHM Concession Group LLC, Hudson has not only added 60 units to its existing 50 F&B concessions, but substantially increased its own skills and expertise in airport food & beverage. This will ultimately also improve the company's competitiveness to act as master concessionaire going forward. The OHM acquisition is an important strategic step for the future development and further expansion of the airport F&B and travel retail markets in North America.

From an operational perspective, organic growth, at 1.8%, saw a slight slow-down in 2019 caused by the lower spend of Chinese customers in duty-free as well as some temporary impacts driven by hurricane Dorian and the grounding of the Boeing 737 MAX aircrafts.

Besides the increases in footprint mentioned above, the division added another 5,900 m^2 of shop floor to its portfolio by opening 75 new shops across several locations. Hudson also succeeded to win new contracts such as the concession for 9 shops at the Indianapolis International Airport with a sales area of nearly 9,000 square feet (836 m^2) and the contract for 6 shops at the Newark Liberty International Airport with 7,500 square feet (697 m^2) of retail space.

To have an in-depth view of the performance of our North American division please follow the QR code on page 56 that will take you to the Hudson Group Investor Relations website and its Annual Report 2019.

PORTION OF TURNOVER 2019



KEY REPORTED DATA 2019

Number of shops	1,013
Sales area in m^2	100,647
Employees in FTE	8,776

TURNOVER

1,936 IN MILLIONS OF CHF

1

2

1 VANCOUVER | VANCOUVER INTERNATIONAL AIRPORT
Hudson opened the first duty-free Moncler freestanding boutique in North America, at Vancouver International Airport, with 87 m^2 offering fashion ranging from Moncler's men, women, and accessories lines.

2 BOSTON | LOGAN INTERNATIONAL AIRPORT
Hudson has opened several new stores at the airport, including Hudson shops, offering a range from travel and convenience necessities, tasteful local souvenirs, and electronics, to snacks and beverages, books, and magazines.

3

4

3 **VANCOUVER | VANCOUVER INTERNATIONAL AIRPORT**
The opening of the Vancouver store is the first of Hudson's partnership with Joe & The Juice and further solidifies the travel retail company's ongoing focus to provide travelers with fresh, locally-sourced offerings along their journeys.

4 **INDIANAPOLIS | INDIANAPOLIS INTERNATIONAL AIRPORT**
Hudson celebrated the grand opening of the FAO Schwarz store with almost 100 m^2 offering a selection of toys that have enchanted generations.

CENTRAL AND SOUTH AMERICA

ANTIGUA / ARGENTINA / ARUBA / BAHAMAS / BARBADOS / BOLIVIA / BRAZIL / CHILE / COLOMBIA / DOMINICAN REPUBLIC / ECUADOR / GRENADA / HONDURAS / JAMAICA / MEXICO / NETHERLANDS / NICARAGUA / PERU / PUERTO RICO / ST KITTS & NEVIS / ST LUCIA / ST MAARTEN / TRINIDAD & TOBAGO / TURKS & CAICOS ISLANDS / URUGUAY

Encouraging developments in a challenging region
Division Central and South America comprises all operations in Central and South America as well as in the Caribbean, where Dufry has had for years a very strong market position in some of the most dynamic travel retail markets in the world.

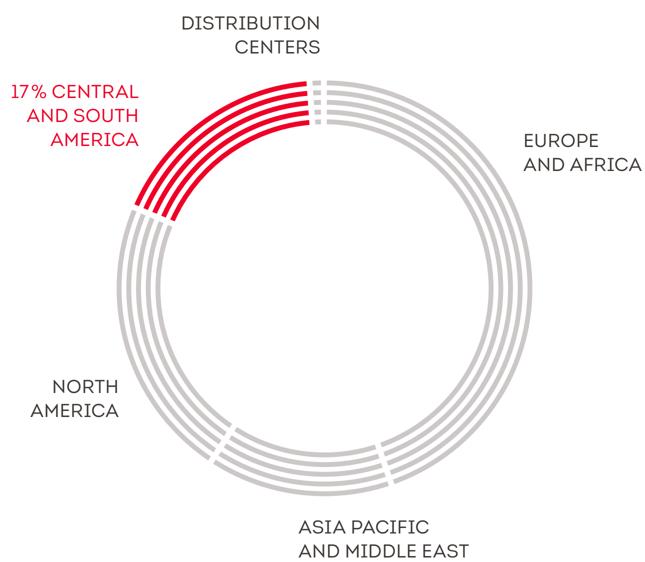
Headquartered in Miami, USA, the division runs operations in 104 locations across 25 countries covering a retail space of 133,080 m^2 and accounted for 17% of the Group's turnover in 2019. Dufry sees further expansion opportunities in duty-free and duty-paid operations within airports and alternative channels in the whole division.

Our Central American operations as well as the Cruise business continued to show good performance; particularly in Mexico, the Dominican Republic and the Caribbean. In South America, performance significantly improved in the second half of 2019, even posting positive growth in the last months of the year. In total, organic growth for the FY 2019 remained in negative territory reaching –6.3%.

In 2019, we saw two important and encouraging developments in South America, which provide a good potential for further growth in the coming years. First, after the Brazilian Federal Government's approval, Dufry opened its first border duty-free shop in the country, in the city of Uruguaiana, offering a core category duty-free assortment covering 850 m^2 of retail space. This new channel is an opportunity to further expand the duty-free business in Brazil. Second, the Brazilian government has also increased the allowance for duty-free purchasing on arrival from currently USD 500 to USD 1,000 as of January 1, 2020. Besides doubling the potential maximum ticket, the decision is important as it allows to considerably improve the offering by expanding the assortment with products in the price range of USD 500–1,000, which was not possible so far due to the earlier lower limit.

Looking at business development and refurbishments, the division saw an important contract win at the Mexico City International Airport covering 1,400 m^2 of additional sales space as well as a new concession for two duty-free and one duty-paid shop totaling 650 m^2 at the Florianópolis Airport in Brazil. Moreover, the division increased its sales area by opening among others 10 new stores in Brazil (1,600 m^2); 6 stores in the Bahamas (1,100 m^2) and 40 additional shops with 5,200 m^2 on 19 new ships. The division's refurbishment highlight was the transformation of the Buenos Aires duty-free shop of 3,100 m^2 into a New Generation Store providing customers with the ultimate shopping experience.

PORTION OF TURNOVER 2019



KEY REPORTED DATA 2019

Number of shops	535
Sales area in m^2	133,080
Employees in FTE	7,329

TURNOVER

1,536 IN MILLIONS OF CHF

1

2

1 **BELO HORIZONTE | BELO HORIZONTE INTERNATIONAL AIRPORT**
Dufry increased its presence in the airport with a new duty-paid shop with 300 m² located in the domestic departures lounge of Terminal 2.

2 **SANTIAGO | COMMODORE ARTURO MERINO BENÍTEZ AIRPORT**
Dufry opened the Cava del Vino, a specialized shop dedicated to Chilean wine with close to 200 m² at Terminal C.

3

4

3 **BUENOS AIRES | EZEIZA INTERNATIONAL AIRPORT**
A New Generation Store was launched in the departure area of Terminal A, with a total retail space of 3,100 m². This is the third shop of its kind in Central and South America with a successful and innovative retail format focused on digital applications.

4 **URUGUAIANA | FIRST BORDER DUTY-FREE SHOP IN BRAZIL**
Dufry inaugurated its first Brazilian duty-free border shop with a retail space of 850 m², offering an assortment of prestige international brands similar to those seen in Dufry's airport shops.

OVER 420 LOCATIONS WORLDWIDE

EUROPE AND AFRICA

Cape Verde
- Boa Vista
- Sal
- Santiago

Cote d'Ivoire
- Abidjan

Egypt
- Cairo

Finland
- Helsinki

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

Germany
- Dusseldorf

Ghana
- Accra

Greece
- Aktio
- Alexandroupoli
- Anchialos
- Araxos
- Athens
- Chania
- Corfu
- Doirani
- Evzonoi
- Heraklion
- Igoumenitsa
- Kafalonia
- Kakavia
- Kalamata
- Karlovasi
- Karpathos
- Kastanies
- Kastelorizo
- Katakolo
- Kavala
- Kipoi
- Kos
- Krystallopigi
- Limnos
- Mertziani
- Mykonos
- Mytilini
- Niki
- Ormenio
- Patras
- Piraeus
- Promachonas
- Rhodes
- Sagiada
- Samos
- Santorini
- Skiathos
- Symi
- Thessaloniki
- Zante

Ireland
- Center Parks

Italy
- Bergamo
- Florence
- Genoa
- Milan Central
- Milan Linate
- Milan Malpensa
- Naples
- Piza
- Verona

Jersey
- Saint Peter

Kenya
- Nairobi

Malta
- Malta

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

Mozambique
- Maputo

Nigeria
- 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

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

Switzerland
- Basel-Mulhouse
- Zurich

Turkey
- Antalya
- Kayseri
- Kutahya

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
- London St. Pancras
- Longleat Forest Center Parks
- Manchester
- Newcastle
- Norwich
- Sherwood Forest Center Parks
- Southampton
- Stansted
- Whinfell Forest Center Parks
- Windsor
- Woburn Forest Center Parks

Cruise and Ferry ships
- Asterion
- Blue Galaxy
- Blue Horizon
- Blue Star I, II
- Blue Star Delos
- Blue Star Diagoras
- Blue Star Naxos
- Blue Star Paros
- El Venezielos
- Elyros
- Hellenic Spirit
- Highspeed 4
- Kriti Ship
- Nisos Chios
- Nisos Mykonos
- Nisos Rhodes
- Nisos Samos
- Olympic Champion
- Patmos
- P&O Arcadia
- P&O Aurora
- P&O Ventura
- P&O Queen Elizabeth
- P&O European Highlander
- P&O European Causeway
- P&O Norbay
- P&O Norbank
- P&O Pride of Rotterdam
- P&O Pride of Hull
- P&O Pride of Burges
- P&O Pride of York
- P&O Spirit of Britain
- P&O Spirit of France
- P&O Pride of Canterbury
- P&O Pride of Kent
- P&O Pride of Burgundy
- Prevelis
- Superfast I
- Superfast II
- Superfast XI

ASIA PACIFIC AND MIDDLE EAST

Armenia
- Gyumri
- Yerevan

Australia
- Canberra
- Melbourne
- Perth

Bulgaria
- Burgas
- Varna

Cambodia
- Phnom Penh
- Siem Reap
- Sihanoukville

China
- Chengdu
- Hong Kong
- Macau
- Shanghai

India
- Bangalore

Indonesia
- Bali

Jordan
- Amman
- Aqaba
- Marka

Kazakhstan
- Astana

Kuwait
- Kuwait City

Malaysia
- Kuala Lumpur

Russia
- Moscow Domodedovo
- Moscow Sheremetyevo
- Moscow Vnukovo
- St. Petersburg Pulkovo

Serbia
- Belgrade
- Nis

Singapore
- Changi

South Korea
- Busan

Sri Lanka
- Colombo

United Arab Emirates
- Sharjah

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
- Cleveland
- Corpus Christi
- Dallas Fort Worth
- Dallas Love Field
- Denver
- Des Moines
- Detroit
- Fort Lauderdale Hollywood
- Fresno
- Grand Rapids
- Greater Rochester
- Greenville-Spartanburg
- Harrisburg
- Houston
- Houston George Bush
- Houston William P. Hobby
- Indianapolis
- Jackson
- Las Vegas Hard Rock Cafe
- Las Vegas Mc Carran
- Las Vegas Palazzo
- Little Rock
- Los Angeles
- Lubbock
- Manchester Boston
- Miami
- Minneapolis
- Mobile Bates Field
- Myrtle Beach
- Nashville
- New Orleans
- New York Empire State
- New York Grand Central
- New York JFK
- New York LaGuardia
- New York Penn Station
- New York Port Authority
- New York UN Gift Center
- Newark
- Newark Liberty
- Newport News Williamsburg
- Norfolk
- Oakland
- Omaha
- Ontario
- Orlando
- Orlando Sanford
- Philadelphia
- Phoenix Sky Harbour Airport
- Pittsburgh
- Portland
- Raleigh
- Richmond
- Roanoke
- Santa Ana
- Salt Lake City
- San Antonio
- San Diego
- San Francisco
- San José
- Seattle
- St Louis
- St Pete-Clearwater
- Stewart Newburgh
- Tampa
- Tucson International Airport
- Tulsa Airport
- Washington DC
- Washington Dulles
- Washington Ronald Reagan Airport

CENTRAL AND SOUTH AMERICA

Antigua
- Antigua
- Saint Philip

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

Aruba
- Oranjestad

Bahamas
- Bahamas
- Great Exuma

Barbados
- Barbados
- Christ Church
- St. Michael

Bolivia
- La Paz
- Santa Cruz

Brazil
- Belém
- Belo Horizonte
- Brasília
- Campinas
- Curitiba
- Florianopolis
- Fortaleza
- Goiânia
- Natal
- Porto Alegre
- Recife
- Rio de Janeiro
- Rio de Janeiro Galeão
- Rio de Janeiro Santos Dumont
- Salvador
- São Paulo Congonhas
- São Paulo Guarulhos
- Uruguaiana

Chile
- Santiago de Chile

Colombia
- Bogota

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

Equador
- Santiago de Guayaquil

Grenada
- Grenada

Honduras
- Roatan

Jamaica
- Jamaica

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

Netherlands
- Bonaire

Nicaragua
- Costa Esmeralda Airport
- El Espino
- Guasaule
- Managua
- Peñas Blancas

Peru
- Lima

Puerto Rico
- Ponce
- San Juan

St Kitts & Nevis
- St Kitts
- St Kitts Bradshaw Airport

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 and Ferry ships
- Carnival Inspiration
- Carnival Panorama
- Carnival Sensation
- Carnival Valor
- Holland of America Amsterdam
- Holland of America Eurodam
- Holland of America Koningsdam
- Holland of America Maasdam
- Holland of America Nieuw Amsterdam
- Holland of America Nieuw Statendam
- Holland of America Noordam
- Holland of America Oosterdam
- Holland of America Rotterdam
- Holland of America Veendam
- Holland of America Volendam
- Holland of America Westerdam
- Holland of America Zaandam
- Holland of America Zuiderdam
- NCL Bliss
- NCL Dawn
- NCL Escape
- NCL Gem
- NCL Jade
- NCL Jewel
- NCL Joy
- NCL Pearl
- NCL Sky
- NCL Spirit
- NCL Sun
- Pullmantur Horizon
- Pullmantur Monarch
- Pullmantur Sovereign
- Pullmantur Zenith

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

CUSTOMERS ENJOYING GREAT SHOPPING EXPERIENCES

Research on consumer trends around the world indicates that customers are increasingly leaning towards experiences rather than just "buying a product". To best accommodate this changing behavior and to meet our customers' expectations, Dufry is investing in different initiatives to take airport and travel retail shopping to the next level.

Treat yourself, friends and the family.

Offering customers the best shopping experience
Our aspiration is higher than just selling products. We are constantly assessing customers' expectations and adapting our assortments and service portfolio to the latest needs. We fulfill the current focus on experiences with an array of initiatives, such as airport activations, tastings, treatments, an enlarged assortment of novelties, limited editions and exclusive products as well as a comprehensive portfolio of services and benefits. Most importantly, our well trained and motivated sales representatives help travelers navigate through a large variety of prestigious brands, in order to find the right product for you, your family and friends. Our understanding of customer orientation goes beyond the pure fulfilment of expectations and requests we receive in our shops. For us, a satisfied customer is a customer that can also trust us when it comes to product safety and comprehensive after sales services.

We welcome customers of more than 150 nationalities to our shops every day and our wide assortment can exceed 50,000 items in any given location. For this reason, providing the right product information in different languages is a considerable challenge. Therefore, we have started to equip our shop staff with tablet computers so that they can provide customers with extensive product information in several languages. Going forward, we also plan to offer payment services through the tablets without the need of going to the tills.

Engage with customers through the New Generation Stores
In our journey to provide customers with a unique shopping experience, Dufry's New Generation Store is a cornerstone of our latest approach to retail. In our currently 13 New Generation Stores, our customers can experience a shopping environment which changes its appearance depending on which nationality is present at the airport at any given time of the day. Displays appear in different languages and show the brands that best fit the respective customer profile.

Ongoing deployment of digital strategy & channels.

Pre-order at home, collect at the airport
To provide convenience is another priority for Dufry. For this reason, we want to engage with our customers well beyond our shops. Even before they start their trip, travelers can pre-order products through the internet and collect them conveniently once at the airport. Our "Reserve & Collect" service is already available in 170 locations in 44 countries around the world. New locations are constantly added – the full list is available on our website under: www.shopdutyfree.com

420

Dufry operates in over 420 locations in 65 countries worldwide.

RED by Dufry
RED by Dufry is structured as a loyalty program but it takes the idea one step further. RED works primarily through a mobile application (app) and via the traditional earning of points, the program offers exclusive advantages such as discounts at Dufry stores and specific airport benefits. Moreover, members of the program are identifiable through the app's beacon technology once they are at the airport and receive personalized notifications on promotions and offers tailored to their preferences. This allows Dufry to increase conversion of travelers into customers and to attract them to the shops. RED by Dufry is already live in 236 locations in 46 countries and is continuously expanded to further operations worldwide. A full list of the locations where RED by Dufry is implemented can be found here: www.redbydufry.com

Constantly enhancing customer service.

Forum – Social media for travelers
Forum is Dufry's social media platform that provides stories from bloggers and influencers, as well as background information from brands and Dufry in an exclusive and glamorous environment. Moreover, Forum by Dufry connects with all our other digital initiatives such as RED by Dufry and Reserve & Collect and serves as a vehicle to connect with our potential customers when they are planning their journey or even before. Forum is designed to support the inclination to shop with us, to change customer perception, and to position Dufry shops as the place to find the latest trends and launches for the main categories – visit Forum by Dufry at: https://forum.shopdutyfree.com/en

True global return guarantee
Dufry is the only global travel retailer in the industry to offer a true global return guarantee. No matter if you purchased something in Melbourne, Bali, St. Petersburg, Barcelona, São Paulo, Las Vegas or elsewhere in any of our shops in the world: if there is a problem with any product that you purchased at a Dufry store, we will replace, refund or exchange your product within 60 days of purchase. Dufry's customer service representatives, who can be reached in several languages by phone, email or online chat, attended around 208,000 customers from 127 countries in 2019. Dufry's customer service team and policies guarantee full customer satisfaction. This service level is another example of our commitment to an outstanding customer experience day-by-day.

Customer satisfaction & product safety
Customer satisfaction and safety is our first priority. As a fundamental first step we ensure that all products strictly comply with applicable legislation and health and safety requirements. Dufry complies with legal requirements at every location we operate and takes a proactive approach, working with governments and regulators to clarify any concerns. In this context, Dufry, through active membership of the industry's trade associations, has helped shape relevant and robust Codes of Conduct for the travel retail industry (e.g. UK Code of Conduct on disruptive passengers, UK Code of Conduct on VAT, ETRC Code of Conduct on Sale of Alcohol, DFWC Code of Conduct on Sale of Alcohol). Moreover, Dufry has also defined its own Supplier Code of Conduct and shared it with its supplier community as part of the company's Environment, Social and Governance (ESG) strategy. More details are available in the ESG Report on page 78.

230

Dufry's loyalty program RED by Dufry is already available in over 230 locations.

Customer Communications
In its advertising and marketing initiatives, Dufry shows the same responsible stance that it shows in all its other activities. We commit to comply with all regulations and rules in every advertisement and published communication in the countries where we operate. We also expect the same behavior from our suppliers when using the space that we make available in our stores for advertising and promotions. When it comes to product labeling, we request our suppliers to comply with the regulations of all the locations where the product is going to be sold. Given that our stores operate in an environment where we serve many nationalities speaking different languages every day, we are proactively engaged with our industry trade associations to find off-the-label solutions. As far as possible, and in locations where we have our shop tablets in use, we can provide product specification translations in 10 languages.

Dufry commits to comply with all advertising and marketing regulations.

Customer Privacy
Management and protection of customers' private data in the processes involving the handling of client information is an area of importance for Dufry. As a requirement of customs authorities, airport authorities and for contractual reasons, the customer's personal data is collected, processed and retained in accordance with the privacy statement listed on the Dufry website or in the retail locations.

Additionally, the company offers Reserve & Collect and RED by Dufry services, for which additional personal information from the customer is needed to provide them with requested services such as newsletters as well as marketing & advertising materials. In order to protect and ensure that customer data is handled correctly, Dufry applies high security standards to safeguard and protect personal data and to ensure compliance with the different legal frameworks. The company has a number of systems and security processes in place, including a robust IT security system, a data protection policy and specific training for employees dealing with personal information, as well as internal procedures and policies which follow relevant laws and regulations.

In this context, in the previous year 2018, Dufry completed a number of processes to conclude the alignment of our operations in accordance to the EU General Data Protection Regulation (GDPR). Specifically, this work involved expanded documentation and information requirements, privacy impact assessments and the right of individuals (mainly customers, employees, partners and suppliers) to request access to, or to correct, delete, object to processing of their own personal data and to request data portability. All of this was completed ahead of the GDPR implementation deadline of May 2018. Dufry keeps monitoring new developments of data protection regulations and will adapt accordingly where required.

Moreover, the Group also undertakes internal Data Protection Audits and intrusion tests, on top of permanently discussing and improving the protection of customers' personal data in dedicated meetings held quarterly. For any customer, employee or third party who wishes to report a grievance or who has questions regarding Dufry's data privacy, there is a specific email address to contact the company, and inquiries are coordinated by the Internal Audit, Loss Prevention and Enterprise Risk Management (ERM) department.

Dufry's expertise recognized by the industry
In 2019, Dufry's customer focus and retail excellence has been recognized by different industry partners again. A complete list of the 2019 awards is displayed on our website: www.dufry.com/en/company/our-award

MORE THAN 50,000

items are available in our portfolio for our customers to choose from.

NET SALES BY PRODUCT CATEGORY 2019

SUPPLIERS
ACCESSING A UNIQUE GLOBAL WINDOW DISPLAY

Dufry is the largest travel retail operator worldwide and offers suppliers a unique window-display opportunity through its network of over 2,400 shops across more than 420 locations in 65 countries on 6 continents. Suppliers benefit from the unparalleled access to domestic and international travelers to showcase their brands across the globe, reaching captive audiences in exclusive environments. As Dufry operates duty-paid and duty-free areas alike, the company's footprint allows it to serve customers equally interested in both convenience products and luxury shopping experiences. In 2019, over one billion passengers passed through locations where Dufry operates shops, making us the perfect ambassador for global brands.

Partnering with brands to drive sales
The travel retail industry has a number of elements that are highly attractive to suppliers: it is a fast growing channel, it has a captive and affluent audience and it allows them to personally engage with customers in an international and exclusive setting. This makes travel retail an important window display for brands. Dufry aims to be the preferred partner for global brands, building on the tight collaboration with brand partners, based on the scope of our global network and leveraging our superior execution and strong customer service.

Since 2015, we have intensified cooperation with our suppliers and we increasingly partner with global brands on more strategic initiatives, identifying opportunities for marketing campaigns, global promotions or product launches, that also contribute to our and the brands' turnover by generating additional income. In this context, we offer each brand a customized approach to create a joint set of goals for the supplier and for Dufry, and together we agree on specific actions and distinctive campaigns. Both parties establish clear targets and evaluate the effectiveness of their initiatives together.

Jointly increasing customer experience
In recent years, we have seen a growing number of brand partners developing Dufry-exclusive products, which together with novelties, limited editions and travel exclusives, considerably augment and differentiate the customers' shopping experience. Internal research also shows that personally engaging with customers in the shop substantially increases spend per ticket – and what could be better to talk to them about than an exclusive or a newly launched product?

Centralized procurement and logistics
With a focus on generating efficiencies, Dufry is permanently streamlining its key processes. Through our centralized procurement and logistic functions we have considerably simplified the entire supply chain.

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 also centralized and simplified the ordering process, by internally aggregating the orders from the different retail operations and sending a consolidated order to suppliers.

Accordingly, we have adapted our logistics organization with three distribution centers in Uruguay, Switzerland and Hong Kong which operate additional warehouses in Hong Kong, Runnymede (UK), Barcelona (Spain) and Miami (USA) and provide the timely shipping of goods to our operations. The process benefits both Dufry and suppliers, as it allows us to order and ship larger volumes to the distribution centers, thus increasing flexibility so that we can allocate the optimal product quantity to each country and shop and maximize product availability.

BRAND UNIVERSE

1,000

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

AIRPORT AUTHORITIES & LANDLORDS
BENEFITTING FROM PROFITABLE RETAIL CONCEPTS

Dufry is the partner of choice for airport operators and other travel related landlords. We strive to create value for landlords and Dufry alike, through our ability to deliver best-in-class retail concepts and our deep understanding of our customers, their expectations and their shopping behavior. The trust our landlords have placed in us has allowed Dufry to become the market leader in travel retail, currently operating over 2,400 shops in 65 countries located in airports, seaports, railway stations, downtown areas, border crossings, cruise liners & ferries, hotels and other locations with captive audiences.

Benefitting from the widest industry experience
Facility owners and Dufry share a common goal – maximizing returns on the available space and creating a highly innovative and attractive shopping experience for customers. Dufry's extensive expertise in all technical and regulatory aspects and its retail know-how are core competitive advantages, as is its comprehensive range of attractive retail concepts and shop formats to satisfy any need of a landlord in both duty-free and duty-paid environments. The in-depth understanding of customer profiles and their specific shopping behaviors learned through our worldwide presence, are key to best designing these retail concepts and to develop successful marketing initiatives tailored to meet the requirements of every single airport or any other location. Furthermore, in order to understand the latest trends in consumer behavior, Dufry regularly carries out detailed consumer research, thus generating insights that ultimately benefit landlords through increased sales and profitability of their commercial space.

Creating value for both travel retailers and facility owners through real partnership
The partnership between facility owners and retailers is one of the most important aspects of travel retail. Our many years of experience in the business show that the closer both parties work together and align their common goals, the higher the value generated. By joining forces, we can create more inviting and attractive commercial spaces that maximize spend from the passengers' arrival at the airport until their boarding – and if legislation allows for arrival duty-free even after landing.

Dufry has a long-standing tradition of partnering with landlords in different operations, be they large or small, in emerging or developed markets, at airports or seaports, border shops, railway stations or on cruise lines and ferries. Recent examples of refurbishments and expansions of our shops confirm the value of coordinated strategies. Projects developed at the airports of Spain, Sweden, Jordan, Antalya, Casablanca and Buenos Aires are a few examples of how Dufry and landlords can work together on the structuring of passenger flows, improving the appearance of commercial space and expanding retail offerings to considerably increase sales.

13 New Generation Stores now in operation.

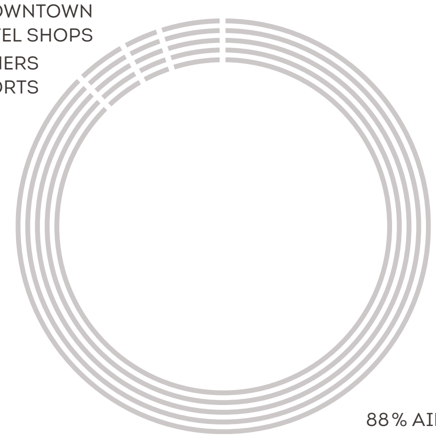
Dufry's New Generation Store – up and running
In 2019, Dufry opened 4 additional New Generation stores in Buenos Aires, Amman, Malaga and Alicante complementing the 9 existing ones in Madrid, Melbourne, Cancun T3 and T4, Zurich as well as at London Heathrow T3.

Dufry's New Generation Store concept makes extensive use of digital technology to increase communication with passengers at the airport. The digital route allows Dufry to approach potential customers in an even more personalized way than ever before and to flexibly adapt in-store communication during the day to the changing nationalities and customer profiles, enhancing the communication's 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.

Long-term concession portfolio.

Deployment of our digital strategy improves conversion and boosts the visibility of operations
In 2019, Dufry further accelerated the deployment of its digital strategy launched one year earlier than originally planned. The digital strategy essentially aims at converting more travelers into customers, thus driving sales and ultimately benefitting our landlords. Besides the New Generation Stores, services such as Reserve & Collect and above all the loyalty program RED by Dufry promote our operations online on a world-wide scale, through their global span and reach travelers across the world. This gives airports and their retail offer additional visibility and exposure, thus promoting them as attractive shopping locations.

NET SALES BY CHANNEL 2019



For a more detailed description of our digital strategy, please also refer to the strategy chapter on page 28.

Successful contract extensions secure future business
In travel retail, concession contracts are the key business driver for retail operators, as they provide the right to sell their products at a given operation. In 2019, Dufry continued to successfully win new contracts and to renew existing concession contracts, some of them well before the previous expiry date, thus extending the remaining average lifetime of its portfolio, which is currently 7 years. Within our concession portfolio, 17% of our contracts have a remaining life-time of one to two years; 22% three to five years; another 46% between six and nine years, and the final 15% have a remaining duration of ten years or more. On average, Dufry renews existing contracts that generate between 10% to 15% of our sales every year, as well as adding new contracts,

243 new shops added to our first-class concession portfolio
In 2019, Dufry opened and expanded 243 new shops adding almost 33,900 m² of retail space across all divisions. At December 31, 2019, the entire concession portfolio of the group included retail space of close to 470,000 m².

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

Focusing on investment returns
Dufry systematically follows an approach of financial discipline when evaluating new projects and opportunities. They are analyzed individually on a commercial and financial basis. The many aspects of a project being put together include development potential and analyzing initial investment requirements, as well as the expected development of passenger numbers and profile perspectives. Through a strict evaluation of these criteria and our disciplined approach to 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 project types, irrespective whether we participate in a tender process, engage in direct negotiations with landlords or perform acquisitions.

INVESTORS
COMPELLING EQUITY STORY, STRONG FUNDAMENTALS

Since its listing in 2005, Dufry has pursued and successfully executed a consistent strategy focusing on profitable growth and cash generation, creating sustainable value for shareholders and bondholders alike. In the first phase, the company accelerated growth mainly through acquisitions, and more recently shifted towards a more balanced growth profile including both organic growth, as well as small and mid-size acquisitions.

Pure-player 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 of Dufry's investment case. This, combined with our track record of growth as well as an attractive risk profile based on our geographical diversification, makes Dufry a compelling investment opportunity. For a detailed view on Dufry's investment case please refer to page 22.

Dividend of CHF 4.00 per share proposed to AGM in 2020.

Capital allocation and dividend strategy

In 2018, Dufry revised its capital allocation and dividend strategy, aiming at paying out a dividend of at least the same amount as in the previous year and target 40% of cash earnings. In this context, the dividend paid in 2019 for the 2018 business year was increased to CHF 4.00 per share, equal to a total of CHF 199.8 million returned to shareholders, which compares to CHF 3.75 per share paid in 2018. For the fiscal year 2019, the Board of Directors' proposal to the General Meeting of Shareholders to be held on May 7, 2020, will be a dividend of CHF 4.00 per share. This reflects a dividend yield of 4.2% compared to the closing price of our shares at December 31, 2019.

Member of the SMI MID (SMIM) Index

With a market capitalization of CHF 4.9 billion as per December 31, 2019, Dufry is part of the SMI MID (SMIM) Index on the SIX Swiss Exchange, which includes the 30 biggest publicly listed companies in Switzerland not already represented in the Swiss Market Index (SLI).

Dufry's share price started the year at CHF 92.08, reached a high of CHF 109.80 mid-March, saw some softening in the second and third quarters with a low of CHF 76.10 mid-August and recovered to CHF 96.02 at the end of December, thus closing the year with an appreciation of 4%.

Dufry's trading volume continued to be very healthy in 2019. Dufry's average daily trading volume was approximately CHF 66.5 million. The SIX Swiss Exchange remains our most important trading platform, where the average daily volume of Dufry shares reached CHF 27.3 million in 2019. In this context it has to be mentioned that the SIX Swiss Exchange lost its EU stock market equivalence on 30 June 2019. As a consequence, since July, Dufry's trading volumes were mainly concentrated at the SIX 61% and BATS Chi-X OTC 38% platforms.

Our long-term shareholders, in particular Travel Retail Investments, Qatar Investment Authority, Richemont, GIC Asset Management, as well as Franklin Mutual Advisors LLC, Blackrock and JP Morgan Chase & Co represented around 41% of our share capital and continue to support Dufry.

DAILY AVERAGE VOLUME

MILLIONS OF CHF

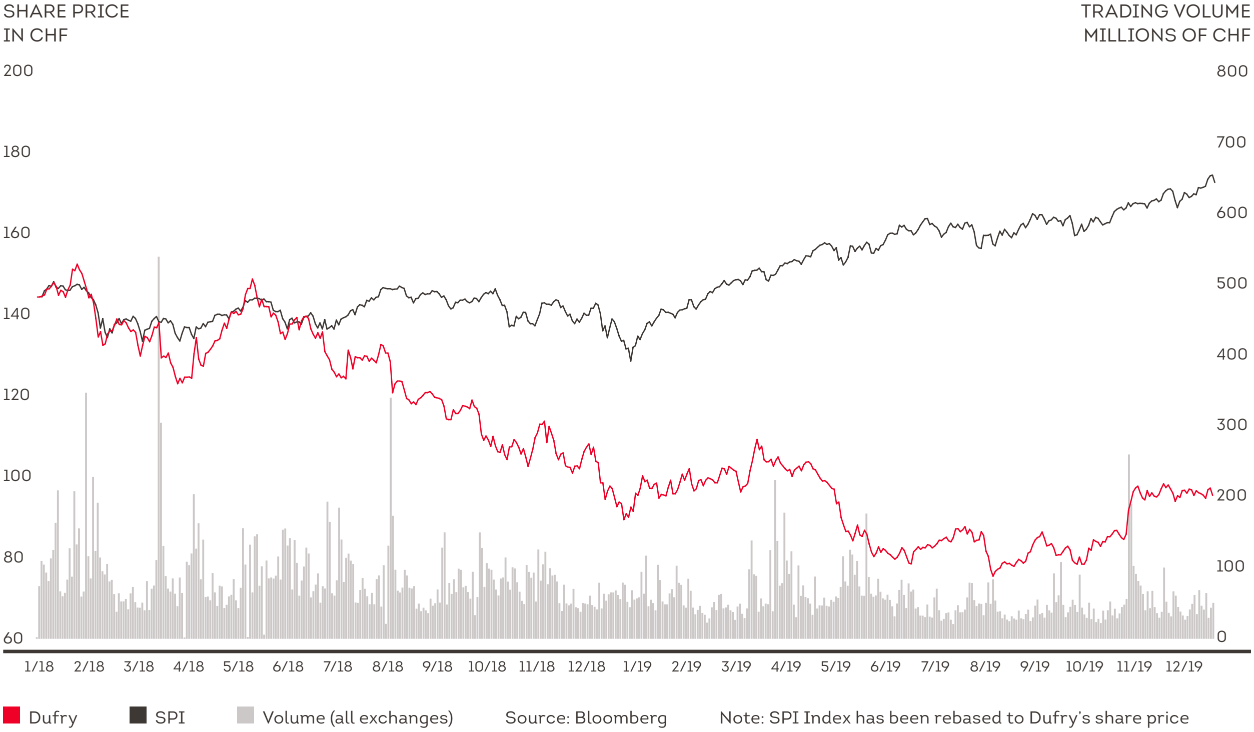
Note: Decrease in volume in 2019 due to the termination of the EU stock market equivalence to Switzerland since July 2019, where the trading of Swiss shares on EU exchanges has been prohibited as of July.

SHAREHOLDER STRUCTURE

AT DECEMBER 31, 2019

Note: Based on shares. For a complete overview of Shareholder disclosures please refer to page 230.

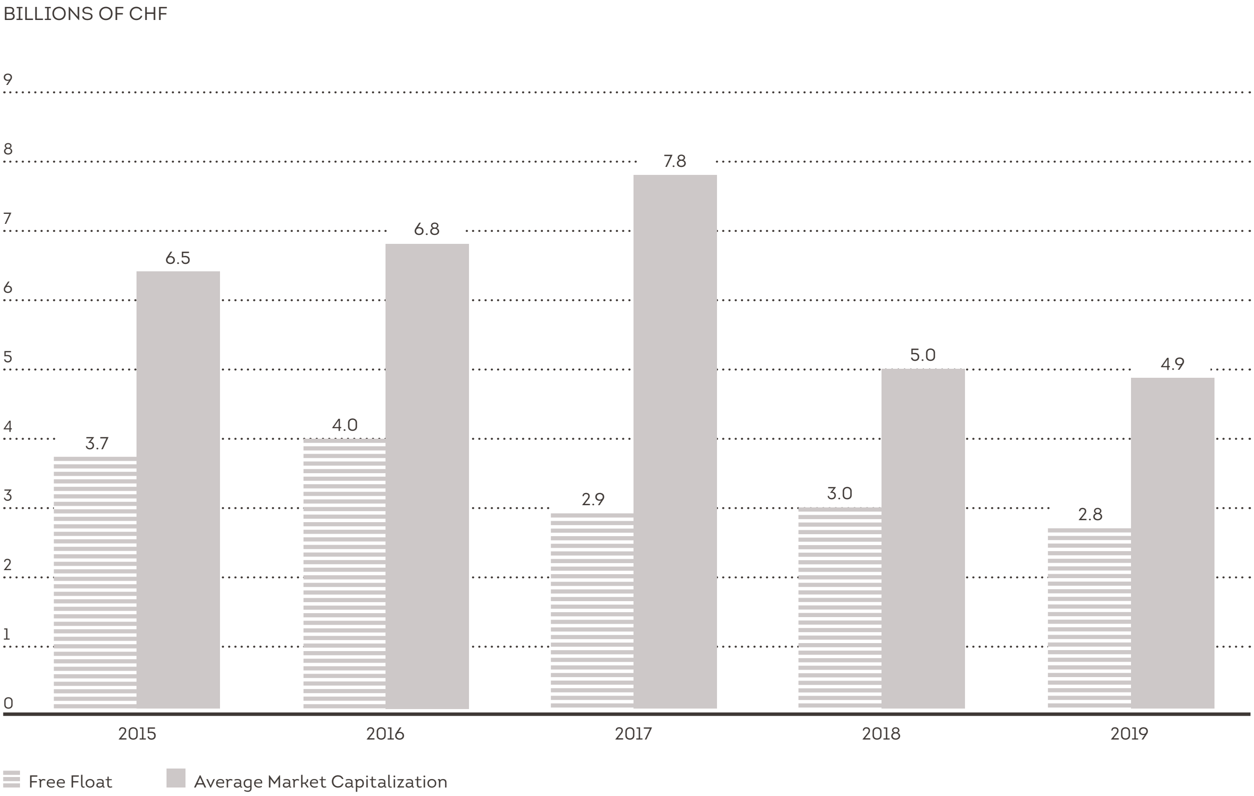
DUFRY AG SHARE PRICE AND TRADING VOLUME



Source: Bloomberg

Note: SPI Index has been rebased to Dufry's share price

MARKET CAPITALIZATION AND FREE FLOAT



Dufry's free-float is well balanced, with shares being held by institutional investors in the most important investor countries such as the United Kingdom, the United States, Switzerland as well as across Continental Europe.

Solid investment for bondholders
Dufry has been a well-established investment opportunity in the bond market ever since the issuance of its first Senior Notes in 2012. On the one hand, the bond market represents an important source of financing for the company, while on the other hand, our low operating leverage, as well as the strong and resilient cash flow generation, are characteristics welcomed by the fixed income market.

Long-term financing further optimized.

In November 2019, Dufry issued new Senior Notes for a total of EUR 750 million with a coupon of 2.0%, due in 2027. The proceeds from the offering were used to early repay the EUR 700 million Senior Notes due in 2023. This refinancing is expected to reduce our financing expenses by EUR 16.5 million per year, starting in 2020. Dufry's EUR 800 million 2.5% Senior Notes due in 2024 remain in place.

Dufry also has bank credit facilities in place totaling close to CHF 1,250 million maturing in 2022, and around CHF 1,400 million maturing in 2024 (denominated in multiple currencies).

Dufry's Senior Notes are currently rated by Standard & Poors (BB) and Moody's (Ba2).

Committed to fair and comprehensive market communication
We are committed to open and transparent communications with the financial market to present our investment story and opportunities. 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 regular basis and we provide the financial community and media with in-depth reports and information through press and analyst conferences, conference calls and webcasts. In this context, Dufry has announced in its third quarter results publication 2019, that as of the 2020 financial year, the company will be releasing quarterly trading statements for Q1 and Q3 instead of publishing full financial results. Dufry will continue to publish full financial results for the half-year and full year periods.

As part of our 2019 Investor Relations activities, senior management and the Investor Relations team invested 36 days to meeting investors directly through roadshows and conferences in Europe as well as in North and South America, during which we met around 500 investors in one-to-one or group meetings and many more in presentations. Apart from meetings, the Investor Relations team answered more than 370 calls and emails in 2019. This results in a total of close to 870 contacts with investors and analysts. For contact details for our Investor Relations team, located in Switzerland and Brazil, please see page 273 of this Annual Report.

IFRS 16 and its impact on Dufry's financials
As of January 1, 2019, Dufry has adopted the new International Financial Reporting Standard IFRS 16, which has substantially affected the accounting of concession and rental agreements.

Given Dufry's retail nature and the fact that it does not own the real estate where it operates, IFRS 16 has resulted in significant changes to Dufry's financial statements.

After preliminary discussions with the analyst / investor community at the company's Capital Markets Day 2018, Dufry has held an IFRS 16 teaching event for the sell-side analyst community on 14 May 2019 (the same day as the Q1 results presentation) as well as providing detailed insights to the investor community on 15 May 2019, as part of the Dufry Day 2019 held in Zurich. Since then, the company has been updating the market on new developments and indications regarding the expected impacts on the financial statements, by publishing pro-forma/restated financials 2018 and KPI's by quarter available on the company website.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT
BEYOND SHOPPING IN TRAVEL RETAIL

Dufry is a global travel retail operator with over 2,400 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas. We employ over 31,000 employees (FTEs) across the 65 countries where we hold operations and represent in our stores over 1,000 different global and local brands. Dufry is part of the Swiss Market Index MID (SMIM) on the SIX Swiss Exchange and has a balanced share of large and small shareholders.

Dufry is aware that the impact of its operations goes far beyond its financial goals and is fully committed to contribute to the travel retail industry and the society. Understanding the effects our company has on society and the environment is a vital part of achieving our sustainability goals. This sustainability report, prepared following the guidelines of the Global Reporting Initiative (GRI) Standards, Core Option, serves Dufry to assess the impact under the three dimensions of sustainability – economic, environmental and social – and to share with our stakeholders our vision of sustainability. This report is available online and complements the information shown in the sustainability section of our corporate website: www.dufry.com/en/sustainability-dufry

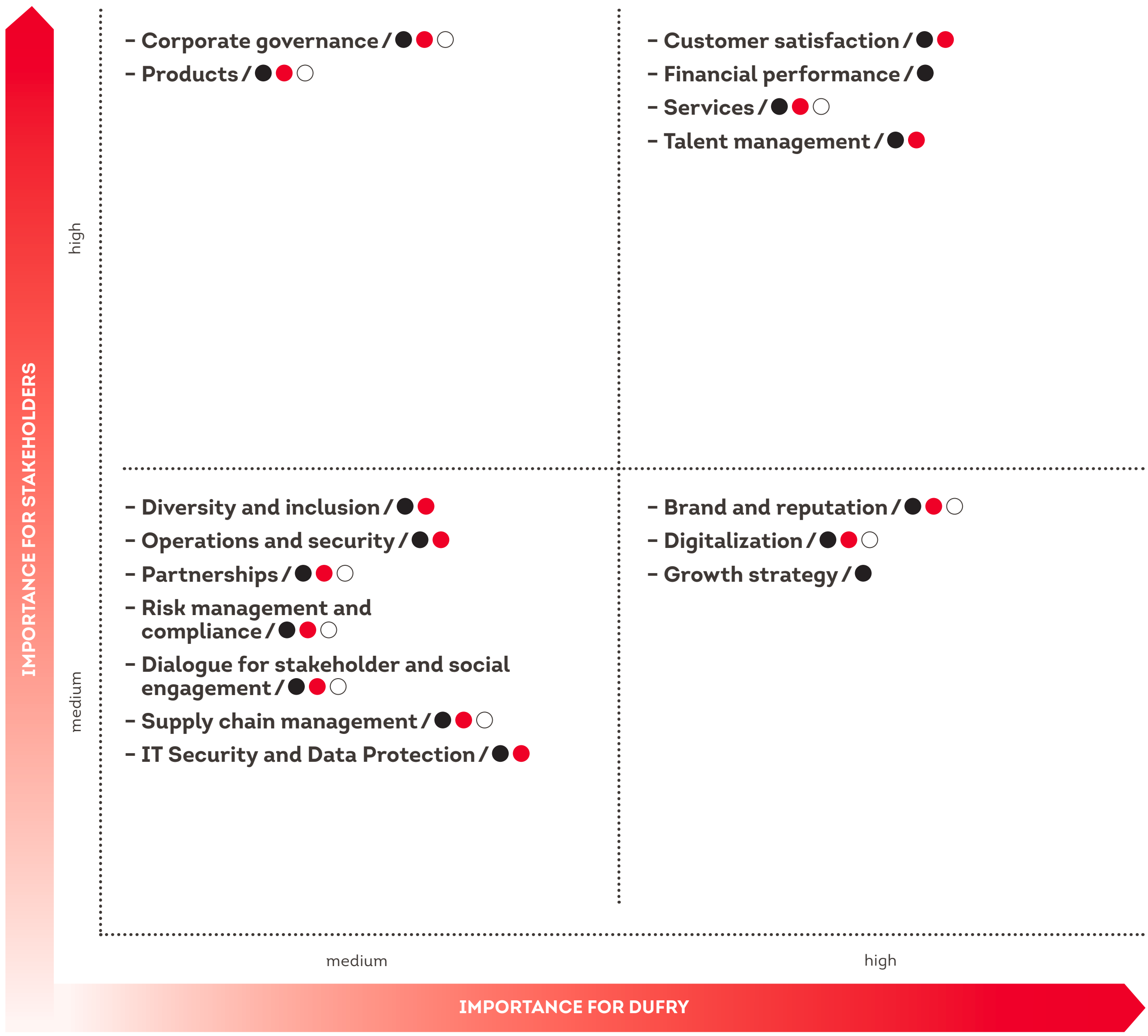
Evolution of our materiality assessment
Dufry started making inroads in sustainability reporting back in 2016 with its first materiality assessment commissioned with Ernst & Young. As a result of this assessment, we disclosed our first Materiality Matrix, which outlines the topics that are relevant to both our stakeholders and our business and, which served to establish our sustainability reporting framework. Following this milestone, we published our first Environment, Social and Governance (ESG) Report in accordance with the Global Reporting Initiative (GRI) Standards in 2017.

The creation of that materiality matrix was a scaled process, which began with the assessment of a number of internal and external sources such as our existing policies and regulations, publicly available materiality assessments of peers and the SASB requirements (Sustainability Accounting Standard Board) as well as the report of the Governance & Accountability Institute. As a next step, we gathered stakeholder feedback, mainly through various internal sources, but also through our role in trade conferences and associations, one-on-one discussions and the on-going dialogue with stakeholders. This, together with the expertise brought from a third party advisor, enabled us to identify a total of 15 topics that we consider most important to our business and to our industry, and that marked the basis of our ESG Report of 2017.

Our vision of sustainability however is not a static one, and every year we review our materiality matrix to ensure it remains accurate and that the information reported is relevant for our stakeholders. In this regard, during 2019 we have revised the social, environmental and economic impacts of our business, and consequently evolved the material topics of our ESG Reporting by including Data Privacy and IT Security amongst the key topics of our reporting. With the addition of Data Privacy and IT Security, the list of topics totals 16, all listed in Dufry's Materiality Matrix.

Stakeholder interaction and dialogue
Engaging with our stakeholders on a regular basis to understand their expectations, needs and concerns

MATERIALITY MATRIX



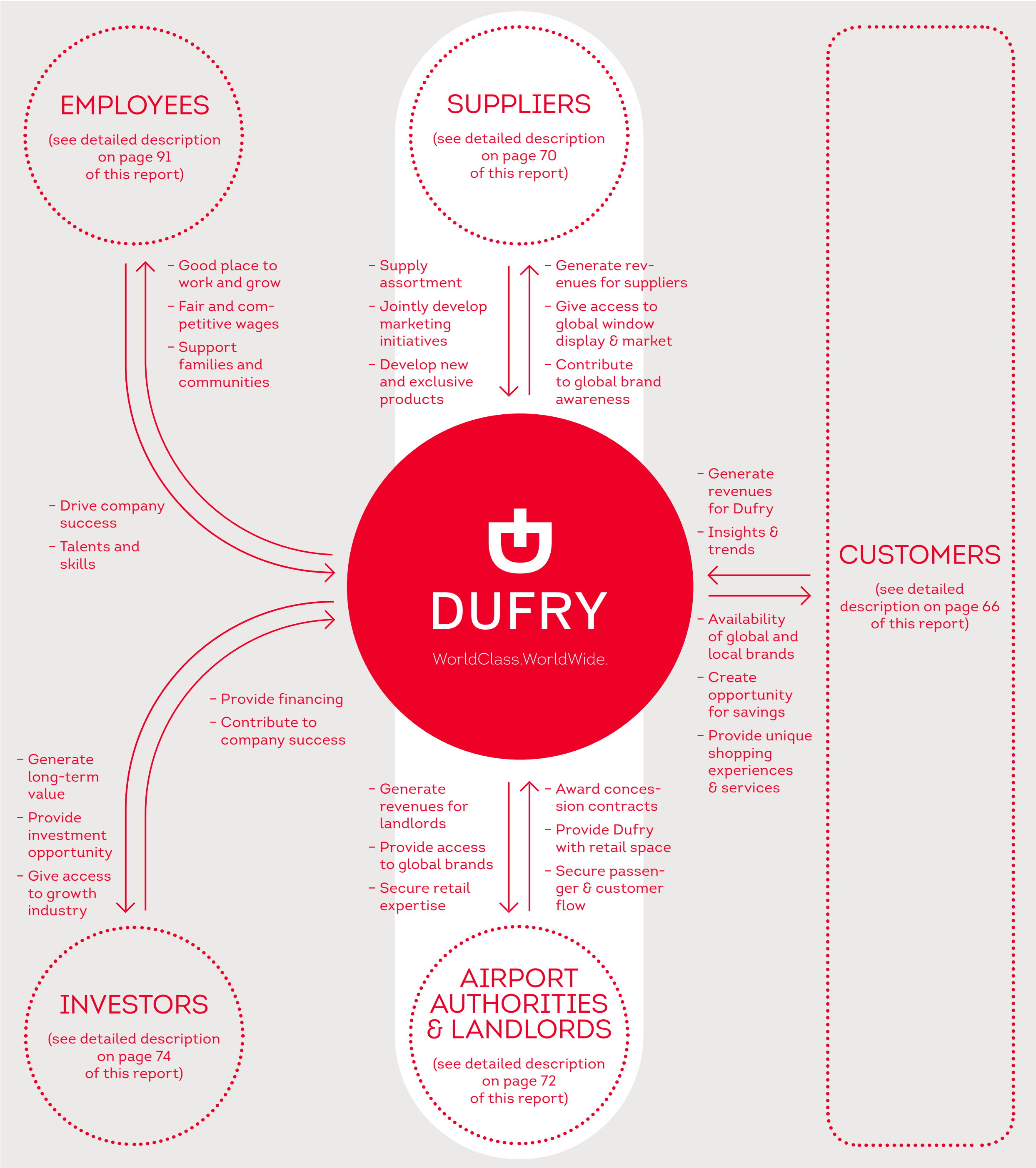
● = economic ● = social ○ = environmental dimensions Note: Within boxes topics are listed in alphabetical order

is part of our ongoing commitment to sustainability. For 2019, the group of relevant stakeholders included in our materiality assessment remains valid, and includes, airports and other landlords, customers, employees, investors (incl. shareholders, bondholders and lending banks), public authorities, suppliers, media and communities.

We interact with our stakeholders in a number of different ways, both formal and informal.

The graphic below shows our interaction with the core ones. Especially remarkable is the interaction with both suppliers and landlords, which permits Dufry to provide superior service to our customers. Known in the industry as the Trinity (airport authorities & landlords, retailers and suppliers), the tight lines between these three groups permit to improve dialogue and mutual understanding between landlords, retailers and suppliers to the benefit of our customers. Beyond the Trinity described above, our employees and investors are the other two key stakeholders contributing to our company's success.

DUFRY STAKEHOLDER ECOSYSTEM



While the ecosystem on the left page shows the interaction with the core group of stakeholders, Dufry also holds relationships with additional groups of interest, which include:

- **Travel Retail Associations and Industry Bodies –** Dufry is an active member of each of the regional and national associations in the countries and regions in which it operates (see pages 64/65) and is proud to have senior staff members on the Board of the some of the most respected industry bodies – ETRC, MEADFA, IAADFS, ASUTIL or the Duty Free World Council. This gives Dufry a voice in industry debates, ensuring that it plays a proactive role in shaping the industry's future.
- **Government & Public Institutions –** The relationship with this group is of major importance, as they are the generators and guardians of laws and regulations that circumscribe Dufry's operating environment. New laws and regulations can have a significant impact on the business and Dufry needs to be aware of any changes and be prepared to influence draft regulations and react to comply as needed.
- **Media –** an important group for Dufry as it permits the company to communicate with some of our main stakeholders. Dufry strives to build strong and close collaborative relationships with media and our communications teams maintain direct and long-term relations with media representatives and influencers and provide them with timely information on a wide range of global, regional and local topics.
- **ESG Community –** comprised of ESG rating agencies and the ESG community in peer companies of Dufry, the relationship with this group of stakeholders permits our company to have a better understanding of the main topics of concern on a global basis and identify areas of improvement on our ESG reporting and communication.
- **Communities and Charities –** As part of its social commitment, Dufry supports many activities in communities in which it operates. Dufry has a particular focus on education, youth development and charities for children and encourages its employees to work as active members at a local level. For detail information, please see our Community Engagement section in pages 102 – 108.

A step forward – UN Global Compact
The path initiated by Dufry in 2016 reached a major milestone in early 2020 when Dufry applied to become a signatory member of the United Nations Global Compact, the world's largest corporate citizenship and sustainability initiative. As a signatory, Dufry will support the Global Compact's 10 principles in the areas of human rights, labor, environment and anti-corruption, reinforcing the company's commitment to responsible business practices on a global basis.

By joining this initiative, Dufry is committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of the company, and to engage in collaborative projects, which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

IMPROVEMENTS CARRIED OUT DURING 2019

- ✓ Application as Signatory member of UN's Global Compact (early 2020)
- ✓ Strengthened Dufry's Code of Conduct to make it more comprehensive and detailed
- ✓ Increase of breadth and depth of HR data – which now covers 100 % of our workforce
- ✓ Successful roll-out of our HR employee platform, Dufry Connect, now covering 31,787 employees
- ✓ Engagement survey, aligned with our cultural transformation program ONEDUFRY, completed
- ✓ Increased number of suppliers have signed our Supplier Code of Conduct
- ✓ Successful roll-out of Cybersecurity and IT protection training and communication campaign
- ✓ Strengthened governance structure with the implementation of the Lead Independent Director function – and having a board member overseeing Dufry's ESG strategy and engagement
- ✓ Revised and updated materiality matrix
- ✓ New channels of employee communications rolled-out
- ✓ Completed the setup of our distribution centers and their respective warehouses (Barcelona, London, Miami and Hong Kong) to further centralize distribution of products and reduce emissions
- ✓ Active participation in the ACI Europe Climate Task-Force

OBJECTIVES

For Dufry success goes beyond commercial and financial performance and we understand that our business activities also have an impact on the societies of the countries where we operate. Articulated under the three dimensions of sustainability, our long term sustainability objectives remain unchanged. Since 2019, Dufry supports the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption. In this regard, we are currently in the process of aligning our overall sustainability strategy with these ten principles. There are a number of on-going initiatives geared to achieve a more sustainable business, and these include:

- As the leading travel retailer, we aim to further improve the overall traveler experience – in our shops we welcome customers from over 150 nationalities every day – and initiate growth opportunities that benefit brands, airports and travelers alike. We understand that, by developing attractive shopping environments, we are directly and indirectly supporting the economies of the countries where we operate. Either by employing local staff, sourcing local products or by paying taxes, we support the development of local economies.
- Supporting the local economies through our workforce is another objective for Dufry. This we achieve by providing quality working conditions to our staff and by sharing the expertise and know-how gained by Dufry over the years in different markets, something we have transferred to all our operations through our staff training programs.
- Diversity and inclusion remains an area of focus for Dufry. Our corporate global initiative, women@dufry.com, which we launched in 2016 and which brings together female leaders across the business in a variety of functions and geographies, continued with the mission of ensuring women's advancement at Dufry. It supports talented women rise to leadership positions within the company, and helps employees to manage work, family and life-balance topics. The goal of this initiative is especially important to give visibility to women that are progressing in the company, as this gives inspiration to others. Other corporate initiatives, such as the talent program (more details available in the Social section of this report), strive to incentivize women's progression within Dufry.
- The ongoing development of a fair compensation and of the gender pay gap reduction program remained an important part of our efforts in 2019. Through different initiatives across locations such as the UK (one of Dufry's largest operations) and Switzerland, compensation schemes where analyzed and remediation plans established if needed.
- Fostering dialogue with employees is a vital part of our strategy, based on the understanding that our staff are our most valuable asset. In 2019, we conducted a new wave of the Engagement Survey with the participation of 25,213 Dufry employees – representing 73 % of our workforce. This was the first survey after the roll-out of the global corporate initiative ONEDUFRY, aimed at harmonizing our corporate culture and values. It served to measure the level of assimilation of the program and the level of adoption of the drivers allowing Dufry to succeed in creating a great place to work and to drive results. Follow up meetings and plans to improve engagement are now being put in place and will continue over next year.
- Continue our plan to monitor our Supply Chain sustainability and include additional suppliers to acknowledge our Supplier Code of Conduct.
- Ongoing evolution of our ESG strategy: The implementation of the Lead Independent Director function strengthens our governance structure at the highest level. Amongst other attributions the function oversees the further evolution of the ESG strategy.

Further details on these topics can be found under the headings of the respective dimensions on the subsequent pages, as well as on pages 66 – 68 for customer and privacy related topics.

ECONOMIC DIMENSION

- Create a sustainable and profitable company.
- Foster customer satisfaction and shopping experience to trigger their recognition.
- Support local economies by buying local goods and services, paying local taxes and employing local staff.

ENVIRONMENTAL DIMENSION

- Minimize our environmental impact by operating an integrated and efficient logistics chain to transport products.
- Reduce our waste and energy consumption.
- Support our landlords in their initiatives to protect the environment.

SOCIAL DIMENSION

- Maintain quality work environments for our employees.
- Responsible procurement practices.
- Support the communities in which we live and work.

ECONOMIC

Dufry operates in an industry that has shown solid and resilient growth in the last decades – and which is expected to continue to grow going forward. According to Generation Research, a travel retail market research specialist, the travel retail industry had a market value of USD 79 billion dollars in 2018, a 13 % increase on 2017, and it is expected to reach USD 116 billion in 2023.

Within this prospective business environment, Dufry follows a strategy of sustainable and profitable growth – see also our focus story on pages 30 to 37 – in order to secure a sustainable development for the company and all its stakeholders.

Creating the best shopping experience
2019 has been a key year for Dufry for establishing solid foundations for the future business. The two main programs that Dufry rolled-out and adopted during 2018 and 2019 – our unified way of operating the business (Business Operating Model) and the cultural transformation program ONEDUFRY – together with the digitalization of our operations and refurbishment of over 41,600 m^2 of our retail space in 2019 alone, has enabled Dufry to start a new growth phase rooted in the core of our business: retailing.

In renewing its stores Dufry pays special attention to creating a strong sense of place, linking the shopping environment to the country's cultural heritage, where they are located. The powerful combination of state-of-the-art store designs with local motifs, together with a curated selection of local products on offer that are acquired from local suppliers, results in unique shopping spaces that enable customers to experience a full cultural immersion in the destination.

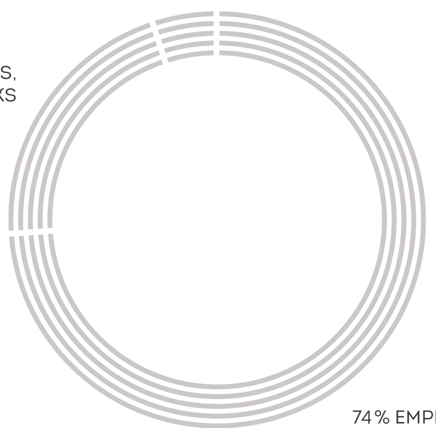
As the leading travel retailer and as reflected in our corporate brand statement, WorldClass.WorldWide, our ambition is to create the best possible shopping environments to capture the interest of travelers and to generate selling opportunities. That's what has to be the main pillar of our future growth. We closely cooperate with airport authorities and brand suppliers for store design, passenger flows and allocation of commercial space. This collaborative work results in improved passenger services, as well as more visibility and opportunities for brands. Testament to this collaboration, and just as a remarkable example, is Heathrow Airport in London, where Dufry operates a large proportion of the stores. In 2019 again, Dufry's retail offer in Heathrow has been recognized by Skytrax, winning the accolade for Best Airport Shopping in the world for the tenth consecutive year. Milan Malpensa, where Dufry has operated stores for years, was also in the Top 10 of this award, which began in 1999 and the 2017 – 2018 edition of the Skytrax award survey gathered the opinion of over 13.73 million airport users. For the more detailed aspects related to our customer services and approach, please refer to the Customer Section on pages 67/68.

Excellence in retailing
In 2019, we have consolidated our commitment towards digitalizing our shopping experience. We continued increasing the number of "New Generation Stores" – a digitalized shopping environment that enables Dufry to showcase its 360° Digital Strategy by making extensive use of digital technology – to elevate customer engagement to the next level. This facilitates the communication with the most relevant nationalities of passengers in their own language and addressing the individual preferences of the different profiles. In 2019, Dufry inaugurated New Generation Stores in Buenos Aires, Amman, Alicante and Malaga, taking the total number to 13.

The digitalization process within the stores however is not restricted to New Generation Stores and in 2019 we have seen a significant increase in the use of in-store digital tools, with the adoption of Sales Tablets in many of our operations (111 locations in 30 countries, mainly in duty-free and larger departure walkthrough stores). Sales tablets enable staff to give our customers a more personalized shopping experience, adjusting the offering to their specific preferences and needs. They also provide our staff with additional product information and details of additional products to complement or enhance the purchase of our customers. A further level of customization of our service is achieved when tablets are used in conjunction with other Dufry digital services, like RED by Dufry. This is the company's loyalty program (available in 236 locations across 46 countries) that allows Dufry to understand customer's preferences and engage in a conversation with them before they even get to the airport, by providing information relevant to the customer – connected to their airport of departure and featuring a curated selection of offers adjusted to that customer's profile. Reserve & Collect is another component of Dufry's digital marketing strategy. It's a service available in 170 locations in 44 countries, which allows our customers to plan their shopping ahead of their trips.

Superior customer service however is not only achieved through the use of the latest technologies and engaging in-store communication. In 2019, Dufry started a comprehensive program – called Retail Excellence – which involves revisiting what we do in store, with the sole objective of enhancing our customer service through a more effective interaction with our customers. This program includes a number of operational initiatives including empowerment of teams through strong leadership, staff planning and improvement of our salesforce capabilities.

STAKEHOLDER VALUE ALLOCATION 2019



Industry recognition

Our ongoing goal to develop state-of-the-art shopping environments and new services is also being recognized by the industry and sets new standards. Today, Dufry has a proven track record in delivering successful shopping concepts, specialized stores and marketing activations and some of the latest awards gained by Dufry include the 2018 and 2019 Moodie Davitt Report's Dreamstore Award for both our Collection and Sunglasses stores in Heathrow Terminal 5. The coveted Dreamstore award is based on ratings of the world's travel retailers by the world's brand owners.

Also this year, our Zurich Airport team was awarded the "Best Dedicated Sunglasses Sales Team" in the Sunglasses Vision 2020 & Awards. This category initiative is co-sponsored and judged by leading sunglasses suppliers and it aims to "reward excellence in sunglasses retail, shining the spotlight on the most progressive travel retailers in one of the channel's consistently fastest-growing categories". Also in Zurich, Lindt & Sprüngli Travel Retail and Dufry's new Chocolate Boutique was awarded in the 2019 DFNI Awards in the category "Best New Store".

A detailed list of the awards won during 2019 is available under www.dufry.com/en/company/our-awards

Stakeholder Value Allocation by Dufry in 2019

The stakeholder value allocation 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 1,676.1 million in 2019 (CHF 1,544.4 million in 2018). Out of this amount, CHF 1,243.3 million was accrued to our employees in form of remuneration and social security payments. CHF 348.7 million were interest expenses as payments to our bondholders and lending banks. Income taxes to public authorities and communities in which the group companies are located amounted to CHF 78.2 million. In 2019, the Board of Directors proposed to the Annual General Meeting 2019 the payment of a CHF 4.00 dividend per registered share for the 2018 business year, resulting in a total amount of CHF 199.8 million returned to shareholders. Further details of the dividend strategy can be found on page 74.

Anti-corruption and anti-competitive behavior
Corruption is a worldwide phenomenon, which is considered to be the cause of many negative economic, social and environmental impacts. From a business perspective, corruption distorts the functioning of the market and undermines governance institutions and in general, the rule of law.

The subject of corruption is of considerable importance to Dufry as the Company expands its operations to many countries with elevated corruption levels and participates in many public procurement processes to bid for airport, seaport and other concessions around the globe each year.

Dufry prohibits bribery and corruption at all times and in any form. We believe that in order to remain a solid business leader, all business must be conducted ethically and in full accordance with all applicable laws, rules, and regulations. Dufry requires all of its employees, officers and directors to behave at all times with honesty, ethics and within the confines of applicable law and in full compliance with Dufry's Code of Ethics, Sustainability and Integrity in Business Transactions Policy ("Code of Ethics"). Where laws, rules or customs exist that are different from the principles set out in the Code of Ethics, Dufry employees, officers and directors are required to follow whichever sets the higher standard in this regard.

Dufry also wants its employees, officers and directors to fully respect the safeguarding of integrity and fair dealing when performing their activities on behalf of Dufry and to promote the sustainability, diversity, decent work, human rights, zero tolerance to harassment and discrimination standards adopted by the Dufry Group as set out in the Code of Ethics.

Dufry's Code of Ethics, outlines the types of conduct which are not permissible and imposes strict rules in relation to charitable contributions and sponsorships, as well as gifts, hospitality and entertainment expenses, and facilitation payments to minimize the risk of corruption. In addition, the rules require careful due diligence to be conducted on external partners Dufry is working with, including a procedure that must be followed to vet all new joint venture partners, consultants for business development projects, counterparties to M&A transactions and other similar counterparties.

Dufry also conducts compliance training of employees, officers and directors, as applicable on an ongoing basis. These training sessions reflect the ongoing changes introduced in our Code of Ethics, Sustainability and Integrity in Business Transaction Policy. Dufry's Compliance Department regularly evaluates the content of Dufry's training on Compliance and Corporate Policies. The efforts of the Compliance Department are fully coordinated with, and supported by, the CEOs of each Division and the respective HR departments, who help identify the individuals, including new hires, who should receive the training.

Dufry properly investigates all complaints and prohibits retaliation or discrimination against any employees, officers and directors who report a concern made in good faith. Since 2018, two new Group-wide reporting channels have been initiated to go alongside the email reporting channel compliance@dufry.com: (1) a worldwide, toll-free hotline in 9 languages (English, Spanish, Portuguese, French, Italian, Mandarin, Russian, Greek and German) also accessible via local dial-in numbers for all countries in which Dufry operates; and (2) the online reporting website www.dufry-compliance.com. These reporting channels, run by an independent third party, ensure the integrity of such investigations by acting as a centralized contact point through which any wrongdoing or corruption concern can be reported directly to the Compliance Department for further investigation. Unless the report is made anonymously, the identity of any employees, officers and directors reporting such concerns or possible violations of Dufry's Code of Ethics is kept strictly confidential, unless the disclosure of the identity is required by law.

Approximately 5,000 managers have been trained in total since the training started in 2012, most of them more than once. These individuals have been selected based on the following criteria:

1. Community heads at Headquarters (Finance, Treasury, Procurement, Business Development, Internal Audit, HR, IT, Commercial, Marketing, Customer Service);
2. Heads of all Divisions;
3. Local managers with exposure to business development, external partners and third-party contractors;

GOVERNANCE & CORPORATE POLICIES TRAINING

DIVISION	Total Number of Managers trained / retrained in 2019
HQ	235
Europe & Africa	327
Asia Pacific & Middle East	108
North America	122
Central and South America	127
Total	**919**

4. Managers with exposure to procurement negotiations;
5. Managers with exposure to government officials such as airport authorities, customs or other public authorities;
6. Managers with signatory power or appointed as directors or officers of a Dufry Group subsidiary;
7. Investor Relations managers;
8. Members of the Legal and Governance Department;
9. Members of the Internal Audit Department, Loss Prevention and ERM department;
10. HR managers worldwide.

As reflected in the table on page 86, during 2019, over 900 managers at Headquarters and across all Divisions have completed this training.

Dufry employees, who are not included in the list above, are familiarized with Dufry's governance and corporate policies via a series of videos available through various internal channels, including the Group's intranet – Dufry Gate, the learning management system; Dufry Connect and its in-house television channel Dufry TV, among others. New employees, officers and directors are provided with a copy of the Code of Ethics when they join Dufry and are required to acknowledge acceptance of its terms in writing. Additionally, Dufry employees, officers and directors have access to all of Dufry's compliance and corporate policies, including its Code of Ethics on Dufry Gate for their reference.

Monitoring and control

Dufry adopts a risk management model based on three levels. This model is applicable to all subsidiaries of the Group. The company is supported by an Enterprise Risk Management software tool called GRC (Governance, Risk and Compliance) that allows a comprehensive identification and management of potential risks that may affect the business.

First level – The commitment of Dufry and all its subsidiaries with integrity and transparency begins with its own staff. Dufry requires all its employees, officers and directors to act at all times in accordance with the provisions of the Code of Ethics. The latter describes the types of behavior that are not allowed and imposes strict rules regarding the operation of the business.

In addition, the rules require each employee, officer and director to perform due diligence and carefully assess new external partners with whom Dufry is working, including a procedure to be followed to examine all new minority partners, consultants for business development projects, partners for transactions & M&As and similar counterparts.

Second level – There are different governance functions across the organization including the Compliance, Legal, Finance and Human Resources departments in charge of monitoring the main risks and establishing the most appropriate controls to mitigate, as well as ensuring compliance with the policies and procedures of the group. The scope of the Compliance and Corporate Governance function is based on the following pillars:

- Review and compliance with the set of global company policies
- Establishment of the overall framework of approvals of the group and establishing a policy of "four eyes" for validations
- Training, both for the members of the staff identified with greater exposure to risk and for the rest of the employees
- Global corporate risk management
- Creating internal communication channels to ensure the integrity of the compliance program

Third level – The Group's Internal Audit provides independent and objective monitoring and consulting services designed to add value and improve the operations of Dufry. This function covers all subsidiaries and applies a systematic and disciplined approach to evaluate and improve the effectiveness of governance processes, risk management and control, including the possible commission of fraud and how the organization manages fraud risk. The main risks identified in the course of internal audits are reported to senior management and the Audit Committee of the Board of Directors, and its status is updated periodically until resolution or acceptance by the governing bodies.

ENVIRONMENTAL

Dufry operates over 2,400 retail stores across 65 countries, where it sells products sourced from over 1,000 suppliers. For information on our divisional structure, countries and major locations covered by each Division please refer to pages 48 to 65. All the stores operated can be categorized into one of five types, which are explained on pages 38 to 47. Considering that the vast majority of our shops is located in premises and buildings owned by third party landlords such as airports or seaports, ships, train stations, and downtown resorts, one of our key environmental strategies is to support and align with our landords in the implementation of their initiatives to protect the environment.

Environmental management

As a pure retailer, the company does not have any production sites. However, Dufry consumes materials in several parts of its supply chain, from materials used to build stores and boxes, pallets used to transport products as well as office supplies and carrier bags given to customers with every sale.

Dufry is committed to implementing the precautionary principle in activities that may pose an average negative environmental impact and to promote initiatives that respect the environmental balance, and has the ambition that the environment is a collective concern involving both managers and employees. In this regard, especially in the area of development of shops, Dufry seeks innovative solutions that use less energy thus contributing to the fight against climate change and safeguarding biodiversity. We also work to continuously optimize the supply chain to reduce transport of goods and thus contribute to reducing our CO_2 footprint.

Streamlining distribution and transportation

During 2019, and as key element of our Business Operating Model, Dufry completed the process to further improve its organization of the supply chain with the implementation of One Order. One Order is an internal procedure which aims to simplify our supply chain by further centralizing logistics and warehousing. This process is permitting Dufry to benefit from reduced operating costs and administrative tasks and to reduce the environmental impact of the supply chain and distribution processes. Dufry now operates four major warehouses located in Barcelona (Spain), serving Europe, Africa, the Middle East and Russia; Runnymede (United Kingdom) for the UK market; Hong Kong, serving Asia and Australia, and a forth one in Miami for our operations in the US, Canada as well as in Central and South America. These main logistics centers receive main shipments and further distribute products to different operations. Through the high efficiency in our logistics chain, we ensure that the environmental impact of transporting the goods is kept to a minimum.

CO_2 emissions

Reducing CO_2 emissions is one of the concerns of Dufry. Whenever possible, the freight is carried by sea, and we aim to consistently select the most efficient means of transport in terms of CO_2 emissions.

Through the reconfiguration of products in our Distribution Centers' global and regional logistics platforms, we reduce inter-company transports to the minimum. Distribution to individual stores is generally carried out by road, and Dufry outsources transport logistics to national and international specialized partners, some of which have implemented their own environmental strategies.

Among other actions to reduce CO_2 emissions in the area of business, we advise our employees to consider alternatives to travel, such as the use of virtual meeting systems (videoconferences, teleconferences, computer live meetings, Skype for business etc.) or reducing travel frequencies by optimizing each trip. In addition, Dufry encourages employees to use public transportation not only for business, but also for their daily trips to and from work. In specific locations, the company provides contributions to employees who use public transport for commuting.

According to the association Airport Carbon Accreditation (airportcarbonaccreditation.org), the airport industry accounts for approximately 5% of total carbon emissions from the sector of air transport. The organization, launched in 2009, currently has 288 airports accredited to the program, distributed in 70 countries worldwide, representing 42.5% of the global air passenger traffic.

Airport Carbon Accreditation has 4 levels of accreditation (Mapping, Reduction, Optimization & Neutrality), depending on the efforts carried out by airports. In order to achieve the Optimization accreditation, airports need to actively engage with airport stakeholders, as they need to develop a more extensive carbon footprint to include specific scope 3 emissions and the formulation of a Stakeholder Engagement Plan to promote wider airport-based emissions' reductions. In many cases this involves Dufry as we are the operator of airport stores.

In 2019, according to background information from Airport Carbon Accreditation, 54 of these airports, including some prominent airport hubs, have achieved the optimization level and 61 airports, representing 10.2% of the global air passenger traffic, achieved the highest accreditation (carbon neutrality), which requires offset of CO_2 emissions. Considering both of the groups – Optimization and Carbon Neutrality – Dufry operates stores in 38 of the 115 airports, including Zurich, London Heathrow, London Gatwick, Abidjan, Dallas Fort Worth, Stockholm and Queen Alia Airport in Amman, Jordan.

Supporting ACI Europe's Climate Task Force
To align its internal ESG strategy and initiatives, with the efforts undertaken by the airport industry, Dufry has joined the ACI Europe Climate Task Force created in 2019 and actively participates in the development of related strategies, goals and initiatives.

Waste and Recycling. Circular economy
Avoiding any waste in the first place or recycling it, if it occurs, is an effective way to save valuable resources. In our warehouses, packaging materials, which mainly consist of cardboard, paper, plastic film, wood as well as electronic and plastic consumables such as neon lamps and PET, are sorted into different containers and sent for recycling. The recycling process is outsourced to specialized service providers.

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 is the case at London Heathrow airport, to contribute and further improve recycling systems and/or reduce energy consumption. In other operations, such as Spain, we are taking measures to reduce single-use plastics and we have started to replace the roll containers used to move products from warehouses to the stores – which have a metal base and two metal sides needing plastic shrink wrapping for the safe movement of goods – with new models that include closures on four sides and top, hence drastically reducing the consumption of the plastic film needed for the covering. Although there is not a common process across the locations, in our largest operations, the recycling process is normally outsourced to specialized service providers.

With regard to cartons and pallets used to transport and protect products, Dufry guarantees that these are reused as much as possible and consequently consumption of new resources is also reduced.

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 at all. Dufry increased its bag assortment to several sizes so that packaging relevant to the size of the products purchased is used, thus reducing overall plastic consumption. As a result, we have observed a decrease in the number of bags used per transaction in our main operations in recent years. Investigating alternatives to reduce the number of bags and the impact of each individual bag is however an ongoing improvement objective for Dufry. In this regard, Dufry is in compliance with different regulations to reduce the consumption of plastic bags, especially in our European Union operations which prohibit the free of charge distribution of plastic bags to consumers in retail outlets.

Lastly, in our offices, the reduction of paper consumption is one of our ongoing challenges. Dufry has put in place local initiatives to reduce paper and other office material consumption, including tips to reduce the amount of paper used such as printing double sided, avoiding the printing of the legal text on the bottom of emails, and encouraging people only to print when necessary. The adoption of IT solutions, such as Dufry Connect, which is being rolled-out to staff across all locations, is also helping to reduce the amount of paper used in the day-to-day work of our staff.

Energy consumption

For the most part our travel retail shops are operated in premises and buildings owned by third party landlords such as airports or seaports, ships, train stations, and downtown resorts. 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. As public spaces, airports have to provide well-lit facilities and naturally this is a substantial part of their energy consumption. 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, resulting in a significant drop in the energy consumption (and associated CO_2 emissions). The same concept of using the latest energy-efficient technologies also applies for our Basel headquarters, division offices and the regional operation centers.

SOCIAL

Socio-Economic Compliance

Having operations in 65 countries also means complying with different national and supranational regulations as well as maintaining an active dialogue to foster an ongoing stakeholder and social engagement. For this reason, from a global perspective, Dufry's position towards regulations necessarily needs to go beyond the compliance and statutory requirements of the norms and have a more holistic and broader approach. In this regard, Dufry has a number of initiatives and control mechanisms in place that permit the company to monitor and ensure compliance with national and international laws and follow respective ethical standards.

Supplier Social Assessment

Dufry is aware of its responsibility beyond its own direct activities and strives to ensure that suppliers of goods and services behave responsibly towards society and the environment. To ensure this, Dufry expects suppliers and business partners to comply with the law, stipulated contract conditions and international best practices in respect of human rights, the environment, health and safety and labor standards.

As a step forward towards achieving a more sustainable supply chain, in 2017 Dufry developed its Supplier's Code of Conduct, with the purpose of ensuring that our suppliers across all product categories have in place accepted business standards, as described by the UN Global Compact, regarding:

- Ethics and integrity
- Labor and employment practices and working conditions
- Environmental compliance and sustainability
- Product safety and security

This code of conduct, together with the Dufry Code of Conduct – both of them available on the sustainability section of our corporate website and which was updated in 2019 to reflect developments in law, regulation and professional ethics, as well as our enhanced commitment to a more sustainable business – and the Corporate Governance and Remuneration reports included in the annual report, demonstrate how Dufry assumes its responsibility concerning social, ethical and environmental standards and how we put into practice the principles of sustainable development in our day-to-day work.

We expect all of our suppliers and business partners to comply with the principles included in Dufry Supplier's Code of Conduct, and ultimately to replicate these standards further down their supply chain. In 2019 we continued our effort to proactively share the Code with additional suppliers from all product categories. The Supplier's code of conduct has now been shared with suppliers accounting for approx. 42% of our sales. Out of the suppliers reached, we have received acknowledgement of our code from 84% of them. During 2020 we are committed to keep extending the reach and engage with more of our suppliers.

Customer Privacy and IT Security

Dufry is committed to safeguarding the privacy of its customers whose personal information Dufry may have access to. Dufry has implemented the necessary management and IT Security systems to treat any customer's personal information as confidential, securely store such personal information to prevent unauthorized access to it and collect, use and otherwise process it for legitimate business purposes only, and in accordance with the Privacy statement listed on its website and applicable laws.

Dufry offers two website applications that collect some personal information from customers – the Reserve & Collect service and a loyalty program called RED by Dufry. These customer engagement channels


EMPLOYEES BY DIVISION
NORTH AMERICA
28%
CENTRAL AND SOUTH AMERICA
23%
EUROPE AND AFRICA
32%
15%
ASIA PACIFIC AND MIDDLE EAST
2%
HEADQUARTER AND DISTRIBUTION CENTERS
EMPLOYEES BY GENDER
FEMALE
65%
35%
MALE

OVERVIEW EMPLOYEE STRUCTURE 2019

	HQ	Europe and Africa	Asia Pacific and Middle East	North America	Latin America	Total
FTEs	572	10,015	4,644	8,776	7,329	31,336
Headcounts	614	11,653	4,969	10,283	7,567	35,086

have experienced an important increase in registered users - reaching over 5 million customers included in the company CRM system by the end of 2019. Some personal information, as well as the personal preferences of these customers is collected during the registration process, so that Dufry can provide a more personalized communication and in-store experience. In 2019, around 4% of Dufry's global sales collected some identifiable customer data and the company is working towards increasing that share.

Online transactions

While Dufry is undergoing a digital transformation of its business and embracing digital technology across multiple customer touchpoints, the company still does not handle online transactions that include payment of goods at its airport locations – exceptions are made for some locations, where respective customs regulations allow for this kind of service. The above mentioned Reserve & Collect service only allows customers to reserve products and collect them at their preferred airport location at the time the customer flies. Normally however, it is not until customers collect the products and show their boarding passes as required, that the payment is processed. This is due to customs regulations that only permit Dufry to sell products at the airport.

Data protection

Our Group Data Protection Policy lays out strict requirements for the processing personal data of customers, business partners, employees and other third parties whose personal information Dufry may have access to. It meets the requirements of the European General Data Protection Regulation (GDPR) and globally ensures compliance with the principles of national and international data protection laws in force all over the world, including, amongst others, the Payment Card Industry Data Security Standard (PCI DSS) and the Sarbanes-Oxley Act (SOX). The policy sets a globally applicable data protection and security standard for our company and regulates the sharing of information between our Group companies.

Our employees, as well as third-parties who provide services on Dufry's behalf, are required by policy and process, as well as by contract, if applicable, to treat customer information with care. Our processes are designed to preclude unnecessary access to confidential information and Dufry has administrative, technical and physical safeguards that reflect this obligation. Dufry regularly reviews and enhances procedures and policies.

Moreover, the Group also undertakes internal Data Protection Audits and intrusion tests, while quarterly meetings are held to discuss and improve the protection of customers' personal data. Anyone wishing to report a grievance or ask a question regarding Dufry's data privacy policy, or to access, delete, correct, or transfer his or her personal information can address such subject data requests to privacy@dufry.com.

In 2019, Dufry did not report any incident regarding a breach of customer privacy.

IT Security

Dufry is continuously monitoring, reviewing and upgrading its processes to protect its business from potential cybersecurity threats. At a global level, Dufry has a Global IT Security Team, led by the Global IT Security Head that is responsible for keeping IT threats away from Dufry's business, understanding emerging threats and investing in the necessary technology to mitigate potential new risks.

In this regard, Dufry has a number of systems and security processes in place, including a robust IT security system, and a number of internal policies and procedures in compliance with applicable laws and regulations and which are included in the Global Information Security Policies.

Dufry performs regular test of its systems and takes several measures to improve IT security, prevent malware infections and avoid data breaches. Amongst others, Dufry:

- Encrypts customer, payment and any sensitive data and limits access to it
- Keeps software up-to-date by installing updates and security patches implemented as a result of newly discovered vulnerabilities

- Secures Point of Sale (POS) devices and applications
- Performs regular vulnerability testing to identify weaknesses
- Monitors all activity in Dufry's systems and data for any anomalous activity and indications of threats
- Uses (and promotes amongst its employees) secure passwords and two-factor authentication
- Runs antivirus software continuously, periodically scanning systems for malicious files

Security Awareness Program
As part of the Security Awareness Program, Dufry conducts regular internal communications campaigns and training of all employees regardless of function and location. The content of this communication and training program includes relevant and individual steps towards achieving an IT Secure environment, including:
- Email and messaging management
- Internet browsing
- Mobile Device Security management
- Password safety
- Social engineering awareness
- Social networks awareness
- Safe remote work
- International travel
- Physical IT security
- Protection of personal computer and home network

An organization with over 31,000 employees worldwide
In the past six years, our workforce has increased by 91% from 16,423 employees at the beginning of 2014 to 31,336 people (FTE) by the end of 2019. 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 2019 with 31,336 people (FTE) working for the group at December 31, 2019 compared to 30,264 at year-end 2018.

Across the 65 countries where the company is present, Dufry generates an additional contribution to the wealth of local comunities and the society by offering working opportunities to third party employees and consequently generation of additional salaries and tax payments. Our over 2,400 stores are not just shopping windows for our brand partners to showcase their novelties, but also labor opportunities for the over 3,670 people that work in our stores representing these brands and other service providers. From beauty advisors to IT developers, they all contribute to create a WorldClass shopping experience and benefit from accessing a dynamic market and work opportunities.

Caring about our Employees
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 ongoing success and makes Dufry a unique place to work and partner with.

The introduction of the ONEDUFRY program, followed by the Retail Excellence project, puts in context the importance that our staff have, especially in the frontline, in helping us to achieve our goals. For this reason, Dufry takes special care in attracting the best retail talents to our team, invests in training and development, equips them with the necessary tools and provides them with working conditions to retain them.

Dufry offers attractive working environments, interesting tasks, fair and competitive wages – which includes incentive plans based on objectives both for office and store staff – and a general working atmosphere based on mutual respect and appreciation for each individual. Some of our locations have been recognized locally for the quality of the working conditions offered. One of the latest examples is our operation in Puerto Rico, recently awarded as Best Employer and Mejores Patronos by Kincentric. These awards recognize leading employers, using the most objective measure possible – employee opinion. It differentiates on people factors which are the key to accelerating success: high employee engagement, profound agility, engaging leadership and a strong talent focus.

We foster employee development by supporting a broad range of both in-house and external training and development opportunities. In 2019, we have revisited our Learning and Development catalogue to meet the developments introduced by ONEDUFRY in 2018 and the launch of our Retail Excellence program. More details are available further below in this report.

A great Place to Work and Grow
We firmly believe that long-term success for employees, as well as for Dufry is achieved by setting clear expectations and challenging goals, together with continuous feedback and a performance-centric com-

pensation. For this reason, we regularly review and discuss the professional development together with employees and link their performance to incentives. Performance reviews are 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. All our staff members receive an annual performance review aimed at evaluating their performance and identifying further personal development potential for next career steps.

The introduction of ONEDUFRY has also led to the global adoption of best practices amongst our sales staff – like the "morning message" for individual briefings on daily objectives, or the daily follow-ups – which are resulting in more focused staff members, with clearer objectives and immediate feedback when results don't happen in the planned way.

Dufry's unique cultural diversity
At Dufry we believe that having a diversified workforce is a precious value. Being present in 65 countries and engaging on a daily basis with customers from more than 150 different nationalities, understanding cultural differences is an essential asset to our company and for this reason it is natural for Dufry to promote an inclusive corporate culture that understands and celebrates the differences, be they in gender, age, race, culture, beliefs or creed. Our workforce comprises colleagues from more than 130 nationalities across all functions and Divisions. This has been a consistent situation for many 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, our company represents a truly international working environment, with colleagues from around the world and interesting career opportunities. The staff in our local shops in each country are predominantly local. Dufry's presence in 65 countries around the world make us an important employer in many locations, with many of our operations being located in emerging markets. This, in addition to bringing expertise on operating a business, contributes to local development and wealth beyond the community engagement projects (see also page 102).

ONEDUFRY – Transforming corporate culture
ONEDUFRY is the continuation of a cultural transformation process that started after the acquisitions of Nuance and World Duty Free in 2014 and 2015 respectively. The integration of the three companies into one served to extract the best practices and know-how and the ONEDUFRY program was created aimed at harmonizing values and principles, both at store and office levels. The initiative pursues mobilizing our people to focus their minds, hearts and hands on three core domains: driving employee experience, driving customer experience and driving business results. ONEDUFRY focusses on our values and makes them visible anywhere in the 65 countries we are present.

Therefore, ONEDUFRY is aligning training and development programs, appraisals and recognitions programs, competency frameworks, etc. all with the single objective of ensuring a consistent way of operating and fostering the same attitude towards doing business across the different geographies. The roll-out of this program has successfully continued over 2019, reaching all members of our staff – both at offices and stores – through workshops, online and classroom training sessions.

Successful Roll-out of Dufry Connect, our HR digital platform
2019 has been a milestone year for Dufry in the roll out of its Human Resources information system Dufry Connect, a tool that supports HR and line managers to manage people, development and careers at Dufry in a more consistent, automated and efficient way. The system implementation, which started in 2016 with the staff holding Global functions, continued with the roll-out in key operations in the Divisions over the last 2 years. As part of the standardization of processes included in the implementation of the Business Operation Model (BOM), the vast majority of our locations at country and Division levels have been added.

Dufry Connect has the triple purpose of assisting managers in guiding their teams, helping employees to better control their development and professional careers and enabling HR to manage employee data easily.

From a practical standpoint, this tool provides a more consistent approach to processes such as recruiting or performance reviews, replacing the use of excel or paper documents for a more robust online system that can be updated and progressed, as and when needed. Beyond the improved employee management processes, Dufry Connect's learning feature, the platform's central point for managing all learning materials, offers staff a library of self e-learning modules categorized by specific roles, or per function, as well as instructor-led courses that permit staff to self-design their training paths and to easily access training modules through a web browser, regardless of where the employee is located.

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

The talent pipeline
We strongly believe that talent management and succession planning are key activities for a sustainable business. Accordingly, we develop new and existing candidates to get ready for more senior 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 already have management experience and that will be able to take over one of the senior positions in our organization. At year-end 2019, this pool of talented individuals included 70 high-potential managers. With these managers, we address and safeguard succession in specific key management positions.
- The second level focuses on our stores. Amongst the top-performing store personnel and supervisors, we have identified over 200 "Retail talent" employees as of year-end 2019, on whose development we will focus, in order to ensure a quality store management succession pipeline.

A tangible example of our Talent Program is Jean-Paul Hewlett, Retail Manager in our Dufry Cruises Division, who was one of the eight winners of "Talent of Tomorrow" in the context of the Frontier Awards (the "Oscars" of the Travel Retail Industry): This award recognizes the achievements of young people (under 35) in travel retail and duty-free and who represent the industry's talent pipeline and next generation of future leaders.

Training and professional development
Training of our staff is a critical element in our long-term strategy mainly for two reasons. First and foremost, it enables our staff to better serve our customers, understand their needs and offer quality service. Secondly, learning is an important part of our employee retention policy. We offer our staff relevant training programs that permit them to upgrade their skills and professional development.

Dufry's training methodology follows the "Four E's model":
- Educate (Formal education)
- Experiences (Development)
- Environment (Culture of learning)
- Exposure (Connections with other colleagues and professionals)

At Dufry we strive to exceed customer expectations and develop the best 'in-store retail experience' in the industry. Central to any training offered is that the customer experience is at the heart of everything we do. Any new member of our staff, whether that is in a retail, office or warehouse environment, is offered structured training and development which can open up all sorts of career opportunities and that includes:
- **Induction –** everyone who joins Dufry is invited to attend a company induction, giving an insight into the wider business
- **Service Training –** we give new members of our staff the knowledge and skills to be able to provide exceptional service to all passengers and customers who come and shop in our stores
- **Product Training –** training on all sorts of products we sell; this can be in the classroom or online and is often provided by the reputable beauty, liquor and fashion brands who showcase their best-selling ranges in our stores
- **Development Training –** giving our staff skills to develop techniques such as giving and receiving feedback, problem solving and decision making right the way through to the management skills they may require for future roles

Global Learning and Development programs
Dufry carries a strong Learning and Development (L&D) portfolio, both at local and global level. During 2019 we have seen an evolution in our learning and development program to meet the requirements, processes and best practices that followed the roll-out of our Business Operating Model, the corporate initiative to harmonize ways of working.

When it comes to global programs, the Dufry Retail Champions Program is the cornerstone of our Learning and Development strategy. This program has been designed to provide our professionals with the tools, knowledge and capabilities they need to perform well in their jobs and develop to their full potential at Dufry, and includes two sub-programs: Retail Champions for Store Associates and Retail Champions for Store Leaders.

In 2019, we completed the delivery of our Retail Champions program for Store Associates to 15,125 sales staff members and also educated new shop floor hires (3,828) on this Retail Champions philosophy across the entire Group in 65 countries. The sub-program for store leaders, which includes sales professionals, shop managers and supervisors in the retail operation, has been running across all Dufry operations in 64 countries and 2,391 store leaders were trained in this sub-program in 2019.

The success of our Retail Champions program partially depends on our ability to transfer know-how and skill to our trainees. In this regard, our Dufry Certified Trainers play a critical role. Dufry Certified Trainers develop new team members by showing and telling, then observing the behaviors, rating hem and giving effective feedback.

Following the philosophy of train-the-trainer to ensure quicker and more efficient cascading of skills and knowledge, Dufry had a team of 1,680 active Dufry Certified Trainers at the end of 2019. This group of trainers receive regular refreshment training sessions to ensure they are kept up to date with the latest developments and with all our internal procedures and any updates to those.

For our managers we offer an extensive portfolio of learning courses on both operational and soft skills. Managers running important segments in our value chain, such as commercial, logistics, procurement, marketing and retail operations, partake in these various learning offerings to achieve company performance outcomes and run the company according to the Group's performance expectations.

The Management Skills programs launched in 2013 provide our managers with a formal education allowing them to assess their current capabilities and improve their role as a manager of teams. In 2019, 1,415 managers participated in our instructor-led sessions covering several topics from the Management Skills suite such as leadership, team building, negotiation or delegation.

In the Operational Skills program our whole group of leaders are provided with a large range of e-learning pieces and also instructor-led sessions to acquire the required knowledge on our operational business processes, procedures and tools.

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 where we operate. Any kind of child labor or forced labor is strictly forbidden and clear recruitment procedures and regular workplace controls ensure that this never happens at any location.

Anti-discrimination, diversity and ensuring equal opportunities are and have always been important social and corporate issues for Dufry across all locations, especially (but not exclusively) in developing countries. Many locations in which the Group operates still pose challenges to guarantee equality. We monitor those countries closely to ensure we provide equal opportunities to all our staff. As explained in our compliance section, the company has in place whistleblower mechanisms to denounce discrimination cases if they happen (See page 86).

We provide our employees with fair and competitive wages based on an individual's background and experience, their 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 in an internal forum – Women@Dufry – where we address today's challenges for women in their work place, in order to ensure that our female employees can fully develop their potential and career opportunities within the company. The forum is represented by selected female executives of the company and HR management and is sponsored by the CEO.

Equal salary certification in Switzerland

Dufry became equal salary certified in Switzerland at the beginning of 2019. This certification shows the commitment to a fair and unbiased reward structure, which enables employees to develop and thrive in their careers. The certification process took place in three stages through statistical evaluation, on-site audits and interviews with individuals and panel groups. All phases of the certification process were performed at Basel HQ and the Zurich airport operation and as result, Dufry has been able to demonstrate how management systems, HR policies and processes integrate the dimensions of equal remuneration.

Freedom of Association and Collective Bargaining
Dufry respects legally recognized unions and internal forums created to represent their employees' interests. The Company's policy on collective agreements is tailored to each location in which it operates, as each location is subject to its own specific laws and regulations. As an example, the current practice in some of the main Group operations is described below:
- In Brazil, there is a collective agreement in place which covers core employee related topics such as salary reviews, general allowances (meal, transport, benefits, etc.), work contract restrictions / special conditions, work shifts, vacations, health and safety, contributions, gratifications, awards and requirements aiming employee's guarantees.
- Greece also has a collective agreement in place ruling the main employee topics.
- In Spain, Dufry has a collective agreement in place that covers all employees in that country except senior management. The agreement is negotiated between the Company and a committee made up of employee representatives and labor union members and outlines conditions such as salary, holiday days and health and safety in the workplace, among other human resources related matters.
- In the UK, Dufry has an employee forum – "Voice" – made up of staff representatives. This forum was created as a partnership between the company's management and employees to influence and communicate business change.
- In the US, there are a number of recognized trade unions that Dufry engages with, including Unite Here, Workers United, United Food and Commercial Workers, Teamsters, Newspaper Guild and Culinary Workers.

Increasing the reach of our Internal Communication
Building relationship with our staff is key to achieve an engaged workforce. However, the task of communicating with staff is not an easy one. A large proportion of our staff don't have daily access to emails, hence, our capacity to reach them with business communications is limited.

During 2019, we have introduced technologies to reduce the information gap between desktop and non-desktop staff. The sales tablets are one of these elements, that are permitting a more fluid communication, especially with our sales staff. Following pilots in selected markets, Dufry has now started to roll-out an application called Beekeeper, which empowers employee connection, facilitates workplace engagement, and increases productivity through unified communications. Through Beekeeper, we are sharing with the unconnected members of our staff both information related to our company – such as the content of our internal magazine Dufry World – as well as information related to their day-to-day work (like shifts, product launches, events in store, etc.). The app also features tools for internal chats and communications and the sharing of information in a very similar environment of that of the most known social networks. This latest feature is very popular amongst our staff and permits immediate recognition of successful initiatives and work by our store manager and operations management. Currently, the Beekeeper app connects 21,749 employees, and we plan to finalize the roll-out in 2020.

We have also worked over 2019 to extend the reach of our existing internal communication channels, including Dufry World, our corporate magazine published in 5 languages 4 times a year, the news section of Dufry's intranet "Dufry Gate", which is also available as a fully responsive online news channel called "mygate", and new initiatives such as Dufry TV, a closed TV circuit that brings the latest corporate developments and activity in store into our offices.

Awards programs
Employee recognition is an important way to value employee and team achievements. In 2019, and as a continuation of the roll-out of ONEDUFRY, we launched the One Dufry Awards, which recognize excellence and celebrates the success our people worldwide who are dedicated to delivering.

The awards are divided in five categories:
- The Best Leader Story recognizes individuals that have demonstrated the right behaviors and character, and shown exceptional performance in Driving Employee Experience domain
- Best Customer Experience, recognizes the highest scores measured by our Mystery Shopper Survey
- The Best Partnership Initiative Award recognizes an outstanding initiative with a supplier, business partner, landlord or inter-company (or other) that was innovative, well designed, well executed and impactful
- The Best Business Growth Story Award recognizes the greatest business growth stories, including – but not limited to – a new store opening, a new airport / port / border / other development, a growth of a product category or a business channel or an existing store that has delivered exceptional growth
- Finally, Best Organic Growth, which recognizes the country with the strongest year-on-year organic growth

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 31,000 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.

These kinds of survey are even more relevant for an organization if they are made after organizational changes, as they provide very valuable insight into the employees' perspective on changes in the organization, their motivation to be productive, how closely they relate to the work culture and mission.

During 2019, Dufry conducted a new wave of its employee engagement survey, which comes after important changes within our organization and ways of working, which included the roll-out of a new business operating model – with unified processes for all operations across our organization – and the roll-out of our cultural transformation program, ONEDUFRY.

Being part of a great team, being part of a great company, having learning opportunities led by inspiring leaders, having career development opportunities, motivation / recognition / reward or internal cooperation are some of Dufry's drivers that are used in this survey to measure employee engagement. Moreover, this 2019 edition of the survey not only evaluated the general climate in the company, but also the progress made towards ONEDUFRY in general.

25,213 members of our staff – representing 73 % of our workforce – took part in the survey, which was carried out by Willis Towers Watson for the vast majority of Dufry and by McLean for our colleagues in Division 3.

Results of the survey were very positive: 75 % of our staff responded that they were satisfied working for Dufry (vs. the retail industry average of 63 %), and 78 % would recommend Dufry as a place to work (compared to 73 % achieved in the 2017 wave of the survey).

Employee health & safety and airport security practices
Dufry is strongly committed to providing all staff with a working environment that protects their health, safety and wellbeing.

Workplace safety is a priority and an essential commitment for the company, both in its offices and in stores. The company ensures that all activities are carried out safely and taking all possible measures to eliminate (or at least reduce) the risks to health, safety and welfare of employees, contractors, customers, visitors and any other person who can be impacted by our operations.

The majority of our workforce operates in airport, port, cruise-ship and similar environments, where as a basic prerequisite employees have to comply and follow the respective airport's, seaport's or vessel's safety rules, as these environments are highly regulated. On top of this, Dufry has specific health & safety regulations for its employees, including internal policies and guidelines – both global and local – which may go beyond the legal health and safety requirements.

Dufry strives to achieve high occupational health & safety standards and actively encourages compliance across the whole Group. As a result, Dufry has a number of different Health & Safety Policies throughout the organization. Regardless of the specific requirements of each local legislation, there are certain principles that all these policies adhere to, including:
- Adherence to country, state and local health & safety legislation and any other requirements
- Workplaces as safe and hazard-free spaces
- That employees have the necessary skills and training to perform their duties
- That employees have been informed of the contents of the policy
- That all the elements and protective equipment required for employees to carry out their job safely have been provided
- That the Group has procedures in place in case of emergency

Management of occupational health and safety management processes change from one location to another, with a number of common guidelines that apply to all our operations, including the following:
- All Dufry operations provide information to employees on topical issues and health and safety initiatives, including workers that are not members of our staff but work on our premises
- Health and safety activities are regularly reviewed to ensure issues are effectively managed and improvements are made where necessary. In some of our locations, reviews include employee representation consultations (where appropriate).
- Responsibility for the governance and review of health and safety sits with local operations and HR teams

- At airport and seaport environments, we ensure close collaboration with landlord teams to ensure compliance with their own H&S regulation and management process

Promoting a healthy working environment
Ensuring a safe workplace is a duty of all members of our staff. Whilst the joint work of local Health & Safety Committees and HR teams is crucial in identifying potential risks and hazards, workers are encouraged to report to these teams any work related hazards or hazardous situations to management. The same process is used for workers to remove themselves from work situations that they believe could cause injury or ill health. Work-related incidents are investigated and reported to management to ensure remediation plans (where needed) are designed in cooperation with the Health & Safety committees, and implemented, ensuring that processes are duly updated.

Additionally, Health and Safety committees undertake regular worksite analysis to identify risks and hazards. This analysis is aimed to identify existing hazards as well as conditions and operations in which changes might occur to create hazards. Results of these assessments are shared with the local HR teams and management.

The highest incidence of occupational accidents is, of course, among store and warehouse staff. The greatest risks to which Dufry workers are affected include:
- Risks related to material elements, objects, products and constituent elements of machines or vehicles
- Falls at the same level
- Incidents with transport and transfer devices

Training on Health and Safety is critical to promote a safe work environment. We therefore conduct induction sessions with new members of our staff and hold regular training sessions with all of our staff, both in stores and offices, ensuring understanding of the policies and procedures. If needed, this training is extended to workers who are not members of our staff but do work on our premises.

Airport security practices
Due to the nature of our business, most of our staff is located in an airport environment, either working in stores, in airport offices and or in airport warehouses. As part of the airport ecosystem, our staff have to adhere to and follow the security principles and processes established at the airport where our stores are located. Most of these regulations and policies are harmonized across the world to ensure consistent levels of safety and consumer protection. Worldwide safety regulations are set by the International Civil Aviation Organization and within Europe by the European Aviation Safety Agency.

In order to work in our stores, members of our staff need to obtain the corresponding airport authorization, which in most cases involves training courses on security measures and procedures in the airport environment.


DISCOVER
PERFUME & COSMETICS
rabanne
BOSS
CALVIN KLEIN
MARC JACOBS
benefit
MAGICALLY
TRANSFORMING BROWS
NEW
Jean Paul GAULTIER
"LE BEAU"

COMMUNITY ENGAGEMENT

For many years, Dufry has placed significant importance on supporting charitable causes as a way of giving back to society. This has been done in a number of ways, such as by making donations to non-profit organizations, supporting cultural events and entities or giving visibility to some social or humanitarian initiatives. And we intend to continue giving our strong support.

Sponsoring and supporting disadvantaged children, young people and their families, together with enabling them access to education, has remained the main line of action in our corporate community initiatives. At country level, similar projects have been supported and, in some of these operations, our employees have actively participated in the process of selecting the projects we support, reinforcing the engagement and motivation to collaborate with the initiatives.

We are very proud of the efforts carried out by our staff in supporting disadvantaged communities and charitable initiatives even during their free time. Where and when possible, we have supported and funded them and made the individuals and their great work visible to the rest of their colleagues, by using our internal communication channel. This serves a two-fold purpose by a) helping them to obtain additional support and b) it is a way of recognizing and thanking them for their philanthropic support.

Finally, it is also important to mention the role of our customers, who have helped us to raise additional funds with the purchase of certain products – including bottled water, chocolates and perfumes – in support of different NGOs, and by making donations in the boxes available in some of our airport locations.

The initiatives described below are just a short selection of the main projects we support. Our relationship with some of these charities has spanned many years, the earliest project having started in 1995, and we are very happy with the progress made so far. During 2020 we will unveil a cross-national charity project in collaboration with SOS Children Villages, one of our long-standing charity partners. So far we have confirmed the participation of Dufry stores in 23 countries and we expect this new project to help us boost the reach of our support even further.

SOS Children's Villages supported programs in Brazil, Mexico and Russia

Dufry and SOS Children's Villages have been working together for the past ten years, supporting families worldwide with the aim that no child should grow up alone. Back in 2009, Dufry started to sponsor a first project with preventive care in Igarassu, Brazil. The construction of a social center was a tangible example of investing in the care for children and youth. Dufry has been continuing to support the running costs and training classes of the center ever since. In 2019, our donation benefited nearly 400 infants, young children and teenagers with their mothers and enabled them to join family strengthening programs with child-minding and day care centers. In addition, we financed the yearly family-budgets, medical costs and school fees for children in the SOS Children's Village of Igarassu.

In Russia, Dufry has again been supporting the running costs of the SOS Children's Villages center in Lavrovo since 2015. Lavrovo lies in the heart of Russia, about 350 kilometers south of Moscow. The SOS Children's Villages considers foster care as a priority form of child upbringing in Russia. Dufry's funding in 2019 supported a child's village family during one year to receive the loving care and requirements to shape their own future. Starting in 2020 this program will be partly self-sufficient and partly financed by other sources. As an alternative Dufry will support a new project, a family strengthening program in Nairobi, Kenya.

In Mexico, Dufry supports SOS Children Villages Family strengthening programs in Comitán. The programs of SOS Children's Villages in the social center in Comitàn ensure that children are included in early childhood development programs. Mothers have better opportunities to go to work and earn their own income, while counting on day care solutions for their children. Fathers receive rising awareness in educational matters and are better involved in family responsibility, improving the quality of life for these families. The financial support covers expenses for food, school expenditures, medical assistance and educational staff. Dufry's contribution in 2019 supported more than 1,000 beneficiaries.

Since 2013, Dufry has also run an additional financing channel to benefit the worldwide work of SOS Children's Villages, by installing coin collection boxes in various Dufry shops all over the world. To intensify the commitment with this organization, and in the context of the 10-year anniversary of our relationship, Dufry and SOS Children Villages are now evaluating new plans to make the work of SOS Children's Villages even more tangible for Dufry shops, co-workers and partners. In cooperation with this organization, we will be deploying a new cross-national initiative that will serve to reach even more locations and engage with more customers and this will start to come to fruition in the first part of 2020. Each coin or note is a little milestone for the future of the children and youth at the different SOS Children's Villages projects.

One Water – selling bottles to provide sustainable clean water service

World Duty Free continues to be one of The One Foundation's main commercial supporters, a place it has held almost since the beginning of the partnership in 2016. World Duty Free sells the charity's bottled "One Water" and branded jute bags in all of its UK airport stores. To date, World Duty Free has raised £2.2 million for clean water and sanitation projects, changing in the process over 414,000 lives.

In 2019, World Duty Free has helped improve water services in low-income areas in Nairobi through the promotion of household connections and pre-paid water dispensers. World Duty Free's support has also helped to repair broken water points in rural communities in Malawi, to train community members to manage and maintain their water points for future sustainability, and to help deliver piped water systems in Rwanda. Over the years, World Duty Free employees have been selected to go on trips to Malawi as part of a staff incentive to celebrate stores that have shown the most growth in terms of sales. Employees who were nominated to go on the trip are real advocates for the brand, and the experience provides them with a chance to see for themselves the work that One Water is doing. These journeys to Africa are a great way to inspire our staff to get involved and keep supporting the One Water projects, taking back to the stores and our customers, what they have learnt.

Broadening our community engagement with additional projects.

United Nations' global campaign #YouNeedToKnow

Achieving a more sustainable world is the ultimate goal of the United Nations initiative, #YouNeedToKnow. Started at the UN's Geneva operations a couple of years ago, #YouNeedToKnow is aimed at raising awareness for the 17 Sustainable Development Goals (SDGs) that were agreed by all 193 nations in 2015.

Since 2016, soon after the SDGs were set, Dufry has been supporting the initiative by giving visibility to the 17 SDGs and the #YouNeedToKnow campaign. Every year, a key event is marked in the agenda – the World Economic Forum in Davos, Switzerland. At Zurich Airport, Switzerland's main hub for serving international flights, many of the World Economic Forum delegates arrive and/or travel through this airport. Our Swiss team, in coordination with the UN, runs special activities in this airport, sharing with passengers the importance of the SDGs and the role that each individual can play in order to achieve them. Similar activities are performed by our team at the Basel Airport.

One of the major communication tools for the campaign is a booklet, developed by the UN called "170 daily actions to transform our world". It offers examples of small and incremental – but also fundamental – changes everyone can adopt to live responsibly and to be accountable to the next generation. Some of the actions described in the booklet will become a central piece of a joint campaign by the UN and Dufry and will be launched across Dufry's network in early 2020.

Continuation of Charity Water Project in Zurich and Basel Airports

The Charity Water project was launched in 2014 as a joint project between Flughafen Zürich AG and Dufry. Since then, Zurich duty-free mineral water has been sold in favor of several charity organizations, which are usually changed every year. The newest one is the one started this year with "Schweizer Berghilfe" (Swiss Mountain Aid), an NGO which supports communities and projects in the Swiss mountains. Swiss Mountain Aid is an organization exclusively financed by donations, with the aim of improving the livelihoods and living conditions of the people in the Swiss mountain area. It promotes the self-help of the mountain population and thus helps to develop many economic and living spaces, to preserve the regional culture and to cultivate the cultural landscape. In the 12 months supporting Schweizer Berghilfe the initiative raised CHF 426,400 for the NGO's projects.

Since mid-September 2019, the Children's Hospital (Kispi) Zurich is being supported by Dufry. The Children's Hospital is a non-profit private institution serving all children and adolescents. It is the largest university children's hospital in Switzerland and one of the leading centers for pediatric and adolescent medicine in Europe. Each year, approximately 2,300 dedicated employees are committed to the well-being of more than 100,000 young patients from the first day of life to the age of 18. A similar activity is also carried out at Basel Airport, in partnership with the NGO Krebskranke Kinder in support of Children with Cancer.

Dufry continued to support Foundation RgZ, which is supporting the development, way of life and social integration of children, teenagers and adults with movement disorders, development problems and mental and/or multiple disabilities, regardless of the severity. The 260 RgZ employees foster, teach, support and engage more than 2,700 children, young people and adults every year in the greater area of Zurich, Switzerland.

Sponsoring children's education in Haiti

During 2019, Dufry also continued its support to the Hand in Hand for Haiti Foundation, with the sponsoring of their Student Sponsoring Program. Hand in Hand for Haiti runs the "Lycée Jean-Baptiste Pointe du Sable", which was built as part of the collective response to the humanitarian crisis in Haiti, following the catastrophic earthquake of January 12, 2010. Located in the village of Saint Marc, north of Port-au-Prince, the school provides trilingual education in French, English and Creole to pupils. Dufry's donation in 2019 supported 25 students to receive free education and it also covered the costs of meals, health services, uniforms, school supplies, and bus transportation to and from the school.

Rio de Janeiro, Brazil – Helping to build the future of young teenagers

Since 1995, Dufry has been sponsoring a social promotion program in Rio de Janeiro, offering free professional education to 30 young people every year from communities around Galeão Airport. Every day, these teenagers go to the program where they participate in various classes and education modules such as English, computer classes, retail operations, professional orientation, teamwork, leadership, rules of etiquette, ethics and citizenship. Classes can be attended by 16 to 20 year-old female or male teenagers. The students also receive free meals, medical and dental care, uniforms, school and educational material, as well as transportation assistance. Dufry supports the students with their career progression too, alerting them to any job opportunities within Dufry's organization, or with external partners. Employability rates usually reach high levels for those teenagers taking part in the program. Since its beginning over 24 years ago, the program has benefited almost 730 teenagers in total.

Dufry employees are extremely proud to be involved in this initiative and regularly participate as volunteers, as well as acting as mentors to individuals taking part. Every year, 60 volunteers from Dufry and other partners are involved in this important social action.

Support of disadvantaged children remains our main line of action.

Hudson Group supports Communities in Schools in the United States

In 2019, Hudson Group, Dufry's North American business, continued its long-term partnership with Communities in Schools (CIS), the largest and leading dropout prevention group in the United States, through its fund-raising program.

CIS and its over 160 local affiliates in the United States work directly inside schools, building relationships

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1 **IGARASSU | BRAZIL**
Dufry continued to sponsor SOS Children Village preventive care in Igarassu, Brazil.

2 **COMITÁN | MEXICO**
SOS Children Village in Comitán, Mexico, improves education and quality of life.

that empower at-risk students to stay in school and succeed in life. The organization works with nearly 1.5 million students and is proud of its success rate: 99% of their students stayed in school and 93% of their seniors graduated or received a GED (General Education Development credential). To date, Hudson has raised and donated over $3 million for the cause, and has also supported various local programs in the communities we serve, including schools and libraries.

Manchester HOME project

Opened in 2015, HOME is Manchester's 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 in 1952. World Duty Free's partnership with the Greater Manchester Arts Centre (HomeMcr) supports work with local schools, youth centers and community centers in the Wythenshawe area (south of Manchester).

Since 2016, World Duty Free has funded workshops at The Wythenshawe Community Workshop and projects at the Wythenshawe Primary & Secondary School. These projects provide opportunities to young people and pupils to expand their horizons, develop new skills and increase their confidence. The opportunity for children and young people to take part in creative workshops that help to develop a range of skills, are fun, but most importantly, the projects give the group a chance to maximize their potential for future training and employment.

World Duty Free's support allowed 196 participants from 7 different groups to take part in a total of 16 workshops in 2019. There were 2 building tours and 3 showcase events attended by 551 people. 81% of high school pupils reported that they felt more confident following participation and 72% reported that they felt more comfortable speaking in front of the class. World Duty Free will be continuing to support similar activities in 2020.

Mind – a new charity partner in the UK for 2019 – 2021

At the end of 2018, Dufry UK employees selected their charity partner for the next three years. We were delighted to start supporting Mind, the mental health charity supporting individuals who suffer from mental health problems, as of January 1, 2019. Mind won't give up until everyone experiencing a mental health problem gets both support and respect. Mind empowers people through advice, support and clear information. They campaign to improve services, battle stigma and end discrimination. As well as having a national reach through this work, they also have local presence across England and Wales through their network of 130 local Minds.

During our 3-year partnership, we have pledged to raise over £150,000 to support Mind's varied and holistic services. This includes online peer-to-peer support and a mental health Infoline, which received around 120,000 calls last year. The £50,000 that Dufry plans to raise each year could enable just under 10,000 calls to that busy Infoline; each response providing clarity and comfort when it's needed most.

In addition to supporting Mind, staff in Scotland and Northern Ireland will be supporting the Scottish Association for Mental Health (SAMH) and Inspire respectively. All three charities work towards the shared goal of supporting people with mental health problems and promoting awareness and understanding of mental health.

The first year has gone incredibly well with over £55,000 raised in total for the three charities. This has been raised through a range of activities including staff tester sales, brave skydives, bake sales on World Mental Health Day, and of course, generous donations from our customers into till point collection pots in the terminals. To bolster our fundraising during winter, we proudly promoted sales for Meghan the Christmas Bear with a £1 donation to Mind, SAMH or Inspire (depending on location of sale) for every bear sold.

Special Olympics support in Greece

Hellenic Duty Free Shops sponsored Special Olympics Hellas and created a special shopping bag to support this sports organization for athletes with intellectual and physical disabilities. With the support of all the staff more than 8,000 bags were sold, resulting in funds of more than €16,000 donated to the Special Olympics. Bloggers and influencers promoted the Special Olympics in their blogs and social media pages, as part of the dedicated PR program developed by our team in Greece.

At the "2019 Special Olympics World Games" in Abu Dhabi, which took place from March 14 to 21, 2019, the Greek delegation consisting of 91 people achieved a great performance that surpassed any previous results. The athletes returned to Greece with 64 medals (27 gold, 20 silver, 17 bronze).

Humanitarian help in Mozambique

Dufry has donated 591 aid kits to the ASEM orphanage in Beira, a town heavily affected by the March 2019 Tropical Cyclone Idai in the central-east part of Mozambique. Beira is located about 1,200 km north from

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3 **NAIROBI | KENIA**
In 2019, Dufry has supported the improvement of water services in Nairobi, Kenya.

4 **RWANDA**
In Rwanda, One Foundation trains community members to manage and maintain water points.

Maputo, the capital city of Mozambique, where Dufry operates stores at the airport.

The devastation caused by the cyclone in Mozambique North of Beira in March 2019, left 1.85 million people in need of humanitarian assistance. Due to the floods, many children have sadly lost relatives or have been separated from their families. They're also particularly vulnerable to deadly diseases like cholera and malaria in these dangerous conditions.

The kits included essential, nonperishable food items, including rice, biscuits, milk powder, flour, pasta, sugar and soya oil as well as soap, all packed in a plastic bucket that can be used to transport and to store water.

Hand in hand with the Rotary Club in Maputo, that supported Dufry in identifying where our contribution was most needed, and with the Rizwan Adatia Foundation that helped to prepare the kits and transported them from Maputo to Beira, the aid has been successfully delivered. The orphanage received the kits under the direct supervision of both Dufry's General Manager in Mozambique, Mario Dinis and ASEM founder, Barbara Hoffman. The Rotary Club in Beira also attended.

Ladybug Dufry École Maternelle – Kindergarten project in Senegal
In September 2019, the NGO Formacion Senegal completed the construction of the Kindergarten Ladybug École Maternelle in Nguiguiss Bamba, in the Louga region of Senegal. This school, 100 % funded by Dufry, can host 60 children aged between 0 and 7 years old and has been placed near a training and work cooperative, also built by this NGO, which is empowering over 140 women in the region. The location of this kindergarten close to the workshop allows women to leave their children being looked after, while they build their skills and develop their professional activity. The school project financed by Dufry provides children with early stimulation techniques and essential learning for young children. This is a pioneer initiative in this area of the Sahel, where schooling – in the best case scenario – usually doesn't begin until the age of seven.

In addition to the construction of the infrastructure and the provision of resources, specific training will be carried out for three local people to permanently perform the functions of caregivers / teachers.

Ethiopian Enterprises
Dufry supported Ethiopian Enterprises to run its popular Raffle Rapture, celebrated every year during the Ethiopian New Year on September 11. Proceeds of the raffle were used to finance infrastructure for Ethipioan Enterprises's Arts&Crafts building at Lemlem Baro School. This center provides invaluable art and crafts lessons for their school students and also offers additional courses to both children and adults from the community.

Further donations and cultural events
Dufry supports many other social projects with local activities in countries in which it operates. In Spain, Dufry employees from Barcelona, Bilbao, Madrid, Sevilla and Valencia operations participated in several running events organized by Action Against Hunger as part of the Intercompany Challenge in the months of October and November 2019. For every kilometer run by a Dufry employee, the company funded 10 days of child nutrition treatments. With their efforts on the track, Dufry runners managed to raise over 7,830 days of nutritional treatments, a 40 % increase versus the previous year, equivalent to covering the treatment of 780 children with severe malnutrition.

During the Christmas campaign, Dufry Spain partnered with SOS Children Villages and the Spanish airport landlord AENA to jointly promote the sale of two products – Carremi Nougat – a popular Spanish product during Christmas – and one of the best-sellers perfume brands, Tous. Benefits from the sale of these two products were donated to SOS Children Villages and helped to refurbish an upgrade of the facilities of one of their children's homes in Spain.

In Turkey, Dufry entered a charity run with 40 employees. The aim was to support disadvantaged children with their education and the Dufry team managed to collect substantial funds for this purpose. Dufry also continued its ongoing collaboration with WWF and supported their Green Office program. The goal of this program is to reduce the ecological footprint, combat climate change and promote sustainable lifestyles in offices and beyond.

In Greece, Dufry also continued its long-term partnership with the Hellenic Red Cross, supporting their refugees program by giving monetary support and donating products to the organization for use in their lotteries and raffles to raise much needed funds.

In Australia, Dufry is a supporter of the Diamond Dinner for the Children's Cancer Institute. In 2019, this fundraising event once again brought together over 250 high-net worth individuals, celebrities and industry leaders to support the work of the institute that is wholly dedicated to childhood cancer. Dufry was the sponsor of this event and also displayed donation boxes at till points in our stores.

In Armenia, we have supported a Children's Cancer association as well as a project to build playgrounds, smart centers for kids and adults and the provision of medical devices to hospitals in depressed villages in this Country.

In Korea, through different donations, we support local students with high school scholarships, English classes for children of low-income families and Korean language teaching for multicultural families. In Jordan, Dufry employees supported SOS Children Villages joining an entertainment trip for orphans and adoptive parents, giving food and educational games to inspire creativity and their involvement in the society. The activity benefitted 25 children and 7 mothers.

The annual sponsorship of cultural events also continued. Many local community events such as the Swiss Indoor tennis tournament in Basel, the Mutua Madrid Tennis Open, the Baloîse Session, a three week music festival in Switzerland or the Fondazione Teatro Donizetti in Bergamo, Italy, received our support.

Having a broad and worldwide network of travel retail shops not only has an advantage for Dufry as the leader in our industry, but it also gives us a unique opportunity to spread the support of social programs worldwide. In many shops we maintain donation boxes and encourage our customers to participate in supporting specific local programs or helping victims of natural disasters. The amounts collected every year are truly surprising and we thank all participants for their generous donations. The charities that we pass them to welcome and really appreciate them.

Last but not least, there is a long list of causes our staff contribute to and help with their efforts, either by baking cakes for selling, looking for sponsors for sports challenges, or by helping colleagues and neighbors affected by natural catastrophes. Dufry has often facilitated the communication and the celebration of such events and in some cases, also contributed to and helped raise funds for these causes.

FINANCIAL REPORT 2019

DUFRY

WorldClass.WorldWide.

SOLID RESULTS ACHIEVED AND TARGETS MET

DEAR ALL

In 2019, Dufry further accelerated its growth strategy and ended the year delivering a solid set of results supported mainly by an organic growth improvement quarter after quarter. Turnover reached CHF 8,848.6 million in the year with organic growth confirming the acceleration trend and reaching 3.0%. Gross Profit margin expanded by 40 basis points from 59.8% to 60.2% in 2019. Adjusted Operating Cash Flow was CHF 959.9 million, while Equity Free Cash Flow came in at CHF 383.3 million, in line with the mid-term Equity Free Cash Flow target of CHF 350–400 million.[1]

One of the main drivers for our solid results in 2019 was the continuous improvement of the organic growth, which developed positively throughout the year supported by the like-for-like performance, which also showed an ongoing improvement along the quarters and reached 0.6% for the full year. In the fourth quarter, all divisions reported positive organic growth resulting in a Group organic growth performance of 3.1% supported by a healthy like-for-like growth of 2.2% driven by the commercial activities Dufry fostered along the year, namely the brand plans and promotions.

From an accounting perspective, the 2019 business year was characterized and impacted by the introduction of IFRS 16 standard in the financials. Both P&L and Balance Sheet saw considerable changes in their structure, making the comparability difficult. Therefore, we also replaced some of our traditional KPI's, such as e.g. EBITDA, as they became irrelevant. That is why going forward we will focus more on cash-flow-related KPI's, which are not affected by the IFRS 16 introduction, thus preserving a better performance comparability. The new standard brings relevant changes in our financials, especially in the accounting treatment of leases: while before leases were accounted as expenses, now fixed components are capitalized and amortized over the lifetime of the contract. It's import to highlight that the new IFRS standard has no economic impact on Dufry as evidenced in the cash flow statement, which remained unchanged in general. In this regard, Dufry's main KPI's currently include: Organic Growth, Adjusted Operating Profit, Adjusted Net Profit and EPS, Adjusted Operating Cash Flow and Equity Free Cash Flow.

In terms of cash generation, Dufry recorded a very solid performance in 2019, with the Equity Free Cash Flow reaching 383.3 million, a 3.4% increase versus the CHF 370.8 million reported in 2018. Net debt was reduced to CHF 3,101.9 million on December 31, 2019, which on a full-year base is the lowest level since 2015. The respective covenant calculated as Net Debt/Adjusted Operating Cash Flow stood at 3.52x securing a comfortable headroom towards the threshold of 4.50x.

One of the main achievements in 2019 were the acquisitions we did along the year. In June, Dufry announced the acquisition of the majority stake of 60% in RegStaer Vnukovo, further consolidating our position in Russia, especially in the Moscow area, where we will be able to extract further synergies with the integration of existing operations. The newly acquired business started to be fully consolidated as of November 2019.

During October, we also had the two important acquisitions performed by Hudson: Brookstone, which started to be consolidated as of October, and OHM, adding additional growth opportunities and accelerating further expansion in the food & beverage airport market in North America.

[1] For a glossary of financial terms and key performance indicators please see page 270 of this Annual Report.

1.9%

Turnover grew by 1.9% and reached CHF 8,848.6 million

Moreover, in November, Dufry successfully issued a new bond of EUR 750 million using the proceeds to refinance the former bond of EUR 700 million and reduce existing bank debt. The new bond has a coupon of 2% and will generate annual financing cost savings of EUR 16.5 million as compared to the previous one.

Turnover
In 2019, Turnover grew by +1.9%, reaching CHF 8,848.6 million versus CHF 8,684.9 million in 2018. Organic growth for the year stood at 3.0%, with like-for-like contributing 0.6% and net new concessions adding 2.4%. Changes in Scope, which includes the contribution of the acquisitions of Vnukovo and Brookstone, amounted to 0.1%. The translational FX effect in the period was -1.2% as a net effect of the strengthening of the US Dollar and weakening of the Euro and the British Pound.

Turnover in **Europe and Africa** was CHF 3,850.9 million in 2019 from CHF 3,828.2 million one year ago. Organic growth in the division reached 5.8% in the year and 7.5% in the fourth quarter. The like-for-like contribution remained strong during Q4, reaching 6.1%.

The UK and especially Spain continued to deliver solid performance for the year. The implementation of the pilot projects across five Spanish airports including several commercial initiatives and best practices were very successful, showing improving sales during the whole year. Greece and especially Turkey maintained their positive momentum in 2019, delivering a solid growth. Other locations such as Malta, Italy and Finland also posted positive growth. Africa saw a stronger performance in most operations, with Morocco, Kenya and Egypt growing double-digit in the year.

Asia-Pacific and Middle East's turnover reached CHF 1,274.9 million in 2019 from CHF 1,153.6 million in 2018. Organic growth for the year stood at 10.8% supported mainly by the contribution of new concessions in 2019. It's worth to highlight that the like-for-like performance has also improved during the year, reaching 8.3% in the fourth quarter.

Eastern Europe posted positive performance, supported by Russia and Serbia. Asia-Pacific posted a double-digit growth mainly driven by Hong Kong with the successful opening in the MTR high-speed railway station, as well as the strong performance seen in Macau and the positive growth in Cambodia and China. Australia also posted solid performance for the year, supported by the opening of new shops in Perth. The Middle East posted a good performance, with solid growth in India, Sri Lanka and Sharjah.

Turnover in **North America** amounted to CHF 1,935.8 million compared to CHF 1,884.4 million in 2018 and organic growth came in at 1.8% in the year. The North American operation has been performing strongly for many years and in 2019 the duty-paid business confirmed its resilience despite some temporary challenges. The duty-free segment was negatively impacted by the lower spending from Chinese passengers along the first nine months, but showed signs of a recovery in the fourth quarter 2019.

Growth acceleration leads to solid performance

Central and South America's turnover stood at CHF 1,536.1 million in 2019 versus CHF 1,617.0 million in 2018. Organic growth in the region was –6.3% in the year with performance in the fourth quarter turning positive at 0.2%, mainly supported by the implementation of commercial initiatives.

During 2019, performance in South America remained challenging, impacted by local currency devaluations, namely in Brazil and Argentina. Performance in Mexico was positive throughout the year, reaching solid results especially during the fourth quarter. The Dominican Republic posted positive growth, while the Caribbean was healthy along the year, supported by the cruise business.

Worth mentioning are the two positive changes in legislation approved by the Brazilian government during 2019 – the possibility to open border shops and the increase of the arrival duty-free allowance –, which will further support organic growth in this important market in South America.

Gross profit

In 2019, Gross Profit increased to CHF 5,323.2 million from CHF 5,195.7 million in the previous year, with the Gross Profit margin increasing by 40 basis points, and reaching 60.2% from 59.8% in the previous year. The continued improvement is the result of Dufry's negotiations with global and mainly local suppliers as well as the further standardization of the supply chain and the implementation of the commercial platforms, which increase the agility of the commercial teams and take them closer to the market.

Adjusted Operating Profit (Adjusted EBIT)

Adjusted Operating Profit (Adjusted EBIT) reached CHF 767.7 million, with the respective margin amounting to 8.7% in 2019.

As mentioned previously, Dufry started to report under the new IFRS 16 standard, which mainly changes the accounting treatment of leases. In short, whilst previously leases were accounted as expenses, now fixed components are capitalized and amortized over the lifetime of the contract, while all variable components of the concessions are classified as lease expenses. For 2019, Lease Expenses amounted to CHF –1,372.9 million.

Personnel Expenses amounted to CHF –1,243.3 million in 2019 from CHF –1,175.2 million one year earlier. As a percentage of turnover, Personnel Expenses increased by 60 basis points to 14.1% driven mainly by North America. Reasons were the increase in the minimum wages, as well as a one-off charge of USD 7.6 million of accrued severance expenses related to changes in the local management structure in Q1 2019.

Other Expenses reached CHF –618.8 million in 2019. Other Expenses mainly replace the former income statement line "General Expenses" and also include the former "Other Operational Expense". Other Income is now aggregated and presented in a specific line reaching CHF 121.6 million (2018: CHF 45.5 million).

Depreciation (excluding Right-of-Use) reached CHF –203.9 million, remaining stable as a percentage of turnover (–2.3%) versus last year. Amortization in absolute terms stood at CHF –402.8 million, increasing as a percentage of turnover (–4.6%) compared to last year (– 4.3 %) due to the acquisitions done in 2019. Depreciation of Right-of-Use was CHF – 1,170.3 million, which relates to the leases that are capitalized.

Net Profit
Adjusted Net Profit reached CHF 349.3 million in 2019, while the respective Adjusted EPS was CHF 7.00. Net Profit to Equity Holders reached CHF – 26.5 million in the year under review. Financial Results (excluding Lease Interest and FX) amounted CHF – 127.6 million and Income Tax reached CHF – 78.2 million, mainly driven by deferred taxes. Minorities were CHF – 56.6 million for the year.

Cash flow and net debt
Contrary to the Income Statement, the effects of IFRS 16 on the cash flow are minimal. Cash flow KPIs will therefore continue to be key for measuring the performance of the business.

Adjusted Operating Cash Flow reached CHF 959.9 million in 2019 compared to the CHF 973.2 million in 2018. Equity Free Cash Flow increased solidly to CHF 383.3 million in 2019 compared to CHF 370.8 million in the previous year.

Continuous deleveraging in place

Net Debt amounted to CHF 3,101.9 million at the end of December 2019, including the dividend payment of CHF 199.8 million in May, compared to CHF 3,286.1 million in December 2018 and reaching the lowest level on a full year base since 2015. Our covenant, Net Debt/Adjusted Operating Cash Flow was 3.52x as per December 31, 2019, representing an ongoing improvement versus previous quarters and providing comfortable headroom against the maximum threshold of 4.50x. The covenant calculation has also been adapted to the IFRS 16 implementation, thus not directly comparable with the previous year, but reflects the same risk profile as under the former calculation method.

Targets achieved in 2019 and confident outlook
2019 was an important year where we could prove the efficiency of our growth strategy. We were able to improve organic growth quarter after quarter, in line with our expected average target. Such achievement reflects the set of commercial activities developed along the year and underlines our execution capabilities.

In terms of cash generation, we continued to deliver a record level, being able to increase the Equity Free Cash Flow from CHF 370.8 million last year to 383.3 million in 2019, in line with the Equity Free Cash Flow mid-term target of CHF 350 – 400 million.

From an outlook perspective I am convinced about the resilience of our business and the travel retail industry going forward in general and I also believe that the acquisitions we executed will support our development going forward. At the time we wrote this letter, Covid-19 started to create a potential temporary impact for the current business year in locations where we have Asian customers or which are directly affected by the phenomena, resulting in a low visibility and making it difficult to assess in detail the potential impacts.

I would like to thank our customers, 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,

Yves Gerster

CONSOLIDATED INCOME STATEMENT

	2019		2018	
	IN MILLIONS OF CHF	IN %	IN MILLIONS OF CHF	IN %
CONTINUING OPERATIONS				
Net sales	8,609.8		8,455.8	
Advertising income	238.8		229.1	
Turnover	**8,848.6**	**100.0 %**	**8,684.9**	**100.0 %**
Cost of sales	(3,525.4)	39.8 %	(3,489.2)	40.2 %
Gross profit	**5,323.2**	**60.2 %**	**5,195.7**	**59.8 %**
Lease expenses	(1,372.9)	15.5 %	(2,494.7)	28.7 %
Personnel expenses	(1,243.3)	14.1 %	(1,175.2)	13.5 %
Depreciation, amortization and impairment	(1,777.0)	20.1 %	(571.9)	6.6 %
Other expenses	(618.8)	7.0 %	(630.2)	7.3 %
Other income	121.6	1.4 %	45.5	0.5 %
Operating profit / (loss)	**432.8**	**4.9 %**	**369.2**	**4.3 %**
Finance income	71.7	0.8 %	68.5	0.8 %
Finance expenses	(387.0)	4.4 %	(198.0)	2.3 %
Foreign exchange gain / (loss)	(9.2)	0.1 %	(5.5)	0.1 %
Profit / (loss) before taxes	**108.3**	**1.2 %**	**234.2**	**2.7 %**
Income tax	(78.2)	0.9 %	(98.8)	1.1 %
Net profit / (loss)	**30.1**	**0.3 %**	**135.4**	**1.6 %**
ATTRIBUTABLE TO				
Non-controlling interests	56.6		63.6	
Equity holders of the parent	(26.5)		71.8	

	2019		2018	
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Basic earnings per share in CHF	(0.53)		1.38	

	2019		2018	
OTHER DUFRY KPI'S				
Adjusted operating profit	767.7		681.4	
Adjusted net profit	349.3		354.2	
Adjusted earnings per share in CHF	7.00		6.83	

FINANCIAL STATEMENTS 2019 CONTENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2019

IN MILLIONS OF CHF	NOTE	2019	RECLASSIFIED 2018*
Net sales	7	8,609.8	8,455.8
Advertising income		238.8	229.1
Turnover		**8,848.6**	**8,684.9**
Cost of sales		(3,525.4)	(3,489.2)
Gross profit		**5,323.2**	**5,195.7**
Lease expenses	8	(1,372.9)	(2,494.7)
Personnel expenses	9	(1,243.3)	(1,175.2)
Depreciation, amortization and impairment	10	(1,777.0)	(571.9)
Other expenses	11	(618.8)	(630.2)
Other income	12	121.6	45.5
Operating profit / (loss)		**432.8**	**369.2**
Finance expenses	13	(387.0)	(198.0)
Finance income	13	71.7	68.5
Foreign exchange gain / (loss)	13	(9.2)	(5.5)
Profit / (loss) before taxes		**108.3**	**234.2**
Income tax	14	(78.2)	(98.8)
Net profit / (loss)		**30.1**	**135.4**
ATTRIBUTABLE TO			
Non-controlling interests		56.6	63.6
Equity holders of the parent		(26.5)	71.8
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share in CHF	25.4	(0.53)	1.38
Diluted earnings per share in CHF	25.4	(0.53)	1.38

* See note 43.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

IN MILLIONS OF CHF	NOTE	2019	2018
Net profit / (loss)		**30.1**	**135.4**
OTHER COMPREHENSIVE INCOME			
Changes in the fair value of equity investments at FVOCI	15	0.3	(0.3)
Remeasurements of post-employment benefit plans	15	(16.0)	10.6
Income tax	14, 15	1.7	(1.8)
Items not being reclassified to net income in subsequent periods, net of tax		**(14.0)**	**8.5**
Exchange differences on translating foreign operations	15	(10.5)	(74.3)
Net gain / (loss) on hedge of net investment in foreign operations	15	1.8	17.1
Share of other comprehensive income of associates	15, 19	(0.4)	0.3
Items to be reclassified to net income in subsequent periods, net of tax		**(9.1)**	**(56.9)**
Total other comprehensive income, net of tax		**(23.1)**	**(48.4)**
Total comprehensive income, net of tax		**7.0**	**87.0**
ATTRIBUTABLE TO			
Non-controlling interests		53.4	65.3
Equity holders of the parent		(46.4)	21.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2019

IN MILLIONS OF CHF	NOTE	31.12.2019	31.12.2018
ASSETS			
Property, plant and equipment	16	627.1	644.3
Right-of-use assets*	17	4,328.1	–
Intangible assets	18	3,236.1	3,516.8
Goodwill	18	2,611.3	2,601.5
Investments in associates	19	31.9	35.6
Deferred tax assets	31	122.1	138.4
Net defined benefit assets	33	3.4	4.8
Other non-current assets	20	303.1	259.6
Non-current assets		**11,263.1**	**7,201.0**
Inventories	21	1,050.0	1,062.7
Trade and credit card receivables	22	44.2	62.6
Other accounts receivable	23	422.0	475.8
Income tax assets		26.1	50.3
Cash and cash equivalents		553.5	538.2
Current assets		**2,095.8**	**2,189.6**
Total assets		**13,358.9**	**9,390.6**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	24	2,645.3	2,898.8
Non-controlling interests	24, 26	462.7	442.9
Total equity		**3,108.0**	**3,341.7**
Borrowings	27	3,602.2	3,766.3
Lease obligations*	28	3,319.0	–
Deferred tax liabilities	31	396.8	425.9
Provisions	32	41.1	82.4
Employee benefit obligations	33	47.4	33.4
Other non-current liabilities	30	88.3	62.8
Non-current liabilities		**7,494.8**	**4,370.8**
Trade payables		645.6	640.4
Borrowings	27	53.2	58.0
Lease obligations*	28	1,085.7	–
Income tax payables		87.9	64.8
Provisions	32	56.6	54.8
Other liabilities	30	827.1	860.1
Current liabilities		**2,756.1**	**1,678.1**
Total liabilities		**10,250.9**	**6,048.9**
Total liabilities and shareholders' equity		**13,358.9**	**9,390.6**

* The Group adopted the new Lease Standard IFRS 16 as of January 1, 2019. The non-current and current lease obligations represent the present value of Dufry's remaining unavoidable lease payments from concession- and other lease agreements. At the same time, Dufry recognized a right-of-use asset, which as of January 1, 2019 equaled the lease obligations less accrued lease expense (linearization) and which will be depreciated over the remaining lease term. For additional information please refer to Note 42 and Note 2.3 n) and w) in the accounting policies.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2019		**269.4**	**4,060.6**	**(520.8)**	**(18.1)**	**(0.3)**	**(324.1)**	**(567.9)**	**2,898.8**	**442.9**	**3,341.7**
Net Profit / (loss) of the period		–	–	–	–	–	–	(26.5)	(26.5)	56.6	30.1
Other comprehensive income / (loss)	15	–	–	–	(14.4)	0.3	(5.8)	–	(19.9)	(3.2)	(23.1)
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**(14.4)**	**0.3**	**(5.8)**	**(26.5)**	**(46.4)**	**53.4**	**7.0**
TRANSACTIONS WITH ORDISTRIBUTIONS TO SHAREHOLDERS											
Dividends to shareholders	24.1	–	(199.8)	–	–	–	–	–	(199.8)	–	(199.8)
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(73.8)	(73.8)
Share capital reduction	24	(16.6)	(385.3)	401.9	–	–	–	–	–	–	–
Assignment of treasury shares		–	–	26.4	–	–	–	(27.8)	(1.4)	(2.0)	(3.4)
Share-based payments		–	–	–	–	–	–	13.3	13.3	0.4	13.7
Income tax on equity transactions	14	–	–	–	–	–	–	1.6	1.6	1.2	2.8
Total transactions with or distributions to owners		**(16.6)**	**(585.1)**	**428.3**	**–**	**–**	**–**	**(12.9)**	**(186.3)**	**(74.2)**	**(260.5)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Put option held by non-controlling interests	6.1	–	–	–	–	–	–	–	–	(55.7)	(55.7)
Other changes in participation of non-controlling interests	26	–	–	–	–	–	–	(20.8)	(20.8)	96.3	75.5
Changes in participation of non-controlling interests	**26**	**–**	**–**	**–**	**–**	**–**	**–**	**(20.8)**	**(20.8)**	**40.6**	**19.8**
Balance at December 31, 2019		**252.8**	**3,475.5**	**(92.5)**	**(32.5)**	**–**	**(329.9)**	**(628.1)**	**2,645.3**	**462.7**	**3,108.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2018		**269.4**	**4,259.3**	**(12.5)**	**(26.9)**	**–**	**(265.5)**	**(1,093.7)**	**3,130.1**	**226.1**	**3,356.2**
Profit / (loss) of the period		–	–	–	–	–	–	71.8	71.8	63.6	135.4
Other comprehensive income / (loss)	15	–	–	–	8.8	(0.3)	(58.6)	–	(50.1)	1.7	(48.4)
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**8.8**	**(0.3)**	**(58.6)**	**71.8**	**21.7**	**65.3**	**87.0**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to shareholders	24.1	–	(198.7)	–	–	–	–	–	(198.7)	–	(198.7)
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(76.2)	(76.2)
Purchase and sale of treasury shares	25.3	–	–	(522.6)	–	–	–	–	(522.6)	–	(522.6)
Profit on disposal of treasury shares		–	–	–		–	–	0.2	0.2	–	0.2
Assignment of treasury shares		–	–	14.3		–		(14.3)	–	–	–
Share-based payments		–	–	–	–	–	–	26.2	26.2	5.0	31.2
Income tax effect on equity transactions	14	–	–	–	–	–	–	4.0	4.0	1.3	5.3
Total transactions with or distributions to owners		**–**	**(198.7)**	**(508.3)**	**–**	**–**	**–**	**16.1**	**(690.9)**	**(69.9)**	**(760.8)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:											
Gain on sale of 42.6 % of Hudson Ltd		–	–	–	–	–	–	439.5	439.5	206.4	645.9
Other changes in participation of non-controlling interests		–	–	–	–	–	–	(1.6)	(1.6)	15.0	13.4
Balance at December 31, 2018		**269.4**	**4,060.6**	**(520.8)**	**(18.1)**	**(0.3)**	**(324.1)**	**(567.9)**	**2,898.8**	**442.9**	**3,341.7**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

IN MILLIONS OF CHF	NOTE	2019	Reclassified 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxes		108.3	234.2
ADJUSTMENTS FOR:			
Depreciation, amortization and impairment	10	1,777.0	571.9
Increase / (decrease) in allowances and provisions		0.6	25.5
Linearization of concession fees		–	(29.6)
Other non-cash items		9.7	25.2
Loss / (gain) on sale of non-current assets		3.0	6.9
Loss / (gain) on foreign exchange differences		9.6	5.4
Finance expense	13	387.0	196.4
Finance income	13	(71.7)	(68.5)
Cash flow before working capital changes		**2,223.5**	**967.4**
Decrease / (increase) in trade and other accounts receivable		(98.4)	93.7
Decrease / (increase) in inventories		2.8	(57.0)
Increase / (decrease) in trade and other accounts payable		71.2	(40.8)
Dividends received from associates	19	5.6	5.7
Cash generated from operations		**2,204.7**	**969.0**
Income tax paid [1]		(97.0)	(132.8)
Net cash flows from operating activities		**2,107.7**	**836.2**
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	(199.3)	(201.7)
Purchase of intangible assets	18	(54.1)	(53.8)
Purchase of financial assets		(0.1)	(2.1)
Purchase of interest in associates	19	(2.5)	(3.3)
Proceeds from lease income		5.9	–
Proceeds from loans receivable repaid [2]		3.2	0.2
Proceeds from sale of property, plant and equipment		8.7	4.4
Proceeds from sale of financial assets		0.2	0.1
Other investing activities		(0.6)	–
Interest received		31.2	29.5
Business combinations, net of cash	6.3	(48.1)	–
Net cash flows used in investing activities		**(255.5)**	**(226.7)**

CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

IN MILLIONS OF CHF	NOTE	2019	Reclassified 2018
CASH FLOW FROM FINANCING ACTIVITIES			
Transaction costs for financial instruments [3]	29	(2.5)	(12.0)
Proceeds from borrowings	29	914.0	163.8
Repayment of borrowings	29	(976.7)	(478.2)
Dividends paid to shareholders of the parent	24	(199.8)	(198.7)
Dividends paid to non-controlling interests	26.1	(70.5)	(70.1)
Purchase of treasury shares	25.3	–	(549.8)
Proceeds from sale of treasury shares		–	27.4
Contributions from non-controlling interests		4.3	671.1
Lease payments [4]		(1,269.5)	–
Interest paid [5]		(199.3)	(169.9)
Net cash flows used in financing activities		**(1,800.0)**	**(616.4)**
Currency translation on cash	29	(36.9)	(19.9)
Decrease / Increase in cash and cash equivalents		**15.3**	**(26.8)**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period		538.2	565.0
– end of the period		553.5	538.2

[1] Income tax paid includes a refund of CHF 17.7 (EUR 15.1) million from Spanish tax authorities.
[2] 2018 comparative amounts have been reclassified from cash flow from financing activities.
[3] Transaction costs for financial instruments includes fees paid for the issuance of financing instruments (2019: Senior Notes; 2018: Hudson IPO).
[4] Lease payments includes CHF 187.7 million interests accrued on lease obligation (note 13).
[5] Includes CHF 18.0 million call premium and other fees paid for the cancellation and amendment of financing arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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 2.400 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich.

The consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the "Group") for the year ended December 31, 2019 and the respective comparative information were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 4, 2020, and are subject to the approval of the Annual General meeting to be held on May 7, 2020.

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") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets, liabilities (including derivative instruments) and defined benefit plan assets, 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". All values are rounded to the nearest one hundred thousand, except when indicated otherwise.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements of Dufry comprise all entities directly or indirectly controlled by Dufry (its subsidiaries) as at December 31, 2019 and December 31, 2018 respectively for the comparative information.

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. All intra group balances, transactions, unrealized gains or losses or 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 statement of profit or loss,
- recognizes any receivable from / payable to this former subsidiary.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Goodwill and Business combinations
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 presented in other expenses. 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. Thereafter any change in the fair value of the contingent consideration not classified as equity will be recognized through the statement of profit or loss.

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 statement of profit or loss.

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 group of cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit and an operation within 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 identifiable.

b) Foreign currency translation
Each subsidiary in Dufry uses its corresponding functional currency. Items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are recorded at the date of the transaction in the functional currency using the exchange rate of such date.

Monetary assets and liabilities denominated in foreign currencies are re-measured using the functional currency exchange rate at the reporting date and the difference is 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 statement of profit or loss, except where the hedges on net investments allow the recognition through other comprehensive income, until the respective investments are disposed of. Deferred tax related to unrealized exchange differences is accounted for accordingly. 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 statements of profit or loss 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 statement of profit or loss as gain or loss on sale of subsidiaries.

Goodwill, 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	
IN CHF	2019	2018	31.12.2019	31.12.2018
1 USD	0.9935	0.9784	0.9678	0.9814
1 EUR	1.1124	1.1547	1.0853	1.1259
1 GBP	1.2691	1.3055	1.2844	1.2524

c) Net sales
Turnover is comprised of net sales and advertising income and is recognized from contracts with customers. The Group recognizes revenue from retail sales and the related cost of goods sold at point in time, when it sells and hands over directly at the stores to the traveler consumables or fashion products manufactured by third parties. These transactions have to be settled by cash or credit card on delivery. Net sales are measured at fair value of the consideration received for the goods sold, excluding discounts or sales taxes.

d) Advertising income
The Group's advertising income is resulting from several distinctive marketing support activities, not affecting the retail price, performed by Dufry after having been developed and coordinated together with our suppliers. The income is recognized in the period the advertising is performed. The compensation will be received on contractual terms. Usually Dufry is not entitled to offset the income with trade payables related with the same supplier. An allowance on these advertising receivables is recognized to reflect the risks and uncertainties in relation with the final achievements of incentives based on thresholds, to be confirmed after the end of the respective program.

e) Cost of sales
Cost of sales are recognized when the Company sells the products and comprise the purchase price and the cost incurred until the products arrive at the warehouse, i.e. import duties, transport, purchase discounts (price-offs) as well as inventory valuation adjustments and inventory losses.

f) 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 Dufry 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 statement of profit or loss on the purchase, sale, issue or cancellation of Dufry's own equity instruments.

g) Share capital
Ordinary shares are classified as equity. 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.

For Dufry shares purchased by Dufry AG or any subsidiary, 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.

h) 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. The plan assets are valued at fair value.

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 statement of profit or loss:

- Service costs comprising current service costs are disclosed under “personnel expenses”. Past service costs, gains and losses on curtailments and non-routine settlements are shown under “other expenses”
- Net interest expense or income under “finance expenses” or “finance income”

Based on pension legislation of certain countries the employer and/or the employees have the obligation to remedy any default situation of the pension foundation, which usually would result in higher periodic contributions. At the statement of financial position date, there was no such default situation. The actuarial calculations based on IAS 19 resulted in a defined benefit obligation/asset as presented in note 33.

i) 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 statement of profit or loss 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.

j) Taxation

Income tax expense represents the sum of the current income tax and deferred tax. Where the functional currency is not the local currency, the position includes the effects of foreign exchange translation on deferred tax assets or deferred tax liabilities.

Income tax positions not relating to items recognized in the statement of profit or loss, 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.

k) 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

l) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease obligations. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment. The contractual term of our assets is up to 40 years.

To contain a lease, an agreement has to convey the right to control the use of an identified asset throughout the period of use in exchange for consideration, so that the lessee 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 lease term corresponds to the non-cancellable period of each contract and where the Group is reasonably certain of exercising renewal options contractually foreseen. Right-of-use assets are capitalized at a value equivalent to the lease obligation at inception and depreciated over the useful life of the asset, except for leases with a Leaseterm (or remaining upon adoption) of less than 12 months or leases of low value assets.

Initial direct costs for contracts signed in the past were not recognized as part of the right-of-use asset at the date of initial adoption.

Short term leases with a duration of less than 12 months and low value leases, as well as those lease elements, not complying with the principles of recognition defined by IFRS 16 are recognized in Profit or Loss when incurred.

The standard affects the accounting of:

a) Shops
Dufry enters into lease agreements with operators of airports, seaports, railway stations etc. to operate retail shops which in substance are considered leases. These lease agreements contain complex features, which include variable payment based on sales, which cannot be lower than a minimal threshold (MAG). The MAG can be fixed or variable depending on certain parameters. The MAG amounts may: a) be fixed by the lease agreement or b) be calculated based on a percentage of fees paid in the previous year, or c) adjusted based on an index. In these cases, the unavoidable portions of the fees are considered as in substance fixed payments, despite having a variable component. Management signs and renews on average more than 50 agreements every year with a typical duration of 5 to 10 years.

These agreements do not contain a residual value guarantee. In some cases, the current parts of the lease obligations are secured with bank guarantees in case the Group would not fulfill its contractual commitments. Dufry has capitalized all elements of the lease contracts in accordance with IFRS 16 when at the commencement of the agreement such commitments are in substance fixed. Payment obligations that do not have a fixed or in substance fixed commitment, will continue to be presented as variable lease expense. Dufry has identified a number of agreements in its portfolio which are not fulfilling the principles of recognition defined by IFRS 16, i. e. they have minimal guaranteed payments based on non-predictable parameters or variables, such as actual number of passengers, which will continue to be presented as variable lease expense.

b) Other buildings
Lease agreements for offices or warehouse buildings will usually qualify for capitalization under IFRS 16.

c) Vehicles and other
Dufry has also entered into many other lease agreements for e. g. vehicles, hard or software, and other assets, which in accordance with IFRS 16 will qualify for capitalization of leases.

m) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below CHF 5,000, division North America below USD 25.000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

n) Intangible assets
These assets mainly comprise of concession rights and brands. Usually these assets are capitalized at cost, but when identified as part of a business combination, these assets are capitalized at fair value as at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite. Following initial recognition, the cost model is applied to intangible assets. 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. The brand assets have indefinite useful life, whereas the concession rights have a useful life based on the lease term, which can be up to 40 years.

o) Software
Software is valued at amortized historical cost, or in case of internal developments by the sum of costs incurred less amortization.

p) Impairment of non-financial assets
Goodwill and 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 or 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).

q) Associates
Associates are all entities over which Dufry has significant influence but not control, generally accompanying a shareholding interest 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 changes in the Group's share of net assets of the associate 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 profit/(loss) is recognized in the statement of profit or loss, 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 profit/(loss) 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 within the finance expense in the statement of profit or loss.

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 statement of profit or loss.

r) Inventories
Inventories are valued at the lower of historical cost or net realizable value.

Historical cost includes all expenses incurred in bringing the inventories to their present location and condition. Beside the purchase price of the goods less the discounts or rebates obtained, the historical cost includes import duties and transport cost. In 2019, Dufry changed its accounting policy adopting the weighted average cost method to determine the historical costs of the inventory. In the past periods, the Group was using the first in, first out inventory valuation cost method and has evaluated that this change does not generate material differences since the group companies are reporting in hard currencies, the inflation is low and the inventory rotation short. The benefit of the weighted average cost method is to be simpler to apply. Dufry purchases most of the inventory centrally and provides the subsidiaries the goods in their reporting currency, i.e. free of currency risk for them.

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 for slow-moving and obsolete stock. Expired items are fully written off.

s) Trade and credit card receivables
These accounts include receivables related to the sale of merchandise.

t) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand or current bank accounts as well as current deposits at banks with initial maturity below 91 days. Credit card receivables with a maturity of up to 4 working days are included as cash in transit. Current 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.

u) Lease obligations

At the commencement date of the lease, the Group recognizes lease obligations measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease obligations is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease obligations is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Dufry uses a discount rate which is the aggregation of the risk free rate for the respective currency and lease duration, increased by individual company risk factors.

The lease liability represents the net present value of fixed or in substance fixed lease payments over the lease term. The implied interest charge is presented as interest expenses on lease obligation. Where a lease agreement does not specify a discount rate and as the subsidiaries are financed internally, Dufry uses a discount rate which is the aggregation of the risk free rate for the respective currency and lease duration, increased by individual company risk factors.

Usually the lease contracts do not specify interest, so that when the Group pays the variable amount of lease commitment, the minimal in substance fix commitments are presented as lease payments under cash flow from financing, whereas the remaining part is presented as cash outflow from operations.

v) Provisions

Provisions are recognized when Dufry 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 income recognized in accordance with IFRS 15 Revenue from contracts with customers.

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.

Lawsuits and duties

A lawsuits and duties provision is recognized to cover uncertainties dependent on the outcome of ongoing lawsuits in relation with taxes, other than income taxes and duties.

w) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:
- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented in the other operational result.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in the other operational result.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented as net in the period in which it arises.

Equity instruments
The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in the finance income or finance expenses in the statement of profit or loss as applicable.

(iv) Impairment of financial assets
The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, receivables for refund from suppliers and related services the group applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 39 for further details.

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

y) Financial liabilities

i) Financial liabilities at FVPL

These are stated at fair value, with any gains or losses arising on re-measurement recognized in the statement of profit or loss. The net gain or loss recognized in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the finance income or finance expenses in the statement of profit or loss. Fair value is determined in the manner described in note 35.

ii) Other financial liabilities

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

iii) 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 statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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 29.1).

z) Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 34.

Movements in the hedging reserve in shareholders' equity are shown in note 24.4. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within OCI. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

When option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within OCI. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized within OCI. When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within OCI. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Net investment hedges

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 recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss within other finance income or finance expense. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold. See notes 27.1 and 27.2 for further details.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the statement of profit or loss and are included in other finance income or finance expense.

Further details of derivative financial instruments are disclosed in note 35.

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 following revised Standards and the Interpretations adopted in these financial statements (effective January 1, 2019).

IFRS 16 - Leases

The Group adopted the standard as of January 1, 2019 under the modified retrospective approach. IFRS 16 replaces IAS 17 and sets the principles for recognition, measurement, presentation of leases, specifying the requirements for disclosures of lessees and lessors more extensive than under IAS 17. The main difference in the Group's consolidated financial statements is that IFRS 16 introduces a single lessee accounting model and requires a lessee for lease contracts to recognize right-of-use assets (RoU), see note 17 and lease obligations, see note 28.

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

- An entity is required to use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty.
- An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.
- An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty, when there is uncertainty over income tax.

The impact on the statement of financial position due to implementation of IFRS 16 and IFRIC 23 is disclosed in note 42.

Other amendments and interpretations

Other amendments and interpretations applicable for the first time in 2019 have no material impact on the consolidated financial statements of the Group.

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.

Impairment tests assets
Dufry annually tests goodwill and intangible assets with indefinite useful lives and assesses other non-financial assets for impairment indications. Where required, the company performs impairment tests which are based on the discounted value models of future cash flows. The underlying calculation requires the use of estimates. The estimates and assumptions used are disclosed in note 18.1.1 and 18.1.3.

Onerous contracts
Some of the long-term lease agreements 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 the business behind such a contract presents a non-profitable outlook. In this event, an impairment of the tangible, intangible and Right-of-Use assets may be required, or even a provision based on the present value of the unavoidable future negative cash flows expected is established. The unavoidable costs are the lower of the costs of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. Further details are given in note 32.

Income taxes
Dufry is active in numerous jurisdictions which makes it subject to local income tax. Significant judgment is required in determining the taxability of certain transactions based on the local tax regulations. In case of uncertainties for some transactions in relation with the correct tax treatment, Dufry recognizes a tax expense and a liability for the amounts required to settle the estimated tax obligations. Where the final tax outcome is different from the carrying amounts, such difference will impact the net profit in the period in which the obligations become certain. Further details are given in notes 14 and 31.

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 credits can be utilized. Management judgment is required to determine the amount of future taxable profits that can be generated in each jurisdiction, and the limitations in use of the respective tax credits to calculate 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 31.

Provisions
Management makes assumptions in relation to the expected outcome and required 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 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 25.

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 carrying values.

Consolidation of entities where Dufry has control, but holds 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 26 and 26.1 as well as the list "Most important subsidiaries" in the financial statements of Dufry AG.

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

Certain new accounting standards and interpretations were issued that are not effective for 2019. Dufry will adopt these when they become mandatory. From the current point of view they are not expected to have a material impact in future reporting periods.

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 Global Executive Committee, using geographical segments and the distribution centers as an additional segment.

As of January 1, 2019 Dufry merged the division Southern Europe and Africa with the division UK, Central Europe and Eastern Europe into one division Europe and Africa. All the remaining structure remained equal. The comparative figures have been presented accordingly to reflect these changes.

The list of most important subsidiaries indicates the entities consolidated in each segment in the financial statements of Dufry AG.

Following the adoption of the new lease standard, the Group is presenting as alternative performance indicator an Adjusted Operating Profit to its chief operating decision maker. This indicator is calculated from the operating profit plus amortizations of intangible assets identified during previous acquisitions. The Group discontinued the adjusted EBITDA concept.

	TURNOVER				
2019 IN MILLIONS OF CHF	**with external customers**	**with other divisions**	**TOTAL**	**ADJUSTED OPERATING PROFIT (unaudited)**	**EMPLOYEES (FTE) (unaudited)**
Europe and Africa	3,850.9	–	3,850.9	334.1	10,015
Asia Pacific & Middle East	1,274.9	–	1,274.9	96.4	4,644
North America	1,935.8	–	1,935.8	150.0	8,776
Central & South America	1,536.1	–	1,536.1	170.6	7,329
Distribution Centers	250.9	1,595.1	1,846.0	16.6	572
Total divisions	**8,848.6**	**1,595.1**	**10,443.7**	**767.7**	**31,336**
Eliminations	–	(1,595.1)	(1,595.1)	–	–
Dufry	**8,848.6**	**–**	**8,848.6**	**767.7**	**31,336**

	TURNOVER				
2018 IN MILLIONS OF CHF	**with external customers**	**with other divisions**	**TOTAL**	**ADJUSTED OPERATING PROFIT (unaudited)**	**EMPLOYEES (FTE) (unaudited)**
Europe and Africa	3,828.2	–	3,828.2	343.4	9,821
Asia Pacific & Middle East	1,153.6	–	1,153.6	122.2	3,588
North America	1,884.4	–	1,884.4	104.5	9,372
Central & South America	1,617.0	–	1,617.0	101.0	6,899
Distribution Centers	201.7	1,463.5	1,665.2	10.3	584
Total divisions	**8,684.9**	**1,463.5**	**10,148.4**	**681.4**	**30,264**
Eliminations	–	(1,463.5)	(1,463.5)	–	–
Dufry	**8,684.9**	**–**	**8,684.9**	**681.4**	**30,264**

Dufry generated 5.4 % (2018: 3.9%) of its turnover with external customers in Switzerland (domicile).

Adjusted Operating Profit

IN MILLIONS OF CHF	NOTE	2019	2018[1]
Operating profit / (loss)		**432.8**	**369.2**
Adjusted for:			
Amortization of concession rights*	18	308.9	310.1
Impairment of concession rights*	18	26.0	2.1
Adjusted operating profit		**767.7**	**681.4**

* Related to acquisitions.
[1] Restated for comparability purposes.

Financial Position and other disclosures

31.12.2019 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX (EXPENSE) / INCOME	CAPITAL EXPENDITURE PAID	DEPRECIATION AND AMORTIZATION
Europe and Africa	5,554.7	2,661.0	(30.9)	(81.0)	(817.5)
Asia Pacific & Middle East	1,427.3	1,025.4	(1.7)	(35.4)	(255.5)
North America	2,863.6	1,533.7	(14.4)	(72.5)	(361.1)
Central & South America	2,421.7	915.8	(20.1)	(38.1)	(316.6)
Distribution Centers	773.9	390.9	(4.8)	(3.1)	(5.8)
Total divisions	**13,041.2**	**6,526.8**	**(71.9)**	**(230.1)**	**(1,756.5)**
Unallocated positions	317.7	3,724.1	(6.3)	(23.3)	(20.5)
Dufry	**13,358.9**	**10,250.9**	**(78.2)**	**(253.4)**	**(1,777.0)**

31.12.2018 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX (EXPENSE) / INCOME	CAPITAL EXPENDITURE PAID	DEPRECIATION AND AMORTIZATION
Europe and Africa	4,257.1	1,100.2	(44.6)	(92.0)	(239.3)
Asia Pacific & Middle East	606.5	201.8	(3.1)	(24.9)	(41.2)
North America	1,338.9	234.1	(3.2)	(67.9)	(126.2)
Central & South America	1,419.6	306.7	(13.7)	(47.9)	(144.1)
Distribution Centers	1,183.1	339.7	(8.0)	(6.7)	(2.3)
Total divisions	**8,805.2**	**2,182.5**	**(72.6)**	**(239.4)**	**(553.1)**
Unallocated positions	585.4	3,866.4	(26.2)	(16.1)	(18.8)
Dufry	**9,390.6**	**6,048.9**	**(98.8)**	**(255.5)**	**(571.9)**

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Operating assets	**13,041.2**	**8,805.2**
Current assets of corporate and holding companies[1]	(312.8)	(175.3)
Non-current assets of corporate and holding companies	630.5	760.7
Total assets	**13,358.9**	**9,390.6**

[1] Includes notional Cash Pool overdrafts at Headquarter.

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Operating liabilities	**6,526.8**	**2,182.5**
Borrowings of corporate and holding companies, current	0.2	–
Borrowings of corporate and holding companies, non-current	3,591.9	3,754.0
Other non-segment liabilities	132.0	112.4
Total liabilities	**10,250.9**	**6,048.9**

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

2019 TRANSACTIONS

6.1 ACQUISITION OF REGSTAER M LLC, RUSSIA

RegStaer M Ltd. operates at the Vnukovo airport in Moscow a retail concession running for 15 years consisting of 6,800 square meters of duty-free and duty-paid shops offering a broad assortment of core duty free products, complemented with a selection of fashion and accessories. In 2019, the company generated net sales of CHF 83.7 (EUR 76.3) million, both unaudited figures, and an operating profit of CHF 9.0 (EUR 8.2) million. With this acquisition, Dufry is now present in all the airports of Moscow.

On November 6, 2019, the Group acquired 60% of RegStaer M LLC ("Vnukovo") through its majority owned (51%) subsidiary Dufry Staer Holding Ltd for a total consideration partially contributed in shares, equivalent to CHF 80.2 (EUR 73.7) millions. The transaction was closed in November 2019, when the Group obtained control and the required regulatory approvals. The acquisition was accounted for using the acquisition method. The transaction costs in relation to this acquisition amounted to CHF 0.3 (EUR 0.3) million. The non-controlling interests, resulting from the transaction was measured at the proportionate share in the identifiable net assets.

Dufry will integrate this company with its remaining operations in Russia into a subdivision which will generate synergies, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill is not amortized, is not tax deductible and is subject to annual impairment testing.

The fair value of the identifiable assets and liabilities of RegStaer M, LLC at the date of the acquisition are determined preliminary as the company is in the process of verifying the values. These values are as follows:

	PRELIMINARY FAIR VALUE AT NOVEMBER 6, 2019	
IN MILLIONS OF	CHF	EUR
Inventories	16.7	15.4
Other current assets	1.5	0.5
Property, plant and equipment	10.9	10.1
Right-of-use assets	7.7	7.1
Concession rights	95.4	87.7
Trade payables	(3.3)	(3.0)
Lease obligations	(7.7)	(7.1)
Provisions	(2.0)	(1.8)
Other liabilities	(4.9)	(3.9)
Deferred tax liabilities	(19.2)	(17.6)
Identifiable net assets	**95.1**	**87.4**
Non-controlling interests (40.0 %)	38.0	35.0
Dufry's share in the net assets (60.0 %)	57.0	52.4
Goodwill	23.1	21.3
Consideration in cash	41.3	38.0
Consideration in shares[1]	38.9	35.7
Total consideration	**80.2**	**73.7**

[1] The fair value of the shares contributed by the partner of Dufry Staer Holding are derived from Dufry's transaction.

From the date when Dufry took control of RegStaer M, LLC operations in November 2019 until December 2019 these operations contributed CHF 12.4 (EUR 11.3) million in turnover and CHF 1.6 (EUR 1.4) million, in operating profit to the consolidated statement of profit or loss (both unaudited figures).

As part of the transaction, the Group entered into put and call options with the non-controlling interest holder Dufry Staer Holding Ltd which mainly provide to our partner after a holding period of three years the option to sell its non-controlling interest (49 %) subject to the completion of certain contractual conditions for a fair value of the entity to be determined upon exercise of the option.

The put option was accounted for as a liability in these financial statements and valued to the respective portion of the fair value of Dufry Staer Holding. The difference between this value and the eliminated non-controlling interest was booked against the reserve for transactions with non-controlling interest in the Group's equity.

6.2 BROOKSTONE

On October 10, 2019, the Group acquired the business and assets related to the operations in Brookstone airport stores in the U.S.. Hudson obtained the license to use the Brookstone brand and trademarks. Brookstone sells a unique selection of innovative products in the categories travel, wellness, home and entertainment for a net consideration of CHF 7.4 (USD 7.4) million. Brookstone has been integrated to the Hudson Group. Through this acquisition, Hudson Group expects to expand the business and to generate cost synergies through the integration of Brookstone into its marketing and supply chain as well as support functions, which are reflected in the value of the goodwill besides other intangibles like concession rights (CHF 5.5 (USD 5.5) million determined preliminary) that are recognized individually. The result in goodwill is not amortized but is tax deductible and will be subject to annual impairment testing. The Group incurred in transaction costs in relation to this acquisition of CHF 0.5 (USD 0.5) million.

6.3 CASH FLOWS USED FOR BUSINESS COMBINATIONS, NET OF CASH

2019 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	NET CASH FLOW
RegStaer M Ltd	(41.3)	0.3	(41.0)
Brookstone Group	(7.1)	–	(7.1)
TOTAL	**(48.4)**	**0.3**	**(48.1)**

6.4 ACQUISITIONS TRANSACTION EXPENSES

Dufry incurred in transaction expenses related to acquisitions in the amount of CHF 2.9 million.

2018 TRANSACTIONS

There were no transactions during 2018.

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2019	2018
Perfumes and Cosmetics	2,744.4	2,694.6
Food, Confectionery and Catering	1,566.2	1,490.9
Wine and Spirits	1,427.0	1,311.4
Luxury goods	1,074.9	1,094.9
Tobacco goods	988.4	995.0
Electronics	194.7	186.1
Literature and Publications	171.0	188.7
Other	443.2	494.2
Total	**8,609.8**	**8,455.8**

Net sales by market sector:

IN MILLIONS OF CHF	2019	2018
Duty-free	5,260.4	5,182.3
Duty-paid	3,349.4	3,273.5
Total	**8,609.8**	**8,455.8**

Net sales by channel:

IN MILLIONS OF CHF	2019	2018
Airports	7,587.9	7,597.0
Border, downtown and hotel shops	295.3	275.3
Cruise liners and seaports	306.1	255.1
Railway stations and other	420.5	328.4
Total	**8,609.8**	**8,455.8**

8. LEASE EXPENSES

IN MILLIONS OF CHF	2019	2018
Lease expenses relating to variable lease payments[1]	(1,277.2)	(2,512.5)
Lease expenses relating to variable lease payments - MAG complement	(102.9)	–
Lease expenses short term contracts	(5.2)	–
Lease expenses low value contracts	(1.4)	–
Sublease income	13.8	17.8
Total	**(1,372.9)**	**(2,494.7)**

[1] Not included in the measurement of lease obligations.

Most lease contracts require as compensation the higher of two amounts: a) a percentage of sales or b) a fixed minimal guaranteed amount (MAG). The fair value of these MAG commitments over the contractual term are presented usually as right-of-use assets and expensed as depreciation. Lease payments exceeding the MAG are presented as lease expenses and are normally calculated as a percentage of sales. Other lease contracts require only variable payments, which are fully presented as lease expense. For the following year, the Group estimates that the lease expenses may be between 14 % and 16 % of net sales.

Variable lease expense approximates the related cash flows due to the short payment term characteristic of these contracts.

9. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2019	2018
Salaries and wages	(980.0)	(919.2)
Social security expenses	(147.6)	(144.0)
Retirement benefits	(22.0)	(20.2)
Other personnel expenses	(93.7)	(91.8)
Total	**(1,243.3)**	**(1,175.2)**

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2019	2018
Depreciation of Property, Plant and Equipment	(184.2)	(178.1)
Impairment of Property, Plant and Equipment	(19.7)	(24.2)
Subtotal (note 16 Property, Plant and Equipment)	**(203.9)**	**(202.3)**
Depreciation of RoU	(1,170.3)	–
Subtotal (note 17 Right-of-use Assets)	**(1,170.3)**	**–**
Amortization of Intangibles	(368.2)	(367.4)
Impairment of Intangibles	(34.6)	(2.2)
Subtotal (note 18 Intangible Assets)	**(402.8)**	**(369.6)**
Total	**(1,777.0)**	**(571.9)**

Aggregated information of impairments per division (segment)

	2019		2018	
IN MILLIONS OF CHF	Property, Plant and Equipment	Intangible Assets	Property, Plant and Equipment	Intangible Assets
Europe and Africa	(8.1)	(9.6)	(9.7)	(2.1)
Asia Pacific & Middle East	(0.5)	(1.0)	–	–
North America	(4.1)	–	(14.5)	(0.1)
Central & South America	(7.0)	(24.0)	–	–
Total	**(19.7)**	**(34.6)**	**(24.2)**	**(2.2)**

There have been no reversals of impairments during 2019 or 2018.

In 2019, the Company recognized impairment of depreciable and amortizable assets. The main events affecting the European locations were a low passenger development together with missing implementation of new international flight connections, and in one case a postponed refurbishment of an airport. The locations in South America were affected by a drop of purchase power from departing passengers leading to a reduced average spend per passengers and the delayed expansion of an airport.

11. OTHER EXPENSES

IN MILLIONS OF CHF	2019	2018
Repairs, maintenance and utilities	(91.4)	(84.7)
Credit card expenses	(115.2)	(111.3)
Professional advisor expenses	(59.7)	(62.8)
IT expenses	(51.0)	(47.1)
Freight & packaging material	(46.7)	(14.1)
Other operational expenses	(53.2)	(69.9)
Advertising expenses	(31.8)	(31.4)
Office and admin expenses	(31.2)	(32.0)
Travel, car, entertainment and representation	(29.8)	(33.0)
Franchise fees and commercial services	(27.1)	(22.4)
Public relations expenses	(24.3)	(22.8)
Taxes, other than income tax expense	(21.9)	(10.0)
Ancillary premises expenses	(16.4)	(70.5)
Insurances	(13.6)	(12.1)
Bank expenses	(5.5)	(6.1)
Total	**(618.8)**	**(630.2)**

12. OTHER INCOME

IN MILLIONS OF CHF	2019	2018
Sales tax recovery[1]	64.4	–
Selling income	24.0	25.2
Other operating income	33.2	20.3
Total	**121.6**	**45.5**

[1] In September 2019, a decision of the Federal Court in Rio de Janeiro in a lawsuit between one of our Brazilian subsidiaries and the Brazilian federal tax authority became final and non-appealable, consequently Dufry assessed the recovery of these amounts as virtually certain and will claim back certain indirect tax payments made since 2009.

13. FINANCE INCOME AND FINANCE EXPENSES

FINANCE INCOME

IN MILLIONS OF CHF	2019	2018
INCOME ON FINANCIAL ASSETS		
Interest income on current deposits	28.5	21.8
Gain on modification of financing arrangements	16.3	–
Other finance income	26.0	36.2
Interest income on financial assets	**70.8**	**58.0**
INCOME ON NON-FINANCIAL ASSETS		
Interest income	**0.3**	**6.7**
INCOME FROM FINANCIAL INVESTMENTS AND ASSOCIATES		
Share of result in associates	0.4	3.8
Gain on disposal of financial investments	0.2	–
Income from financial investments and associates	**0.6**	**3.8**
Total finance income	**71.7**	**68.5**
FINANCE EXPENSES		
EXPENSES ON FINANCIAL LIABILITIES		
Interest expense	(348.7)	(162.6)
of which lease interest	(187.7)	–
of which bank interest	(144.8)	(153.3)
of which bank commitment fees	(4.6)	(4.9)
of which bank guarantees commission expense	(3.6)	(3.0)
of which related to other financial liabilities[1]	(8.0)	(1.4)
Amortization / write off of arrangement fees	(10.2)	(6.0)
Other finance costs	(25.7)	(26.3)
Interest expense on financial liabilities	**(384.6)**	**(194.9)**
EXPENSES ON NON-FINANCIAL LIABILITIES		
Interest expense	(2.4)	(3.1)
Interest and other finance expenses	**(2.4)**	**(3.1)**
Total finance expenses	**(387.0)**	**(198.0)**
Foreign exchange gain / (loss)	**(9.2)**	**(5.5)**
Financial result	**(324.5)**	**(135.0)**

[1] Of which CHF 4.7 million correspond to credit card factoring expenses.

14. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

IN MILLIONS OF CHF	2019	2018
Current Income tax expense	(108.7)	(125.9)
of which corresponding to the current period	(110.3)	(128.5)
of which adjustments recognized in relation to prior years	1.6	2.6
Deferred Income tax expense	30.5	27.1
of which related to the origination or reversal of temporary differences	30.2	18.3
of which adjustments recognized in relation to prior years	9.0	5.6
of which relates to foreign exchange movements[1]	(10.7)	(9.4)
of which adjustments due to change in tax rates	2.0	12.6
Total	**(78.2)**	**(98.8)**

[1] In countries where Dufry pays taxes in another currency than the functional currency, deferred tax assets and liabilites are impacted by foreign exchange fluctuations. These changes are presented as income tax.

IN MILLIONS OF CHF	2019	2018
Consolidated profit / (loss) before taxes	108.3	234.2
Expected tax rate in %	20.7%	21.1%
Income tax at the expected rate	(22.4)	(49.4)
EFFECT OF		
Income not subject to income tax	0.4	5.8
Different tax rates for subsidiaries in other jurisdictions	12.3	14.8
Effect of changes in tax rates on previously recognized deferred tax assets and liabilities	2.0	12.6
Non-deductible expenses	(7.5)	(11.3)
Change of unrecognized tax loss carry-forwards	(32.5)	(52.9)
Net change of revision of estimates on the taxability / deductibility of temporary differences[1]	(25.5)	1.2
Non recoverable withholding taxes	(8.6)	(12.0)
Income taxes in non-controlling interest holders	8.6	9.4
Adjustments recognized in relation to prior year	10.8	8.2
Foreign exchange movements on deferred tax balances[2]	(10.7)	(9.4)
Other items[3]	(5.1)	(15.8)
Total	**(78.2)**	**(98.8)**

[1] In 2019 this included CHF 14.1 million deferred tax assets based on timing differences arising from IFRS 16.
[2] In countries where Dufry pays taxes in another currency than the functional currency, deferred tax assets and liabilities are impacted by foreign exchange fluctuations between the functional and local currencies. These changes are included in the group's tax expense line.
[3] In 2018 Other items includes CHF 13.5 capital gain taxes resulting from internal restructuring in connection with the IPO of our North American division.

The expected tax rate in % approximates the average income tax rate of the countries where the Group is active, weighted by the profit before taxes of the respective operations.

For 2019, the most important change in tax rate related to a revised tax reform in Greece, reduced the rate to 24% for the years 2019 and following, resulting in a deferred tax gain of CHF 4.1 million. The tax reform in Switzerland had overall no material impact on the group's deferred tax positions.

For 2018, the most important change in tax rate related to the reduction of the federal US corporate income tax rate. A gradual tax rate change of the Greek current income tax rate from 29% to 25% was enacted in December 2018, which resulted in a deferred tax income of CHF 11.6 million.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME OR IN EQUITY

IN MILLIONS OF CHF	2019	2018
RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Actuarial gains / (losses) on defined benefit plans	1.7	(1.8)
Total	**1.7**	**(1.8)**
RECOGNIZED IN EQUITY		
Tax effect on share-based payments[1]	2.8	5.3
Total	**2.8**	**5.3**

[1] Includes CHF 1.2 (2018: 1.3) million as equity attributable to non-controlling interests.

15. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2019 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Remeasurement of post-employment benefits plans	(16.1)	–	–	–	(16.1)	0.1	(16.0)
Income tax effect	1.7	–	–	–	1.7	–	1.7
Subtotal	**(14.4)**	**–**	**–**	**–**	**(14.4)**	**0.1**	**(14.3)**
Exchange differences on translating foreign operations	–	–	(7.2)	–	(7.2)	(3.3)	(10.5)
Subtotal	**–**	**–**	**(7.2)**	**–**	**(7.2)**	**(3.3)**	**(10.5)**
Net gain / (loss) on hedge of net investment in foreign operations	–	–	1.8	–	1.8	–	1.8
Subtotal	**–**	**–**	**1.8**	**–**	**1.8**	**–**	**1.8**
Changes in the fair value of equity investments at FVOCI	–	0.3	–	–	0.3	–	0.3
Subtotal	**–**	**0.3**	**–**	**–**	**0.3**	**–**	**0.3**
Share of other comprehensive income of associates	–	–	(0.4)	–	(0.4)	–	(0.4)
Subtotal	**–**	**–**	**(0.4)**	**–**	**(0.4)**	**–**	**(0.4)**
Other comprehensive income	**(14.4)**	**0.3**	**(5.8)**	**–**	**(19.9)**	**(3.2)**	**(23.1)**

2018 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Remeasurement of post-employment benefits plans	10.6	–	–	–	10.6	–	10.6
Income tax effect	(1.8)	–	–	–	(1.8)	–	(1.8)
Subtotal	**8.8**	**–**	**–**	**–**	**8.8**	**–**	**8.8**
Exchange differences on translating foreign operations	–	–	(76.0)	–	(76.0)	1.7	(74.3)
Subtotal	**–**	**–**	**(76.0)**	**–**	**(76.0)**	**1.7**	**(74.3)**
Net gain / (loss) on hedge of net investment in foreign operations	–	–	17.1	–	17.1	–	17.1
Subtotal	**–**	**–**	**17.1**	**–**	**17.1**	**–**	**17.1**
Changes in the fair value of equity investments at FVOCI	–	(0.3)	–	–	(0.3)	–	(0.3)
Subtotal	**–**	**(0.3)**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Share of other comprehensive income of associates	–	–	0.3	–	0.3	–	0.3
Subtotal	**–**	**–**	**0.3**	**–**	**0.3**	**–**	**0.3**
Other comprehensive income	**8.8**	**(0.3)**	**(58.6)**	**–**	**(50.1)**	**1.7**	**(48.4)**

16. PROPERTY, PLANT AND EQUIPMENT

2019 IN MILLIONS OF CHF	LEASEHOLD IMPROVE-MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Balance at January 1	**627.7**	**49.7**	**396.0**	**47.0**	**7.6**	**62.9**	**1,190.9**
Business combinations	11.4	–	–	–	–	1.1	12.5
Additions	69.9	2.1	40.0	11.2	1.3	70.4	194.9
Disposals	(46.2)	(0.3)	(32.7)	(5.5)	(0.8)	(3.6)	(89.1)
Reclassification within classes	(17.7)	3.1	85.5	3.7	0.1	(74.7)	–
Reclassification to intangible assets	–	–	–	(1.4)	–	–	(1.4)
Currency translation adjustments	(11.2)	(1.7)	2.5	0.6	(0.1)	(0.3)	(10.2)
Balance at December 31	**633.9**	**52.9**	**491.3**	**55.6**	**8.1**	**55.8**	**1,297.6**
ACCUMULATED DEPRECIATION							
Balance at January 1	**(291.0)**	**(17.4)**	**(189.7)**	**(11.8)**	**(4.4)**	**–**	**(514.3)**
Additions (note 10)	(86.9)	(5.2)	(76.8)	(14.1)	(1.2)	–	(184.2)
Disposals	35.1	0.2	24.5	5.0	0.7	–	65.5
Reclassification within classes	35.3	–	(36.3)	1.0	–	–	–
Reclassification to intangible assets	–	–	–	(0.1)	–	–	(0.1)
Currency translation adjustments	5.9	0.6	(4.2)	(0.9)	–	–	1.4
Balance at December 31	**(301.6)**	**(21.8)**	**(282.5)**	**(20.9)**	**(4.9)**	**–**	**(631.7)**
IMPAIRMENT							
Balance at January 1	**(17.6)**	**(0.2)**	**(13.7)**	**(0.8)**	**–**	**–**	**(32.3)**
Impairment (note 10)	(17.1)	–	(2.4)	(0.2)	–	–	(19.7)
Disposals	6.5	–	5.5	0.2	–	–	12.2
Currency translation adjustments	0.7	–	0.3	–	–	–	1.0
Balance at December 31	**(27.5)**	**(0.2)**	**(10.3)**	**(0.8)**	**–**	**–**	**(38.8)**
CARRYING AMOUNT							
At December 31, 2019	**304.8**	**30.9**	**198.5**	**33.9**	**3.2**	**55.8**	**627.1**

2018 IN MILLIONS OF CHF	LEASEHOLD IMPROVE-MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Balance at January 1	**569.2**	**43.3**	**439.2**	**71.4**	**8.4**	**58.6**	**1,190.1**
Additions	48.2	0.6	24.4	12.6	1.1	111.1	198.0
Disposals	(31.5)	(4.5)	(95.9)	(41.9)	(1.9)	(0.8)	(176.5)
Reclassification within classes	48.4	12.0	35.5	8.5	0.1	(104.5)	–
Reclassification to intangible assets	–	–	–	(2.7)	–	–	(2.7)
Currency translation adjustments	(6.6)	(1.7)	(7.2)	(0.9)	(0.1)	(1.5)	(18.0)
Balance at December 31	**627.7**	**49.7**	**396.0**	**47.0**	**7.6**	**62.9**	**1,190.9**
ACCUMULATED DEPRECIATION							
Balance at January 1	**(237.7)**	**(15.6)**	**(213.8)**	**(40.7)**	**(5.2)**	**–**	**(513.0)**
Additions (note 10)	(84.3)	(4.7)	(74.5)	(13.4)	(1.2)	–	(178.1)
Disposals	29.5	2.4	92.5	41.7	1.9	–	168.0
Reclassification within classes	(1.5)	–	1.5	–	–	–	–
Reclassification to intangible assets	–	–	–	0.2	–	–	0.2
Currency translation adjustments	3.0	0.5	4.6	0.4	0.1	–	8.6
Balance at December 31	**(291.0)**	**(17.4)**	**(189.7)**	**(11.8)**	**(4.4)**	**–**	**(514.3)**
IMPAIRMENT							
Balance at January 1	**(3.7)**	**(0.2)**	**(5.1)**	**(0.2)**	**–**	**–**	**(9.2)**
Impairment (note 10)	(14.8)	–	(8.8)	(0.6)	–	–	(24.2)
Disposals	0.5	–	–	–	–	–	0.5
Currency translation adjustments	0.4	–	0.2	–	–	–	0.6
Balance at December 31	**(17.6)**	**(0.2)**	**(13.7)**	**(0.8)**	**–**	**–**	**(32.3)**
CARRYING AMOUNT							
At December 31, 2018	**319.1**	**32.1**	**192.6**	**34.4**	**3.2**	**62.9**	**644.3**

Cash flow used for purchase of property, plant and equipment

IN MILLIONS OF CHF	2019	2018
Payables for capital expenditure at the beginning of the period	(32.7)	(36.8)
Additions of property, plant and equipment	(194.9)	(198.0)
Payables for capital expenditure at the end of the period	28.2	32.7
Currency translation adjustments	0.1	0.4
Total Cash Flow	**(199.3)**	**(201.7)**

17. RIGHT-OF-USE ASSETS

2019	SHOPS	OTHER BUILDINGS	VEHICLES	OTHER	TOTAL
AT COST					
Balance at January 1 at inception of IFRS 16 (note 42)	**4,620.9**	**171.2**	**3.8**	**1.0**	**4,796.9**
Business combinations (note 6)	3.3	7.7	–	–	11.0
Additions	790.0	37.0	0.9	0.5	828.4
Disposals[1]	(79.3)	(0.6)	–	–	(79.9)
Currency translation adjustments	(83.0)	(2.7)	(0.1)	(0.1)	(85.9)
Balance at December 31	**5,251.9**	**212.6**	**4.6**	**1.4**	**5,470.5**
ACCUMULATED DEPRECIATION					
Balance at January 1 at inception of IFRS 16	**–**	**–**	**–**	**–**	**–**
Additions (note 10)	(1,135.1)	(33.3)	(1.3)	(0.6)	(1,170.3)
Disposals[1]	2.6	0.1	–	–	2.7
Currency translation adjustments	24.4	0.7	0.1	–	25.2
Balance at December 31	**(1,108.1)**	**(32.5)**	**(1.2)**	**(0.6)**	**(1,142.4)**
CARRYING AMOUNT					
At December 31, 2019	**4,143.8**	**180.1**	**3.4**	**0.8**	**4,328.1**

[1] Early termination of leases.

18. INTANGIBLE ASSETS

2019 IN MILLIONS OF CHF	CONCESSION RIGHTS Acquisition related	 Plain	BRANDS	OTHER	TOTAL	GOODWILL
AT COST						
Balance at January 1	**4,716.9**	**205.3**	**274.4**	**289.3**	**5,485.9**	**2,603.1**
Adjustment on IFRS 16 implementation (see note 42)	**–**	**(6.8)**	**–**	**–**	**(6.8)**	**–**
Adjusted Balance at January 1	**4,716.9**	**198.5**	**274.4**	**289.3**	**5,479.1**	**2,603.1**
Business combinations (note 6)	100.8	–	–	0.1	100.9	23.1
Additions (note 18.1.4)	–	9.6	–	40.1	49.7	–
Disposals	–	(0.8)	–	(4.5)	(5.3)	–
Reclassification from property, plant & equipment	–	–	–	1.4	1.4	–
Currency translation adjustments	(53.2)	3.9	(3.7)	(2.4)	(55.4)	(13.3)
Balance at December 31	**4,764.5**	**211.2**	**270.7**	**324.0**	**5,570.4**	**2,612.9**
ACCUMULATED AMORTIZATION						
Balance at January 1	**(1,648.5)**	**(66.4)**	**(3.3)**	**(174.0)**	**(1,892.2)**	**–**
Adjustment on IFRS 16 implementation (see note 42)	**–**	**3.2**	**–**	**–**	**3.2**	**–**
Adjusted Balance at January 1	**(1,648.5)**	**(63.2)**	**(3.3)**	**(174.0)**	**(1,889.0)**	**–**
Additions (note 10)	(308.9)	(21.5)	–	(37.8)	(368.2)	–
Disposals	–	0.8	–	4.1	4.9	–
Reclassification from property, plant & equipment	–	–	–	0.1	0.1	–
Currency translation adjustments	27.0	(1.4)	–	1.4	27.0	–
Balance at December 31	**(1,930.4)**	**(85.3)**	**(3.3)**	**(206.2)**	**(2,225.2)**	**–**
IMPAIRMENT						
Balance at January 1	**(76.9)**	**–**	**–**	**–**	**(76.9)**	**(1.6)**
Impairment (note 10)	(26.0)	–	–	(8.6)	(34.6)	–
Disposals	(0.1)	–	–	–	(0.1)	–
Currency translation adjustments	2.3	–	–	0.2	2.5	–
Balance at December 31	**(100.7)**	**–**	**–**	**(8.4)**	**(109.1)**	**(1.6)**
CARRYING AMOUNT						
At December 31, 2019	**2,733.4**	**125.9**	**267.4**	**109.4**	**3,236.1**	**2,611.3**

[1] In 2019, concession rights are newly broken down in acquisition related and in plain. As of January 1, 2019 concession rights with indefinite useful lives of CHF 45.2 million have been reclassified to finite lived intangibles.

In 2019, Dufry has reviewed if the criteria of indefinite useful lives is still valid for certain concession rights. Based on the experience with other similar cases in Asia, Dufry decided to reclassify the concession right as with finite useful lives and amortize the concession rights over the remaining useful life. This change in estimate resulted in an increase of amortization charge of CHF 2.0 million per year as of 2019.

2018 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	 Finite lives	BRANDS	OTHER	TOTAL	GOODWILL
AT COST						
Balance at January 1	**46.9**	**4,984.1**	**278.2**	**255.8**	**5,565.0**	**2,670.6**
Additions (note 18.1.4)	–	8.8	–	39.2	48.0	–
Disposals	–	(2.1)	–	(12.0)	(14.1)	–
Reclassification	–	(4.9)	–	4.9	–	–
Reclassification from property, plant & equipment	–	–	–	2.7	2.7	–
Currency translation adjustments	(1.7)	(108.9)	(3.8)	(1.3)	(115.7)	(67.5)
Balance at December 31	**45.2**	**4,877.0**	**274.4**	**289.3**	**5,485.9**	**2,603.1**
ACCUMULATED DEPRECIATION						
Balance at January 1	**–**	**(1,408.4)**	**(3.3)**	**(147.6)**	**(1,559.3)**	**–**
Additions (note 10)	–	(331.7)	–	(35.7)	(367.4)	–
Disposals	–	2.0	–	8.6	10.6	–
Reclassification from property, plant and equipment	–	–	–	(0.2)	(0.2)	–
Currency translation adjustments	–	23.2	–	0.9	24.1	–
Balance at December 31	**–**	**(1,714.9)**	**(3.3)**	**(174.0)**	**(1,892.2)**	**–**
IMPAIRMENT						
Balance at January 1	**–**	**(76.6)**	**–**	**–**	**(76.6)**	**(1.6)**
Impairment (note 10)	–	(2.2)	–	–	(2.2)	–
Disposals	–	0.1	–	–	0.1	–
Currency translation adjustments	–	1.8	–	–	1.8	–
Balance at December 31	**–**	**(76.9)**	**–**	**–**	**(76.9)**	**(1.6)**
CARRYING AMOUNT						
At December 31, 2018	**45.2**	**3,085.2**	**271.1**	**115.3**	**3,516.8**	**2,601.5**

18.1 IMPAIRMENT TEST OF INTANGIBLE ASSETS

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.

18.1.1 Impairment test of goodwill

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to the following groups of 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	31.12.2019	31.12.2018
Europe and Africa	1,527.9	1,513.2
Asia Pacific & Middle East	86.8	87.5
North America	311.2	306.1
Central & South America	643.7	652.7
Distribution Centers	41.7	42.0
Total carrying amount of goodwill	**2,611.3**	**2,601.5**

The recoverable amounts of each group of cash generating unit (GCGU) 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 retail industry reports. The financial results of the distribution centers have been broken down by GCGU 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 (%)	2019	2018	2019	2018	2019	2018
Europe and Africa	6.95	6.57	8.06	7.47	3.3 – 5.4	3.1 – 4.9
Asia Pacific and Middle East	8.27	8.76	9.35	10.06	4.9 – 7.3	6.0 – 10.6
North America	7.39	7.13	10.32	8.91	1.9 – 7.4	4.9 – 5.7
Central and South America	8.66	9.11	10.33	10.14	4.4 – 5.9	4.3 – 6.3

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 – 0.32 %, EUR 0.25 %, USD 2.17 % (2018: CHF – 0.21 %, EUR 0.30 %, USD 2.18 %).

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

	2019	2018
Beta factor	1.01	0.97

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 CGU to materially fall below the carrying amount, except for the goodwill allocated to the division Central and South America, where the carrying amount would exceed the value in use by CHF 206.8 million, if the interest rate increases by 1%, or by CHF 151.2 million if the sales drop 1%, or by CHF 183.1 million if the operating profit margin is 1% lower.

18.1.2 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
- Lease expense and lease payments
- Discount rates

Sales growth

Sales growth is based on passenger 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 cash generating unit.

Growth rates used to extrapolate

For the period after 5 years, Dufry has used growth rates between 0.0%–2.0% (2018: 1.0%–2.0%) 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 2020. 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.

Lease expense and lease payments

The company uses a lease database to project future fix payments and estimate variable lease payments based on expected sales developments. Where the contractual terms of certain operations comes to an end during the budget period, the company has analyzed the renewal conditions and the market situation and assumed renewals where the situation / conditions are favorable.

Discount rates

Several factors affect the discount rates:

- For the borrowings 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 group of GCGU.
- For the equity part, a 5% equity risk premium is added to the base rate commented above and adjusted by the Beta factor 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.

18.1.3 Brands

While at corporate level the Group is recognized under the name of Dufry, for retail purposes, it is applying several brands including, among others, Dufry, Hudson, World Duty Free, Nuance, Hellenic Duty Free, Colombian Emeralds, Duty Free Caribbean, do Brasil or 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 (%)	2019	2018	2019	2018	2019	2018
Dufry	0.30	0.31	6.88	7.36	2.1 – 9.8	0.1 – 4.7
Hudson News	1.10	1.10	7.39	7.16	1.9 – 8.4	4.5 – 5.7
Colombian Emeralds	1.89	1.70	12.20	7.88	2.5 – 20.2	(3.3) – 3.7
Nuance	0.32	0.33	6.23	6.20	2.5 – 3.8	3.6 – 17.7
World Duty Free	0.33	0.32	6.25	6.19	2.5 – 3.8	3.6 – 5.4

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

18.1.4 Cash flows used for purchase of intangible assets

IN MILLIONS OF CHF	2019	2018
Payables for capital expenditure at January 1	(4.7)	(11.3)
Additions of intangible assets	(49.7)	(48.0)
Payables for capital expenditure at December 31	0.2	4.7
Currency translation adjustments	0.1	0.8
Total Cash Flow	**(54.1)**	**(53.8)**

19. INVESTMENTS IN ASSOCIATES

This includes mainly Lojas Francas de Portugal SA which operates duty-paid and duty-free shops in the airport of Lisbon, as well as other locations in Portugal.

These investments are accounted for using the equity method.

Summarized statement of financial position

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	31.12.2019
Cash and cash equivalents	4.3	11.4	15.7
Other current assets	27.7	13.8	41.5
Non-current assets	61.3	10.3	71.6
Other current liabilities	(28.5)	(20.0)	(48.5)
Non-current liabilities	(12.3)	(5.9)	(18.2)
Net assets	**52.5**	**9.6**	**62.1**
Proportion of Dufry's ownership	49%		
Dufry's share of the equity	**25.7**	**6.2**	**31.9**

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	31.12.2018
Cash and cash equivalents	10.0	3.5	13.5
Other current assets	22.2	11.7	33.9
Non-current assets	53.9	10.2	64.1
Other current liabilities	(26.7)	(12.0)	(38.7)
Non-current liabilities	–	(5.6)	(5.6)
Net assets	**59.4**	**7.8**	**67.2**
Proportion of Dufry's ownership	49%		
Dufry's share of the equity	**29.1**	**6.5**	**35.6**

Summarized statement of comprehensive income

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	2019
Turnover	302.2	44.3	346.5
Depreciation, amortization and impairment	(17.6)	(0.8)	(18.4)
Financial expenses	(0.3)	–	(0.3)
Income tax	(3.1)	(0.2)	(3.3)
Net profit / (loss)	**5.1**	**(0.8)**	**4.3**
OTHER COMPREHENSIVE INCOME			
Items to be reclassified to net income in subsequent periods	(0.5)	(0.1)	(0.6)
Total other comprehensive income	**(0.5)**	**(0.1)**	**(0.6)**
Total comprehensive income	**4.6**	**(0.9)**	**3.7**
DUFRY'S SHARE	49 %		
Net profit / (loss)	2.5	(2.1)	0.4
Total other comprehensive income	(0.3)	(0.1)	(0.4)
Total comprehensive income	**2.2**	**(2.2)**	**–**

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	2018
Turnover	286.4	50.8	337.2
Depreciation, amortization and impairment	(7.6)	(0.3)	(7.9)
Financial expenses	–	(0.4)	(0.4)
Income tax	(4.1)	–	(4.1)
Net profit / (loss)	**8.4**	**(1.4)**	**7.0**
OTHER COMPREHENSIVE INCOME			
Items to be reclassified to net income in subsequent periods	(0.5)	1.1	0.6
Total other comprehensive income	**(0.5)**	**1.1**	**0.6**
Total comprehensive income	**7.9**	**(0.3)**	**7.6**
DUFRY'S SHARE	49 %		
Net profit / (loss)	4.1	(0.3)	3.8
Total other comprehensive income	(0.2)	0.5	0.3
Total comprehensive income	**3.9**	**0.2**	**4.1**

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	OTHER ASSOCIATES	TOTAL
Carrying value at January 1, 2018	**30.9**	**3.0**	**33.9**
Additions	–	3.3	3.3
Net profit / (loss)	4.1	(0.3)	3.8
Dividends received	(5.7)	–	(5.7)
Other comprehensive income	(0.2)	0.5	0.3
Currency translation adjustments	–	(0.0)	(0.0)
Carrying value at December 31, 2018	**29.1**	**6.5**	**35.6**
Additions	–	2.5	2.5
Net profit / (loss)	2.5	(2.1)	0.4
Dividends received	(5.6)	–	(5.6)
Other comprehensive income	(0.3)	(0.1)	(0.4)
Currency translation adjustments	–	(0.6)	(0.6)
Carrying value at December 31, 2019	**25.7**	**6.2**	**31.9**

20. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Guarantee deposits	108.1	102.1
Loans and contractual receivables	34.3	33.9
Lease receivables	7.5	–
Prepayment for leases	56.5	120.9
Tax receivable (note 12)[1]	94.6	–
Other	7.4	5.7
Subtotal	**308.4**	**262.6**
Allowances	(5.3)	(3.0)
Total	**303.1**	**259.6**

[1] Out of this amount, our subsidiary will need to pay a lease obligation of CHF 30 million (note 30). The income is disclosed in the line other income (note 12).

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2019	2018
Balance at January 1	**(3.0)**	**(2.0)**
Creation	(2.8)	(2.6)
Utilized	0.4	1.6
Currency translation adjustments	0.1	–
Balance at December 31	**(5.3)**	**(3.0)**

21. INVENTORIES

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Inventories at cost	1,123.1	1,126.7
Inventory allowance	(73.1)	(64.0)
Total	**1,050.0**	**1,062.7**

Cost of sales includes inventories written down to net realizable value and inventory losses of CHF 39.5 (2018: 30.7) million.

22. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Trade receivables	37.9	47.3
Credit card receivables	12.0	18.6
Gross	**49.9**	**65.9**
Allowances	(5.7)	(3.3)
Net	**44.2**	**62.6**

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Not due	14.7	19.7
OVERDUE		
Up to 30 days	3.0	8.3
31 to 60 days	1.9	7.4
61 to 90 days	1.7	1.4
More than 90 days	16.6	10.5
Total overdue	**23.2**	**27.6**
Trade receivables, gross	**37.9**	**47.3**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Balance at January 1	**(3.3)**	**(1.5)**
Creation	(3.1)	(1.9)
Utilized	0.1	0.1
Reclassification	0.5	–
Currency translation adjustments	0.1	–
Balance at December 31	**(5.7)**	**(3.3)**

23. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Advertising receivables	168.5	146.4
Services provided to suppliers	20.0	60.2
Loans receivable	2.4	4.8
Receivables from subtenants and business partners	3.8	4.8
Personnel receivables	3.4	2.1
Accounts receivables	**198.1**	**218.3**
Prepayments of lease expenses and rents	47.3	108.7
Prepayments of sales and other taxes	108.3	109.4
Prepayments to suppliers	15.6	7.3
Prepayments, other	14.5	15.3
Prepayments	**185.7**	**240.7**
Receivables from subleases	4.7	–
Guarantee deposits	5.7	5.9
Derivative financial assets	8.5	7.6
Accrued income	0.1	0.3
Financial instruments at fair value through other comprehensive income	–	1.7
Other	36.8	19.5
Other receivables	**55.8**	**35.0**
Total	**439.6**	**494.0**
Allowances	(17.6)	(18.2)
Total	**422.0**	**475.8**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Balance at January 1	**(18.2)**	**(17.5)**
Creation	(0.6)	(3.9)
Released	0.8	1.7
Utilized	0.6	1.3
Reclassification	(0.5)	–
Currency translation adjustments	0.3	0.2
Balance at December 31	**(17.6)**	**(18.2)**

24. EQUITY

IN MILLIONS OF CHF	NOTE	31.12.2019	31.12.2018
Attributable to equity holders of the parent			
Share capital	24.1	252.8	269.4
Share premium	24.1	3,475.5	4,060.6
Treasury shares	25.3	(92.5)	(520.8)
Employee benefit reserve	24.3	(32.5)	(18.1)
Hedging and revaluation reserves	24.4	–	(0.3)
Translation reserves	24.5	(329.9)	(324.1)
Retained earnings	24.6	(628.1)	(567.9)
Total		**2,645.3**	**2,898.8**
Non-controlling interests		**462.7**	**442.9**
Total Equity		**3,108.0**	**3,341.7**

24.1 FULLY PAID ORDINARY SHARES

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2018	**53,871,707**	**269.4**	**4,259.3**
Distribution to shareholders	–	–	(198.7)
Balance at December 31, 2018	**53,871,707**	**269.4**	**4,060.6**
Redeemed shares	(3,304,541)	(16.6)	(385.3)
Distribution to shareholders	–	–	(199.8)
Balance at December 31, 2019	**50,567,166**	**252.8**	**3,475.5**

The ordinary general assembly of May 9, 2019 approved a dividend of CHF 4.00 per share and the company paid such dividend of CHF 199.8 million in the second quarter 2019.

The Group announced on April 5, 2018 a share buyback program with a volume up to CHF 400 million. Dufry completed the program on October 31, 2018 and repurchased 3,304,541 Dufry shares (CHF 16.6 million) for cancellation.

24.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2018	**–**	**–**
Balance at December 31, 2018	**–**	**–**
Balance at December 31, 2019	**5,000,000**	**25,000**

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2018	**888,432**	**4,442**
Balance at December 31, 2018	**888,432**	**4,442**
Balance at December 31, 2019	**888,432**	**4,442**

24.3 EMPLOYEE BENEFITS RESERVE

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2018	**(26.9)**		
Remeasurement of post-employment benefit plans	10.6	–	10.6
Income tax	(1.8)	–	(1.8)
Balance at December 31, 2018	**(18.1)**		
Remeasurement of post-employment benefit plans	(16.1)	0.1	(16.0)
Income tax	1.7	–	1.7
Balance at December 31, 2019	**(32.5)**		

24.4 HEDGING AND REVALUATION RESERVES

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2018	**–**	**–**	**–**
Gain / (loss) arising on changes in fair value of financial instruments:			
- Fair value changes of equity investments	(0.3)	–	(0.3)
Balance at December 31, 2018	**(0.3)**	**–**	
Gain / (loss) arising on changes in fair value of financial instruments:			
- Interest rate swaps entered for as cash flow hedges	0.3	–	0.3
Balance at December 31, 2019	**–**	**–**	

24.5 TRANSLATION RESERVES

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2018	**(265.5)**		
Exchange differences arising on translating the foreign operations	(76.0)	1.7	(74.3)
Net gain / (loss) on hedge of net investments in foreign operations[1] (note 27.2)	17.1	–	17.1
Share of other comprehensive income of associates	0.3	–	0.3
Balance at December 31, 2018	**(324.1)**		
Exchange differences arising on translating the foreign operations	(7.2)	(3.3)	(10.5)
Net gain / (loss) on hedge of net investments in foreign operations (note 27.2)	1.8	–	1.8
Share of other comprehensive income of associates	(0.4)	–	(0.4)
Balance at December 31, 2019	**(329.9)**		

[1] 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.

24.6 RETAINED EARNINGS

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2018	**(1,093.7)**		
Profit of the period	71.8	63.6	135.4
Dividends to non-controlling interests	–	(76.2)	(76.2)
Profit on disposal of treasury shares	0.2	–	0.2
Assignment of treasury shares	(14.3)	–	(14.3)
Share-based plan expenses	26.2	5.0	31.2
Income tax on equity transactions	4.0	1.3	5.3
Gain on sale of 42.6% of Hudson Ltd	439.5	206.4	645.9
Other changes in participation of non-controlling interests	(1.6)	15.0	13.4
Balance at December 31, 2018	**(567.9)**		
Profit of the period	(26.5)	56.6	30.1
Dividends to non-controlling interests	–	(73.8)	(73.8)
Assignment of treasury shares	(27.8)	(2.0)	(29.8)
Share-based plan expenses	13.3	0.4	13.7
Income tax on equity transactions	1.6	1.2	2.8
Share capital increase Dufry Columbia	(21.3)	–	(21.3)
Put option held by non-controlling interests	–	(55.7)	
Other changes in participation of non-controlling interests	0.5	96.3	96.8
Balance at December 31, 2019	**(628.1)**		

25. SHARE-BASED PAYMENT PLANS

25.1 SHARE PLAN OF DUFRY AG

On December 12, 2019, Dufry granted to selected members of the senior management the award 2019 consisting of 81,334 performance share units (PSU). The PSU award 2019 has a contractual life of 29 months and will vest on May 2, 2022. At grant date the fair value of one PSU award 2019 represents the market value for one Dufry share at that date, i.e. CHF 97.36. As of December 31, 2019, no PSU award 2019 forfeited and 81,334 PSU award 2019 remain outstanding.

On December 12, 2018, Dufry granted to selected members of the senior management the award 2018 consisting of 136,443 PSU units. The PSU award 2018 has a contractual life of 29 months and will vest on May 1, 2021. At grant date the fair value of one PSU award 2018 represents the market value for one Dufry share at that date, i. e. CHF 91.48. As of December 31, 2019, 6,897 PSU award 2018 forfeited and 129,546 PSU award 2018 remain outstanding.

On December 1, 2017, Dufry granted to the members of the Global Executive Committee and selected members of the senior management the award 2017 consisting of 144,654 PSU units. The PSU award 2017 has a contractual life of 29 months and will vest on May 4, 2020. At grant date the fair value of one PSU award 2017 represents the market value for one Dufry share at that date, i. e. CHF 140.69, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2019, 6,897 PSU award 2017 forfeited, so that 137,757 PSU award 2017 remain outstanding.

Holders of one PSU award 2019, 2018 or 2017 will have the right 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 grant year of award and the following two years compared with the target (2019: CHF 23.82, 2018: CHF 24.27, 2017: CHF 24.98). The Cash EPS equals the basic earnings per share adjusted for amortization of intangible assets identified during business combinations and acquisition transaction expenses. As of 2019, the plan administrator adjusted the cash EPS targets for 2019 and onwards by adjusting it also regarding the interest expense on lease obligation. If at vesting the cumulative adjusted EPS is at target level, each PSU grants one share. If the cumulative adjusted EPS is at 150 % of the target (maximum threshold) or above, each PSU grants 2 shares at vesting, and if the adjusted EPS is at 50 % of the target (minimum threshold) or below, no share will be granted at vesting. If the adjusted 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.

On May 3, 2019, the PSU-award 2016 vested and the company assigned and delivered free of charge 151,931 Dufry shares to the holders of these certificates. The performance of the PSU award 2016 was measured against the target Cash EPS of CHF 24.59 and achieved a pay-out ratio of 1.04 Dufry shares per PSU award 2016.

On January 3, 2019 holders of 82,536 RSU-award 2016 received free of charge one Dufry share per RSU after fulfilling all the contractual conditions.

On May 4, 2020, the PSU-award 2017 will vest and the company estimate to assign and deliver free of charge 130,181 Dufry shares to the holders of these certificates. The performance of the PSU award 2017 measured against the target Cash EPS of CHF 24.98 has achieved a pay-out ratio of 0.945 Dufry shares per PSU award 2017.

25.2 SHARE PLAN OF HUDSON LTD.

On September 10, 2019, Hudson Ltd granted to selected members of its senior management the Hudson- award 2019 consisting of 405,674 PSU's units and 135,243 RSU's units. Both plans have a contractual life of 32 months and will vest on May 2, 2022. At grant date the fair value of one PSU or RSU award 2019 represents the market value for one Hudson share at that date, i. e. CHF 12.23 (USD 12.64), adjusted by the probability that participants comply with the ongoing contractual relationship clauses. As of December 31, 2019, no PSU or RSU Hudson-award 2019 forfeited, so that the remaining 403.806 PSU's and 134.620 RSU Hudson-awards 2019 remain outstanding.

On November 1, 2018, Hudson Ltd granted to selected members of its senior management the Hudson- award 2018 consisting of 435,449 PSU's units and 145,150 RSU's units. Both plans have a contractual life of 30 months and will vest on May 1, 2021. At grant date the fair value of one PSU or RSU award 2018 represents the market value for one Hudson share at that date, i. e. CHF 20.85 (USD 21.06), adjusted by the probability that participants comply with the ongoing contractual relationship clauses As of December 31, 2018, 103,661 PSU or RSU Hudson-award 2018 vested or forfeited, so that the remaining 357,703 PSU's and 119,235 RSU Hudson-awards 2018 remain outstanding.

On June 28, 2018, Hudson Ltd. granted an IPO-award in the form of restricted share units (RSU's) to selected members of management. The IPO-award consists of 526,313 RSU's in total. One RSU gives the holder the right to receive free of charge one Hudson Ltd. Class A common share. At grant date, the fair value of one RSU award represented the market value for one Hudson Ltd. share at that date, i. e. CHF 17.24 (USD 17.39). The RSUs were vested on the grant date and 50 % has been assigned during the first quarter 2019 whereas the remaining 50 % will be settled in the first quarter 2020. Hudson plans to settle remaining share obligations by purchasing Class A common shares in the market or by issuing new shares. Hudson recognized in 2018 CHF 9.0 (USD 9.2 million) expenses related to this award through shareholders' equity as these incentives were provided in connection with the successful listing of Hudson Ltd. As of December 31, 2019, no IPO-award forfeited, and Hudson Ltd expects to assign 238,469 class A common shares to the participants.

The holders of one PSU Hudson award 2019 and 2018 will have the right to receive free of charge up to two Hudson Ltd Class A common share based on the cumulative results achieved by Hudson over a three year period on three performance metrics (PM) against the respective targets measured in USD and thus as follows: 30 % on Sales of CHF 5.937 or USD 6,135 (2018: CHF 5,719 or USD 5,828) million, 30 % on EBITDA of CHF 731 or USD 755 (2018: CHF 694.8 or USD 708) million and 40 % on Cash EPS of CHF 2.21 or USD 2.28 (2018: CHF 2.17 or USD 2.22).

Whereby the Cash EPS equals the basic Earnings per Share adjusted for amortization of intangible assets identified during business combinations and non-recurring effects. As of 2019, the plan administrator adjusted the cash EPS targets for 2019 and onwards by adjusting it also regarding the interest expense on lease payments. If at vesting the effective cumulative PM are at target level, each PSU grants one share. If a cumulative PM is at 150% of the target (maximum threshold) or above, each PSU will grant at vesting the specific PM weight of two shares, and if a PM is at 50% of the PM target (minimum threshold) or below, no share will be granted at vesting. If a PM is between 50% and 150% of the target, the pay-out ratio will be allocated on a linear basis. Finally, the number of shares granted for each PSU will be the sum of the three pay-out ratios. Additionally, the allocation of shares is subject to an ongoing contractual relationship of the participant with Hudson throughout the vesting period. Holders of PSU are not entitled to vote or receive dividends, like shareholders do. The plans consider different rights in case of early termination.

No shares have been assigned yet based on PSU or RSU awards 2018 or 2019, except those commented above in relation to IPO-Award.

In 2019 Dufry recognized through profit and loss for all these share-based plans expenses for a total of CHF 18.1 (2018: 22.2) million.

25.3 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
Balance at January 1, 2018	**84,190**	**(12.5)**
Purchased shares	4,379,541	(549.8)
Share sales	(197,334)	27.2
Assigned to holders of PSU-Awards	(97,308)	14.3
Balance at December 31, 2018	**4,169,089**	**(520.8)**
Redeemed shares	(3,304,541)	401.9
Assigned to holders of PSU / RSU-Awards	(234,467)	26.4
Balance at December 31, 2019	**630,081**	**(92.5)**

25.4 EARNINGS PER SHARE

25.4.1 Earnings per share attributable to equity holders of the parent

Basic

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

IN MILLIONS OF CHF / QUANTITY	2019	2018
Net profit / (loss) attributable to equity holders of the parent	(26.5)	71.8
Weighted average number of ordinary shares outstanding	49,885,624	51,867,767
Basic earnings per share in CHF	**(0.53)**	**1.38**

Diluted

Diluted earnings per share are calculated by dividing the net profits/(loss) 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	2019	2018
Net profit / (loss) attributable to equity holders of the parent	(26.5)	71.8
Weighted average number of ordinary shares outstanding	49,885,624	52,156,991
Diluted earnings per share in CHF	**(0.53)**	**1.38**

25.4.2 Adjusted EPS

Dufry uses the adjusted EPS as an alternative performance indicator (non-IFRS figure). The table below shows how this indicator has been derive at:

IN MILLIONS OF CHF / QUANTITY	NOTE	2019	2018[1]
Net profit / (loss) attributable to equity holders of the parent		(26.5)	(36.1)
ADJUSTED FOR			
Amortization of concession rights*	18	308.9	312.2
Impairment of concession rights*	18	26.0	–
Interest on lease obligation	13	187.7	209.4
Transactions expenses*	6	2.9	12.4
Income tax on above lines		(90.6)	(84.4)
Minority interst on above lines		(59.1)	(59.3)
Adjusted net profit		**349.3**	**354.2**
Weighted average number of ordinary shares outstanding		49,885,624	51,867,767
Adjusted EPS		**7.00**	**6.83**

* related to acquisitions.

[1] restated to make it comparable to the new adjustment concepts 2019.

25.4.3 Weighted average number of ordinary shares

IN THOUSANDS	2019	2018
Outstanding shares	52,441,248	53,871,707
Less treasury shares	(2,555,624)	(2,003,940)
Used for calculation of basic earnings per share	**49,885,624**	**51,867,767**
EFFECT OF DILUTION		
PSU / RSU Awards	–	289,224
Used for calculation of earnings per share adjusted for the effect of dilution	49,885,624	52,156,991

For movements in shares see note 24 Equity and note 25.3 Treasury shares.

26. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

IN MILLIONS OF CHF	NOTE	2019	2018
Hudson Ltd 42.6 % disposed	6	–	206.4
Put Option held by NCI to sell 49 % of Dufry Staer Holding Ltd[1] (note 6.1)	6	(55.7)	–
Dufry DFASS Colombia SAS 49 % acquired		12.1	–
Dufry Cyprus Ltd 30 % acquired (holding of Russian entity)		–	0.3
Other non-controlling interests disposed		(0.7)	–
Change in Dufry's interest		**(44.3)**	**206.7**
RegStaer M Ltd (Vnukovo acqusition) 40 % (note 6.1)	6	38.0	–
Dufry Staer Holding Ltd share capital increase[1] (note 6.1)	6	39.7	–
Brookstone acquisition		0.1	–
Business combinations (see note 6)		**77.8**	**–**
Division North America, increase in share capital of several subsidiaries		4.1	15.1
Duty Free Carribean (Bahamas) Ltd 40 %		1.4	–
Dufry DFASS Colombia SAS share capital increase		1.5	–
Dufry Kenia Ltd share capital increase[1]		–	0.2
Dufry Thomas Julie Korea Co. Ltd share capital increase		0.2	0.2
Dufry TCDC Ltd liquidation (Taiwan)		–	(0.5)
Nuance Group (Bulgaria) AD liquidation		–	(0.2)
Other		(0.1)	(0.1)
Share capital changes		**7.1**	**14.7**
Total		**40.6**	**221.4**

[1] No cash flow effects in current financial period.

26.1 INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

In 2019 Dufry allocated CHF 56.6 (2018: 63.6) million of net profit to non-controlling interests (NCI). Within the Dufry Group, the net earnings allocated to non-controlling interests is predominantly related to Hudson sub-group, totaling CHF 38.7 (2018: 46.3) million. At February 1, 2018 Dufry sold a minority interest in Hudson Ltd. (see note 6), and thereafter holds 57.4 % of the outstanding shares of Hudson Ltd. Hudson Ltd. is a holding company incorporated in Hamilton, Bermuda which is the ultimate parent of various subsidiaries with NCI's (none of which is individually material) in the United States and operates duty free and duty paid shops. Details about the name of these subsidiaries, location of primary operations, Hudson's share in ownership and share capital of these subsidiaries, sorted by country of incorporation, have been disclosed in the list of most important subsidiaries within these financial statements.

Airport authorities in the United States frequently require Dufry group companies to partner with local business partners based on Airport Concession Disadvantaged Business Enterprise ("ACDBE") regulation. Dufry also may partner with third parties to win new business opportunities and maintain existing ones. Consequently, Dufry's business model contemplates the involvement of local partners. Net profits from these operating subsidiaries attributed to Dufry and to non-controlling interests holders reflect the applicable ownership structure, and as a result net profits and dividend payments attributable to non-controlling interests exclude expenses borne by Dufry which are not attributable to the local partners, such as acquisition related interest expenses, income taxes and amortization of intangible assets from acquisitions. More information about Hudson Ltd. is available under www.hudsongroup.com.

31.12.2019 IN MILLIONS OF CHF	HUDSON LTD.	OTHER[1]	TOTAL
Dividends paid to NCI[3]	(39.8)	(30.7)	(70.5)
Current assets	537.0	527.2	1,064.2
of which cash and cash equivalents	307.8	71.4	379.2
Non-current assets	2,203.6	1,146.1	3,349.7
Current liabilities	523.2	520.3	1,043.5
of which financial liabilities	282.3	500.8	783.1
Non-current liabilities	1,589.0	417.5	2,006.5
of which financial liabilities	1,549.7	368.3	1,918.0
Net assets	**628.4**	**735.5**	**1,363.9**
Equity attributable to NCI	310.4	152.3	462.7

31.12.2018 IN MILLIONS OF CHF	HUDSON LTD.	OTHER[1]	TOTAL
Dividends paid to NCI[2]	(38.6)	(31.5)	(70.1)
Current assets	457.1	613.2	1,070.3
of which cash and cash equivalents	229.8	109.3	339.1
Non-current assets	949.9	774.0	1,723.9
Current liabilities	265.8	756.3	1,022.1
of which financial liabilities	50.4	726.7	777.1
Non-current liabilities	523.7	185.2	708.9
of which financial liabilities	483.5	124.2	607.7
Net assets	**617.5**	**445.7**	**1,063.2**
Equity attributable to NCI	310.2	132.7	442.9

[1] Other subsidiaries with non-controlling interests.
[2] NCI's of Hudson.

31.12.2019 IN MILLIONS OF CHF	HUDSON LTD.	OTHER[1]	TOTAL
Turnover	1,935.8	996.5	2,932.3
Depreciation, amortization and impairment	(361.1)	(165.6)	(526.7)
Finance income	4.7	1.7	6.4
Finance expense	(88.5)	(22.5)	(111.0)
Income tax	(14.4)	(10.1)	(24.5)
Net profit / (loss)	46.0	52.0	98.0
of which attributable to NCI[2]	38.7	17.9	56.6
Other comprehensive income	22.2	(12.2)	10.0
Total comprehensive income	68.2	39.8	108.0
of which attributable to NCI	40.5	12.9	53.4

31.12.2018 IN MILLIONS OF CHF	HUDSON LTD.	OTHER[1]	TOTAL
Turnover	1,884.4	1,454.4	3,338.8
Depreciation, amortization and impairment	(126.2)	(80.2)	(206.4)
Finance income	2.5	2.4	4.9
Finance expense	(30.4)	(18.7)	(49.1)
Income tax	(3.2)	(19.8)	(23.0)
Net profit / (loss)	65.0	7.5	72.5
of which attributable to NCI[2]	46.3	17.3	63.6
Other comprehensive income	10.0	(4.1)	5.9
Total comprehensive income	75.0	3.4	78.4
of which attributable to NCI	50.5	14.8	65.3

[1] Other subsidiaries with non-controlling interests.

[2] The net earnings attributable to NCI represent the share the NCI have in the result of the respective subsidiaries prepared on local GAAP's. The net earnings attributable to the Group for these operations represent the remaining part of the net earnings adjusted to comply with IFRS as well as adjusted with the fair value adjustments made at the time of acquisitions.

HUDSON IPO

Prior to the completion of the secondary initial public offering, Dufry International AG created Hudson Ltd, a fully owned subsidiary in Bermuda, to hold all the shares of Dufry America Holding, Inc. the parent entity of the Hudson Group (HG), Inc. in the USA and Canada, as well as The Nuance Group (Canada), Inc. the parent entity of WDFG Vancouver LP. All these operations comprise Dufry's North America division. On January 31, 2018, the initial public offering (IPO) took place where Dufry International AG offered 42.6 % or 39,417,765 Class A common shares of Hudson Ltd at a public offering price of USD 19.00 per share, adding up to a gross income of CHF 697.4 (USD 748.9) million. The underwriting discounts and commissions incurred were CHF 32.2 (USD 34.5) million, resulting in proceeds of CHF 665.2 (USD 714.4) million. The shares began trading on the New York Stock Exchange on February 1, 2018, under the ticker symbol "HUD". Dufry used the proceeds in the first instance to reduce bank debt. The gain of this transaction after transaction expenses amounted to CHF 439.5 million and will have no material income tax effect. After the IPO Dufry retained the control of Hudson Ltd, as the shares offered through the IPO represented less than 50 % of the total in terms of shares or voting rights.

IN MILLIONS OF CHF	USD	CHF
Initial public offering proceeds	748.9	697.4
Underwriting discounts and commissions	(34.5)	(32.2)
Proceeds from sale	714.4	665.2
Transaction cost for financial instruments	(11.1)	(10.3)
IPO award Hudson (see note 24.2)	(9.2)	(9.0)
Net proceeds	**694.1**	**645.9**
Cost of sale of 42.6 % share of investment in Hudson	–	(206.4)
Gain on sale of minority share in Hudson Ltd.	**–**	**439.5**

27. BORROWINGS

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Bank debt overdrafts	8.7	9.4
Bank debt loans	40.5	44.7
Third party loans	4.0	3.9
Borrowings, current	**53.2**	**58.0**
Bank debt loans	1,931.9	2,083.6
Senior Notes	1,658.4	1,675.4
Third party loans	11.9	7.3
Borrowings, non-current	**3,602.2**	**3,766.3**
Total	**3,655.4**	**3,824.3**
OF WHICH ARE		
Bank debt	1,981.1	2,137.7
Senior Notes	1,658.4	1,675.4
Third party loans	15.9	11.2

BANK DEBT

IN MILLIONS OF CHF	31.12.2019	31.12.2018
BANK DEBTS ARE DENOMINATED IN		
US Dollar	677.5	1,324.9
British Pound	1,220.2	563.60
Swiss Franc	50.4	200.4
Subtotal	**1,948.1**	**2,088.9**
BANK DEBTS AT SUBSIDIARIES IN		
Various currencies	49.3	60.0
Deferred arrangement fees	(16.3)	(11.2)
Total	**1,981.1**	**2,137.7**

SENIOR NOTES

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Senior Notes denominated in Euro	1,682.2	1,688.8
Deferred gain on modification of financing arrangements	(15.9)	–
Deferred arrangement fees	(7.9)	(13.4)
Total	**1,658.4**	**1,675.4**

DETAILED CREDIT FACILITIES

Dufry negotiates and manages its main credit facilities centrally.

The bank credit agreements and the bank guarantee facilities 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 2019 and 2018 as well.

Bank credit facilities

IN MILLIONS OF	MATURITY	CURRENCY	CREDIT LIMIT IN FOREIGN CURRENCY	DRAWN AMOUNT IN CHF 31.12.2019	DRAWN AMOUNT IN CHF 31.12.2018
Committed 5-year term loan (multi-currency)	03.11.2022	USD	700.0	677.5	687.0
Committed 5-year term loan (multi-currency)	03.11.2022	EUR	500.0	564.2	551.4
5+1+1-year revolving credit facility (multi-currency)	03.11.2024	EUR	1,300.0	706.4	700.5
Uncommited current facilities	n.a.	CHF	490.7	–	150.0
Total				**1,948.1**	**2,088.9**

Senior notes

IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL IN FOREIGN CURRENCY	AMOUNT IN CHF 31.12.2019	AMOUNT IN CHF 31.12.2018
Senior notes	01.08.2023	4.50 %	EUR	700.0	–	782.0
Senior notes	15.10.2024	2.50 %	EUR	800.0	864.1	893.4
Senior notes	15.02.2027	2.00 %	EUR	750.0	794.3	0.0
Total					**1,658.4**	**1,675.4**

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 for the respective years:

INTEREST RATE IN PERCENTAGE (%)	2019	2018
Average on USD	4.03	3.67
Average on CHF	0.63	1.40
Average on EUR	3.30	3.35
Average on GBP	2.12	2.02
Weighted Average Total	**2.97**	**3.21**

27.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

The following borrowings are designated as hedge in net investment:

		AMOUNT IN HEDGING CURRENCY		AMOUNT IN CHF	
IN MILLIONS OF	CURRENCY	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Dufry do Brasil and other subsidiaries [1]	USD	292.9	292.9	283.4	287.4
Total				**283.4**	**287.4**

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

27.2 NET INVESTMENT IN FOREIGN OPERATIONS

Dufry granted to below mentioned foreign subsidiaries long-term loans. 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.

		HEDGED AMOUNT IN FOREIGN CURRENCY		EQUIVALENT AMOUNT IN CHF	
IN MILLIONS OF	CURRENCY	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Nuance Group (Australia) Pty Ltd.	AUD	121.8	121.8	82.8	84.3
Dufry America Holding Inc.	USD	10.2	10.2	9.9	10.0
Nuance Group (Sverige) AB	SEK	110.0	110.0	11.4	12.2
Dufry Duty Free (Nigeria) Ltd.	USD	6.1	6.1	5.9	6.0
Total				**110.0**	**112.5**

28. LEASE OBLIGATIONS

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Lease obligations, current	1,085.7	–
Lease obligations, non-current	3,319.0	–
Total	**4,404.7**	**–**

29. BORROWINGS AND LEASE OBLIGATIONS, NET

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	LEASE OBLIGATIONS	BORROWINGS CURRENT	BORROWINGS NON-CURRENT	NET DEBT
Balance at January 1, 2019	**538.2**	**–**	**58.0**	**3,766.3**	**3,286.1**
Lease obligation at January 1, 2019 [1]	**–**	**4,784.3**	**–**	**–**	**4,784.3**
Balance including lease obligation at January 1, 2019	**538.2**	**4,784.3**	**58.0**	**3,766.3**	**8,070.4**
Cash flows from operating, financing and investing activities	51.9	–	–	–	(51.9)
Transaction costs for financial instruments	–	–	–	(2.5)	(2.5)
Proceeds from borrowings	–	–	76.7	837.3	914.0
Repayment of borrowings	–	–	(108.9)	(867.8)	(976.7)
Repayments of lease obligations	–	(1,269.5)	–	–	(1,269.5)
Cash flow	**51.9**	**(1,269.5)**	**(32.2)**	**(33.0)**	**(1,386.6)**
Business combinations (note 6)	0.3	11.0	0.6	–	11.3
Additions to lease obligations	–	838.5	–	–	838.5
Interest on lease obligations	–	187.7	–	–	187.7
Arrangement fees amortization	–	–	–	(13.7)	(13.7)
Early termination of lease obligations	–	(78.1)	–	–	(78.1)
Foreign exchange adjustments	(36.9)	(69.2)	26.8	(117.4)	(122.9)
Other non-cash movements	**(36.6)**	**889.9**	**27.4**	**(131.1)**	**822.8**
Balance at December 31, 2019	**553.5**	**4,404.7**	**53.2**	**3,602.2**	**7,506.6**

[1] See footnote 42 Accounting policy changes.

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	BORROWINGS CURRENT	BORROWINGS NON-CURRENT	NET DEBT
Balance at January 1, 2018	**565.0**	**86.8**	**4,165.1**	**3,686.9**
Cash flows from operating, financing and investing activities	(7.0)	–	–	7.0
Transaction costs for financial instruments	–	–	(1.7)	(1.7)
Proceeds from borrowings	–	2.8	161.0	163.8
Repayments of borrowings	–	(41.4)	(436.8)	(478.2)
Cash flow	**(7.0)**	**(38.6)**	**(277.5)**	**(309.1)**
Arrangement fees amortization	–	–	9.8	9.8
Foreign exchange adjustments	(19.8)	9.8	(131.1)	(101.5)
Other non-cash movements	**(19.8)**	**9.8**	**(121.3)**	**(91.7)**
Balance at December 31, 2018	**538.2**	**58.0**	**3,766.3**	**3,286.1**

29.1 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

IN MILLIONS OF CHF	BALANCE BEFORE GLOBAL POOLING	SET-OFF	NET BALANCE
31.12.2019			
Cash and cash equivalents	1,922.7	(1,369.2)	553.5
Borrowings, current	1,422.4	(1,369.2)	53.2
31.12.2018			
Cash and cash equivalents	1,440.6	(902.4)	538.2
Borrowings, current	960.4	(902.4)	58.0

29.2 LEGAL RESTRICTIONS ON MONEY TRANSFER

Cash and cash equivalents at the end of the reporting period include CHF 67.5 (2018: 58.4) million held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

30. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Concession fee payables	200.3	184.8
Other service related vendors	201.0	178.2
Personnel payables	144.9	155.1
Deferred lease expense	108.7	210.2
Sales and other tax liabilities	49.4	72.7
Put option Dufry Staer Holding Ltd (note 6.1)	55.7	–
Financial derivative liabilities - current	24.4	17.3
Lease obligation due to tax refund (further comments on note 12)	30.0	0.2
Payables for capital expenditure	28.4	37.4
Interest payables	14.4	23.7
Payables to local business partners	1.8	1.9
Other payables	56.4	41.4
Total	**915.4**	**922.9**
THEREOF		
Current liabilities	827.1	860.1
Non-current liabilities	88.3	62.8
Total	**915.4**	**922.9**

31. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assest and liabilities arise from the following positions:

IN MILLIONS OF CHF	31.12.2019	31.12.2018
DEFERRED TAX ASSETS		
Inventories	18.2	15.3
Property, plant and equipment	32.1	28.3
Intangible assets	35.1	33.2
Lease obligations	688.6	–
Provisions and other payables	40.5	41.6
Tax loss carry-forward	95.5	96.9
Other	5.4	23.4
Total	**915.4**	**238.7**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(14.7)	(14.1)
Right-of-use assets	(687.8)	–
Intangible assets	(454.1)	(497.7)
Provisions and other payables	(4.3)	(14.3)
Other	(29.2)	(0.1)
Total	**(1,190.1)**	**(526.2)**
Deferred tax liabilities net	**(274.7)**	**(287.5)**

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

IN MILLIONS OF CHF	2019	2018
Deferred tax assets	122.1	138.4
Deferred tax liabilities	(396.8)	(425.9)
Balance at December 31	**(274.7)**	**(287.5)**

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	2019	2018
Changes in deferred tax assets	(16.3)	5.1
Changes in deferred tax liabilities	29.1	40.9
Business combinations (note 6)	19.3	–
Currency translation adjustments	2.9	(15.4)
Deferred tax movements (expense) at December 31	**35.0**	**30.6**
THEREOF		
Recognized in the statement of profit or loss	30.5	27.1
Recognized in equity[1]	2.8	5.3
Recognized in OCI	1.7	(1.8)

[1] Includes CHF 1.2 (2018: 1.3) million recognized as equity attributable to non-controlling interests.

Tax loss carryforward

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 by local law in time (expiration) or in quantity or limited by the ability of the respective subsidiary to generate enough taxable profits in the future.

Deferred tax assets relating to unused tax losses carryforwards or temporary differences are recognized when it is probable that such tax credits can be utilized in future periods by the respective entity in accordance with the approved budget 2020 and the management projections thereafter.

The unrecognized tax losses carryforwards by expiry date are as follows:

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Expiring within 1 to 3 years	103.1	5.7
Expiring within 4 to 7 years	340.5	348.2
Expiring after 7 years	65.0	56.6
With no expiration limit	640.5	731.9
Total	**1,149.2**	**1,142.4**

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.

32. PROVISIONS

IN MILLIONS OF CHF	CONTIN-GENT LIABILITIES	ONEROUS CONTRACTS	CLOSEDOWN	LAWSUITS AND DUTIES	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1 (as previously published)	**46.3**	**33.4**	**5.1**	**33.6**	**4.1**	**14.7**	**137.2**
IFRIC 23 implementation	**(32.8)**	**–**	**–**	**–**	**–**	**–**	**(32.8)**
Balance at January 1 (adjusted)	**13.5**	**33.4**	**5.1**	**33.6**	**4.1**	**14.7**	**104.4**
Business combinations (note 6)	–	–	–	–	–	2.0	2.0
Charge for the year	0.3	20.5	0.6	1.2	0.9	2.2	25.7
Utilized	(0.2)	(16.3)	(0.4)	(4.9)	(1.5)	(0.5)	(23.8)
Unused amounts reversed	(1.4)	–	(2.8)	(5.9)	–	(0.1)	(10.2)
Interest discounted	–	2.0	–	–	–	(0.1)	1.9
Currency translation adjustments	(0.9)	(1.0)	(0.2)	(0.6)	0.1	0.3	(2.3)
Balance at December 31	**11.3**	**38.6**	**2.3**	**23.4**	**3.6**	**18.5**	**97.7**
THEREOF							
Current	–	21.0	2.3	23.4	1.2	8.7	56.6
Non-current	11.3	17.6	–	–	2.4	9.8	41.1

[1] In the context of the implementation of IFRIC 23 uncertain tax positions, CHF 32.8 have been reclassified from provisions for contingent liabilities to income taxes payable to better reflect the economic substance of the position.

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, final expenses may vary from the amounts provisioned.

CONTINGENT LIABILITIES

Contingent liabilities are recognized in connection with business combinations, usually in relation with legal claims, from which the final outcome is difficult to assess.

ONEROUS CONTRACTS

Dufry enters in certain non-cancellable long term lease agreements for shops. If the economic condition to operate such business deteriorates materially, it can happen that the present value of the unavoidable futures cash flows is not enough to cover the carrying amount of the tangible or intangible assets, or even become negative so that the company would need to present a provision for onerous contracts. Estimating these future cash flows requires management to project future sales and operating profits. At balance sheet date, an amount of CHF 38.6 (2018: 33.4) million has been provided in relation to two operations in Europe.

CLOSE DOWN

The provision of CHF 2.3 (2018: 5.1) million relates mainly to two operations in Asia and Europe. In 2019 the Group reversed CHF 2.8 million unused provision mainly in one operation in Europe and several minor locations in Asia, Pacific and Middle East.

LAWSUITS AND DUTIES

The provision for lawsuits and duties of CHF 23.4 (2018: 33.6) million cover uncertainties related to the outcome of law suits in relation to taxes, other than income taxes, duties or other claims in connection with our subsidiaries in India and Brazil. The major cases relate to two subsidiaries in India which still keep open claims (CHF 12.9 million) in relation with customs duties and service taxes. Dufry expects that both cases won't be finally judged in the next year. During 2019 Dufry used the provision for duties in Ecuador an released the one in Turkey.

LABOR DISPUTES

The provision of CHF 3.6 (2018: 4.1) million relates mainly to claims presented by sales staff in Brazil based on disputes due to the termination of temporary labor contracts.

OTHER

Other provisions comprise potential liabilities to cover the cost for restoration of leased shops to their original condition at the end of the lease agreement. The charges for the year are in connection with a loyalty program and a disputed penalty fee due to the close down of a store in a Caribbean Island. The utilization of the year mainly relates to the loyalty program.

CASH OUTFLOWS OF NON-CURRENT PROVISIONS

The cash outflows of non-current provisions as of December 31, 2019 are expected to occur in:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2021	9.9
2022	3.1
2023	0.9
2024	–
2025+	27.2
Total non-current	**41.1**

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 99.5 % (2018: 99.5 %) of the total defined benefit obligation and 99.5 % (2018 99.5 %) of the plan assets correspond to pension funds in Switzerland (CH) and the United Kingdom (UK).

			2019			2018
IN MILLIONS OF CHF	**Funded**	**Unfunded**	**TOTAL**	**Funded**	**Unfunded**	**TOTAL**
SWITZERLAND						
Fair value of plan assets	207.5	–	207.5	189.7	–	189.7
Present value of defined benefit obligation	236.1	–	236.1	205.0	–	205.0
Financial (liability) asset	**(28.6)**	**–**	**(28.6)**	**(15.3)**	**–**	**(15.3)**
UK						
Fair value of plan assets	209.5	–	209.5	182.5	–	182.5
Present value of defined benefit obligation	206.5	–	206.5	177.9	–	177.9
Financial (liability) asset	**3.0**	**–**	**3.0**	**4.6**	**–**	**4.6**
OTHER PLANS						
Fair value of plan assets	2.1	0.2	2.3	2.0	–	2.0
Present value of defined benefit obligation	1.9	18.8	20.7	1.8	18.1	19.9
Financial (liability) asset	**0.2**	**(18.6)**	**(18.4)**	**0.2**	**(18.1)**	**(17.9)**
CARRYING AMOUNT						
Net defined benefit assets	**3.2**	**0.2**	**3.4**	**4.8**	**–**	**4.8**
Employee benefit obligations	**(28.6)**	**(18.8)**	**(47.4)**	**(15.3)**	**(18.1)**	**(33.4)**

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

Reconciliation to the funded plans

		2019		2018
IN MILLIONS OF CHF	**Switzerland**	**UK**	**Switzerland**	**UK**
Net defined (obligation) / asset at January 1	**(15.3)**	**4.6**	**(13.7)**	**(7.7)**
Pension income / (expense) through statement of profit or loss	(7.4)	0.1	(8.0)	(0.2)
Remeasurements through other comprehensive income	(12.0)	(4.1)	0.2	10.0
Contributions paid by employer	6.1	2.1	6.0	2.1
Currency translation	–	0.3	0.2	0.4
Net defined (obligation) / asset at December 31	**(28.6)**	**3.0**	**(15.3)**	**4.6**

33.1 SWITZERLAND

In Switzerland Dufry's pension plan is a cash balance plan where contributions are made by employees and employer based on a percentage of the pensionable salary. The pension plan guarantees the amount accrued on the members saving account, as well as a minimum interest on those savings amounts. At retirement date, the savings account are converted into pensions, or optionally part of the savings can be paid out as a lump sum. The board of trustees on a discretional basis, based on the annual performance and financial situation of the fund can grant increases in pension payment.

LEGAL FRAMEWORK

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 as independent, legally autonomous units, a pension fund. 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 law specifying the minimum benefits that are to be provided. In case of an underfunding, various measures can be taken such as: a) increasing future contributions, b) revising the investment strategy or c) revising the benefits granted above the legally minimal benefits. The BVG law prescribes how the employer and employees have to jointly fund potential restructurings. Under Swiss pension law the employer cannot recover any surplus from the pension foundation.

MAIN RISKS

The main risks to which the pension fund is exposed are: a) mortality risk as if the effective average life result to be longer than the assumptions used based on the official demographic statistics, then pension payments would need to be done for longer periods, b) Market and liquidity risk as if the future rate of return on plan assets is lower to the actual discount rate used to calculate the conversion factor, then additional funds will be needed and c) Death and disability risk as if the amounts or number of effective cases are higher than the indications provided by the demographic statistics this can result in a mismatch of asset-liabilities relation of the pension fund. These risks are regularly monitored by an actuary and the Board of Trustees. The financial situation of the pension fund is presented annually in two reports, in accordance with the requirements of the BVG and IFRS respectively.

ASSET-LIABILITY MANAGEMENT

The Swiss pension fund currently invests in a diverse portfolio of asset classes including equities, bonds, property and alternative investments but do not currently use any more explicit asset-liability matching strategy instruments such as annuity purchase products or longevity swaps. With the investment strategy the board of trustees defines the allocation of asset classes, currencies and other risks, which takes into account requirements from BVG, and the objective of achieving an investment return which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plan, The board of trustees is responsible for the investment of the assets and reviews the investment portfolio from time to time at least once a year. The plan assets are deposited in a global custody bank account, whereby the investments in real estate funds are directly managed by a specialized 3rd party administration.

33.2 UNITED KINGDOM (UK)

Dufry operates another defined benefit pension plan in the UK under specific regulatory frameworks. The Plan has been closed to new members for many years and as well as to existing members. Under the Plan, members are entitled to annual pensions on retirement at age 65 of one sixtieth of revalued pensionable salary for each year of service. Pensionable salary is defined as basic salary less the statutory Lower Earnings limit. The Plan is administered by a separate board of trustees which is legally separate from the Company. The Trustees are comprised of representatives of employer, employees and independent trustees. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regards to assets plus the day to day administration of the scheme. The pension payments are made from the trustee-administered funds; however, where plans are underfunded, the company meets the benefit payment obligation as it falls due.

Cost of defined benefit plans

	2019		2018	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
SERVICE COSTS				
Current service costs	(7.1)	–	(7.5)	–
Fund administration	(0.3)	–	(0.4)	–
Net interest	(0.1)	0.1	(0.1)	(0.2)
Total pension expenses recognized in the statement of profit or loss	**(7.5)**	**0.1**	**(8.0)**	**(0.2)**

The current service costs are included in personnel expenses, whereas fund administration expenses are included in the other expenses.

Remeasurements employee benefits

	2019		2018	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
Actuarial gains (losses) - experience	(4.3)	4.0	(1.3)	(3.1)
Actuarial gains (losses) - demographic assumptions	1.6	(0.4)	–	5.2
Actuarial gains (losses) - financial assumptions	(24.4)	(28.9)	5.4	15.1
Return on plan assets exceeding expected interest	15.1	21.3	(3.9)	(7.2)
Total remeasurements recorded in other comprehensive income	**(12.0)**	**(4.0)**	**0.2**	**10.0**

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

	2019		2018	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
Balance at January 1	**189.7**	**182.5**	**189.7**	**203.8**
Interest income [1]	1.7	5.5	1.5	4.9
Return on plan assets, above interest income	15.2	21.3	(3.9)	(7.2)
Contributions paid by employer	6.2	2.1	6.0	2.1
Contributions paid by employees	3.6	–	3.7	–
Benefits paid	(8.9)	(6.6)	(10.6)	(11.1)
Transfer payment	–	–	3.3	–
Currency translation	–	4.7	–	(10.0)
Balance at December 31	**207.5**	**209.5**	**189.7**	**182.5**

[1] Expected interest income on plan assets based on discount rate. See actuarial assumptions.

Change in present value of defined benefit obligation

	2019		2018	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
Balance at January 1	**205.0**	**177.9**	**203.4**	**211.5**
Current service costs	7.1	–	7.5	–
Interest costs	1.8	5.4	1.5	5.1
Contributions paid by employees	3.6	–	3.7	–
Accrual of expected future administration costs	0.3	–	0.4	–
Actuarial losses / (gains) - experience	4.4	(3.9)	1.3	3.1
Actuarial losses / (gains) - demographic assumptions	(1.6)	0.4	–	(5.2)
Actuarial losses / (gains) - financial assumptions	24.4	28.9	(5.4)	(15.1)
Benefits paid	(8.9)	(6.6)	(10.6)	(11.1)
Past service cost - plan amendments	–	–	–	–
Transfer payment	–	–	3.2	–
Currency translation	–	4.4	–	(10.4)
Balance at December 31	**236.1**	**206.5**	**205.0**	**177.9**
Net defined benefit (obligation) / asset at December 31	**(28.6)**	**3.0**	**(15.3)**	**4.6**

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:

	2019		2018	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK
Discount rates	0.25	2.10	0.90	3.00
Future salary increases	1.50	–	1.50	–
Future pension increases	0.25	1.80	0.25	1.80
Average retirement age (in years)	64	65	64	65
Mortality table (generational tables)	2015	2018	2015	2016

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

Plan asset structure

The structure of categories of plan assets is as follows:

	2019		2018	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK
Shares	37.4	33.4	34.5	33.3
Bonds	20.2	–	22.1	0.0
Real estates	38.0	–	42.6	–
Other [1]	4.4	66.6	0.8	66.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] 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 and alternative investments in Switzerland which are fair-value-level 3 (significant unobservable inputs) representing 27.7 % (2018 27.7 %) 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 these pension plans.

Plan participants

IN THOUSAND OF CHF	2019 Switzerland	2019 UK	2018 Switzerland	2018 UK
ACTIVE PARTICIPANTS				
Number at December 31 (participants)	751	–	774	–
Average annual plan salary	84.0	–	82.0	–
Average age (years)	42.0	–	41.5	–
Average benefit service (years)	12.3	–	10.8	–
DEFERRED PARTICIPANTS				
Number at December 31 (participants)	–	1,114	–	1,194
Average annual plan pension	–	5.0	–	5.3
BENEFIT RECEIVING PARTICIPANTS				
Number at December 31 (participants)	150	1,095	150	1,053
Average annual plan pension	25.0	4.3	24.0	4.0

IN MILLIONS OF CHF	2020 Switzerland	2020 UK	2019 Switzerland	2019 UK
EXPECTED CASH FLOW FOR				
Contribution Employer	5.4	2.1	5.6	2.2
Contribution Employees	3.2	–	3.2	–
Weighted average duration of defined benefit obligation (years)	21.3	19.0	20.2	19.0

IN MILLIONS OF CHF	2019 Switzerland	2019 UK	2018 Switzerland	2018 UK
MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION				
Expected payments within 1 year	7.1	5.0	6.9	4.9
Expected payments in year 2	6.9	5.9	6.7	5.1
Expected payments in year 3	6.7	6.0	6.6	6.0
Expected payments in year 4	7.6	6.3	6.4	6.0
Expected payments in year 5	7.0	6.7	7.4	5.5
Expected payments in year 6 and beyond	32.1	32.2	32.4	30.4

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:

2019 IN MILLIONS OF CHF	SWITZERLAND Increase	 Decrease	UK Increase	 Decrease
A CHANGE OF 0.5 % IN THE FOLLOWING ASSUMPTIONS WOULD IMPLY				
Discount rate	(19.1)	24.4	–	20.6
Salary rate	4.5	(4.4)	–	–

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	2020 Switzerland	 UK
Current service cost	7.6	–
Fund administration expenses	0.3	–
Net interest expenses	0.1	0.1
Costs to be recognized in the statement of profit or loss	**8.0**	**0.1**

34. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

Except as detailed in the 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, 2019 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2019 USING Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	CARRYING AMOUNTS
ASSETS MEASURED AT FAIR VALUE					
Derivative financial assets					
Foreign exchange forward contracts - USD	0.2		0.2		0.2
Foreign exchange swaps contracts - EUR	3.5		3.5		3.5
Foreign exchange swaps contracts - OTHER	0.1		0.1		0.1
Cross currency swaps contracts - GBP	1.2		1.2		1.2
Options - USD	3.4		3.4		3.4
Total (Note 37.3)	**8.4**		**8.4**		**8.4**
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Credit card receivables	11.7		11.7		12.0

DECEMBER 31, 2018 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2018 USING Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	CARRYING AMOUNTS
ASSETS MEASURED AT FAIR VALUE					
Derivative financial assets					
Foreign exchange forward contracts - USD	0.2		0.2		0.2
Foreign exchange swaps contracts - USD	0.5		0.5		0.5
Foreign exchange swaps contracts - EUR	4.5		4.5		4.5
Foreign exchange swaps contracts - OTHER	0.9		0.9		0.9
Cross currency swaps contracts - USD	1.0		1.0		1.0
Cross currency swaps contracts - GBP	0.5		0.5		0.5
Total (Note 37.3)	**7.6**		**7.6**		**7.6**
Financial assets valued at FVOCI					
Equity investments at FVOCI	1.7	1.7	–		1.7
Total (Note 37.3)	1.7		–		1.7
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Credit card receivables	18.1		18.1		18.6

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

Quantitative disclosures fair value measurement hierarchy for liabilities

DECEMBER 31, 2019 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2019 USING Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	CARRYING AMOUNTS
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange forward contracts - OTHER	0.1		0.1		0.1
Foreign exchange swaps contracts - EUR	2.9		2.9		2.9
Cross currency swaps contracts - GBP	15.7		15.7		15.7
Put option Dufry Staer Holding Ltd	55.7			55.7	55.7
Other options	3.7		3.7		3.7
Total (Note 37.3 and note 6.1)	**78.1**		**22.4**	**55.7**	**78.1**
Financial liabilities valued at FVPL					
Interest rate swaps	2.0		2.0		2.0
Total (Note 38.1)	**2.0**		**2.0**		**2.0**
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes EUR 800	892.6	892.6			864.1
Senior Notes EUR 750	823.2	823.2			794.3
Total	**1,715.8**	**1,715.8**			**1,658.4**
Floating rate borrowings USD	716.8		716.8		671.8
Floating rate borrowings CHF	53.4		53.4		50.0
Floating rate borrowings GBP	1,068.1		1,068.1		1,210.0
Total	**1,838.3**		**1,838.3**		**1,931.8**

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

DECEMBER 31, 2018 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2018 USING Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	CARRYING AMOUNTS
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange forward contracts - USD	0.5		0.5		0.5
Foreign exchange forward contracts - OTHER	1.5		1.5		1.5
Cross currency swaps contracts - USD	5.9		5.9		5.9
Cross currency swaps contracts - GBP	6.7		6.7		6.7
Total (Note 37.3)	**14.6**		**14.6**		**14.6**
Financial liabilities valued at FVPL					
Interest rate swaps	2.7		2.7		2.7
Total (Note 38.1)	**2.7**		**2.7**		**2.7**
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes EUR 800	857.8	857.8			893.4
Senior Notes EUR 700	805.0	805.0			782.0
Total	**1,662.8**	**1,662.8**			**1,675.4**
Floating rate borrowings USD	1,368.5		1,368.5		1,317.8
Floating rate borrowings CHF	201.4		201.4		199.3
Floating rate borrowings GBP	583.4		583.4		560.6
Total	**2,153.3**		**2,153.3**		**2,077.7**

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

35. 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 investments, 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.

35.1 GEARING RATIO

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

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Cash and cash equivalents	(553.5)	(538.2)
Borrowings, current	53.2	58.0
Borrowings, non-current	3,602.2	3,766.3
Borrowings, net	**3,101.9**	**3,286.1**
Equity attributable to equity holders of the parent	2,645.3	2,898.8
ADJUSTED FOR		
Accumulated hedged gains / (losses)	(64.1)	(62.3)
Effects from transactions with non-controlling interests [1]	1,375.7	1,355.1
Total capital [2]	**3,956.9**	**4,191.6**
Total net debt and capital	**7,058.8**	**7,477.7**
Gearing ratio	**43.9 %**	**43.9 %**

[1] Represents the excess paid (received) above fair value on shares acquired (sold) from non-controlling interests 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.

35.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2019

	FINANCIAL ASSETS					
IN MILLIONS OF CHF	at amortized cost	at FVOCI (non-recyclable)	at FVPL	SUBTOTAL	NON-FINANCIAL ASSETS[1]	TOTAL
Cash and cash equivalents	553.5	–	–	553.5	–	553.5
Trade and credit card receivables	44.2	–	–	44.2	–	44.2
Other accounts receivable	226.7	–	8.5	235.2	186.8	422.0
Other non-current assets	238.2	–	0.2	238.4	64.5	302.9
Total	**1,062.6**	**–**	**8.7**	**1,071.3**		

	FINANCIAL LIABILITIES					
IN MILLIONS OF CHF	at amortized cost		at FVPL	SUBTOTAL	NON-FINANCIAL LIABILITIES[1]	TOTAL
Trade payables	645.6		–	645.6	–	645.6
Borrowings, current	53.2		–	53.2	–	53.2
Lease obligations, current	1,085.7		–	1,085.7	–	1,085.7
Other liabilities	749.2		24.4	773.6	53.5	827.1
Borrowings, non-current	3,642.3		–	3,642.3	(40.1)	3,602.2
Lease obligations, non-current	3,319.0		–	3,319.0	–	3,319.0
Other non-current liabilities	88.3		–	88.3	–	88.3
Total	**9,583.3**		**24.4**	**9,607.7**		

[1] Non-financial assets or non-financial liabilities comprise prepaid expenses (Incl. deferred bank fees set off from borrowings) and deferred income, which will not generate a cash outflow or inflow as well as other tax positions.

AT DECEMBER 31, 2018

	FINANCIAL ASSETS					
IN MILLIONS OF CHF	Loans and receivables	at FVOCI (non-recyclable)	at FVPL	SUBTOTAL	NON-FINANCIAL ASSETS	TOTAL
Cash and cash equivalents	538.2	–	–	538.2	–	538.2
Financial instruments at fair value through profit and loss	–	1.7	–	1.7	–	1.7
Trade and credit card receivables	62.6	–	–	62.6	–	62.6
Other accounts receivable	220.0	–	7.6	227.6	246.5	474.1
Other non-current assets	134.9	–	–	134.9	124.7	259.6
Total	**955.7**	**1.7**	**7.6**	**965.0**		

	FINANCIAL LIABILITIES					
IN MILLIONS OF CHF	at amortized cost		at FVPL	SUBTOTAL	NON-FINANCIAL LIABILITIES	TOTAL
Trade payables	640.4		–	640.4	–	640.4
Borrowings, current	58.0		–	58.0	–	58.0
Other liabilities	761.4		17.3	778.7	81.4	860.1
Borrowings, non-current	3,790.9		–	3,790.9	(24.6)	3,766.3
Other non-current liabilities	1.1		–	1.1	61.7	62.8
Total	**5,251.8**		**17.3**	**5,269.1**		

35.3 NET INCOME BY IFRS 9 VALUATION CATEGORY

Financial Assets at December 31, 2019

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVOCI (NON-RECYCLABLE)	AT FVPL	TOTAL
Interest income	28.4	–	0.1	28.5
Other finance income	2.1	–	40.2	42.3
From interest	**30.5**		**40.3**	**70.8**
Foreign exchange gain (loss)[1]	(59.6)	–	32.5	(27.1)
Impairments / allowances[2]	(6.7)	–	–	(6.7)
Total – from subsequent valuation	**(66.3)**	**–**	**32.5**	**(33.8)**
Net (expense) / income	**(35.8)**	**–**	**72.8**	**37.0**

Financial Liabilities at December 31, 2019

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVPL	TOTAL
Interest expenses and arrangement fees	(352.1)	–	(352.1)
Other finance expenses	(0.7)	(18.2)	(18.9)
From interest	**(352.8)**	**(18.2)**	**(371.0)**
Foreign exchange gain (loss)[1]	70.4	(53.8)	16.6
Total – from subsequent valuation	**70.4**	**(53.8)**	**16.6**
Net (expense) / income	**(282.4)**	**(72.0)**	**(354.4)**

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

[2] This position includes net income / expense from released impairments, allowances or recoveries during the period less the increase of impairments or allowances.

Financial Assets at December 31, 2018

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVOCI (NON-RECYCLABLE)	AT FVPL	TOTAL
Interest income	21.7	–	0.1	21.8
Other finance income	0.3	–	35.9	36.2
From interest	**22.0**	**–**	**36.0**	**58.0**
Foreign exchange gain (loss) [1]	(57.1)	–	9.5	(47.6)
Impairments / allowances [2]	(2.1)	–	–	(2.1)
Total – from subsequent valuation	**(59.2)**	**–**	**9.5**	**(49.7)**
Net (expense) / income	**(37.2)**	**–**	**45.5**	**8.3**

Financial Liabilities at December 31, 2018

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVPL	TOTAL
Interest expenses and arrangement fees	(168.6)	–	(168.6)
Other finance expenses	(5.4)	(20.9)	(26.3)
From interest	**(174.0)**	**(20.9)**	**(194.9)**
Foreign exchange gain (loss) [1]	68.2	(26.0)	42.2
Total – from subsequent valuation	**68.2**	**(26.0)**	**42.2**
Net (expense) / income	**(105.8)**	**(46.9)**	**(152.7)**

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

[2] This position includes net income / expense from released impairments, allowances or recoveries during the period less the increase of impairments or allowances.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES

As a global retailer, Dufry has worldwide activities which are 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 and 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.

37. 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 impact on statement of profit or loss 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.

37.1 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.

37.2 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, 2019						
Monetary assets	2,072.6	336.2	297.9	122.2	513.0	3,341.9
Monetary liabilities	2,067.7	1,050.7	1,425.3	289.8	451.7	5,285.2
Net currency exposure before foreign currency contracts and hedging	**4.9**	**(714.5)**	**(1,127.4)**	**(167.6)**	**61.3**	**(1,943.3)**
Foreign currency contracts	(329.4)	696.9	1,111.0	219.1	(74.2)	1,623.4
Hedging	267.7	–	–	–	(94.2)	173.5
Net currency exposure	**(56.8)**	**(17.6)**	**(16.4)**	**51.5**	**(107.1)**	**(146.4)**
DECEMBER 31, 2018						
Monetary assets	1,314.0	1,086.9	215.6	23.3	454.1	3,093.9
Monetary liabilities	2,261.6	1,706.0	728.1	32.2	277.5	5,005.4
Net currency exposure before hedging	**(947.6)**	**(619.1)**	**(512.5)**	**(8.9)**	**176.6**	**(1,911.5)**
Foreign currency contracts	543.1	527.7	501.0	15.2	(16.2)	1,570.8
Hedging	271.4	–	–	–	(96.5)	174.9
Net currency exposure	**(133.1)**	**(91.4)**	**(11.5)**	**6.3**	**63.9**	**(165.8)**

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 currency exposure of Dufry entities at December 31 of the respective year. The values and risk disclosed here are the hedged and remaining net currency exposure assuming a 5% appreciation of the CHF against all other currencies.

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

IN MILLIONS OF CHF	31.12.2019	31.12.2018
Effect on profit or loss based on USD	2.8	6.7
Other comprehensive income based on USD	13.4	13.6
Effect on profit or loss based on EUR	0.9	4.6
Effect on profit or loss based on GBP	0.8	0.6
Effect on profit or loss based on BRL	(2.6)	–

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2019	31.12.2018
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	3,341.9	3,093.9
less intercompany financial assets in foreign currencies	(2,847.4)	(2,874.7)
Third party financial assets held in foreign currencies	494.5	219.2
Third party financial assets held in reporting currencies	576.8	745.8
Total third party financial assets [1]	**1,071.3**	**965.0**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	5,285.2	5,005.4
less intercompany financial liabilities in foreign currencies	(1,607.0)	(1,167.0)
Third party financial liabilities held in foreign currencies	3,678.2	3,838.4
Third party financial liabilities held in reporting currencies	5,929.5	1,430.7
Total third party financial liabilities [1]	**9,607.7**	**5,269.1**

[1] See note 35.2 Categories of financial instruments.

37.3 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 2019, 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, 2019 compared to previous year.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
December 31, 2019	2,893.9	8.4	22.4
December 31, 2018	2,044.7	7.6	14.6

38. 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.

38.1 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. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
December 31, 2019	677.5	–	2.0
December 31, 2018	687.0	–	2.7

38.2 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 2019 would decrease by CHF 39.0 (2018: decrease by CHF 37.0) million.

38.3 ALLOCATION OF FINANCIAL ASSETS AND LIABILITIES TO INTEREST CLASSES

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2019	**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	0.5%	1.5%	71.6	39.5	111.1	442.4	553.5
Trade and credit card receivables			–	–	–	44.2	44.2
Other accounts receivable	1.1%	6.3%	0.4	0.2	0.6	234.6	235.2
Other non-current assets	6.1%	2.0%	27.9	2.6	30.5	207.9	238.4
Financial assets			**99.9**	**42.3**	**142.2**	**929.1**	**1,071.3**
Trade payables			–	–	–	645.5	645.5
Borrowings, current	2.6%	4.3%	48.3	4.3	52.6	0.6	53.2
Other liabilities			–	–	–	773.6	773.6
Borrowings, non-current	2.9%	2.3%	1,948.1	1,694.2	3,642.3	–	3,642.3
Lease obligations	1.6%	4.2%	2.6	4,402.2	4,404.8	–	4,404.8
Other non-current liabilities			–	–	–	88.3	88.3
Financial liabilities			**1,999.0**	**6,100.7**	**8,099.7**	**1,508.0**	**9,607.7**
Net financial liabilities			**1,899.1**	**6,058.4**	**7,957.5**	**578.9**	**8,536.4**

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2018	**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	0.6%	2.5%	214.5	23.6	238.1	300.1	538.2
Trade and credit card receivables			–	–	–	62.6	62.6
Other accounts receivable	1.6%	4.9%	0.5	0.3	0.8	228.5	229.3
Other non-current assets	6.4%	4.0%	37.1	2.1	39.2	95.7	134.9
Financial assets			**252.1**	**26.0**	**278.1**	**686.9**	**965.0**
Trade payables			–	–	–	640.4	640.4
Borrowings, current	5.5%	4.5%	30.7	3.9	34.6	23.4	58.0
Other liabilities			–	–	–	778.7	778.7
Borrowings, non-current	2.8%	3.4%	2,088.0	1,701.9	3,789.9	1.0	3,790.9
Other non-current liabilities			–	–	–	1.1	1.1
Financial liabilities			**2,118.7**	**1,705.8**	**3,824.5**	**1,444.6**	**5,269.1**
Net financial liabilities			**1,866.6**	**1,679.8**	**3,546.4**	**757.7**	**4,304.1**

39. 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.

39.1 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.

40. 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 27).

40.1 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, 2019 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	570.1	19.6	–	–	589.7
Trade and credit card receivables	44.1	0.1	–	–	44.2
Other accounts receivable	214.2	12.5	–	–	226.7
Other non-current assets	2.6	3.1	16.5	241.5	263.7
Total cash inflows	**831.0**	**35.3**	**16.5**	**241.5**	**1,124.3**
Trade payables	644.9	0.7	–	–	645.6
Borrowings, current	48.0	39.0	–	–	87.0
Other liabilities	748.0	1.2	–	–	749.2
Borrowings, non-current	37.1	39.3	144.6	3,762.8	3,983.8
Lease obligations	517.4	568.3	796.3	3,146.1	5,028.1
Other non-current liabilities	–	–	88.3	–	88.3
Total cash outflows	**1,995.4**	**648.5**	**1,029.2**	**6,908.9**	**10,582.0**

AT DECEMBER 31, 2018 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	545.7	19.8	–	–	565.5
Trade and credit card receivables	62.0	0.6	–	–	62.6
Other accounts receivable	219.1	2.7	–	–	221.8
Other non-current assets	2.8	2.9	41.9	90.1	137.7
Total cash inflows	**829.6**	**26.0**	**41.9**	**90.1**	**987.6**
Trade payables	640.4	–	–	–	640.4
Borrowings, current	66.0	9.1	–	–	75.1
Other liabilities	759.9	1.5	–	–	761.4
Borrowings, non-current	59.7	52.9	115.2	4,050.9	4,278.7
Other non-current liabilities	–	–	–	1.1	1.1
Total cash outflows	**1,526.0**	**63.5**	**115.2**	**4,052.0**	**5,756.7**

40.2 REMAINING MATURITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

Dufry holds derivative financial instruments at year-end of net CHF –15.6 millions with maturity below 6 months.

41. 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	2019	2018
PURCHASE OF GOODS FROM		
Hudson RPM, literature and publications	16.5	–
Folli Follie Group, luxury goods[1]	–	1.2
PURCHASE OF SERVICES FROM		
Folli Follie Group, rent of building[1]	–	0.8
Pension Fund Dufry, post-employment benefits	6.1	6.2
ACCOUNTS PAYABLES AT DECEMBER 31		
Hudson RPM	0.1	–
Pension Fund Dufry	0.8	1.6

[1] Folli Follie is a company controlled by George Koutsoulioutsos, a member of the board of directors until June 2018. The values 2018 of Folli Follie correspond to the period January to June 2018.

The transactions with associates are the following:

IN MILLIONS OF CHF	2019	2018
PURCHASE OF SERVICES FROM		
Lojas Francas de Portugal S.A.	(2.7)	(2.3)
Nuance Group (Chicago) LLC	(0.2)	(0.3)
SALES OF SERVICES TO		
Lojas Francas de Portugal S.A.	1.5	2.6
Nuance Basel LLC (Sochi)	0.4	0.5
Nuance Group (Chicago) LLC	0.7	0.9
SALES OF GOODS TO		
Lojas Francas de Portugal S.A.	41.9	38.0
Nuance Basel LLC (Sochi)	3.6	3.5
Nuance Group (Chicago) LLC	1.7	4.2
ACCOUNTS RECEIVABLES AT DECEMBER 31		
Lojas Francas de Portugal S.A.	1.6	6.7
Nuance Basel LLC (Sochi)	10.9	10.7
Nuance Group (Chicago) LLC	1.2	0.8
NCM Brookstone Stores Georiga, LLC	0.4	–
ACCOUNTS PAYABLES AT DECEMBER 31		
Lojas Francas de Portugal S.A.	0.1	0.1
Nuance Group (Chicago) LLC	0.2	0.3

The compensation to members of the Board of Directors and the Global 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	2019	2018
BOARD OF DIRECTORS		
Number of directors	9	11
Current employee benefits	6.2	7.2
Post-employment benefits	0.3	0.3
Total compensation	**6.5**	**7.5**
GLOBAL EXECUTIVE COMMITTEE		
Number of members	10	6
Current employee benefits	16.9	12.0
Post-employment benefits	1.8	1.6
Share-based payments[1]	5.1	8.5
Total compensation	**23.8**	**22.1**

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

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

42. ACCOUNTING POLICY CHANGES

The table below shows the changes in presentation or valuation of the financial positions as of January 1, 2019 after adopting of IFRS 16 and IFRIC 23. The comparative figures presented during 2018 have not been restated as the company applied the modified retrospective approach permitted by IFRS.

This table shows all accounts of the statement of financial position and the effects of the IFRS 16 and IFRIC 23 implementation:

IN MILLIONS OF CHF	2018 AS PUBLISHED	CORRECTIONS	RESTATED BALANCE 01.01.2019
ASSETS			
Property, plant and equipment	644.3	–	644.3
Right-of-use assets	–	4,796.9	4,796.9
Intangible assets	3,516.8	(3.6)	3,513.2
Goodwill	2,601.5	–	2,601.5
Investments in associates	35.6	–	35.6
Deferred tax assets	138.4	–	138.4
Net defined benefit asset	4.8	–	4.8
Other non-current assets	259.6	(53.3)	206.3
Non-current assets	**7,201.0**	**4,740.0**	**11,941.0**
Inventories	1,062.7	–	1,062.7
Trade and credit card receivables	62.6	–	62.6
Other accounts receivable	475.8	(51.6)	424.2
Income tax receivables	50.3	–	50.3
Cash and cash equivalents	538.2	–	538.2
Current assets	**2,189.6**	**(51.6)**	**2,138.0**
Total assets	**9,390.6**	**4,688.4**	**14,079.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	2,898.8	–	2,898.8
Non-controlling interests	442.9	–	442.9
Total equity	**3,341.7**	**–**	**3,341.7**
Borrowings	3,766.3	–	3,766.3
Lease obligations	–	3,707.9	3,707.9
Deferred tax liabilities	425.9	–	425.9
Provisions[1]	82.4	(32.8)	49.6
Post-employment benefit obligations	33.4	–	33.4
Other non-current liabilities	62.8	(61.4)	1.4
Non-current liabilities	**4,370.8**	**3,613.7**	**7,984.5**
Trade payables	640.4	–	640.4
Borrowings	58.0	–	58.0
Lease obligations	–	1,076.4	1,076.4
Income tax payables[1]	64.8	32.8	97.6
Provisions	54.8	–	54.8
Other liabilities	860.1	(34.5)	825.6
Current liabilities	**1,678.1**	**1,074.7**	**2,752.8**
Total liabilities	**6,048.9**	**4,688.4**	**10,737.3**
Total liabilities and shareholders' equity	**9,390.6**	**4,688.4**	**14,079.0**

[1] IFRIC 23 (note 32).

The weighted average incremental borrowing rate (IBR) applied to the lease obligations at the date of initial application was 4.24 %. The IBR for 5 year leases and for 10 year leases was for CHF 1.50 %/1.88 %, for USD 4.48 %/4.59 % and for EUR 1.76 %/2.40 % respectively.

43. STATEMENT OF PROFIT OR LOSS, CHANGE IN ACCOUNTING POLICIES

Dufry reclassified the Statement of Profit or Loss and changed its accounting Policies in order to better reflect the performance of the Group. The comparative figures for 2018 are presented accordingly to reflect the changes.

IN MILLIONS OF CHF	FOOTNOTE	Published 2018	Reclassification	2018
Net sales		8,455.8		8,455.8
Advertising income		229.1		229.1
Turnover		**8,684.9**		**8,684.9**
Cost of sales		(3,489.2)		(3,489.2)
Gross profit		**5,195.7**		**5,195.7**
Selling expenses	1, 7	(2,580.5)	2,580.5	–
Lease expenses	1, 5	–	(2,494.7)	(2,494.7)
Personnel expenses		(1,175.2)	–	(1,175.2)
General expenses	10	(403.5)	403.5	–
Other expenses	10 ,4, 2, 7	–	(630.2)	(630.2)
Other income	3	–	45.5	45.5
Share of result of associates	6	3.8	(3.8)	–
EBITDA (discontinued expression)		**1,040.3**	**–**	**–**
Depreciation, amortization and impairment		(571.9)	–	(571.9)
Linearization	5	(47.7)	47.7	–
Other operational result	2, 3	(49.3)	49.3	–
Operating profit / (loss)		**371.4**	**(2.2)**	**369.2**
Interest income	8	64.7	(64.7)	–
Interest expense	9	(196.4)	196.4	–
Foreign exchange gain / (loss)		(5.5)	–	(5.5)
Finance income	6, 8	–	68.5	68.5
Finance expenses	4, 9	–	(198.0)	(198.0)
Profit / (loss) before taxes		**234.2**	**–**	**234.2**
Income tax		(98.8)		(98.8)
Net profit / (loss)		**135.4**		**135.4**
ATTRIBUTABLE TO				
Non-controlling interests		63.6		63.6
Equity holders of the parent		71.8		71.8
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT IN CHF				
Basic earnings / (loss) per share		1.38		1.38
Diluted earnings / (loss) per share		1.38		1.38

Footnotes

CONCEPT (INCLUDES FINANCIAL IMPACT IN MILLIONS OF CHF)	Reclassification from	Reclassification to	2018
1. Concession fee expenses	Selling expenses	Lease expenses	2,447.0
2. Other operating expenses	Other operational result	Other expenses	94.8
3. Other operating income	Other operational result	Other income	45.5
4. Impairment financial assets	Other expenses	Finance expenses	1.6
5. Linearization	Linearization	Lease expenses	47.7
6. Share of result from associates	Share of result from associates	Finance income	(3.8)
7. Sales related expenses	Selling expenses	Other expenses	133.6
8. Interest income	Interest income	Finance income	(64.7)
9. Interest expenses	Interest expenses	Finance expenses	196.4
10. Other expenses	General expenses	Other expenses	403.5

Building a better working world

To the General Meeting of
Dufry AG, Basel

Basel, March 11, 2020

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 statement of financial position as at December 31, 2019 and the consolidated statement of profit or loss, and the consolidated statements of comprehensive income, changes in equity and 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 116 to 209) give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, 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.

Valuation of goodwill / intangible assets with indefinite useful life

Area of Focus

As of December 31, 2019, the Group has recorded intangibles assets with indefinite useful lives of CHF 2,879 million, of which CHF 2,611 million relate to goodwill. The carrying value of goodwill and other intangible assets with indefinite useful lives is tested annually for impairment. The impairment assessment for goodwill and other intangible assets with indefinite useful lives is dependent on the estimation of future cash flows and the discount rates applied. Due to the significance of the carrying values of goodwill and other intangible assets with indefinite useful lives and the judgment involved in performing the impairment tests, this matter was considered to be significant to our audit. The accounting policies regarding goodwill and other intangible assets with indefinite useful lives applied by the Group are explained in the notes to the consolidated financial statements in sections 2.3a, 2.3o and 2.3q. Further details on intangible assets with indefinite useful lives and the annual impairment tests are disclosed in notes 3, 18 and 18.1 to the consolidated financial statements.

Our audit response

We tested, with the support of our valuation specialists, the appropriateness of the Group's valuation model and evaluated management's key assumptions, including growth rates used in the cash flow projections during the forecast period, the terminal growth rate assumption and the discount rate. Further, we assessed the historical accuracy of management's estimates and considered their ability to produce accurate long-term forecasts. Our work included an evaluation of management's sensitivity analysis on changes to the key assumptions, to quantify the downside changes that could result in an impairment.

Our audit procedures did not lead to any reservations concerning the valuation of goodwill and other intangible assets with indefinite useful lives.

Valuation of concession rights

Area of Focus

As of December 31, 2019, the Group has capitalized concession rights with definite useful lives of CHF 2,859 million. Acquired concession rights are measured at cost as of the date of the acquisition. Concessions rights that were acquired as part of a business combination are measured at their fair value as of the date of the acquisition. Subsequently, all capitalized concessions are amortized over their useful lives. Management assesses quarterly whether there are indicators for impairment of a capitalized concession right. Whenever such indicators are identified, the carrying value of a concession right is tested for impairment. Due to the significance of the carrying values of concession rights and the significant judgment involved in performing impairment tests or in assessing future economic benefits of a contract, this matter was significant to our audit. In particular, the fair value estimates of the economic benefits of a contract were sensitive to significant assumptions such as the discount rate, forecasted growth rates, including terminal growth rate, which are affected by expectations about future market or economic conditions. The accounting policies regarding concession rights applied by the Group are explained in the notes to the consolidated financial statements in sections 2.3o. Further details on concession rights are disclosed in notes 3 and 18 to the consolidated financial statements.

Our audit response

We assessed management's process for identifying indicators of potential impairment. For those concession rights for which there were impairment indicators, we performed audit procedures, with the support of our valuation specialists, that included, among others, assessing methodologies and testing the significant assumptions and the underlying data used by the Company in its analysis. We performed analyses over the significant assumptions used by management including the projected sales growth, the growth rate used to extrapolate gross margin, lease expense and lease payments and the discount rates. We performed a lookback analysis assessing budget to actual by comparing actualized passenger travel growth rates to the Company's actual sales growth rates and independently recalculating the discount rates used by management in the impairment models. Further, we performed sensitivity analyses of significant assumptions to evaluate the changes in management's calculated recoverable amounts that would result from changes in the assumptions.

Our audit procedures did not lead to any reservations concerning the valuation of concession rights.

Accounting for lease contracts under IFRS 16

Area of Focus

As of December 31, 2019, the Group has right of use assets of CHF 4,328 million and lease obligations of CHF 4,405 million (current and non-current). These represent 32% and 33% of the Group's total assets and total liabilities, respectively. The Group adopted IFRS 16 leases as of January 1, 2019 and the implementation considerations are disclosed in the notes to the financial statements (notes 2.4 and 42). Key assumptions regarding lease accounting are disclosed in the notes (note 8, 17, 28, and 29). Due to the risk of incompleteness of leases included in the IFRS 16 assessment and inappropriate accounting assessment of lease contracts at transition and ongoing, this matter was considered significant to our audit.

Our audit response

We obtained an understanding of the Group's accounting policies and processes implemented including the process to identify the full population of leases, the determination of the minimum lease payments, whether fixed or in-substance fixed and the termination and extension options, to assess the right of use assets and lease obligations. We assessed the completeness of the lease population used in management's assessment considered for IFRS 16 accounting. We evaluated management's analysis regarding the minimum lease payments by selecting a sample of the underlying contracts and analyzing the Group's assessment. We also tested a sample of additions or changes to lease contracts and analyzed whether these represented lease modifications or should be accounted for as separate leases.

Our audit procedures did not lead to any reservations concerning the right of use assets and lease obligations.

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 statutory financial statements and the 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

/s/ Jolanda Dolente	/s/ Siro Bonetti
Jolanda Dolente Licensed audit expert (Auditor in charge)	Siro Bonetti Licensed audit expert

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2019

IN THOUSANDS OF CHF	NOTE	2019	2018
Financial income		15	8,229
Franchise fee income		3,091	2,713
Total income		**3,106**	**10,942**
Personnel expenses	8	(17,536)	(14,962)
General and administrative expenses		(4,973)	(4,315)
Management fee expenses		(5,437)	(17,889)
Impairment of investments in subsidiaries	7	(390,000)	–
Financial expenses		(9,035)	(2,316)
Taxes		(2,195)	(2,032)
Total expenses		**(429,176)**	**(41,514)**
(Loss) / profit for the year		**(426,070)**	**(30,572)**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2019

IN THOUSANDS OF CHF	NOTE	31.12.2019	31.12.2018
ASSETS			
Cash and cash equivalents		17	217
Current receivables third parties		12,954	137
Current receivables subsidiaries		415	3,248
Current receivables other group companies		371	–
Prepaid expenses and accrued income		13	107
Current assets		**13,770**	**3,709**
Investments in subsidiaries	3	3,848,415	4,238,415
Non-current assets		**3,848,415**	**4,238,415**
Total assets		**3,862,185**	**4,242,124**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current interest bearing liabilities		17,831	121
Current liabilities third parties		3,373	1,661
Current liabilities participants and bodies		1,034	909
Current liabilities subsidiaries		4,424	4,571
Current liabilities other group companies		36	–
Deferred income and accrued expenses		27,791	43,945
Current liabilities		**54,489**	**51,207**
Non-current interest-bearing liabilities subsidiaries		408,050	175,717
Non-current liabilities		**408,050**	**175,717**
Total liabilities		**462,539**	**226,924**
Share capital	5.1	252,836	269,359
Legal capital reserves			
Reserve from capital contribution	5.1	3,420,326	3,983,404
Reserve from capital contribution for own shares held at subsidiaries	5.1	86,700	108,699
Legal retained earnings			
Other legal reserves		5,927	5,927
Voluntary retained earnings			
Results carried forward	12	59,927	90,499
(Loss) / profit for the year	12	(426,070)	(30,572)
Treasury shares	6	–	(412,116)
Shareholders' equity		**3,399,646**	**4,015,200**
Total liabilities and shareholders' equity		**3,862,185**	**4,242,124**

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.

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

We have prepared the statutory financial statements in accordance with the accounting principles as set out in Art. 957 to Art. 963b of the Swiss Code of Obligations (the "CO"). Since we have prepared our consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS"), a recognized accounting standard, we have, in accordance with the CO, elected to forego presenting the statement of cash flows, the additional disclosures and the management report otherwise required by the CO. Our financial statements may be influenced by the creation and release of excess reserves.

All amounts are presented in Swiss francs ("CHF"), unless otherwise indicated. Group companies include all legal entities, which are directly or indirectly owned and controlled by the Company.

Where not prescribed by law, the significant accounting and valuation principles applied are described below.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in subsidiaries
Investments are held at historical cost. The Company reviews the carrying amount of these investments annually, and if events and circumstances suggest that this amount may not be recoverable, an impairment is recognized in the statement of profit or loss.

Treasury shares
Treasury shares are recognized at acquisition cost and deducted from shareholders' equity. Gains or losses arising out of transactions with treasury shares are recorded in the statement of profit or loss.

Share-based payments
The Company accrues personnel expenses related to share-based payment plans for the respective period in deferred income and accrued liabilities. Any difference between the acquisition costs of treasury shares and the accrual created for the plan will be recognized in the statement of profit or loss, when the shares are assigned to the member of the share-based payment plans.

Current and non-current interest-bearing liabilities
Interest-bearing liabilities are recognized at their nominal value in the statement of financial position.

Exchange rate differences
All assets and liabilities denominated in foreign currencies are translated into CHF using year-end exchange rates, except investments in subsidiaries, which are recognized at historical values. Net unrealized exchange losses are recognized in the statement of profit or loss and net unrealized gains are deferred within accrued expenses. Realized exchange gains or losses arising from business transactions denominated in foreign currencies are recognized in the statement of profit or loss.

3. DIRECT SUBSIDIARIES

	SHARE IN CAPITAL AND VOTING RIGHTS		SHARE CAPITAL	
IN THOUSANDS OF CHF	2019	2018	2019	2018
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	31.12.2019	31.12.2018
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	15.53%	16.34%
State of Qatar	6.92%	6.92%
Government of Singapore	5.05%	5.05%
Compagnie Financiere Rupert	5.00%	5.00%
Franklin Resources, Inc.	4.95%	5.09%
Black Rock, Inc.	4.34%	3.25%
Hainan Province Cihang Foundation	–	20.92%

5. SHARE CAPITAL

5.1 ORDINARY SHARES

IN THOUSANDS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	RESERVE FROM CAPITAL CONTRIBUTION
Balance at January 1, 2018	**53,871,707**	**269,359**	**4,290,806**
Reserves for treasury shares held by the Company's subsidiaries	–	–	(108,699)
Distribution	–	–	(198,703)
Balance at December 31, 2018	**53,871,707**	**269,359**	**3,983,404**
Share capital reduction	(3,304,541)	(16,523)	(385,330)
Distribution	–	–	(199,748)
Reclass from reserve from capital contribution for own shares held at subsidiaries	–	–	22,000
Balance at December 31, 2019	**50,567,166**	**252,836**	**3,420,326**

5.2 CONDITIONAL SHARE CAPITAL

IN	SHARES	CHF
Balance at January 1, 2018	**888,432**	**4,442,160**
Balance at December 31, 2018	**888,432**	**4,442,160**
Balance at December 31, 2019	**888,432**	**4,442,160**

5.3 AUTHORIZED SHARE CAPITAL

IN	SHARES	NOMINAL VALUE IN CHF
Balance at January 1, 2018	**–**	**–**
Balance at December 31, 2018	**–**	**–**
Shareholders' resolution as of May 9, 2019	5,000,000	25,000,000
Balance at December 31, 2019	**5,000,000**	**25,000,000**

6. TREASURY SHARES

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2018	**84.2**	**12,504**
Assigned to holders of PSU Awards 2015	(97.3)	(14,310)
Share purchases	3,392.2	413,922
Balance at December 31, 2018	**3,379.1**	**412,116**
Assigned to holders of PSU & RSU Awards 2016	(234.5)	(26,480)
Share capital reduction	(3,304.5)	(401,853)
Share purchases	159.9	16,217
Balance at December 31, 2019	**–**	**–**

7. IMPAIRMENT OF INVESTMENT IN DUFRY HOLDINGS & INVESTMENTS AG

Dufry AG has reviewed the valuation of its investment in Dufry Holdings & Investments AG, since its subsidiaries in South America have been adversely affected by market developments. Based on the assessment performed, the Company recognized an impairment of CHF 390 million.

8. PERSONNEL EXPENSES

The personnel expenses correspond to the share-based payments for selected members of the senior management, as described in Note 25 of the Company's consolidated financial statements.

Dufry AG employed less than 10 employees in 2019 and 2018.

9. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The Company belongs to the Swiss value added tax (VAT) group of Dufry International AG, and thus carries joint liability to the Swiss federal tax administration for VAT. Members of the VAT group are:

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	

10. CONTINGENT LIABILITIES

The Company jointly and severally with Dufry International AG and Dufry Financial Services B. V. guaranteed the following credit facilities:

					DRAWN AMOUNT IN CHF	
IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL AMOUNT IN LOCAL CURRENCY	31.12.2019	31.12.2018
MAIN BANK CREDIT FACILITIES						
Committed 5-year term loan	03.11.2022		USD	700.0	677.5	687.0
Committed 5-years term loan (multi-currency)	03.11.2022		EUR	500.0	564.2	551.4
5+1+1 - year revolving credit facility (multi-currency)	03.11.2024		EUR	1,300.0	706.4	700.5
Uncommitted revolving credit agreement	n.a.		CHF	50.0	–	–
Subtotal					**1,948.1**	**1,938.9**
SENIOR NOTES						
Senior notes	01.08.2023	4.50 %	EUR	700.0	–	788.1
Senior notes	15.10.2024	2.50 %	EUR	800.0	868.2	900.7
Senior notes	15.02.2027	2.00 %	EUR	750.0	814.0	–
Subtotal					**1,682.2**	**1,688.8**
GUARANTEE FACILITY						
Uncommitted guarantee facility	n.a.		EUR	49.0	28.8	26.2
Subtotal					**28.8**	**26.2**
Total					**3,659.1**	**3,653.9**

There were no assets pledged as of December 31, 2019 and 2018.

11. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GLOBAL EXECUTIVE COMMITTEE IN DUFRY AG

The following members of the Board of Directors or of the Global Executive Committee of Dufry AG (including related parties) held directly or indirectly shares or share options of the Company as at December 31, 2019 and December 31, 2018 (members not listed do not hold any shares or options):

			31.12.2019			31.12.2018
IN THOUSANDS	**SHARES**	**FINANCIAL INSTRUMENTS [1]**	**PARTICIP.**	**SHARES**	**FINANCIAL INSTRUMENTS [1]**	**PARTICIP.**
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	966.0	23.7	1.96 %	1,001.0	71.1 [1]	1.99 %
Andrés Holzer Neumann, Director	3,991.0	–	7.89 %	4,334.4	55.2 [1]	8.15 %
Jorge Born, Director (2018: Vice-Chairman)	22.0	–	0.04 %	22.0	30.9 [2]	0.10 %
Julián Diáz Gonzalez, Director and Group CEO	233.0	17.5	0.50 %	230.0	35.1	0.49 %
Steven Tadler, Director	13.0	–	0.03 %	–	–	–
H. Jo Min, Lead Director (2018: Director)	0.5	–	0.00 %	0.5	–	0.00 %
Total Board of Directors	**5,225.5**	**41.2**	**10.42 %**	**5,587.9**	**192.3**	**10.73 %**
MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE						
Julián Diáz Gonzalez, Director and Group CEO	233.0	17.5	0.50 %	230.0	35.1 [1]	0.49 %
José Antonio Gea, Deputy Group CEO	33.0	–	0.07 %	14.4	–	0.03 %
Yves Gerster, CFO	2.2	–	0.00 %	n.a.	n.a.	n.a.
Luis Marin, CCO	7.8	–	0.02 %	4.3	–	0.01 %
Javier Gonzalez	3.3	–	0.01 %	2.0	–	0.00 %
Andrea Belardini	18.7	–	0.04 %	n.a.	n.a.	n.a.
Roger Fordyce	3.6	–	0.01 %	n.a.	n.a.	n.a.
René Riedi	1.1	–	0.00 %	n.a.	n.a.	n.a.
Eugenio Andrades	1.0	–	0.00 %	–	–	–
ADDITIONAL MEMBERS OF FORMER GLOBAL EXECUTIVE COMMITTEE (IN 2018)						
Andreas Schneiter, CFO	n.a.	n.a.	n.a.	12.9	–	0.02 %
Total Global Executive Committee	**303.7**	**17.5**	**0.64 %**	**263.6**	**35.1**	**0.55 %**

[1] The detailed terms of the various financial instruments disclosed above are as disclosed to the SIX Swiss Exchange and published on August 3, 2019, for the year 2019 and December 28, 2018, for the year 2018.

[2] European Capped Calls on 30,940 shares of Dufry AG. The transaction was divided into 5 tranches of 6,188 shares each, which expired on 29.07.2019, 30.07.2019, 31.07.2019, 04.08.2019 and 05.08.2019, respectively. Each tranche was automatically exercised, and the differences were cash settled. The strike price for each option was CHF 160, and the cap was CHF 260 per option.

In addition to the above, the shareholders' group consisting, among others, of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres Carretero and Julián Díaz González held sale positions of 3.62% through options (1,829,190 voting rights) as of December 31, 2019 (as of December 31, 2018: sale positions of 5.09% through options 2,739,430 voting rights).

Disclosure notices are available on the SIX Swiss Exchange website: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

12. PROPOSED APPROPRIATION OF RETAINED EARNINGS AND CAPITAL DISTRIBUTION

IN THOUSANDS OF CHF	2019	2018
Proposed appropriation of retained earnings		
Result carried forward	59,927	90,499
Loss for the year	(426,070)	(30,572)
Retained earnings at December 31	**(366,143)**	**59,927**
Proposed distribution out of reserve from capital contribution [1]		
Balance at beginning of the year	3,983,404	4,290,806
Distribution out of reserve from capital contribution	(199,748)	(198,703)
Reserves for treasury shares held by the Company's subsidiaries from capital contribution [2]	–	(108,699)
Share capital reduction	(385,330)	–
Reclass from reserve from capital contribution for own shares held at subsidiaries	22,000	–
Reserve from capital contribution at December 31	**3,420,326**	**3,983,404**
Proposed distribution of CHF 4.00 per registered share for the financial year 2019	(202,269)	(199,141)
Reserve from capital contribution after proposed distribution	**3,218,057**	**3,784,263**

1 Distributions are free of Swiss withholding tax and are not subject to income tax for Swiss resident individuals holding the shares as a private investment.

2 Reclassification to reserve from capital contribution for own shares held at subsidiaries.

13. EVENTS AFTER REPORTING DATE

No significant events occurred after December 31, 2019 up to March 4, 2020 that would have a material impact on these financial statements

14. MATERIAL INDIRECT SUBSIDIARIES

H = Holding R = Retail D = Distribution Center

AS OF DECEMBER 31, 2019	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
EUROPE & AFRICA						
World Duty Free Group Helsinki Ltd	Vantaa	Finland	R	100	2,500	EUR
Dufry France SA	Nice	France	R	100	8,291	EUR
World Duty Free Group Germany GmbH	Düsseldorf	Germany	R	100	250	EUR
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	EUR
Hellenic Distributions S.A.	Athens	Greece	D	100	6,296	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	19,831	EUR
Sociedad de Distribucion Comercial Aeroportuaria de Canarias, S.L.	Telde	Spain	R	60	667	EUR
Nuance Group (Sverige) AB	Stockholm	Sweden	R	100	100	SEK
The Nuance Group AG	Zurich	Switzerland	R	100	82,100	CHF
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Urart Gumr. Magaza Isletm. ve Ticaret A.S.	Antalya	Turkey	R	100	1,161	EUR
WDFG UK Limited	London	UK	R	100	360	GBP
Nuance Group (UK) Ltd	London	UK	R	100	50	GBP
WDFG Ferries Limited	London	UK	R	100	50	GBP
ASIA PACIFIC AND MIDDLE EAST						
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
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	123,547	CNY
Nuance Group (India) Pvt. Ltd	Bangalore	India	R	100	1,035,250	INR
PT Dufrindo Internasional	Bali	Indonesia	R	100	91	USD
Aldeasa Jordan Airports Duty Free Shops Ltd	Amman	Jordan	R	100	705	USD
WDFG SA, Kuwait Branch	Kuwait City	Kuwait	R	100	2,383	KWD
RegStaer M Ltd	Vnukovo	Russia	R	60	142	EUR
Lenrianta CSJC	St. Petersburg	Russia	R	100	315	EUR
Dufry East	Moscow	Russia	R	100	712	USD
Regstaer Ltd	Moscow	Russia	R	51	3,991	EUR
D. d.o.o. Belgrade	Belgrade	Serbia	R	100	693,078	RSD
Dufry Thomas Julie Korea Co. Ltd	Busan	South Korea	R	85	1,100,000	KRW
Dufry Shops Colombo Limited	Colombo	Sri Lanka	R	100	30,000	LKR
Dufry Sharjah FZC	Sharjah	U. Arab. Emirates	R	50	2,054	AED
NORTH AMERICA, held through Hudson Ltd.*						
The Nuance Group (Canada) Inc.	Toronto	Canada	R	100	13,260	CAD
WDFG Vancouver LP	Vancouver	Canada	R	100	9,500	CAD
Hudson Group Canada Inc	Vancouver	Canada	R	100	–	CAD
WDFG North America LLC	Delaware	USA	H/R	100	–	USD
Hudson Las Vegas JV Hudson News O'Hare JV	Las Vegas	USA	R	73	–	USD
Seattle Air Ventures	Olympia	USA	R	75	–	USD
Hudson Group (HG) Retail, LLC	New Jersey	USA	H/R	100	–	USD

AS OF DECEMBER 31, 2019	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
Hudson News O'Hare JV	Chicago	USA	R	70	–	USD
HG Logan Retailers JV	Boston	USA	R	80	–	USD
HG Magic Concourse TBIT	Los Angeles	USA	R	68	–	USD
Airport Management Services LLC	Los Angeles	USA	H/R	100	–	USD
JFK Air Ventures II JV	New York	USA	R	80	–	USD
AMS of South Florida JV	Fort Lauderdale	USA	R	31	–	USD
HG Midway JV	Chicago	USA	R	65	–	USD
Brookstone IAD, T-B, LLC	Dulles	USA	H	75	–	USD
Dufry Newark Inc	Newark	USA	R	100	–	USD
HG Denver JV	Denver	USA	R	76	–	USD
HG PHL Retailers JV	Philadelphia	USA	R	65	–	USD
HG St Louis JV	St. Louis	USA	R	70	–	USD
AMS-SJC JV	San Jose	USA	R	100	–	USD
The Nuance Group (Las Vegas) LLC	Las Vegas	USA	R	73	850	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	–	USD
HG-KCGI-TEI JFK T8 JV	New York	USA	R	85	–	USD
HG National JV	Virginia	USA	R	70	–	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	–	USD
HG-Multiplex-Regali Dallas JV	Dallas	USA	R	75	–	USD
Hudson-Magic Johnson Ent. CV LLC	Los Angeles	USA	R	91	–	USD
WDFG TAC ATL Retail LLC, Atlanta	Delaware	USA	R	86	–	USD
Dufry Seattle JV	Seattle	USA	R	88	–	USD
LATIN AMERICA						
Interbaires SA	Buenos Aires	Argentina	R	100	46,743	USD
DFC Ltd - Barbados	St. Michael	Barbados	R	60	5,000	USD
Dufry Lojas Francas Ltda	Sao Paulo	Brazil	R	100	99,745	USD
Dufry Brasil Duty Free Shop Ltda	Rio de Janeiro	Brazil	R	100	98,175	USD
Aldeasa Chile, Ltd	Santiago de Chile	Chile	R	100	2,517	USD
Dufry - DFASS Colombia S.A.S	Bogota	Colombia	R	100	3,120	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	–	USD
Inversiones Pánamo, S.A.	Santo Domingo	Dominican Republic	R	100	–	USD
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	268	USD
WDFG, Peru S.A.C.	Lima	Peru	R	100	1,010	USD
Alliance Duty Free, LLC	San Juan	Puerto Rico	R	100	2,213	USD
ABC Netherlands LLC	San Juan	Puerto Rico	R	100	10	USD
Navinten SA	Montevideo	Uruguay	R	100	126	USD
Dufry Cruise Services, Inc.	Miami	USA	R	100	–	USD
GLOBAL DISTRIBUTION CENTERS						
International Operations & Services (HK) Ltd	Hong Kong	Hong Kong	D	100	109,000	HKD
International Operations & Services (CH) AG	Basel	Switzerland	D	100	5,000	CHF
International Operations & Services (UY) S.A.	Montevideo	Uruguay	D	100	50	USD
International Operations & Services (USA) LLC	Miami	USA	D	100	398	USD
HEADQUARTERS						
Dufry International Ltd	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
Dufry One BV	Eindhoven	Netherlands	H	100	–	EUR

* Dufry Group holds 57.4 % of Hudson Ltd.

Building a better working world

To the General Meeting of
Dufry AG, Basel

Basel, 11 March 2020

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG (the "Company"), which comprise the statement of financial position, statement of profit or loss, and notes (pages 215 to 225), for the year ended December 31, 2019.

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 December 31, 2019 comply with Swiss law and the Company's articles of incorporation.

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 judgment, 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 responsibility 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.

Valuation of investments in subsidiaries

Area of focus

As of December 31, 2019, investments in subsidiaries amounted to CHF 3,848 million and accounted for 99.6% of the Company's total assets. Investments are held at historical cost. The Company reviews the carrying amount of these investments annually, and if events and circumstances suggest that this amount may not be recoverable, an impairment is recognized in the statement of profit or loss. Due to the significance of the carrying values of the investments in subsidiaries and the judgment involved in performing the impairment tests, this matter was considered to be significant to our audit. Further details on the Company's investments in subsidiaries are disclosed in notes 2.2 and 3 to the financial statements.

Our audit response

We tested, with the support of our valuation specialists, the appropriateness of the valuation approach and evaluated management's key assumptions, including growth rates used in the cash flow projections during the forecast period, the terminal growth rate assumption and the discount rate. Further, we assessed the historical accuracy of management's estimates and considered their ability to produce accurate forecasts. We assessed the difference between the carrying amounts of the investments in subsidiaries and their recoverable amount.

Our audit procedures did not lead to any reservations concerning the valuation of investments in subsidiaries.

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 (note 12) 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

/s/ Jolanda Dolente	/s/ Siro Bonetti
Jolanda Dolente Licensed audit expert (Auditor in charge)	Siro Bonetti 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 2020 please refer to pages 272 / 273 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 252) refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2019 (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. Link:
www.dufry.com/en/investors/corporate-governance page section "Featured downloads – Articles of Incorporation"

Dufry engages with shareholders, analysts and investors on a regular basis to better understand their expectations, needs and concerns as part of the company's stakeholder dialogue strategy and over ESG engagement. Feedback is taken into consideration when evolving the company strategy as well as corporate governance and remuneration matters. In this context, management and the investor relations team had 870 contacts with shareholders and investors combining personal meetings, calls and emails in 2019.

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 17 of this Annual Report.

Listed company as of December 31, 2019

COMPANY

Dufry AG, Brunngässlein 12, 4052 Basel, Switzerland
(hereinafter "Dufry AG" or the "Company")

LISTING

Registered shares: SIX Swiss Exchange

MARKET CAPITALIZATION BASED ON SHARES ISSUED

CHF 4,855,459,279 as of December 31, 2019

PERCENTAGE OF SHARES HELD BY DUFRY AG

1.25% of Dufry AG share capital as of December 31, 2019

SECURITY NUMBERS

Registered shares:
ISIN-Code CH0023405456, Swiss Security-No. 2340545,
Ticker Symbol DUFN

Listed consolidated subsidiary as of December 31, 2019

As of February 1, 2018, Hudson Ltd. is separately listed on the New York Stock Exchange.

COMPANY

Hudson Ltd., 2 Church Street, Hamilton, HM 11, Bermuda

LISTING

Class A common shares: New York Stock Exchange

MARKET CAPITALIZATION BASED ON SHARES ISSUED

USD 1,419,119,967 as of December 31, 2019

PERCENTAGE OF SHARES HELD BY DUFRY AG

53,093,315 Class B common shares (non-listed), being 57.41% of the Hudson Ltd. share capital (93.1% of voting rights) as of December 31, 2019

SECURITY NUMBERS

Class A common shares (listed):
ISIN-Code BMG464081030, Ticker Symbol HUD

Non-listed consolidated entities as of December 31, 2019

For a table of the operational non-listed consolidated entities please refer to page 224 in the section Financial Statements of this Annual Report*.

* Including the company names, locations, percentage of shares held, share capital. The list of consolidated entities does not include all subsidiaries of the Company, but the most important subsidiaries in terms of sales for Retail and Distribution Center companies and in terms of total assets for holding companies.

1.2 SIGNIFICANT SHAREHOLDERS

Pursuant to the information provided to the Company by its shareholders in compliance with the Financial Market Infrastructure Act during 2019, the following shareholders disclosed significant positions as of December 31, 2019[1].

Further details regarding these shareholders and shareholder groups as well as additional information regarding the individual disclosure notices in 2019 are available on the website of SIX Swiss Exchange at:

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

SHAREHOLDER	Through shares	Long position through financial instruments [2]	Short positions [3]	Net long position
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 and Dimitrios Koutsolioutsos [4]	15.53%	0.08%	–3.62%	11.99%
State of Qatar [5]	6.92%	–	–	6.92%
Government of Singapore [6]	5.05%	–	–	5.05%
Compagnie Financiere Rupert [7]	5.00%	–	–	5.00%
Franklin Resources, Inc. [8]	4.95%	–	–	4.95%
BlackRock, Inc. [9]	4.34%	0.31%	–0.36%	4.29%
JP Morgan Chase & Co. [10]	0.03%	3.46%	–3.46%	0.03%

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.

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 Beneficial owners of these shares are: Andrés Holzer Neumann, Wilen (Sarnen)/Switzerland, Julián Díaz González, Altendorf/Switzerland, Juan Carlos Torres Carretero, Meggen/Switzerland, James S. Cohen, Alpine NJ/USA, James S. Cohen Family Dynasty Trust, Teaneck, NJ/USA and Dimitrios Koutsolioutsos, Agios Stephanos/Greece. Shares are directly held by the following companies and legal entities: Travel Retail Investment S.C.A., Luxembourg/Grand Duchy of Luxembourg, Petrus PTE Ltd, Singapore/Singapore, Witherspoon Investments LLC, Wilmington, DE/USA, Petrus AG, Basel/Switzerland, Laguna Partners AG, Luzern/Switzerland, JDG Partners AG, Luzern/Switzerland, JLC Investments, LLC, Teaneck, NJ/USA, Hudson Media, Inc., Teaneck, NJ/USA, Folli Follie Commercial Industrial and Technical S.A., Agios Stephanos/Greece, and Strenaby Finance Ltd., Tortola/British Virgin Islands. Of the total share position of 15.53%, 1.16% relate to delegated voting rights.

5 Shares directly held by Qatar Holding LLC, Doha/Qatar. The indirect holder of the shares is the State of Qatar, Doha/Qatar. Qatar Holding LLC is owned by the Qatar Investment Authority, which was founded and is controlled by the State of Qatar.

6 Shares directly held by GIC Private Limited ("GIC"), Singapore/Singapore. The indirect holder of the shares is the Government of Singapore, Singapore/Singapore. GIC is wholly owned by the Government of Singapore ("GoS") and manages the reserves of Singapore. GIC acts as the fund manager for GoS and the Monetary Authority of Singapore.

7 Shares directly held by Richemont Luxury Group Ltd, St Heller/Jersey. The indirect holder of the shares is Compagnie Financiere Rupert, Geneva/Switzerland.

8 Shares directly held by Franklin Mutual Advisors, LLC, Short Hills, NJ/USA and Franklin Adviory Services, Short Hills, NJ/USA. The indirect holder of the shares is Franklin Resources, Inc., San Mateo, CA/USA. Of the total share position of 4.95%, 0.02% relate to delegated voting rights.

9 BlackRock, Inc., New York, NY/USA. Of the total share position of 4.65%, 0.18% relate to securities lending and similar transactions, and 0.89% to delegated voting rights.

10 Shares and financial instruments directly held by JPMorgan Chase Bank, N.A., Ohio/USA. The indirect holder of the shares and financial instruments is JPMorgan Chase & Co., New York, NY/USA.

Shareholders' agreements

The type of understanding among the members of 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 and Dimitrios Koutsolioutsos is one or more shareholder agreements.

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, 2019, the Company's capital structure is as follows:

ORDINARY SHARE CAPITAL
CHF 252,835,830 (nominal value) divided in 50,567,166 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
CHF 25,000,000 (nominal value) divided in 5,000,000 fully paid registered shares with nominal value of CHF 5 each; authorization to increase share capital until May 9, 2021

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 251 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 July 17, 2019, 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.

The conditional share capital of CHF 4,442,160 represents 1.76 % of the issued ordinary share capital of the Company registered in the commercial register as of December 31, 2019.

Authorized share capital
Article 3ter of the Articles of Incorporation, dated July 17, 2019, reads as follows:

1. The Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 25,000,000 through the issuance of up to 5,000,000 fully paid registered shares with a nominal value of CHF 5 per share by not later than May 9, 2021. Increases in partial amounts shall be permitted.
2. The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the restrictions of Article 5 of the Articles of Incorporation.
3. The Board of Directors shall determine the issue price, the type of payment, the date of issue of new shares, the conditions for the exercise of the preferential subscription rights, and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a banking institution, a syndicate of another third party and a subsequent offer of these shares to the current shareholders. The Board of Directors may permit preferential subscription rights that have not been exercised to expire or it may place these rights and/or shares as to which preferential subscription rights have been granted but not exercised, at market conditions or

use them for other purposes in the interest of the Company.

4. The Board of Directors is further authorized to restrict or deny the preferential subscription rights of shareholders or allocate such rights to third parties if the shares are to be used:
   a) for the acquisition of enterprises, parts of an enterprise or participations, or for new investment plans or, in case of a share placement, for the financing or refinancing of such transactions; or
   b) for the participation of strategic partners (including in the case of a public takeover bid) or for the purpose of broadening the shareholder constituency or in connection with a listing of shares on domestic or foreign stock exchanges, including for the purpose of delivering shares to the participating banks in connection with an overallotment option (Greenshoe).

The authorized share capital of CHF 25,000,000 represents 9.89% of the issued ordinary share capital of the Company registered in the commercial register as of December 31, 2019.

2.3 CHANGES IN CAPITAL OF DUFRY AG

NOMINAL SHARE CAPITAL	
December 31, 2017	CHF 269,358,535
December 31, 2018	CHF 269,358,535
December 31, 2019	CHF 252,835,830
CONDITIONAL SHARE CAPITAL	
December 31, 2017	CHF 4,442,160
December 31, 2018	CHF 4,442,160
December 31, 2019	CHF 4,442,160
AUTHORIZED SHARE CAPITAL	
December 31, 2017	None
December 31, 2018	None
December 31, 2019	CHF 25,000,000

Changes in capital in 2019

At the Ordinary General Meeting of Shareholders on May 9, 2019, shareholders approved the Board of Directors' proposal to cancel the 3,304,541 registered shares purchased under the share buyback program completed in November 2018. As a result, the share capital decreased from CHF 269,358,535 (53,871,707 shares) to CHF 252,835,830 (50,567,166 shares). The change in capital was registered in the commercial register on July 22, 2019.

The same Ordinary General Meeting of Shareholders also approved the Board of Directors' proposal to create authorized capital in the amount of CHF 25,000,000 (5,000,000 shares).

Changes in capital in 2018 and 2017

The capital of Dufry AG remained unchanged in fiscal years 2018 and 2017.

2.4 SHARES

As of December 31, 2019, the share capital of Dufry AG is divided into 50,567,166 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 General 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 General 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 General 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 not granted any exceptions during the year under review.

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 General 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, 2019, 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 252 ff.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

As of December 31, 2019, the Board of Directors comprised nine Board members compared with eight members as of December 31, 2018.

The members of the Board of Directors are elected individually and for a term of office extending until completion of the next Ordinary General Meeting of Shareholders. The Chairman of the Board of Directors and the members of the Remuneration Committee are directly elected by the General Meeting of Shareholders.

The following table sets forth the name and year of first election as a member of the Board of Directors for each respective member, followed by their Curricula Vitae with a short description of each member's business experience, education and activities.

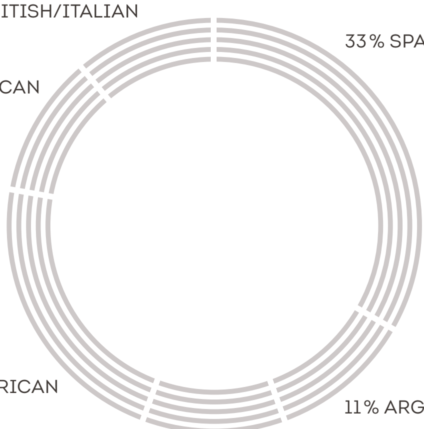
Changes in the Board of Directors in fiscal year 2019
Luis Maroto Camino was elected as a new member of the Board of Directors at the Ordinary General Meeting of Shareholders on May 9, 2019. The Board of Directors unanimously resolved to formally establish the position of Lead Independent Director as of July 25, 2019. Heekyung Jo Min was appointed by the Board of Directors to this new position. Jorge Born acted as Vice-Chairman of the Board of Directors as of October 30, 2018 until July 25, 2019. The position of Vice-Chairman was replaced by the Lead Independent Director position.

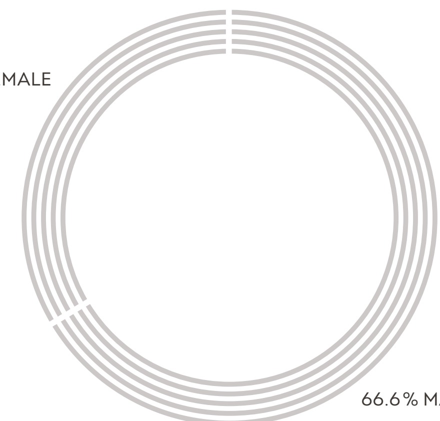
BOARD OF DIRECTORS AS OF DECEMBER 31, 2019

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFRY	DATE OF FIRST ELECTION
Juan Carlos Torres Carretero	Chairman of Dufry AG	Spanish	Chairman	2003
Heekyung Jo Min	Executive Vice President of CJ Cheiljedang	American	Lead Independent Director [1]	2016
Jorge Born	CEO of Bomagra S.A	Argentinian	Director	2010
Claire Chiang	Senior Vice President of Banyan Tree Holdings Limited	Singaporean	Director	2016
Julián Díaz González	Group CEO of Dufry AG	Spanish	Director, Group CEO	2013
Andrés Holzer Neumann	President / CEO of Grupo Industrial Omega (1973 – 2018)	Mexican	Director	2004
Luis Maroto Camino	CEO and President of Amadeus IT Group	Spanish	Director	2019
Steven Tadler	Managing Partner Advent International	American	Director	2018
Lynda Tyler-Cagni	CEO of Only the Best Agency	British and Italian	Director	2018

[1] Lead Independent Director as of July 2019

DIVERSITY OF THE BOARD OF DIRECTORS





The Chairman of the Board of Directors is male, the Independent Lead Director is female. Over recent years, the Board of Directors was renewed and currently, 55% of the Board members have a tenure of 4 years or less.

3.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND FUNCTIONS

JUAN CARLOS TORRES CARRETERO
Executive 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, Hudson Ltd. and Acamar Partners Acquisition Corp.

HEEKYUNG JO MIN
Lead Independent Director, born 1958, American

Education
Ph. D in Business Administration from Seoul Business School (aSSIST), MBA from Columbia University Graduate School of Business in New York, and a BA from Seoul National University.

Professional Background
2004 – 2005 Executive Vice President at Prudential Investments and Securities Co. in Korea. 2006 Country Advisor, Global Resolutions in Korea. 2007 – 2010 Director General of the Investment Promotion Bureau at the Incheon Free Economic Zone (IFEZ) in Korea. Since 2011, Senior Executive Vice President and Head of Corporate Social Responsibility of CJ Cheiljedang Corporation in Korea. Ms. Min speaks regularly on the subject of sustainability and ESG (Environment, Social, Governance).

Current Board Mandates
Dufry AG, Asia New Zealand Foundation (Honorary Advisor) and CJ Welfare Foundation.

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. and Fundación Bunge y Born (Chairman).

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 Singapore 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 Holdings Limited, Banyan Tree Gallery (Singapore) Pte. Ltd. and Mandai Safari Park Holdings Pte. Ltd.

JULIÁN DÍAZ GONZÁLEZ
Director, Group 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 and Hudson Ltd.

ANDRÉS HOLZER NEUMANN
Director, born 1950,
Mexican

Education
Graduate of Boston University, holds an MBA from Columbia University.

Professional Background
1973 – 2018 President / CEO 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. Previous board mandates include Banco Mercantil de México (1982 – 1999), Latin American Airport Holdings (2008 – 2016)

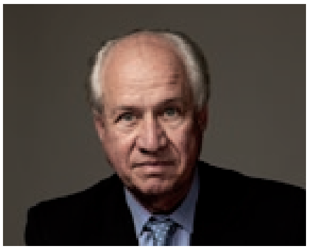
Current Board Mandates
Dufry AG, Arrendadora SOHO City Center, Altum Capital and Hudson Ltd.

LUIS MAROTO CAMINO
Director, born 1964,
Spanish

Education
Bachelor's degree in Law from the Universidad Complutense Madrid, MBA from the Instituto de Estudios Superiores de la Empresa, Madrid (IESE), further qualifications from Stanford, Harvard Business School, INSEAD and IMD.

Professional Background
2000 Joined Amadeus IT Group, a leading player in the travel and tourism industry, where he served as Deputy CEO, CFO and Director Marketing Finance. Prior to joining Amadeus, he held several managerial positions at the Bertelsmann Group. Since 2011, CEO and President of Amadeus IT Group.

Current Board Mandates
Dufry AG and Amadeus IT Group.



STEVEN TADLER
Director, born 1959,
American

Education
Master in Business Administration from Harvard Business School. B.S., with distinction, from the University of Virginia.

Professional Background
1985 Joined Advent International as Managing Partner. Serves as a Director of Advent International Corp (since 2002) and wTe Corporation (since 1989).
Previous board mandates include Dufry AG (2010 – 2013), Skill-soft (2020 – 2014), Transunion (2012 – 2017), Bojangles' (2011 – 2019)

Current Board Mandates
Dufry AG, Advent International Corp and wTe Corporation.

LYNDA TYLER-CAGNI
Director, born 1956,
British and Italian

Education
B.A. (Hons) in Languages, Economics & Politics from the University of Kingston, London.

Professional Background
Lynda Tyler-Cagni is the founder and CEO at Only the Best Agency Ltd, a consulting company advising and representing talent primarily in the fashion, retail and FMCG sectors since 2015. She also served as a Director at Atlantia SpA, an Italian listed global operator in the motorway and airport infrastructure sector until November 2018. Ms. Tyler-Cagni previously served on the Board of World Duty Free Group as a non-executive and independent member and chair of the HR & Remuneration Committee (from 2013 until the acquisition of World Duty Free Group by Dufry AG in 2015). She was also an advisor to the management Board of Bonpoint and held various management positions with Fast Retailing Group, Uniqlo and Ermenegildo Zegna.

Current Board Mandates
Dufry AG and EDHEC Paris.

Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann and Julián Díaz González (Directors) are members of a group of shareholders, which held a 15.61% purchase position of Dufry AG as of December 31, 2019 (participation mentioned includes financial instruments). See for details the disclosure under "1.2 Significant Shareholders" on page 230 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 Group Chief Executive Officer. All other members of the Board of Directors are non-executive members. None of the current members of the Board of Directors (except Julián Díaz González as Group CEO) 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 41 on page 207 and to the information provided in the Remuneration Report on page 252 ff. of this Annual Report.

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 251 of this Corporate Governance Report.

In accordance with Article 24 para. 2 of the Articles of Incorporation, dated July 17, 2019, 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 July 17, 2019:

- 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 of Directors shall be elected for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.
- The members of the Board of Directors and the Chairman of the Board of Directors 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 General Meeting of Shareholders.
- Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee by the General 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 May 9, 2019. The same General Meeting re-elected Juan Carlos Torres Carretero as Chairman of the Board of Directors. Ms. Lynda Tyler-Cagni, Ms. Claire Chiang and Mr. Jorge Born were re-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

THE BOARD COMMITTEES AS OF DECEMBER 31, 2019

MEMBER OF THE BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Juan Carlos Torres Carretero	Chairman	–	–	–
Heekyung Jo Min	Lead Independent Director	Committee Member	–	–
Jorge Born	Director	Committee Chairman	Committee Chairman	Committee Member
Claire Chiang	Director	–	Committee Member	Committee Member
Julián Díaz González	Director / Group CEO	–	–	–
Andrés Holzer Neumann	Director	–	–	–
Luis Maroto Camino [1]	Director	Committee Member	–	–
Steven Tadler	Director	Committee Member	Committee Member	–
Lynda Tyler-Cagni	Director	–	Committee Member	Committee Chairwoman
Number of meetings in fiscal year 2019	**8**	**4**	**5**	**6**
Average attendance ratio [2]	**99%**	**100%**	**100%**	**100%**

[1] Member of the Board of Directors since the Ordinary General Meeting of Shareholders held on May 9, 2019.
[2] 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 newly elected Board member, his attendance ratio is calculated as of the date of election at the Ordinary General Meeting of Shareholders in 2019.

Meeting of Shareholders), the Board of Directors determines its own organization. It shall elect the Lead Independent Director or a 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.

The Board of Directors unanimously resolved to formally establish the position of Lead Independent Director as of July 25, 2019. Heekyung Jo Min was appointed by the Board of Directors to this new position. Jorge Born acted as Vice-Chairman of the Board of Directors as of October 30, 2018 until July 25, 2019. The position of Vice-Chairman was replaced by the Lead Independent Director position.

As of December 31, 2019, 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, 2019: Jorge Born (Chairman Audit Committee), Heekyung Jo Min, Luis Maroto Camino, Steven Tadler.

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, who 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 generally meets at the same dates the Board of Directors meetings take place (usually 4–5 times per year), 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 2019, during which the Audit Committee held 4 meetings (1 meeting per quarter). The auditors attended 3 meetings of the Audit Committee in 2019. The Chairman of the Board of Directors usually participates as a guest in the Audit Committee meetings. Members of the Global Executive Committee attended meetings of the Audit Committee as follows: Group CEO 4 meetings and the CFO (who acts as Secretary of the Audit Committee) 4 meetings.

Nomination Committee
Members as of December 31, 2019: Jorge Born (Chairman Nomination Committee), Claire Chiang, Steven Tadler, Lynda Tyler-Cagni.

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, who 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 Group 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 Group CEO, making recommendations on Board composition and balance, presenting to the Board a proposal of succession plan for the position of the Group 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 Global Executive Committee. The Nomination Committee meets as often as business requires (usually 2–4 meetings per year). The 5 meetings held in the fiscal year 2019 lasted about 1 to 2 hours (Q1 2 meetings, Q2 1 meeting, Q3 1 meeting, Q4 1 meeting). Members of the Global Executive Committee attended meetings of the Nomination Committee as follows: Group CEO 5 meetings.

Remuneration Committee
Members as of December 31, 2019: Lynda Tyler-Cagni (Chairwoman Remuneration Committee), Jorge Born, Claire Chiang.

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, who 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 General Meeting of Shareholders 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 Global 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 Group 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 (usually 4 meetings per year). The 6 meetings held in the fiscal year 2019 lasted about 1 to 2 hours (Q1 3 meetings, Q3 1 meeting, Q4 2 meetings). The Chairman of the Board of Directors usually participates as a guest in the Remuneration Committee meetings. Members of the Global Executive Committee attended meetings of the Remuneration Committee as follows: Group CEO 4 meetings.

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 8 meetings during fiscal year 2019, of which 1 was held as a telephone conference. The meetings of the Board of Directors usually lasted about 4 hours. 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 Group CEO, the CFO, the Deputy Group CEO and the Group General Counsel, also acting as Secretary to the Board, attend the meetings of the Board of Directors. Other members of the Global Executive Committee may attend meetings of the Board of Directors as and when required. Members of the Global Executive Committee attended meetings of the Board of Directors in 2019 as follows: Group CEO 8 meetings, CFO 6 meetings, Deputy Group CEO 6 meetings, Group General Counsel 8 meetings, Chief Marketing and Digital Innovation Officer 2 meetings, Global Chief Corporate Officer 2 meetings.

The Board of Directors also engages specific advisors to address specific matters when required. External financial advisors attended pertinent portions of 1 meeting of the Board of Directors in 2019. The external Auditors attended 3 meetings of the Audit Committee in 2019.

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, the Articles of Incorporation or the 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 Group 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 General Meetings of Shareholders and to carry out the resolutions adopted by the General 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 General 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 Group CEO information concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.
- The Group 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 Group CEO. Apart from the meetings, the Group 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 Global 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 2019 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 3 meetings of the Audit Committee in 2019. 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 three different activities streams: Internal Audit, Investigations 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 2019, the Global Internal Audit conducted over 80 reviews, examining Headquarters activities, Divisional functions and Distribution Centers in addition to 45 operations in all Divisions, representing a coverage of more than 88% of 2019 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 Investigations 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 bi-monthly for all group companies and results are proven to provide valuable information for loss prevention purposes. Additionally, Dufry is continuously trying to use new data mining techniques to establish validations that can enhance the coverage and create a higher assurance level over the key retail risks.
- Dufry has in place an Enterprise Risk Management program which sets out the 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 Global 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 Global Internal Audit activities are communicated to key management in charge and to the Group's senior management, including all the members of the Global Executive Committee on an on-going basis, and also to the Audit Committee.
- Detailed information on the financial risk management is provided in Notes 36 to 40 in the consolidated financial statements of this Annual Report.

4. GLOBAL EXECUTIVE COMMITTEE

4.1 MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE

As of December 31, 2019, the Global Executive Committee comprised ten executives compared to seven members as of December 31, 2018.

The Global Executive Committee under the control of the Group CEO, conducts the operational management of the Company pursuant to the Company's board regulations. The Group CEO reports to the Board of Directors on a regular basis.

The following table sets forth the name and year of appointment of the respective members, followed by their Curricula Vitae with a short description of each member's business experience, education and activities.

All agreements entered into with the members of the Global Executive Committee are entered for an indefinite period of time.

GLOBAL EXECUTIVE COMMITTEE AS OF DECEMBER 31, 2019

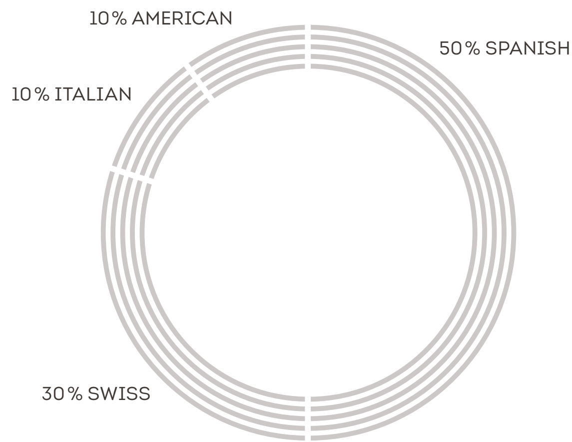
NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Julián Díaz González	Spanish	Group Chief Executive Officer (Group CEO)	2004
Yves Gerster	Swiss	Chief Financial Officer (CFO)	2019
José Antonio Gea	Spanish	Deputy Group Chief Executive Officer (Deputy Group CEO)	2004
Luis Marin	Spanish	Global Chief Corporate Officer (GCCO)	2014
Pascal C. Duclos	Swiss	Group General Counsel (GGC)	2005
Javier González	Spanish	Chief Marketing and Digital Innovation Officer	2018
Eugenio Andrades	Spanish	Chief Executive Officer Europe, Africa and Strategy	2016
Andrea Belardini	Italian	Chief Executive Officer Division Asia Pacific and Middle East	2019
René Riedi	Swiss	Chief Executive Officer Division Central and South America	2019
Roger Fordyce	American	Chief Executive Officer Division North America	2019

Changes in the Global Executive Committee in fiscal year 2019

As of January 18, 2019, Dufry announced that it is further simplifying its organization to drive market agility with full customer focus, generate additional efficiencies at headquarter level and drive strong organic growth. As part of the changes, Andrea Belardini, René Riedi and Roger Fordyce (all Divisional CEOs) were joining the previously existing Global Executive Committee with immediate effect.

Andreas Schneiter, previously CFO, left the Company on May 31, 2019. He was replaced by Yves Gerster, who became the new CFO and a member of the Global Executive Committee as of April 1, 2019. For details regarding the Curriculum Vitae of Andreas Schneiter please refer to the Annual Report 2018, page 237 of the Corporate Governance Report section. The Annual Report 2018 can be downloaded from the Company website under https://www.dufry.com/en/investors/ir-reports-presentations-and-publications

DIVERSITY OF THE GLOBAL EXECUTIVE COMMITTEE



4.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND VESTED INTERESTS

JULIÁN DÍAZ GONZÁLEZ
Group 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 and Hudson Ltd.

YVES GERSTER
Chief Financial Officer, born 1978, Swiss

Education
Degree in Business Administration & Finance, University of Basel.

Professional Background
1999 – 2003 Assistant Group Treasurer at Danzas Management AG. 2003 – 2006 Assistant Group Treasurer at Bucher Industries AG. November 2006 – 2019 Global Head Group Treasury at Dufry International AG. Since April 2019 Chief Financial Officer at Dufry AG.

JOSÉ ANTONIO GEA
Deputy Group Chief Executive 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. 2004 – 2017 Global Chief Operating Officer at Dufry AG. Since 2018 Deputy Group Chief Executive 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. 2014 Appointed Chief Corporate Officer. Since 2018 Global Chief Corporate Officer at Dufry AG.

PASCAL C. DUCLOS
Group 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.

JAVIER GONZÁLEZ
Chief Marketing and Digital Innovation Officer, born 1976, Spanish

Education
Executive MBA from La Salle University Philadelphia, Basel. Degree in Business Administration and Economics, EBS, Madrid.

Professional Background
1998 – 1999 Marketing Executive at Coca Cola. 1999 – 2001 In-Store & Events Manager at Lego Iberia. 2001 – 2002 In-Store Marketing Manager at British American Tobacco. 2002 – 2004 Sales Manager at British American Tobacco. 2004 – 2005 Business Unit Marketing Manager at British American Tobacco. 2005 – 2009 International Senior Brand Manager at British American Tobacco. 2009 – 2011 Senior Marketing Manager at Dufry AG. 2011 – 2014 Global Marketing Director at Dufry AG. 2014 – 2016 Global Retail Operations and Marketing Director at Dufry AG. Since 2016 Chief Marketing and Digital Innovation Officer at Dufry AG.

EUGENIO ANDRADES
Chief Executive Officer Europe, Africa and Strategy, 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. 2016 – 2017 Chief Executive Officer Division UK, Central and Eastern Europe at Dufry AG. 2018 Chief Executive Officer Operations and Strategy at Dufry AG. Since January 2019 Chief Executive Officer Europe, Africa and Strategy at Dufry AG.

ANDREA BELARDINI
Chief Executive Officer Division Asia Pacific and Middle East, 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 2016, Chief Executive Officer Division Asia Pacific and Middle East at Dufry AG.

RENÉ RIEDI
Chief Executive Officer Division Central and South 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 2016 Chief Executive Officer Division Central and South America at Dufry AG.

ROGER FORDYCE
Chief Executive Officer Division North America, born 1955, American

Education
Bachelor of Arts in Psychology from SUNY Stony Brook.

Professional Background
Prior to 1988 positions as Manager at Dobbs / Aeroplex, WH Smith, and Greenman Bros. 1988 Joined Hudson Group as a District Manager. 1992 – 1996 Vice President of Operations at Hudson Group. 1996 – 2008 Senior Vice President of Operations at Hudson Group. 2008 – 2018 Executive Vice President and Chief Operating Officer at Hudson Group. Since January 2019 Chief Executive Officer Division North America (Hudson Group) at Dufry AG.

Current Board Mandates
Hudson Ltd.

Other activities and vested interests

As of December 31, 2019, none of the members of the Global 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 outside Dufry Group. The business Division North America is separately listed on the New York Stock Exchange under the name of Hudson Ltd. (see also comments about Hudson Ltd. in section 1.1 Group Structure). Roger Fordyce is the Chief Executive Officer of Division North America and therefore also Chief Executive Officer and a member of the Board of Directors of the listed entity Hudson Ltd. Similarly, Julián Díaz González is a member of the Board of Directors of Hudson Ltd. as well as of Dufry AG. No member of the Global 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 July 17, 2019, no member of the Global 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 Global 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 Global 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 251 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 Global Executive Committee in fiscal year 2019 is included in the Remuneration Report on pages 252 to 268 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 General 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 regarding 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 251 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 251 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 General 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 General Meeting of Shareholders and to exercise their votes at the General Meeting of Shareholders. See section 6.5 below.

Nominees are only entitled to represent registered shares held by them at a General 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 General 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 General Meeting of Shareholders.

6.2 THE INDEPENDENT VOTING RIGHTS REPRESENTATIVE

In accordance with Article 10 para. 3 of the Articles of Incorporation, dated July 17, 2019, the independent voting rights representative shall be elected by the General Meeting of Shareholders for a term of office extending until completion of the next Ordinary General 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 General 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 May 9, 2019, re-elected Altenburger Ltd legal + tax, Kuesnacht-Zurich, as the independent voting rights representative until the completion of the Ordinary General Meeting of Shareholders in 2020. Altenburger Ltd legal + tax is independent from the Company and has no further mandates for Dufry AG.

For the upcoming Ordinary General Meeting of Shareholders on May 7, 2020, 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: 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 of Shareholders.

6.3 QUORUMS

The General 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 General 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 General 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 GENERAL MEETING OF SHAREHOLDERS

The General 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 General 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 General 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 General 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 General 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 General 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 General 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 General 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 251 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 USD 700,000,000, EUR 500,000,000 and EUR 1,300,000,000 multicurrency term and revolving credit facilities agreements shall become immediately due and payable. Furthermore, upon the occurrence of a change of control, Dufry may be required to repurchase the EUR 800,000,000 Senior Notes due 2024 and the EUR 750,000,000 Senior Notes due 2027 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 Global 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 Global 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 Statutory Auditors shall be elected each year and may be re-elected. Ernst & Young Ltd are the Statutory Auditors since 2004. Jolanda Dolente has been the Lead Auditor since 2019.

8.2 AUDITING FEE

The auditing fees for 2019, for the audit of the consolidated and statutory financial statements of Dufry AG and its subsidiaries are CHF 7.6 million (including quarterly reviews).

8.3 ADDITIONAL FEES

During 2019, Ernst & Young billed additional fees for comfort letters, agreed-upon procedures and tax services in the amounts of CHF 0.2 million, CHF 0.2 million and CHF 0.1 million, respectively.

8.3 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 Statutory 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 Statutory 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, coordination of the Statutory 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 Statutory 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 agrees the scope of and discusses the results of the external audit with the Statutory Auditors. The Statutory Auditors prepare a comprehensive report addressed to the Board of Directors once per year, informing them in detail on the results of their audit. The Statutory Auditors also review the interim consolidated financial statements before they are released.

Representatives of the Statutory Auditors are regularly invited to meetings of the Audit Committee, namely to attend during those agenda points that deal 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 4 briefings were done to the Audit Committee in 2019.

During the fiscal year 2019, the Audit Committee held 4 meetings. The Statutory Auditors were present at 3 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 2019.

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 used to publish its financial reports on a quarterly basis in English. As of the 2020 financial year, Dufry will release a quarterly trading statement for Q1 and Q3 instead of publishing full financial results. Dufry will continue to publish full financial results for the half-year and full year periods. This change is made to focus on a more meaningful time period of six months, thus allowing to assess the detailed performance of the Company with a reduced influence by quarterly volatility and by the more pronounced seasonality caused by the IFRS 16 implementation. All financial reports and media releases containing financial information continue to be 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:

www.dufry.com

The official means of publication of the Company is the Swiss Official Gazette of Commerce:

www.shab.ch

Web-links regarding the SIX Swiss Exchange push-/pull-regulations concerning ad-hoc publicity issues are:

www.dufry.com/en/media/press-releases

www.dufry.com/en/media/press-release-registration-form

The current Articles of Incorporation are available on Dufry's website under:

www.dufry.com/en/investors/corporate-governance
page section "Featured downloads – Articles of Incorporation"

The financial reports are available under:

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, the Corporate Headquarter address and a summary of anticipated key dates in 2020 please refer to pages 272/273 of this Annual Report.

REMUNERATION REPORT
DEAR SHAREHOLDERS

2019 was once more a very successful year for Dufry. Our growth has been accelerating and with CHF 8,848.6 million of turnover reached a new record level. The adoption of IFRS 16, which became effective as of January 1, 2019, has affected the way we account for our concession and lease agreements, as we have already indicated in our 2018 Annual Report. You will find further explanations and reference to this change in the accounting rules in this Remuneration Report and in the letter of the CFO on page 110, as well as in the consolidated financial statements Note 2.4 on page 137, respectively.

Shareholder interaction and dialogue
Dufry engages with shareholders, analysts and investors on a regular basis to better understand their expectations, needs and concerns as part of the Company's strategy with regards to stakeholder dialoque and ESG engagement. Feedback is taken into consideration when evolving the Company strategy as well as corporate governance and remuneration matters. In this context, in 2019, management and the investor relations team had 870 contacts with shareholders and investors combining personal meetings, calls and emails. Discussions with analysts, potential investors and shareholders primarily involved questions and explanations of the Company strategy and clarifications on the IFRS 16 implementation. Shareholder feedback on remuneration practices was generally positive and were not a topic raised often. Related questions and remarks were taken into consideration by the Board of Directors and the Remuneration Committee.

The Company recently conducted investor perception studies - mandated to an external third party - to receive additional insights of shareholder expectations. The most recent perception studies were done in September 2018 and June/July 2019. For a more comprehensive overview of Dufry's stakeholder ecosystem please refer to the ESG report section on page 78 of this Annual Report.

Remuneration Committee
The Remuneration Committee, whose members were re-elected at the General Meeting of Shareholders on May 9, 2019, consists of Claire Chiang, Jorge Born and myself, all of us being non-executive and independent members of the Board of Directors.

Our Committee reviews the remuneration system, including the bonus scheme and long-term incentive plan (Performance Share Unit plan) on an annual basis to ensure alignment with shareholders' interests and best practices, and to provide fair and transparent management compensation.

In fiscal year 2019, the Remuneration Committee held six meetings, with attendance ratio of 100%.

Results of Shareholders' Meeting on May 9, 2019
Our Shareholders' Meeting approved the Board of Directors' proposal for the maximum aggregate amount of compensation for the Board of CHF 8.5 million from the AGM 2019 to the AGM 2020 with a majority of 89.8%. The proposal for the maximum aggregate amount of compensation for the Global Executive Committee of CHF 42.53 million for the fiscal year 2020 was accepted with a majority of 71.16%. Our Remuneration Report 2018 was approved by the Shareholders' Meeting in a consultative, non-binding vote by 89.01% of the votes represented.

This year's Remuneration Report 2019 will again be submitted to a consultative vote at our Shareholders' Meeting on May 7, 2020.

Changes in 2019 regarding compensation
The following changes regarding compensation were applied in fiscal year 2019:

Board of Directors:
- The Shareholders' Meeting approved an amendment of section 22 para. 2 of the Articles of Incorporation regarding the compensation of the Board of Directors (allowing compensation also in shares) by 99.25 %. The bonus of the Chairman, which is based on the Adjusted EPS for 2019, will be paid in cash.
- The new position of Lead Independent Director was established in July 2019.
- In addition and as part of the Company's ESG initiatives, one Board member was given responsibility to oversee Dufry's ESG initiatives.

Global Executive Committee:
- Short-term incentive: Due to the implementation of IFRS 16, with EBITDA no longer being reported in the income statement, and the implementation of the Business Operating Model being completed by the end of 2018, the measures regarding financial performance relevant for the annual bonus have been adjusted. The relevant metrics for 2019 were 40 % Organic Growth, 20 % Adjusted Operating Profit and 40 % Equity Free Cash Flow (2018: 50 % EBITDA, 25 % Business Operating Model Efficiency, 25 % Free Cash Flow). The alignment of the short-term incentive KPIs is in line with the current Company strategy and the operational focus of the management team.
- Long-term incentive: Also as a result of the IFRS 16 implementation, the formerly used Normalized Cash EPS has been replaced with Adjusted EPS as metric for the calculation of the targets and achievement ratios of the Performance Share Unit (PSU) plan. The targets and achievement ratios of the PSU plan remain as challenging as before.

For further details on these changes please refer to the respective sections in this Remuneration Report.

On behalf of the Remuneration Committee and the entire Board of Directors, I would like to thank you, our shareholders, for your contributions and continued trust in Dufry.

Yours sincerely,

Lynda Tyler-Cagni
Chairwoman 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 the Global Executive Committee for fiscal year 2019. 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 Global Executive Committee.

The Remuneration Report will be presented to the General Meeting of Shareholders on May 7, 2020, 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 Global Executive Committee. It approves the individual compensation of the members of the Board of Directors and the Global Executive Committee. As an exception, the individual compensation of the Chief Executive Officer for the Division North America – the separately listed Hudson Ltd. – is approved directly by the Board of Directors of Hudson Ltd. In 2019, the Hudson Board of Directors included Juan Carlos Torres Carretero as Chairman, Julián Díaz González as Vice-Chairman, Heekyung Jo Min as Member (January to October) and Andrés Holzer Neumann as Member (since December 18, 2019). The total size of the Hudson Board was 9 Directors in fiscal year 2019.

Since January 1, 2015, the General Meeting of Shareholders has to approve the proposal of the Board of Directors in relation to the maximum aggregate amounts of compensation of the Board of Directors for the period until the next Ordinary General Meeting of Shareholders and of the Global Executive Committee for the following fiscal year. The vote at the Ordinary General 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 Global Executive Committee (within the limits approved by the General Meeting of Shareholders) is with the Board of Directors (for the CEO of Hudson Ltd. with the Board of Directors of Hudson Ltd.).

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 duties. The General Meeting of Shareholders held on May 9, 2019, re-elected Ms. Lynda Tyler-Cagni, Ms. Claire Chiang and Mr. Jorge Born (all individually elected) as members of the Remuneration Committee for a term of office until completion of the next Ordinary General Meeting of Shareholders in 2020. Lynda Tyler-Cagni has been appointed as Chairwoman of the Remuneration Committee.

COMPENSATION COMPARISONS

During the course of 2019, the Board of Directors of Dufry consulted PricewaterhouseCoopers AG (PwC) for its annual review on the structure and level of executive compensation arrangements, including both short- and long-term components. As part of this annual review process, the Company conducted a benchmark analysis on compensation levels for members of the Global Executive Committee using third party compensation survey data and disclosed information from various companies. The peer group for compensation benchmarking has been selected considering Swiss listed companies and also factoring in geographic spread, demographic size of employee base and complexity of the industry. The Company continually reviews the approach to market benchmarks to ensure they remain relevant. The list of companies in 2019 included ABB, Adecco, Barry Callebout, Clariant, Ems-Chemie, Geberit, Georg Fischer, Lafarge Holcim, Lindt, Lonza, Nestlé, Novartis, Richemont, Roche, Sika, Sonova, Straumann, Swatch and Swisscom. Other divisions of PwC provided services as Tax and HR Advisors for other internal projects.

ADJUSTMENTS TO THE REMUNERATION SYSTEM IN 2019 DUE TO THE IMPLEMENTATION OF THE NEW FINANCIAL REPORTING STANDARD IFRS 16

As already mentioned in the Annual Report 2018, Dufry Group adopted the new International Financial Reporting Standard IFRS 16, effective as of January 1, 2019. IFRS 16 is the new standard on lease accounting and affects the accounting of conces-

COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2019

MEMBER OF THE BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE
Juan Carlos Torres Carretero, Chairman	–	–	–
Heekyung Jo Min, Lead Independent Director [1]	–	Committee Member	–
Jorge Born, Director [2]	Committee Member	Committee Chairman	Committee Chairman
Claire Chiang, Director	Committee Member	–	Committee Member
Julián Díaz González, Director / Group CEO	–	–	–
Andrés Holzer Neumann, Director	–	–	–
Luis Maroto Camino, Director	–	Committee Member	–
Steven Tadler, Director	–	Committee Member	Committee Member
Lynda Tyler-Cagni, Director	Committee Chairwoman	–	Committee Member

[1] Dufry's Board of Directors unanimously resolved to formally establish the position of Lead Independent Director as of July 25, 2019. Heekyung Jo Min was appointed by the Board of Directors to this new position.

[2] Jorge Born acted as Vice-Chairman of the Board of Directors as of October 30, 2018 until July 25, 2019. The position of Vice-Chairman was replaced by the Lead Independent Director Position mentioned above.

For further details regarding the responsibilities of the Remuneration Committee and the meetings held in fiscal year 2019, please refer to section 3.5 Internal Organizational Structure of the Corporate Governance Report.

sion agreements, rent agreements for office and warehouse buildings and other lease arrangements. As Dufry has hundreds of concession agreements and lease agreements, the introduction of IFRS 16 impacted a number of items in the balance sheet, the statement of income and the cash flow statement.

For further explanation of IFRS 16 please also refer to Note 2.4, which also includes reference to various other notes in the consolidated financial statements.

The adoption of IFRS 16 had certain consequences on Dufry's remuneration system for fiscal year 2019:

- Under IFRS 16, EBITDA is no longer reported in the income statement.
- In the short-term incentive (annual bonus) for the Global Executive Committee, Dufry has replaced the previous key performance indicators EBITDA, Business Operating Model Efficiency and Free Cash Flow, which were used in financial year 2018, with Organic Growth, Adjusted Operating Profit and Equity Free Cash Flow for the financial year 2019[1]. The weightings of these key performance indicators relevant for 2019 were set at 40 % Organic Growth, 20 % Adjusted Operating Profit and 40 % Equity Free Cash Flow. This change was done to reflect both the impacts caused by the implementation of IFRS 16 as well as the alignment of the STI-KPIs with the current Company strategy and operational focus of the management team.
- In the share-based incentive (PSU), the formerly used Normalized Cash EPS (earnings per share adjusted for amortization of acquisitions, normalized over a 3-year period) for the calculation of the targets and achievement ratios of the PSU plans has been replaced with Adjusted EPS for the financial year 2019. This earnings per share metric is derived from "Adjusted Net Profit", which reflects Net Profit attributable to Equity Holders of the parent + amortization of concession rights + impairment of concession rights + interest on lease obligations + transaction expenses – income tax on these lines – minority interest on these lines. This adjustment is of technical nature due to IFRS 16; the challenge to reach the targets has remained unchanged.
- For the Performance Share Units (PSU) granted to the members of the Global Executive Committee during fiscal year 2019, the target value of the Cumulative Adjusted EPS was set at CHF 23.82, representing a budgeted Adjusted EPS of CHF 7.67 for the year 2019 and a 3.5% annual growth in 2020 and 2021. This annual growth rate is considered to be challenging in the Company's view and is in line with the target top line growth rate of 3 – 4 % for the Group.
- For the Performance Share Units (PSU) granted in the years 2017 and 2018 with their initial targets

[1] For a glossary of key performance indicators and other performance measures please see page 270 of this Annual Report.

POSITION / RESPONSIBILITY	ANNUAL FEE 2019 IN THOUSANDS OF CHF	ANNUAL FEE 2018 IN THOUSANDS OF CHF
Chairman	2,010.5	2,010.5
Lead Independent Director [1]	100.0	–
Vice-Chairman [1]	–	350.0
Member of the Board of Directors [2]	250.0	250.0
Member responsible for the oversight on Dufry's ESG initiatives [1]	100.0	–
Member of the Remuneration Committee	50.0	50.0
Member of the Audit Committee	50.0	50.0
Member of the Nomination Committee	50.0	50.0

[1] The new Lead Independent Director position was introduced in July 2019, and replaced the former Vice-Chairman position. The fees mentioned for the position of Lead Independent Director and Responsible on ESG initiatives are in addition to the usual fee as member of the Board of Directors.

[2] The Group CEO does not receive additional compensation as a Board member.

set as nominal amounts expressed in Swiss Francs at CHF 29.23 for the 2018 grant and CHF 25.97 for the 2017 grant, the Board of Directors decided for the calculation of the payout ratio to use the previous Cash EPS for fiscal year 2017 and 2018, and the Adjusted EPS for fiscal year 2019. The alignment to the new metric Adjusted EPS results in a deviation from the previous mechanic incorporating Cash EPS. The new target for the 2018 Award amounts to CHF 24.27 and for the 2017 Award to CHF 24.98.
- For the CEO Division North America (Hudson Ltd.), who is a member of the Global Executive Committee since January 18, 2019, the key performance indicators for the short-term incentive are based on Hudson Ltd. targets and results. The Hudson long-term incentive plan includes Restricted Share Units (RSU) and Performance Share Units (PSU). For further details see section "Performance targets for the Hudson 2019 LTI plan" on page 265 of this Annual Report.

REMUNERATION OF 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 of the members of the Board of Directors, except for the Group 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 2019:
- Fixed fee in cash as members of the Board of Directors and members of Board Committees;
- For one member the fixed fee for her responsibilities to oversee Dufry's ESG initiatives
- For one member the fixed fee in cash as member of the Board of Directors of Hudson Ltd. (listed subsidiary) for the period January to October 2019
- 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. The 2019 bonus was based on the budgeted Adjusted EPS for the year under review, which for fiscal year 2019 was a target of CHF 7.67 based on the new calculation of Adjusted EPS due to the adoption of IFRS 16 (2018: bonus based on growth of reported Cash EPS for 2018). The bonus has a minimum threshold of 75 % of the target that must be achieved otherwise no bonus will be paid and a maximum threshold of 130 % of the target. The bonus for fiscal year 2019 is capped at 130 % of the target bonus. The amount of the target bonus for fiscal year 2019 was set at 100 % of the Chairman's board fee (2018: target bonus was also set at 100 % of Chairman's board fee; with the cap at 150 %). Since fiscal year 2019, the Chairman's bonus can be paid either in cash or in an equivalent number of shares allocated to him or as a mix between the two compensation instruments. The Board of Directors decided that the bonus for the Chairman for fiscal year 2019 will be paid in cash (2018: bonus also paid in cash).

With the exception of the variable compensation of the Chairman and of the Group CEO (each in their capacity as Chairman and Group Chief Executive Officer),

COMPENSATION OF THE BOARD OF DIRECTORS (AUDITED)

	2019			2018		
NAME, FUNCTION IN THOUSANDS OF CHF	REMUNERATION	POST-EMPLOYMENT BENEFITS [10]	TOTAL	REMUNERATION	POST-EMPLOYMENT BENEFITS [10]	TOTAL
Juan Carlos Torres Carretero, Chairman [1, 5]	3,845.4	196.1	4,041.5	4,773.4	243.0	5,016.4
Heekyung Jo Min, Independent Lead Director [2, 5]	497.9	–	497.9	499.7	–	499.7
Jorge Born, Director [3]	400.0	23.4	423.4	383.1	22.4	405.5
Claire Chiang, Director	321.7	15.6	337.3	300.0	14.5	314.5
Julián Díaz González, Director and CEO [4, 5]	–	–	–	–	–	–
Andrés Holzer Neumann, Director [3]	400.0	19.6	419.6	400.0	19.6	419.6
Luis Maroto Camino, Director [6]	182.8	10.8	193.6	–	–	–
Steven Tadler, Director [7]	321.7	–	321.7	198.3	–	198.3
Lynda Tyler-Cagni, Director [7]	308.5	18.2	326.7	198.3	11.7	210.0
Subtotal for active members as at Dec 31	**6,278.0**	**283.7**	**6,561.7**	**6,752.8**	**311.2**	**7,064.0**
Xavier Bouton, Director [8]	–	–	–	119.6	5.8	125.4
George Koutsolioutsos, Director [9]	–	–	–	119.4	7.1	126.5
Joaquin Moya-Angeler Cabrera, Director [5, 8]	–	–	–	186.2	5.8	192.0
Total	**6,278.0**	**283.7**	**6,561.7**	**7,178.0**	**329.9**	**7,507.9**

1 The remuneration for Mr. Torres Carretero includes Board fee of CHF 2.01 million and bonus of CHF 1.83 million (2018: CHF 2.01 million Board fee and CHF 2.76 million bonus).

2 Ms. Heekyung Jo Min was appointed as Lead Independent Director on July 25, 2019. In addition, she is responsible for the oversight of Dufry's ESG initiatives. The fees for these two responsibilities started to get paid as of November 2019.

3 Mr. Holzer Neumann was Vice-Chairman and Chairman of the Nomination Committee until October 30, 2018. Mr. Born assumed these duties as of October 31, 2018 and until July 25, 2019. The position of Vice-Chairman was replaced by the new Lead Independent Director position. In 2019, Mr. Holzer Neumann received an additional fee of CHF 0.15 million as compensation for the significant additional time spent on further developing the Company's retail concepts and new activities.

4 Mr. Díaz González (Group CEO) does not receive any additional compensation as Board member.

5 In fiscal year 2019, the following Dufry Board members also served as members of the Board of Directors of Hudson Ltd.: Juan Carlos Torres Carretero, Julián Díaz González, Heekyung Jo Min (Jan – Oct) and Andrés Holzer Neumann (as of Dec 18, 2019). Heekyung Jo Min received a Board fee of USD 0.17 million in 2019 for the period Jan – Oct (2018: USD 0.20 million for period Jan – Dec) for her services as member of the Board of Hudson Ltd. In 2018, Mr. Moya-Angeler Cabrera received a Board fee of USD 0.07 million (Jan – Apr) for the services as members of the Board of Hudson Ltd. Juan Carlos Torres Carretero and Julián Díaz González did not receive additional fees for their services as Hudson Board members in fiscal year 2019 or in fiscal year 2018.

6 Director since AGM on May 9, 2019.

7 Director since AGM on May 3, 2018.

8 Director until AGM on May 3, 2018.

9 Resigned from the Board of Directors on June 22, 2018.

10 Amount includes mandatory employer social security contributions.

the compensation of 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 performs for the Company outside of his / her activity as a Board member can be specifically remunerated and has to be approved by the Board of Directors. Mr. Andrés Holzer Neumann received an additional fee of TCHF 150 as compensation for the significant additional time spent on further developing the Company's retail concepts and new activities (2018: 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 discusses the annual compensation (board fees, committee fees, target bonus for Chairman) in separate meetings. The Chairman and the Group CEO usually participate as guests in these meetings without any voting rights. They leave the room, when their own compensation is discussed by the Remuneration Committee. 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 (Group CEO compensation reviewed and decided separately as described in the section "Remuneration of the members of the Global Executive Committee").

CHANGES IN THE REMUNERATION SYSTEM IN 2019 – BOARD OF DIRECTORS

- In July 2019, the Board of Directors established the position of Lead Independent Director as a new position, replacing the Vice-Chairman position. The Board of Directors has set the annual fee for this new position at TCHF 100 (this fee started to get paid as of November 2019).
- Reflecting the importance of ESG initiatives and reporting, the Board of Directors appointed Heekyung Jo Min as the Board member responsible to have the oversight on Dufry's ESG initiatives. The Board of Directors has set the annual fee for this position at TCHF 100 (this fee started to get paid as of November 2019). During 2019, Ms. Min's involvement included, among other topics, the evolution of our Corporate Governance and advice on Dufry's overall ESG strategy and focus areas.
- Jorge Born, Vice-Chairman as of October 31, 2018 until July 25, 2019, received TCHF 250 as a Board member and a total of TCHF 150 for his membership in three different committees. He received no specific Vice-Chairman remuneration for this period.
- The other Board fees remained unchanged in fiscal year 2019 compared with 2018.
- Certain members of Dufry AG's Board of Directors are also members of the Board of Directors of Hudson Ltd., Dufry's subsidiary which has been separately listed on the New York Stock Exchange as of February 1, 2018. The compensation of the Board of Directors as shown in the table on page 257 includes such remuneration. In fiscal year 2019, Heekyung Jo Min was the only member that received additional compensation for her services in the Board of Directors at Hudson Ltd. for the period January to October 2019 that she still served as Board member of Hudson Ltd. (2018: Heekyung Jo Min and Joaquin Moya-Angeler Cabrera received additional compensation as members of the Board of Directors of Hudson Ltd.).
- Messrs. Juan Carlos Torres, Julián Díaz González and Andrés Holzer Neumann who are also members of the Board of Directors of Hudson Ltd. as of December 31, 2019, received no compensation for their Board memberships at Hudson in 2019 or 2018.

SUMMARY OF REMUNERATION IN FISCAL YEARS 2019 AND 2018

For 2019, the members of the Board of Directors (except the Chairman and the Group CEO) received a Board membership fee of TCHF 250 in cash and an additional TCHF 50 in cash for each membership in a Board Committee. The level of these Board fees remained unchanged for the last five years, i.e. since the Ordinary General Meeting of Shareholders in April 2015. For the new responsibilities of Lead Independent Director and for the oversight on Dufry's ESG initiatives, the Board of Directors set those fees at TCHF 100 each, as explained above.

The Board fee for the Chairman position was last increased in 2017 and remained unchanged in fiscal year 2018 and 2019. The Chairman of the Board of Directors will receive a bonus of TCHF 1,834.9 for fiscal year 2019, to be paid in cash (2018: bonus in cash of TCHF 2,763.0). The bonus amounts to 91% of the Chairman's board fee (2018: 137% of board fee). For further details please refer to the remuneration table on page 257.

On December 31, 2019, the Board of Directors comprised 9 members (December 31, 2018: 8 Board members). For fiscal years 2019 and 2018, covering the period between January 1 and December 31, the remuneration for the members of the Board of Directors is shown in the remuneration table on page 257.

The remuneration difference compared with the previous year is mainly due to the changes in the total number of Board members and the composition of the Board of Directors and of its Committees, different length of time periods of Board compensation for services on the Board of Directors of Hudson Ltd. (if any) as well as the different amount of bonus for the Chairman.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

For the years 2019 and 2018, no other compensation (other than mentioned in the table on page 257) was paid directly or indirectly to current or former members of the Board of Directors, or to their related parties.

IN THOUSANDS OF CHF	BOARD COMPENSATION FOR FISCAL YEAR 2019 AS REPORTED	LESS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2019 TO THE AGM ON MAY 9, 2019 (4 MONTHS)	PLUS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2020 TO THE AGM ON MAY 7, 2020 (4 MONTHS)	TOTAL BOARD COMPENSATION FOR THE PERIOD FROM AGM 2019 TO AGM 2020	TOTAL MAXIMUM AMOUNT AS APPROVED BY SHAREHOLDERS AT THE AGM 2019 FOR PERIOD OF AGM 2019 TO AGM 2020	COMPENSATION RATIO
Total Board of Directors	**6,561.7**	**(1,462.5)**	**1,637.8**	**6,737.0**	**8,500.0**	**79.3%**

There are also no loans or guarantees received or provided to these Board members, nor to their related parties.

RECONCILIATION BETWEEN REPORTED BOARD COMPENSATION FOR FISCAL YEAR 2019 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2019 UNTIL THE AGM 2020

The Ordinary General Meeting of Shareholders held on May 9, 2019 approved a maximum aggregate amount of compensation of the Board of Directors for the term of office from the AGM 2019 to the AGM 2020 of CHF 8.5 million (CHF 8.7 million from AGM 2018 to AGM 2019). The table on page 258 shows the reconciliation between the reported Board compensation for fiscal year 2019 and the amount approved by the shareholders at the AGM 2019.

REMUNERATION OF THE MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE

10 MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE IN 2019 VS. 7 MEMBERS IN 2018

On January 18, 2019, Dufry announced a new, simplified organization to drive market agility with full customer focus, generate additional efficiencies and drive organic growth. The Global Executive Committee, which consisted of seven members as of December 31, 2018, was increased by the three positions of the CEOs for the Divisions Asia Pacific and Middle East, Central and South America as well as North America. Furthermore, the former CFO Andreas Schneiter left the Company on May 31, 2019 and was replaced by the new CFO Yves Gerster as of April 1, 2019.

At year-end 2019, the Global Executive Committee consisted of ten members. These members are the Group Chief Executive Officer, Chief Financial Officer, Deputy Group Chief Executive Officer, Global Chief Corporate Officer, Group General Counsel, Chief Executive Officer Europe, Africa and Strategy, Chief Executive Officer Division Asia Pacific and Middle East, Chief Executive Officer Division Central and South America, Chief Executive Officer Division North America, and the Chief Marketing and Digital Innovation Officer.

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 [1]	– Annual bonus – Usually paid in cash	– Pay for performance	– Achievement of financial results of the Group and of specific Divisions (for the Divisional CEOs)
Share-based incentives PSU [1, 2]	– Performance Share Units (PSU) if any, vesting conditional on performance	– Rewarding long-term performance – Aligning compensation to shareholder interests	– PSU Award 2019: Cumulative Adjusted EPS in CHF over 3 years (2019, 2020 and 2021) – PSU Award 2018: Cumulation of Cash EPS in CHF for 2018 and Adjusted EPS in CHF for the years 2019 and 2020 - PSU Award 2017: Cumulation of Cash EPS in CHF for the years 2017 and 2018 and Adjusted EPS in CHF for 2019
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

[1] For the CEO Division North America (Hudson Ltd.) based on targets of Hudson Ltd.
[2] The share-based incentive scheme of Hudson includes Restricted Share Units (RSU) and Performance Share Units (PSU).

PERFORMANCE OBJECTIVES FOR BONUS [1]

FISCAL YEAR 2019	FISCAL YEAR 2018
OBJECTIVES FOR THE GLOBAL EXECUTIVE COMMITTEE [2]	**OBJECTIVES FOR THE GLOBAL EXECUTIVE COMMITTEE**
40 % Organic Growth	50 % EBITDA
20 % Adjusted Operating Profit	25 % Business Operating Model Efficiency
40 % Equity Free Cash Flow	25 % Free Cash Flow

[1] For a glossary of the key performance indicators and other performance measures please refer to page 270 of this Annual Report.

[2] For the Division CEOs the metrics Organic Growth and Adjusted Operating Profit are based on the results of their Divisions (for the other GEC members on Dufry Group results). The objective Equity Free Cash Flow is based on Dufry Group level. For the CEO Division North America, the objectives are based on Hudson results only, with objectives being 40 % Organic Growth, 35 % Adjusted EBITDA and 25 % Adjusted EPS of Hudson.

REMUNERATION SYSTEM

Dufry aims to provide internationally competitive compensation to the members of its Global Executive Committee (GEC) that reflects the experience and the area of responsibility of each individual member. The members of the Global 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.

The CEO of the Division North America, Hudson Ltd., which is separately listed on the New York Stock Exchange, is a member of the Global Executive Committee, but participates in terms of his compensation packages (including the performance related bonus and long-term incentive plans) in a separate remuneration system and incentive plan for members of the Hudson Ltd. management. All other members of the Global Executive Committee participate in the Dufry remuneration system and incentive plans.

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.

Salary increases for members of the Global Executive Committee are generally done in line with increases for the broader workforce. In case of promotions, typically a more substantial salary increase may be warranted. Nevertheless, a newly promoted GEC member would get a base salary at the lower end of the expected range with a view to get above-average increases alongside his growing experience and with a view to get between the median and the upper half of the target range within 3 – 5 years. Also, higher salary increases may be warranted when there is an increase in responsibilities.

ANNUAL BONUS

The annual bonus is defined once per year and is based on a bonus target expressed as a percentage of the annual basic salary. The target bonus corresponds to the bonus award at 100 % achievement of the predefined objectives. Each member of the Global Executive Committee has its own bonus. In the event 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 Global Executive Committee, including the Group CEO.

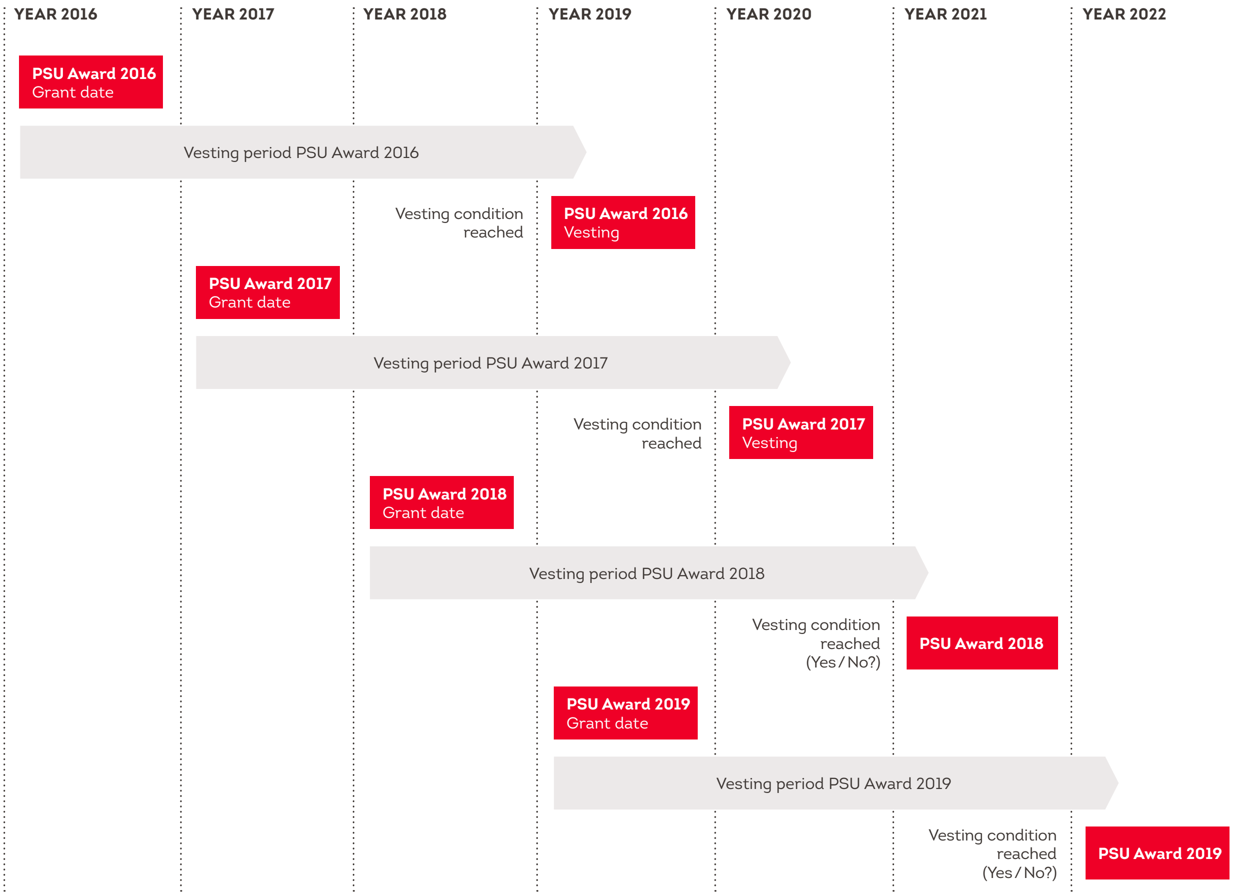
The targets for the annual bonus are set to be stretching but achievable and focus on key operational metrics and metrics related to key strategic initiatives. The Remuneration Committee considers the financial targets for the annual bonus to be commercially sensitive and that it would be detrimental to disclose details.

The annual bonus is usually paid out in cash in the second quarter of the following year. As an exception, the Board of Directors (upon proposal by the Remuneration Committee) decided in 2016 that the bonus for fiscal year 2015 shall be settled 50 % in cash and 50 % in rights to receive shares, which finally vested if the GEC member was still employed on January 1, 2019. The shares that were used to settle the 2015 bonus payment had no dilutive effect, as they were sourced exclusively from treasury shares. The bonus pay-outs for the following fiscal years, including 2019, are in cash.

RANGE OF BONUS COMPONENTS

IN % OF BASIC SALARY	2019	2018	2017
Global Executive Committee	26 – 97 %	37 – 97 %	41 – 217 %

TIMING OF THE PSU PLANS



For fiscal year 2019, the target bonus amounted to 110 % of the basic salary for the Group CEO and to between 50 % and 105 % of the basic salary for the other members of the Global Executive Committee (fiscal year 2018: 100 % for the Group CEO and between 38 % and 100 % for the other members of the Group Executive Committee). Considering the market review of total compensation for the members of the Global Executive Committee for the 2019 business year, some further alignment and harmonisation of the variable compensation was required to align both with the external market for similar roles and also with internal peer groups. This resulted in a narrowing of the range to between 50 % and 105 % in 2019. The strategy of the compensation review was to balance the weighting between base salary and the variable compensation component.

The bonus is mainly related to measures regarding financial performance: in 2019, the relevant weightings for the members of the Global Executive Committee were 40 % Organic Growth (Like-for-like growth + Net new concessions), 20 % Adjusted Operating Profit (Operating profit + amortization of concession rights + impairment of concession rights + transaction expenses) and 40 % Equity Free Cash Flow (Free Cash Flow - Interest paid - Cash Flow related to minorities +/- Other financing items) of the Dufry Group results. For the Division CEOs it was 40 % Organic Growth and 20 % Adjusted Operating Profit of their respective Division and 40 % Equity Free Cash Flow of Dufry Group. For the CEO Division North America, the objectives are based on Hudson results only, with objectives being 40 % Organic Growth, 35 % Adjusted EBITDA and 25 % Adjusted EPS. In the previous year 2018, the weightings for all members of the Global Executive Committee were 50 % EBITDA, 25 % Business Operating Model Efficiency and 25 % Free Cash Flow.

DUFRY AG PSU VESTING

DUFRY AG PSU GRANTS 2019		DUFRY AG PSU GRANTS 2018	
METRIC	**PSU VESTING**	**METRIC**	**PSU VESTING**
EPS basis	**Based on Cumulative Adjusted EPS (three-year period 2019 – 2021)**	**EPS basis**	**Based on Cumulation of Cash EPS (for 2018) and Adjusted EPS (for years 2019 and 2020)**
< minimum threshold (50 % of target)	No vesting	< minimum threshold (50 % of target)	No vesting
at target	100 % vesting (1 share per PSU)	at target	100 % vesting (1 share per PSU)
≥ maximum threshold (150 % of target)	Maximum vesting (2 shares 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)	Between minimum threshold and maximum threshold	Linear calculation (between 0 and maximum 2 shares per PSU)

The bonus accrued as part of the compensation for the members of the Group Executive Committee represented in 2019 between 26 % and 97 % of their basic salary and amounted to CHF 4.63 million in the aggregate (2018: between 37 % and 97 % of their basic salary and an amount of CHF 4.97 million in the aggregate). The achievement ratio regarding the Group results' targets of the three elements Organic Growth, Adjusted Operating Profit and Equity Free Cash Flow combined was 53 % for fiscal year 2019 (2018: achievement ratio 97 % for the elements EBITDA, Business Model Operating Efficiency and Free Cash Flow). The achievement levels for each of the components were between 56 % and 96 % of target for metrics at Group level (Group Organic Growth, Group Adjusted Operating Profit and Group Equity Free Cash Flow) in 2019. The threshold limits are 75 % and 130 % for each metric.

The bonus compensation for the members of the Global Executive Committee, other than the bonuses for the Group CEO and for the CEO Division North America, is approved by Dufry's Remuneration Committee in coordination with the Group CEO. The Group CEO's bonus 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 members of the Global Executive Committee on a yearly basis. The bonus for the CEO Division North America is approved by Hudson's Remuneration Committee in consultation with the Group CEO who is also Vice-Chairman of the Board of Directors at Hudson Ltd.

SHARE-BASED INCENTIVES (PSU)

In 2013, Dufry introduced a Performance Share Unit (PSU) plan for the members of the Global Executive Committee. The purpose of the plan is to provide the members of the Global 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.

Since its separate listing on the New York Stock Exchange, Dufry's subsidiary Hudson Ltd. has its own long-term incentive (LTI) plan for members of the management of Hudson Ltd. Details of Hudson's LTI plan awards are available in Note 25.2 of the consolidated financial statements in this Annual Report. The LTI plan awards granted by Hudson are directly vesting into Hudson shares and are therefore not part of the Dufry AG PSU plan. The CEO Division North America (Hudson Ltd.) is participating in the Hudson LTI plan which consists of Restricted Share Units (RSU) and Performance Share Units (PSU), instead of the Dufry AG PSU plan. He is the only member of the Global Executive Committee that does not participate in the Dufry AG PSU plan.

From an economic point of view, Dufry's PSU and also Hudson's RSU and PSU 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

COMPENSATION OF THE MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE (AUDITED)

	2019		2018	
REMUNERATION COMPONENT IN THOUSANDS OF CHF	**GEC (10 members)**	**CEO [1]**	**GEC (7 members)**	**CEO [1]**
Basic salary	8,759.8	1,924.0	6,661.8	1,832.4
Bonus	4,627.7	1,121.2	4,966.0	1,775.6
Post-employment benefits [2]	1,775.5	571.5	1,610.1	593.3
Other indirect benefits	373.3	23.1	330.9	23.1
Share-based payments accrued (3 years vesting period) [3]	5,704.2	1,180.2	5,405.3	1,635.2
Total compensation accrued	**21,240.5**	**4,820.0**	**18,974.1**	**5,859.6**
Total compensation pay-out	**27,038.7**	**7,281.2**	**20.021.6**	**6,611.5**
Number of performance share units awarded (in thousands) [3]	126.8	12.1	55.6	16.8

1 The Group CEO is the highest paid member.

2 Amount includes employer social security contributions and pension contributions.

3 For valuation details of the Dufry performance share units see Note 25.1 of the consolidated financial statements. The accrued values in the table reflect the different valuations of the PSU in the different reporting years. PSU are calculated at target. Fiscal year 2019 also includes the Hudson RSU and PSU granted to the CEO Division North America (for valuation details of these RSU and PSU see Note 25.2 of the consolidated financial statements).

shares held by the Company (or by Hudson in case of the Hudson RSU / PSU).

Details of the Performance Share Units (PSU)

The number of PSU allocated to each member of the Global Executive Committee in any given year takes into account the basic salary as well as the prevailing share price and assumes that the target will be achieved, i.e. that one share vests for each PSU. The accrued value of the PSU represented about 61% of the basic salary for the Group CEO and between 41% and 92% of the basic salary for the other members of the Global Executive Committee (2018: 89% for the Group CEO and between 74% and 92% for the other members of the Global Executive Committee). The PSU awards will only vest in the third year of the award period and are linked to specific performance criteria (see below). Once PSU are vesting, the shares will become immediately unrestricted and available to the plan participants. The structure of the PSU is identical in the case of the Hudson PSU, however with different performance metrics for Hudson.

Vesting conditions of the PSU are:
- The participant's ongoing contractual relationship on the vesting date; and
- The achievement of the performance target as described below.

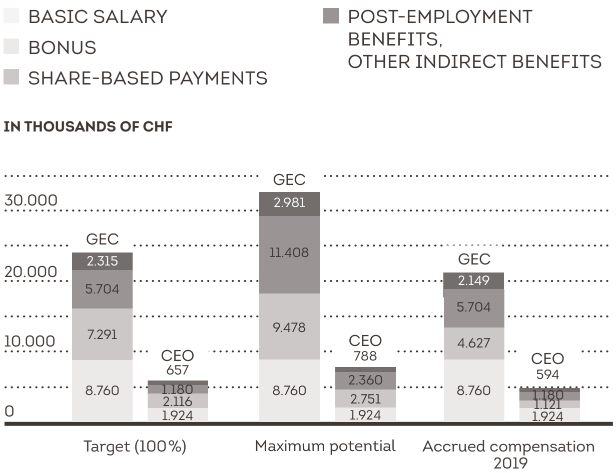
Performance targets for the Dufry 2019 and 2018 PSU grants

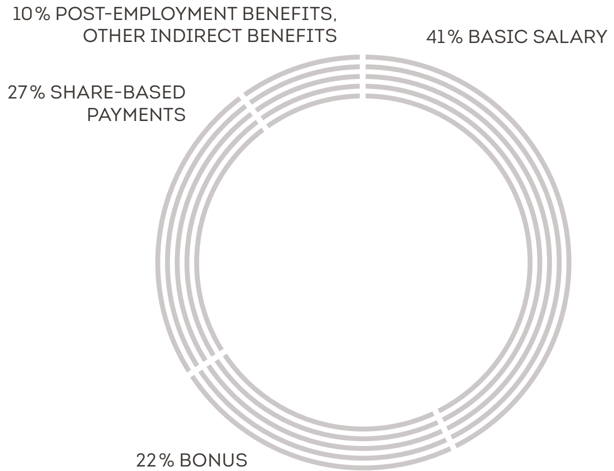
2019 grant: The number of shares allocated for each PSU directly depends on the Company's Cumulative Adjusted EPS as a nominal amount in Swiss Francs of the three-year period preceding the vesting. The Target Cumulative Adjusted EPS (period 2019-2021) has been set at CHF 23.82, based on the 2019 budgeted Adjusted EPS (of CHF 7.67) and applying a growth rate of 3.5% per annum. This annual growth rate is considered to be challenging in the Company's view and is in line with the current target top line growth rate of 3-4% for the Group. The percentage of the applied growth rate for the PSU plan of the next year is subject to potential change from year to year by the Remuneration Committee.

2018 grant: With the implementation of IFRS 16 and the previously used Normalized Cash EPS metric no longer being continued as of January 1, 2019, the 2018 grant has been amended as follows: For the calculation of the cumulative achievement, the number of shares allocated for each PSU depends on a cumulation (period 2018-2020) of the formerly used Cash EPS for the year 2018 and the Adjusted EPS for the years 2019 and 2020.

Depending on the Cumulative Adjusted EPS (for 2018 plan: combination of Cash EPS for 2018 and Adjusted EPS for 2019 and 2020) achieved, each PSU will convert according to the following grid:

REMUNERATION STRUCTURE GROUP EXECUTIVE COMMITTEE IN 2019 (TEN MEMBERS)

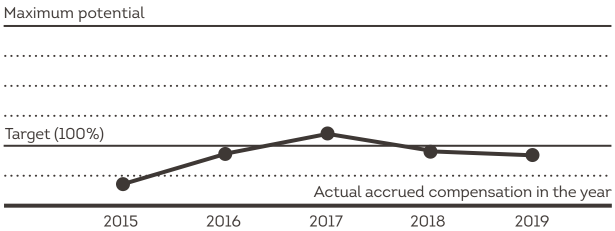




- Minimum threshold of 50 % of target must be achieved; otherwise the PSU shall not vest and will become nil and void. The participant will not be allocated any shares from the PSU.
- For a Cumulative Adjusted EPS at target, the participant shall be allocated one share for every PSU that has vested.
- For a Cumulative Adjusted 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 Adjusted EPS higher than the minimum threshold but lower than the maximum threshold, the number of shares allocated from vested PSU is calculated on a linear basis.
- The maximum number of shares allocated is capped at two shares per vested PSU.

In 2019, nine members of the Global Executive Committee (excluding the CEO Division North America who participates in the Hudson LTI plan) have been granted, in the aggregate, 50,134 PSU (2018: 55,612 PSU to seven members of the Global Executive Committee). Out of this amount, 12,122 PSU were granted to the Group CEO (2018: 16,823 PSU). The total number of shares that can be allocated to these nine members of the Global Executive Committee would amount to the following: At target, 50,134 shares for the PSU Award 2019, 61,060 shares for the PSU Award 2018 and 55,275 shares for the PSU Award 2017, which will vest in 2020. At maximum (i.e. at 2 shares per vested PSU from the 2019 and 2018 grants) it would amount to 100,268 shares for the PSU Award 2019, 122,120 shares for the PSU Award 2018 and 55,275 shares for the PSU Award 2017.

GEC REMUNERATION (ACCRUED) IN PERIODS 2015–2019



YE 2015: 7 GEC members; YE 2016/2017: 12 GEC members;
YE 2018: 7 GEC members; YE 2019: 10 GEC members.

Overall, the number of persons qualified to receive PSU awards includes (since fiscal year 2015) not only the members of the Global Executive Committee, but also further selected members of the Senior Management team of Dufry (about 26 senior managers). In addition to the PSU awarded to the members of the Global Executive Committee, this further group of Senior Managers received in aggregate 31,200 PSU from the Award 2019 (2018: about 60 managers and 68,486 PSU from the Award 2018; in 2017: about 80 managers and 74,905 PSU from the PSU Award 2017, which will vest in 2020). The conditions of the Dufry PSU plans are identical for all plan participants (whether members of the Global Executive Committee or Senior Managers). The total number of shares that can be allocated to the Senior Management team members would amount to the following: At target, 31,200 shares for the PSU Award 2019, 68,486 shares for the PSU Award 2018 and 74,905 shares for the PSU Award 2017, which will vest in 2020. At maximum, 62,400 shares for the PSU Award 2019, 136,972 shares for the PSU Award 2018 and 74,905 shares for the PSU Award 2017.

For the PSU plan 2015 that vested in May 2018, 92.6% of the target number of shares were allocated to the plan participants. For the PSU plan 2016 that vested in May 2019, 104.0% of the target number of shares were allocated to the plan participants.

The total number of shares that can be allocated to all participants of the Dufry PSU Awards 2019 and 2018, the vested and allocated 130,180 shares from the PSU Award 2017 and the vested rights to receive shares from the 2015 bonus (which was split into 50% cash and 50% in rights to receive shares, equivalent to 82,536 shares in total, and which vested on January 1, 2019) would amount to the following: At target 423,596 shares, representing a total of 0.84% of the outstanding shares as at December 31, 2019. At maximum (i.e. at 2 shares per vested PSU from the PSU Awards 2019 and 2018) 634,476 shares, representing a total of 1.25% of the outstanding shares as at December 31, 2019. Historically, Dufry has always sourced its share-based compensation from treasury shares, so that no dilutive effect is expected from the PSU.

For a description of the performance targets of the PSU Awards 2016 and 2017 (with vesting in 2019 and 2020, respectively), please refer to the details in the Remuneration Report 2017 on page 243 of the Annual Report 2017. Please note that as a result of the implementation of IFRS 16, for the PSU Award 2017, the relevant metric for the year 2019 was also Adjusted EPS (i.e. the shares allocated for each PSU 2017 depended on a cumulation (period 2017 – 2019) of the formerly used Cash EPS for the years 2017 and 2018, and the Adjusted EPS for the year 2019). The new cumulative target for this combined metric amounted to CHF 24.98.

Link to the Annual Report 2017:
www.dufry.com/en/investors/ir-reports-presentations-and-publications
page section "Presentation of results and other publications – select Financial Reports"

The Dufry PSU plans have been approved by the 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 Group CEO, who as plan administrator will analyze and adjust potential exceptional and non-recurring events to normalize Adjusted EPS in relation to the PSU plan. The Group 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 Group CEO are decided by the Remuneration Committee.

Performance targets for the Hudson 2019 LTI plan

The CEO Division North America (Hudson Ltd.) is the only member of the Global Executive Committee who participates in the Hudson long-term incentive plans. As he was appointed to the Global Executive Committee as of January 18, 2019, the following description of the Hudson LTI plan refers only to the fiscal year 2019 grant.

Hudson has a long-term incentive plan (LTIP) that is split between 75% Performance Share Units (PSU) and 25% Restricted Share Units (RSU), both with a vesting period of three years. The number of shares allocated for each PSU depends on the following performance metrics of Hudson: Sales 2019 – 2021 (30% weighting), Adjusted EBITDA 2019 – 2021 (30% weighting) and Adjusted EPS 2019 – 2021 (40% weighting). The RSU vest on a service condition, i.e. the member of the Hudson management must have an ongoing contractual relationship on the vesting date.

The LTI plan awards granted by Hudson are directly vesting into Hudson shares and are therefore not part of the Dufry PSU plan. Details of the Hudson LTI plan awards are available in the Notes to the consolidated financial statements (Note 25.2) Share-based payments) of this Annual Report. The table with the compensation of the members of the Global Executive Committee on page 263 also includes the accrued value of the Hudson RSU / PSU 2019 grants to the CEO Division North America (in "share-based payments accrued").

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 Global Executive Committee. The total amounted to CHF 0.4 million in the aggregate in fiscal year 2019 (2018: CHF 0.3 million in aggregate for certain members of the Global Executive Committee).

CHANGES IN THE REMUNERATION SYSTEM IN 2019 – GLOBAL EXECUTIVE COMMITTEE

The Board of Directors, upon proposal by the Remuneration Committee, has decided on the following change to the remuneration system in fiscal year 2019:

- As under IFRS 16, EBITDA is no longer reported in the income statement and the implementation of the Business Operating Model was completed by the end of 2018, the measures regarding the financial performance relevant for the annual bonus have been adjusted. In 2019, the relevant metric were 40% Organic Growth, 20% Adjusted Operating Profit and 40% Equity Free Cash Flow (see also explanation under section "Annual bonus – performance objectives" on page 260). In fiscal year 2018, the metric used for the short-term incentive was 50% EBITDA, 25% Business Operating Model (BOM) Efficiency and 25% Free Cash Flow. With the BOM completed by the end of 2018 and EBITDA no longer used as a metric in Dufry's income statement due to IFRS 16, the change to focus on Organic Growth, Adjusted Operating Profit and Equity Free Cash Flow reflects the focus of the organization on these key issues.
- For the Performance Share Units (PSU) plans, the formerly used Cash EPS for the calculation of the targets and achievement ratios of the PSU plans has been replaced with Adjusted EPS for the year 2019 and onwards. For details regarding the individual grants see section "Details of the Performance Share Units (PSU)" on page 263 of this Annual Report.

COMPARISON AND COMPOSITION OF REMUNERATION OF THE GLOBAL EXECUTIVE COMMITTEE FOR FISCAL YEAR 2019

The charts on page 264 reflect the composition of the different remuneration components as well as the actual remuneration of the 10 members of the Global Executive Committee for fiscal year 2019. 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 2019

For fiscal year 2019, the achievement ratio in conjunction with the Group result targets for the three elements Operating Growth, Adjusted Operating Profit and Equity Free Cash Flow combined was 53%. The pay-out of the bonus component for the Group CEO amounts to CHF 1.12 million, which represents 58% of the Group CEO's basic salary. The Dufry PSU Award 2017 will vest in fiscal year 2020 at a ratio of 94.5%. This will lead to 130,180 shares being vested, of which 15,898 reflect the shares vested for the Group CEO.

The pay-out for the entire Global Executive Committee for fiscal year 2019 amounts to a total of CHF 27.04 million, of which CHF 7.28 million is the pay-out to the Group CEO.

SUMMARY OF REMUNERATION FOR FISCAL YEAR 2019

For fiscal year 2019, the remuneration of the Global Executive Committee includes the compensation of ten GEC members (former CFO until May 31, 2019, current CFO as of April 1, 2019; in 2018: seven Group Executive Committee members). The remuneration for fiscal years 2019 and 2018, mentioned in the table on page 263 covers the period between January 1 and December 31.

The remuneration difference compared with the previous year is mainly due to the change in the number of members of the current Global Executive Committee compared to the previous year (10 members in 2019 vs. 7 members in 2018), regular salary increases based on annual performance review, individual bonus payments based on achievement of yearly objectives set in advance, as well as the different values of the PSU awards.

RECONCILIATION BETWEEN REPORTED GLOBAL EXECUTIVE COMMITTEE COMPENSATION FOR FISCAL YEAR 2019 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2018 FOR FISCAL YEAR 2019

The Ordinary General Meeting of Shareholders held on May 3, 2018, approved a maximum aggregate amount of compensation for the members of the

COMPENSATION RATIO FOR REMUNERATION OF GLOBAL EXECUTIVE COMMITTEE (TEN MEMBERS) FOR 2019

IN THOUSANDS OF CHF	GEC COMPENSATION FOR FISCAL YEAR 2019 AS REPORTED	TOTAL MAXIMUM AMOUNT FOR GEC COMPENSATION AS APPROVED BY SHAREHOLDERS AT THE AGM 2018 FOR FISCAL YEAR 2019	COMPENSATION RATIO
Total Global Executive Committee	**21,240.6**	**37,100.0**	**57.3%**

Global Executive Committee for the fiscal year 2019 of CHF 37.1 million. The approved maximum aggregate amount reflects the maximum possible pay-out calculated for each compensation element and took into account the seven members of the Group Executive Committee in office at the time the proposal to the AGM 2018 was made. The actual compensation ratio (accrued compensation) for the 10 members of the Global Executive Committee compared with the amount approved by the General Meeting of Shareholders was 57.3%.

For fiscal year 2020, the Ordinary General Meeting of Shareholders held on May 9, 2019, approved a maximum aggregate amount of compensation for the members of the Global Executive Committee of CHF 42.53 million. The compensation ratio for 2020 will again be disclosed in the Remuneration Report 2020.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

For the years 2019 and 2018, no other compensation was paid directly or indirectly to current or former members of the Global Executive Committee, or to their related parties. There are also no loans or guarantees received or provided to the Global 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 Global 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 Global Executive Committee contain termination periods of twelve months or less.

PARTICIPATIONS IN DUFRY AG

The following members of the Board of Directors or of the Global Executive Committee of Dufry AG (including related parties) directly or indirectly hold shares or share options of the Company as at December 31, 2019. Members not listed in the tables do not hold any shares or options.

	DECEMBER 31, 2019			DECEMBER 31, 2018		
IN THOUSANDS	**SHARES**	**FINANCIAL INSTRUMENTS [1]**	**PARTICIP.**	**SHARES**	**FINANCIAL INSTRUMENTS [1]**	**PARTICIP.**
MEMBERS OF BOARD OF DIRECTORS						
J. C. Torres Carretero, Chairman	966.0	23.7	1.96%	1,001.0	71.1 [1]	1.99%
A. Holzer Neumann, Director	3,991.0	–	7.89%	4,334.0	55.2 [1]	8.15%
J. Born, Director (2018: Vice-Chairman)	22.0	–	0.04%	22.0	30.9 [2]	0.10%
J. Díaz González, Director and Group CEO	233.0	17.5	0.50%	230.0	35.1 [1]	0.49%
S. Tadler, Director	13.0	–	0.03%	–	–	–
H. Jo Min, Independent Lead Director (2018: Director)	0.5	–	0.00%	0.5	–	0.00%
Total Board of Directors	**5,225.5**	**41.2**	**10.42%**	**5,587.9**	**192.3**	**10.73%**
MEMBERS OF GLOBAL EXECUTIVE COMMITTEE						
J. Díaz González, Director and Group CEO	233.0	17.5	0.50%	230.0	35.1 [1]	0.49%
J. A. Gea, Deputy Group CEO	33.0	–	0.07%	14.4	–	0.03%
Y. Gerster, CFO	2.2	–	0.00%	n/a	n/a	n/a
L. Marin, Global CCO	7.8	–	0.02%	4.3	–	0.01%
J. Gonzalez, Chief Marketing and Digital Innovation Officer	3.3	–	0.01%	2.0	–	0.00%
A. Belardini, Division CEO Asia Pacific and Middle East	18.7	–	0.04%	n/a	n/a	n/a
R. Fordyce, Division CEO North America	3.6	–	0.01%	n/a	n/a	n/a
R. Riedi, Division CEO Central and South America	1.1	–	0.00%	n/a	n/a	n/a
E. Andrades, CEO Europe, Africa and Strategy	1.0	–	0.00%	–	–	–
ADDITIONAL MEMBERS OF FORMER GROUP EXECUTIVE COMMITTEE (IN 2018)						
A. Schneiter, CFO	n/a	n/a	n/a	12.9	–	0.02%
Total Global Executive Committee	**303.7**	**17.5**	**0.64%**	**263.6**	**35.1**	**0.55%**

[1] The detailed terms of the various financial instruments disclosed are as disclosed to the SIX Swiss Exchange and published on August 3, 2019, for the year 2019 and on December 28, 2018, for the year 2018.

[2] European Capped Calls on 30,940 shares of Dufry AG. The transaction is divided into 5 tranches of 6,188 shares each, which expired 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.

In addition to the above, the shareholders' group consisting, among others, of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julián Díaz González holds sale positions of 3,62% through options (1,829,190 voting rights) as of December 31, 2019 (as of December 31, 2018: sale positions of 5.09% through options (2,739,430 voting rights)).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on August 3, 2019 (for sale position as of December 31, 2018: publication of disclosure notice on December 28, 2018). Disclosure notices are available on the SIX Swiss Exchange website:

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, 11 March 2020

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Dufry AG for the year ended 31 December 2019. 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 and sections labeled "audited" on pages 252 to 268 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 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 December 31, 2019 of Dufry AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Siro Bonetti
Jolanda Dolente Licensed audit expert (Auditor in charge)	Siro Bonetti Licensed audit expert

ALTERNATIVE PERFORMANCE MEASURES

ORGANIC GROWTH

	Like-for-like *
+	Net new concessions **
=	**Organic Growth**

ADJUSTED OPERATING PROFIT (Adjusted EBIT)

	Operating profit / (loss)
+	Amortization of concession rights ***
+	Impairment of concession rights ***
=	**Adjusted Operating Profit (Adjusted EBIT)**

ADJUSTED NET PROFIT / ADJUSTED EPS

	Net profit / (loss) attributable to Equity Holders of the parent
+	Amortization of concession rights ***
+	Impairment of concession rights ***
+	Interest on Lease Obligations
+	Transaction Expenses ***
–	Income Tax on above lines
–	Minority interest on above lines
=	**Adjusted Net Profit**
÷	Weighted Average number of Ordinary Shares Outstanding
=	**Adjusted EPS**

NET DEBT

	Borrowings (short and long-term)
–	Cash and Cash Equivalents
=	**Net Debt**

CORE NET WORKING CAPITAL

	Inventories
+	Trade and Credit Card Receivables
–	Trade Payables
=	**Core Net Working Capital**

CAPEX

	Purchase of Property, Plant and Equipment
–	Purchase of Intangibles
–	Other Investing Activities
+	Proceeds from Sale of Property, Plant and Equipment
=	**Capex**

ADJUSTED OPERATING CASH FLOW

	Cash Flow before Working Capital Changes
–	Lease Payments
+	Proceeds from Lease Income
=	**Adjusted Operating Cash Flow**

EQUITY FREE CASH FLOW

	Net cash flows from operating activities
–	Lease Payments
+	Proceeds from Lease Income
–	Capex
+	Interest received
=	**Free cash flow**
–	Interest Paid
–	Cash Flow related to Minorities
	– Purchase of interest in associates
	– Dividends paid to non-controlling interest
	+ Contributions from non-controlling interests
+/–	Other Financing items
	– Purchase of financial assets
	+ Proceeds from sale of financial assets
	+ Proceeds from loans receivable repaid
=	**Equity Free Cash Flow**

Note: Calculation methods applicable as of 2019
* Sales on same space as previous comparable period
** Store openings minus store closings in the period under review
*** Related to acquisitions


Great Offers
WHISKY
CHIVAS/BALLANTINE'S
JOHNNIE WALKER
COGNAC
Great Offers
RED
ENJOY EXCLUSIVE DISCOUNTS

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:SW

KEY DATES IN 2020

March 12, 2020	Results Fiscal Year 2019, Publication of Annual Report
May 7, 2020	Annual General Meeting
May 12, 2020	Trading Statement First Quarter 2020
August 3, 2020	Results First Half Year 2020
November 3, 2020	Trading Statement Third Quarter 2020

SENIOR NOTES

Issuer	Dufry One B.V.
Listing	The International Stock Exchange ("TISE")
Type of security	Senior Notes
Size of issue	EUR 800 million
Interest rate	2.5 % p.a., paid semi-annually
Maturity	October 15, 2024
ISIN-No.	XS1699848914 (Serie REG S)
Bloomberg	DUFNSW

Issuer	Dufry One B.V.
Listing	The International Stock Exchange ("TISE")
Type of security	Senior Notes
Size of issue	EUR 750 million
Interest rate	2.0 % p.a., paid semi-annually
Maturity	February 15, 2027
ISIN-No.	XS2079388828 (Serie REG S)
Bloomberg	DUFNSW

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DUFRY.COM

Company's website:

Latest news:

Articles of incorporation:

Financial reports:

SUSTAINABILITY REPORT 2019 ANNEX

DUFRY

WorldClass.WorldWide.

SUSTAINABILITY REPORT ANNEX

About the report
Following Dufry's commitment towards providing more visibility over its annual non-financial performance, and building on the steps taken in 2016 with the commissioning of our first Materiality Assessment to identify the sustainability topics and in 2017 with the preparation of the first Sustainability Report following international standards. Dufry has again aligned its Sustainability Report, with the guidelines of the Global Reporting Initiative (GRI) Standards on its Core Option. Reporting in accordance with this international standard permits a more transparent and comparable approach to information and facilitates the tracking of sustainability performance indicators.

As indicated in page 78 of the 2019 Annual Report, Dufry has added Data Privacy and IT Security as an additional material topic for this year´s report, The rest of the GRI indicators remain unchanged compared to previous years. Dufry 2019 Sustainability Report applies the 2016 version of the GRI Standards for most of the indicators; where noted "2016*" and "2018*" in this annex and in the GRI Index, it refers to the Standards issue date, not the date of the information presented.

The report is divided in two main sections. The main one – included in the annual report – gives the reader a wider view of Dufry, its relationship with its main stakeholders and its vision on sustainability. The second part of the report - which is annexed to the Annual Report and also available in the sustainability section of the corporate website, www.dufry.com, is this document which contains information presented in several tables with quantitative indicators as per the GRI Standard indications. Both documents present data as of December 31, 2019.

For easier tracking, a list of the whole set of indicators in the GRI Index is available on the website. That Index cross references GRI indicators and page numbers and serves as a guide to where the information on each topic may be found – either in the annual report, on the Group website or in this annex document.

Scope
During 2019, Dufry has made significant progress in the roll-out of Dufry Connect, Dufry's digital HR platform, which has permitted the company to increase the breadth and depth of our employee-related information to prepare this report.

For the general profile and most of the GRI indicators, we have included information on the whole group. For staff-related indicators – GRI 102-8, GRI 102-41. GRI 202 and GRI 400 series (from 402 to 406). information is broken-down by five geographical divisions:

- HQ - Group Headquarters in Basel, Switzerland
- Division 1 – Europe & Africa
- Division 2 – Asia Pacific and Middle East
- Division 3 – North America
- Division 4 – Central and South America

More information about each of the Divisions and countries included may be found on pages 48 – 65 of the annual report.

Should you have any comments about the content of the report or want to know more about Dufry's efforts towards sustainability, please email us to sustainability@dufry.com

INFORMATION ON EMPLOYEES AND OTHER WORKERS (USING GRI CODING)

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4	TOTAL
Headcounts	240	11,653	5,144	10.383	7.666	35,086
Male	120	3,971	2,024	3,298	3,019	12,432
Female	120	7,682	3,120	7,085	4,647	22,654
Number of Nationalities	55	118	53	50	47	133

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
BREAKDOWN BY EMPLOYEE TYPE					
Headcounts	240	11,653	5,144	10,383	7,666
Male	120	3,971	2,024	3,298	3,019
Full time	114	3,219	1,894	2,798	2,869
Part time	6	752	130	500	150
Female	120	7,682	3,120	7,085	4,647
Full time	96	4,492	2,769	5,760	4,364
Part time	24	3,190	351	1,325	283
BREAKDOWN BY CONTRACT TYPE					
Headcounts	240	11,653	5,144	10,383	7,666
Male	120	3,971	2,024	3,298	3,019
Permanent	119	3,586	1,847	3,265	2,695
Temporary	1	385	177	33	324
Female	120	7,682	3,120	7,085	4,647
Permanent	118	6,918	2,759	7,036	4,353
Temporary	2	764	361	49	294
BREAKDOWN BY AGE GROUP					
Headcounts	240	11,653	5,144	10,383	7,666
Male	120	3,971	2,024	3,298	3,019
< 30 years	7	801	795	981	1,102
30 – 50 years	85	2,221	1,080	1,213	1,650
> 50 years	28	949	149	1,104	267
Female	120	7,682	3,120	7,085	4,647
< 30 years	18	1,509	1,241	1,870	1,567
30 – 50 years	76	4,064	1,664	2,649	2,700
> 50 years	26	2,109	215	2,566	380
BREAKDOWN BY PROFESSIONAL LEVEL					
Headcounts	240	11,653	5,144	10,383	7,666
Male	120	3,971	2,024	3,298	3,019
Director / Top management	44	97	9	32	74
Admin & Professional	76	644	429	26	611
Sales & Ops Managers	-	319	135	7	203
Sales & Ops Staff	-	2,911	1,451	3,233	2,131
Female	120	7,682	3,120	7,085	4,647
Director / Top management	15	29	2	14	67
Admin & Professional	105	771	371	19	507
Sales & Ops Managers	-	365	255	24	314
Sales & Ops Staff	-	6,517	2,492	7,028	3,759

Note: These tables provide additional information to that available in the Annual Report, page 93, including: breakdown of headcounts of relevant operations by gender, employee type, employee contract, age and professional level. For more consistent tracking, headcounts from the Distribution Centres have been re-assigned to the divisions where these are located.

102-41 PERCENTAGE OF EMPLOYEES COVERED BY A COLLECTIVE BARGAINING AGREEMENT 2016*

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4	TOTAL
IN %						
Headcounts	100 %	46 %	9 %	38 %	76 %	45 %

201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

It is not possible to determine if the changes in existing rules initiated by climate change will involve changes to business processes associated with significant costs. Global regulation that could massively affect the predicted growth of international air traffic (with expected annual growth rates of 4 – 5 % until 2035) is rather unlikely due to the fact that it would necessarily need to be accompanied by restrictions for individual countries.

Stricter regulatory requirements due to climate change could eventually be an opportunity for some of our operations. As indicted in pages 88 – 89 of the 2019 Annual Report, Dufry has retail shops in 38 of the 115 of the airports that have achieved either the the optimization or carbon neutrality accreditations.

202-1 RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
RATIO (1.00 = MINIMUM WAGE)					
Male	1.00	1.21	1.19	1.17	1.52
Female	1.00	1.22	1.13	1.12	1.51

Note: In the Canton of Basel (Switzerland) where Dufry's HQ is located, there are different levels of minimum wages that depend on skills and experience. Likewise, we have not identified a benchmark for Cambodia, India, Indonesia, Hong Kong, UAE, hence, these operations have been omitted for the calculation of the Division 2 group.

202-2 PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY

At Dufry, we believe talent has no nationality. Our operations and offices however are very much linked to where they are based and this is reflected in the composition of our staff at all professional levels. As a general practice, and where possible, Dufry incorporates members of the local communities to its management team as this gives a better understanding and, as a result, a better running of the operations.

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
IN %					
Locally hired	33 %	96 %	45 %	95 %	63 %

204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS

The food, confectionery and catering category (which represent 18 % of Dufry 2019 global sales) has by large the largest proportion of their global procurement budget spent on local providers, with approximately 60 %. This is followed by the Wine & Spirits (17 % of the 2019 global sales), with 20 % of their budget spent on local brands, and the Luxury category (13 % of 2019 global sales), with 19 % of their budget spent on local providers. Tobacco goods (11 % of the 2019 global sales) accounts for 2.5 % while Perfume and Cosmetics (32 % of the 2019 global sales) spends approximately 1.5 % on local providers.

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Note that Dufry operates in airports that have a very marked seasonal pattern and traffic, especially in Division 1 (Europe & Africa) and Division 4 (Central & South America). Over the summer season – from April until October – these airports concentrate over 80% of the annual traffic. Staff is hence reinforced over each summer period. Wherever possible, Dufry employs the same staff year after year. However, these seasonal employment contracts are accounted as new hires in the table below and therefore also impact the turnover figures.

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
HEADCOUNTS					
New Hires	37	3,409	1,824	3,104	1,208
Male	15	1,238	667	1,066	507
< 30 years	4	669	385	589	272
30–50 years	10	481	258	354	215
> 50 years	1	88	24	123	20
Female	22	2,171	1,157	2,038	701
< 30 years	8	1,070	627	1,085	387
30–50 years	12	887	500	701	290
> 50 years	2	214	30	252	24
IN %					
New Hires	15%	29%	35%	30%	16%
Male	13%	31%	33%	32%	17%
< 30 years	2%	6%	7%	6%	4%
30–50 years	8%	12%	13%	11%	7%
> 50 years	1%	3%	1%	4%	1%
Female	18%	28%	37%	29%	15%
< 30 years	7%	14%	20%	15%	8%
30–50 years	13%	20%	18%	12%	7%
> 50 years	8%	7%	9%	19%	8%
HEADCOUNTS					
Employee turnover	58	3,331	1,239	6,532	899
Male	29	1,144	499	2,224	439
< 30 years	9	569	292	1,228	222
30–50 years	19	478	191	712	155
> 50 years	1	97	16	284	62
Female	29	2,187	740	4,308	459
< 30 years	9	1,054	397	2,318	226
30–50 years	19	854	315	1,449	167
> 50 years	1	279	28	541	66
IN %					
Employee turnover	24%	29%	24%	63%	12%
Male	24%	29%	25%	67%	15%
< 30 years	129%	71%	37%	125%	20%
30–50 years	22%	22%	18%	59%	9%
> 50 years	4%	10%	11%	26%	23%
Female	24%	28%	24%	61%	10%
< 30 years	50%	70%	32%	124%	14%
30–50 years	25%	21%	19%	55%	6%
> 50 years	4%	13%	13%	21%	17%

402-1 MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
IN WEEKS					
Minimum notice period	12 Weeks	3 Weeks*	7 Weeks	2 Weeks	4 Weeks

* There is no such a requirement/information not available for Greece and Uruguay.

403-1 WORKERS REPRESENTATION IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
IN %					
Staff represented in H&S committees	88 %	65 %	n/a	2 %	2 %

Health & Safety applicable legislation changes from one country to another. And while in operations like Spain or the UK, 100 % of the staff is covered by a joint management-worker committee, in others, like Greece or Brazil, the work done by this committee is outsourced and covered by a third-party company. There is not such a committee in our North America operation.

403-8 WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM BASED ON LEGAL OR RECOGNIZED STANDARDS

	HQ		DIVISION 1		DIVISION 2		DIVISION 3		DIVISION 4	
ABSOLUTE / IN %										
Employees and workers who are not employees, covered by the H&S system	240	100 %	12,341	106 %	1,984	38.57 %	n/a	–	7,392	96.43 %
Employees and workers who are not employees, covered by the H&S system that has been INTERNALLY audited	–	0 %	6,687	57 %	1,850	35.96 %	n/a	–	3,716	48.47 %
Employees and workers who are not employees, covered by the H&S system that has been EXTERNALLY audited	–	0 %	6,445	55 %	–	0 %	n/a	–	4,649	60.64 %

* Division 1 only includes Morocco from Dufry operations in Africa. Division 2 only includes Armenia, Kazakhstan, Russia and Serbia. In Division 3 (North America) there is not such a H&S committee as previously indicated, hence, no information is reported for this indicator.

404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
HOURS OF TRAINING					
Total average	22.6	12.4	87.2	1.5	36.7
Male	21.0	13.4	77.6	1.5	29.6
Director / Top management	20.5	11.9	5.0	1.9	19.7
Admin & Professional	21.2	20.6	23.8	1.0	17.5
Sales & Ops Managers	-	21.8	120.8	2.5	26.2
Sales & Ops Staff	-	10.9	89.9	1.5	33.7
Female	24.3	11.9	93.4	1.6	41.3
Director / Top management	20.5	5.5	-	1.8	19.2
Admin & Professional	24.8	17.8	32.2	1.2	18.6
Sales & Ops Managers	-	23.5	163.9	1.5	24.2
Sales & Ops Staff	-	10.6	95.4	1.6	46.2

* training hours in Division 2 (Asia Pacific and Middle East) are over the global average due to new operations, which resulted in higher training hours of our sales staff. In Division 3 (North America) a different system and criteria for tracking training hours have been applied, resulting in lower training hours than the average. Information will be harmonized for next year.

404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
IN %					
Total	100 %	100 %	100 %	100 %	100 %
Male	100 %	100 %	100 %	100 %	100 %
Office managers	100 %	100 %	100 %	100 %	100 %
Office staff	100 %	100 %	100 %	100 %	100 %
Sales & Operations managers	100 %	100 %	100 %	100 %	100 %
Sales & Operations staff	100 %	100 %	100 %	100 %	100 %
Female	100 %	100 %	100 %	100 %	100 %
Office managers	100 %	100 %	100 %	100 %	100 %
Office staff	100 %	100 %	100 %	100 %	100 %
Sales & Operations managers	100 %	100 %	100 %	100 %	100 %
Sales & Operations staff	100 %	100 %	100 %	100 %	100 %

405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
IN %					
% male	48 %	34 %	39 %	45 %	35 %
% female	52 %	66 %	61 %	55 %	65 %
% minority groups	N/A	0.5 %	1 %	50 %	94 %
% < 30 years	11 %	19 %	40 %	7 %	10 %
% 30 – 50 years	70 %	55 %	53 %	59 %	61 %
% > 50 years	19 %	26 %	7 %	34 %	29 %

406-1 INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

	HQ	DIVISION 1	DIVISION 2	DIVISION 3	DIVISION 4
# OF INCIDENTS					
Total number	0	6	0	3	0
Remediation plans implemented	0	1	0	0	0
Remediation plan implemented and under supervision	0	0	0	0	0
Incidents no longer subject to action	0	5	0	3	0

410-1 SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES

Dufry does not employ in-house security personnel of its own. This is largely due to the fact that it's retail stores are overwhelmingly located in airports, railway stations and on cruise lines (96 % of 2019 global sales), where security is already strict and generally provided by the airport authority or cruise line itself. To the extent that security personnel are required and are contracted, Dufry expects its security service contractors to act in a manner consistent with local and national laws as well as with applicable human rights standards. Dufry outsources this service to trustworthy providers, regulated by local governments and with a reputable track record of services, including the respect for human rights. We have not recorded for the period any case of human rights or abuse by the security personnel hired by Dufry.

416-1 ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES

We are committed to ensuring that every product we sell is safe. Our procurement teams focus on preventing issues occurring by sourcing products from a reliable supply base. Dufry does not sell own-brand products.

Some of the products that Dufry sell are heavily regulated – especially alcohol and tobacco but also beauty and food. Dufry complies with all regulations and rules related to the products sold in the countries where it operates.

GRI CONTENT INDEX 2019

DUFRY

WorldClass.WorldWide.

GRI CONTENT INDEX 2019

Page indications in this Index refer to the 2019 Dufry Annual Report unless otherwise noted.

* Dufry 2019 Sustainability Report applies the 2016 & 2018 version of the Global Reporting Initiative (GRI) Standards; 2016* and 2018* refer to the Standards issue date, not the date of the information presented in this report.

GRI 102: GENERAL DISCLOSURES 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Dufry AG.	
102-2	Activities, brands, products and services	Pages 38 – 47, 66 – 67, 70 – 71.	
102-3	Location of headquarters	Brunngässlein 12, 4052 Basel, Switzerland.	
102-4	Location of operations	Pages 64 – 65.	
102-5	Ownership and legal form	Pages 222, 229.	
102-6	Markets served	Pages 48 – 63.	
102-7	Scale of the organization	Pages 4, 229.	
102-8	Information on employees and other workers	Pages 92 – 100, Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-9	Supply chain	Page 70.	
102-10	Significant changes to the organization and its supply chain	Page 12, 88.	
102-11	Precautionary Principle or approach	Dufry has not formally adopted the precautionary principle.	
102-12	External initiatives	Dufry has not formally joined any external international initiatives in 2019. In 2020 Dufry applied to become a signatory member of the UN Global Compact (Page 81).	
102-13	Membership of associations	www.dufry.com/en/company/our-stakeholders/associations-and-authorities	
STRATEGY			
102-14	Statement from senior decision-maker	Pages 8 – 11, 12 – 16, 110 – 113.	
102-15	Key impacts, risks, and opportunities	Pages 78 – 79, 83, 196 – 205.	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	Page 86, Dufry Code of Conduct, www.dufry.com/en/sustainability-dufry, www.dufry.com/en/careers & www.dufry.com/en/company/our-brand-values	
102-17	Mechanisms for advice and concerns about ethics	Page 86, Dufry Code of Conduct, www.dufry-compliance.com & www.dufry.com/en/sustainability-dufry	
GOVERNANCE			
102-18	Governance structure	Pages 229 – 242.	
102-22	Composition of the highest governance body and its committees	Pages 229 – 242.	
102-23	Chair of the highest governance body	Page 234.	
102-24	Nominating and selecting the highest governance body	Page 238.	
102-30	Effectiveness of risk management processes	Page 241 – 242.	
102-35	Remuneration policies	Page 254 – 267.	
102-36	Process for determining remuneration	Page 254 – 267.	

GRI 102: GENERAL DISCLOSURES 2016* (CONT.)

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Page 79.	
102-41	Collective bargaining agreements	Page 98, Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-42	Identifying and selecting stakeholders	Page 78.	
102-43	Approach to stakeholder engagement	Pages 66 – 68, 70, 72 – 73, 77, 79 – 81, 95, 98, 99 & Media and Investor Relations sections at www.dufry.com	
102-44	Key topics and concerns raised	Page 79.	
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Pages 224 – 225.	
102-46	Defining report content and topic Boundaries	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-47	List of material topics	Page 79.	
102-48	Restatements of information	None.	
102-49	Changes in reporting	None.	
102-50	Reporting period	2019.	
102-51	Date of most recent report	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-52	Reporting cycle	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-53	Contact point for questions regarding the report	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-55	GRI content index	www.dufry.com/en/sustainability-dufry	
102-56	External assurance	No.	

GRI 201: ECONOMIC PERFORMANCE 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 4, 12 – 13, 22 – 23, 85.	
103-2	The management approach and its components	Pages 4, 12 – 13, 22 – 23, 85.	
103-3	Evaluation of the management approach	Pages 4, 12 – 13, 22 – 23, 85.	
201-1	Direct economic value generated and distributed	Page 85	
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
201-3	Defined benefit plan obligations and other retirement plans	Page 126 – 127, 139, 187 – 192.	
201-4	Financial assistance received from government	None.	

GRI 202: MARKET PRESENCE 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 48 – 65.	
103-2	The management approach and its components	Pages 48 – 65.	
103-3	Evaluation of the management approach	Pages 48 – 65.	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
202-2	Proportion of senior management hired from the local community	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 204: PROCUREMENT PRACTICES 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Page 70, 88.	
103-2	The management approach and its components	Page 70, 88.	
103-3	Evaluation of the management approach	Page 70, 88.	
204-1	Proportion of spending on local suppliers	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 205: ANTI-CORRUPTION 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 86 – 87, Dufry Code of Conduct & www.dufry.com/en/sustainability-dufry	
103-2	The management approach and its components	Pages 86 – 87, Dufry Code of Conduct & www.dufry.com/en/sustainability-dufry	
103-3	Evaluation of the management approach	Pages 86 – 87, Dufry Code of Conduct & www.dufry.com/en/sustainability-dufry	
205-2	Communication and training about anti-corruption policies and procedures	Pages 86 – 87	

GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 86 – 87 & www.dufry.com/en/sustainability-dufry	
103-2	The management approach and its components	Pages 86 – 87 & www.dufry.com/en/sustainability-dufry	
103-3	Evaluation of the management approach	Pages 86 – 87 & www.dufry.com/en/sustainability-dufry	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2019, Dufry didn't have any legal action for competitive behavior, anti-trust, and monopoly practice.	

GRI 301: MATERIALS 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 89, 90.	
103-2	The management approach and its components	Pages 89, 90.	
103-3	Evaluation of the management approach	Pages 89, 90.	
301-3	Reclaimed products and their packaging materials	N/A.	Due to the nature of our business, we don´t reclaim products.

GRI 302: ENERGY 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 88 – 90.	
103-2	The management approach and its components	Pages 89 – 90.	
103-3	Evaluation of the management approach	Pages 89 – 90.	
302-1	Energy consumption within the organization	N/A. Page 90.	Due to the nature of our business, we cannot track energy consumption.

GRI 401: EMPLOYMENT 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 92 – 95.	
103-2	The management approach and its components	Pages 92 – 95.	
103-3	Evaluation of the management approach	Pages 92 – 95.	
401-1	New employee hires and employee turnover	Sustainability Report Annex, www.dufry.com/en/sustainability-dufry & www,dufry.com/en/careers	

GRI 402: LABOR/MANAGEMENT RELATIONS 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 94 – 97.	
103-2	The management approach and its components	Pages 94 – 97.	
103-3	Evaluation of the management approach	Pages 94 – 97.	
402-1	Minimum notice periods regarding operational changes	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
MANAGEMENT APPROACH			
403-1	Occupational health and safety management system	Pages 99 – 100	
403-2	Hazard identification, risk assessment, and incident investigation	Pages 99 – 100.	
403-3	Occupational health services	Pages 99 – 100.	
403-4	Worker participation, consultation, and communication on occupational health and safety	Pages 99 – 100.	
403-5	Worker training on occupational health and safety	Pages 99 – 100.	
403-6	Promotion of worker health	Pages 99 – 100.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 99 – 100	
403-8	Workers covered by an occupational health and safety management system	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 404: TRAINING & EDUCATION 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 96 – 97.	
103-2	The management approach and its components	Pages 96 – 97.	
103-3	Evaluation of the management approach	Pages 96 – 97.	
404-1	Average hours of training per year per employee	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
404-2	Programs for upgrading employee skills and transition assistance programs	Pages 96 – 97.	
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Page 97, Dufry Code of Conduct and www.dufry.com/en/careers/working-dufry	
103-2	The management approach and its components	Page 97, Dufry Code of Conduct and www.dufry.com/en/careers/working-dufry	
103-3	Evaluation of the management approach	Page 97, Dufry Code of Conduct and www.dufry.com/en/careers/working-dufry	
405-1	Diversity of governance bodies and employees	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 406: NON-DISCRIMINATION 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Page 97, Dufry Code of Conduct and www.dufry.com/en/careers/working-dufry	
103-2	The management approach and its components	Page 97, Dufry Code of Conduct and www.dufry.com/en/careers/working-dufry	
103-3	Evaluation of the management approach	Page 97, Dufry Code of Conduct and www.dufry.com/en/careers/working-dufry	
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 97 – 98 and www.dufry.com/en/sustainability-dufry	
103-2	The management approach and its components	Pages 97 – 98 and www.dufry.com/en/sustainability-dufry	
103-3	Evaluation of the management approach	Pages 97 – 98 and www.dufry.com/en/sustainability-dufry	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We don´t report any operation where freedom of association and collective bargaining is at risk. As per suppliers, see page 91 of Dufry Annual Report.	

GRI 410: SECURITY PRACTICES 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	www.dufry.com/en/sustainability-dufry	
103-2	The management approach and its components	www.dufry.com/en/sustainability-dufry	
103-3	Evaluation of the management approach	www.dufry.com/en/sustainability-dufry	
410-1	Security personnel trained in human rights policies or procedures	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Page 91.	
103-2	The management approach and its components	Page 91.	
103-3	Evaluation of the management approach	Page 91.	
414-1	New suppliers that were screened using social criteria.	N/A	Dufry does not report specific numbers or percentages related to screening or impact assessments, as this information is subject to confidentiality constraints.

GRI 416: CUSTOMER HEALTH AND SAFETY 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 67.	
103-2	The management approach and its components	Pages 67.	
103-3	Evaluation of the management approach	Pages 67.	
416-1	Assessment of the health and safety impacts of product and service categories	Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	

GRI 417: MARKETING AND LABELING 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 67 – 68.	
103-2	The management approach and its components	Pages 67 – 68.	
103-3	Evaluation of the management approach	Pages 67 – 68.	
417-1	Requirements for product and service information and labeling	Pages 67 – 68.	
417-2	Incidents of non-compliance concerning product and service information and labeling	During 2019, Dufry has not been notified through the available channels of any significant sanction for non-compliance concerning product and service information and labeling.	
417-3	Incidents of non-compliance concerning marketing communications	During 2019 Dufry has not been notified through the available channels of any significant sanction for non-compliance concerning marketing communications.	

GRI 418: CUSTOMER PRIVACY 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Pages 68 – 78, 93, 94, Dufry Code of Conduct and www.dufry.com/en/sustainability-dufry	
103-2	The management approach and its components	Pages 68 – 78, 93, 94, Dufry Code of Conduct and www.dufry.com/en/sustainability-dufry	
103-3	Evaluation of the management approach	Pages 68 – 78, 93, 94, Dufry Code of Conduct and www.dufry.com/en/sustainability-dufry	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2019, Dufry has not received through the available set channels any administrative sanction for the breach of the costumer's privacy and personal data protection rules.	

GRI 419: SOCIO-ECONOMIC COMPLIANCE 2016*

DISCLOSURE	DESCRIPTION	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Page 91.	
103-2	The management approach and its components	Page 91.	
103-3	Evaluation of the management approach	Page 91.	
419-1	Non-compliance with laws and regulations in the social and economic area	During 2019, Dufry has not been notified through the available channels of any significant sanction for non compliance with applicable laws and regulation.	

This Annual Report contains certain forward-looking statements, which can be identified by terms like "believe", "assume", "expect" or similar expressions, or implied discussions regarding potential new projects or potential future revenues, or discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. All forward-looking statements are based only on data available to Dufry at the time of preparation of this Annual Report. Dufry does not undertake any obligation to update any forward-looking statements contained in this Annual Report as a result of new information, future events or otherwise.

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