NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) AND WHO ARE OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this notice, whether received by email or otherwise received as a result of electronic communication. You are advised to read this disclaimer carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the notes, investors must be persons who are not U.S. persons (as defined in Regulation S under the Securities Act) and who are outside of the United States in offshore transactions in reliance on Regulation S under the Securities Act. The offering memorandum is being sent at your request. By accepting this e-mail and by accessing the offering memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such offering memorandum by electronic transmission, and

(2) you and any customers you represent are outside the United States and the e-mail address that you gave us and to which this email has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia.

You are reminded that the offering memorandum has been delivered to you on the basis that you are a person into whose possession the offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the offering memorandum to any other person.

Under no circumstances shall the offering memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any initial purchaser of the notes offered under the offering memorandum or any affiliate of any such initial purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such an initial purchaser or affiliate on behalf of Dufry One B.V. in such jurisdiction.

The offering memorandum has not been approved by an authorized person in the United Kingdom. The notes may not be offered or sold other than to persons whose ordinary activities involve these persons in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by us. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes other than in circumstances in which Section 21(1) of the FSMA does not apply to us. The offering memorandum has been sent to you in an electronic form.

You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the initial purchasers, any person who controls any initial purchaser, or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you from the initial purchasers upon your request.

The information in this preliminary offering memorandum is not complete and may be changed. This preliminary offering memorandum is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 9, 2017

PRELIMINARY OFFERING MEMORANDUM

STRICTLY CONFIDENTIAL
NOT FOR DISTRIBUTION
IN THE UNITED STATES
OR TO U.S. PERSONS

DUFRY

DUFRY ONE B.V.

€500,000,000 % Senior Notes due 2024
fully and unconditionally guaranteed by Dufry AG and certain of its subsidiaries

Dufry One B.V. (Company Number 69664285), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands and having its registered office at Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands (the "Issuer"), is offering €500,000,000 principal amount of its % senior notes due 2024 (the "Notes"). The Notes will be fully and unconditionally guaranteed (the "Guarantees") by the Issuer's ultimate parent, Dufry AG (the "Parent Guarantor"), a Swiss stock corporation with its corporate seat in Basel, and certain of the Parent Guarantor's wholly-owned subsidiaries, comprising Dufry International AG, a Swiss stock corporation with its corporate seat in Basel, Dufry Financial Services B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands, Dufry Holdings & Investments AG, a Swiss corporation with its corporate seat in Basel, and Hudson Group (HG), Inc., a Delaware corporation (the "Subsidiary Guarantors," and, together with the Parent Guarantor, the "Guarantors"). We are currently pursuing the Notes Redemption and the Refinancing (each as described herein), which we expect will result in the release of Hudson Group (HG), Inc. and Dufry Holdings & Investments AG from their respective guarantees under the 2014 Facilities Agreement (as defined herein), the 2015 Facilities Agreement (as defined herein) and Dufry Finance SCA's outstanding €500,000,000 4.5% Senior Notes due 2022 (the "2022 Notes") and €700,000,000 4.5% Senior Notes due 2023 (the "2023 Notes") and, as a result, the release of their respective guarantees of the Notes offered hereby. See "Summary—Refinancing Transactions" and "Description of Notes—Note Guarantees—*Release of Note Guarantees.*"

Interest on the Notes will accrue from the original issue date of the Notes and will be payable semi-annually in arrears on and of each year, commencing , 2018. The Notes will mature on , 2024 (the "Maturity Date"), and upon surrender, will be repaid at 100% of the principal amount thereof together with any accrued and unpaid interest, if any.

The Notes are redeemable prior to maturity, in whole or in part, at any time and from time to time at our option at the applicable redemption prices calculated as set forth under "Description of Notes—Optional Redemption." The Notes will be issued only in fully registered form, without coupons. The Notes will be issued only in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. See "Description of Notes."

The Notes and the Guarantees will be direct, unsecured and unsubordinated obligations of the Issuer and the Guarantors, respectively, and will rank equally in right of payment with all other existing and future direct, unsecured and unsubordinated obligations (except those obligations required to be preferred by law) of the Issuer and the Guarantors, respectively, and will be effectively subordinated to all existing and future obligations of the Parent Guarantor's subsidiaries other than the Issuer and the Subsidiary Guarantors.

Application has been made to The International Stock Exchange Authority (the "Authority") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange ("TISE"). No application has been made for the Notes to be listed on any other stock exchange. TISE is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes a 'Listing Document' for the purposes of the Listing Rules maintained by the Authority.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 18.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and are being offered and sold outside the United States to persons other than U.S. persons as defined in and in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of certain restrictions on transfers of the Notes, see "Plan of Distribution" and "Notice to Investors."

Price for the Notes: percent plus accrued interest, if any, from , 2017.

It is expected that delivery of beneficial interests in the Notes will be made through Euroclear Bank, S.A./N.V. ("Euroclear"), and Clearstream Banking S.A., a public limited liability company (*société anonyme*) organized and established under the laws of Grand Duchy of Luxembourg, having its registered office at 42, avenue J.F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 9248 ("Clearstream"), on or about , 2017 against payment therefor in immediately available funds.

Joint Global Coordinators and Joint Bookrunners

Banco Bilbao Vizcaya Argentaria, S.A. **BNP PARIBAS** **Deutsche Bank (B&D)**
ING **Santander** **UniCredit Bank**

Joint Bookrunners

Basellandschaftliche Kantonalbank **BofA Merrill Lynch** **Crédit Agricole CIB**
Credit Suisse **Goldman Sachs International** **HSBC**
Landesbank Baden-Württemberg **NatWest Markets** **Raiffeisen Bank International AG**
Raiffeisen Switzerland **UBS Investment Bank**

The date of this Offering Memorandum is , 2017

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In this Offering Memorandum, except as otherwise indicated, the words "Dufry," "we," "us," "our," "Group," the "Company" and "ours" refer to Dufry AG, a Swiss stock corporation, and its consolidated subsidiaries, including the Issuer and the Subsidiary Guarantors, unless the context otherwise requires. All references to the "Issuer" are to Dufry One B.V. (Company Number 69664285), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands and having its registered office at Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands, which is an indirect, wholly owned subsidiary of Dufry AG.

This Offering Memorandum is highly confidential and has been prepared by us solely for use in connection with the offering of the Notes. Its use for any other purpose is not authorized. This Offering Memorandum is personal to the offeree to whom it has been delivered by the Initial Purchasers and does not constitute an offer to any other person or to the public generally. Distribution of this Offering Memorandum to any person other than the offeree and any person retained to advise such offeree is unauthorized and any disclosure of the contents of this Offering Memorandum without our prior written consent is prohibited. By accepting delivery of this Offering Memorandum, you agree to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to herein.

We have not authorized anyone to provide any information other than that contained in this Offering Memorandum or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This Offering Memorandum may only be used where it is legal to sell these securities. The information in this Offering Memorandum may only be accurate as of the date of this document.

Upon receiving this Offering Memorandum, you acknowledge that (1) you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, (2) you have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or your investment decision, and (3) we have not authorized any person to deliver any information different from that contained in this Offering Memorandum. The offering is being made on the basis of this Offering Memorandum. Any decision to purchase the Notes in the offering must be based on the information contained in this document. In making an investment decision, investors must rely on their own examination of Dufry AG and the terms of this offering, including the merits and risks involved.

The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure such is the case, the information contained in this Offering Memorandum is in accordance with the facts and contains no omission likely to affect its import. The Initial Purchasers make no representations or warranty, express or implied, as to the accuracy or completeness of any of the information set forth in this Offering Memorandum, and you should not rely on anything contained in this Offering Memorandum as a promise or representation, whether as to the past or the future. This Offering Memorandum contains summaries, believed to be accurate, of the terms we consider material of certain documents, but reference is made to the actual documents. All such summaries are qualified in their entirety by this reference. See "Summary."

We reserve the right to withdraw the offering of the Notes at any time and we and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to you less than the full amount of Notes subscribed for by you.

Application has been made to the Authority for the listing of and permission to deal in the Notes on the Official List of TISE. No application has been made for the Notes to be listed on any other stock exchange. TISE is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes a 'Listing Document' for the purposes of the Listing Rules maintained by the Authority.

In the course of any review by the competent authority, the Issuer may be requested to make changes to the financial and other information included in this Offering Memorandum. Comments by the competent authority may require significant modification or reformulation of information contained in this

Offering Memorandum or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that the application to list the Notes on the Official List of TISE will be approved as of the Issue Date or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

STABILIZATION

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any state securities laws and are being offered and sold outside the United States to persons other than U.S. persons as defined in and in reliance on Regulation S under the Securities Act. By purchasing the Notes and the Guarantees, investors are deemed to have made the acknowledgements, representations, warranties and agreements set forth under "Notice to Investors." Investors should be aware that they may be required to bear the financial risks of their investment in the Notes and the Guarantees for an indefinite period of time.

The Notes and the Guarantees have not been and will not be registered with, recommended by, or approved by the U.S. Securities and Exchange Commission (the "SEC") or any other federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes or Guarantees to any person in any jurisdiction where it is unlawful to make such offer or solicitation. You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. We are not, and the Initial Purchasers are not, making any representation to you regarding the legality of an investment in the Notes by you under appropriate legal investment or similar laws.

The distribution of this Offering Memorandum and the offer and the sale of the Notes and the Guarantees may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe, any such restrictions. See "Plan of Distribution" and "Notice to Investors."

NOTICE TO CERTAIN INVESTORS IN THE UNITED KINGDOM

This Offering Memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

NOTICE TO INVESTORS IN SWITZERLAND

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, (e.g., the Swiss Financial Markets Supervisory Authority FINMA (FINMA)), and investors in the Notes will not benefit from protection or supervision by such authority.

NOTICE TO CERTAIN INVESTORS IN LUXEMBOURG

This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier, CSSF*) for purposes of public offering or sale in Luxembourg, and has not been submitted for approval to any competent authority of another EU Member State and notified to the CSSF for the purposes of public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of 10 July 2005 on prospectuses for securities, as amended (the "Prospectus Act"), and implementing the Directive 2003/71/EC of 4 November 2003 as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the "Prospectus Directive"). Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Luxembourg Act of 10 July 2005 on prospectuses for securities, as amended, (ii) no more than 149 prospective investors, which are not qualified investors and/or (iii) in any other circumstance contemplated by the Prospectus Act.

NOTICE TO INVESTORS IN THE NETHERLANDS

This Offering Memorandum (i) has not been approved by, and will not be submitted for approval to, the Dutch Authority for the Financial Markets (S*tichting Autoriteit Financiële Markten*, the "AFM") for purposes of public offering or sale in the Netherlands and (ii) has not been submitted for approval to any competent authority of another EU Member State and notified to the AFM for purposes of public offering or sale in the Netherlands. Accordingly, the Notes may not be offered to the public in the Netherlands, unless in reliance on Article 3(2) of the Prospectus Directive and provided:

(a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Dutch Financial Markets Supervision Act (*Wet op het Financieel Toezicht*, the "FSA")) in the Netherlands; or

(b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the FSA; or

(c) such offer is otherwise made in circumstances in which article 5:20(5) of the FSA is not applicable.

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Data of Dufry

Unless otherwise indicated, our financial information contained in this Offering Memorandum is prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This Offering Memorandum presents the following financial information in relation to Dufry:

- our audited consolidated financial statements as of and for the years ended December 31, 2016 and 2015, which have been prepared in accordance with IFRS and audited by our independent auditors, Ernst & Young Ltd, as set forth in their audit report included elsewhere herein;
- the audited statutory financial statements of Dufry AG as of and for the years ended December 31, 2016 and 2015, which have been prepared in accordance with Swiss law and audited by our independent auditors, Ernst & Young Ltd, as set forth in their audit report included elsewhere herein; and
- our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2017 and 2016, which have been prepared in accordance with IFRS and reviewed by our independent auditors, Ernst & Young Ltd, as set forth in their review report included elsewhere herein.

We present our financial statements in CHF. For certain information regarding rates of exchange between CHF and U.S. dollars, CHF and EUR and EUR and U.S. dollars, see "Currency and Exchange Rates."

Other Financial Measures

Throughout this Offering Memorandum, we present financial measures and adjustments with respect to Dufry that are not presented in accordance with, or defined by, IFRS or any other internationally accepted accounting principles, including free cash flow.

We have presented these financial measures (i) as they are used by our management, as applicable, to monitor financial results and available operating liquidity and (ii) because they and similar measures are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial position, financial performance and liquidity. We believe these measures enhance the investor's understanding of indebtedness and our ability to fund ongoing operations.

However, these financial measures are not measures determined based on IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial results or other indicators of our cash flow based on IFRS. These non-IFRS financial measures, as defined by us, may not be comparable to similarly-titled measures as presented by other companies due to differences in the way non-IFRS financial measures are calculated. Even though the non-IFRS financial measures are used by management to assess our financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial position or results of operations as reported under IFRS.

Other Data

Certain figures in this Offering Memorandum have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in the tables in this Offering Memorandum reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

CURRENCY AND EXCHANGE RATES

We publish our consolidated financial statements in Swiss Francs. All references in this Offering Memorandum to "CHF" are to Swiss Francs, the currency of Switzerland, and references to "U.S. dollars," "U.S.$," "$" and "USD" refer to the currency of the United States of America. References to "Euro," "EUR" and "€" refer to the currency of the member states of the European Union ("EU") participating in the economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

The following tables set out, for the periods and dates indicated, certain information concerning historical USD/CHF composite exchange rates as published by Bloomberg, expressed in CHF per USD 1.00.

Exchange rates for the previous nine months (USD/CHF):

	Period End	Average Rate(1)	High	Low
January 2017	0.9892	1.0072	1.0274	0.9892
February 2017	1.0058	1.0018	1.0103	0.9912
March 2017	1.0026	1.0023	1.0149	0.9856
April 2017	0.9946	1.0009	1.0091	0.9933
May 2017	0.9678	0.9863	1.0089	0.9678
June 2017	0.9579	0.9678	0.9757	0.9559
July 2017	0.9669	0.9601	0.9687	0.9457
August 2017	0.9587	0.9653	0.9742	0.9553
September 2017	0.9683	0.9626	0.9721	0.9442
October 2017 (through October 5, 2017)	0.9783	0.9755	0.9783	0.9737

(1) The average of the daily exchange rates during the relevant period. The exchange rate on October 5, 2017 was CHF 0.9783 per U.S. $1.00.

Exchange rates for the past three years (USD/CHF):

	Period End	Average Rate(1)	High	Low
Years ended December 31,				
2014	0.9943	0.9156	0.9943	0.8724
2015	1.0021	0.9626	1.0302	0.8392
2016	1.0190	0.9851	1.0300	0.9536

(1) The average exchange rates in effect on the last business day of each month during the relevant period. The exchange rate on October 5, 2017 was CHF 0.9783 per U.S. $1.00.

Our inclusion of these exchange rates and other exchange rates specified elsewhere in this Offering Memorandum should not be construed as representations that the CHF amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at any particular rate, if at all.

The following tables set out, for the periods and dates indicated, certain information concerning historical EUR/CHF composite exchange rates as published by Bloomberg, expressed in CHF per EUR 1.00.

Exchange rates for the previous nine months (EUR/CHF):

	Period End	Average Rate(1)	High	Low
January 2017	1.0681	1.0715	1.0742	1.0646
February 2017	1.0638	1.0660	1.0703	1.0638
March 2017	1.0690	1.0712	1.0787	1.0640
April 2017	1.0843	1.0727	1.0862	1.0673
May 2017	1.0882	1.0903	1.0965	1.0828
June 2017	1.0950	1.0875	1.0950	1.0838
July 2017	1.1449	1.1072	1.1449	1.0944
August 2017	1.1418	1.1407	1.1512	1.1289
September 2017	1.1440	1.1460	1.1591	1.1366
October 2017 (through October 5, 2017)	1.1457	1.1449	1.1467	1.1435

(1) The average of the daily exchange rates during the relevant period. The exchange rate on October 5, 2017 was CHF 1.1457 per EUR 1.00.

Exchange rates for the past three years (EUR/CHF):

	Period End	Average Rate(1)	High	Low
Years ended December 31,				
2014	1.2030	1.2145	1.2379	1.2009
2015	1.0882	1.0679	1.2022	0.9755
2016	1.0721	1.0901	1.1154	1.0685

(1) The average exchange rates in effect on the last business day of each month during the relevant period. The exchange rate on October 5, 2017 was CHF 1.1457 per EUR 1.00.

Our inclusion of these exchange rates and other exchange rates specified elsewhere in this Offering Memorandum should not be construed as representations that the CHF amounts actually represent such EUR amounts or could have been or could be converted into EUR at any particular rate, if at all.

The following tables set out, for the periods and dates indicated, certain information concerning historical USD/EUR composite exchange rates as published by Bloomberg, expressed in EUR per USD 1.00.

Exchange rates for the previous nine months (USD/EUR):

	Period End	Average Rate(1)	High	Low
January 2017	0.9261	0.9400	0.9611	0.9261
February 2017	0.9455	0.9398	0.9491	0.9272
March 2017	0.9385	0.9358	0.9518	0.9206
April 2017	0.9178	0.9333	0.9443	0.9152
May 2017	0.8894	0.9046	0.9207	0.8894
June 2017	0.8752	0.8899	0.8981	0.8741
July 2017	0.8445	0.8673	0.8815	0.8445
August 2017	0.8397	0.8462	0.8530	0.8348
September 2017	0.8464	0.8399	0.8514	0.8308
October 2017 (through October 5, 2017)	0.8539	0.8520	0.8539	0.8504

(1) The average of the daily exchange rates during the relevant period. The exchange rate on October 5, 2017 was EUR 0.8539 per U.S. $1.00.

Exchange rates for the past three years (USD/EUR):

	Period End	Average Rate(1)	High	Low
Years ended December 31,				
2014	0.8266	0.7541	0.8266	0.7177
2015	0.9210	0.9016	0.9527	0.8332
2016	0.9506	0.9038	0.9627	0.8670

(1) The average exchange rates in effect on the last business day of each month during the relevant period. The exchange rate on October 5, 2017 was EUR 0.8539 per U.S. $1.00.

Our inclusion of these exchange rates and other exchange rates specified elsewhere in this Offering Memorandum should not be construed as representations that the EUR amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at any particular rate, if at all.

INDUSTRY AND MARKET DATA

We obtained certain industry data concerning the travel retail sector used throughout this Offering Memorandum from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchasers have independently verified such data and neither we nor the Initial Purchasers make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources. Certain information contained in this Offering Memorandum relating to our market positions and market shares and other companies in individual markets and the respective consumption figures and rates of growth in those markets are management estimates based, where available, on the most recently available industry reports relevant to those markets published on a worldwide or country basis. We have accurately reproduced this data, and as far as we are aware and able to ascertain from surveys or studies conducted by third parties and industry or general publications, no facts have been omitted which would render the reproduced information inaccurate or misleading.

WHERE YOU CAN FIND MORE INFORMATION

You may obtain a copy of the Indenture (as defined under "Description of Notes") that governs the Notes by requesting it in writing or by telephone at the address and phone number below.

Dufry AG
Attention: Investor Relations
Brunngässlein 12
4052 Basel
Switzerland
Telephone Number: +41 61 266 44 44

Our principal executive offices are located at Brunngässlein 12, 4052 Basel, Switzerland. Our telephone number is +41 61 266 44 44. Our website address is www.dufry.com. Information contained on, or connected to, our website does not and will not constitute part of this Offering Memorandum.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains "forward-looking statements." Forward-looking statements are based on our beliefs and assumptions and on information currently available to us, and include, without limitation, statements regarding our business, financial condition, strategy, results of operations, certain of our plans, objectives, assumptions, expectations, prospects and beliefs and statements regarding other future events or prospects. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "seek," "anticipate," "estimate," "predict," "potential," "assume," "continue," "may," "will," "should," "could," "shall," "risk" or the negative of these terms or similar expressions that are predictions of or indicate future events and future trends.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, the development of the industry in which we operate and the effect of acquisitions on us may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, financial condition and liquidity, the development of the industry in which we operate and the effect of acquisitions on us are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that may cause our actual results to differ materially from those expressed or implied by the forward-looking statements in this Offering Memorandum include but are not limited to the risks described under "Risk Factors." For example, factors that could cause actual results to vary from projected results include, but are not limited to:

- events outside our control that cause a reduction in airline and cruise line passenger traffic, including but not limited to terrorist attacks and economic downturns;
- changes in general economic and market conditions;
- competition among participants in the travel retail market;
- loss of and competition to obtain concessions;
- ability to execute our growth strategy effectively to integrate successfully any new concessions or future acquisitions into our business;
- dependence on local partners;
- changes in the taxation of goods or duty-free regulations in the markets in which we operate;
- adverse impacts of certain compliance or legal matters;
- restrictions on the duty-free sale of tobacco products and on smoking in general that affect our tobacco product sales;
- changes in customer preferences or demands;
- reliance on a limited number of suppliers;
- disruption in our supply chain;
- political, economic, legal and social uncertainties in emerging markets;
- information technology systems failure or disruption;
- ability to protect our customers' credit card data and other personal information;
- ability to attract and retain qualified personnel;
- ability to borrow from banks or raise funds in the capital markets; and
- other factors described in this Offering Memorandum.

We urge you to read the sections of this Offering Memorandum entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and “Our Industry” for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

We undertake no obligation to update these forward-looking statements, and we will not publicly release any revisions we may make to these forward-looking statements that may result from events or circumstances arising after the date of this Offering Memorandum.

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum. You should read this Offering Memorandum in its entirety, including the information set forth under "Forward-Looking Statements," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the financial statements and the notes related to those financial statements, prior to making an investment in the Notes.

Our Company

We are a leading global travel retailer with operations in 64 countries on six continents as of December 31, 2016, combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings with the vast majority of our sales produced by our airport retail business (91% of sales for the year ended December 31, 2016). As of December 31, 2016, we operated approximately 2,200 stores, with a total sales area of approximately 425,000 square meters, including approximately 1,884 stores located in airports, approximately 138 stores operating on cruise lines, ferries and seaports, approximately 110 stores at border, downtown and hotel shops and approximately 53 stores in railway stations, among others. Our travel retail operations consist of a variety of retail concepts focusing on the specific needs of travellers, including general travel retail outlets offering a wide range of products such as perfumes and cosmetics, confectionary and other foods, wines, spirits and tobacco, brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to focus on profitable growth with an emphasis on emerging markets and tourist destinations. We expect emerging markets to be a significant driver of global growth in air traffic over the next decade, and since 2004, we have increased our exposure to those growth markets. In 2016, we generated approximately 32% of our sales from emerging markets.

In September 2014, we completed the acquisition of Nuance, a leading global travel retailer with a strong and diversified concession portfolio and a global presence (the "Nuance Acquisition"), and Nuance became fully consolidated from such time. In August 2015, we completed the acquisition of World Duty Free S.p.A. ("World Duty Free"), one of the world's leading travel retailers, and World Duty Free became fully consolidated at that time. Through the successful integration of both Nuance and World Duty Free we have significantly improved our business. In particular, we have further consolidated our leadership in the global travel retail market, enhanced key strategic areas such as emerging market exposure, and created the potential for significant additional growth and development of our business, both by securing new contracts and by renewing existing contracts on better terms.

We generated turnover of CHF 7,829.1 million and EBITDA of CHF 935.1 million (representing an EBITDA margin of 11.9%) for the year ended December 31, 2016; turnover of CHF 3,821.3 million and EBITDA of CHF 411.2 million (representing an EBITDA margin of 10.8%) for the six months ended June 30, 2017; and turnover of CHF 8,039.5 million and EBITDA of CHF 965.1 million (representing an EBITDA margin of 12.0%) for the twelve months ended June 30, 2017. As of December 31, 2016, we had approximately 28,800 full time equivalents ("FTEs").

Our Strengths

We believe we have a number of strengths that give us a competitive advantage in the global travel retail industry, including:

Exposure to resilient sector with proven growth fundamentals over the long term. Travel retail, and airport retail in particular, differs significantly from traditional retail. The customer base has different buying behavior compared to traditional retail and is often characterized by captive customers who have above-average purchasing power and, in most cases, time to shop while traveling. Furthermore, airport retail differs from traditional retail with regard to store operating expenses. While fixed rate leases predominate in traditional retail, airport retailers mostly operate under concessions providing for a combination of variable payments with minimum guarantees, which provides added resilience to the business. For example, in case of external business disruptions (e.g., natural disasters, geopolitical events or economic downturns), variable payments to landlords may decrease as a result of having concession fees tied to sales. Conversely, if sales increase, landlords may benefit from increased variable payments. Over the past decade, travel retail sales have experienced an annualized growth rate of 7.5%. The travel retail industry generated USD 62 billion in revenues in 2015, more than twice the revenue generated in 2005. Industry specialists expect that the travel retail industry will continue to grow, by an annualized growth rate of around 6.8% from 2015 to 2025. Passenger growth tends to be correlated with GDP growth, and passenger numbers are expected to continue to grow at a resilient average growth rate of 5% to 6% per annum in the medium and long term, which forms the most important component of our organic growth.

Undisputed #1 leadership position in a fragmented market. Following the acquisition of World Duty Free in 2015, we became the clear leader in the global travel retail industry. The global travel retail and airport retail market remains fragmented, and while our competitors mostly operate within a restricted regional or local footprint, we have extensive experience in successfully operating global travel retail businesses. Our global platform and experience in developing new retail facilities in diverse markets, as well as the ability to introduce high-quality suppliers to new outlets, are competitive advantages for us when pursuing new concessions and when negotiating with suppliers, as we are the only travel retail operator that is capable of offering window displays in 380 locations across the globe. We have a long-standing track record as an active consolidator in the fragmented industry and believe that further consolidation and inorganic growth opportunities exist. Furthermore, as the only truly globally active travel retailer, our customer data helps us identify customer preferences by nationality with respect to brands, products and responsiveness to marketing campaigns and promotions. This allows us to maximize revenues by optimally structuring product assortment displays and in-store marketing activities.

Highly defensible business model with significant revenue and cost visibility. We have assembled a high-quality and diversified portfolio of travel retail concessions at attractive locations, with an average remaining term of eight years. In 2016, 34% of our sales were generated from concessions with a remaining term of ten or more years, 22% of our sales were generated from concessions with a remaining term of between six and nine years and 44% of our sales were generated from concessions with a remaining term of between one and five years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility. Moreover, the geographical diversification of our concession portfolio mitigates the risks of local and regional external impacts.

Our concession portfolio is also not dependent on any individual contract. Our largest contract represents only approximately 7% of our sales and our top 10 contracts represent approximately 35% of our total sales, in each case based on 2016 fiscal year results. Our track record as a successful, high-quality operator is important to our long-term relationships with facility owners. Given that a large portion of our concession payments are sales-driven, our facility owners benefit from having a strong operator with a proven ability to grow sales. As a result, we enjoy high renewal rates of around 90% for existing concessions and high success rates of winning new concessions. Approximately 80,000 m^2 of contract extensions were signed in 2016. In addition, we opened 41,800 m^2 of gross retail space in 2016, which reflects net retail space growth achieved organically, rather than through M&A activity.

Our newly introduced Business Operating Model leverages global scale with local execution providing us a distinct competitive advantage. Moreover, we procure on a global basis, and our integrated procurement and logistics platform provides a key competitive advantage for us, as it allows us to extract the full benefits of our global scale and competitive position. We work with over 1,000 suppliers around the world. Furthermore, a significant portion of our cost base is variable, which provides added resilience to the business.

We maintain well-diversified operations across geographies, product categories and retail concepts. As of December 31, 2016, we operated over 2,200 stores at 380 locations in 64 countries. We are a truly global business, with geographically diverse operations across Europe, Africa, Asia, Central America and the Caribbean, South America and North America, combining high-growth emerging markets and prime operations in developed markets. Our operations are also diversified in terms of the products we sell, with a strong focus on high margin categories. Our core product category is Perfumes and Cosmetics, which represented 32% of our net sales in 2016. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

Strong financial performance and robust cash flow generation. We have generated double-digit sales and EBITDA growth for over a decade. Since 2003, our turnover has grown by approximately 11 times (which represents a CAGR of 21%) and EBITDA has grown by approximately 19 times (which represents a CAGR of 26%). We believe that we are well positioned to benefit from future industry growth through our best-in-class management, global presence and access to existing and new retail locations. We also benefit from scale and cost advantages, which supports our profitability and cash generation. Our gross margin has improved from approximately 46% in 2003 to 59% in 2016, resulting from successful execution of our strategy to pursue profitable growth and enhanced operational excellence. We expect to offset long-term changes in concession fees with further optimization of gross margin and operational leverage. We also have strong cash flow generation capability benefitting from our high EBITDA margin business and relatively low capital requirements. Free cash flow before interest in normal years typically ranges between 50-60% of EBITDA, which we believe can assist us in deleveraging and/or provide us with additional capability to invest in further growth.

Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average of over 10 years of relevant experience and significant industry and technical knowledge. Most of the members of our current management team have been with Dufry since 2005 or were employed by companies we acquired, such as Hudson, Nuance or World Duty Free. Our workforce of approximately 28,800 FTEs includes over 70 nationalities, providing us with excellent local knowledge at all of our retail locations.

Our Strategy

Our strategy is to continue to pursue a profitable growth strategy and to reinforce our position as the leading global travel retailer. Key elements of this strategy are:

Focus on profitable growth. We aim to drive profitable growth by focusing on measures to (i) expand passenger spend at existing locations, through improved product mix, a targeted refurbishment plan, digital transformation, innovative marketing initiatives and the introduction of new concepts among others, (ii) win new concessions by leveraging the scale of our global operations and applying our local market knowledge, as well as our local access to landlords and facility owners, (iii) complete the implementation of our new Business Operating Model to increase competitiveness and drive sales, (iv) further develop our existing duty-paid concepts and (v) explore growth opportunities in other travel retail channels including cruise ships, downtown and border shops as well as train stations. Our unique customer understanding helps us to continuously optimize our retail offerings, with a focus on higher growth and margin products, such as perfumes, cosmetics and foods. It helps us develop specifically targeted marketing and promotional efforts to further increase customer spend. Our marketing strategy focuses on a number of factors, such as product mix, pricing strategy, store layout and service, while also taking into account the changing needs of our customers in particular locations. In addition, the digitalization of our business will further enhance the customer experience (e.g., through our New Generation Stores) and intensify our ability to communicate with customers through multiple touch-points along the customer journey.

Enhance operational excellence by capitalizing on scale benefits. We take advantage of our economies of scale by centralizing our purchasing power, thereby creating leverage in negotiations with our suppliers, reducing our lead times and optimizing our net working capital. Our integrated global procurement and logistics operations allow us to extract scale benefits from our large operations, and the increased use of technology across all functions will further improve our organizational efficiency.

Prioritize cash generation. Our business is highly cash generative and we aim to further improve our cash flow generation going forward. To achieve this goal, we place significant management focus on profitability, cash generation, cost control, efficient capital allocation and working capital management. We strongly believe that our well-balanced concessions portfolio, continued investments in our existing locations, and strong pipeline for new projects provide us with the platform to capture organic growth potential and generate significant free cash flow. Earlier this year, we launched the implementation of our new Business Operating Model in order to generate additional efficiencies across all functions of our organization, through standardizing operational processes and organizational structures. We target a capital structure of below 3.0x net debt/EBITDA over the medium term.

Mid-term focus on bolt-on M&A. We believe that our industry still has consolidation opportunities. We will consider further M&A opportunities in the medium term, and our focus will be on small- to mid-sized acquisitions with high synergy potential and a focus on growth opportunities in key geographies, such as Asia. We believe our long-standing track record executing and integrating M&A transactions, combined with our knowledgeable local and regional teams, allow us to identify, structure, execute and integrate acquisitions quickly.

Our History

We trace our origins back to 1865, when the Weitnauer family opened its first tobacco shop in Basel, Switzerland. In 1948, Weitnauer became a duty-free distributor and four years later opened its first duty-free shop with direct sales to continental European customers at Le Bourget Airport in Paris. Subsequent tax free operations were launched at EuroAirport Basel Mulhouse Freiburg in 1962 and at Milan-Linate Airport in 1979. The Dufry brand was adopted in 2003.

In March 2004, a consortium of investors led by funds managed by private equity firm Advent International Corporation, acquired a 75% interest in Weitnauer's travel retail business. In July 2005, the consortium acquired the remaining 25% of Weitnauer's travel retail business. On December 5, 2005 we became a public company and listed our shares on the SIX Swiss Exchange. In 2010, we listed our shares through a Level III BDR program on the BM&FBOVESPA in Brazil.

In recent years we have increased our concession portfolio and expanded into new markets through a series of strategic acquisitions. In 2006, we acquired Brasif Duty Free Shop, a Brazilian travel retailer, and its logistics platform Eurotrade. In 2008, we acquired the Hudson Group, an operator of convenience stores, coffee shops and special retail concessions. In 2011, we acquired the leading airport retailer in Argentina and airport retail operations in Uruguay, Ecuador, Armenia and Martinique, as well as a wholesale platform. In 2012, we consolidated our position in the Russian travel retail market by acquiring additional retail operations in Moscow. Also in 2012, we signed an agreement to acquire 51% of the travel retail operations of the Folli Follie Group, a leading travel retailer in Greece, which was completed in April 2013. In December 2013, we completed the acquisition of the remaining 49% of these operations. In September 2014, we completed the Nuance Acquisition. In August 2015, we completed the acquisition of World Duty Free.

Recent Developments—Potential IPO of Hudson Group

We are currently considering an IPO of our North American business including both duty-free and duty-paid travel retail operations. The North American travel retail market differs from our other markets in its focus on food & beverage and other specific segments, and an IPO would create strategic flexibility for the North American business to pursue growth opportunities specific to this market. Proceeds from an IPO would be used initially to reduce leverage. After the IPO, we would retain a majority stake in the business and continue to fully consolidate it. The business would remain an important component of our global diversification strategy, and its operations would remain integrated with the Dufry Group across all major functions, allowing the North American business to continue to benefit from our expertise and scale in the global travel retail industry. There can be no certainty that the IPO will occur.

Refinancing Transactions

Notes Redemption

We intend to use the net proceeds from this offering, together with cash on hand, to fund the redemption of our 2022 Notes, and to pay related transaction fees and expenses (collectively, the "Notes Redemption"). As of the date of this offering, there are €500.0 million aggregate principal amount of 2022 Notes outstanding. The 2022 Notes may be called for redemption at our option at a redemption price of 103.375% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to but excluding the redemption date. We plan to issue a notice of redemption to holders of the 2022 Notes promptly following the closing date of this offering.

Proposed New Credit Facilities

We are currently pursuing a refinancing (the "Refinancing") of our 2014 Facilities Agreement and 2015 Facilities Agreement (each as defined under "Description of Other Indebtedness—Senior Credit Facilities"). As part of the Refinancing, it is proposed that Dufry International AG (together with certain other members of the Group) and a group of financial institutions enter into an unsecured multicurrency term and revolving facilities agreement and an unsecured short term facility agreement (together, the "Proposed Facility Agreements"), pursuant to which a USD term facility, a EUR term facility, a EUR revolving credit facility and a short term facility will be made available (together, the "Proposed New Credit Facilities").

It is our intention to apply any proceeds of the Proposed New Credit Facilities primarily towards the Refinancing, as well as towards general working capital requirements and corporate purposes.

It is proposed that the obligations of Dufry International AG and Dufry Financial Services B.V. as borrowers under the Proposed New Credit Facilities be irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry International AG and Dufry Financial Services B.V. It is proposed that loans under the Proposed New Credit Facilities will bear interest, paid at periods selected by the borrower, at a floating rate (LIBOR, in relation to any loan in any currency other than Euro, or EURIBOR, in relation to any loan in Euro) plus a margin. It is further proposed that the margin in respect of each Proposed New Credit Facility be determined by reference to the credit rating of Dufry AG, from time to time.

Under the Proposed Facility Agreements, we would be required to adhere to financial covenants similar to those set forth in the 2014 Facilities Agreement and 2015 Facilities Agreement.

The Proposed Facility Agreements are also likely to contain other terms, including terms providing for voluntary prepayment, affirmative covenants and negative covenants that affect our ability, among other things, to borrow money, incur liens, dispose of assets, make acquisitions and change business, and require the obligors to make certain financial information available to the lenders, maintain their existence, comply with laws and regulations and maintain insurance. Events of default under the Prospective Refinancing Agreements would likely include, among other things, payment and covenant breaches, insolvency of the obligors and certain defaults in respect of other material financial indebtedness.

The Issuer and the Guarantors

The Issuer (Company Number 69664285) was incorporated on September 25, 2017 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands. It is an indirect wholly-owned subsidiary of the Parent Guarantor. The Issuer has no significant assets and will conduct no business except in connection with the borrowing of indebtedness (including the issuance of the Notes offered hereby) and the advance of net proceeds from such borrowings to certain Group entities in order to facilitate the Notes Redemption. The registered address of the Issuer is Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands. The telephone number of the Issuer is +31 (0).

The Parent Guarantor is a Swiss stock corporation incorporated on November 3, 2003 and registered on November 4, 2003 with its corporate seat in Basel (Company Number CHE-110.286.241). The Parent Guarantor is the indirect parent of the Issuer. The Parent Guarantor's principal executive offices are located at Brunngässlein 12, 4052 Basel, Switzerland. The Parent Guarantor's telephone number is +41 61 266 44 44 and its website address is www.dufry.com. Information contained on, or connected to, the Parent Guarantor's website does not and will not constitute part of this Offering Memorandum.

The Subsidiary Guarantors are wholly-owned subsidiaries of the Parent Guarantor. These Subsidiary Guarantors comprise Dufry International AG (Company Number CHE-102.735.389), Dufry Financial Services B.V. (Company Number 60704993), Dufry Holdings & Investments AG (Company Number CHE-115.328.148) and Hudson Group (HG), Inc. Dufry International AG is a Swiss stock corporation incorporated on May 16, 1975. The registered address of Dufry International AG is Brunngässlein 12, 4052 Basel, Switzerland. Dufry Financial Services B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated on May 20, 2014. The corporate seat of Dufry Financial Services B.V. is in Amsterdam, the Netherlands, and its registered address is Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands. Dufry Holdings & Investments AG is a Swiss stock corporation incorporated on January 6, 2010. The registered address of Dufry Holdings & Investments AG is Brunngässlein 12, 4052 Basel, Switzerland. Hudson Group (HG), Inc. is a Delaware corporation incorporated on November 20, 2007. The registered address of Hudson Group (HG), Inc. is Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801.

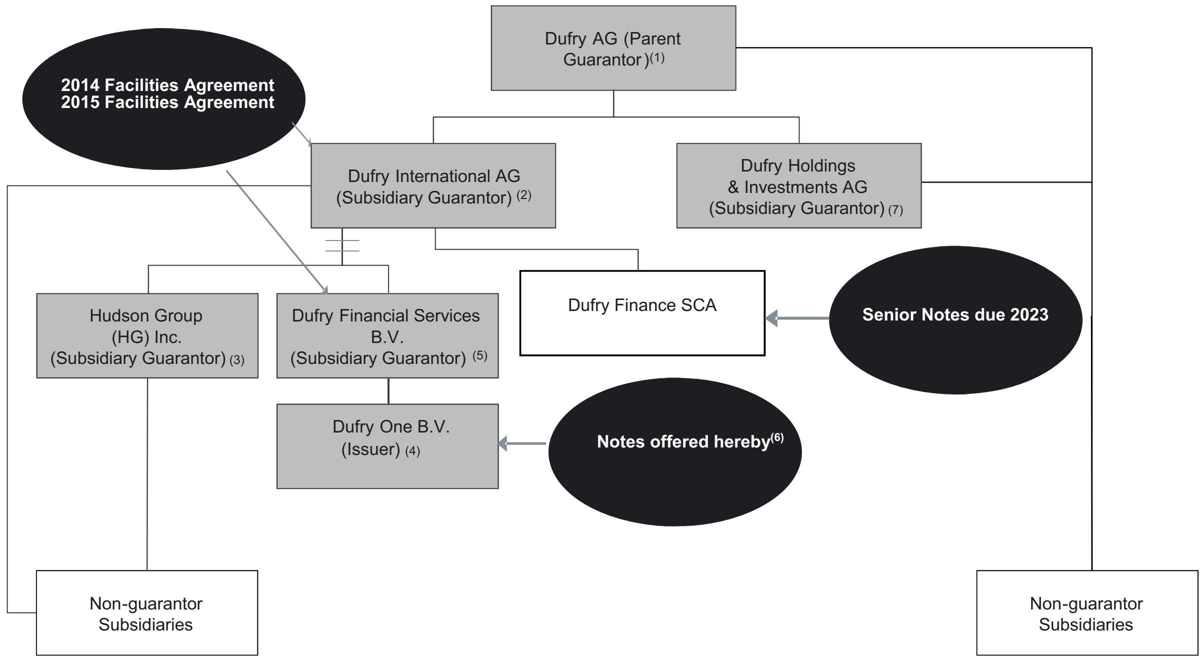
We are currently pursuing the Notes Redemption and the Refinancing, which we expect will result in the release of Hudson Group (HG), Inc. and Dufry Holdings & Investments AG from their respective guarantees under the 2014 Facilities Agreement, the 2015 Facilities Agreement and Dufry Finance SCA's outstanding 2022 Notes and 2023 Notes and, as a result, the release of their respective guarantees of the Notes offered hereby.

Our consolidated financial statements and the notes thereto contained elsewhere in this Offering Memorandum include both the Guarantors and our non-guarantor subsidiaries. Except as described in this Offering Memorandum, there has been no significant change in the Group's financial or trading position since June 30, 2017.

The Issuer and the Guarantors are holding companies with no independent business operations of their own, and no significant assets other than investments in their subsidiaries. Therefore, they depend on the receipt of funds from their subsidiaries to meet their obligations. See "Risk Factors—Risks Relating to the Notes—The Issuer and the Guarantors are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively." As of June 30, 2017, after giving effect to this offering and the Notes Redemption, but before giving effect to the Refinancing as described under "Summary—Financing Transactions—*Proposed New Credit Facilities*", we would have had CHF 4,075.2 million of total indebtedness, of which CHF 873.0 million would have been indebtedness of the Parent Guarantor's subsidiaries other than the Issuer and the Guarantors. Of the CHF 873.0 million of indebtedness, CHF 766.5 million relates to the Senior Notes due 2023 issued by Dufry Finance SCA, which will not be a guarantor of the Notes issued in this offering and which also has no independent business operations of its own.

CORPORATE STRUCTURE

The following chart summarizes our corporate structure and principal indebtedness after giving effect to this offering and the Notes Redemption, but before giving effect to the Refinancing. This chart is provided for illustrative purposes only and does not represent all legal entities affiliated with, or all obligations of the Company and its Subsidiaries.



(1) Dufry AG's shares are listed on the SIX Swiss Exchange under the symbol "*DUFN*."

(2) Dufry International AG is a borrower under our 2014 Facilities Agreement and 2015 Facilities Agreement, and we expect it to be a borrower under our Proposed Facility Agreements. Borrowings under our 2014 Facilities Agreement and 2015 Facilities Agreement are, and we expect that borrowings under our Proposed Facilities Agreement will be, unsecured and guaranteed by each other Guarantor of the Notes. For a summary of the terms of our 2014 Facilities Agreement and 2015 Facilities Agreement, see "Description of Other Indebtedness."

(3) Hudson Group (HG), Inc. will initially be a Guarantor of the Notes but we do not expect it to be a Guarantor under our Proposed Facility Agreements. We therefore expect that Hudson Group (HG), Inc.'s Guarantee of the Notes will be automatically released upon completion of the Notes Redemption and the Refinancing.

(4) Dufry One B.V. is a special purpose finance company with no independent business operations or operating assets. Dufry One B.V. was incorporated on September 25, 2017 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands.

(5) Dufry Financial Services B.V., an indirect wholly-owned subsidiary of Dufry International AG, is a special purpose finance company with no independent business operations and no operating assets, whose statutory purpose is to (i) participate in, finance, cooperate with and manage companies and other corporations or give advice and provide other services, (ii) invest and administer funds, (iii) provide and enter into loans, (iv) provide securities on debts of companies with a legal status or other companies which form a connected group, or on debts of third parties, (v) to perform any action to further or accomplish (i) through (iv) above. Dufry Financial Services B.V. is a borrower under our 2014 Facilities Agreement and 2015 Facilities Agreement, and we expect it to be a borrower under our Proposed Facilities Agreement.

(6) We intend to use the net proceeds from this offering, together with cash on hand, to fund the Notes Redemption. See "Use of Proceeds."

(7) Dufry Holdings & Investments AG will initially be a Guarantor of the Notes but we do not expect it to be a Guarantor under our Proposed Facility Agreements. We therefore expect that Dufry Holdings & Investments AG's Guarantee of the Notes will be automatically released upon completion of the Notes Redemption and the Refinancing.

THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Dufry One B.V. (Company Number 69664285), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands and having its registered office at Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands.
Parent Guarantor	Dufry AG, a Swiss stock corporation.
Subsidiary Guarantors	Dufry International AG, Dufry Financial Services B.V., Dufry Holdings & Investment AG, and Hudson Group (HG), Inc., each a wholly-owned subsidiary of the Parent Guarantor. We are currently pursuing the Notes Redemption and the Refinancing, which we expect will result in the release of Hudson Group (HG), Inc. and Dufry Holdings & Investments AG from their respective guarantees under the 2014 Facilities Agreement, the 2015 Facilities Agreement and Dufry Finance SCA's outstanding 2022 Notes and 2023 Notes and, as a result, the release of their respective guarantees of the Notes offered hereby. See "Description of Notes—Note Guarantees—*Release of Note Guarantees.*"
Guarantors	The Parent Guarantor and the Subsidiary Guarantors. Each Guarantor is an obligor under our 2014 Facilities Agreement and 2015 Facilities Agreement. See "Description of Other Indebtedness."
The Notes	€500,000,000 of % senior notes due 2024.
The Guarantees	The obligations of the Issuer under the Notes and the Indenture (as defined under "Description of Notes") governing the Notes will be, jointly and severally, fully and unconditionally guaranteed on a senior basis by the Guarantors, subject to certain limitations described under the caption "Description of Notes—Note Guarantees."
The Offering	The Notes are being offered and sold by the Initial Purchasers outside the United States to persons other than U.S. persons as defined in and in reliance on Regulation S.
Issue Price	% for the Notes, plus accrued interest, if any, from , 2017.
Issue Date	, 2017.
Maturity Date	, 2024.
Interest	The Notes will bear interest from the Issue Date at the rate of percent per annum, payable semi-annually in arrears.
Interest Payment Dates	and of each year, commencing , 2018 until the Maturity Date.

Ranking of the Notes	The Notes are: • direct, unsecured and unsubordinated obligations of the Issuer; • senior in right of payment to any future obligations of the Issuer expressly subordinated in right of payment to the Notes; • equal in right of payment with any future direct, unsecured and unsubordinated obligations of the Issuer (except those obligations required to be preferred by law); • guaranteed by the Guarantors on a senior basis, subject to certain limitations described under the caption "Description of Notes—Note Guarantees;" and • effectively subordinated to all existing and future obligations of the Parent Guarantor's non-guarantor subsidiaries. See "Risk Factors—Risks Relating to the Notes."
Ranking of the Guarantees	The Guarantee of each Guarantor: • is a direct, unsecured and unsubordinated obligation of such Guarantor; • is effectively subordinated to secured obligations of such Guarantor, to the extent of the value of the assets serving as security therefor; • is effectively subordinated to all indebtedness and other liabilities (including trade payables) of the Parent Guarantor's subsidiaries other than the Issuer and the Subsidiary Guarantors; • is senior in right of payment to any future obligations of such Guarantor expressly subordinated in right of payment to such Guarantor; and • equal in right of payment with all other direct, unsecured and unsubordinated obligations of such Guarantor (except those obligations required to be preferred by law). Each of the Issuer and the Guarantors is a holding company with no significant assets other than the shares in its direct subsidiaries. See "Risk Factors—Risks Relating to the Notes—The Issuer and the Guarantors are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively."
Use of Proceeds	We intend to use the net proceeds from this offering, together with cash on hand, to fund the Notes Redemption. See "Use of Proceeds." The proceeds will be used outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

Change of Control Offer	Upon the occurrence of a Change of Control (as defined in the section entitled "Description of Notes"), we will be required to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest. See "Description of Notes—Change of Control."
Covenants	The Indenture, among other things, limits our ability and the ability of our restricted subsidiaries to: • incur liens; and • consolidate, merge or sell all or substantially all of our assets. These covenants are subject to a number of important exceptions and qualifications. In addition, upon achievement of certain ratings, these covenants may be suspended. For more details, see "Description of Notes."
Events of Default	For a discussion of certain events that will permit acceleration of the Notes, see "Description of Notes—Events of Default."
Optional Redemption	We may redeem the Notes in whole or in part, at our option, at any time and from time to time at the applicable redemption prices set forth in the "Description of Notes." See "Description of Notes—Optional Redemption."
Optional Tax Redemption	The Notes may be redeemed in whole, but not in part, at our option, at a redemption price equal to 100% of the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date fixed for redemption, and all additional amounts, if any, due to certain changes in tax law as specified in the "Description of Notes." See "Description of Notes—Redemption for Changes in Taxes."
Additional Amounts	Subject to certain exceptions and limitations, we will pay such Additional Amounts (as defined in the section entitled "Description of Notes") on the Notes (or payments under the Guarantees in respect thereof) as may be necessary to ensure that the net amounts received by each holder of a Note after all withholding or deductions, if any, shall equal the amount of principal (and premium, if any) and interest that such holder would have received in respect of such Note (or payments under the Guarantees in respect thereof) in the absence of such withholding or deduction. See "Description of Notes—Additional Amounts."
Denomination, Form and Registration of Notes	The Notes will be issued only in fully registered form, without interest coupons and will be issued only in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. The Notes will not be issued in bearer form. The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. See "Description of Notes—Global Notes and Book-Entry System."
Further Issuances	The Issuer and the Guarantor may from time to time, without notice to or the consent of the holders of the Notes, create and issue further notes ranking equally in right of payment with and

	having identical terms and conditions to the Notes in all respects and such further Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. See "Description of Notes—Brief Description of the Notes and the Note Guarantees—Principal, Maturity and Interest."
Transfer Restrictions	The Notes have not been, and will not be, registered under the Securities Act or any other applicable securities laws. The Notes are subject to restrictions on transfer and, unless registered under the Securities Act, may only be offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Notice to Investors."
Absence of a Public Market for the Notes	The Notes are new securities for which there is currently no established trading market. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes. Certain of the Initial Purchasers have advised us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue any market making at any time at their sole discretion and without notice.
Listing	Application has been made to the Authority for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange ("TISE"). TISE is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes a 'Listing Document' for the purposes of the Listing Rules maintained by the Authority.
Trustee	Wells Fargo Bank, National Association
Principal Paying Agent, Registrar and Transfer Agent	Société Générale Bank & Trust, a public limited liability company (*société anonyme*) organized and established under the laws of Luxembourg, having its registered office at 11 avenue Emile Reuter, L-2420 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B6061.
TISE Listing Agent	Mourant Ozannes Securities Limited
Governing Law	The Indenture and the Notes and all other transaction documents will be governed by, and construed in accordance with, the laws of the State of New York.
Risk Factors	Investing in our Notes involves risks. Prior to investing in our Notes, prospective investors should consider, together with the other information set out in this Offering Memorandum, the risks associated with an investment in our Notes. See "Risk Factors."

DUFRY SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth certain summary historical consolidated financial and other data as of the dates and for each of the periods indicated. Our financial statements have been prepared in accordance with IFRS. The data presented below is not necessarily indicative of results of future operations and should be read in conjunction with "Use of Proceeds," "Capitalization," "Dufry Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum.

The summary historical consolidated financial data as of December 31, 2016 and 2015 and for each of the fiscal years ended December 31, 2016 and 2015 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. The summary historical consolidated financial data for the fiscal year ended December 31, 2014 were derived from our audited consolidated financial statements not included in this Offering Memorandum.

The summary historical consolidated financial data as of and for the six months ended June 30, 2017 and 2016 have been derived from our unaudited interim condensed consolidated financial information included elsewhere in this Offering Memorandum. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. See "Presentation of Financial and Other Data."

The summary unaudited condensed consolidated income statement for the twelve months ended June 30, 2017 has been calculated by subtracting the unaudited interim condensed consolidated income statement for the period ended June 30, 2016 from the condensed consolidated income statement for the year ended December 31, 2016, and then by adding the unaudited interim condensed consolidated income statement for the six months ended June 30, 2017.

You should regard the summary historical financial and other data below as only an introduction and should base your investment decision on a review of the entire Offering Memorandum.

Consolidated Income Statement Data

	Twelve months ended June 30 2017[1]	Six months ended June 30,		For the year ended December 31,		
		2017	2016	2016	2015	2014
	(Unaudited)	(Unaudited)				
	(In millions of CHF)					
Net sales	7,828.9	3,720.4	3,514.3	7,622.8	5,961.7	4,063.1
Advertising income	210.6	100.9	96.6	206.3	177.6	133.5
Turnover	**8,039.5**	**3,821.3**	**3,610.9**	**7,829.1**	**6,139.3**	**4,196.6**
Cost of sales	(3,288.6)	(1,546.7)	(1,503.1)	(3,245.0)	(2,564.6)	(1,733.0)
Gross profit	**4,750.9**	**2,274.6**	**2,107.8**	**4,584.1**	**3,574.7**	**2,463.6**
Selling expenses	(2,315.1)	(1,105.2)	(1,026.3)	(2,236.2)	(1,684.0)	(1,023.3)
Personnel expenses	(1,085.9)	(550.4)	(519.0)	(1,054.5)	(856.2)	(609.7)
General expenses	(382.9)	(203.3)	(182.6)	(362.2)	(314.7)	(256.4)
Share of results of associates	(1.9)	(4.5)	1.3	3.9	4.0	2.3
EBITDA (before other operational result)[2]	**965.1**	**411.2**	**381.2**	**935.1**	**723.8**	**576.5**
Depreciation, amortization and impairment	(531.2)	(260.2)	(274.4)	(545.4)	(444.8)	(248.9)
Linearization	(68.2)	(46.3)	(52.8)	(74.7)	(29.2)	
Other operational result	(34.8)	(14.7)	(22.3)	(42.4)	(117.10	(61.1)
Earnings (loss) before interest and taxes (EBIT)[2]	**330.9**	**90.0**	**31.7**	**272.6**	**132.7**	**266.5**
Interest expenses	(247.5)	(111.0)	(106.9)	(243.4)	(200.7)	(154.1)
Interest income	36.2	15.6	11.7	32.3	16.0	5.7
Foreign exchange gain/(loss)	4.0	5.1	(3.3)	(4.4)	5.2	(11.1)
Earnings (loss) before taxes (EBT)	**123.6**	**(0.3)**	**(66.8)**	**57.1**	**(46.8)**	**107.0**
Income taxes	(20.2)	(0.6)	8.3	(11.3)	10.1	(20.4)
Net Earnings (loss) from continuing operations	**103.4**	**(0.9)**	**(58.5)**	**45.8**	**(36.7)**	**86.6**
Net earnings from discontinued operations	—	—	—	—	(0.2)	(0.8)
Net Earnings (loss)	**103.4**	**(0.9)**	**(58.5)**	**45.8**	**(36.9)**	**85.8**
Attributable to:						
Equity holders of the parent	52.6	(24.9)	(75.0)	2.5	(79.3)	51.6
Non-controlling interests	50.8	24.0	16.5	43.3	42.4	34.2

Consolidated Statement of Financial Position Data

	As of June 30, 2017	As of December 31,	
		2016	2015
	(Unaudited)		
	(In millions of CHF)		
Cash and cash equivalents	447.6	450.8	434.4
Current assets	2,149.6	1,990.9	1,850.9
Total assets	9,819.4	9,919.8	10,342.5
Current liabilities	1,873.3	1,713.2	1,712.2
Debt	4,075.2	4,201.2	4,390.4
Net Debt	3,627.6	3,750.4	3,956.0
Total liabilities	6,670.5	6,649.2	7,003.7
Total shareholders' equity	3,148.9	3,270.6	3,338.8
Total liabilities and shareholders' equity	9,819.4	9,919.8	10,342.5

Consolidated Statement of Cash Flows Data

	Six months ended June 30, 2017 (Unaudited)	Six months ended June 30, 2016 (Unaudited)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
	(In millions of CHF)				
Net cash flows from operating activities	265.2	315.0	700.4	414.8	391.5
Net cash flows used in investing activities	(140.2)	(103.6)	(215.5)	(1,646.1)	(1,317.1)
Net cash flows (used in)/from financing activities	(157.9)	(76.5)	(486.7)	1,069.0	1,229.3
Currency translation in cash	29.7	8.4	18.2	83.7	(37.1)
(Decrease)/Increase in cash and cash equivalents	(3.2)	143.3	16.4	(78.6)	266.6
Cash and cash equivalents at the beginning of the period	450.8	432.5	434.4	513.0	246.4
Cash and cash equivalents at the end of the period	447.6	575.8	450.8	434.4	513.0

Other Financial Data

	Twelve months ended June 30, 2017[1]	Six months ended June 30, 2017	Six months ended June 30, 2016	Year ended December 31, 2016	Year ended December 31, 2015
	(In millions of CHF, unless otherwise indicated)				
Turnover[3]	8,039.5	3,821.3	3,610.9	7,829.1	6,139.3
Southern Europe and Africa	1,734.7	776.6	744.2	1,702.3	1,269.9
UK, Central and Eastern Europe	2,086.2	961.4	964.1	2,088.9	1,427.8
Asia, Middle East and Australia	769.0	370.7	372.4	770.7	638.5
Latin America	1,630.8	819.6	719.9	1,531.1	1,409.6
North America	1,720.3	849.5	790.1	1,660.9	1,352.2
Distribution Centers[4]	98.5	43.5	20.2	75.2	41.3
EBITDA[2][3]	965.1	411.2	381.2	935.1	723.8
Southern Europe and Africa	235.7	91.3	85.8	230.2	186.0
UK, Central and Eastern Europe	245.6	103.0	98.9	241.5	140.4
Asia, Middle East and Australia	62.0	23.5	27.7	66.2	47.5
Latin America	110.4	42.8	33.3	100.9	73.4
North America	190.0	82.2	80.7	188.5	157.5
Distribution Centers[4]	121.4	68.4	54.8	107.8	119.0
Capital expenditures[5]	(280.9)	(152.0)	(133.3)	(262.2)	(309.6)
Changes in working capital[6]	(129.8)	(73.1)	4.2	(52.5)	(138.3)
Like-for-like growth[7]	—	8.0%	(7.0)%	(1.2)%	(5.6)%
Gross margin[8]	59.1%	59.5%	58.4%	58.6%	58.2%
EBITDA margin[9]	12.0%	10.8%	10.6%	11.9%	11.8%
Free cash flow[10]	399.2	125.7	190.1	463.6	116.6

Pro Forma Financial Data

The following table shows certain data adjusted to give effect to this offering and the Notes Redemption, but not the Refinancing:

	Twelve months ended or as of June 30, 2017
	(unaudited) (CHF in millions)
Pro forma cash and cash equivalents(11)	416.7
Pro forma debt(12)	4,075.2
Pro forma net debt(13)	3,658.5
EBITDA(3)	965.1
Pro forma net debt / EBITDA	3.8x

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(1) The unaudited Dufry income statement information for the LTM ended June 30, 2017 presented in this offering memorandum has been derived by adding the audited income statement information for the fiscal year ended December 31, 2016 to the corresponding unaudited income statement information for the six months ended June 30, 2017 and subtracting the corresponding income statement information for the six months ended June 30, 2016.

(2) See Note 5 to our consolidated financial statements included elsewhere in this Offering Memorandum for further information regarding our reporting segments.

(3) EBITDA (before other operational result) represents net earnings before income taxes, interest income, interest expenses, foreign exchange gain or loss, and depreciation, amortization and impairment, and other operating result, where other operating result includes non-recurring income or expenses not directly involving sales activities, such as gain or loss on sale of fixed assets, gain or loss on sale of investments, costs of projects, litigation income or expenses and restructuring costs. EBIT represents net earnings before income taxes, interest income, interest expenses and foreign exchange gain or loss.

(4) Reflects turnover and EBITDA, as applicable, related to wholesale sales to external customers only.

(5) Capital expenditures represents purchases of property, plant and equipment, purchases of intangible assets and proceeds from sale of property, plant and equipment.

(6) Changes in working capital represents the sum of changes in inventories, trade receivables, other receivables, trade payables, other payables and dividends received from associates.

(7) Like-for-like growth represents turnover growth of stores that have been consolidated for more than 12 months and where there has been no material increase or reduction of retail space for the relevant period.

(8) Gross margin represents turnover less costs of sales divided by turnover.

(9) EBITDA margin (before other operational result) represents EBITDA (before other operational result) divided by turnover.

(10) Free cash flow represents net cash flow from operating activities less capital expenditures plus interest received. A reconciliation from IFRS to this non-IFRS measure is as follows:

	Twelve months ended June 30,	Six months ended June 30,		Year ended December 31,	
	2017	2017	2016	2016	2015
	(In millions of CHF, unless otherwise indicated)				
Net cash flow from operating activities	650.6	265.2	315.0	700.4	414.8
Capital expenditures	(280.9)	(152.0)	(133.3)	(262.2)	(309.6)
Interest received	29.5	12.5	8.4	25.4	11.4
Free cash flow	399.2	125.7	190.1	463.6	116.6

(11) Pro forma cash and cash equivalents represents cash and cash equivalents less an estimated CHF 30.9 million of cash on hand we expect to use in connection with the Notes Redemption for estimated transaction costs, including redemption premium and accrued interest.

(12) Pro forma debt represents debt after giving effect to the Notes Redemption and the issuance of the Notes offered hereby.

(13) Pro forma net debt represents pro forma debt less pro forma cash and cash equivalents.

RISK FACTORS

An investment in the Notes entails risk. There are a number of factors, including those specified below, that may adversely affect our ability to fulfill our obligations under the Notes. You could therefore lose a substantial portion or all of your investment in the Notes. Consequently, an investment in the Notes should be considered only by persons who can assume such risk. Described below are risks specific to our business, our industry and the Notes that we consider to be material. You should note that the risks described below are not the only risks to which we are exposed. There may be other risks that are not presently known to us or that we do not presently consider to be material that could adversely affect our ability to fulfill our obligations under the Notes.

Risks Relating to our Business

Events outside our control that cause a reduction in airline and cruise line passenger traffic, including but not limited to terrorist attacks and natural disasters, could adversely affect our business.

Our business is mainly dependent upon sales to air travellers. The occurrence of any one of a number of events outside our control such as terrorist attacks (including cyber-attacks), hurricanes, ash clouds, pandemics, the outbreak or escalation of hostilities among nations, natural disasters and accidents may lead to a reduction in the number of air travellers on a global, regional or local level. Further, increases in oil price may inhibit growth due to higher ticket prices caused by fuel surcharges and due to increased cost of living in general restricting the budget of customers. Any future event of a similar nature, even if not directly affecting the airline industry, may lead to a significant reduction in the number of air travellers. Further, any disruption to or suspension of services provided by airlines, as a result of financial difficulties, labor disputes, construction work, increased security or otherwise, could negatively affect the number of air passengers. Such a reduction in airline passenger numbers will result in a decrease in our sales and may have a materially adverse impact on our business, financial condition and results of operations.

These events that could cause a reduction in airline passenger traffic could also have a material negative impact on our operations that serve passengers using other forms of travel, such as shops on cruise lines, ferries, at seaports, train stations, downtown tourist locations and others.

General economic and market conditions may adversely affect our results.

We operate in, and our customers come from, a large number of economies around the world, such as Brazil, China, Greece, India, Italy, Mexico, Morocco, Russia, Switzerland, United Arab Emirates and the United States. Since our success is dependent on consumer spending, our business may be adversely affected by factors such as an economic downturn that could cause a rise in unemployment and affect consumer confidence in these economies, a decline in consumer confidence, changes in exchange rates, an increase in interest rates, inflation, deflation, direct or indirect taxes and consumer debt levels. Therefore, economic downturns may have a material adverse effect on our business, financial condition and result of operations.

The market to obtain concessions continues to be highly competitive.

We compete with other travel retailers at global, regional and local levels in obtaining and maintaining concessions at airports and for other travel facilities such as on board cruise lines and airlines and at railway stations. Some of our competitors have strong financial support or solid relationships with airport authorities which benefit those competitors in competing for concessions. There is no guarantee that we will be able to renew our existing concessions or that, if we do renew a concession, it will be on similar payment terms. In addition, the failure to obtain or renew a concession necessarily means that we will not be able to enter or continue operating in the market represented by such concession. If we were to fail to renew major concessions or fail to obtain further concessions, our business, financial condition and results of operations could be materially adversely affected.

As a result of competition among travel retailers to obtain or maintain retail concessions, airport authorities and other landlords have increasingly been able to demand more favorable concession terms. In addition to shorter terms, concession agreements increasingly provide for a minimum fee payable to the airport operator regardless of the amount of sales at the concession (a "MAG"). Currently, the majority of our concessions provide for a MAG that is either a fixed amount or an amount that is variable based upon the number of travellers using the airport or other location, retail space used, estimated sales, past results or other metrics. If passenger numbers are lower than expected or if there is a decline in the sales per passenger at these facilities, our results of operations may be materially adversely affected.

Our shops are operated under concession agreements that are subject to revocation or modification and the loss of concessions could negatively affect our revenues and our business.

Our travel retail activities are mainly operated pursuant to concessions granted by airport authorities or landlords. The concessions may be unilaterally terminated or modified prior to the end of the original expiration date upon expropriation or annulment by the respective authorities or forfeiture by us. Forfeiture may be declared by the authorities if the concessionaire fails to fulfill the terms and conditions set forth in the concession agreement as well as applicable legal and regulatory obligations. Annulment may be declared by the authorities or by courts in case the act granting the concession or its terms do not comply with the appropriate legal requirements, such as procurement, antitrust or similar regulations.

The concessions may also be terminated early by airport authorities or landlords in certain circumstances including, among others:

- assignment, transfer or sub-lease to third parties, in whole or in part, of the rights or obligations provided for in the relevant agreement;
- a change of control in Dufry;
- failure to comply with any of the provisions of the concession agreement;
- use of the concession area for any purpose other than the object of the agreement;
- entering into an agreement with a third party with respect to the concession area or services to be explored without applicable airport authorities' prior approval;
- making of any modification to the facilities without applicable airport authorities' prior approval;
- default on the payment of the fees for a period provided for in the relevant agreement;
- not providing the services with an adequate quality level or the failure to obtain the necessary equipment for the satisfactory rendering of such services; or
- reasons of public interest.

We may not be able to execute our growth strategy effectively or to integrate successfully any new concessions or future acquisitions into our business.

Our principal strategy is to continue to grow by enhancing and expanding our existing facilities and by seeking new concessions through tenders or private negotiations or through acquisition opportunities. In this regard, our future growth will depend upon a number of factors, some of which may not be within our control, such as the timing of any concession or acquisition opportunity, our ability to identify any such opportunities, structure a competitive proposal, obtain required financing or consummate an offer. As a result, we cannot assure you that this strategy will be successful.

In addition, we may encounter difficulties integrating expanded or new concessions or any acquisitions into our existing operations. Such expansions, new concessions or acquisitions may not achieve anticipated revenue and earnings growth or synergies and cost savings. Delays in the start up of new projects and the refurbishment of shops affect our business. A failure to grow successfully may materially adversely affect our business, financial condition and results of operations.

We are dependent on our local partners.

Our global retail operations are carried on through approximately 170 operating companies in about 64 countries as of December 31, 2016. In most of Dufry's operations, the entities are fully owned by us. However, we do have a significant number of concessions that have local partners, mainly in Portugal, the Middle East, Brazil and the U.S. Our local partners maintain ownership interests in the relevant operating subsidiary, some of which operate major concessions. Our participation in each of these operating subsidiaries differs from market to market. Our ability to withdraw funds, including dividends, from our participation in, and to exercise management control over, such subsidiaries may depend upon the consent of our local partners. While the precise terms of each relationship vary, disagreements with our local partners may affect our business, financial condition and results of operations.

Taxation of goods policies in countries where we operate may change.

A substantial part of our revenues is derived from our sale of duty-free products, such as perfumes, luxury products, spirits and tobacco. Governmental authorities in various countries in which we operate may alter or eliminate the duty-free status of certain products or otherwise change importation or tax laws. For example, in 1999 the structure of the duty-free market in the EU was significantly altered and the sale of duty-free products to passengers traveling between member states of the EU was no longer possible, except for certain exempt zones. Further, sales and excise taxes on products sold at traditional retail locations may be lowered in the future, partly removing our competitive advantage with respect to duty-free product pricing. If we lose the ability to sell duty-free products generally or in any of our major duty-free markets or if we lose market share to traditional retailers as a result of a reduction in sales and excise taxes, our revenues may decrease significantly and our business, financial condition and results of operations may be materially adversely affected.

We may be adversely impacted by litigation.

We have extensive global operations, and we and our third-party business partners are both defendant and plaintiff in a number of court, arbitration and administrative proceedings in various jurisdictions. Actions filed against us from time to time include commercial, tort, intellectual property, customer, employment, labor, tax, administrative, customs and other claims, and the remedies sought in these claims can be for material amounts. In addition, we may be impacted by litigation trends, including class action lawsuits involving consumers, shareholders and employees, and our business, financial condition and results of operations may be materially adversely affected.

Restrictions on the duty-free sale of tobacco products and on smoking in general may affect our tobacco product sales.

The duty-free sale of tobacco products represented approximately 11% of our net sales and constituted our fourth largest product category for the year ended December 31, 2016. As part of the campaign to highlight the negative effects of smoking, international health organizations and the anti-smoking lobby continue to seek restrictions on the duty-free sale of tobacco products. More generally, an increasing number of national and local governments, as well as private businesses, have prohibited, or are proposing to prohibit, smoking in public places and in their business locations, respectively. If we were to lose our ability to sell duty-free tobacco products in our major markets or the increasing number of smoking prohibitions and anti-smoking campaigns caused a reduction in our sales of tobacco products, our business, financial condition and results of operations could be materially adversely affected.

The retail business is highly competitive.

We also compete to attract retail customers and compete with other, non-airport retailers, such as traditional retailers. As Dufry's sale of non-traditional duty free products increases, Dufry must compete with other retailers, including non-airport retailers, such as retail stores located outside airports and passenger terminals. Some of our retail competitors may have greater financial resources, greater purchasing economies of scale or lower cost bases, any of which may give them a competitive advantage over us. If we were to lose market share to competitors, our revenues would be reduced and our business, financial condition and results of operations adversely affected.

We may not be able to predict accurately or fulfill customer preferences or demands.

We derive an important amount of our revenue from the sale of fashion-related, cosmetic and luxury products, which are subject to rapidly changing customer tastes. The availability of new products and changes in customer preferences has made it more difficult to predict sales demand for these types of products accurately. Our success depends in part on our ability to effectively predict and respond to quickly changing consumer demands and preferences, and to translate market trends into appropriate merchandise listings. Additionally, due to our limited sales space relative to other retailers, the selection of salable merchandise is an important factor in revenue generation. We cannot assure you that our product orders will match actual demand. If we are unable to successfully predict or respond to sales demand or to changing styles or trends or experience inventory shortfalls on popular merchandise, our revenue will be lower, which could have a material adverse effect on our business, financial condition and results of operations.

Our ability to maintain customer loyalty and confidence and to expand our customer base may be impaired if we fail to maintain and strengthen our brand and reputation.

The development of the brand and reputation of each of Dufry, Hudson, Nuance and World Duty Free is critical to achieving widespread awareness of our products and services, and to maintaining customer loyalty and confidence. The ability of customers to recognize the Dufry, Hudson, Nuance and World Duty Free brands and to differentiate between the products and services of Dufry, Hudson, Nuance and World Duty Free and that of our competitors is paramount to increasing Dufry's, Hudson's, Nuance's and World Duty Free's credibility with our existing customers and to attracting new customers. Brand recognition is made even more important by increasing competition and to the segmentation of the travel retail industry. Successful promotion of Dufry's, Hudson's, Nuance's and World Duty Free's brands will largely depend on the effectiveness of our marketing efforts and on our ability to carry sought-after products at competitive prices. Brand promotion activities may not yield increased revenues and, even if they do, any increased revenues may not offset the expenses incurred in building the brand. If we fail to successfully promote and maintain our brands, our business, financial condition and results of operations could be adversely affected.

We rely on a limited number of suppliers and events outside our control may disrupt our supply chain.

We rely on a limited number of suppliers for the majority of our purchases in each major product category. We work with over 1,000 suppliers around the world, with 80% of our sales generated from products bought from 100 suppliers. Future consolidation may reduce the number of our suppliers even further. As a result, our suppliers may have increased bargaining power and we may be required to accept less favorable purchasing terms. In addition, in the event of a dispute with any supplier, the delivery of a significant amount of merchandise may be delayed or cancelled, or we may be forced to purchase merchandise from other suppliers on less favorable terms. Such events could cause revenues to fall and costs to increase, adversely affecting our business, financial condition and results of operations.

In addition, damage or disruption to our supply chain due to any of the following could impair our ability to sell our products: adverse weather conditions or natural disasters, such as a hurricane, earthquake or flooding; government action; fire; terrorism (including cyber-attacks); the outbreak or escalation of armed hostilities; pandemic; industrial accidents or other occupational health and safety issues; strikes and other labor disputes; customs or import restrictions or other reasons beyond our control or the control of our suppliers and business partners. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations, as well as require additional resources to restore our supply chain.

Information technology systems failure or disruption could impact our day-to-day operations.

Our information technology systems are used to record and process transactions at our tills and to manage our operations. These systems provide information regarding most aspects of our financial and operational performance, statistical data about our customers, our sales transactions and our inventory management. Notwithstanding efforts to prevent an information technology failure or disruption, including having implemented parallel data centers and regular back-up of data, our systems may be vulnerable to damage or destruction of our hardware or software systems. These events could cause system interruption, delays or loss of critical data and could disrupt our acceptance and fulfillment of customer orders, as well as disrupt our operations and management. For example, although our point-of-sales systems are programmed to be able to operate and process customer orders independently from the availability of our central data systems and of our network, if a problem were to disable electronic payment systems in our stores, credit card payments would need to be processed manually, which could in turn result in fewer transactions. Significant disruption to systems could have a material adverse effect on our business, result of operations and financial condition.

In addition, the regulatory environment governing our use of individually identifiable data of customers, employees and others is complex. Privacy and information security laws and requirements change frequently, and compliance with them may require us to incur costs to make necessary systems changes and implement new administrative processes. If a data security breach occurs, our reputation could be damaged and we could experience lost sales, fines or lawsuits.

If we are unable to protect our customers' credit card data and other personal information, we could be exposed to data loss, litigation and liability, and our reputation could be significantly impacted.

As a retail company, we will be subject to the risk of security breaches and cyber-attacks in which credit and debit card information is stolen. Although we use secure networks to transmit confidential information, the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, and as a result we may be unable to anticipate these techniques or implement adequate preventive measures. Third parties with whom we do business may attempt to circumvent our security measures in order to misappropriate such information, and may purposefully or inadvertently cause a breach involving such information. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business, through fraud, trickery or other forms of deceiving our team members, contractors, vendors and temporary staff.

We may become subject to claims for purportedly fraudulent transactions arising out of actual or alleged theft of credit or debit card information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant unplanned expenses, which could have a materially adverse impact on our business, financial condition and results of operations. Further, adverse publicity resulting from these allegations could significantly impact our reputation and have a materially adverse impact on our business, financial condition and results of operations.

Our success depends on our ability to attract and retain qualified personnel.

Our success depends, to a significant extent, on the performance and expertise of top management and other key employees. There is competition for skilled, experienced personnel in the fields in which we operate and, as a result, the retention of such personnel cannot be guaranteed. Our continuing ability to recruit and retain skilled personnel, especially in management functions both in Switzerland and internationally, will be an important element of our future success. The loss of senior management or any other key employees or the failure to attract new highly qualified employees could have a material adverse effect on our business, financial condition and results of operations.

We operate in emerging markets, which exposes us to risks inherent to these less developed markets, and such risks may increase as we intend to expand our operations in such markets.

We operate in several emerging markets, and we are evaluating opportunities to expand operations in a number of additional emerging markets. Business climates in these markets expose us to greater political, economic, legal and social uncertainty than markets with more developed institutional structures. The risk of loss resulting from changes in law, economic disruptions, social upheaval and other factors may be substantial. For example, these factors could decrease tourism to countries where we operate, some of which are holiday destinations. We are also exposed to risks arising from interruption of operations due to political or social instability and the establishment or enforcement of foreign exchange restrictions, which could effectively prevent us from repatriating profits, liquidating assets or withdrawing from one or more of these markets. For example, further instability in Syria or the Middle East could affect our business in

Egypt, and political upheaval or civil unrest in Turkey could affect our business there. Similarly, the political or economic situation in Russia may deteriorate further, resulting in fewer Russians traveling abroad, which could affect our business in countries that traditionally are popular with Russian tourists. Furthermore, changes in tax regulations or enforcement mechanisms could substantially reduce or eliminate any turnover or profits derived from operations in these countries and could reduce significantly the value of assets related to such operations. We are also exposed to levels of foreign exchange translation risk and may not be able to effectively hedge our exposure. Another aspect of certain emerging markets is the potential inadequacy of the legal system and law enforcement mechanism, which leaves us exposed to the possibility of considerable loss as a result of abusive practices by competitors, parties with which we contract or others. If we expand our operations in emerging markets the foregoing risks will increase.

We are exposed to fluctuations in currency exchange rates, which could negatively impact our financial condition and results of operations.

Our reporting currency is the Swiss Franc. A substantial majority of our turnover is generated in foreign currencies by subsidiaries outside of Switzerland whose results of operations, assets and liabilities must be translated into CHF to prepare our consolidated financial statements. Our principal translation currency exposures are to the euro and the USD. In addition, the revaluation of the assets and liabilities of overseas subsidiaries at the balance sheet date results in the recognition of foreign exchange translation gains or losses in retained earnings. Changes in the relevant exchange rates between the Swiss Franc and the other currencies to which we are exposed, which have been volatile recently due to the global financial downturn, as well as the Swiss National Bank's removal of its Euro exchange rate floor in January 2015, have affected and will continue to affect the value of our assets and liabilities denominated in currencies other than the Swiss Franc, our costs and our turnover, each of which could have an adverse effect on our results of operations. We are also impacted by the purchasing power of the functional currency of our stores compared with other currencies. When the functional currency of our stores appreciates in value, our products become more expensive for the international travellers whose home currency has less relative purchasing power. In addition, the increased purchasing power of the functional currency of our stores could also cause domestic travellers to purchase products abroad.

Our ability to borrow from banks or raise funds in the capital markets may be materially adversely affected by a financial crisis in a particular geographic region, industry or economic sector.

Our ability to borrow from banks or raise funds in the capital markets to meet our financial requirements is dependent on favorable market conditions. Financial crises in particular geographic regions, industries or economic sectors have led, in the recent past, and could lead in the future to sharp declines in the currencies, stock markets and other asset prices, in turn threatening affected financial systems and economies.

For instance, from 2007 to 2010, global credit markets tightened significantly, initially prompted by concerns over the United States sub-prime mortgage crisis and the valuation and liquidity of mortgage-backed securities and other financial instruments, such as asset-backed commercial paper, and later spreading to various other areas. In addition, the persistent doubts of the financial community on the capacity of European countries, such as Greece (including with respect to a possible "Grexit"), Portugal or Spain, to refinance their public debts and on the increasing public debt of the United States could trigger a general market slowdown that may adversely impact our ability to borrow from banks or raise funds in the capital markets and may significantly increase the costs of such borrowing. Furthermore, the United Kingdom's June 2016 vote to leave the EU ("Brexit") and the new US presidential administration's present and future policies may generate greater uncertainty and instability in the global financial markets, which could lead to weaker macroeconomic conditions that continue for the foreseeable future. Such economic weakness and uncertainty may also adversely impact our ability to access sources of financing. If sufficient sources of financing are not available in the future for these or other reasons, we may be unable to meet our financial requirements, which could materially and adversely affect our business, results of operations and financial condition.

We are subject to anti-corruption laws in various jurisdictions, as well as other laws governing our international operations. If we fail to comply with these laws we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, financial condition and results of operations.

Our international operations are subject to anti-corruption laws in various jurisdictions, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, the U.K. Bribery Act of 2010 and Brazilian Federal Law No. 12,846/13. The FCPA and these other laws generally prohibit employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. We operate in a number of jurisdictions that pose a high risk of potential anticorruption law violations, and we participate in joint ventures and relationships with third parties whose actions could potentially subject us to liability under the anticorruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the U.S. Department of Commerce's Bureau of Industry and Security, the U.S. Department of Treasury's Office of Foreign Asset Control, and various non-U.S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations, and transfer pricing regulations. We refer to these laws and regulations as "Trade Control laws." We have instituted policies, procedures and ongoing training of certain employees with regard to business ethics, designed to ensure that we and our employees comply with the anticorruption laws and trade control laws. However, we cannot assure you that our efforts have been and will be completely effective in ensuring our compliance with all applicable anticorruption laws or other legal requirements. If we are not in compliance with the anticorruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA or other anti-corruption laws by U.S. or foreign authorities could also have an adverse impact on our business, financial condition, financing options and results of operations and could severely harm our reputation.

We have incurred, and may incur in the future, significant indebtedness.

We have incurred, and may incur in the future, significant indebtedness in connection with our corporate initiatives or acquisitions which may impact the manner in which we conduct our business. See "Description of Other Indebtedness." Although the credit facilities and indentures governing our existing debt contain restrictions on our ability to incur indebtedness, those restrictions are subject to a number of exceptions. The potential incurrence of additional indebtedness may limit our ability to implement elements of our growth strategy.

We may need additional capital in the future and it may not be available on acceptable terms.

We may require additional capital in the future to do the following:

- fund our operations;
- respond to potential strategic opportunities, such as investments, acquisitions and expansions; and
- service or refinance our indebtedness.

Additional financing may not be available on terms favorable to us or at all due to several factors, including the terms of our existing indebtedness and trends in the global capital and credit markets. The terms of available financing may also restrict our financial and operating flexibility. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. Moreover, even if we are able to continue our operations, the failure to obtain additional financing could adversely affect our ability to compete.

A ratings agency downgrade could lead to increased borrowing costs and credit stress.

If any of our outstanding debt that is rated is downgraded, raising capital will become more difficult for us, borrowing costs under our credit facilities may increase and the market price of our outstanding debt securities may decrease.

We have no controlling shareholders, which may make us susceptible to instability or changes in the course of our business or conflicts between shareholders, as well as other events arising from the absence of a controlling shareholder or group of shareholders. We have, however, two separate groups of shareholders that each hold a significant stake in our shares, which may provide them with the ability to influence matters or pursue interests that conflict with the interests of note holders.

We have no shareholders who individually hold the power to control our policies or strategies. Alliances or agreements may, however, be formed among our shareholders, which could result in the exercise of control over us by such shareholders. Also, an outside party could acquire a stake permitting it to exercise control over us. In these circumstances, we could experience sudden and unexpected changes in our policies or strategies, including through the replacement of management. In addition, we may become more vulnerable to hostile attempts to acquire control and conflicts in connection therewith.

The absence of a control group that jointly exercises control over our capital could hinder certain processes of decision making, as the minimum quorum required by law for certain deliberations may not be reached. Any sudden or unexpected changes in our management team or in our policies or strategic course, any attempt to acquire control of us or any dispute between shareholders concerning their respective rights may adversely affect us.

A 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., Hudson Media, Inc., James S. Cohen, James S. Cohen Family Dynasty Trust and Nucleo Capital Co-Investment Fund I Ltd.) holds a significant stake of a total of 18.45% of our share capital as of April 26, 2017. Furthermore, Hainan Province Cihang Foundation also holds a significant stake of a total of 20.92% of our share capital as of August 21, 2017. These shareholders, whether separately or jointly, may have the ability to successfully establish their interests in the shareholders' meeting or otherwise influence the outcome of corporate strategy and actions (including transactions with related parties, corporate reorganizations, acquisitions, divestitures, partnerships and financing and payment of future dividends) that may conflict with the interests of note holders.

Risks Relating to the Notes

The Issuer and the Guarantors are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively.

The Issuer is a special purpose finance company with no independent business operations and no significant assets other than intercompany receivables created by its on-lending of the net proceeds of borrowings of indebtedness (including the net proceeds of the Notes offered hereby) to us. The Issuer will on-lend the net proceeds of the Notes and will be wholly dependent upon payments in respect of such intercompany loan to meet its obligations under the Notes. The Parent Guarantor and the Subsidiary Guarantors are holding companies with no independent business operations or significant assets other than investments in their subsidiaries and derive all or substantially all of their revenue and cash from their operating subsidiaries. The Parent Guarantor and the Subsidiary Guarantors therefore depend upon the receipt of sufficient funds from their subsidiaries to meet their obligations.

Various agreements governing our debt may restrict, and in some cases may actually prohibit, the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable corporate and other law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments.

The inability to transfer cash among entities within their respective groups may mean that even though the entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in their restricted group to another entity in their restricted group in order to make payments to the entity owing the obligations.

If our operating subsidiaries do not distribute cash to us to make scheduled payments on the Notes, we do not expect to have any other source of funds that would allow the Issuer to make payments to the holders of the Notes.

Payments with respect to the Notes and the Guarantees are structurally subordinated to liabilities, contingent liabilities and obligations of our non-guarantor subsidiaries.

The Notes will not be guaranteed by certain non-guarantor subsidiaries. Creditors, including trade creditors, of non-guarantor subsidiaries and any holders of preferred shares in such entities, if any, would have a claim on the non-guarantor subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, the Issuer's payment obligations under the Notes and the Guarantors' obligations under the Guarantees will be effectively subordinated to all existing and future obligations of our non-guarantor subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our non-guarantor subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of June 30, 2017, after giving effect to this offering and the Notes Redemption, but before giving effect to the Refinancing, we would have had CHF 4,075.2 million of total indebtedness, of which CHF 873.0 million would have been indebtedness of the Parent Guarantor's subsidiaries other than the Issuer and the Guarantors. Of the CHF 873.0 million of indebtedness, CHF 766.5 million relates to the Senior Notes due 2023 issued by Dufry Finance SCA, which will not be a guarantor of the Notes issued in this offering and which also has no independent business operations of its own.

Payments with respect to the Notes and the Guarantees are effectively subordinated to any secured obligations of the Issuer or the Guarantors to the extent of the assets serving as security for such secured obligations.

The Issuer's obligation under the Notes and the Guarantors' obligations under the Guarantees will rank equally in right of payment with all other existing and future unsubordinated indebtedness of the Issuer and the Guarantors and senior in right of payment to all of their subordinated indebtedness, if any. However, the Issuer's obligation under the Notes and the Guarantors' obligations under the Guarantees will be effectively subordinated to any secured obligations of the Issuer or the Guarantors to the extent of the assets serving as security for such secured obligations. In bankruptcy, the holder of a security interest with respect to any assets of the Issuer or the Guarantors would be entitled to have the proceeds of such assets applied to the payment of such holder's claim before the remaining proceeds, if any, are applied to the claims of the holders of the Notes.

The terms of our existing debt agreements impose operating and financial restrictions on our business.

Our 2014 Facilities Agreement, 2015 Facilities Agreement, the indenture governing our 2023 Notes prohibit us (and, we expect, the Proposed Facility Agreements will prohibit us) from incurring additional indebtedness, subject to certain exceptions, unless we are able to satisfy certain financial ratios and certain other restrictions. Our ability to meet our financial ratios may be affected by events beyond our control, and we cannot assure you that we will be able to meet these ratios. These provisions may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in our business. Any of these could materially and adversely affect our ability to satisfy our obligations under the Parent Guarantee and other debt, the Issuer's ability to satisfy its obligations under the Notes and other obligations, and the Subsidiary Guarantors' ability to satisfy obligations under the Subsidiary Guarantees. For a discussion of our material long-term payment obligations or indebtedness other than the Notes, see "Description of Other Indebtedness."

You are restricted in your ability to transfer or resell the Notes without registration under applicable securities laws.

The Notes and the Guarantees have not been registered under the Securities Act or any U.S. state securities laws, and neither we nor the Issuer have any obligation or intention subsequently to register or exchange registered securities for the Notes or the Guarantees. Accordingly, the Notes and Guarantees can only be offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Therefore, a holder of the Notes may be required to bear the risk of its investment for an indefinite period. It is your obligation to ensure that your offers and sales of the Notes within the United States comply with applicable securities laws. See "Notice to Investors."

There is no active public trading market for the Notes and therefore your ability to transfer them will be limited.

Although application has been made to admit the Notes to the Official List of TISE, there can be no assurance regarding the future development of a market for the Notes or the ability of holders to sell their Notes or the price at which holders may be able to sell their Notes. If a public market were to develop, the Notes could trade at prices that may be lower than the initial offering price, depending on many factors, including prevailing interest rates, our operating results and the market for similar securities. We have applied to list the Notes on the Official List of TISE, however, we cannot assure you that such listing will be obtained.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities is influenced by economic and market conditions, interest rates and currency exchange rates. Global events may lead to market volatility which may have an adverse effect on the price of the Notes.

We may be able to incur substantially more debt in the future.

We may incur substantial additional indebtedness in the future, some of which may be structurally senior in right of payment to the Notes, including in connection with future acquisitions, some of which may be secured by some of or all our assets. Any such incurrence of additional indebtedness could exacerbate the related risks that we now face.

Trading in the clearing system is subject to minimum denomination requirements.

The terms of the Notes provide that the Notes will be issued with a minimum denomination of €100,000 and multiples of €1,000 in excess thereof. It is possible that the clearing systems may process trades that could result in amounts being held in denominations smaller than the minimum denominations. If definitive notes are required to be issued in relation to such Notes in accordance with the provisions of the relevant Global Notes, a holder who does not have the minimum denomination or a multiple of €1,000 in excess thereof in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive Notes unless and until such time as its holding satisfies the minimum denomination requirement.

The Notes are subject to optional redemption, which may limit their market value.

The optional redemption feature of the Notes is likely to limit their market value. During any period when we may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. We may be expected to redeem Notes when our cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

We may be unable to repurchase the Notes upon a change of control.

Upon the occurrence of a change of control relating to the ownership of our ordinary share capital or voting rights, as described in "Description of Notes—Change of Control," we will be required to offer to repurchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest. Our source of funds for any such purchase of the Notes will be available cash, cash generated from our subsidiaries or other sources, including borrowings, sales of assets or sales of equity. The sources of cash may not be adequate to permit us to repurchase the Notes upon a change of control. Any failure on our part to offer to repurchase the Notes, or to repurchase Notes tendered following a change of control, may result in a default under the Indenture, which could lead to a cross-default under the terms of our existing and future indebtedness. For further information, see "Description of Notes—Change of Control."

The indenture will not limit the amount of debt we or our subsidiaries may incur or restrict our ability to engage in other transactions that may adversely affect holders of the Notes.

The Indenture under which the Notes will be issued will not limit the amount of debt that we or our subsidiaries may incur. The Indenture will not contain any financial covenants or other provisions that would afford the holders of the Notes any substantial protection in the event we participate in a highly leveraged transaction. In addition, the Indenture will not limit our ability to pay dividends, make distributions or repurchase our common shares. As a result of the foregoing, when evaluating the terms of the Notes, you should be aware that the terms of the Indenture and the Notes will not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the Notes.

Our credit ratings may not reflect all risks associated with an investment in the Notes.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. If the Notes are rated, such rating may not necessarily be the same as the ratings assigned to us. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Guarantees of the Notes will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability.

The Issuer's obligations under the Notes will be guaranteed by the Guarantors. The Notes and the Guarantees may be subject to claims that they should be limited or subordinated in favor of the Issuer's future creditors under the laws of Switzerland, the Netherlands and the United States or any other applicable jurisdiction.

The amounts or enforcement of each Guarantee will, where applicable, be limited to the extent of the amount that can be guaranteed by a particular Guarantor without rendering the Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective under applicable law and without rendering the Guarantor insolvent or subject to any legal cause that would require it to be dissolved. These laws and defenses include, where applicable, those that relate to fraudulent conveyance or transfer, insolvency, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may effectively have no obligations under its Guarantee.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and similar laws, a court could subordinate or void any Guarantee if it found that:

- the relevant Guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or other person or to prefer one creditor over another or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or other person was insolvent when it issued the Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor;
- the Guarantor was insolvent, subsequently became insolvent or was rendered insolvent because of the Guarantee or security;
- the Guarantor was undercapitalized or became undercapitalized because of the Guarantee;
- the Guarantor intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity;
- the Guarantee was not in the best interests or for the benefit of the Guarantor; or
- the amount paid was in excess of the maximum amount permitted under applicable law.

The measure of insolvency for purposes of fraudulent conveyance and similar laws varies depending on the law applied. Generally, however, a Guarantor would be considered insolvent if it could not pay its obligations as they became due. In such circumstances, if a court voided such Guarantee, or held it unenforceable, noteholders would cease to have any claim in respect of the Guarantor and would be a creditor solely of the Issuer and the remaining Guarantors. If a court decides a Guarantee was a fraudulent conveyance and voids the Guarantee, or holds it unenforceable for any other reason, you may cease to have any claim in respect of the Guarantor and would be a creditor solely of the Issuer and any remaining Guarantors.

Enforcement of the Guarantees across multiple jurisdictions may be difficult.

The Notes will be guaranteed by the Guarantors, which are organized or incorporated under the laws of different jurisdictions. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. The rights of holders of the Notes under the Guarantees will thus be subject to the laws of different jurisdictions, and it may be difficult to enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors. In addition, the bankruptcy, insolvency, administration and other laws of our jurisdiction of organization and the jurisdiction of organization of the Guarantors may be materially different from, or in conflict with, one another, including creditor's rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realize any recovery under the Notes and the Guarantees.

Relevant insolvency and administrative laws may not be as favorable to creditors, including holders of Notes, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Notes and the Guarantees.

The Issuer is incorporated in the Netherlands and the Guarantors are incorporated or organized in Switzerland, the Netherlands and the United States. Some of our subsidiaries are incorporated or organized in jurisdictions other than those listed above and are subject to the insolvency laws of such jurisdictions. The insolvency laws of these jurisdictions may not be as favorable to your interests as creditors as the bankruptcy laws of the other jurisdictions. In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. In the event that any one or more of the Issuer or the Guarantors or the Parent Guarantor's other subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer, the Guarantors and shareholders of them. Prospective investors in the Notes should consult their own legal advisors with respect to such considerations.

It may not be possible for investors to enforce civil claims against us that originate in the United States.

The Issuer and one of the Guarantors are organized under the laws of the Netherlands. In addition, the Parent Guarantor, certain of the other Guarantors and certain other subsidiaries of the Parent Guarantor are incorporated or organized under the laws of Switzerland. The majority of the members of our board of directors and of our senior management are citizens or residents of countries other than the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or those persons or to enforce outside the United States judgments obtained against us or those persons in courts in jurisdictions inside the United States, including judgments predicated upon the civil liability provisions of the securities laws of the United States or of any State or territory within the United States. In addition, there is doubt as to the enforceability, in original actions brought in courts in jurisdictions located outside the United States, of securities laws of the United States or of any state within the United States. Awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the Netherlands or Switzerland.

USE OF PROCEEDS

We intend to use the net proceeds from this offering, together with cash on hand, to fund the Notes Redemption.

The proceeds will be used outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

CAPITALIZATION

The following table sets forth, on a consolidated basis, our cash and cash equivalents and capitalization as of June 30, 2017 in accordance with IFRS, on a historical basis and on an as adjusted basis to give effect to this offering and the Notes Redemption, but before giving effect to the Refinancing.

The historical information has been derived from the unaudited interim condensed consolidated financial statements included elsewhere in this Offering Memorandum. You should read this table in conjunction with "Use of Proceeds," "Dufry Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Other Indebtedness" and our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. The unaudited capitalization data has been prepared for illustrative purposes only and, because of its nature, may not give an accurate picture of our capitalization as of June 30, 2017, adjusted as described in this section.

	As of June 30, 2017	
	Actual	**As Adjusted**
	(Unaudited)	
	(In millions of CHF)	
Cash and cash equivalents	447.6	416.7[6]
Debt:		
2022 Notes[1]	547.5	—
2023 Notes	766.5	766.5
Notes offered hereby[1]	—	547.5
2014 Senior U.S. Dollar Term Loan Facility[2]	967.7	967.7
2014 Senior Euro Term Loan Facility[2]	547.5	547.5
2014 Revolving Credit Facility[2][3][4]	263.5	263.5
2015 Term Loan[2]	876.0	876.0
Other[5]	106.5	106.5
Total debt	**4,075.2**	**4,075.2**
Total shareholders' equity attributable to holders of the parent	2,936.4	2,936.4
Total capitalization	**7,011.6**	**7,011.6**

(1) Amounts shown do not reflect debt issuance costs.

(2) We are currently pursuing a refinancing of these facilities. See "Summary—Refinancing Transactions—*Proposed New Credit Facilities.*"

(3) Consists of an unsecured, multicurrency revolving credit facility for a total committed amount of the equivalent of CHF 900 million. For more information on the 2014 Revolving Credit Facility, please see "Description of Other Indebtedness—2014 Facilities Agreement."

(4) As of June 30, 2017, on an actual basis, we had approximately CHF 500 million of availability for additional credit extensions under our 2014 Revolving Credit Facility.

(5) Consists of various loan, guarantee and line of credit facilities for certain of our subsidiaries to fund working capital and general corporate purposes. For more information on the local credit facilities, please see "Description of Other Indebtedness."

(6) We expect to use an estimated CHF 30.9 million of cash on hand in connection with the Notes Redemption for estimated transaction costs, including redemption premium and accrued interest.

DUFRY SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our selected historical consolidated financial and other data as of the dates and for each of the periods indicated. Our financial statements have been prepared in accordance with IFRS. The selected historical consolidated financial data as of December 31, 2016 and 2015 and for each of the fiscal years ended December 31, 2016 and 2015 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. The selected historical consolidated financial data for the fiscal year ended December 31, 2014 were derived from our audited consolidated financial statements not included in this Offering Memorandum.

The selected historical consolidated financial data as of and for the six months ended June 30, 2017 and 2016 have been derived from our unaudited interim condensed consolidated financial information included elsewhere in this Offering Memorandum. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. See "Presentation of Financial and Other Data."

The data presented below is not necessarily indicative of results of future operations and should be read in conjunction with "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum.

The selected unaudited condensed consolidated income statement for the twelve months ended June 30, 2017 has been calculated by subtracting the unaudited interim condensed consolidated income statement for the period ended June 30, 2016 from the condensed consolidated income statement for the year ended December 31, 2016, and then by adding the unaudited interim condensed consolidated income statement for the six months ended June 30, 2017.

Consolidated Income Statement Data

	Six months ended June 30,		For the year ended December 31,		
	2017	2016	2016	2015	2014
	(Unaudited)				
			(In millions of CHF)		
Net sales	3,720.4	3,514.3	7,622.8	5,961.7	4,063.1
Advertising income	100.9	96.6	206.3	177.6	133.5
Turnover	**3,821.3**	**3,610.9**	**7,829.1**	**6,139.3**	**4,196.6**
Cost of sales	(1,546.7)	(1,503.1)	(3,245.0)	(2,564.6)	(1,733.0)
Gross profit	**2,274.6**	**2,107.8**	**4,584.1**	**3,574.7**	**2,463.6**
Selling expenses	(1,105.2)	(1,026.3)	(2,236.2)	(1,684.0)	(1,023.3)
Personnel expenses	(550.4)	(519.0)	(1,054.5)	(856.2)	(609.7)
General expenses	(203.3)	(182.6)	(362.2)	(314.7)	(256.4)
Share of results of associates	(4.5)	1.3	3.9	4.0	2.3
EBITDA (before other operational result)[(1)]	**411.2**	**381.2**	**935.1**	**723.8**	**576.5**
Depreciation, amortization and impairment	(260.2)	(274.4)	(545.4)	(444.8)	(248.9)
Linearization	(46.3)	(52.8)	(74.7)	(29.2)	
Other operational result	(14.7)	(22.3)	(42.4)	(117.10	(61.1)
Earnings (loss) before interest and taxes (EBIT)[(1)]	**90.0**	**31.7**	**272.6**	**132.7**	**266.5**
Interest expenses	(111.0)	(106.9)	(243.4)	(200.7)	(154.1)
Interest income	15.6	11.7	32.3	16.0	5.7
Foreign exchange gain/(loss)	5.1	(3.3)	(4.4)	5.2	(11.1)
Earnings (loss) before taxes (EBT)	**(0.3)**	**(66.8)**	**57.1**	**(46.8)**	**107.0**
Income taxes	(0.6)	8.3	(11.3)	10.1	(20.4)
Net Earnings (loss) from continuing operations	**(0.9)**	**(58.5)**	**45.8**	**(36.7)**	**86.6**
Net earnings from discontinued operations	—	—	—	(0.2)	(0.8)
Net Earnings (loss)	**(0.9)**	**(58.5)**	**45.8**	**(36.9)**	**85.8**
Attributable to:					
Equity holders of the parent	(24.9)	(75.0)	2.5	(79.3)	51.6
Non-controlling interests	24.0	16.5	43.3	42.4	34.2

Consolidated Statement of Financial Position Data

	As of June 30, 2017	As of December 31,	
		2016	2015
	(Unaudited)		
		(In millions of CHF)	
Cash and cash equivalents	447.6	450.8	434.4
Current assets	2,149.6	1,990.9	1,850.9
Total assets	9,819.4	9,919.8	10,342.5
Current liabilities	1,873.3	1,713.2	1,712.2
Total liabilities	6,670.5	6,649.2	7,003.7
Total shareholders' equity	3,148.9	3,270.6	3,338.8
Total liabilities and shareholders' equity	9,819.4	9,919.8	10,342.5

Consolidated Statement of Cash Flows Data

	Six months ended June 30,		Year ended December 31,		
	2017	2016	2016	2015	2014
	(Unaudited)				
	(In millions of CHF)				
Net cash flows from operating activities	265.2	315.0	700.4	414.8	391.5
Net cash flows used in investing activities	(140.2)	(103.6)	(215.5)	(1,646.1)	(1,317.1)
Net cash flows (used in)/from financing activities	(157.9)	(76.5)	(486.7)	1,069.0	1,229.3
Currency translation in cash	29.7	8.4	18.2	83.7	(37.1)
(Decrease)/Increase in cash and cash equivalents	(3.2)	143.3	16.4	(78.6)	266.6
Cash and cash equivalents at the beginning of the period	450.8	432.5	434.4	513.0	246.4
Cash and cash equivalents at the end of the period	447.6	575.8	450.8	434.4	513.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on our audited consolidated financial statements for the fiscal years ended December 31, 2016 and 2015 and unaudited interim condensed consolidated financial statements for the six month periods ended June 30, 2017 and 2016 included elsewhere in this Offering Memorandum, all of which have been prepared in accordance with IFRS. You should read the following discussion and analysis in conjunction with the sections entitled "Summary—Dufry Summary Historical Consolidated Financial and Other Data" and "Dufry Selected Historical Consolidated Financial and Other Data" along with our consolidated financial statements and the related notes and other financial information included elsewhere in this Offering Memorandum. This discussion includes forward-looking statements which, although based on assumptions we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. See "Forward-looking Statements" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions associated with these statements.

Business Overview

We are a leading global travel retailer with operations in 64 countries on six continents as of December 31, 2016, combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings with the vast majority of our sales produced by our airport retail business (91% of sales for the year ended December 31, 2016). As of December 31, 2016, we operated approximately 2,200 stores, with a total sales area of approximately 425,000 square meters, including approximately 1,884 stores located in airports, approximately 138 stores operating on cruise lines, ferries and seaports, approximately 110 stores at border, downtown and hotel shops and approximately 53 stores in railway stations, among others. Our travel retail operations consist of a variety of retail concepts focusing on the specific needs of travellers, including general travel retail outlets offering a wide range of products such as perfumes and cosmetics, confectionary and other foods, wines, spirits and tobacco, brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to focus on profitable growth with an emphasis on emerging markets and tourist destinations. We expect emerging markets to be a significant driver of global growth in air traffic over the next decade, and since 2004, we have increased our exposure to those growth markets. In 2016, we generated approximately 32% of our sales from emerging markets.

In September 2014, we completed the acquisition of Nuance, a leading global travel retailer with a strong and diversified concession portfolio and a global presence (the "Nuance Acquisition"), and Nuance became fully consolidated from such time. In August 2015, we completed the acquisition of World Duty Free S.p.A. ("World Duty Free"), one of the world's leading travel retailers, and World Duty Free became fully consolidated at that time. Through the successful integration of both Nuance and World Duty Free we have significantly improved our business. In particular, we have further consolidated our leadership in the global travel retail market, enhanced key strategic areas such as emerging market exposure, and created the potential for significant additional growth and development of our business, both by securing new contracts and by renewing existing contracts on better terms.

We generated turnover of CHF 7,829.1 million and EBITDA of CHF 935.1 million (representing an EBITDA margin of 11.9%) for the year ended December 31, 2016; turnover of CHF 3,821.3 million and EBITDA of CHF 411.2 million (representing an EBITDA margin of 10.8%) for the six months ended June 30, 2017; and turnover of CHF 8,039.5 million and EBITDA of CHF 965.1 million (representing an EBITDA margin of 12.0%) for the twelve months ended June 30, 2017. As of December 31, 2016, we had approximately 28,800 FTEs.

Recent Developments

Potential IPO of Hudson Group

We are currently considering an IPO of our North American business including both duty-free and duty-paid travel retail operations. The North American travel retail market differs from our other markets in its focus on food & beverage and other specific segments, and an IPO would create strategic flexibility for the North American business to pursue growth opportunities specific to this market. Proceeds from an IPO would be used initially to reduce leverage. After the IPO, we would retain a majority stake in the business and continue to fully consolidate it. The business would remain an important component of our global diversification strategy, and its operations would remain integrated with the Dufry Group across all major functions, allowing the North American business to continue to benefit from our expertise and scale in the global travel retail industry. There can be no certainty that the IPO will occur.

Factors Affecting Our Results of Operations

General

Our turnover is generated by travel-related retail sales and income from advertising, accounting for 97.4% and 2.6% of turnover for the year ended December 31, 2016, respectively. Apart from the cost of sales, our main operating expenses are concession fees, personnel costs and other expenses associated with our retail operations.

Sales

Our sales growth has been, and is likely to continue to be, driven by the combination of organic growth and acquisitions.

Organic Growth

Organic growth represents the combination of like-for-like growth and growth from new concessions/ expansions.

Like-for-like growth is based on sales at existing locations and is influenced by:

- *Passenger Flows:* The number of passengers passing through in the locations where we operate is the most significant factor influencing sales. Globally, there were approximately 7 billion passengers in 2015. More importantly, the number of air passengers has been consistently growing during the last ten years at more than 4% per year, with growth expected to continue in the coming decade and to reach approximately 24 billion by 2040. Although passenger numbers can be affected by external shocks such as terrorist attacks, wars, epidemics and other calamities, passenger growth has proven resilient over the long term.

- *Product Pricing:* Traditionally, sales of duty- and tax-free beverages, tobacco, perfumes and cosmetics to international passengers have dominated the travel-related retail industry, with favorable pricing of duty-free products compared to the products of traditional retailers as a key competitive differentiation. In order to drive our organic growth, however, our pricing strategy reflects a positioning and continuous monitoring of prices, including the pricing policies of our suppliers, and targeted marketing of specific products in certain locations.

- *Turnover Productivity:* Productivity may be improved through penetration (i.e., the number of passengers who actually buy products compared to total passengers at the location) and average spend per customer. We may influence both measures to improve sales, and this can be achieved through infrastructure measures, such as improving the layout, location and accessibility of the shops, and marketing activities, such as signposting inside and outside the stores, product variety, active selling by the sales staff and customer service.

In addition to like-for-like growth, we may also increase sales by expanding existing facilities and adding new concessions to our portfolio. We enter into new markets, operate newly created retail space built by airport operators and replace other travel industry retailers at existing concessions as their contracts expire.

The table below sets forth our organic growth, growth in constant currency exchange rates and organic growth including the consolidation of WDF for the past six fiscal quarters:

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Like-for-like	(6.2)%	(7.7)%	(0.6)%	5.0%	7.2%	8.7%
New concessions, net	1.0%	0.4%	0.9%	0.6%	0.0%	0.2%
Organic growth	(5.2)%	(7.3)%	0.3%	5.6%	7.2%	8.9%
Change in scope	63.0%	68.5%	15.2%	(0.8)%	(0.6)%	(0.5)%
Growth in constant FX	57.8%	61.2%	15.5%	4.8%	6.6%	8.4%
FX impact	2.2%	2.5%	(1.4)%	(3.3)%	(1.9)%	(1.6)%
Reported growth	60.0%	63.7%	14.1%	1.5%	4.7%	6.8%
Organic growth including WDF	0.1%	(2.9)%	1.3%	5.6%	7.2%	8.9%

Acquisitions

Due to the high fragmentation of the travel retail industry, acquisitions are one of our main sources of growth. We have, over the past years, played a key role in the consolidation of the industry and have executed several notable transactions. We benefit from economies of scale compared to local and regional operators. Our primary advantages are mainly in procurement, logistics and customer intelligence. These advantages enable us to generate synergies relatively quickly and turn acquisitions into an important driver of profitable growth.

For example, in September 2014, we acquired 100% of Nuance, a leading travel retailer with operations in 19 countries and territories. Furthermore, in August 2015, we acquired a 50.1% stake in World Duty Free S.p.A. ("WDF"), one of the world's leading travel retailers, from Eizione S.r.l. and its subsidiary, Schematrentaquattro S.p.A., and we acquired the remaining outstanding WDF shares through a mandatory tender offer which concluded in November 2015. As of December 31, 2016, we completed the integration of Nuance and WDF.

Gross Margin and Advertising Income

We see the cost of sales and the resulting gross margin as an important measurement of our performance as a retailer. The cost of sales is a function of the prices we pay for certain merchandise and influenced by our strategy of centralized negotiations with our suppliers, which includes segmenting suppliers by volume and active central management of these relationships.

Our pricing and product mix policy at any given location also affects the gross margin at such location.

Our relationships with our suppliers also generate advertising income. Advertising income represented 2.6% of turnover in 2016 compared to 2.9% for the prior year period, thereby positively affecting our gross margin. Our global presence and the large number of locations at which we operate allow us to offer attractive advertising opportunities for our suppliers.

Operating Expense Structure

The operating expense structure is important to our profitability. After the cost of sales, concession and other periodic expenses associated with our retail operations are our principal expense.

In return for granting us the right to operate our concession, airport authorities or other landlords typically receive a fixed or variable fee that is based on our sales at the concession. Where the concession fees are variable, most concession agreements provide for a minimum guaranteed payment that is either a fixed amount or variable based upon the number of passengers using an airport or other travel channel, based on retail space used or based upon current budgets or past results. A limited number of our contracts are based on fixed concession fees or rents. As a result, our profitability may be adversely affected if revenues decrease at concessions with a fixed minimum guaranteed amount.

Our selling expenses, such as variable concession fees, credit card commission and packaging expenses, are variable in nature as they generally move in line with sales. Although general and administrative expenses, such as repairs and maintenance, office and warehouse rent, general administration and marketing, are generally fixed in the short term, we have been able to protect our profitability by implementing a number of measures to control and reduce costs during a downturn. In addition, personnel costs, which represent a significant expense, are comprised of fixed and variable components as bonuses are based on the performance of the business.

Seasonality

In addition to the economic environment and passenger flows, our sales are affected by seasonal factors. This seasonality, however, varies from region to region. In Europe, for example, the highest sales and profit levels are obtained during the months of July and August, while in Central America and the Caribbean, sales and profit levels are highest in December. In addition, certain seasonal events affecting sales, such as Easter or Ramadan, fall on different dates each year. We increase our working capital prior to these peak sales periods, so as to carry higher levels of stock and add temporary personnel to the sales team to meet the expected higher demand. Our results of operations would be adversely affected by any significant reduction in sales during the traditional peak sales periods.

Currency Fluctuations

Exchange rate risk affects us in several ways. The first type of exchange rate effect is translation effects, which arise when our financial statements are converted into CHF. As a major part of our assets, liabilities, income and expenses are denominated in currencies other than the CHF, increases and decreases in the value of the CHF against the respective currencies affect our consolidated financial statements.

Second, we are exposed to the exchange rate risk inherent to our operations. Although we operate in 64 countries as of December 31, 2016, sales of our products are mostly transacted in Euros or U.S. dollars. When we receive local currencies from our customers, these currencies are converted at the exchange rate of the day. Sometimes our sales prices are denominated in local currencies, whereas the products are acquired in U.S. dollars or Euros. At those locations, currency exchange fluctuations in relation with U.S. dollars or Euros may positively or adversely affect our business, financial condition and results of operations.

We are further impacted by the exchange rate fluctuation of the customers' functional currency compared to the currency of our products.

The cost of sales and concession payments are also largely denominated in, or related to, Euros or U.S. dollars. Concession fees are largely linked to sales and, to that extent, not exposed to transaction risk. There are, however, certain cost elements, such as salaries and other expenses, which are usually in local currencies. We largely benefit from natural hedging and therefore do not currently engage in material forward foreign exchange hedging. Further, we match certain assets and liabilities taking into consideration short-term cash flows in the respective currencies of our operations.

Depreciation, Amortization and Impairment

Our depreciation and amortization policies may affect our results of operations. We depreciate fixed assets using the straight-line method over the useful life of the asset (for example, five years for furniture and between five and ten years for equipment and other improvements to leased property) or the life of the concession to which the assets relate, whichever is less. Intangible assets with a finite lifespan are amortized over their economic useful life and are tested whenever there is an indication that the book value of the intangible asset may not be recoverable. Intangible assets with an indefinite lifespan are tested for impairment annually, whether individually or at the cash generation unit level, and are also reviewed annually to determine if the evaluations of indefinite lifespan assets remain sustainable. Otherwise, the change in the evaluation from indefinite to finite useful life is made on a prospective basis. Intangible assets with an indefinite useful life are not amortized. Our principal intangible asset is our concession rights.

Financial Result

Our profitability may be affected by the net amount of interest paid and received, exchange gains or losses arising from currency fluctuation.

Income Tax

Income tax expenses are based on our taxable results of operations after financial result based on each subsidiary's jurisdiction. Tax losses carried from one tax period to the next may also influence our deferred tax expenses. As a result, there is a broad diversity of tax rates affecting our effective group tax rate. However, in order to allocate certain corporate common expenses, we have put into effect certain cost transfer agreements, under which certain costs can be charged to our subsidiaries based on the source of the expenses, i.e., certain administration, information technology or franchise costs. These fees are tested periodically to ensure that they are in accordance with usual market conditions.

Non-Controlling Interests

Our business model contemplates the involvement of local partners in our operations in certain situations. In the case of a minority stake by the landlord, a local partnership allows us to align our interests with those of the landlord. We also have local partners that bring relevant expertise to operate in the local market and to manage relationships with the local community. For example, 40% of one of our major operating subsidiaries in Europe, Dufrital, belongs to the Milan airport operator, the Società Esercizi Aeroportuali SpA (SEA), 50% of our operating subsidiary Dufry Sharjah FZC, the operator of the duty-free shops at Sharjah Airport in the United Arab Emirates, belongs to the Sharjah Airport Authority and 40% of our subsidiary Duty Free Caribbean belongs to a local partner Cave Shepherd & Co, one of the oldest commercial companies established in Barbados. In addition, airport authorities in the United States frequently require us to partner with a Disadvantaged Business Enterprise (a for-profit small business concern that is at least 51% owned by one or more individuals who are both socially and economically disadvantaged) with whom we typically operate a concession through a joint-venture. The net earnings from these operating subsidiaries attributed to us are reduced accordingly.

Critical Accounting Estimates

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

Concession Rights

Concession rights acquired in a business combination are valued at fair value as of the date of acquisition and recorded as intangible assets on our statement of financial position. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances. Concessions with a finite lifespan are amortized over their economic useful life and are tested whenever there is an indication that the book value of such concession may not be recoverable. The useful lives of operating concessions classified as indefinite are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. If it is not, then we may be required to reduce the carrying value of such concession. For those operating concessions with indefinite useful lives, we test annually for impairment. Where the impairment test reveals that the fair value is below the book value, an impairment is required. The underlying calculation requires the use of estimates.

Brands and Goodwill

We test these items annually for impairment in accordance with IAS 36. The underlying calculation requires the use of estimates.

Income Taxes

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

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

Share-Based Payments

We measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

Pension and Other Post-Employment Benefit Obligations

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

EBITDA (Before Other Operational Result)

We define EBITDA before other operational result as net earnings before income taxes, interest income, interest expenses, foreign exchange gain or loss and depreciation, amortization and impairment, and other operating result, where other operating result includes non-recurring income or expenses not directly involving sales activities, such as gain or loss on sale of fixed assets, gain or loss on sale of investments, costs of projects, litigation income or expenses and restructuring costs.

Certain of our credit facilities require us to adhere to financial covenants. The definition of EBITDA contained in these financial covenants differs from the definition set forth above.

Segment Information

Our risks and returns are predominantly affected by the fact that we operate in different countries. Accordingly, we operate under five geographical segments: ((i) UK, Central and Eastern Europe, (ii) Southern Europe and Africa, (iii) Asia, Middle East and Australia, (iv) Latin America and (v) North America) plus the Distribution Centers as an additional business unit.

Results of Operations

The following table sets forth our consolidated income statement for each of the periods indicated as a percentage of total turnover:

	Six months ended June 30,		For the year ended December 31,	
	2017	**2016**	**2016**	**2015**
		(%)		
Net sales	97.4	97.3	97.4	97.1
Advertising income	2.6	2.7	2.6	2.9
Turnover	**100.0**	**100.0**	**100.0**	**100.0**
Cost of sales	(40.5)	(41.6)	(41.4)	(41.8)
Gross profit	**59.5**	**58.4**	**58.6**	**58.2**
Selling expenses	(28.9)	(28.4)	(28.6)	(27.4)
Personnel expenses	(14.4)	(14.4)	(13.5)	(13.9)
General expenses	(5.3)	(5.1)	(4.6)	(5.1)
Share of results of associates	(0.1)	0.0	0.0	0.1
EBITDA (before other operational result)	**10.8**	**10.6**	**11.9**	**11.8**
Depreciation, amortization and impairment	(6.8)	(7.6)	(7.0)	(7.2)
Linearization	(1.2)	(1.5)	(1.0)	(0.5)
Other operational result	(0.4)	(0.6)	(0.5)	(1.9)
Earnings before interest and taxes (EBIT)	**2.4**	**0.9**	**3.5**	**2.2**
Financial results, net	(2.4)	(2.7)	(2.8)	(2.9)
Earnings (loss) before taxes (EBT)	**(0.0)**	**(1.8)**	**0.7**	**(0.8)**
Income taxes	(0.0)	0.2	(0.1)	0.2
Net earnings (loss) from continued operations	**0.0**	**0.0**	**0.6**	**(0.6)**
Net earnings from discontinued operations	0.0	0.0	0.0	(0.0)
Net Earnings (loss)	**(0.0)**	**(1.6)**	**0.6**	**(0.6)**

Comparison between the Six Months Ended June 30, 2017 and June 30, 2016

The following summarizes changes in financial performance for the six months ended June 30, 2017, compared to the six months ended June 30, 2016:

	Six months ended June 30,		
	2017	2016	Percent Change
	(In millions of CHF)		(%)
Net sales	3,720.4	3,514.3	5.9
Advertising income	100.9	96.6	4.5
Turnover	**3,821.3**	**3,610.9**	**5.8**
Cost of sales	(1,546.7)	(1,503.1)	2.9
Gross profit	**2,274.6**	**2,107.8**	**7.9**
Selling expenses	(1,105.2)	(1,026.3)	7.7
Personnel expenses	(550.4)	(519.0)	6.1
General expenses	(203.3)	(182.6)	11.3
Share of results of associates	(4.5)	1.3	—
EBITDA (before other operational result)	411.2	381.2	7.9
Depreciation, amortization and impairment	(260.2)	(274.4)	(5.2)
Linearization	(46.3)	(52.8)	(12.3)
Other operational result	(14.7)	(22.3)	(34.1)
Earnings before interest and taxes (EBIT)	90.0	31.7	183.9
Financial results, net	(90.3)	(98.5)	(8.3)
Earnings (loss) before taxes (EBT)	(0.3)	(66.8)	(99.6)
Income taxes	(0.6)	8.3	—
Net earnings (loss) from continued operations	**(0.9)**	**(58.5)**	**(98.5)**
Net earnings from discontinued operations	—	—	—
Net Earnings (loss)	**(0.9)**	**(58.5)**	**(98.5)**

Turnover

Turnover was CHF 3,821.3 million for the six months ended June 30, 2017, compared to CHF 3,610.9 million in 2016. Turnover growth was 5.8% for the six months ended June 30, 2017. Organic growth contributed 8.1% to turnover growth, while translational foreign exchange impacted turnover growth by -1.8%, mainly due to the devaluation of the British Pound. The May 2016 closure of the former Nuance wholesale business decreased turnover by 0.5%.

Performance by Segment

The following summarizes changes in turnover with external customers for the six months ended June 30, 2017, compared to the six months ended June 30, 2016 by segment:

	Six months ended June 30,		
	2017	2016	Percent Change
	(In millions of CHF)		(%)
Southern Europe and Africa	776.6	744.2	4.4
UK, Central and Eastern Europe	961.4	964.1	(0.3)
Asia, Middle East and Australia	370.7	372.4	(0.5)
Latin America	819.6	719.9	13.8
North America	849.5	790.1	7.5
Distribution Centers	43.5	20.2	115.3

Southern Europe and Africa turnover grew by 4.4% and reached CHF 776.6 million for the six months ended June 30, 2017, versus CHF 744.2 million in 2016. Organic growth was 5.8% for the six months ended June 30, 2017, with most operations performing well and reporting strong results at summer destinations in the Mediterranean.

Spain and Portugal also performed well, supported by solid passenger growth rates. Positively influenced by Russian travellers, business in Greece and Turkey had healthy growth. In Northern Africa, Morocco also performed well following the full refurbishment and expansion of the shops in Marrakesh.

UK, Central and Eastern Europe turnover was relatively flat at CHF 961.4 million for the six months ended June 30, 2017, compared to CHF 964.1 million in 2016, which was supported by 10.1% organic growth, but offset by the devaluation of the British Pound. The United Kingdom continued to post strong results following the Brexit vote in June 2016. Russia also performed strongly in the period, while Switzerland and Sweden accelerated growth in the second quarter.

Asia, Middle East and Australia turnover stood at CHF 370.7 million for the six months ended June 30, 2017 compared to CHF 372.4 million in 2016. Organic growth in the division was -1.5%, as turnover of the division was impacted by closings in India and Sri Lanka. Excluding these closings, performance was positive in most locations in the Middle East. In Asia, operations in South Korea, Indonesia, Macau and Cambodia performed well, while our business conditions in Hong Kong have continued to be challenging. Performance in Melbourne, Australia was negatively impacted by major refurbishments, which were completed as of June 30, 2017.

Latin America turnover grew by 13.8% to CHF 819.6 million for the six months ended June 30, 2017 compared to CHF 719.9 million in 2016. Organic growth in the division reached 12.4% in the same period. In Central America, Mexico, the Dominican Republic and Puerto Rico had a good performance. In South America, Brazil continued to post strong growth and also other operations in the region performed well, such as Argentina, Chile, Uruguay and Peru.

Turnover in North America grew to CHF 849.5 for the six months ended June 30, 2017 compared to CHF 790.1 million in 2016. Organic growth was 6.3% for the six months ended June 30, 2017, as a result of solid performance in the United States and Canada, in both duty-free and duty-paid businesses.

Turnover with external customers in Distribution Centers increased by 115.3% for the six months ended June 30, 2017. Turnover amounted to CHF 43.5 million for the six months ended June 30, 2017 compared to CHF 20.2 million for the prior year period. The turnover increase illustrates increased wholesale business.

Gross Profit

Gross profit reached CHF 2,274.6 million for the six months ended June 30, 2017 from CHF 2,107.8 million in the prior year period. The gross profit margin increased by 1.1% to 59.5% for the six months ended June 30, 2017 compared to 58.4% for the prior year period. The improvement is due to the synergies of the WDF integration, which was completed at the end of 2016.

Selling Expenses

Selling expenses amounted to 28.9% of turnover for the six months ended June 30, 2017, compared to 28.4% in 2016. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up 95.6% of the selling expenses for the six months ended June 30, 2017 at the same level as the prior period. In absolute terms, selling expenses reached CHF 1,105.2 million for the six months ended June 30, 2017, compared to CHF 1,026.3 million for the prior year period. Our selling expenses were higher for the six month period ended June 30, 2017 mainly due to higher concession fees. The main factors for higher concession fees were: (i) the increase in the annual minimum guarantees in Spain, and (ii) the ramp-up phases in several operations refurbished after contract renewals, including Melbourne. Selling expenses are presented net of concession and rental income, commission income and commercial services and other selling expenses. Concession and rental income is generated by us when we sublet retail space at our shops to other retail operations. For the six months ended June 30, 2017, the concession and rental income amounted to CHF 8.7 million compared to CHF 8.9 million for the prior year period.

Personnel Expenses

Personnel expenses increased to CHF 550.4 million from CHF 519.0 million for the six months ended June 30, 2017. As a percentage of turnover, personnel expenses were flat at 14.4% for both the six months ended June 30, 2017 and 2016.

General Expenses

General expenses increased to CHF 203.3 million for the six months ended June 30, 2017 compared to CHF 182.6 million in the prior year period primarily as a result of one-off other expenses relating to our South American operation. As a percentage of turnover, general expenses increased to 5.3% compared to 5.1% in 2016, primarily as a result of one-off other expenses relating to our South American operation.

EBITDA (before other operational result)

EBITDA (before other operational result) for the six months ended June 30, 2017 increased by 7.9% to CHF 411.2 million compared to CHF 381.2 million for the prior year period. EBITDA (before other operational result) margin increased by 0.2% to 10.8% for the six months ended June 30, 2017 compared to 10.6% for the prior year period. While the gross margin improvement supported the EBITDA margin increase, higher concession fees and general expenses partially compensated for it.

Depreciation and Amortization

Depreciation, amortization and impairment decreased to CHF 260.2 million for the six months ended June 30, 2017 compared to CHF 274.4 million for the prior year period.

Other Operational Result

Other operational result decreased 34.1% for the six months ended June 30, 2017, compared to the prior year period, to CHF 14.7 million from CHF 22.3 million, respectively. The majority of these expenses related to consulting fees, expenses related to projects in 2016.

Financial Results, Net

Financial results, net, decreased to CHF 90.3 million for the six months ended June 30, 2017 compared to CHF 98.5 million for the six months ended June 30, 2016 due to a foreign exchange gain of CHF 5.1 million for the six months ended June 30, 2017 compared to a loss of CHF 3.3 million for the same period from 2016.

Income Tax Benefit / Expense

Income taxes for the six months ended June 30, 2017 amounted to an expense of CHF 0.6 million compared to a benefit of CHF 8.3 million for the corresponding period of 2016.

Net Earnings/Losses

We recorded net losses of CHF 0.9 million for the six months ended June 30, 2017, compared to net losses of CHF 58.5 million for the prior year period.

Comparison between the Fiscal Years Ended December 31, 2016 and December 31, 2015

General

The following summarizes changes in financial performance for the year ended December 31, 2016, compared to the year ended December 31, 2016:

	For the year ended December 31,		
	2016	**2015**	**Percent Change**
	(In millions of CHF)		**(%)**
Net sales	7,622.8	5,961.7	27.9
Advertising income	206.3	177.6	16.2
Turnover	**7,829.1**	**6,139.3**	**27.5**
Cost of sales	(3,245.0)	(2,564.6)	26.5
Gross profit	**4,584.1**	**3,574.7**	**28.2**
Selling expenses	(2,236.2)	(1,684.0)	32.8
Personnel expenses	(1,054.5)	(856.2)	23.2
General expenses	(362.2)	(314.7)	15.1
Share of results of associates	3.9	4.0	(2.5)
EBITDA (before other operational result)	**935.1**	**723.8**	**29.2**
Depreciation, amortization and impairment	(545.4)	(444.8)	22.6
Linearization	(74.7)	(29.2)	(155.8)
Other operational result	(42.4)	(117.1)	(63.8)
Earnings before interest and taxes (EBIT)	**272.6**	**132.7**	**105.4**
Financial results, net	(215.5)	(179.5)	20.1
Earnings before taxes (EBT)	57.1	(46.8)	—
Income taxes	(11.3)	10.1	—
Net Earnings from continued operations	45.8	(36.7)	—
Net Earnings from discontinued operations	—	(0.2)	—
Net Earnings	**45.8**	**(36.9)**	**—**

Turnover

Turnover grew by 27.5 % and was CHF 7,829.1 million for the year ended December 31, 2016, compared to CHF 6,139.3 million in 2015. Organic growth was positive at 1.0 %, a strong recovery from -5.3 % reported in 2015. Turnover growth resulting from our integration of WDF was 28.6 %, while the foreign exchange translation effect was -0.6 %, mainly driven by the devaluation of the British Pound.

Performance by Segment

The following summarizes changes in turnover with external customers for the year ended December 31, 2016, compared to the year ended December 31, 2015 by segment:

	For the year ended December 31,		
	2016	**2015**	**Percent Change**
	(In millions of CHF)		**(%)**
Southern Europe and Africa	1,702.3	1,269.9	34.0
UK, Central and Eastern Europe	2,088.9	1,427.8	46.3
Asia, Middle East and Australia	770.7	638.5	20.7
Latin America	1,531.1	1,409.6	8.6
North America	1,660.9	1,352.2	22.8
Distribution Centers	75.2	41.3	82.1

Turnover in Southern Europe and Africa was CHF 1,702.3 million for the year ended December 31, 2016, compared to CHF 1,269.9 million in 2015. Organic growth in the division was -2.5 % for the year ended December 31, 2016. Spain had a very strong year, mainly driven by double-digit growth in the number of passengers visiting the country. In Turkey, business was impacted by the sharp decline in the number of travellers; the ban on Russian travellers that was implemented from February–August 2016 particularly impacted the business during peak tourist season. Greece held up relatively well and posted a small decline in sales. Italy also posted a solid performance in 2016.

Turnover in UK, Central and Eastern Europe's grew to CHF 2,088.9 million for the year ended December 31, 2016, versus CHF 1,427.8 million in 2015, with organic growth in the division reaching 3.9%. The business in the United Kingdom showed strong performance in the second half of 2016, positively impacted by the weakening of the British Pound following the Brexit vote. Finland and Serbia performed well, while Sweden and Switzerland were both flat. Organic growth in Russia and other Eastern European locations remained negative, but showed improving trends in the second half of 2016.

Turnover in Asia, Middle East and Australia was CHF 770.7 million for the year ended December 31, 2016, compared to CHF 638.5 million in 2015. Organic growth in the division for the full year and fourth quarter of 2016 was 0.4 % and 1.5 % respectively. India and Sri Lanka saw strong growth, while performance in the Middle East was flat. Certain locations in Asia performed well, including South Korea, Indonesia and Cambodia. Our operations in Hong Kong, Singapore and Australia were negatively impacted by lower Chinese-consumer spending.

Latin America's turnover grew to CHF 1,531.1 million for the year ended December 31, 2016, versus CHF 1,409.6 million in 2015. Organic growth in the division was -4.1 % for the full year. In Latin America, Mexico performed very well, as did most operations in the Caribbean, particularly the Dominican Republic and Jamaica, as well as our Cruise business. In South America, Brazil saw an important acceleration in the second half, recording double-digit growth. Our operations in Ecuador, Peru and Chile also did well, while Argentina remained negative throughout the year.

Turnover in North America was CHF 1,660.9 million for the year ended December 31, 2016, compared to CHF 1,352.2 million in 2015. Organic growth reached 4.5 % in 2015. Growth was stronger at our duty-paid business, while our strong duty-free performance in Canada was mitigated by lower trading in the United States, due to the stronger U.S. Dollar.

Distribution Centers reported an 82.1% increase in turnover with external customers, CHF 75.2 million, for the year ended December 31, 2016, compared to CHF 41.3 million in 2015.

Gross Profit

Gross profit reached CHF 4,584.1 million for the year ended December 31, 2016, compared to CHF 3,574.7 million in 2015. The gross profit margin increased by 0.4 percentage points to 58.6% in 2016, compared to 58.2% in 2015, reflecting the synergies achieved from the integration of Nuance and operational improvements.

Selling Expenses

Selling expenses amounted to 28.6% of turnover for the year ended December 31, 2016, compared to 27.4% in 2015. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up over 95% of the selling expenses in both 2016 and 2015. In absolute terms, selling expenses increased to CHF 2,236.2 million in 2016 from CHF 1,684.0 million in 2015. Selling expenses are presented net of concession and rental income, commission income and commercial services and other selling expenses. Concession and rental income is generated by us when we sublet retail space at our shops to other retail operations. For the year ended December 31, 2016, concession and rental income was CHF 18.0 million, compared to CHF 14.0 million in 2015. The consolidation of World Duty Free Group was the main factor for the increased concession fees.

Personnel Expenses

Personnel expenses was CHF 1,054.5 million for the year ended December 31, 2016, compared to CHF 856.2 million in 2015. As a percentage of turnover, personnel expenses decreased to 13.5% in 2016 compared to 13.9% in 2015. The improvements in these expenses was a combination of the consolidation of World Duty Free and synergies achieved during the year.

General Expenses

General expenses was 4.6% of turnover for the year ended December 31, 2016, compared to 5.1% in 2015. In absolute terms, general expenses increased to CHF 362.2 million in 2016, compared to CHF 314.7 million in 2015. The improvement in these expenses is a combination of the consolidation of WDF and synergies achieved in 2016.

EBITDA (before other operational result)

EBITDA grew by 29.2 % and stood at CHF 935.1 million for the year ended December 31, 2016, compared to CHF 723.8 million in 2015. EBITDA margin was 11.9 % in 2016, compared to 11.8 % in 2015. All synergies from Nuance acquisition are included in 2016 EDITDA, as well as over half of the expected WDF synergies, including CHF 49 million of cost synergies. EBITDA margin year-on-year improved despite the negative impact from some underperforming operations, such as Turkey or Brazil.

Depreciation and Amortization

Depreciation, amortization and impairment reached CHF 545.4 million for the year ended December 31, 2016, compared to CHF 444.8 million in 2015. The higher depreciation, amortization and impairment charge was primarily due to the consolidation of World Duty Free.

Other Operational Result

Other operational result decreased 63.8% to CHF 42.4 million for the year ended December 31, 2016, compared to CHF 117.1 million in 2015. This decrease was primarily due to the absence of any acquisition-related costs in 2016 compared to CHF 50.7 million of such costs in 2015.

Financial Results, Net

Financial results, net, increased to CHF 215.5 million for the year ended December 31, 2016, compared to CHF 179.5 million in 2015. While the higher net debt due to the acquisition of WDF explains part of the increase, the repayment of the USD 500 million Senior Notes expiring in 2020 generated one-off costs of CHF 14.2 million. The repayment will allow for annual interest savings of CHF 27.5 million per annum from 2017 onwards.

Income Tax Expense

For the year ended December 31, 2016, the effective consolidated tax rate across our operations was 19.8%. Income tax expense increased to CHF 11.3 million in 2016, compared to an income tax benefit of CHF 10.1 million in 2015. We are subject to a combination of different tax rates due to our operations in various countries.

Net Earnings

We recorded net earnings of CHF 45.8 million for the year ended December 31, 2016, compared to negative net earnings of CHF 36.9 million in 2015.

Liquidity and Capital Resources

General

Our principal source of liquidity has been and is expected to continue to be cash generated from operations together with our short- and long-term debt financing. Our principal liquidity requirements have been and are expected to be for acquisitions, capital expenditures, in particular the fitting out of new shops and the renovation of existing shops, and working capital for inventories. Management's goal is to maintain leverage levels that will permit us to access the debt capital markets on substantially similar or better terms than those that we currently achieve.

Cash Flows from Operating Activities

Net cash flows from operating activities were CHF 265.2 million for the six months ended June 30, 2017, a decrease of CHF 49.8 million compared to the prior year period. The decrease in net cash flows provided from operating activities mainly resulted from changes in working capital.

Net cash flows from operating activities were CHF 700.4 million for the year ended December 31, 2016, an increase of CHF 285.6 million compared to the prior year period. This increase was primarily due to trade payables and concession fees.

Cash Flows from Investment Activities/Our Investment Policy

Capital expenditure is our primary investing activity and we divide it into two main categories: tangible capital expenditure and intangible capital expenditure. The first category includes spending on the renovation and maintenance of existing shops and the fitting out of new shops, and the latter reflects upfront payments upon the granting of new concessions which are capitalized as intangible assets and amortized over the life of each concession unless they are otherwise required to be impaired. When contemplating an investment in a new concession, we focus on profitable growth as its key investment criterion.

In addition to fitting out new shops, we currently expect to invest in renovation and maintenance of our existing shops, including undertaking some major refurbishment projects each year. In addition, in connection with the entry into new markets, it may be appropriate for us to invest in an airport's infrastructure or facilities.

Due to the high fragmentation of the travel retail industry, acquisitions are also one of our main sources of growth. We have, over the past years, played a key role in the consolidation of the industry and have executed several significant transactions. We benefit from economies of scale compared to local and regional operators. Our primary advantages are mainly in procurement, logistics and customer intelligence. These advantages enable us to generate synergies relatively quickly and turn acquisitions into an important driver of profitable growth.

Net cash used in investing activities increased to CHF 140.2 million for the six months ended June 30, 2017, as compared to CHF 103.6 million for the prior year period.

Net cash used in investing activities decreased to CHF 215.5 million for the year ended December 31, 2016 as compared to CHF 1,646.1 million for the prior year period. For 2016, capital expenditure was CHF 268.4 million, which includes investments made in shops during the period.

Cash Flows from Financing Activities

Net cash used in financing activities increased by CHF 81.4 million for the six months ended June 30, 2017, to CHF 157.9 million (net outflow) compared to cash flows used in financing activities of CHF 76.5 million (net outflow) in the prior year period.

Net cash used in financing activities reached CHF 486.7 million (net outflow) for the year ended December 31, 2016, compared to net cash from financing activities of CHF 1,069.0 million (net inflow) from financing activities for the prior year period. This net outflow was primarily due to the acquisition of World Duty Free.

Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in this Offering Memorandum. See "Risk Factors."

Indebtedness

As of June 30, 2017, we had total borrowings of CHF 4,075.2 million (compared with CHF 4,201.2 million and CHF 4,390.4 million as of December 31, 2016 and December 31, 2015, respectively). See "Description of Other Indebtedness."

We intend to use the net proceeds from this offering, together with cash on hand, to fund the Notes Redemption.

Contractual Obligations

There are no capital expenditure commitments other than those incurred in the normal course of business as of December 31, 2016. The principal future investments for which legally binding undertakings have been entered into relate to expanding and refurbishing duty free shops at Melbourne Airport, refurbishing duty free and duty paid shops at Fort Lauderdale Airport, refurbishing duty free shops at Zurich Airport and Manchester Airport and refurbishing duty paid shops at Seattle Airport.

We have long-term obligations related to concessions, leases and credit facilities that resulted during the course of normal business operations and acquisitions.

The following table summarizes our debt obligations as of June 30, 2017, which gives effect to the Notes Redemption, but not the Refinancing. See "Description of Other Indebtedness."

	Total	Less Than 1 year	1 to 3 Years	3 to 5 Years	More Than 5 Years
			(In millions of CHF)		
2023 Notes	766.5	—	—	—	766.5
Notes offered hereby	547.5	—	—	—	547.5
2014 Senior U.S. Dollar Term Loan Facility(1)	967.7	—	967.7	—	—
2014 Senior Euro Term Loan Facility(1)	547.5	—	547.5	—	—
2014 Revolving Credit Facility(1)(2)(3)	263.5	—	263.5	—	—
2015 Term Loan	876.0	—	876.0	—	—
Other	106.5	27.2	79.3	—	—
Total	**4,075.2**	**27.2**	**2,734.0**	**—**	**1,314.0**

(1) We are currently pursuing a refinancing of these facilities. See "Summary — Refinancing Transactions — *Proposed New Credit Facilities*."

(2) Consists of an unsecured, multicurrency revolving credit facility for a total committed amount of the equivalent of CHF 900 million. For more information on the 2014 Revolving Credit Facility, please see "Description of Other Indebtedness — 2014 Facilities Agreement."

(3) As of June 30, 2017, on an actual basis, we had approximately CHF 500 million of availability for additional credit extensions under our 2014 Revolving Credit Facility.

For further description of these long-term obligations, see Notes 31 and 38 to our consolidated financial statements included in this Offering Memorandum.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements. However, see "Description of Other Indebtedness—2014 Letter of Credit Facility Agreement."

OUR INDUSTRY

The Travel Retail Market

Travel retail differs significantly from traditional retail. The customer base has a different buying behavior compared to traditional retail and is often characterized by captive customers, who generally have above-average purchasing power and, in most cases, have the time to shop while traveling. From a logistics perspective, travel retail is more demanding: the customer is at the shop only once, with no ability to return in the event stock shortages. In addition, the stores can often only be accessed by travellers, as such stores are in secured areas.

In travel retail, customers have access to duty-free or duty-paid shops, depending on their destination. In general terms, duty-free shops offer goods to international travellers that are exempt from import duties and excise and other taxes. Duty-free shops are located in airports, on board aircrafts, ferries and cruise lines as well as at international land border crossings. Airports and seaports may offer departure and arrival shops. Duty-free markets differ from domestic markets in that their assortment is geared toward offering strong global brands and high-quality products in a high-end environment at attractive prices.

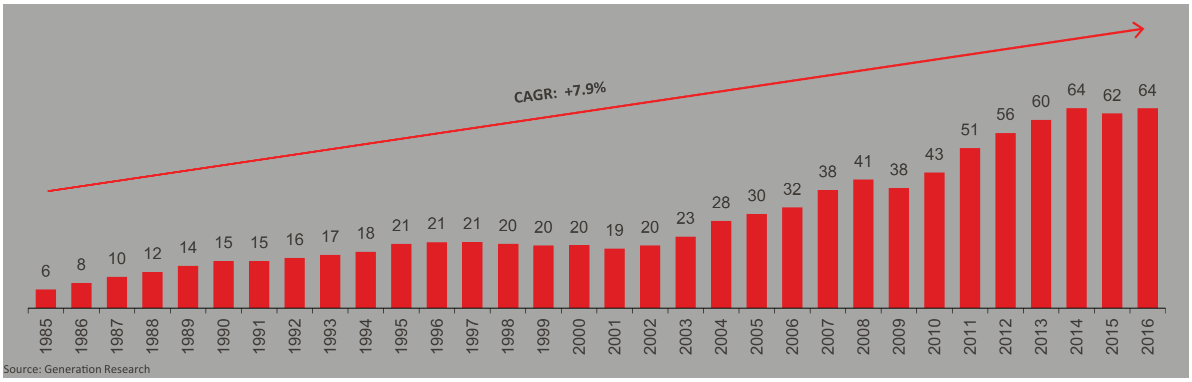
Duty-free departure shops are located in the restricted departure area of international airports or seaports. Customers must be traveling internationally in order to have access to these shops. Purchases made in departure shops are not subject to quantity restrictions, but they may be subject to import restrictions in the country of destination. Import restrictions also apply to purchases made on board.

Duty-free arrival shops are located in the restricted arrival area of international airports or seaports. Customers must be returning from international travel in order to access these shops. The growing demand of arrival shopping is being driven by passengers' preference to carry fewer items on board.

Duty-paid shops are focused on domestic passengers. Standard import duties apply to the products sold in these shops. They are located in both international and domestic airports and train stations.

The worldwide duty-free and travel retail market, comprising sales through channels principally aimed at travellers, such as shops in airports, ports and railway stations and sales on board aircrafts, ferries and cruise liners, recorded sales of approximately USD 62.0 billion for the year ended December 31, 2015 according to Generation Research. The industry has posted strong growth in the past years, almost doubling in size in the last 10 years.

Global Travel Retail Evolution (Market Size in USD billions)

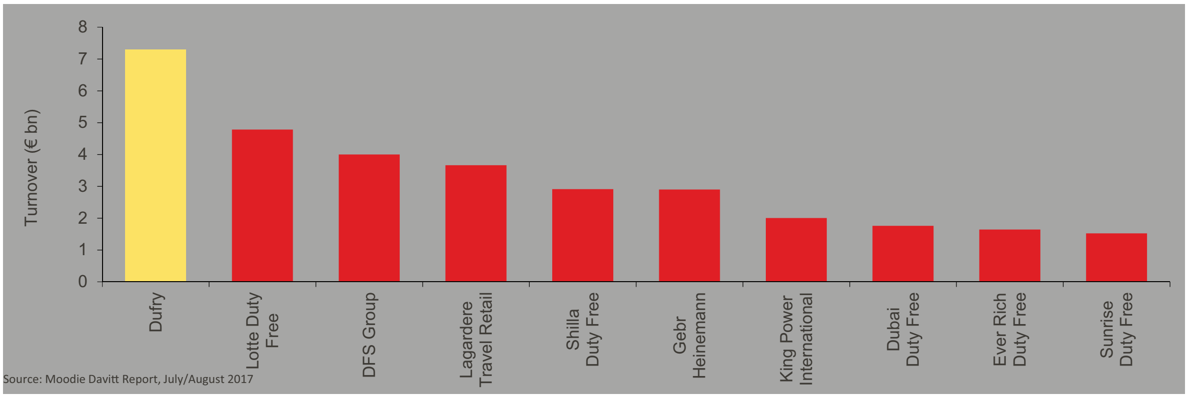


Prospects for the industry are also strong, confirmed by estimates from several industry specialists. Industry specialists expect that the travel retail industry will continue to grow and double in size in the next 10 years, with the expectation of 6.8% average growth for the period 2015 to 2025. Markets and Markets, in another study, forecasts average growth of the global airport retail market at 8.5% from 2016 to 2021.

Such strong past and prospective growth are mainly driven by the resilience of passenger growth. According to Airports Council International ("ACI"), global passenger numbers experienced a 4.3% compound annual growth rate from 2005-2015. Forecasts are also at high levels, supported by ACI expectations of average passenger growth for 2015-2025 at 5.4% and for 2015-2040 at 4.9%.

In terms of market structure, the industry experienced strong consolidation in the past few years. In 2016, the top ten travel retailers accounted for approximately 51% of the global industry total. Dufry played an important role in the industry consolidation and ranks now as the market leader in both Global Duty Free and Airport Retail.

The below chart shows the top 10 travel retailer rankings in 2016 by turnover.



Airport Retail

General Characteristics and Market Overview

According to Verdict Research, airport retail is the largest sector of the travel retail market. It includes all retail operations in airports (in departures and arrivals, airside and landside).

Airport retail differs from traditional retail in a number of important ways. Unlike the unrestricted access to potential customers that traditional retailers enjoy, airport retailers have a captive audience of potential customers for a limited period before the customers board their aircrafts. In addition, while airport retailers may have more limited inventory than traditional retailers, it is generally made up of high-margin, luxury goods.

Travel retail customers also differ from the traditional retail customers. Although travellers' buying behavior may be negatively affected by stress caused by enhanced security checks and the need to reach a departure gate on time, increased security also incentivizes travellers to arrive well before their flight departure, which provides more time for shopping. Airport retail customers also generally come from more affluent sectors of the population. In addition, customers on holiday may feel less constrained and more willing to engage in impulse purchases.

Airport retail also differs from traditional retail with regard to expenses related to the operation of stores. While fixed rate leases predominate in traditional retail, airport retailers mostly operate under concessions providing for variable payments as discussed under "—Concessions and the Role of Airport Operators."

As described under "—Trends," airport retail is being transformed by a significant increase in passenger numbers, increased spend per passenger, changing consumer needs, a shift towards multichannel and mobile/tablet retail, regulation changes and other relevant trends. The ability to offer duty- or tax-free sales has traditionally been a feature of the travel retailer's listings. Currently, however, the travel retailers' product range has become increasingly diversified and has focused on product categories such as beauty, which accounts for an increased portion of airport retail sales.

Concessions and the Role of Airport Operators

The terms of an airport retailer's agreement with the relevant airport operator are generally determined by a concession agreement. Concessions are generally awarded through a public tender process or pursuant to private negotiations. As a rule, the airport operator determines the number and type of concessions to be awarded and the respective terms. Terms for the individual concessions, however, may vary considerably from facility to facility.

Concessions may be broken down by assortment (for example, general duty-free shops selling wine and spirits, tobacco, perfumes and cosmetics or specialized stores that sell specific goods) or by physical location (for example, a specific allocation of space within a terminal or rights to operate an entire terminal facility). The airport retailer may also obtain the right to allocate retail space within the facility, or part thereof, subject to the approval of the airport operator. The duration of a concession agreement may vary considerably depending on the location and type of facility, with the industry average being, in our experience, about five to seven years from the time of signing.

An airport operator's requirements will differ depending on a number of factors. Airport operators, generally in less developed markets, may want to develop the commercial operations from inception, and may wish to associate with an experienced travel retailer in order to develop their airport retail operations. Factors such as a retailer's knowledge of designing all or a major part of the airport's retail space and the retailer's experience with suppliers are important in selecting an associate for long-term development of the airport's retail operations. In more mature, sophisticated markets, the airport operator may be more involved in the management and allocation of commercial space and therefore more focused on achieving best returns on a given location, with pricing terms being more important.

In return for granting the retailer the right to operate its concession, the airport operator typically receives a variable fee based on the amount of sales at the concession. Fees may also include a minimum guaranteed amount, for example based upon the number of passengers using an airport or other travel channel, based on retail space used or based upon current budgets or past results, requiring the retailer to make a payment to the airport operator, regardless of the revenues generated.

Trends

Recent trends affecting the airport retail sector include:

Growth in passenger numbers. In the past decade, there has been a significant increase in both domestic and international air travel, largely due to improvements in, and greater accessibility of, air transport, as well as greater amounts of disposable income and the increased need for travel as a result of the internationalization of many businesses and industries.

Preliminary data for 2015 and 2016 suggests that passenger growth rates increased by 6.4% and 6.6%, respectively, while worldwide gross domestic product grew by 3.4% in 2016 according to the IMF, and ACI has estimated that passenger growth in 2017 would be approximately 5.7%. For the medium and long-term, confidence in growth remains strong within the airport industry. From 2015 to 2040 world passenger volumes are expected to grow by 4.9% annually, driven by international traffic growth (6.1% per annum). In spite of the important domestic growth forecast for China, India and Brazil, domestic markets are expected to increase only by 3.3% per annum, mainly due to relatively lower growth rates in the United States. With a volume of nearly 12.6 billion passengers in 2040 international markets are expected to become larger than domestic markets, which will account for approximately 8.9 billion travellers. Global passenger volumes, which consists of international, domestic and direct-transit passengers, are predicted to surpass the 23 billion mark by 2040 and grow close to 5% thereafter.

The following table shows actual and forecasted annual passenger volumes from 2015 to 2040.

	2015	2016F	2017F	2018F	2019F	2025F	2030F	2040F	2015 – 2025	2015 – 2040
Volume (millions)	7,191	7,668	8,102	8,566	9,049	12,186	15,284	23,624		
Growth	6.4%	6.6%	5.7%	5.7%	5.6%	5.4%			5.4%	4.9%

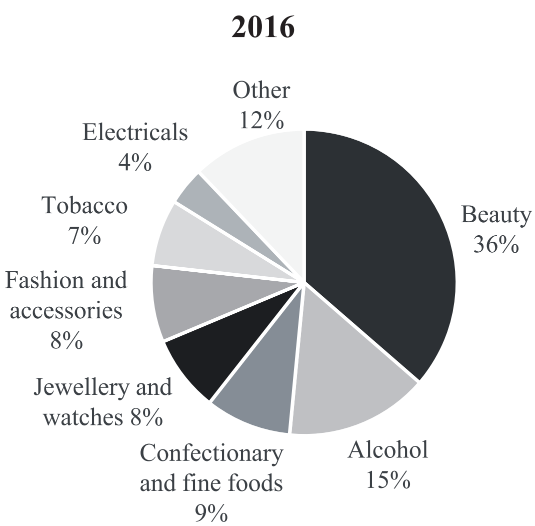
The following table shows forecasted annual passenger volume growth rates per region from 2015 to 2040.

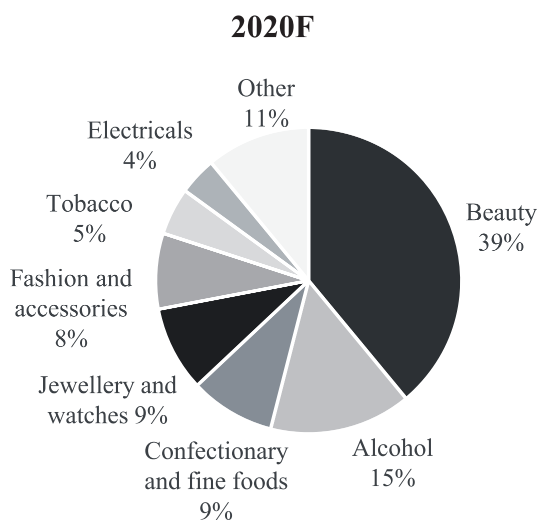
	2015	2016F	2017F	2018F	2019F	2025F	2030F	2040F	2015 – 2025F	2015 – 2040F
	(million)								(%)	
Africa	180	180	180	185	193	258	326	508	3.7	4.2
Asia Pacific	2,455	2,679	2,857	3,063	3,285	4,817	6,427	11,001	7.0	6.2
Europe	1,930	2,039	2,145	2,250	2,354	2,975	3,503	4,786	4.4	3.7
Latin America/ Caribbean	571	591	611	639	673	917	1,143	1,737	4.9	4.6
Middle East	334	360	389	424	464	778	1,133	2,141	8.8	7.7
North America	1,721	1,819	1,920	2,005	2,080	2,441	2,752	3,451	3.6	2.8
Globally	7,191	7,668	8,102	8,566	9,049	12,186	15,284	23,624	5.4	4.9

Source: Airports Council International, as of September 26, 2016.

Changes in product mix. Traditionally, airport retail sales were dominated by products subject to high special taxes such as spirits and tobacco. Over the last decades, the relative importance of these categories has been reduced as other categories have been introduced and grown more quickly. Comparing 2016 product mix with the forecast for 2020, the largest growth is expected to take place in the areas of beauty products, jewelry and watches and fashion and accessories, while all other categories either maintain a stable share or lose share of global airport retail sales.

The following diagrams show the global airport retail sales in 2016 and 2020F by product categories (in %):





Source: Verdict Research.

Regulation. Along with the shift towards a more global focus, travel retailers have been faced with changing consumer behavior and a changing regulatory environment. Specifically, regulation of tobacco sales has tightened in recent years. For example, the duty-free inbound tobacco allowance for Australia was reduced in 2012 from 250 to 50 cigarettes per passenger, and retailers in Australia are required to store tobacco products in a cupboard which is covered with a curtain to prevent accidental display and located behind a barrier preventing customer access. The regulations have negatively impacted sales of tobacco and other products and are expected to be extended to more countries and potentially other product categories. In other instances, regulation has allowed for new opportunities. For example, Switzerland and Mexico introduced the possibility of the sale of duty free products on arrival in 2011 and 2007, respectively.

Multichannel in airport retail. As technology has evolved and consumers look for more convenient ways to shop, retailers have created new multichannel strategies, including online shopping and other offerings to satisfy these changing needs. An increasing number of retailers offer innovative services such as home delivery, click & collect, reserve & collect and PUDO (pick up drop off), and airport retail operators are no exception. An important issue for the latter is the limited shopping time travellers have, but by offering a pre-flight shopping service online, shoppers can take their time browsing, which helps to boost spend.

Mobile and tablet retail. Retail expenditure via mobile devices, such as mobile phones and tablets, is expected to grow rapidly in developed regions (e.g. Europe and North America) over the next five years, as the high penetration of the devices leads to increased spending. For retailers, this development will require optimizing websites for touch interface devices. Therefore, part of the airport retailers' increasing focus on their multichannel offering means ensuring that their websites and apps are compatible with tablets and mobile devices to support this move.

Low cost carriers. Budget airlines continue to grow with low cost carriers ("LCCs") accounting for close to 30% of air traffic. Overall, passengers of low cost carriers have less purchasing power when compared to the average traveler and as such, spend less. Therefore, airports with a high percentage of LCCs have typically lower commercial potential, and airport retailers typically choose to adapt their offerings at such locations by shifting towards cheaper products that are more suitable for such travellers.

BUSINESS

Our Company

We are a leading global travel retailer with operations in 64 countries on six continents as of December 31, 2016, combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings with the vast majority of our sales produced by our airport retail business (91% of sales for the year ended December 31, 2016). As of December 31, 2016, we operated approximately 2,200 stores, with a total sales area of approximately 425,000 square meters, including approximately 1,884 stores located in airports, approximately 138 stores operating on cruise lines, ferries and seaports, approximately 110 stores at border, downtown and hotel shops and approximately 53 stores in railway stations, among others. Our travel retail operations consist of a variety of retail concepts focusing on the specific needs of travellers, including general travel retail outlets offering a wide range of products such as perfumes and cosmetics, confectionary and other foods, wines, spirits and tobacco, brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to focus on profitable growth with an emphasis on emerging markets and tourist destinations. Emerging markets are expected to be a significant driver of global growth in air traffic over the next decade, and since 2004, we have increased our exposure to those growth markets. In 2016, we generated approximately 32% of our sales from emerging markets.

In September 2014, we completed the acquisition of Nuance, a leading global travel retailer with a strong and diversified concession portfolio and a global presence, and Nuance became fully consolidated from such time. In August 2015, we completed the acquisition of World Duty Free S.p.A. ("World Duty Free"), one of the world's leading travel retailers, and World Duty Free became fully consolidated at that time. Through the successful integration of both Nuance and World Duty Free we have significantly improved our business. In particular, we have further consolidated our leadership in the global travel retail market, enhanced key strategic areas such as emerging market exposure, and created the potential for significant additional growth and development of our business, both by securing new contracts and by renewing existing contracts on better terms.

We generated turnover of CHF 7,829.1 million and EBITDA of CHF 935.1 million (representing an EBITDA margin of 11.9%) for the year ended December 31, 2016. As of December 31, 2016, we had approximately 28,800 FTEs.

Our Strengths

We believe we have a number of strengths that give us a competitive advantage in the global travel retail industry, including:

Exposure to resilient sector with proven growth fundamentals over the long term. Travel retail, and airport retail in particular, differs significantly from traditional retail. The customer base has different buying behavior compared to traditional retail and is often characterized by captive customers who have above-average purchasing power and, in most cases, time to shop while traveling. Furthermore, airport retail differs from traditional retail with regard to store operating expenses. While fixed rate leases predominate in traditional retail, airport retailers mostly operate under concessions providing for a combination of variable payments with minimum guarantees, which provides added resilience to the business. For example, in case of external business disruptions (e.g., natural disasters, geopolitical events or economic downturns), variable payments to landlords may decrease as a result of having concession fees tied to sales. Conversely, if sales increase, landlords may benefit from increased variable payments. Over the past decade, travel retail sales have experienced an annualized growth rate of 7.5%. The travel retail industry generated USD 62 billion in revenues in 2015, more than twice the revenue generated in 2005. Industry specialists expect that the travel retail industry will continue to grow, by an annualized growth rate of around 6.8% from 2015 to 2025. Passenger growth tends to be correlated with GDP growth, and passenger numbers are expected to continue to grow at a resilient average growth rate of 5% to 6% per annum in the medium and long term, which forms the most important component of our organic growth.

Undisputed #1 leadership position in a fragmented market. Following the acquisition of World Duty Free in 2015, we became the clear leader in the global travel retail industry. The global travel retail and airport retail market remains fragmented, and while our competitors mostly operate within a restricted regional or local footprint, we have extensive experience in successfully operating global travel retail businesses. Our global platform and experience in developing new retail facilities in diverse markets, as well as the ability to introduce high-quality suppliers to new outlets, are competitive advantages for us when pursuing new concessions and when negotiating with suppliers, as we are the only travel retail operator that is capable of offering window displays in 380 locations across the globe. We have a long-standing track record as an active consolidator in the fragmented industry and believe that further consolidation and inorganic growth opportunities exist. Furthermore, as the only truly globally active travel retailer, our customer data helps us identify customer preferences by nationality with respect to brands, products and responsiveness to marketing campaigns and promotions. This allows us to maximize revenues by optimally structuring product assortment displays and in-store marketing activities.

Highly defensible business model with significant revenue and cost visibility. We have assembled a high-quality and diversified portfolio of travel retail concessions at attractive locations, with an average remaining term of eight years. In 2016, 34% of our sales were generated from concessions with a remaining term of ten or more years, 22% of our sales were generated from concessions with a remaining term of between six and nine years and 44% of our sales were generated from concessions with a remaining term of between one and five years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility. Moreover, the geographical diversification of our concession portfolio mitigates the risks of local and regional external impacts.

Our concession portfolio is also not dependent on any individual contract. Our largest contract represents only approximately 7% of our sales and our top 10 contracts represent approximately 35% of our total sales, in each case based on 2016 fiscal year results. Our track record as a successful, high-quality operator is important to our long-term relationships with facility owners. Given that a large portion of our concession payments are sales-driven, our facility owners benefit from having a strong operator with a proven ability to grow sales. As a result, we enjoy high renewal rates of around 90% for existing concessions and high success rates of winning new concessions. Approximately 80,000 m^2 of contract extensions were signed in 2016. In addition, we opened 41,800 m^2 of gross retail space in 2016, which reflects net retail space growth achieved organically, rather than through M&A activity.

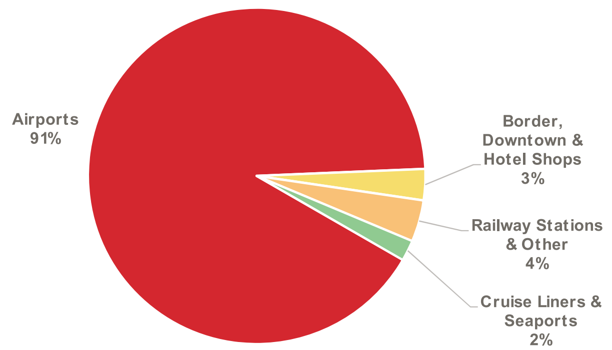
Our newly introduced Business Operating Model leverages global scale with local execution providing us a distinct competitive advantage. Moreover, we procure on a global basis, and our integrated procurement and logistics platform provides a key competitive advantage for us, as it allows us to extract the full benefits of our global scale and competitive position. We work with over 1,000 suppliers around the world. Furthermore, a significant portion of our cost base is variable, which provides added resilience to the business.

We maintain well-diversified operations across geographies, product categories and retail concepts. As of December 31, 2016, we operated over 2,200 stores at 380 locations in 64 countries. We are a truly global business, with geographically diverse operations across Europe, Africa, Asia, Central America and the Caribbean, South America and North America, combining high-growth emerging markets and prime operations in developed markets. Our operations are also diversified in terms of the products we sell, with a strong focus on high margin categories. Our core product category is Perfumes and Cosmetics, which represented 32% of our net sales in 2016. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

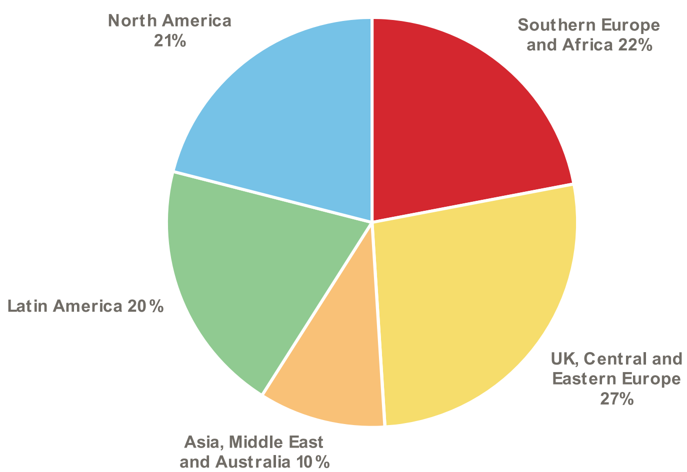
Strong financial performance and robust cash flow generation. We have generated double-digit sales and EBITDA growth for over a decade. Since 2003, our turnover has grown by approximately 11 times (which represents a CAGR of 21%) and EBITDA has grown by approximately 19 times (which represents a CAGR of 26%). We believe that we are well positioned to benefit from future industry growth through our best-in-class management, global presence and access to existing and new retail locations. We also benefit from scale and cost advantages, which supports our profitability and cash generation. Our gross margin has improved from approximately 46% in 2003 to 59% in 2016, resulting from successful execution of our strategy to pursue profitable growth and enhanced operational excellence. We expect to offset long-term changes in concession fees with further optimization of gross margin and operational leverage. We also have strong cash flow generation capability benefitting from our high EBITDA margin business and relatively low capital requirements. Free cash flow before interest in normal years typically ranges between 50-60% of EBITDA, which we believe can assist us in deleveraging and/or provide us with additional capability to invest in further growth.

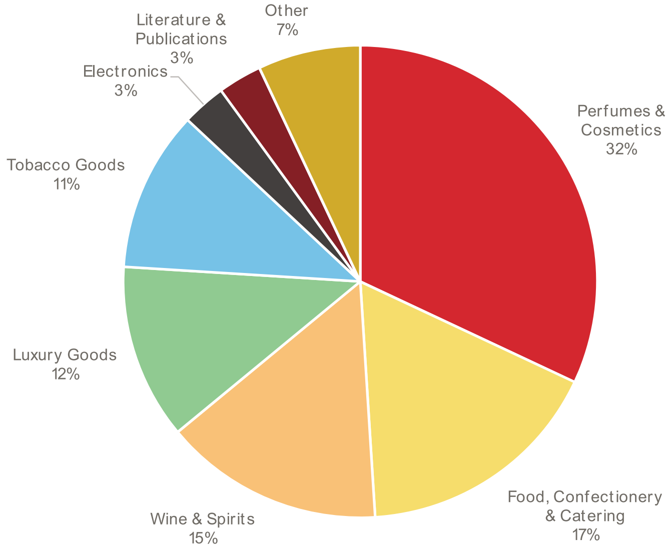
Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average of over 10 years of relevant experience and significant industry and technical knowledge. Most of the members of our current management team have been with Dufry since 2005 or were employed by companies we acquired, such as Hudson, Nuance or World Duty Free. Our workforce of approximately 28,800 FTEs includes over 70 nationalities, providing us with excellent local knowledge at all of our retail locations.

The following charts set forth our sales as of December 31, 2016 by sales channel:



The following charts set forth our sales as of December 31, 2016, divided by segment and product categories:





Our Strategy

Our strategy is to continue to pursue a profitable growth strategy and to reinforce our position as the leading global travel retailer. Key elements of this strategy are:

Focus on profitable growth. We aim to drive profitable growth by focusing on measures to (i) expand passenger spend at existing locations, through improved product mix, a targeted refurbishment plan, digital transformation, innovative marketing initiatives and the introduction of new concepts among others, (ii) win new concessions by leveraging the scale of our global operations and applying our local market knowledge, as well as our local access to landlords and facility owners, (iii) complete the implementation of our new Business Operating Model to increase competitiveness and drive sales, (iv) further develop our existing duty-paid concepts and (v) explore growth opportunities in other travel retail channels including cruise ships, downtown and border shops as well as train stations. Our unique customer understanding helps us to continuously optimize our retail offerings, with a focus on higher growth and margin products, such as perfumes, cosmetics and foods. It helps us develop specifically targeted marketing and promotional efforts to further increase customer spend. Our marketing strategy focuses on a number of factors, such as product mix, pricing strategy, store layout and service, while also taking into account the changing needs of our customers in particular locations. In addition, the digitalization of our business will further enhance the customer experience (e.g., through our New Generation Stores) and intensify our ability to communicate with customers through multiple touch-points along the customer journey.

Enhance operational excellence by capitalizing on scale benefits. We take advantage of our economies of scale by centralizing our purchasing power, thereby creating leverage in negotiations with our suppliers, reducing our lead times and optimizing our net working capital. Our integrated global procurement and logistics operations allow us to extract scale benefits from our large operations, and the increased use of technology across all functions will further improve our organizational efficiency.

Prioritize cash generation. Our business is highly cash generative and we aim to further improve our cash flow generation going forward. To achieve this goal, we place significant management focus on profitability, cash generation, cost control, efficient capital allocation and working capital management. We strongly believe that our well-balanced concessions portfolio, continued investments in our existing locations, and strong pipeline for new projects provide us with the platform to capture organic growth potential and generate significant free cash flow. Earlier this year, we launched the implementation of our new Business Operating Model in order to generate additional efficiencies across all functions of our organization, through standardizing operational processes and organizational structures.

Mid-term focus on bolt-on M&A. We believe that our industry still has consolidation opportunities. We will consider further M&A opportunities in the medium term, and our focus will be on small- to mid-sized acquisitions with high synergy potential and a focus on growth opportunities in key geographies, such as Asia. We believe our long-standing track record executing and integrating M&A transactions, combined with our knowledgeable local and regional teams, allow us to identify, structure, execute and integrate acquisitions quickly.

Our History

We trace our origins back to 1865, when the Weitnauer family opened its first tobacco shop in Basel, Switzerland. In 1948, Weitnauer became a duty-free distributor and four years later opened its first duty-free shop with direct sales to continental European customers at Le Bourget Airport in Paris. Subsequent tax free operations were launched at EuroAirport Basel Mulhouse Freiburg in 1962 and at Milan-Linate Airport in 1979. The Dufry brand was adopted in 2003.

- In March 2004, a consortium of investors led by funds managed by private equity firm Advent International Corporation acquired a 75% interest in Weitnauer's travel retail business. In July 2005, the consortium acquired the remaining 25% of Weitnauer's retail business. On December 5, 2005 we became a public company and listed our shares on the SIX Swiss Exchange.
- In 2010, we listed our shares through a Level III BDR program on the BM&FBOVESPA in Brazil.
- In recent years we have increased our concession portfolio and expanded into new markets through a series of strategic acquisitions:
- In March 2006, we completed the acquisition of Brasif Duty Free Shop and its logistics platform Eurotrade for a total consideration of USD 503 million paid by us and Advent International Corporation;
- In October 2008, we completed the acquisition of the Hudson Group Holdings, Inc. (the "Hudson Group") in an exchange of shares of the Hudson Group for our shares and mandatory convertible notes. The Hudson Group is one of the premier travel retailers in North America with duty-paid shops in 61 airports and 11 transportation terminals throughout the United States and Canada;
- In 2011, we acquired 100% of the shares of several companies in South America and Armenia for a total consideration of USD 987.2 million. As a result of the acquisitions, we achieved a leading position in the duty-free market in South America. The main companies we acquired are:
  - Interbaires SA, the exclusive retailer operating duty-free shops at both international airports of Buenos Aires plus the airports of Cordoba, Mendoza and other smaller destinations in Argentina;
  - Navinten SA and Blaicor SA, two Uruguayan retailers operating duty-free shops at the international airports of Montevideo and Punta del Este, respectively;
  - ADF Shops CJSC, an Armenian retailer exclusively operating the duty-free shops at the international airport of Yerevan;
  - Ecuador Duty Free SA, a retailer in Ecuador operating duty-free shops at the international airport of Guayaquil; and
  - International Operations & Services (UY) S.A., an Uruguayan distribution platform delivering duty-free products to the above mentioned retailers;
- In January 2012, we acquired 51% of the shares and obtained control of Dufry Staer Holding Group for a total consideration of CHF 44.7 million. Dufry Staer Holding Group's main subsidiary, Regstaer Ltd, is a travel retailer operating duty-free shops at the airport of Sheremetyevo in Moscow, Russia. As a result of the acquisition, we consolidated our leading position in the Russian travel retail market;

- We acquired 51% of the travel retail operations of the Folli Follie Group, a leading travel retailer in Greece, in April 2013 and acquired the remaining 49% of these operations in December 2013;

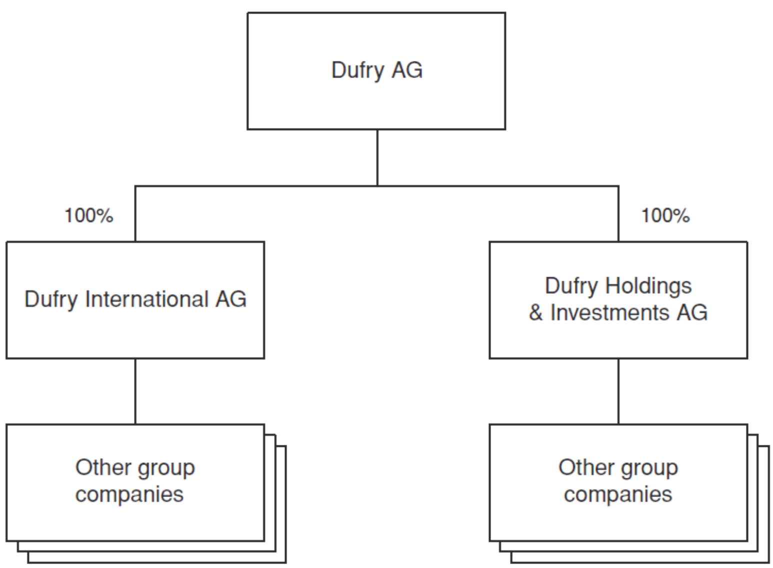
- In September 2014, we acquired 100% of Nuance, a leading travel retailer with operations in 19 countries and territories;

- In August 2015, we acquired a 50.1% stake in World Duty Free S.p.A. ("WDF"), an Italian company, from Eizione S.r.l. and its subsidiary, Schematrentaquattro S.p.A., and we acquired the remaining outstanding WDF shares through a mandatory tender offer which concluded in November 2015; and

- In July 2017, we announced we are currently considering an IPO of our North American business including both duty-free and duty-paid travel retail operations. After the IPO, we would retain a majority stake in the business and continue to fully consolidate it. The business would remain an important component of our global diversification strategy, and its operations would remain integrated with our Group across all major functions, allowing the North American business to continue to benefit from our expertise and scale in the global travel retail industry.

Corporate Structure

The chart below depicts our simplified corporate structure as of the date of this Offering Memorandum. The chart does not include all of our subsidiaries. For more information regarding our corporate structure and subsidiaries, see "Most Important Affiliated Companies" in the Notes to our consolidated financial statements as of and for the year ended December 31, 2016 included in this Offering Memorandum.



Operations

General

We operate all of our retail outlets directly and are responsible for ownership and management of inventory and employees within each store. Our retail activities reach across all areas of the travel retail market with operations at airports, on board airlines, cruise lines and seaports, railway stations, downtown tourist locations and border crossings. Developed in collaboration with airport authorities and other landlords, our stores are designed to meet the specific requirements of the traveller.

Our Retail Concepts

We operate a number of retail concepts across our locations, including:

- ***General Travel Retail.*** Our general travel retail shops are typically located in central areas with high passenger flow, mostly in airports, but also in seaports. These can serve either as departure or arrival areas. Every aspect of a shop is tailored to provide travellers with a suitable shop layout and product assortment in order to ensure attractiveness to the respective customer profiles and spending patterns. In the duty-free segment, the shops are operated under the Dufry brand or others including Nuance and Hellenic Duty Free. On the duty-paid side, we mostly operate under the brand Dufry Shopping. The shops offer a large selection of different products and cover a wide range of product categories, including perfumes & cosmetics, food & confectionary, wine & spirits, watches & jewelry, fashion & leather, tobacco goods, souvenirs, electronics and other accessories.

- ***Convenience Stores.*** Operated under the "Hudson" brand, our well-known convenience format offers a wide assortment of products ranging from soft drinks, confectionary, travel accessories, electronics, personal items or souvenirs, to classical publication items such as newspapers, magazines and books. Hudson is a duty-paid concept mainly located at the departure or arrival areas of airports, railway stations and other transit areas. We introduced the new Hudson format starting in 2013. The new concept focuses more on the convenience side of the business and less on publications. Over the past three years, we opened 100 stores under the new Hudson format.

- ***Brand Boutiques.*** Our brand boutiques are a unique tool to enhance retail environments as they help to create a comprehensive shopping mall experience. We are a partner of choice for global brands to showcase their products in a singular retail space, mirroring the look and feel of the high street shops of the respective brand. Depending on the location, we design these shops as stand-alone boutiques or integrate them as shop-in-shop concepts within our own general travel retail stores. They can be found in either duty-free or duty-paid areas. We operate brand boutiques for many prestigious brands including Armani, Burberry, Coach, Etro, Ferragamo, Gap, Hermès, Hugo Boss, Lacoste, L'Occitane, Michael Kors, Montblanc, Swarovski, Tumi, Versace, Victoria's Secret and Zegna.

- ***Specialized Stores/Theme Stores.*** Specialized stores and theme stores are particular shop concepts where we offer a variety of different brands belonging to one specific product category, such as watches & jewelry, sunglasses, food or destination merchandise, or where we carry a broad product range relating to a special theme. These shops are located in airports, seaports, on board cruise liners as well as in hotels or downtown locations.

Within our general travel retail stores, we allocate space to different products and suppliers in order to optimize sales. Space allocations as well as general layout decisions are guided by allocation of promotional opportunities to certain products or brands under the terms of a supply or other agreement with a supplier or manufacturer.

Our Sales Channels

The following table sets forth the distribution of our shops by sales channel and the percentage of sales attributable to each sales channel on December 31, 2016:

	For the year ended December 31, 2016	
Sales channel	**Number of shops**	**Net Sales (as percentages)**
Airport	1,884	91
Cruise liners and seaports	138	2
Border, downtown and hotel shops	110	3
Railway stations and other	53	4
Total	2,185	**100**

Airport Shops

Our principal airport location typically includes at least one general travel retail shop (duty-free or duty-paid) or one convenience store. Depending on the nature of the specific location, we may also operate one or more brand boutiques, specialty stores or theme stores at the same location.

We operate our duty-free and duty-paid shops mainly through concession agreements with the relevant airport operators. The amounts payable generally combine a variable component which is calculated based upon the revenues of the shops, with a fixed payment which may be a MAG.

As part of operating a concession, we may also provide development services to airport authorities whereby we assist in the decision on the commercial unit, advise on allocation of space within the facility or design an entire commercial area. For example, we designed the entire commercial area of the shopping center at Sharjah International Airport.

Cruise Line, Ferries and Seaport Stores

We operate stores on board cruise ships of Norwegian Cruise Line ("NCL"), Carnival Cruise Lines, Pullmantur, as well as on ferries in the Aegean Sea. We also operate shops at terminals of major cruise lines at destinations such as Grand Turk Island, Bridgetown, in Barbados, La Romana in the Dominican Republic and Cozumel, Mexico. Our cruise terminal and cruise line shops offer a full range of traditional duty-free products as well as brand boutiques and specialized shops that are similar to our airport shop, such as the Colombian Emeralds International jewelry stores on the NCL vessels.

The cruise ships have routes in the Caribbean, the Mexican Riviera, Alaska, South America, Bermuda, Hawaii, Europe and Asia. The cruise ship operations span a broad spectrum of sizes and scopes with various passenger capacities, crew sizes and retail spaces, and the retail opportunities on the ships vary significantly. Americans constitute the majority of passengers with other nationalities, such as Canadian, British and other European passengers, making up for the remainder. Accordingly, we maintain a commercial strategy that is flexible enough to account for varied customer preferences in order to maximize our business potential.

Railway Station, Downtown Tourist Location, Border Shops and In-flight Retail

Our operations at railway stations and at downtown tourist locations involve both general travel retail operations and specialized shops, such as convenience stores in Italy's main railway stations and in New York Grand Central Station, Penn Station and Washington Union Station under the Hudson News brand. The downtown tourist shops are located on the Caribbean cruise line circuit and in prime downtown areas such as São Paulo or Rio de Janeiro.

We also operate border stores, such as those located at borders in Mexico, Greece and Nicaragua, which focus on sales of traditional duty-free products such as spirits and tobacco products.

In addition, we operate in-flight retail on airlines, assist them in the selection and supply of products and train the airlines' cabin crews.

Concessions

We operated approximately 2,200 retail stores in 64 countries as of December 31, 2016. We enter into concession arrangements with operators of airports, seaports, railway stations and other areas to lease and operate these shops. The concession providers granted our operations the right to sell a pre-defined assortment of products to travellers during the concession period as defined in the respective arrangements.

The arrangements typically define:

- Duration;
- Nature of remuneration;
- Product categories to be sold; and
- Location and exterior appearance.

They may comprise one or more shops and are awarded in a public or private bid or in a negotiated transaction. The leasehold improvements and installations of these operations are depreciated over the shorter of the useful life of the assets and the duration of the arrangements.

In return for granting us the right to operate our concession, airport authorities or other landlords typically receive a fixed or variable fee that is based on our sales at the concession. Where the concession fees are variable, most concession agreements provide for a MAG that is either a fixed amount or an amount that is variable based upon the number of travellers using the airport or other location, retail space used, estimated sales, past results or other metrics. A limited number of our contracts are based on fixed concession fees or rents.

Our Products and Suppliers

Our general stores offer a wide range of products, from traditional duty-free products such as perfumes and cosmetics, spirits and tobacco to fine confectionary and other foods and luxury items offered on a duty-free or duty-paid basis.

In 2016, the duty-free sales accounted for 60% of our net sales, while the duty-paid sales represented 40%.

The mix of products in any store or specific location is customized for that region or store, as determined by the customers' purchasing habits. Therefore, there is an important link between the variety of products and the retail concept employed by us at any of our given sites and the travellers' profile in that location.

The following table sets forth the percentage distribution of our net sales by product category and our net sales by product category in 2016:

	Year ended December 31, 2016	
	(as percentages)	(In millions of CHF)
Perfumes and Cosmetics	32.2	2,452.9
Confectionary, Food and Catering	17.0	1,296.1
Wine and Spirits	15.3	1,166.5
Tobacco Goods	11.4	866.8
Watches, Jewelry and Accessories	6.2	475.2
Fashion, Leather and Baggage	5.9	449.7
Literature and Publications	2.8	213.9
Electronics	2.9	221.6
Other	6.3	480.1
Total	**100.0**	**7,622.8**

We work with over 1,000 suppliers around the world, with 80% of our sales generated from products bought from 100 suppliers. Within each main product category, we maintain key relationships with main international suppliers. The following table sets forth our most important suppliers in 2016, by primary product category:

Product Category	Important Suppliers
Perfumes and Cosmetics	Produits Luxe International (L'Oréal) Estée Lauder Travel Retailing Antonio Puig Perfumes Procter & Gamble (Prestige Beauté) Chanel Parfums, France
Alcoholic Beverages	Diageo Pernod Ricard LVMH Moet-Hennessy Bacardi Martini

Product Category	Important Suppliers
	Brown-Forman Beverages
Tobacco	Philip Morris BAT (British American Tobacco) Imperial Tobacco JTI (Japan Tobacco International) Karelia Tobacco
Watches and Jewelry	Luxottica Bvlgari Swarovski Richemont Group Swatch Group
Food and Confectionary	Lindt Mondelez Nestlé Mars Ferrero
Fashion / Accessories	Hermès Hugo Boss Ferragamo Limited Brands (Victoria's Secret) Longchamp
Literature and Publications	Hudson Manufacturers Anderson News Source Interlink Bookazine News Group

During 2013, we initiated an internal reorganization of our logistics and procurement function, which has helped us to improve margins by allowing us to work more closely with our global suppliers in order to address the requirements of each category and brand to better position our shops.

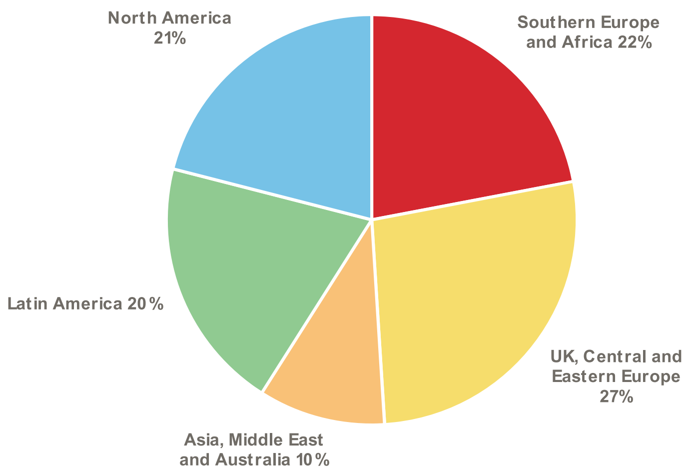
Following the addition of our logistics operations center in Hong Kong in 2016, our logistics operations are centralized in three main platforms: one in Switzerland, serving Southern Europe and Africa and the UK, Central and Eastern Europe, one in Hong Kong, serving Asia, Middle East and Australia and another in Uruguay, serving Latin America and North America.

Description of Operations by Segment

Our risks and returns are predominantly affected by the fact that we operate in different countries. Accordingly, we operate under five geographical segments (i) Southern Europe and Africa, (ii) UK, Central and Eastern Europe, (iii) Asia, Middle East and Australia, (iv) Latin America and (v) North America) plus the Distribution Centers as an additional business unit.

Our operations are conducted mainly through local subsidiaries that are (i) directly or indirectly wholly owned by us, or (ii) in which we have a direct or indirect majority holding and that rely on a local partner having a minority interest, and upon which we exercise management control. In this latter case our local partner is usually a business partner or the landlord of the facility, for example, an airport authority.

The following diagram shows the regional distribution of our net sales for the year ended December 31, 2016:



The following table shows certain statistical data on a regional basis as of December 31, 2016:

	Southern Europe and Africa	UK, Central and Eastern Europe	Asia, Middle East and Australia	Latin America	North America	Total
Total sales area (in square meters)	**103,744**	**83,687**	**31,285**	**111,648**	**94,472**	**424,837**
Total number of stores	**407**	**300**	**132**	**399**	**947**	**2,185**
Airport	334	265	128	263	894	1,884
Border, downtown and hotel shops	16	32	3	49	10	110
Cruise liners and seaports	50	2	0	86	0	138
Railway stations and others	7	1	1	1	43	53

When compared to our retail space as of December 31, 2016, we expect to open approximately 20,000 square meters of additional retail space by the end of 2017. Moreover, we believe that we have a strong potential pipeline of new retail space projects of approximately 38,000 square meters, of which we expect 2% would be in UK, Central and Eastern Europe, 15% would be in Southern Europe and Africa, 37% would be in Asia, Middle East and Australia, 17% would be in Latin America, and 29% would be in North America.

Region Southern Europe and Africa

This region includes our operations in Algeria, Cape Verde, Cote d'Ivoire, Czech Republic, Egypt, France, Ghana, Greece, Italy, Kenya, Malta, Morocco, Nigeria, Spain and Turkey.

Our largest country, by turnover, in this region in 2016 was Spain.

Region UK, Central and Eastern Europe

This region includes our operations in Armenia, Bulgaria, Finland, Germany, Jersey, Kazakhstan, Russia, Serbia, Sweden, Switzerland and the United Kingdom.

Our largest operations, by turnover, in this region in 2016 were in the United Kingdom.

Region Asia, Middle East and Australia

This region includes our operations in Australia, Cambodia, China, India, Indonesia, Jordan, Kuwait, Singapore, South Korea, Sri Lanka and the United Arab Emirates.

Our largest operations, by turnover, in this region in 2016 were in Australia and Jordan.

Region Latin America

This region includes our operations in Antigua, Argentina, Aruba, Bahamas, Barbados, Bolivia, Brazil, Chile, Curaçao, the Dominican Republic, Ecuador, Grenada, Honduras, Jamaica, Mexico, Nicaragua, Peru, Puerto Rico, St Kitts & Nevis, St. Lucia, St. Maarten, Trinidad & Tobago, Turks & Caicos Islands, Uruguay and our operations on cruise ships.

Our largest operations, by turnover, in this region in 2016 were in Brazil and Argentina.

Region North America

This region includes our operations in Canada and the United States.

Distribution Centers

The Distribution Centers segment consists of the global distribution centers that deliver goods to our five segments. Our Distribution Centers are centralized in three platforms: Egerkingen/Switzerland, mainly serves our Southern Europe and Africa region and our UK, Central and Eastern Europe region; Hong Kong, China serves our Asia, Middle East and Australia region; and Montevideo/Uruguay serves our Latin America region and North America region. These main distribution centers receive long-haul and major shipments and organize the further dispatch of the goods to the local entities at the country and shop level.

Competition

We compete with a limited number of other major global travel retailers as well as with regional travel retailers for concessions at airports, seaports and other travel related channels. Travel retailers compete primarily on the basis of their experience and reputation in travel retail, including their relationships with suppliers and airport or other authorities, their experience in a particular region, their ability to respond to the needs of an airport authority or other landlords for planning and design advice as well as operational ability, and price, as a concession may be awarded in a tender based upon the highest concession fee offered. In addition, certain travel retailers have a competitive advantage based upon specific local circumstances.

The global travel retail market is highly fragmented. In 2016, the top ten travel retailers accounted for approximately 53% of the global industry total turnover. Furthermore, there are a number of regional and local market participants.

In airport retail, our main competitors in Europe are travel retailer Gebrüder Heinemann and French conglomerate Lagardère. In the Middle East and Asia, the main operators are DFS, a subsidiary of LVMH, Ireland-based Aer Rianta International and two Korean conglomerates, Lotte Group and Hotel Shila, as well as Dubai Duty Free. In the Americas and Caribbean, DFS and Lagardère Services as well as regional retailers such as Duty Free America are our main competitors for airport retail concessions.

We also compete for customers directly with other travel retailers in some locations where we operate. As our range of products increases, we become an indirect competitor against traditional retailers. The level of competition varies greatly among the different locations where we operate. For example, in a number of airport terminals, we are the sole duty-free operator, while in some locations we compete with other retailers.

Regulation

Our operations are subject to a range of laws and regulations adopted by national, regional and local authorities from the various jurisdictions in which we operate.

In general, the countries in which we operate consider the duty-free stores as being "bonded warehouses," which avoids our clients having to pay special taxes, such as value-added and duty, when they purchase goods while in international transit. This special status subjects us to bonded warehouse regulations that require, for example, that any bonded merchandise shall not be commingled with local merchandise or other non-bonded merchandise.

We are also subject to certain truth-in-advertising, general customs, consumer and data protection, product safety, workers' health and safety and public health rules that govern retailers in general as well the merchandise sold within the various jurisdictions in which we operate.

Furthermore, the airport authorities in the United States frequently require that our subsidiaries associate themselves with a Disadvantaged Business Enterprise ("DBE"). The most common partnership model is co-ownership of the retail location between DBE and the Hudson Group through a joint venture. These agreements are subject to regulation and supervision.

Intellectual Property

In our key markets, we hold one or all of the trademarks Dufry, Nuance, WDF and Hudson News, or the respective applications for trademark registration are underway. We do not hold any other additional patents, trademarks or licenses, that, if absent, would have had a material adverse effect on our business operations.

Properties

Our head office is located in Basel, Switzerland, where we lease a 2,891 square-meter commercial building. We also lease properties for our regional operations centers: a 675 square-meter property in Milan; a 2,960 square-meter property in Glattbrugg (the former headquarters of Nuance); a 271 square-meter property in Sharjah; a 2,363 square-meter property in Miami; a 3,116 square-meter property in Rio de Janeiro; and a 5,760 square-meter property in East Rutherford, New Jersey. Management believes that such facilities are adequate for our current needs in all significant aspects.

We do not own any significant real estate.

Employees

The table below sets forth the number of FTEs as of December 31, 2016, as well as a breakdown of those FTEs geographically.

	As of December 31, 2016
Southern Europe and Africa	5,258
UK, Central and Eastern Europe	5,263
Asia, Middle East and Australia	2,504
Latin America	6,859
North America	8,485
Distribution Centers	292
Headquarters	187
Total	**28,848**

We believe that our employee relationships are good.

Legal Proceedings

We have extensive global operations, and we are both a defendant and a plaintiff in a number of court, arbitration and administrative proceedings. The nature of our business results in us being involved, from time to time, in contentious matters with customs and tax authorities in the various jurisdictions in which we operate. In addition, we are involved, from time to time, in disputes with airport authorities or other facility landlords in connection with the amount of concession fees payable by us. Certain items are provisioned for as necessary in the ordinary course of business and Management believes current provisions are adequate. However, we are not aware of any currently pending or threatening legal proceedings that, individually or in aggregate, are likely to have a material adverse effect on our business, financial condition or results of operation.

Other than as disclosed in this Offering Memorandum, we have not during the previous 12 months been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware), which have had in the recent past, may have, a significant effect on our financial position or profitability.

Insurance

We have obtained insurance coverage for our operations at levels which management considers prudent and in conformity with industry standards. We have taken out global coverage for a variety of risks and activities, including business interruption insurance. These insurance policies generally exclude acts of wilful misconduct and gross negligence. We intend to continue its practice of obtaining global insurance coverage where practicable, increasing coverage where necessary and reducing costs. Management does not anticipate any difficulty in obtaining adequate levels of insurance in the future.

Interruption of Business

During the past three years, we have not experienced any material business interruptions.

MANAGEMENT

Dufry AG

Members of the Board of Directors

The following table sets forth the names, ages, positions and committee memberships of the Company's directors, all of whom, except for Julián Díaz González, are non-executive directors, followed by a short description of each director's business experience, education and activities:

Name	Age	Position
Juan Carlos Torres Carretero	68	Chairman of the Board
Andrés Holzer Neumann(2)	67	Vice-Chairman of the Board
Jorge Born(2)(3)	55	Director
Xavier Bouton(1)(3)	67	Director
Claire Chiang(1)	66	Director
Julián Díaz González	59	Director, Chief Executive Officer
George Koutsolioutsos	49	Director
Heekyung (Jo) Min(3)	59	Director
Joaquín Moya-Angeler Cabrera(1)(2)	68	Director

(1) Audit Committee member.

(2) Nomination Committee member.

(3) Remuneration Committee member.

The members of the Board of Directors may be contacted at the business address of the Company.

Juan Carlos Torres Carretero is Chairman of our Board of Directors. He has many years of private equity and senior management operating experience. From 1995 to 2016, he was managing director and senior partner in charge of Advent International Corporation's ("Advent") investment activities in Latin America. Mr. Torres Carretero is also a member of the board of directors of Latin American Airport Holding, Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., TCP Participações S.A., InverCap Holdings, S.A. de C.V., Grupo Biotoscana, S.L.U. and Moncler S.p.A. Mr. Torres Carretero graduated in physics from Universidade Complutense de Madrid and in management from MIT's Sloan School of Management.

Andrés Holzer Neumann is Vice Chairman of our Board of Directors. He has been, since 1973, president of Grupo Industrial Omega S.A. de C.V., the holding company of Holzer y Cía, S.A. de C.V., Industria Nacional de Relojes Suizos, S.A. de C.V., Consorcio Metropolitano Inmobiliario, S.A. de C.V., Inmobiliaria Coapa Larca, S.A. de C.V., Inmobiliara Castellanos, S.A. de C.V. and Negocios Creativos, S.A. de C.V. Mr. Holzer Neumann is also a member of the board of directors of Opequimar, S.A. de C.V. Mr. Holzer Neumann graduated from Boston University and holds an MBA from Columbia University.

Jorge Born served as a board member of Dufry South America Ltd. until its merger with us in 2010. He is a member of the board of directors of Hochschild Mining, Ltd., the Latin American Executive Board at Wharton Business School, the Board of Governors of the Lauder Institute at Wharton Business School, the Board of Georgetown University and Chairman of the Fundación Bunge y Born. From 2004 to 2005, Mr. Born was an independent member of our Board of Directors. Mr. Born holds a B.S. in economics from the Wharton School of the University of Pennsylvania.

Xavier Bouton served as Director of C.N.I.L. (Commission Nationale de l'Informatique et des Libertés) from 1978 to 1984, as General Secretary of Reader's Digest Foundation from 1985 to 1994, and as Board member of Laboratoires Chemineau from 1990 to 2005. Mr. Bouton serves on the board of directors of ADL Partners and since 1999 as Chairman of the Supervisory Board of F.S.D.V. (Fayenceries de Sarreguemines, Digoin & Vitry le Francois). Mr. Bouton graduated in economics and finance from Bordeaux's l'Institut d'Etudes Politiques and has a doctorate in economics and business administration from the University of Bordeaux.

Claire Chiang is the Founder and Managing Director of Banyan Tree Gallery, a Co-founder and Senior Vice President of Banyan Tree Resort Group since 1994 and was a Member of Parliament for the Government of Singapore from 1997 to 2001. Ms. Chiang holds an undergraduate degree from the University of Singapore and a Master's degree in Philosophy from the University of Hong Kong. Ms. Chiang is also a member of the Board of ISS A/S.

Julián Díaz González served as General Manager at TNT Leisure, S.A., from 1989 to 1993, as Division Director at Aldeasa from 1993 to 1997, in various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. from 1997 to 2000, and as General Manager of Latinoamericana Duty-Free, S.A. de C.V. from 2000 to 2003. Since 2004, he has served as Chief Executive Officer at Dufry AG. Mr. Díaz González is a board member of Distribuidora Internacional de Alimentacion, S.A. (DIA). Mr. Díaz González holds a degree in business administration from Universidad Pontificia Comillas (I.C.A.D.E.) de Madrid.

George Koutsolioutsos is CEO and board member of Folli Follie Group, Athens. Mr. Koutsolioutsos holds a Bachelor's degree in Economics and a Master's degree in Business Administration and Marketing from the University of Hartford in Hartford, CT, USA.

Heekyung (Jo) Min has served as Executive Vice President at CJ Corporation, a publicly-listed multi-industry Korean conglomerate with retail operations since 2011; as Director General, Incheon Free Economic Zone, Korea from 2007 to 2010; as Country Advisor, Global Resolutions, Korea in 2006 and as Executive Vice President, Prudential Investment and Securities Co., Korea from 2004 to 2005. Ms. Min holds an undergraduate degree from Seoul National University and a Master's degree in Business Administration from the Columbia Graduate School of Business.

Joaquín Moya-Angeler Cabrera has served as member of the board of directors of Redsa S.A. since 1997, Hildebrando since 2003, La Quinta Real Estate since 2003, Inmoan since 1989, Avalon Private Equity since 1999 and Corporación Tecnológica Andalucia since 2005. Mr. Moya-Angeler Cabrera is currently a member of the board of directors of La Quinta Group (chairman), Palamon Capital Partners, Board of Trustees University of Almeria (chairman), Fundación Mediterránea (chairman), Redsa S.A., Inmoan SL, Avalon Private Equity, Spanish Association of Universities Governing Bodies (chairman) and Corporation Group Leche Pascual (Vice Chairman). Mr. Cabrera holds a Master's degree in Mathematics from the University of Madrid, a degree in economics and forecasting from the London School of Economics and Political Science and an MBA from MIT's Sloan School of Management.

Group Executive Committee

As of the date of this Offering Memorandum, the Group Executive Committee comprises nine executives: the Chief Executive Officer ("CEO"); the Chief Financial Officer ("CFO"); the Global Chief Operating Officer ("GCOO"); the Chief Corporate Officer ("CCO"), the Group General Counsel ("GC") and four regional Chief Operating Officers ("COO"), responsible for the following regions: (i) UK, Central and Eastern Europe, (ii) Southern Europe and Africa, (iii) Asia, Middle East and Australia, (iv) Latin America and (v) North America. The Group Executive Committee conducts our operating management pursuant to the Board of Directors' regulations. The CEO reports to the Board of Directors on a regular basis.

The members of the Group Executive Committee are responsible for our day-to-day activities under the supervision of the CEO. At Group Executive Committee meetings, each member of the Group Executive Committee reports to the CEO any business developments and any important events concerning us. Outside of these meetings, each Group Executive Committee member immediately informs the CEO of any extraordinary event within the company.

Members of the Group Executive Committee

The following table sets forth the names and years of appointment of the current members of the Group Executive Committee, followed by a short description of each member's business experience, education and activities:

Name	Age	Position
Julián Díaz González	59	Chief Executive Officer (CEO)
Andreas Schneiter	47	Chief Financial Officer (CFO)
José Antonio Gea	54	Global Chief Operating Officer (GCOO)
Luis Marin	46	Chief Corporate Officer (CCO)
Pascal C. Duclos	50	Group General Counsel (GC)
Pedro J. Castro Benitez	50	Divisional Chief Executive Officer Southern Europe and Africa
Eugenio Andrades	49	Divisional Chief Executive Officer UK, Central and Eastern Europe
Andrea Belardini	49	Divisional Chief Executive Officer Asia, Middle East and Australia
Jordi Martin-Consuegra	45	Global Resources Director
René Riedi	57	Divisional Chief Executive Officer Latin America
Joseph DiDomizio	47	Divisional Chief Executive Officer North America
Gustavo Magalhães Fagundes	50	Managing Director Brazil and Bolivia

All employment agreements entered into with the members of the Group Executive Committee are entered for an indefinite period of time.

Julián Díaz González has been our CEO since 2004. He also serves on the board of directors of Dufry AG and Distribuidora Internacional de Alimentacion (DIA) S.A. Before his current position, Mr. Díaz González served as General Manager at TNT Leisure, S.A., from 1989 to 1993, as Division Director at Aldeasa from 1993 to 1997, in various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. from 1997 to 2000, and as General Manager of Latinoamericana Duty-Free, S.A. de C.V. from 2000 to 2003. Since 2004, he has served as Chief Executive Officer at Dufry AG. He graduated in business administration from Universidad Pontificia Comillas (I.C.A.D.E.) de Madrid.

Andreas Schneiter has served as our CFO since 2012. Before holding the current position, Mr. Schneiter acted as our Head of Corporate Controlling in 2003 and assumed the position as our Head Group Treasury in 2004. He additionally has headed our Investors Relations function. Before joining us in 2003, Mr. Schneiter worked at UBS Warburg in Zurich in the mergers and acquisitions area beginning in 1998. Mr. Schneiter holds a degree in Business Administration and specialization in Finance from the School of Economics and Business Administration in Berne.

José Antonio Gea has been our GCOO since 2004. Before his current position with us, Mr. Gea held various managerial positions in Aldeasa from 1995 to 2003, leaving that company as its Director of Operations. Prior to that, he held various positions at TNT Express España, SA from 1989 to 1995 and was a Director of its Blue Cow Division from 1993 to 1995. Mr. Gea graduated in economics and business sciences from Colegio Universitario de Estudios de Financieros.

Luis Marin has been our Chief Corporate Officer since January 2014. Prior to his appointment to this role, Mr. Marin served as Business Controlling Director and, since 2012, had also been responsible for the M&A function. Mr. Marin had previously served as the Head of Finance and Administration of Spanish subsidiaries of Areas, a company member of the French group Elior, from 2001 to 2004. He was the Financial Controller at Derbi Motocicletas—Nacional Motor S.A. from 1998 to 2001, and prior to that was an Auditor at Coopers & Lybrand from 1995. Mr. Marin holds a degree in Economic Sciences and Business Administration from Universidad de Barcelona.

Pascal C. Duclos has been our General Counsel since 2005. Before his current position with us, Mr. Duclos was a senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy from

2003 to 2004 and a financial planner at UBS AG in New York from 2001 to 2002. Prior to that, he was an associate at the New York law firm Kreindler & Kreindler from 1999 to 2001 and a senior associate at the Geneva law firm Davidoff & Partners from 1991 to 1997. From 1994 to 1997, Mr. Duclos was also academic assistant at the University of Geneva School of Law. Mr. Duclos received a license in law from Geneva University School of Law and an LL.M. from Duke University School of Law. He is licensed to practice law in Switzerland and is admitted to the New York Bar.

Pedro J. Castro Benitez has been our Divisional Chief Executive Officer for Southern Europe and Africa since 2016. Before holding the current position, Mr. Castro was the Chief Operating Officer International for World Duty Free from 2011 to 2015 and held several positions at Aldeasa including Director Operations Spain (2006 – 2010), Chief Executive Officer Aldeasa Jordan (2003 – 2006), Managing Director Canariensis, Aldeasa (2000 – 2003) and General Manager Chile, Aldeasa (1998 – 2000). He has been a Board Member of ASUTIL since 2010. Mr. Castro holds a degree in Administration and Political Science, specializing in Foreign Affairs, from the Complutense University in Madrid, a Master's degree in International Relations from the Spanish Diplomatic School in Madrid, specializing in Foreign Trade through several courses with the Chamber of Commerce, Junta de Andalucía and ICEX, the Spanish official foreign trade institution.

Eugenio Andrades has been our Divisional Chief Executive Officer UK, Central and Eastern Europe since 2016. Prior to that, Mr. Andrades was Chief Executive Officer (2014 – 2015) and Chief Commercial Officer (2011 – 2014) at World Duty Free and held several positions at Aldeasa including Commercial Director and Operations Coordinator (2007 – 2010), Director of Strategy & Development and Investor Relations (2002 – 2006), Chief Executive Officer Jordan & Middle East (2000 – 2001) and Commercial Director and Operations Coordinator, Aldeasa (2011 – 2014), Director of Strategy & Development and Investor Relations Business & Corporate Development and Investor Relations Director (1996 – 2000). Prior to joining Aldeasa, he had been a consultant at the McKinsey group and worked for Carboex, a subsidiary of Endesa. Mr. Andrades is a graduate in Mining Engineering at the Politécnica University of Madrid. He holds a Master's degree in Finance and Strategy from the Colorado School of Mines, (Colorado, USA), and an MMBA from McKinsey & Co. Denmark.

Andrea Belardini has been our Divisional Chief Executive Officer for Asia, Middle East and Australia since 2016. Mr. Belardini joined us in 2014 as Chief Operating Officer Region 5 & Integration Leader. Prior to that he was the Global Chief Commercial Officer for Nuance concurrent with regional CEO function from 2013 to 2014 and the CEO European Operations of Nuance from 2009 to 2014. He was the Executive Vice President Strategy and Development & Commercial Business for Aeroporti di Roma (ADR) from 2000 to 2009. Mr. Belardini graduated with Honours (Magna cum Laude) in Business and Economics from the University of Rome La Sapienza.

René Riedi is currently our COO, Latin America Region. Mr. Riedi joined us in 1993 as Sales Manager Eastern Europe and then held various positions within our group before serving as COO Eurasia Region from 2000 to 2012. Before joining us in 1993, he worked in product marketing and international sales at Unilever. Mr. Riedi graduated in business administration from the School of Economy and Business Administration Zurich.

Joseph DiDomizio has been our Divisional Chief Executive Officer North America since 2016. He joined us as Chief Operating Officer Region United States and Canada from 2008 to 2015. Previously, Mr. DiDomizio worked for 16 years for the Hudson Group. He held several managerial positions in the Hudson Group, and from April 2008 to September 2008 acted as its president and chief executive officer. He holds a bachelor's of arts degree in Marketing and Business Administration from University of Bridgeport.

Gustavo Magalhães Fagundes is currently our Managing Director for Brazil and Bolivia. He joined us a in 2014 as COO, Brazil and Bolivia. Previously, Mr. Magalhães Fagundes was the Chief Operating Officer Brasif Holding from 2010 to 2014, Chief Operating Officer for Travel Retail, Brasif from 2002 to 2009 and Head of Marketing for AmBev from 1996 to 2002. Mr. Magalhães Fagundes graduated in Business Administration and Management by EAESP from Fundação Getúlio Vargas, Brazil. He holds a Master's degree in International Economics and Management from Bocconi University Milan, Italy, an Executive MBA from the Corporate University of AmBev and a Certificate in General Management from Harvard Business School (Massachusetts, USA).

Jordi Martin-Consuegra is currently our Global Resources Director. He joined us in 2005 as Global Information Technology Director. Previously, Mr. Martin-Consuegra held various positions at Burke, including Director of Business Solutions from 2003 to 2005. He holds an Executive MBA from Instituto de Empresa, Madrid, a degree in economics from Universidad Complutense de Madrid and a Bachelor of Arts in Combined Studies from University of Wolverhampton, UK.

Conviction and Proceedings

None of the members of the Group Executive Committee is or has been during the past five years subject to any convictions for finance or business-related crimes or to legal proceedings by statutory or regulatory authorities (including designated professional associations) that are ongoing or have been concluded with a sanction.

The Issuer

The following table sets forth certain information with respect to the board of Dufry One B.V. as of the date hereof.

Name	Age	Position
Peter van der Schee	38	Class A Manager
Sjoerd Jacobs	26	Class B Manager

Peter van der Schee joined Dufry in March 2013 as Manager General Ledger Accounting EMEA. Prior to joining Dufry, Mr. van der Schee was Manager Accounts Payable EMEA for NEWELL INC. since 2008. Prior to this position he held several positions in accounting, controlling and reporting. Mr. van der Schee holds a bachelor’s degree in Business Economics from the HEAO in Breda (the Netherlands).

Sjoerd Jacobs joined Dufry in December 2014 and currently serves as Dufry Financial Services’ Treasury Operations Manager. Mr. Jacobs holds a bachelor’s degree in Business Economics, with a specialization in controlling from the HEAO in Sittard.

The business addresses of the board of the Issuer are for Peter van der Schee at Luchthavenweg 53, 5657EA Eindhoven, the Netherlands, and for Sjoerd Jacobs at Luchthavenweg 53, 5657EA Eindhoven, the Netherlands. There are no conflicts of interest of the board of the Issuer between their duties as members of the board of the Issuer and their private interests or other duties.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

In the course of our ordinary business activities, we may enter into agreements with or render services to related parties provided the relationships are disclosed. In turn, such related parties may render services or deliver goods to us as part of their business. We believe all such transactions are negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third-party suppliers and service providers.

As reported in our annual report for 2016, our related party transactions and relationships that occurred or existed in 2016 and 2015 were the following:

During 2016, we purchased goods from the following related parties: Hudson Wholesale for CHF 15.3 (2015: CHF 18.5 million) and from Hudson RPM for CHF 4.9 million (2015: CHF 4.1 million). The purchase prices used in these transactions were at arm's length. At December 31, 2016, we had open invoices with the following related parties: Hudson Wholesale CHF 0.9 million (2015: CHF 1.1 million) and with Hudson RPM CHF 0.5 million (2015: CHF 0.3 million).

Mr. George Koutsolioutsos, a member of our Board of Directors, is also CEO and shareholder of the Folli Follie Group. In the years ended December 31, 2016 and 2015, we had the following transactions with companies of this group:

	2016	2015
	(In millions of CHF)	
Purchase of goods from Folli Follie Group	2.5	3.7
Sales of goods to Folli Follie Group	0.0	0.0
Rent of building from Folli Follie Group	1.8	0.6
Amounts receivable at December 31	0.4	0.3
Amounts payable at December 31	3.6	4.2

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Credit Facilities

The following is a brief description of our senior credit facilities.

2014 Facilities Agreement

On June 3, 2014, Dufry International AG (together with certain other members of the Dufry Group) and a group of financial institutions entered into an unsecured multicurrency term and revolving facilities agreement, as amended pursuant to an amendment letter dated 18 January 2016 (the "2014 Facilities Agreement"), being a CHF 1,600 million term loan bridge facility, a USD 1,010 million term facility, a EUR 500 million term facility and a CHF 900 million multicurrency revolving credit facility. The term loan bridge facility was cancelled in July 2014. The 2014 Facilities Agreement was entered into primarily for the purpose of (i) financing the acquisition of Nuance, (ii) the repayment or prepayment of the existing debt of Nuance, (iii) the repayment or prepayment of then existing term and revolving facility agreements and (iv) the working capital and general corporate purposes of the Dufry Group.

The obligations of Dufry International AG and Dufry Financial Services B.V. (which acceded to the 2014 Facilities Agreement as an additional borrower and an additional guarantor on June 16, 2014) as borrowers under the 2014 Facilities Agreement are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry International AG, Dufry Financial Services B.V., Dufry Holdings & Investments AG and Hudson Group (HG), Inc.. The loans under the facilities bear interest, paid at periods selected by the borrower, at a floating rate (LIBOR, in relation to any loan in a currency other than Euro, or EURIBOR, in relation to any loan in Euro) plus a margin. On the revolving credit facility, the margin ranges from 1.00% to 2.75%, as determined by reference to the credit ratings of Dufry AG. On the term facilities, the margin ranges from 1.25% to 3.00%, as determined by reference to the credit ratings of Dufry AG. The term facilities mature, and the revolving credit facility is available up to, July 31, 2019.

We are required to adhere to the following financial covenants (measured under the financial definitions set forth in the 2014 Facilities Agreement): (i) a maximum ratio of total drawn debt to adjusted consolidated EBITDA ranging between 4.50:1 and 3.75:1 and (ii) a minimum ratio of adjusted consolidated EBITDA to total interest expense of 3.50:1. To calculate the maximum ratio of total drawn debt to adjusted consolidated EBITDA, amounts expressed in currencies other than CHF are converted to CHF using the closing exchange rate of the relevant period.

The 2014 Facilities Agreement also contains other terms, including terms providing for voluntary prepayment, affirmative and negative covenants that affect our ability, among other things, to borrow money, incur liens, dispose of assets, make acquisitions and change business, and require the obligors to make certain financial information available to the lenders, maintain their existence, comply with laws and regulations and maintain insurance. Events of default under the 2014 Facilities Agreement include, among other things, payment and covenant breaches, insolvency of the obligors and certain defaults in respect of other material financial indebtedness.

2015 Facilities Agreement

On March 27, 2015, Dufry International AG and Dufry Financial Services B.V. (together with certain other members of the Dufry Group) and a group of financial institutions entered into an unsecured multicurrency term facilities agreement, as amended pursuant to an amendment letter dated 30 December 2015 (the "2015 Facilities Agreement") consisting of, prior to reallocation, EUR 1,600 million and EUR 1,500 million bridge facilities (the "2015 Bridge Facilities") and a EUR 500 million term facility (the "2015 Term Loan," and together with the 2015 Bridge Facilities, the "2015 Credit Facilities"). The 2015 Facilities Agreement contains an option to reallocate up to EUR 300 million from the EUR 1,500 million bridge facility to the 2015 Term Loan, increasing the 2015 Term Loan from EUR 500 million to EUR 800 million. We exercised this option on May 8, 2015. The 2015 Facilities Agreement was entered into primarily for the purpose of (i) financing the acquisition of World Duty Free, (ii) the repayment or prepayment of the existing debt of World Duty Free and (iii) the payment of fees, costs and expenses incurred by Dufry International AG (or other members of the Dufry Group) in connection with the acquisition of World Duty Free.

The obligations of Dufry International AG and Dufry Financial Services B.V. as borrowers under the 2015 Facilities Agreement are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry International AG, Dufry Financial Services B.V., Dufry Holdings & Investments AG and Hudson Group (HG), Inc. The 2015 Credit Facilities bear interest, paid at periods selected by the borrower, at a floating rate (LIBOR, in relation to any loan in a currency other than Euro, or EURIBOR, in relation to any loan in Euro) plus a margin. On the 2015 Term Loan, the margin ranges from 1.25% to 3.00%, as determined by reference to the credit ratings of Dufry AG. The 2015 Term Loan matures on July 31, 2019.

We are required to adhere to the following financial covenants (measured under the financial definitions set forth in the 2015 Facilities Agreement): (i) a maximum ratio of total drawn debt to adjusted consolidated EBITDA ranging between 4.50:1 and 3.75:1 and (ii) a minimum ratio of adjusted consolidated EBITDA to total interest expense of 3.50:1. To calculate the maximum ratio of total drawn debt to adjusted consolidated EBITDA, amounts expressed in currencies other than CHF are converted to CHF using the closing exchange rate of the relevant period.

The 2015 Facilities Agreement also contains other terms, including terms providing for voluntary prepayment, affirmative and negative covenants that affect our ability, among other things, to borrow money, incur liens, dispose of assets, make acquisitions and change the general nature of the business of the Group, and require the obligors to make certain financial information available to the lenders, maintain their existence, comply with laws and regulations and maintain insurance. Events of default under the 2015 Facilities Agreement include, among other things, payment and covenant breaches, insolvency of the obligors and certain defaults in respect of other material financial indebtedness.

Senior Unsecured Notes

The following is a brief description of our senior unsecured notes.

2022 Notes

On July 17, 2014, Dufry Finance SCA, issued unsecured, publicly listed senior notes due on July 15, 2022 in an aggregate principal amount of EUR 500 million (the "2022 Notes") for the purpose of financing the acquisition of Nuance. Dufry Finance SCA's obligation under the 2022 Notes are irrevocably, unconditionally, jointly and severally guaranteed by Dufry International AG, Dufry Financial Services B.V., Dufry Holdings & Investments AG, Hudson Group (HG), Inc. and Dufry AG. The notes bear interest, paid semi-annually in arrears, at a fixed rate of 4.50%, on January 15 and July 15 of each year.

We intend to use the net proceeds from this offering, together with cash on hand, to complete the Notes Redemption. For more information on the Notes Redemption, see "Summary—Refinancing Transactions—*Noted Redemption*"

2023 Notes

On July 28, 2015, Dufry Finance SCA issued unsecured, publicly listed senior notes due on August 1, 2023 in an aggregate principal amount of EUR 700 million (the "2023 Notes") for the purpose of financing the acquisition of World Duty Free S.p.A. Dufry Finance SCA's obligations under the 2023 Notes are irrevocably, unconditionally, jointly and severally guaranteed by Dufry International AG, Dufry Holdings & Investments AG, Hudson Group (HG), Inc. and Dufry AG. The notes bear interest, paid semi-annually in arrears, at a fixed rate of 4.50%, on February 1 and August 1 of each year.

The indenture governing the 2023 Notes also contains other terms, including affirmative and negative covenants that affect our ability, among other things, to incur indebtedness, incur liens and consolidate, merge or sell all or substantially all of our assets, and require us to make certain financial information available to the noteholders. Events of default under the indenture governing the 2023 Notes include, among other things, payment breaches, covenant breaches and insolvency.

DESCRIPTION OF NOTES

The Issuer will issue €500.0 million aggregate principal amount of senior notes due 2024 denominated in euro (the "Notes") under an indenture (the "Indenture"), to be dated as of , 2017, among the Issuer, the Guarantors, Wells Fargo Bank, National Association, as trustee (the "Trustee") and Société Générale Bank & Trust as Principal Paying Agent, Registrar and Transfer Agent (each as defined below). For purposes of this section, the word "Issuer" refers only to Dufry One B.V. (Company Number 69664285), a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) organized under the laws of the Netherlands with its corporate seat in Amsterdam, having its registered office at Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands, the word "Company" refers only to Dufry AG and not to any of its subsidiaries, and the terms "we," "our" and "us" each refer to the Company and its consolidated subsidiaries. Any reference to a "Holder" or a "Noteholder" in this "Description of Notes" refers to the registered holders of the Notes. The terms of the Notes include those expressly set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following summary of certain provisions of the Indenture and the Notes does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Indenture. You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions." Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture. We urge you to read the Indenture because it, and not this description, defines your rights as holders of the Notes. Copies of the Indenture are available as set forth under "Where You Can Find More Information."

Brief Description of the Notes and the Note Guarantees

The Notes will be:

- unsecured Senior Indebtedness of the Issuer;
- equal in right of payment with any future Senior Indebtedness of the Issuer; and
- senior in right of payment to any future Subordinated Obligations of the Issuer.

The Note Guarantee of the Company in respect of the Notes will be:

- unsecured Senior Indebtedness of the Company;
- effectively subordinated to all secured indebtedness of the Company to the extent of the value of the assets securing such secured indebtedness and effectively subordinated to all indebtedness and other liabilities (including trade payables) of the Company's Subsidiaries' (other than the Issuer, the Subsidiary Guarantors and Subsidiaries that become Subsidiary Guarantors pursuant to the provisions described below under "—Future Subsidiary Guarantors");
- equal in right of payment with all existing and future Senior Indebtedness of the Company; and
- senior in right of payment to any future Guarantor Subordinated Obligations of the Company.

The Subsidiary Note Guarantees of each Subsidiary Guarantor in respect of the Notes will be:

- unsecured Senior Indebtedness of such Subsidiary Guarantor;
- effectively subordinated to all secured indebtedness of such Subsidiary Guarantor to the extent of the value of the assets securing such secured indebtedness and effectively subordinated to all indebtedness and other liabilities (including trade payables) of the Subsidiary Guarantors' Subsidiaries (other than the Issuer, the other Subsidiary Guarantors and Subsidiaries that become Subsidiary Guarantors pursuant to the provisions described below under "—Future Subsidiary Guarantors");
- equal in right of payment with all existing and future Senior Indebtedness of such Subsidiary Guarantor; and

- senior in right of payment to any future Guarantor Subordinated Obligations of such Subsidiary Guarantor.

As of June 30, 2017, the aggregate amount of indebtedness of the Company's subsidiaries other than the Issuer and the Subsidiary Guarantors was CHF million.

Principal, Maturity and Interest

The Notes will mature on , 2024. Each Note will bear interest at a rate of % per annum from , 2017, or from the most recent date to which interest thereon has been paid or provided for. Interest will be payable semi-annually in cash to Holders of record at the close of business on the and immediately preceding the relevant interest payment date on and of each year, commencing , 2018. Interest will be paid on the basis of a 360-day year consisting of twelve 30-day months.

The Notes will be issued initially in an aggregate principal amount of € million. Additional Notes having the same terms in all respects as the Notes, or in all respects except with respect interest paid or payable on or prior to the first interest payment date after the issuance of such Notes, may be issued under the Indenture ("Additional Notes"). The Notes and the Additional Notes that are actually issued will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. If the Additional Notes are not fungible with the original Notes for U.S. federal income tax purposes, the Additional Notes will have a CUSIP, ISIN or other identifying number that is different from that of the original Notes. Unless the context otherwise requires, the term "Notes" is used herein to refer to both the Notes and the Additional Notes.

Other Terms

Principal of, and premium, if any, and interest on, the Notes will be payable, and the Notes may be exchanged or transferred, at the office or agency designated by the Company for such purposes (which initially shall be the designated corporate trust office of the Paying Agent), except that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders of the Notes as such address appears on the registration books of the Registrar.

Principal of, and premium, if any, and interest on, Notes in global form registered in the name or held by the common depositary of Euroclear and Clearstream or its nominee in immediately available funds will be payable to Euroclear and Clearstream or its nominee, as the case may be, as the registered Holder of such global Note. See "—Global Notes and Book-Entry System."

The Notes will be issued only in fully registered form, without coupons. The Notes will be issued only in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof.

Paying Agent, Registrar and Transfer Agent for the Notes

The Issuer will maintain one or more paying agents (each, a "Paying Agent") for the Notes which initially will be Société Générale Bank & Trust (the "Principal Paying Agent").

The Issuer will also maintain one or more registrars (each, a "Registrar") and transfer agents (each, a "Transfer Agent"). The Registrar will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on the behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the Holders. For so long as the Notes are listed on The International Stock Exchange (the "Exchange") and the rules of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is incorporated, organized or resident for Tax purposes or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) (each such jurisdiction, or any political subdivision thereof or therein, a "Tax Jurisdiction") is at any time required to be made from any payments made under or with respect to the Notes or any Guarantee, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each Holder after such withholding or deduction (including after any such withholding or deduction from Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the relevant Holder or beneficial owner of a Note and the relevant Tax Jurisdiction (including being a resident of, or engaged in business in, such jurisdiction for Tax purposes), other than any connection arising solely from the acquisition, ownership, holding or disposition of such Note, the enforcement of rights under such Note or under a Guarantee and/or the receipt of any payments in respect of such Note or a Guarantee;

(2) any Taxes to the extent such Taxes would not have been imposed but for the presentation of a Note for payment (where presentation is required) more than 30 days after the date on which such payment became due and payable or the date on which the relevant payment is first made available for payment to the Holder, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, transfer or similar Taxes;

(4) any Taxes required to be withheld or deducted pursuant to laws enacted by Switzerland providing for Taxes applicable to Swiss resident individuals (and certain non-resident persons who fail to provide certification of their non-resident status, as requested by the Swiss Federal Tax Administration) according to principles similar to those in the draft legislation proposed by the Swiss Federal Council on December 17, 2014 (including any such laws that impose withholding or deducting obligations with respect to such Taxes on a person other than the Issuer or the relevant Guarantor, including, without limitation, any paying agent);

(5) any Taxes imposed on or with respect to a payment made to a Holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note (where presentation is required) to another available Paying Agent;

(6) any Taxes payable other than by deduction or withholding from payments to a Holder or beneficial owner under, or with respect to, the Notes or with respect to any Guarantee;

(7) any Taxes to the extent such Taxes are imposed by reason of the failure of the Holder or beneficial owner of a Note, after a written request by the applicable withholding agent addressed to the Holder, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the Holder or beneficial owner is legally eligible to provide such certification or documentation; or

(8) any Taxes required by sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing

FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA or any law enacted by such other jurisdiction to give effect to such agreement, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(9) any combination of items (1) through (8) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or person other than the sole beneficial owner of a Note, to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly. For a description of the formalities that Holders and beneficial owners must follow in order to claim an exemption from withholding tax and certain disclosure requirements imposed on the Issuer relating to the identity and residence of beneficial owners, see "Certain Taxation Considerations" and "Risk Factors."

In addition to the foregoing, the Issuer or relevant Guarantor, as applicable, will also pay and indemnify the Holder for any present or future stamp, issue, registration, transfer, court or documentary Taxes, or any other excise or property Taxes, which are levied by any Tax Jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Guarantee or any other document referred to therein, or by any jurisdiction on the enforcement of any Notes or any Guarantee.

If the Issuer or any Guarantor (if it is the applicable withholding agent), as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee and Paying Agents on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 day prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee and Paying Agents promptly thereafter) an Officer's Certificate stating that Additional Amounts will be payable, the amount estimated to be so payable and any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to the applicable Holders on the relevant payment date. The Trustee shall be entitled to rely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor, as the case may be, will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from any applicable Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a Holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, an Officer's Certificate certifying the payment of such Taxes, which Certificate shall have certified copies of Tax receipts evidencing payment by the Issuer or the relevant Guarantor, as the case may be, attached thereto or if, notwithstanding such entity's efforts to obtain receipts, receipts are not available, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

Whenever in the Indenture or in this "Description of Notes" there is mentioned, in any context, the payment of principal, interest or any other amount payable under, or with respect to, any of the Notes or any Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of its Notes, and will apply, mutatis mutandis, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, organized or resident for Tax purposes or any jurisdiction from or through which payment is made by or on behalf of such Person on the Notes or any Guarantee and, in each case, any political subdivision thereof or therein.

Note Guarantees

General

On the Issue Date, the Notes and the Issuer's obligations under the Indenture will be fully and unconditionally Guaranteed (collectively, the "Note Guarantees") on a senior basis by the Company and certain of the Company's Subsidiaries organized under the laws of Switzerland, the Netherlands or Delaware, each of which is an obligor in respect of the Existing Notes, the 2014 Credit Facilities and the 2015 Credit Facilities. From and after the Issue Date, if any Subsidiary that is not a Guarantor Guarantees payment by the Company or any of its Subsidiaries of any Bank Indebtedness or Public Debt of the Company or any of its Subsidiaries in excess of the De Minimis Guaranteed Amount and, after giving effect to such Guarantee, the aggregate principal amount of Bank Indebtedness and Public Debt that is Guaranteed by non-Guarantor Subsidiaries exceeds EUR 500 million, the Company will cause such Subsidiary to execute and deliver to the Trustee a supplemental indenture or other instrument pursuant to which such Subsidiary will Guarantee payment of the Notes and the Issuer's obligations under the Indenture, whereupon such Subsidiary will become a Guarantor for all purposes under the Indenture. In addition, the Company may cause any Subsidiary that is not a Guarantor to Guarantee payment of the Notes and the Issuer's obligations under the Indenture and become a Guarantor. The Note Guarantees will be joint and several obligations of the Guarantors.

Not all of the Company's Subsidiaries will Guarantee the Notes and the Issuer's obligations under the Indenture. In the event of a bankruptcy, liquidation or reorganization of any of these non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their other creditors (including trade creditors) before they will be able to distribute any of their assets to the Company.

The operations of the Company and the Guarantors are conducted through their Subsidiaries and, therefore, the Issuer and Guarantors depend on the cash flow of the Company's Subsidiaries to meet their obligations, including their respective obligations under the Notes and Note Guarantees. The Notes and the Note Guarantees will be effectively subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's non-Guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of the Company's non-Guarantor Subsidiaries upon that non-Guarantor Subsidiary's liquidation or reorganization (and the consequent right of the Holder of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-Guarantor Subsidiary's creditors. See "Risk Factors—Risks Relating to the Notes—The Issuer and the Guarantors are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively."

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "Risk Factors—Risks Relating to the Notes—The Note Guarantees will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability." By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes or the Indenture, or a Guarantor may have effectively no obligation under its Note Guarantee.

Release of Note Guarantees

The Note Guarantee of a Subsidiary Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer, the Company or a Subsidiary;

(2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer, the Company or a Subsidiary;

(3) upon repayment in full of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(4) upon the liquidation or dissolution of such Guarantor, provided that no Event of Default has occurred or is continuing;

(5) upon such Subsidiary Guarantor consolidating with, merging into or transferring all of its assets to the Company or another Subsidiary Guarantor, and as a result of, or in connection with, such transaction such Subsidiary Guarantor dissolves or otherwise ceases to exist;

(6) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Defeasance" and "—Satisfaction and Discharge;" or

(7) (a) in the case of Note Guarantees in effect on the Issue Date, upon the release or discharge of the Guarantee by such Subsidiary Guarantor of each of the Existing Notes, the 2014 Credit Facilities and the 2015 Credit Facilities and any other Bank Indebtedness or Public Debt of the Company or any of its Subsidiaries in excess of the De Minimis Guaranteed Amount that is Guaranteed by such Subsidiary Guarantor, or, (b) in the case of Note Guarantees granted pursuant to the covenant described under the caption "—Certain Covenants—Future Subsidiary Guarantors," upon the release or discharge of the Guarantee that resulted in the creation of such Note Guarantee if, as a result of such release or discharge, the aggregate principal amount of Bank Indebtedness and Public Debt that is Guaranteed by non-Guarantor Subsidiaries does not exceed EUR 500 million, except in each case a discharge or release by or as a result of payment under such Guarantee.

The Note Guarantee of the Company will be released:

(1) upon repayment in full of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(2) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Defeasance" and "—Satisfaction and Discharge."

Upon the occurrence of any release event described above, the Guarantor to be released shall deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such release have been complied with.

We are currently pursuing a refinancing of the 2014 Credit Facilities and the 2015 Credit Facilities with a new credit facility that we expect will result in the release of Hudson Group (HG), Inc. and Dufry Holdings & Investments AG from their respective Guarantees of the 2014 Credit Facilities, the 2015 Credit Facilities and the Existing Notes and, as a result, the release of their respective Guarantees of the Notes pursuant to clause (7) above.

Mandatory Redemption

Except as set forth below under "—Change of Control," the Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Optional Redemption

The Notes will be redeemable, at the Issuer's option, at any time prior to maturity at varying redemption prices in accordance with the provisions set forth below.

The Notes will be redeemable, at the Issuer's option, in whole or in part, at any time and from time to time on and after   , 2020 and prior to maturity at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest and Additional Amounts, if any, to the relevant redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on   of the years set forth below:

Period	Redemption Price
2020	%
2021	%
2022 and thereafter	%

In addition, the Indenture provides that at any time and from time to time on or prior to , 2020, the Notes will be redeemable at the Issuer's option, in an aggregate principal amount equal to up to 40% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes), with funds in an equal aggregate amount not exceeding the aggregate proceeds of one or more Qualified Equity Offerings, at a redemption price (expressed as a percentage of principal amount thereof) of %, plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(a) redemption occurs within 180 days of the date of the closing of such Qualified Equity Offering; and

(b) an aggregate principal amount of Notes equal to at least 50% of the original aggregate principal amount of Notes (including the principal amount of any Additional Notes) must remain outstanding after each such redemption of Notes.

"*Qualified Equity Offering*" means any issuance of Capital Stock after the Issue Date (other than Disqualified Stock) of the Company, or options, warrants or rights with respect to its Capital Stock, pursuant to (i) a public offering in accordance with applicable laws, rules and regulations or (ii) a private offering in accordance with Rule 144A, Regulation S or another exemption from registration under the Securities Act.

In addition, at any time prior to , 2020, the Notes may be redeemed or purchased (by the Issuer or any other Person) in whole or in part, at the Issuer's option, at a price (the "Redemption Price") equal to 100% of the principal amount thereof plus the Applicable Premium (as defined below) as of, and accrued but unpaid interest and Additional Amounts, if any, to, the date of redemption or purchase (the "Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

"*Applicable Premium*" means, with respect to a Note at any Redemption Date, the greater of (i) 1.0% of the principal amount of such Note and (ii) the excess of (A) the present value at such Redemption Date of (1) the redemption price of such Note on , 2020 (such redemption price being that described in the second paragraph of this "Optional Redemption" section) plus (2) all required remaining scheduled interest payments due on such Note from the Redemption Date through such date, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such Redemption Date, in each case as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate; *provided* that such calculation shall not be a duty or obligation of the Trustee and the Trustee shall have no obligation to verify the accuracy of such Applicable Premium.

"*Treasury Rate*" means, with respect to a Redemption Date, the yield to maturity at the time of computation of German Bundesanleihe securities selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Redemption Date to , 2020 and that would be utilized at the time of selection, and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to , 2020; *provided*, *however*, that if the period from the Redemption Date to such date is not equal to the constant maturity of a German Bundesanleihe security selected by such Reference German Bund Dealer, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of German Bundesanleihe securities for which such yields are given, except that if the period from the Redemption Date to such date is less than one year, a fixed maturity of one year shall be used. "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Issuer.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its option upon giving not less than 30 nor more than 60 days' prior notice to the Holders (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due or that will become due on or before the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders on any record date occurring prior to the Tax Redemption Date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof) if, as a result of (i) any amendment to, or change in, the laws or treaties (or any regulations or rulings promulgated thereunder) of a relevant Tax Jurisdiction, which change or amendment is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date), or (ii) any amendment to, or change in, an official written interpretation, administration or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date), on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid such payment obligation by taking reasonable measures available to it.

The Issuer will not give notice of redemption earlier than 60 days prior to the earliest date on which the obligation to pay Additional Amounts arises, and the law imposing the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, delivery of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel of recognized expertise in the laws of the relevant jurisdiction and satisfactory to the Trustee to the effect that there has been such amendment or change which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer publishes or sends notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that the obligation to pay Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it.

The Trustee will accept and shall be entitled to conclusively rely on such Officer's Certificate and opinion of independent tax counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders. Any Notes that are redeemed will be cancelled.

Change of Control

Upon the occurrence of a Change of Control with respect to the Notes, unless the Issuer has exercised its right to redeem the Notes as described under "—Optional Redemption," each Holder will have the right to require the Issuer or the Company to purchase all or a portion (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of such Holder's Notes pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Payment"), subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control occurs, unless the Issuer has exercised its right to redeem the Notes as described under "—Optional Redemption," with respect to the Notes, prior to any Change of Control but after the public announcement of the pending Change of Control, the Issuer or the Company will be required to send, by mail (or otherwise deliver in accordance with the applicable rules and procedures of Euroclear and Clearstream), a notice to each Holder of Notes, with a copy to the Trustee and Principal Paying Agent, which notice will govern the terms of the Change of Control Offer. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed (or otherwise deliver in accordance with the applicable rules and procedures of Euroclear and Clearstream), other than as may be required by law (the "Change of Control Payment Date"). The notice, if mailed (or otherwise delivered in accordance with the applicable rules and procedures of Euroclear and Clearstream) prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, the Issuer or the Company will, to the extent lawful, (1) accept or cause a third party to accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer; (2) deposit or cause a third party to deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and (3) deliver or cause to be delivered to the Registrar the Notes accepted together with an Officer's Certificate (with a copy to the Trustee) stating the aggregate principal amount of Notes or portions of Notes being repurchased.

The Principal Paying Agent will promptly deliver to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Issuer will promptly issue, and upon delivery of an authentication order from the Issuer, the authentication agent will promptly authenticate and send (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require the Issuer or Company to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer or Company will not be required to make a Change of Control Offer with respect to the Notes if (1) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by the Issuer or Company and such third party purchases all the Notes properly tendered and not withdrawn under its offer or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption." Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the occurrence of a Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

Notes repurchased by the Issuer or the Company pursuant to a Change of Control Offer will have the status of Notes issued but not outstanding or will be retired and cancelled at the option of the Issuer or the Company, as applicable. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer or the Company, or any third party making a Change of Control Offer in lieu of the Issuer or the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer, the Company or such third party will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

The Issuer and the Company will comply in all material respects with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any such securities laws or regulations applicable to us conflict with the Change of Control Offer provisions of the Notes, the Issuer and the Company will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the Notes by virtue of any such conflict.

In the event a Change of Control occurs at a time when the Issuer or the Company is prohibited, by the terms of any indebtedness, from purchasing the Notes, the Issuer and the Company may seek the consent of the holders of such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If the Issuer or the Company does not obtain such a consent or repay such borrowings, the Issuer and the Company would remain prohibited from purchasing the Notes. In such case, the Issuer's or the Company's failure to offer to purchase the Notes would constitute a default under the Indenture. For the avoidance of doubt, the Indenture will provide that the Issuer's or the Company's failure to offer to purchase the Notes would constitute a default under clause (iv) and not clause (i) under the caption "—Events of Default." Indebtedness incurred in the future may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require the repurchase of such indebtedness upon a Change of Control. Moreover, the exercise by the Holders of Notes of their right to require the Issuer or the Company to repurchase their Notes could cause a default under such indebtedness, even if the change of control itself does not, due to the financial effect of such repurchase on us. Finally, the ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by the Issuer's or the Company's then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. See "Risk Factors—Risks Relating to the Notes—We may be unable to repurchase the Notes upon a change of control."

If and for so long as the Notes are listed on the Exchange and the rules of the Exchange so require, the Issuer will release a notice of any Change of Control through the Exchange (with a copy to the Trustee and Principal Paying Agent) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Exchange (*www.tisegroup.com*). For purposes of the foregoing discussion of a Change of Control Offer, the following definitions are applicable:

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than the Company or one of its Subsidiaries;

(2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company (measured by voting power rather than the number of shares), other than (i) any such transaction where the Voting Stock of the Company (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares) or (ii) any merger or consolidation of the Company with or into any person (as defined above) (a "Permitted Person") or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no person (as defined above) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than the number of shares); or

(3) the first day on which a majority of the members of the Board of Directors are not Continuing Directors.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors who:

(1) was a member of such Board of Directors on the date of the Indenture; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise, established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that the Issuer or the Company offer to repurchase the Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another person or group may be uncertain.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Registrar will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a pro rata basis or by lot or such other method as the

Registrar deems to be fair and appropriate (or, in the case of Notes issued in global form as discussed under "—Global Notes and Book-Entry System," based on the applicable procedures Euroclear and Clearstream), unless otherwise required by applicable law or depositary requirements. The Registrar shall not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail (or otherwise delivered in accordance with the rules and procedures of Euroclear and Clearstream) at least 30 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. The Issuer may provide in such notice that payment of the redemption price and the performance of the Issuer's obligations with respect to such redemption may be performed by another Person. Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of a Change of Control.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

If and for so long as the Notes are listed on the Exchange and the rules of the Exchange so require, any such notice to the holders of the Notes shall also be released through the Exchange or, to the extent and in the manner permitted by such rules, posted on the official website of the Exchange (*www.tisegroup.com*) and, in connection with any redemption, the Issuer will notify the Exchange of any change in the principal amount of Notes outstanding.

Effectiveness of Covenants

The Indenture will provide that, if on any day following the Issue Date (a) the Notes have been rated Investment Grade by both of the Rating Agencies and (b) no Default or Event of Default has occurred and is continuing under the Indenture, then, beginning on that date (the "Suspension Date"), subject to the provisions of the following paragraph, the covenant listed under the caption "—Certain Covenants—Future Subsidiary Guarantors" will be suspended (the "Suspended Covenant").

The Issuer will provide an Officer's Certificate to the Trustee promptly following the occurrence of the Suspension Date. The Trustee shall have no obligation to independently determine or verify if such events have occurred or notify the Holders of the Suspended Covenant. The Trustee may provide a copy of such Officer's Certificate to any Holder of Notes upon request.

In the event that the Company and its Subsidiaries are not subject to the Suspended Covenant under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") one or both of the Rating Agencies withdraw their Investment Grade rating or downgrade the rating assigned to the Notes below an Investment Grade rating, then the Issuer and the Guarantors will thereafter again be subject to the Suspended Covenant with respect to future events. Upon the Reversion Date, the obligation to grant Guarantees pursuant to the covenant described under "—Certain Covenants—Future Subsidiary Guarantors" will be reinstated (and the Reversion Date will be deemed to be the date on which any guaranteed indebtedness was incurred for purposes of the covenant described under "—Certain Covenants—Future Subsidiary Guarantors"). The Issuer will provide an Officer's Certificate to the Trustee promptly following the occurrence of the Reversion Date.

We cannot assure you that the Notes will ever achieve or maintain Investment Grade ratings.

Certain Covenants

The Indenture will contain certain covenants including, among others, the following:

Limitation on Issuer's Activities and Ownership

For so long as the Notes are outstanding:

(a) the Issuer will conduct no business or any other activities other than that of financing the business operations of the Company's Subsidiaries through the borrowing of indebtedness and the on-lending of the proceeds thereof to the Company (including a Successor Company (as defined below under the caption "—Merger and Consolidation")) or to Subsidiaries of the Company (including a Successor Company) on substantially the same terms as such indebtedness and activities incidental thereto; and

(b) the Company (including a Successor Company), will maintain a 100% direct or indirect equity ownership of the Issuer;

provided, *however*, that (i) nothing in this "Limitation on Issuer's Activities and Ownership" shall prevent the Issuer from consolidating with or merging with or into the Company (including a Successor Company) or a Subsidiary and (ii) following such consolidation or merger with or into the Company (including a Successor Company) but not a Subsidiary, the limitations set forth in paragraphs (a) and (b) of this "Limitation on Issuer's Activities and Ownership" shall terminate.

Limitation on Liens

The Indenture will provide that the Company shall not, and shall not permit any Subsidiary to, directly or indirectly, create or permit to exist any Lien (other than Permitted Liens) on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, securing any Bank Indebtedness or Public Debt (the "Initial Lien"), unless contemporaneously therewith effective provision is made to secure the indebtedness due under the Indenture and the Notes or, in respect of Liens on any Guarantor's property or assets, the Note Guarantee by the such Guarantor, equally and ratably with (or on a senior basis to, in the case of Subordinated Obligations or Guarantor Subordinated Obligations) such obligation for so long as such obligation is so secured by such Initial Lien. Any such Lien thereby created in favor of the Notes or any such Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) any sale, exchange or transfer (other than a transfer constituting a transfer of all or substantially all of the assets of the Company that is governed by the provisions of the covenant described under "—Merger and Consolidation" below) to any Person that is not an Affiliate of the Company of the property or assets subject to such Initial Lien, or of all of the Capital Stock held by the Company or any Subsidiary in, or all or substantially all the assets of, the Subsidiary creating such Initial Lien.

Future Subsidiary Guarantors

The Indenture will provide that, from and after the Issue Date, if any Subsidiary that is not a Guarantor Guarantees payment by the Company or any of its Subsidiaries of any Bank Indebtedness or Public Debt of the Company or any of its Subsidiaries in excess of the De Minimis Guaranteed Amount and, after giving effect to such Guarantee, the aggregate principal amount of Bank Indebtedness and Public Debt that is Guaranteed by non-Guarantor Subsidiaries exceeds EUR 500 million, the Company will cause such Subsidiary to execute and deliver to the Trustee a supplemental indenture or other instrument pursuant to which such Subsidiary will Guarantee payment of the Notes, whereupon such Subsidiary will become a Subsidiary Guarantor for all purposes under the Indenture. The Company will also have the right to cause any other Subsidiary to Guarantee payment of the Notes. The Note Guarantees will be subject to release and discharge under certain circumstances prior to payment in full of the Notes. See "—Note Guarantees."

Notwithstanding the foregoing:

(1) no Note Guarantee shall be required as a result of any Guarantee of indebtedness that existed at the time such Person became a Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary;

(2) such Note Guarantee need not be secured unless required pursuant to the "—Limitation on Liens" covenant;

(3) if such indebtedness is by its terms expressly subordinated to the Notes or any Note Guarantee, any such Guarantee or other liability of such Subsidiary with respect to such indebtedness shall be subordinated to such Subsidiary's Note Guarantee at least to the same extent as such indebtedness is subordinated to the Notes or any other Note Guarantee;

(4) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected, in the Company's good faith determination, to give rise to or result in (A) personal liability for the employees, officers, directors or shareholders of such Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Subsidiary, including, for the avoidance of doubt, "white-wash" or similar procedures, or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with such Note Guarantee that cannot be avoided through measures reasonably available to the Company or the Subsidiary; and

(5) each such Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee:

(1) within 120 days after the end of the Company's fiscal year (commencing with the fiscal year ending December 31, 2017) (A) the Company's annual report and accounts (including audited year-end financial statements prepared in accordance with IFRS and an explanatory statement) prepared in accordance with the rules of the SIX Swiss Exchange and (B) to the extent not already provided under clause (A), (i) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies, (ii) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments (unless such contractual arrangements were described in a previous annual or quarterly report, in which case the Company need describe only any material changes), (iii) material risk factors relating to the business of the Company and material recent developments, (iv) pro forma income statement and balance sheet information, together with explanatory footnotes for any Material Acquisitions that have occurred since the beginning of the most recently completed fiscal year (*provided* that such pro forma financial information need only be provided to the extent available without unreasonable expense, and to the extent not available without unreasonable expense, the Company will provide, in the case of a Material Acquisition, acquired company financials), and (v) audited consolidated statements of income, statements of cash flow and balance sheets of the Company as of and for the most recent two fiscal years (including appropriate footnotes and the report of the independent auditors on such financial statements);

(2) within 60 days following the end of the first semi-annual period of the Company's financial year (commencing with the semi-annual period ending June 30, 2018) (A) an interim report (including a condensed set of semi-annual interim financial statements prepared in accordance with IFRS and an explanatory statement) prepared in accordance with requirements of the rules of the SIX Swiss Exchange or a half-yearly report and (B) to the extent not already provided under clause (A), (i) an unaudited condensed consolidated balance sheet as of the end of such semi-annual period and an unaudited condensed statement of income and statement of cash flow for the

period from the beginning of the then-current fiscal year until the end of such semi-annual period, and the comparable prior year periods (together with condensed footnote disclosure), (ii) an operating and financial review of the unaudited financial statements, in a level of detail comparable in all material respects to the operating and financial review of the Company contained in its semi-annual report as of and for the six month period ended June 30, 2017 and (iii) material recent developments;

(3) within 60 days following the end of the first and third quarterly period of the Company's financial year (commencing with the quarterly period ending September 30, 2017) (i) an unaudited condensed consolidated balance sheet as of the end of such quarter and an unaudited condensed statement of income and statement of cash flow for the period from the beginning of the then-current fiscal year until the end of such quarter, and the comparable prior year periods (together with condensed footnote disclosure), (ii) a financial review of the unaudited financial statements, in a level of detail comparable in all material respects to the financial review of the Company contained in its quarterly report as of and for the three month period ended March 31, 2017 and (iii) material recent developments; and

(4) concurrently with its issuance, (i) all information that is required to be provided to the holders of the shares of the Company under the rules of the SIX Swiss Exchange or otherwise by applicable law and (ii) so long as any of the Existing Notes are outstanding and to the extent not already provided to the Holders of the Notes, all information that is required to be provided to the holders of any of the Existing Notes;

provided, *however*, that the reports set forth in clauses (1), (2), (3) and (4) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Subsidiary Guarantors or non-guarantor Subsidiaries of the Company; *provided*, *further*, *however*, that any reports set out in this paragraph delivered to the Trustee via email in PDF format or other electronic means shall be deemed to have been "furnished" to the Trustee in accordance with the terms of this paragraph.

All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

Contemporaneously with the furnishing of each such report discussed above, the Company will also (a) file a press release with the appropriate internationally recognized wire services in connection with such report and (b) post such report on the Company's website. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Exchange and the rules of the Exchange so require, to the extent and in the manner permitted by such rules, post such reports on the official website of the Exchange (*www.tisegroup.com*).

The Company will also hold quarterly conference calls for the Holders of the Notes to discuss financial information for the previous quarter (it being understood that such quarterly conference call may be the same conference call as with the Company's equity investors and analysts). The conference call will be following the last day of each fiscal quarter of the Company and not later than 10 Business Days from the time that the Company distributes the financial information as set forth in the third preceding paragraph. No fewer than two days prior to the conference call, the Company will issue a press release announcing the time and date of such conference call and providing instructions for Holders, securities analysts and prospective investors to obtain access to such call.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants under the Indenture or the Notes (as to which the Trustee shall have no duty to monitor or confirm and shall be entitled to rely exclusively on Officer's Certificates).

Merger and Consolidation

The Indenture will provide that the Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of Switzerland, Canada, the United States of America, any state thereof or the District of Columbia, or any country that is a member of the Organisation for Economic Co-Operation and Development on the Issue Date, and the Successor Company (if not the Company) will expressly assume all the obligations of the Company, under the Indenture and its Note Guarantee, pursuant to a supplemental indenture;

(ii) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing;

(iii) each Subsidiary Guarantor (other than (x) any Subsidiary Guarantor that will be released from its obligations under its Subsidiary Note Guarantee in connection with such transaction and (y) any party to any such consolidation or merger) shall have delivered a supplemental indenture in form reasonably satisfactory to the Trustee, confirming its Subsidiary Note Guarantee (other than any Subsidiary Note Guarantee that will be discharged or terminated in connection with such transaction); and

(iv) the Company will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph, *provided* that in giving such opinion such counsel may rely on an Officer's Certificate as to compliance with the foregoing clause (ii) and as to any matters of fact and an Opinion of Counsel stating that the Notes and Indenture are valid and binding obligations of the successor person.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company, under the Indenture, and thereafter the predecessor Company shall be relieved of all obligations and covenants under the Indenture, except that the predecessor Company, in the case of a lease of all or substantially all its assets will not be released from the obligation to pay (or guarantee the payment of) the principal of and interest and Additional Amounts, if any, on the Notes.

Clause (ii) will not apply to any transaction in which (1) any Subsidiary consolidates with, merges into or transfers all or part of its assets to the Company or (2) the Company consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate incorporated or organized for the purpose of reincorporating or reorganizing the Company in another jurisdiction or changing its legal structure to a corporation or other entity or (y) a Subsidiary of the Company so long as all assets of the Company and the Subsidiaries immediately prior to such transaction (other than Capital Stock of such Subsidiary) are owned by such Subsidiary and its Subsidiaries immediately after the consummation thereof.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Exchange, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another recognized stock exchange or exchange regulated market in western Europe.

Open Market and Negotiated Purchases

The Issuer, the Company or any of their Affiliates may at any time purchase Notes, in whole or in part, in the open market, in negotiated transactions or otherwise at any price, in accordance with the terms of the Indenture and applicable securities laws. Any such purchased Notes will not be resold, except in compliance with the Indenture and applicable requirements or exemptions under any relevant securities laws.

Events of Default

An "Event of Default" will be defined in the Indenture as:

(i) a default in any payment of interest or Additional Amounts, if any, on any Note when due, continued for 30 days;

(ii) a default in the payment of principal of any Note when due, whether at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration of acceleration or otherwise;

(iii) the failure by the Issuer or the Company to comply with its obligations under the covenant described under "—Certain Covenants—Merger and Consolidation" above;

(iv) the failure by the Issuer or the Company to comply for 45 days after notice with any of its obligations under the covenant described under "—Change of Control" above (other than a failure to purchase Notes, which constitutes an Event of Default under clause (ii) above);

(v) the failure by the Issuer to comply for 60 days after notice with its other agreements contained in the Notes or the Indenture;

(vi) the failure by the Company or any Subsidiary Guarantor to comply for 45 days after notice with its obligations under its Note Guarantee;

(vii) the failure by the Company or any Subsidiary to pay any indebtedness within any applicable grace period after final maturity or the acceleration of any such indebtedness by the holders thereof because of a default, if the total amount of such indebtedness so unpaid or accelerated exceeds $75.0 million or its foreign currency equivalent; *provided* that no Default or Event of Default will be deemed to occur with respect to any such accelerated indebtedness that is paid or otherwise acquired or retired within 30 Business Days after such acceleration (the "cross acceleration provision");

(viii) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary, or of other Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person (the "bankruptcy provisions");

(ix) the rendering of any judgment or decree for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) in excess of $75.0 million or its foreign currency equivalent against the Company or a Significant Subsidiary, or jointly and severally against other Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person, that is not discharged, or bonded or insured by a third Person, if such judgment or decree remains outstanding for a period of 90 days following such judgment or decree and is not discharged, waived or stayed (the "judgment default provision"); or

(x) the failure of any Note Guarantee by the Company or a Subsidiary Guarantor that is a Significant Subsidiary to be in full force and effect (except as contemplated by the terms thereof or of the Indenture) or the denial or disaffirmation in writing by the Company or any Subsidiary Guarantor that is a Significant Subsidiary of its obligations under the Indenture or its Note Guarantee, if such Default continues for 20 days.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a Default under clause (iv), (v) or (vi) will not constitute an Event of Default until the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes notify the Company (and the Trustee if given by Holders) of the Default and the Company does not cure such Default within the time specified in such clause after receipt of such notice.

If an Event of Default (other than a Default relating to certain events of bankruptcy, insolvency or reorganization of the Company) occurs and is continuing under the Indenture, the Trustee by notice to the Company, or the Holders of at least 30% in principal amount of the outstanding Notes by notice to the Company and the Trustee, may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon the effectiveness of such a declaration, such principal and interest will be due and payable immediately.

Notwithstanding the foregoing, if an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary occurs and is continuing, the principal of and accrued but unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing and a responsible officer of the Trustee has received written notice thereof, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security reasonably satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless (i) such Holder has previously given the Trustee written notice that an Event of Default is continuing, (ii) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy, (iii) such Holders have offered the Trustee security or indemnity reasonably satisfactory to it against any loss, liability or expense, (iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity reasonably satisfactory to the Trustee against any loss, liability or expense and (v) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period. Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if an Event of Default occurs and is continuing and is known to the Trustee, the Trustee must send to each Holder notice of the Event of Default within 90 days after it occurs. Except in the case of an Event of Default in the payment of principal of, or premium (if any) or interest on or Additional Amounts, if any, with respect to, any Note, the Trustee may withhold notice if and so long as it in good faith determines that withholding notice is in the interests of the Holders. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default or Event of Default occurring during the previous year. The Company also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event that would constitute certain Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Indenture may be amended with the consent of the Holders of a majority in principal amount of the Notes then outstanding and any past default or future compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including in each case, consents obtained in connection with a tender offer or exchange offer for Notes). However, without the consent of each Holder of an outstanding Note affected, no amendment or waiver may (i) reduce the principal amount of Notes whose Holders must consent to an amendment or waiver, (ii) reduce the rate of or extend the time for payment of interest or Additional Amounts on any Note, (iii) reduce the principal of or extend the Stated Maturity of any Note, (iv) reduce the premium payable upon the redemption of any Note, or change the date on which any Note may be redeemed as described under "—Optional Redemption" above, (v) make any Note payable in money other than that stated in such Note, (vi) impair the right of any Holder to receive payment of principal of and interest on or Additional Amounts with respect to such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes or (vii) make any change in the amendment or waiver provisions described in this sentence.

Without the consent of any Holder, the Company, the Issuer, the Trustee and (as applicable) any Subsidiary Guarantor may supplement or amend the Indenture to cure any ambiguity, manifest error, omission, defect or inconsistency, each as determined in good faith by the Company and as provided in an Officer's Certificate; to provide for the assumption by a successor of the obligations of the Company, the Issuer or a Subsidiary Guarantor under the Indenture; to comply with the rules of any applicable depositary as determined in good faith by the Company and as provided in an Officer's Certificate; to provide for uncertificated Notes in addition to or in place of certificated Notes; to add Note Guarantees with respect to the Notes; to secure the Notes, to confirm and evidence the release, termination or discharge of any Note Guarantee or Lien with respect to or securing the Notes when such release, termination or discharge is provided for under the Indenture; to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power conferred upon the Company; to provide for or confirm the issuance of Additional Notes; to conform the text of the Indenture, the Notes or any Note Guarantee to any provision of this "Description of Notes" (to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or any Note Guarantee, as determined in good faith by the Company and as provided in an Officer's Certificate); or to make any change that does not materially adversely affect the rights of any Holder as determined in good faith by the Company and as provided in an Officer's Certificate.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed supplement, amendment or waiver. It is sufficient if such consent approves the substance of the proposed supplement, amendment or waiver. Until a supplement, amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent Holder of all or part of the related Note. Any such Holder or subsequent holder may revoke such consent as to its Note by written notice to the Trustee or the Company, received thereby before the date on which the Company certifies to the Trustee that the Holders of the requisite principal amount of Notes have consented to such supplement, amendment or waiver. After a supplement, amendment or waiver under the Indenture becomes effective, the Company is required to mail to Holders a notice briefly describing such supplement, amendment or waiver. However, the failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of the supplement, amendment or waiver.

Defeasance

The Issuer at any time may terminate all of its obligations under the Notes and the Indenture ("legal defeasance"), except for certain obligations, including those relating to the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes, to reimburse certain costs and provide indemnification and to maintain a registrar and paying agent in respect of the Notes. The Issuer at any time may terminate its, the Company's and the Subsidiary Guarantors' obligations under certain covenants under the Indenture, including the covenants described under "—Certain Covenants" and "—Change of Control," the operation of the default provisions relating to such covenants described under "—Events of Default" above, the operation of the cross acceleration provision, the bankruptcy provisions with respect to Subsidiaries of the Company other than the Issuer and the judgment default provision described under "—Events of Default" above, and the limitations contained in clauses (iii) and (iv) under "—Certain Covenants—Merger and Consolidation" above ("covenant defeasance"). If the Issuer exercises its legal defeasance option or its covenant defeasance option, each Subsidiary Guarantor will be released from all of its obligations with respect to its Subsidiary Note Guarantee.

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect thereto. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clause (iv), (v) (as it relates to the covenants described under "—Certain Covenants" above), (vi), (vii), (viii) (but only with respect to events of bankruptcy, insolvency or reorganization of a Subsidiary of the Company other than the Issuer), (ix) or (x) under "—Events of Default" above or because of the failure of the Company to comply with clause (iii) and (iv) under "—Certain Covenants—Merger and Consolidation" above.

Either defeasance option may be exercised until any redemption date or the maturity date of the Notes. In order to exercise either defeasance option, the Issuer must irrevocably deposit or cause to be deposited in trust (the "defeasance trust") with the Principal Paying Agent cash in euro or European Government Obligations or a combination thereof, sufficient (without reinvestment), in the opinion of an independent firm of certified public accountants, to pay principal of, and premium (if any) and interest on, the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel (x) must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the Issue Date and (y) need not be delivered if all Notes not theretofore delivered to the Trustee for cancellation have become due and payable, will become due and payable at their Stated Maturity within one year, or have been or are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer).

Satisfaction and Discharge

The Indenture will be discharged and cease to be of further effect as to all outstanding Notes when (i) either (a) all Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation or (b) all Notes not previously delivered to the Trustee for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one year or (z) have been or are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (ii) the Issuer has irrevocably deposited or caused to be deposited with the Principal Paying Agent money, European Government Obligations or a combination thereof, sufficient (without reinvestment) to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of redemption or their Stated Maturity, as the case may be; (iii) the Company has paid or caused to be paid all other sums payable under the Indenture by the Company; and (iv) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (i), (ii) and (iii)); *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Principal Paying Agent equal to the Applicable Premium calculated as of the date of deposit, with any deficit as of the date of redemption only required to be deposited with the Principal Paying Agent on or prior to the date of redemption.

No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders

No past, present or future director, officer, employee, incorporator or stockholder of the Company, the Issuer, any Subsidiary Guarantor or any Subsidiary of any thereof shall have any liability for any obligation of the Company, the Issuer, or any Subsidiary Guarantor under the Indenture, the Notes or any Note Guarantee, or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Concerning the Trustee

Wells Fargo Bank, National Association is the Trustee under the Indenture.

The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default that is known to a responsible officer of the Trustee, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

Judgment Currency

Euros is the required currency of account and payment for all sums payable by the Issuer or any Guarantor under the Notes, any Note Guarantee thereof and the Indenture. Any payment on account of an amount that is payable in euros, which is made to or for the account of any Noteholder, Principal Paying Agent or the Trustee in lawful currency of any other jurisdiction (the "Judgment Currency"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of euros, that such Noteholder, Principal Paying Agent or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of euros that could be so purchased is less than the amount of euros originally due to such Noteholder, Principal Paying Agent or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the Noteholder, Principal Paying Agent or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder, Principal Paying Agent or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Transfer and Exchange

A Noteholder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require such Noteholder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require such Noteholder to pay any Taxes or other governmental charges required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption or purchase or to transfer or exchange any Note for a period of 15 Business Days prior to the day of the mailing of the notice of redemption or purchase. No service charge will be made for any registration of transfer or exchange of the Notes, but the Company may require payment of a sum sufficient to cover any transfer Tax or other governmental charge payable in connection with the transfer or exchange. The Notes will be issued in registered form and the Holder of a Note will be treated as the owner of such Note for all purposes.

Listing

Application has been made to the Exchange for the Notes to be admitted to the official list and to trading on the Exchange. We cannot assure you that the application to list the Notes on the Exchange and to admit the Notes on the Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Any Noteholder or prospective Noteholder who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture without charge by writing to the Company at Dufry AG, Attention: Investor Relations, Brunngässlein 12, 4052 Basel, Switzerland.

So long as the Notes are listed on the Exchange and the rules of the Exchange so require, copies, current and future, of all of the Company's annual audited consolidated financial statements and the Company's unaudited consolidated interim financial statements may be obtained, free of charge, during normal business hours at the registered office of the Issuer.

Governing Law

The Indenture provides that it and the Notes will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor will appoint International Operations & Services (USA) Inc. at 10300 NW 19th Street, Suite 114, Miami, Florida 33172, United States, Attention: Legal Department, as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States.

Certain Definitions

"*2014 Credit Agreement*" means the Multicurrency Term and Revolving Credit Facilities Agreement, dated as of June 3, 2014, among Dufry International AG, the guarantors party thereto from time to time, the lenders party thereto from time to time, and ING Bank N.V., London Branch, as Agent, as such agreement may be amended, supplemented, waived or otherwise modified from time to time or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original administrative agent and lenders or other agents and lenders or otherwise, and whether provided under the original 2014 Credit Agreement or other credit agreements or otherwise).

"*2014 Credit Facilities*" means the collective reference to the 2014 Credit Agreement, any Finance Documents (as defined therein), any notes issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original 2014 Credit Agreement or one or more other credit agreements, indentures (including the Indenture) or financing agreements or otherwise). Without limiting the generality of the foregoing, the term "2014 Credit Facilities" shall include any agreement (i) changing the maturity of any indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (iii) increasing the amount of indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*2015 Credit Agreement*" means the Multicurrency Term Credit Facilities Agreement, dated as of March 27, 2015, among Dufry International AG, Dufry Financial Services B.V. and the other guarantors party thereto from time to time, the lenders party thereto from time to time, and ING Bank N.V., London Branch, as Agent, as such agreement may be amended, supplemented, waived or otherwise modified from time to time or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original administrative agent and lenders or other agents and lenders or otherwise, and whether provided under the original 2015 Credit Agreement or other credit agreements or otherwise).

"*2015 Credit Facilities*" means the collective reference to the 2015 Credit Agreement, any Finance Documents (as defined therein), any notes issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original 2015 Credit Agreement or one or more other credit agreements, indentures (including the Indenture) or financing agreements or otherwise). Without limiting the generality of the foregoing, the term "2015 Credit Facilities" shall include any agreement (i) changing the maturity of any indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (iii) increasing the amount of indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*2022 Notes*" means Dufry Finance SCA's Senior Notes due 2022, issued pursuant to that certain Indenture dated as of July 17, 2014, among Dufry Finance SCA, Wells Fargo Bank, National Association as Trustee, Société Générale Bank & Trust as Principal Paying Agent, Registrar and Transfer Agent and the Guarantors party thereto.

"*2023 Notes*" means Dufry Finance SCA's Senior Notes due 2023, issued pursuant to the Indenture dated as of July 28, 2015, among Dufry Finance SCA, Wells Fargo Bank, National Association as Trustee, Société Générale Bank & Trust as Principal Paying Agent, Registrar and Transfer Agent and the Guarantors party thereto.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Bank Indebtedness*" means any and all amounts, whether outstanding on the Issue Date or thereafter incurred, payable under or in respect of any Credit Facility, including without limitation principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or any Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means, for any Person, the board of directors or other governing body of such Person or, if such Person does not have such a board of directors or other governing body and is owned or managed by a single entity, the board of directors of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such board of directors. Unless otherwise provided, "*Board of Directors*" means the Board of Directors of the Company.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorized or required by law to close in London, the Netherlands, New York City, the Bailiwick of Jersey or Zurich (or any other city in which a Principal Paying Agent maintains its office).

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into, or exchangeable for, such equity.

"*Capitalized Lease Obligation*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS. The Stated Maturity of any Capitalized Lease Obligation shall be the date of the last payment of rent or any other amount due under the related lease.

"*CHF*" means Swiss francs, the lawful currency of Switzerland.

"*Commodities Agreement*" means, in respect of a Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

"*Consolidated Total Assets*" means, as of any date of determination, the total assets on the consolidated balance sheet of the Company and its Subsidiaries, as at the end of the most recently ended fiscal quarter of the Company for which such a balance sheet is available, determined on a consolidated basis in accordance with IFRS, after giving *pro forma* effect to any transaction giving rise to the need to make such calculation (including a pro forma application of the use of proceeds therefrom) on such date.

"*Credit Facilities*" means one or more of the 2014 Credit Facilities, 2015 Credit Facilities and any other facilities or arrangements designated by the Company, in each case with one or more banks or other third party lenders or institutions providing for revolving credit loans, term loans, receivables financings (including without limitation through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or the creation of any Liens in respect of such receivables in favor of such institutions), letters of credit or other indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, third party lenders or institutions or other banks, third party lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (i) changing the maturity of any indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

"*De Minimis Guaranteed Amount*" means a principal amount of Bank Indebtedness or Public Debt that does not exceed $75.0 million.

"*Default*" means any event or condition that is, or after notice or passage of time or both would be, an Event of Default.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (other than following the occurrence of a Change of Control or other similar event described under such terms as a "*change of control*") (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof (other than following the occurrence of a Change of Control or other similar event described under such terms as a "*change of control*"), in whole or in part, in each case on or prior to the final Stated Maturity of the Notes.

"*European Government Obligations*" means direct obligations (or certificates representing an ownership interest in such obligations) of Switzerland, the United Kingdom or any a member state of the European Monetary Union as of January 1, 2007 (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*Existing Notes*" means collectively, the 2022 Notes and the 2023 Notes.

"*Financing Disposition*" means any sale, transfer, conveyance or other disposition of, or creation or incurrence of any Lien on, property or assets by the Company or any Subsidiary thereof to or in favor of any Special Purpose Entity, or by any Special Purpose Subsidiary, in each case in connection with the incurrence by a Special Purpose Entity of indebtedness, or obligations to make payments to the obligor on indebtedness, which may be secured by a Lien in respect of such property or assets.

"*Guarantors*" means each of Dufry AG, Dufry International AG, Dufry Holdings & Investments AG, Hudson Group (HG), Inc., Dufry Financial Services B.V. and any other Subsidiary of the Company (including any Subsidiary that becomes a Guarantor at its option) that executes a supplemental indenture providing for a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any indebtedness or other obligation of any other Person; *provided* that the term "*Guarantee*" shall not include endorsements for collection or deposit in the ordinary course of business. The term "*Guarantee*" used as a verb has a corresponding meaning.

"*Guarantor Subordinated Obligations*" means, with respect to a Guarantor, any indebtedness of such Guarantor that is expressly subordinated in right of payment to the obligations of such Guarantor under its Note Guarantee pursuant to a written agreement.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"*Holder*" means the Person in whose name a Note is registered on the books of the Registrar.

"*IFRS*" means International Financial Reporting Standards, as issued by the International Accounting Standards Board.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, future agreement, option agreement, swap agreement, cap agreement, collar agreement, hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is party or a beneficiary.

"*Investment Grade*" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's) and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), or the equivalent investment grade rating from any replacement rating agency or rating agencies selected by the Issuer under the circumstances permitting us to select a replacement agency and in the manner for selecting a replacement agency, in each case as set forth in the definition of "Rating Agency."

"*Issue Date*" means the first date on which Notes are issued.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of the Company or any Subsidiary (x) in respect of travel, entertainment or moving-related expenses incurred in the ordinary course of business, (y) in respect of moving-related expenses incurred in connection with any closing or consolidation of any facility, or (z) in the ordinary course of business and (in the case of this clause (z)) not exceeding $25.0 million in the aggregate outstanding at any time.

"*Material Acquisitions*" means any acquisition that meets the conditions of a "significant subsidiary" under Rule 1-02(w) of Regulation S-X promulgated by the SEC, as such Regulation is in effect on the Issue Date, at the 50% level or higher.

"*Moody's*" means Moody's Investors Service, Inc., and its successors and affiliates.

"*Obligations*" means, with respect to any indebtedness, any principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or any Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, Guarantees of such indebtedness (or of Obligations in respect thereof), other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"*Officer*" means, with respect to the Company or any other obligor upon the Notes, the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer, any Vice President, the Controller, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity (or any other individual designated as an "*Officer*" for the purposes of the Indenture by the Board of Directors).

"*Officer's Certificate*" means, with respect to the Company or any other obligor upon the Notes, a certificate signed by one Officer of such Person and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

"*Permitted Liens*" means:

(i) Liens securing indebtedness existing on, or provided for under written arrangements existing on, the Issue Date;

(ii) Liens securing Hedging Obligations entered into for bona fide hedging purposes;

(iii) Liens securing Purchase Money Obligations or Capitalized Lease Obligations; *provided*, *however*, that the Lien may not extend to any other property owned by such Person or any of its Subsidiaries at the time the Lien is incurred (other than assets and property affixed or appurtenant thereto or pursuant to customary after-acquired property clauses), and the indebtedness (other than any interest thereon) secured by the Lien may not be incurred more than 12 months after the latest of the acquisition, completion of construction, purchase, replacement or lease of, repairs, improvement or additions to, the property, plant or equipment subject to the Lien;

(iv) Liens securing indebtedness consisting of (1) accommodation guarantees or other trade credit to or for the benefit of Subsidiaries, customers or suppliers of the Company or any of its Subsidiaries in the ordinary course of business, (2) bid proposals to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations in the ordinary course of business or (3) upfront, key money or similar payments made to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations in the ordinary course of business;

(v) Liens securing indebtedness (1) arising from the honoring of a check, draft or similar instrument of such Person drawn against insufficient funds, *provided* that such indebtedness is extinguished within five Business Days of its incurrence, (2) arising from cash management activities (including but not limited to liability positions related to notional or other cash pooling activities) or (3) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar obligations, incurred in connection with the acquisition or disposition of any business, assets or Person;

(vi) Liens securing indebtedness consisting of (1) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to, or for the benefit of, customs authorities or to governmental entities in connection with self-insurance under applicable workers' compensation statutes), (2) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business (including performance guarantees, guarantee deposits or other forms of indebtedness that have the effect of a guarantee in respect of the payment of concession or other fees to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations), (3) Management Advances, (4) the financing of insurance premiums in the ordinary course of business or (5) netting, overdraft protection and other arrangements (including bank account arrangements) arising under standard business terms of any bank at which the Company or any Subsidiary maintains an overdraft, cash pooling or other similar facility or arrangement;

(vii) Liens securing (1) indebtedness of a Special Purpose Subsidiary on all or part of the assets disposed of in, or otherwise incurred in connection with, a Financing Disposition or (2) indebtedness incurred in connection with a Special Purpose Financing; *provided*, in the case of clauses (1) and (2), that such indebtedness is not recourse to the Company or any Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings);

(viii) Liens securing indebtedness in an aggregate outstanding principal amount not to exceed (together with any refinancing or successive refinancings thereof pursuant to clause (xi) below) the greater of CHF 1,500 million and 15% of Consolidated Total Assets (determined at the time of incurrence thereof).

(ix) Liens securing the Notes (but not Additional Notes) or any Guarantee thereof;

(x) Liens existing on property or assets of a Person at the time such Person becomes a Subsidiary of the Company (or at the time the Company or a Subsidiary acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Company or any Subsidiary); *provided*, *however*, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(xi) Liens securing any refinancing (or successive refinancings) as a whole, or in part, of any indebtedness secured by any Lien referred to in the foregoing clause (i), (iii), (viii) or (x); *provided*, that (1) in the case of clauses (i), (iii) and (x), such new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements, accessions, proceeds or dividends or distributions in respect thereof); and (2) the amount of indebtedness secured by such Lien at such time is not greater than the outstanding principal amount or, if greater, committed amount of the indebtedness so refinanced, plus fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(xii) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (2) on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (3) on receivables (including related rights), (4) on cash set aside at the time of the incurrence of any indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (5) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, (6) in favor of the Company or any Subsidiary (other than Liens on property or assets of the Issuer, the Company or any Subsidiary Guarantor in favor of any Subsidiary that is not a Subsidiary Guarantor), (7) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (8) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (9) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business, (10) in favor of any Special Purpose Entity in connection with any Financing Disposition, (11) securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds thereof, (12) on assets pursuant to merger agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets, (13) on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or trade letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods or (14) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(xiii) Liens securing indebtedness constituting loans to, or guarantees of the loans of, holders of non-controlling interests in any of the Company's Subsidiaries for the purpose of financing the investment by such holder in the business or activities of such Subsidiary, in an aggregate principal amount at any time outstanding not exceeding $75.0 million; and

(xiv) Liens on assets of any Subsidiary that is not the Issuer or a Subsidiary Guarantor securing indebtedness of such Subsidiary; *provided* that the aggregate principal amount of indebtedness at any time outstanding and secured by liens pursuant to this clause (xiv) shall not exceed EUR 500.0 million.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*" as applied to the Capital Stock of any corporation means Capital Stock of any class or classes (however designated) that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"*Public Debt*" means any indebtedness issued to third parties consisting of bonds, debentures, notes, *schuldscheindarlehen* or other similar debt securities that are capable of being listed, quoted or traded on an organized securities exchange or similar trading platform (including any such indebtedness that is privately placed).

"*Purchase Money Obligations*" means any indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Rating Agency*" means each of Moody's and S&P or, if Moody's and S&P or both of them shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for Moody's or S&P or both of them, as the case may be.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (including pursuant to any defeasance or discharge mechanism); and the terms "*refinances,*" "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Senior Indebtedness*" means any indebtedness of the Company or any Subsidiary other than, in the case of the Issuer, Subordinated Obligations and, in the case of any Guarantor, Guarantor Subordinated Obligations.

"*Significant Subsidiary*" means any Subsidiary that would be a "*significant subsidiary*" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC, as such Regulation is in effect on the Issue Date.

"*Special Purpose Entity*" means (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of acquiring, selling, collecting, financing or refinancing receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables, and/or related assets.

"*Special Purpose Financing*" means any financing or refinancing of assets consisting of or including receivables of the Company or any Subsidiary that have been transferred to a Special Purpose Entity or made subject to a Lien in a Financing Disposition.

"*Special Purpose Financing Undertakings*" means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Company or any of its Subsidiaries that the Company determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; *provided* that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes or (ii) Hedging Obligations, or other obligations relating to Interest Rate Agreements, Currency Agreements or Commodities Agreements entered into by the Company or any Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Company or a Subsidiary that is not a Special Purpose Subsidiary.

"*Special Purpose Subsidiary*" means a Subsidiary of the Company that (a) is engaged solely in (x) the business of acquiring, selling, collecting, financing or refinancing receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and (y) any business or activities incidental or related to such business, and (b) is designated as a "Special Purpose Subsidiary" by the Company.

"*S&P*" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., and its successors and affiliates.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency).

"*Subordinated Obligations*" means any indebtedness of the Issuer (whether outstanding on the date of the Indenture or thereafter incurred) that is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"*Subsidiary*" of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture, limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a "Subsidiary" will refer to a Subsidiary of the Company.

"*Subsidiary Note Guarantee*" means any Note Guarantee that may from time to time be entered into by a Subsidiary of the Company on the Issue Date or after the Issue Date pursuant to the covenant described under "—Certain Covenants—Future Subsidiary Guarantors."

"*Subsidiary Guarantor*" means any Subsidiary of the Company that enters into a Subsidiary Note Guarantee.

"*Successor Company*" shall have the meaning assigned thereto in clause (i) under "—Merger and Consolidation."

"*Tax*" means any tax, duty, levy, impost, assessment, fee or other governmental charge, in each case in the nature of a tax (including penalties, interest and any additions thereto, and, for the avoidance of doubt, including any withholding or reduction for or on account thereof).

"*Trade Payables*" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"*Trustee*" means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"*Voting Stock*" of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of directors or all interests in such entity with the ability to control the management or actions of such entity.

Global Notes and Book-Entry System

The Notes will be issued only in fully registered form, without interest coupons and will be issued only in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. The Notes will not be issued in bearer form.

The Notes will be represented by one or more global notes (the "*Global Notes*") in definitive form. The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream (such nominee being referred to herein as the "*Global Note Holder*").

Euroclear and Clearstream have advised us as follows:

Euroclear and Clearstream hold securities for participants. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to indirect participants that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

So long as the Global Note Holder is the registered owner of any Notes, the Global Note Holder will be considered the sole Holder of outstanding Notes represented by such Global Notes under the Indenture. Except as provided below, owners of Notes will not be entitled to have the Notes registered in their names and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any directions, instructions, or approvals to the Trustee thereunder. Neither we nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by Euroclear and Clearstream, as the case may be, or for maintaining, supervising or reviewing any records of Euroclear and Clearstream, as the case may be, relating to such Notes.

Payments in respect of the principal of, premium, if any, and interest on any Notes registered in the name of the Global Note Holder on the applicable record date will be payable by the Principal Paying Agent to or at the direction of the Global Note Holder in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, we and the Principal Paying Agent may treat the persons in whose names any Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither we nor the Trustee or Principal Paying Agent have or will have any responsibility or liability for the payment of such amounts to beneficial owners of the Notes (including principal, premium, if any, and interest). We believe, however, that it is currently the policy of Euroclear and Clearstream to immediately credit the accounts of the relevant Participants with such payments, in amounts proportionate to their respective beneficial interests in the relevant security as shown on the records Euroclear and Clearstream, as the case may be.

Payments by the depositary's participants and the depositary's indirect participants to the beneficial owners of the Notes will be governed by standing instructions and customary practice and will be the responsibility of the depositary's participants or the depositary's indirect participants.

Notes in definitive, fully registered form will be issued and delivered to each person that the depositary identifies as a beneficial owner of the related Note only if (1) Euroclear or Clearstream notifies us in writing that it is no longer willing or able to act as a depositary, and we are unable to locate a qualified successor within 90 days or (2) we, at our option upon a change in Tax law that would be adverse to us but for the issuance of Notes in definitive, fully registered form, notify the Trustee in writing that we elect to cause the issuance of the Notes in definitive form under the Indenture.

Neither we nor the Trustee will be liable for any delay by the Global Note Holder, Euroclear or Clearstream in identifying the beneficial owners of the applicable Notes and we and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the Global Note Holder, Euroclear or Clearstream, for all purposes.

CERTAIN TAXATION CONSIDERATIONS

Prospective investors should consult their professional advisers on the tax consequences of buying, holding or selling any Notes in light of their own particular circumstances, including the effect of the laws of their country of citizenship, residence or domicile. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as of the date hereof, all of which laws and interpretations are subject to change or differing interpretations, which changes or differing interpretations could apply retroactively.

Dutch Tax Considerations

General

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or a prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their own tax advisers with regards to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands tax legislation and published regulations, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, including, for the avoidance of doubt, the tax rates and brackets applicable on the date hereof, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Withholding Tax

All payments of principal and/or interest made by Dufry Financial Services B.V. to a holder of Notes under the Guarantees in its capacity as guarantor may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

(i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer, Dufry Financial Services B.V. or any of the other Guarantors under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

(ii) pension funds, investment institutions (*fiscale beleggingsinstelingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting* 1969) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and

(iii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001).

Netherlands Resident Entities

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a "Netherlands Resident Entity"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 20% with respect to taxable profits up to € 200,000 and 25% with respect to taxable profits in excess of that amount.

Netherlands Resident Individuals

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a "Netherlands Resident Individual"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

(i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or

(ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed, variable return (with a maximum of, currently, 5.39%) of his/her net investment assets for the year (*rendementsgrondslag*) at an income tax rate of 30%. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on January 1 of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are not subject to Netherlands income tax. For the net investment assets on January 1, 2017, the deemed return ranges from 2.87% up to 5.39% (depending on the aggregate amount of the net investment assets on January 1, 2017). The deemed, variable return will be adjusted annually on the basis of historic market yields.

Non-residents of the Netherlands

A holder of Notes that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

(i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and

(ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

Gift and Inheritance Taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of a gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

(i) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be a resident in the Netherlands; or

(ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Value Added Tax (VAT)

No Netherlands VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Other Taxes and Duties

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by the holders of the Notes in respect of (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Switzerland Tax Considerations

The following discussion is a summary of certain material Swiss tax considerations and describes certain taxes withheld by Switzerland for foreign countries based on the legislation as of the date of this Offering Memorandum. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes in light of their particular circumstances.

Swiss Federal Withholding Tax

Payments by the Issuer, of interest on, and repayment of principal of, the Notes, and payments by Dufry AG or the other Swiss Guarantors to the holders of Notes under the Guarantees will not be subject to Swiss federal withholding tax, provided that the Issuer is at all times resident and managed outside Switzerland and will receive, and will use, the proceeds from the offering and sale of the Notes at all times while any Notes are outstanding, outside of Switzerland.

Swiss Federal Stamp Taxes

The issue and redemption of Notes by the Issuer are not subject to Swiss federal stamp duty on the issue of securities.

Purchases or sales of Notes where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss federal stamp duty act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss federal stamp duty on dealings in securities at a rate of up to 0.3% of the purchase price of the Notes. Where both the seller and the purchaser of the Notes are non-residents of Switzerland or the Principality of Liechtenstein, no Swiss federal stamp duty on dealing in securities is payable.

Income Taxation on Principal or Interest

Notes Held by Non-Swiss Holders

Payments by the Issuer or the Guarantors of interest and repayment of principal to, and gain realized on the sale or redemption of Notes by, a holder of Notes who is not a resident of Switzerland and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Notes are attributable and who is not subject to income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax.

Notes Held by Swiss Holders as Private Assets

An individual who resides in Switzerland and privately holds a Note is required to include all payments of interest received on such Note as well as a potential issue discount in his or her personal income tax return for the relevant tax period and is taxable on the net taxable income (including the payment of interest on the Note) for such tax period at the then prevailing tax rates.

Capital Gains and Losses

Swiss resident individuals who sell or otherwise dispose of privately held Notes realize either a tax-free private capital gain or a non-tax-deductible capital loss. See "Notes Held as Swiss Business Assets" below for a summary on the tax treatment of individuals classified as "professional securities dealers."

Notes Held as Swiss Business Assets

Individuals who hold Notes as part of a business in Switzerland and Swiss-resident corporate taxpayers and corporate taxpayers residing abroad holding Notes as part of a permanent establishment or fixed place of business in Switzerland are required to recognize the payments of interest and any capital gain or loss realized on the sale or other disposition of such Notes in their income statement for the respective tax period and will be taxable on any net taxable earnings for such tax period. The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealings and leveraged transactions in securities.

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of the U.S. Foreign Account Tax Compliance Act. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the United States and Switzerland. On October 8, 2014, the Swiss Federal Council approved a mandate for negotiations with the United States on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Federal Tax Administration, which in turn provides the information to the U.S. tax authorities. The new regime may come into force by 2018.

Automatic Exchange of Information in Tax Matters

On November 19, 2014, Switzerland signed the Multilateral Competent Authority Agreement (the "MCAA"). The MCAA is based on article 6 of the OECD/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of Automatic Exchange of Information (the "AEOI"). The Federal Act on the International Automatic Exchange of Information in Tax Matters (the "AEOI Act") entered into force on January 1, 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland.

The AEOI is being introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have, and will be, concluded on the basis of guaranteed reciprocity, compliance with the principle of speciality (i.e. the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection.

Based on such multilateral or bilateral agreements and the implementing laws of Switzerland, Switzerland will begin to collect data in respect of financial assets, including, as the case may be, Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from, depending on the effectiveness date of the agreement, 2017 or 2018, as the case may be, and begin to exchange it from 2018 or 2019.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the “Purchase Agreement”), dated as of the date hereof, by and among the Issuer, the Guarantors and the initial purchasers listed in Schedule I thereto (collectively, the “Initial Purchasers”), the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of €500 million.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. One or more of the Initial Purchasers may use affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which such Initial Purchasers are not otherwise permitted.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer and each Guarantor will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, and to cause our subsidiaries to not, without having received the prior written consent of the Joint Global Coordinators as provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities that are substantially similar to the Notes.

The Notes and the Guarantees have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers’ distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Guarantors or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes.

We have also agreed that we will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exclusion afforded by Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes will constitute a new class of securities with no established trading market. Application has been made to the Authority for the Notes to be admitted to the Official List of TISE. However, there can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See “Risk Factors—Risks Relating to the Notes—There is no active public trading market for the Notes and therefore your ability to transfer them will be limited.”

In connection with the issue of the Notes, the Stabilizing Manager or persons acting on its behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level that is higher than that which might otherwise prevail. However, we cannot assure you that the Stabilizing Manager or persons acting on its behalf will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in future perform, various financial advisory and investment banking services for the Company and its subsidiaries, for which they received or will receive customary fees and expenses. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company and its affiliates. The Initial Purchasers and their affiliates may receive allocations of the Notes. Certain of the Initial Purchasers or their respective affiliates are also agents, lenders and/or letter of credit issuers under the 2014 Facilities Agreement and the 2015 Facilities Agreement, and may be agents, lenders and/or letter of credit issuers under any credit facilities we may enter into.

Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

NOTICE TO INVESTORS

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

(1) You acknowledge that:

- the Notes and the Guarantees have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offering of the Notes, other than the information contained in this Offering Memorandum. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from us.

(4) You represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(a) to us;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act; or

(d) under any other available exemption from the registration requirements of the Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is 40 days after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;

- if a holder of Notes proposes to resell or transfer Notes under clause (d) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act;
- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (c), (d), and (e) above the delivery of an opinion of counsel, certifications or other information satisfactory to us and the Trustee; and
- each Note will contain a legend substantially to the following effect:

THIS SECURITY AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C), (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

EACH PURCHASER OR TRANSFEREE OF A NOTE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) EITHER (I) NO PORTION OF THE ASSETS USED BY SUCH PURCHASER OR TRANSFEREE TO PURCHASE AND HOLD A NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT ("IRA") OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("CODE") OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"),

OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT (EACH OF THE FOREGOING, OTHER THAN ANY PLAN, ACCOUNT OR ARRANGEMENT SUBJECT TO SIMILAR LAWS, A "PLAN") OR (II) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF A NOTE BY SUCH PURCHASER OR TRANSFEREE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAW; AND (B) IF IT IS A PLAN, THE DECISION TO ACQUIRE AND HOLD THE NOTE HAS BEEN MADE BY A DULY AUTHORIZED FIDUCIARY WHO IS INDEPENDENT OF THE ISSUER, THE INITIAL PURCHASERS AND THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, THE "TRANSACTION PARTIES") AND WHO (I) IS A U.S. BANK, U.S. INSURANCE CARRIER, U.S. REGISTERED INVESTMENT ADVISER, U.S. REGISTERED BROKER-DEALER OR INDEPENDENT FIDUCIARY WITH AT LEAST $50 MILLION OF ASSETS UNDER MANAGEMENT OR CONTROL, (II) IN THE CASE OF A PLAN THAT IS AN IRA, IS NOT THE IRA OWNER, BENEFICIARY OF THE IRA OR RELATIVE OF THE IRA OWNER OR BENEFICIARY, (III) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE NOTE, (IV) IS A FIDUCIARY UNDER ERISA OR THE CODE, OR BOTH, WITH RESPECT TO THE DECISION TO ACQUIRE AND HOLD THE NOTE, (V) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF THE PLAN IN THE NOTE, (VI) UNDERSTANDS AND HAS BEEN FAIRLY INFORMED OF THE EXISTENCE AND THE NATURE OF THE FINANCIAL INTERESTS OF THE TRANSACTION PARTIES IN CONNECTION WITH THE PLAN'S ACQUISITION OF THE NOTE, (VII) UNDERSTANDS THAT THE TRANSACTION PARTIES ARE NOT UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE, OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY TO THE PLAN, IN CONNECTION WITH THE PLAN'S ACQUISITION OF THE NOTE AND (VIII) CONFIRMS THAT NO FEE OR OTHER COMPENSATION WILL BE PAID DIRECTLY TO ANY OF THE TRANSACTION PARTIES BY THE PLAN, OR ANY FIDUCIARY, PARTICIPANT OR BENEFICIARY OF THE PLAN, FOR THE PROVISION OF INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES) IN CONNECTION WITH THE PLAN'S ACQUISITION OF THE NOTE.

(5) You represent that (A) either (1) no portion of the assets used by you to acquire and hold the Notes constitutes assets of (i) any employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) any plan, individual retirement account ("IRA"), or other arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Laws") or (iii) any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of the foregoing, other than any plan, account or arrangement subject to Similar Laws, a "Plan"), or (2) the purchase, holding and subsequent disposition of the Notes by you will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any provision of Similar Law; and (B) if it is a Plan, the decision to acquire and hold the Notes has been made by a duly authorized fiduciary who is independent of the Issuer, the Initial Purchasers and their respective affiliates (collectively, the "Transaction Parties") and who (i) is a U.S. bank, U.S. insurance carrier, U.S. registered investment adviser, U.S. registered broker-dealer or independent fiduciary with at least $50 million of assets under management or control, (ii) in the case of a Plan that is an IRA, is not the IRA owner, beneficiary of the IRA or relative of the IRA owner or beneficiary, (iii) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (iv) is a fiduciary under ERISA or the Code, or both, with respect to the decision to acquire and hold the Notes, (v) has exercised independent judgment in evaluating whether to invest the assets of the Plan in the Notes,

(vi) understands and has been fairly informed of the existence and the nature of the financial interests of the Transaction Parties in connection with the Plan's acquisition of the Notes, (vii) understands that the Transaction Parties are not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity to the Plan, in connection with the Plan's acquisition of the Notes and (viii) confirms that no fee or other compensation will be paid directly to any of the Transaction Parties by the Plan, or any fiduciary, participant or beneficiary of the Plan, for the provision of investment advice (as opposed to other services) in connection with the Plan's acquisition of the Notes.

(6) You acknowledge that we, the Initial Purchasers, and others will rely upon the truth and accuracy of the above acknowledgments, representations, and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

LEGAL MATTERS

The validity of the Notes offered by this Offering Memorandum and certain U.S. legal matters will be passed upon for us by Davis Polk & Wardwell LLP, our U.S. counsel. Certain Delaware legal matters will be passed upon for us by Richards, Layton & Finger, PA, our Delaware counsel. Certain Swiss legal matters will be passed upon for us by Homburger AG, our Swiss counsel, and certain Dutch legal matters will be passed upon for us by NautaDutilh N.V. Certain U.S. legal matters in connection with the Notes will be passed upon for the Initial Purchasers by Cravath, Swaine & Moore LLP, U.S. counsel for the Initial Purchasers.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2016 and 2015 included elsewhere in this Offering Memorandum, have been audited by Ernst & Young Ltd, Basel, Member of the Swiss Institute of Certified Accountants and Tax Consultants, our independent auditors, as stated in their reports appearing therein.

CERTAIN INSOLVENCY LAW CONSIDERATIONS

Swiss Insolvency Law Considerations

The Parent Guarantor, and certain of its subsidiaries (including one of the Subsidiary Guarantors) are organized under the laws of Switzerland. Consequently, in the event of a bankruptcy or insolvency event with respect to us or one of our subsidiaries, primary proceedings could be initiated in Switzerland. Swiss insolvency laws may make it difficult or impossible to effect a restructuring and the insolvency laws of Switzerland may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. The following is a brief description of certain aspects of insolvency law in Switzerland. In the event that the Parent Guarantor or any of its Swiss subsidiaries (including the Subsidiary Guarantor incorporated in Switzerland) experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Pursuant to Swiss insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under non-Swiss bankruptcy laws. Under Swiss law, the following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its registered office or assets in Switzerland.

In the event of a Swiss entity's insolvency, the respective insolvency proceedings would be governed by Swiss law as a result of such Swiss entity's offices being registered in the competent commercial register in Switzerland. The enforcement of claims and questions relating to insolvency and bankruptcy in general are dealt with by the Swiss Federal Act on Debt Enforcement and Bankruptcy, as amended from time to time. Under these rules, claims that are pursued against a Swiss entity can lead to the opening of bankruptcy (*Konkurs*) and, hence, a general liquidation of all assets, even if located outside Switzerland, and liabilities of the debtor. However, with regard to assets located outside Switzerland, a Swiss bankruptcy decree may only be enforceable if it is recognized at the place where such assets are located. If bankruptcy has not been declared, creditors secured by a pledge must follow a special enforcement proceeding limited to the liquidation of the collateral (*Betreibung auf Pfandverwertung*) unless the parties have agreed on a private liquidation.

However, if bankruptcy is declared while such an individual debt enforcement proceeding is pending, the proceeding ceases and the creditor participates in the bankruptcy proceedings with the other creditors and an individual debt enforcement proceeding is no longer permitted.

As a rule, the opening of bankruptcy by the competent court needs to be preceded by a prior debt enforcement procedure which involves, *inter alia*, the issuance of a payment summons (*Zahlungsbefehl*) by local debt enforcement authorities (*Betreibungsamt*). However, the competent court may also declare a debtor bankrupt without such prior proceedings if the following requirements are met: (i) at the request of the debtor, if the debtor's board of directors or the auditors of the company (in case of failure of the board of directors) declare that the debtor is overindebted (*überschuldet*) within the meaning of art. 725 (2) of the

Swiss Code of Obligations (or the corresponding provision of the Swiss Code of Obligations in case of a limited liability company (GmbH)) or if it declares to be insolvent (*zahlungsunfähig*), and (ii) at the request of a creditor, if the debtor commits certain acts to the detriment of its creditors or ceases to make payments (*Zahlungseinstellung*) or in certain events during composition proceedings. The bankruptcy proceedings are carried out and the bankrupt estate is managed by the receiver in bankruptcy (*Konkursverwaltung*).

All assets at the time of the declaration of bankruptcy and all assets acquired or received subsequently form the bankrupt estate which, after deduction of costs and certain other expenses, is used to satisfy the creditors. Final distribution of non-secured claims is based on a ranking of creditors in three classes. The first and the second class, which are privileged, comprise claims under employment contracts, accident insurance, pension plans, employee social plans, family law and certain deposits under the Swiss banking act. Certain privileges can also be claimed by the government and its subdivisions based on specific provisions of federal law. All other creditors are treated equally in the third class. A secured party participates in the third class to the extent its claim is not covered by its collateral.

Upon the opening of formal insolvency proceedings (*Konkurseröffnung*), the right to administer and dispose over the business and the assets of the debtor passes to the insolvency office (*Konkursamt*). The insolvency office has full administrative and disposal authority over the debtor's estate (*Konkursmasse*), provided that certain acts require the approval of the insolvency court. The creditors' meeting may appoint a private insolvency administration (*private Konkursverwaltung*) and, in addition, a creditors' committee (*Gläubigerausschuss*). In such case, the private insolvency administration will be competent to maintain and liquidate the debtor's estate. The creditors' committee has additional competences.

Insolvency results in the acceleration of all claims against a debtor (secured or unsecured), except for those secured by a mortgage on the debtor's real property, and the relevant claims become due upon insolvency. As a result of such acceleration, a creditor's bankruptcy claim consists of the principal amount of the debt (discounted at 5% if not interest bearing), interest accrued thereon until the date of insolvency, and (limited) costs of enforcement. Upon insolvency, interest ceases to accrue. Only secured claims enjoy a preferential treatment insofar as interest that would have accrued until the collateral is realized will be honored if and to such extent as the proceeds of the collateral suffice to cover such interests.

All creditors, whether secured or unsecured (unless they have a segregation right (*Aussonderungsrecht*), wishing to assert claims against the debtor need to participate in the insolvency proceedings. Swiss insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims separately, but can instead only enforce them in compliance with the restrictions of Swiss insolvency laws. Therefore, secured creditors are generally not entitled to enforce any security interest outside the insolvency proceedings. In the insolvency proceedings, however, secured creditors have certain preferential rights (*Vorzugsrechte*). Generally, entitlement to realize such security is vested with the insolvency administration. Realization proceedings are governed by Swiss insolvency laws which provide for a public auction, or, subject to certain conditions, a private sale. Proceeds from enforcement are used to cover (i) enforcement costs, (ii) the claims of the secured creditors and (iii) any excess proceeds will be used to satisfy unsecured creditors.

Typically, liabilities resulting from acts of the insolvency administrator after commencement of formal insolvency proceedings constitute liabilities of the debtor's estate. Thereafter, all other claims (insolvency claims—*Konkursforderungen*), in particular claims of unsecured creditors, will be satisfied pursuant to the distribution provisions of Swiss insolvency laws, which provide for certain privileged classes of creditors, such as a debtor's employees. Certain privileges can further result for the government and its subdivisions based on specific provisions of federal law. All other creditors will be satisfied on a pro rata basis if and to the extent there are funds remaining in the debtor's estate after the security interests and privileged claims have been settled and paid in full.

Swiss insolvency laws also provide for reorganization procedures by composition with the debtor's creditors. Reorganization is initiated by a request with the competent court for a temporary moratorium (*provisorische Nachlassstundung*) of a maximum duration of four months. During the moratorium, the debtor can seek to restructure and, if successful, ask the court to lift the moratorium without entering into a composition agreement. The moratorium can also result in a composition agreement which takes the form of (i) either an ordinary composition agreement (*ordentlicher Nachlassvertrag*) where the debtor's business continues and the contractual terms of its payment obligations are modified (*Stundungsvergleich*) or creditors receive a dividend (*Dividendenvergleich*) or (ii) a composition agreement providing for the assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) where the debtor's assets are assigned to creditors in order to sell the debtor's (or part of it) or to liquidate the assets. The moratorium could also result in a composition agreement that may comprise the formation of a new company (*Auffanggesellschaft*) to receive part of the business of the debtor. During a moratorium, debt collection proceedings cannot be initiated and pending debt collection proceedings are stayed. In principle, interest ceases to accrue against the debtor for all unsecured claims. Furthermore, the debtor's power to dispose of its assets and to manage its affairs is restricted. The moratorium does not per se affect the agreed due dates of debts (contrary to bankruptcy, in which case all debts become immediately due upon adjudication). Any composition agreement needs to be approved by the creditors and confirmed by the competent court. With the judicial confirmation, the composition agreement becomes binding on all creditors, whereby secured claims are only subject to the composition agreement to the extent that the collateral proves to be insufficient to cover the secured claims.

Under Swiss insolvency laws, the insolvency administration may, under certain conditions, avoid transactions, such as, *inter alia*, the granting of or the payment under any guarantee or security or, if a payment has already been made under the relevant guarantee or security, require that the recipients return the amount received to the debtor's estate. In particular, a transaction (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the debtor's other creditors may be avoided according to Swiss insolvency laws in the following cases if such acts result in damages to the creditors:

- The debtor has made a transaction being considered as a gift or a disposal of assets without any consideration, provided that the debtor made such transaction within the last year prior to the opening of formal insolvency proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*). Similarly, transactions pursuant to which the debtor received a considerations which was disproportionate to its own performance, may be avoided. In case the beneficiary of the relevant transaction with the debtor is a related party, including without limitation a group company, the burden of proof is shifted: the beneficiary must in this case prove that such transaction was at arm's length.

- Certain acts are voidable if performed by the debtor within the last year prior to the opening of formal insolvency proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*), provided that the debtor was already over-indebted at that time: (i) granting of security for existing claims, provided that the debtor was not previously obliged to grant such security, (ii) payment of a monetary obligation (*Geldschuld*) in any other way than by payment in cash (*Barschaft*) or other customary means of payment, and (iii) the payment of a debt not yet due. However, any avoidance action is dismissed if the beneficiary of the transaction can prove that it was not aware of the debtor's over-indebtedness and, being diligent, could not know that the debtor had been over-indebted at that time.

- Furthermore, any acts performed within the last five years prior to, inter alia, the opening of formal insolvency proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) performed by the debtor with the intention to discriminate some creditors against others or to favor some creditors to others are voidable if such intention was, or exercising the requisite due diligence, must have been known to the debtor's counterparty. In case the beneficiary of the relevant transaction with the debtor is a related party, including without limitation a group company, the burden of proof is shifted: the beneficiary must in this case prove that such intention was not recognizable.

If any guarantee or security is avoided as summarized above or held unenforceable for any other reason, the claimant would cease to have any claim in respect of the guarantee and would have a claim solely under the notes and the remaining guarantees, if any. Any amounts obtained from transactions that have been avoided would have to be repaid.

Guarantees by Guarantors incorporated in Switzerland

The granting of guarantees by Guarantors incorporated in Switzerland (a **Swiss Guarantor**) as well as any other undertaking contained in any agreement having the same or a similar effect, such as, but not limited to, the waiver of set-off or subrogation rights or the subordination of intra-group claims, granted by the Swiss Guarantor for the benefit of the Swiss Guarantor's direct and indirect parent and sister companies are subject to certain restrictions on the distribution of corporate assets under Swiss corporate law. Therefore, in order to enable the Swiss Guarantors to grant guarantees guaranteeing liabilities of the Issuer without the risk of violating such restrictions and to protect management from personal liability, it is standard market practice for guarantees and other respective documents to contain so-called "limitation language" in relation to subsidiaries incorporated in Switzerland in the form of a Swiss stock corporation (*Aktiengesellschaft*) or Swiss limited liability company (*Gesellschaft mit beschränkter Haftung*). Pursuant to such limitation language, the enforcement of the guarantee granted by each of the Swiss Guarantors will be limited reflecting the requirement that payments under the Guarantee may not cause the Swiss Guarantor to incur a liability which would exceed its freely distributable equity at the time of the enforcement of the Guarantee. The freely distributable equity is equal to the maximum amount which the relevant Swiss Guarantor can distribute to its shareholders as a dividend payment under Swiss law at that point in time. These limitations apply in relation to guarantees or security interests securing the performance of any obligations of any (direct or indirect) shareholder and/or any sister company of the Swiss Guarantors.

The guarantees by the Swiss Guarantors are, based on a choice of law, subject to the laws of New York. Should a Swiss court accept jurisdiction in proceedings on the merits, a Swiss court will generally recognize the choice of law. The scope of such choice of law is, usually, limited to the rules of the substantive law chosen by the parties; as to procedural matters, a Swiss court will apply Swiss procedural law. Due to the different nature of Swiss procedural law and the procedural law in common law jurisdictions (such as the United States of America and the United Kingdom) classification and delimitation issues between substantive and procedural law could occur. To establish the non-Swiss substantive law applicable to the merits, a Swiss court may, in pecuniary matters, request the parties to establish the non-Swiss substantive law; Swiss law will be applied, if the content of the foreign substantive law cannot be established. While a Swiss court will generally accept a choice of law, restrictively applied exceptions exist: Swiss courts may diverge from the chosen substantive law if such chosen law would lead to a result contrary to Swiss public policy, if the purpose of mandatory rules of Swiss law require, by their special aim, immediate application, or if the purpose of mandatory rules of another law, to which the dispute is closely connected, are considered legitimate under Swiss legal concepts and, upon weighing the interests of the parties involved, the clearly predominant interest(s) of one party so require.

Foreign bankruptcy decrees issued in the country of a debtor's domicile may be recognized in Switzerland only, provided that (i) the bankruptcy decree is enforceable in the country where it was issued, (ii) its recognition is, *inter alia*, not against Swiss public policy, and (iii) the country which issued the bankruptcy decree grants reciprocity to Switzerland.

Dutch Legal Considerations

General

Dufry One B.V. (the Issuer) and Dufry Financial Services B.V. (one of the Subsidiary Guarantors) are incorporated under the laws of the Netherlands and currently have their "centre of main interests" (as such term is used in Council Regulation (EU) 2015/848 on insolvency proceedings, "Recast EU Insolvency Regulation") in the Netherlands. Consequently, in the event of its insolvency, insolvency proceedings with respect to the Issuer or this Subsidiary Guarantor may be initiated under, and be governed by, Dutch insolvency law.

The insolvency laws of the Netherlands and, in particular, the provisions of the Dutch Bankruptcy Act (*Faillissementswet*) may be less favorable to your interests as creditors than the bankruptcy laws of other jurisdictions with which you may be familiar, including in respect of priority of creditors, the ability to obtain post-petition interest or to effect a restructuring, and the duration of the insolvency proceedings, and may limit the ability of the holders of Notes to enforce the terms of the Guarantee granted by this

Subsidiary Guarantor. Thus, your ability to recover payments due on the Notes may be more limited than it might have been under the laws of other jurisdictions with which you may be familiar.

The following is a brief description of certain aspects of the insolvency laws of the Netherlands.

There are two primary insolvency regimes under Dutch law: the first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. Such liquidation, however, may take place by way of a going concern sale. Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*). Creditors will solely by reason of claims under the Notes or the guarantee granted by a Dutch company not qualify as secured creditors under Dutch bankruptcy law.

Moratorium of Payments

An application for a moratorium of payments can only be made by the debtor itself if it foresees its inability to continue to pay its debts as they fall due. Once the application for a moratorium of payments is filed, the Dutch court will immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). The debtor is only entitled to administer and dispose of his assets with the consent of the administrator. A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerp-akkoord*) is filed simultaneously with the application for moratorium of payments, the Dutch court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently ratified (*gehomologeerd*) by the Dutch court, the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or more than one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent or if there is no prospect that the debtor will in the future be able to pay its debts as they fall due (in which case the debtor will generally be declared bankrupt). The moratorium of payments only affects unsecured non-preferential creditors.

Under Dutch law, secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in moratorium of payments to satisfy their claims as if there were no moratorium of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, the Dutch court may order a "cooling off period" (*afkoelingsperiode*) for a maximum period of four months during which, *inter alia*, enforcement actions by secured or preferential creditors are barred. Also in a definitive moratorium of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is (i) approved by a simple majority of the meeting of the recognized and of the admitted creditors representing at least 50% of the amount of the recognized and of the admitted claims, and (ii) subsequently ratified (*gehomologeerd*) by the Dutch court. Upon request by the debtor or the administrator, the Dutch court or supervisory judge (*rechter-commissaris*) if appointed, can decide to adopt the proposed but rejected composition as if it were approved if (i) three-fourths the number of the creditors represented at the creditors' meeting approved the composition and (ii) the rejection of the composition is caused by one or more creditors such that, taking all circumstances into consideration, especially the percentage of the claim that such creditor(s) would receive in case the estate is liquidated and distributed, such creditor(s) reasonably could not have voted against the composition. Secured or preferential claims are not affected by a composition, unless such claims are submitted for verification (see definition below) to the administrator and not withdrawn prior to the vote on the composition plan, in which case security or preferential rights in respect of those claims will be lost. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the holders of Notes to effect a restructuring and could reduce the recovery of a holder of Notes in Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Bankruptcy

At the request of the debtor itself or one or more of its creditors, the Dutch court may open bankruptcy proceedings in respect of a debtor that has ceased to pay its debts. If bankruptcy is declared by the Dutch court, the court will appoint a receiver (*curator*) who is entrusted with the administration of the bankruptcy. The bankrupt debtor loses the right to administer and dispose of its assets. Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch bankruptcy law is the so-called *paritas creditorum* (principle of equal treatment) which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors, which may adversely affect the interests of (non-preferential) holders of Notes. For example, in a Dutch bankruptcy secured creditors may take recourse against the encumbered assets of a debtor to satisfy their claims as if there is no bankruptcy. Consequently, Dutch insolvency laws could reduce the potential recovery of a holder of Notes in Dutch bankruptcy proceedings.

As in moratorium of payments proceedings, the Dutch court may order a "cooling off period" (*afkoelingsperiode*) for a maximum of four months during which enforcement actions by secured creditors are barred. Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time, failing which, the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs. Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such set-off is allowed prior to the bankruptcy although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off. The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the holders of Notes that are not due and payable by their terms on the date of a bankruptcy of this Subsidiary Guarantor will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the receiver to be verified. "Verification" under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings. The valuation of claims that are not due and payable at the time of the opening of the bankruptcy proceedings or within one year thereafter, is based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. The existence, value and ranking of any claims submitted by the holders of Notes may be challenged in the Dutch bankruptcy proceedings.

Generally, in a creditors' meeting (*verificatie vergadering*), the receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors, meeting may be referred to separate court proceedings (*renvooi procedures*). Such *renvooi procedures* could also cause payments to the holders of notes to be delayed compared with holders of undisputed claims.

As in moratorium of payments proceedings, in a bankruptcy a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if (i) it is approved by a simple majority of the meeting of unsecured non-preferential creditors, with admitted and provisionally admitted claims representing at least 50% of the total amount of the admitted and provisionally admitted unsecured non preferential claims, and (ii) subsequently ratified by the Dutch court. Upon request by the debtor or the receiver, the supervisory judge can decide to adopt the proposed but rejected composition as if it were approved if (i) three-fourths the number of the creditors represented at the creditors' meeting approved the composition and (ii) the rejection of the composition is caused by one or more creditors such that, taking all circumstances into consideration, especially the percentage of the claim that such creditor(s) would receive in case the estate is liquidated and distributed, such creditor(s) reasonably could not have voted against the composition. The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a *pro rata* basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed. Interest payments that fall due on or after the date on which the bankruptcy proceedings are opened cannot be verified in the bankruptcy. The proceeds resulting from the liquidation of the bankrupt estate may not be available for distribution for several years and may be insufficient to satisfy unsecured creditors.

Actio Pauliana

To the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy, if (i) it performed such acts without an obligation to do so (*onverplicht*), (ii) generally the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (iii) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. In addition, in the case of such a bankruptcy, their trustee may nullify its performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee (*hij die betaling ontving*) knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

Under Dutch law, as soon as a debtor is declared bankrupt, all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as described above), will be terminated by operation of law. Simultaneously with the opening of the bankruptcy, a Dutch receiver will be appointed. The proceeds resulting from the liquidation of the bankrupt estate may not be sufficient to satisfy unsecured creditors of a bankrupt debtor after the secured and the preferential creditors have been satisfied. Litigation pending on the date of the bankruptcy order is automatically stayed.

Limitations

If a Dutch company grants a guarantee and that guarantee is not in the company's corporate interest, the guarantee may be nullified by the Dutch company, its receiver in bankruptcy and its administrator (*bewindvoerder*) and, as a consequence, not be valid, binding and enforceable against it. In determining whether the granting of such guarantee is in the interest of the relevant company, the Dutch courts would not only consider the text of the objects clause in the articles of association of the company but all relevant circumstances including whether the company derives certain commercial benefits from the transaction in respect of which the guarantee was granted. The objects clauses in the articles of association of this Subsidiary Guarantor include the issuance of guarantees in favor of group companies and third parties.

In addition, if it is determined that there are no, or insufficient, commercial benefits from the transactions for the company that grants the guarantee, then such company (and any bankruptcy receiver) may contest the enforcement of the guarantee, and it is possible that such challenge would be successful. Such benefit may, according to Dutch case law, consist of an indirect benefit derived by the company as a consequence of the interdependence of such company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee, the continuity of such company would foreseeably be endangered by the granting of such guarantee. It remains possible that even if such strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee cannot serve the realization of the relevant company's objects.

Whether or not a guarantor is insolvent in the Netherlands, pursuant to Dutch law, payment under a guarantee may be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*).

If Dutch law applies, a guarantee governed by Dutch law may be voided by a Dutch court, if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwaling*) of a party to the agreement contained in that document.

In addition, a guarantee issued by a Dutch company may be suspended or avoided by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of the holder or holders of 10% or more of the shares in such company, as well as on the motion of a trade union and of other entities entitled thereto in the articles of association (*statuten*) of the relevant Dutch company. Likewise, the guarantee itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

GENERAL INFORMATION

The issue of the Notes and their sale were authorized by a resolution of board of directors of the Issuer dated , 2017. The Notes have been accepted for clearance and settlement through Euroclear and Clearstream. The Common Code and ISIN numbers for the Regulation S Notes are as follows: and .

The expenses in relation to the admission of the Notes to trading on TISE will be approximately € .

Mourant Ozannes Securities Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on TISE.

If and for so long as the Notes are listed on TISE and the Listing Rules maintained by the Authority require, electronic copies of our consolidated financial statements as of and for the years ended December 31, 2016 and 2015, the Indenture, specimen Global Notes, as well as copies of the Issuer's and our articles of association may be inspected and obtained free of charge during the normal business hours on any business day at the office of the Company.

TISE Disclosures

Subject as set out below, the Issuer accepts responsibility for the information contained in this Offering Memorandum and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in the Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the admission of the Notes to the Official List of TISE nor the approval of the Offering Memorandum pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the issuer, the adequacy and accuracy of information contained in the Offering Memorandum or the suitability of the issuer for investment or for any other purpose.

These securities are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

There has been no material adverse change to:

(a) the Issuer;

(b) the Issuer's group structure;

(c) the Issuer's business or accounting policies; or

(d) the financial or trading position of the Issuer,

during the period from its date of incorporation to the date of the application for listing of the Notes.

The Issuer is not engaged in any legal or arbitration proceedings, and the Issuer is not aware of any legal or arbitration proceedings pending against the Issuer, that may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the financial position of the Issuer.

This Listing Document includes particulars given in compliance with the Listing Rules maintained by the authority for the purpose of giving information with regard to the Issuer. The directors, whose names appear on page 72, accept full responsibility for the information contained in this Listing Document and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

Articles	the Company's articles of incorporation dated March 8, 2016
Board of Directors	all members of the board of directors of the Company, including Juan Carlos Torres Carretero, Andrés Holzer Neumann, Jorge Born, Xavier Bouton, Claire Chiang, Julián Díaz González, George Koutsolioutsos, Heekyung (Jo) Min and Joaquín Moya-Angeler Cabrera
CHF	the lawful currency of Switzerland
Clearstream	Clearstream Banking SA
Commercial Register	commercial register of the Canton of Basel-Stadt, Switzerland
Company	Dufry AG
Corporate Governance Directive	the Directive on Information relating to Corporate Governance of October 29, 2008 (as amended) of SIX Swiss Exchange
EEA	the European Union and its 28 member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom), as well as three European Free Trade Association (EFTA) countries, Norway, Iceland and Liechtenstein
EMEA	Europe, the Middle East and Africa
EU	the European Union
EUR, euro or €	the lawful currency of the member states of the European Monetary Union
Euroclear	Euroclear Bank SA/NV
Exchange Act	U.S. Securities Exchange Act of 1934, as amended
FAOA	the Federal Audit Oversight Authority of Switzerland
FFI	foreign financial institution
FINMA	the Swiss Financial Market Supervisory Authority
FISA	Federal Intermediated Securities Act of October 3, 2008, as amended
FSMA	the Financial Services and Markets Act 2000, United Kingdom
Group Executive Committee	all members of the group executive committee of the Company, including Julián Díaz González, Andreas Schneiter, José Antonio Gea, Luis Marin, Pascal C. Duclos, René Riedi, José Carlos Costa da Silva Rosa and Joseph DiDomizio
IASB	International Accounting Standards Board

IFRS	International Financial Reporting Standards
Initial Purchasers	the Joint Global Coordinators and Joint Bookrunners
IRS	Internal Revenue Service
Issuer	Dufry One B.V.
Joint Bookrunners	Basellandschaftliche Kantonalbank, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HSBC Bank plc, Landesbank Baden-Württemberg, Merrill Lynch International, Raiffeisen Bank International AG, Raiffeisen Switzerland Cooperative, The Royal Bank of Scotland plc (trading as NatWest Markets), UBS Limited
Joint Global Coordinators	Deutsche Bank AG, London Branch, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP Paribas, ING Bank N.V., London Branch, UniCredit Bank AG
Nuance	The Nuance Group AG
Offering	the offering of up to €500 million in % Senior Notes due 2024 of the Issuer
Offering Memorandum	the offering memorandum (inclusive of any financial statements therein) issued by the Company in respect of the Notes together with any supplements or amendments thereto
Order	Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)
Prospectus Directive	Directive 2003/71/EC of the European Union
Relevant Member State	each Member State of the European Economic Area which has implemented the Prospectus Directive
Representative	Deutsche Bank AG, London Branch
Securities Act	U.S. Securities Act of 1933, as amended
Stabilizing Manager	Deutsche Bank AG, London Branch
Swiss Code of Obligations	Swiss Code of Obligations of March 30, 1911, as amended
Swiss Federal Tax Administration	Federal Tax Administration of Switzerland *(Eidgenössische Steuerverwaltung)*
Swiss Francs	the lawful currency of Switzerland
TISE	The Official List of The International Stock Exchange
Treaty	the income tax treaty between Switzerland and the United States
U.K. or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
U.S. or United States or U.S.A.	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. dollars or USD	the lawful currency of the United States

U.S. Securities Act	the U.S. Securities Act of 1933, as amended
Withholding Tax	has the meaning given to it in the section headed "Taxation"
World Duty Free or WDF	World Duty Free S.p.A.
2010 PD Amending Directive	Directive 2010/73/EU of the European Union

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Dufry AG (consolidated)

As of and for the years ended December 31, 2016 and 2015

Dufry AG (statutory)

As of and for the years ended December 31, 2016 and 2015

Dufry AG (consolidated)

As of and for the six months ended June 30, 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2016

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

* The restatement is commented in note 39

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

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

* The restatement is commented in note 39

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

**The restatement is commented in note 39

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

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

* The restatement is commented in note 39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. CORPORATE INFORMATION

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

2.2 BASIS OF CONSOLIDATION

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Dufry loses control over a subsidiary, it
- derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity
- recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the consolidated income statement and
- reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

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

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

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

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

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

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

b) Turnover

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

c) Cost of sales

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

d) Foreign currency translation

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

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

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

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

Principal foreign exchange rates applied for valuation and translation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

k) Share-based payments

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

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

l) Taxation

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

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

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits or tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

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

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

m) Property, plant and equipment

These are stated at cost less accumulated depreciation and any impairment in fair value. Depreciation is computed on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The useful lives applied are as follows:

- Real estate (buildings) 20 to 40 years
- Leasehold improvements the shorter of the lease term or 10 years
- Furniture and fixtures the shorter of the lease term or 5 years
- Motor vehicles the shorter of the lease term or 5 years
- Computer hardware the shorter of the lease term or 5 years

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contingent liabilities acquired in a business combination

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

Onerous contracts

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

Restructurings

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

v) Financial instruments

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

Trade and other accounts receivable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

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

Annual improvements 2012–2014 – issued September 2014

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

Disclosure initiative (Amendments to IAS 1 – Presentation of Financial Statements)

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

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The standard will mainly affect the accounting of:

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

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

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

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

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

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

5. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Financial Position and other disclosures

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

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

* The restatement is commented in note 39

** Other non-cash items do not include the linearization of concession fees

Reconciliation of earnings

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

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

Reconciliation of assets

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

* The restatement is commented in note 39

1 Includes notional Cash pool overdrafts at Headquarter

Reconciliation of liabilities

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

* The restatement is commented in note 39

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

2016 TRANSACTIONS

There were no transactions in 2016.

2015 TRANSACTIONS

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

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

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

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

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

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

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

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

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

6.2 CASH FLOWS USED FOR BUSINESS COMBINATIONS, NET OF CASH

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

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

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

7. NET SALES

Net sales by product categories:

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

Net sales by market sector:

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

Net sales by channel:

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

8. SELLING EXPENSES

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

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

9. PERSONNEL EXPENSES

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

10. GENERAL EXPENSES

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

11. INVESTMENTS IN ASSOCIATES

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

These investments are accounted for using the equity method.

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

Summarized statement of financial position

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

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

Summarized statement of comprehensive income

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

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

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

Reconciliation of the carrying amount of its investments

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

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

12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

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

13. LINEARIZATION AND OTHER OPERATIONAL RESULT

13.1 LINEARIZATION

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

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

13.2 OTHER OPERATIONAL RESULT

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

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

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

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

14. INTEREST

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

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

15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

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

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

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

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME / EQUITY

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

16. EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

BASIC

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

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

DILUTED

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

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

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

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

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

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

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

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

17. COMPONENTS OF OTHER COMPREHENSIVE INCOME

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

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

18. PROPERTY, PLANT AND EQUIPMENT

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

* The restatement is commented in note 39

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

* The restatement is commented in note 39

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

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

20. INTANGIBLE ASSETS

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

* The restatement is commented in note 39

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

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

**The restatement is commented in note 39

20.1 IMPAIRMENT TEST

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

20.1.1 Impairment test of goodwill

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

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

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

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

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

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

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

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

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

	2016	2015
Beta factor	0.86	0.88

Sensitivity to changes in assumptions

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

20.1.2 Impairment test of concession rights with indefinite useful lives

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

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

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

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

Sensitivity analysis to changes in assumptions

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

20.1.3 Key assumptions used for value-in-use calculations

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

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

Sales growth

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

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

Gross margins

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

Concession fee levels

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

Discount rates

Several factors affect the discount rates:

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

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

20.1.4 Brands

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

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

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

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

21. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

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

22. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

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

* The restatement is commented in note 39

[1] The decrease is due to amortization and reduction of expected tax rate in the United Kingdom

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

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

* The restatement is commented in note 39

Reconciliation of movements to the deferred taxes:

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

* The restatement is commented in note 39

Tax loss carry-forwards

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

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

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

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

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

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

Unrecognized deferred tax liabilities

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

23. OTHER NON-CURRENT ASSETS

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

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

MOVEMENT IN ALLOWANCES

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

24. INVENTORIES

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

* The restatement is commented in note 39

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

CASH FLOWS USED FOR INCREASE / FROM DECREASE IN INVENTORIES

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

* The restatement is commented in note 39

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

25. TRADE AND CREDIT CARD RECEIVABLES

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

* The restatement is commented in note 39

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

AGING ANALYSIS OF TRADE RECEIVABLES

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

* The restatement is commented in note 39

MOVEMENT IN ALLOWANCES

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

26. OTHER ACCOUNTS RECEIVABLE

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

* The restatement is commented in note 39

[1] See note 38 Financial instruments

MOVEMENT IN ALLOWANCES

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

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

27. EQUITY

27.1 ISSUED CAPITAL

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

27.1.1 Fully paid ordinary shares

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

27.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

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

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

Share capital increase

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

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

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

Mandatory Convertible Notes (MCN)

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

27.3 RESERVES

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

* The restatement is commented in note 39

27.3.1 Employee benefit reserve

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

27.3.2 Hedging and revaluation reserves

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

27.3.3 Translation reserves

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

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

28. SHARE-BASED PAYMENTS

28.1 SHARE PLAN OF DUFRY AG

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

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

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

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

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

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

28.2 TREASURY SHARES

Treasury shares are valued at historical cost.

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

29. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

* The restatement is commented in note 39

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

2 Internal restructuring without cash flow effects

30. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

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

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

31. FINANCIAL DEBT

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

BANK DEBT

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

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

SENIOR NOTES

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

DETAILED CREDIT FACILITIES

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

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

Main bank credit facilities

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

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

Senior notes

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

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

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

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

WEIGHTED AVERAGE INTEREST RATE

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

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

31.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

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

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

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

31.2 NET INVESTMENT IN FOREIGN OPERATIONS

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

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

32. PROVISIONS

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

* The restatement is commented in note 39

[1] From payables for non trade services (CHF 13.2 million) and to other accounts receivable (CHF – 0.4 million)

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

CONTINGENT LIABILITIES

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

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

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

ONEROUS CONTRACTS

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

CLOSE DOWN

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

LABOR DISPUTES

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

LAWSUITS AND DUTIES

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

OTHER

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

CASH OUTFLOWS OF NON-CURRENT PROVISIONS

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

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

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

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

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

Reconciliation to the funded plans

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

[1] For the period August to December

33.1 SWITZERLAND

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

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

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

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

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

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

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

33.2 UNITED KINGDOM (UK)

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

Cost of defined benefit plans

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

[1] For the period August to December

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

Remeasurements employee benefits

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

[1] For the period August to December

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

Change in the fair value of plan assets

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

[1] For the period August to December

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

Change in present value of defined benefit obligation

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

[1] For the period August to December

Actuarial assumptions

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

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

[1] For the period August to December

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

Plan asset structure

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

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

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

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

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

Plan participants

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

[1] For the period August to December

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

[1] For the period August to December

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

Sensitivities of significant actuarial assumptions

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

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

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

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

Expected costs

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

34. OTHER LIABILITIES

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

* The restatement is commented in note 39

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

35. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

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

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

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

[1] These two Hudson companies are controlled by James S. Cohen, a member of the Board of Directors

[2] Folli Follie Group is controlled by George Koutsolioutsos, a member of the Board of Directors

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

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

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

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

36. COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

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

37. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

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

The following tables provide the fair value measurement hierarchy of Dufry's assets and liabilities, that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures fair value measurement hierarchy for assets

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

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

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

Quantitative disclosures fair value measurement hierarchy for liabilities

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

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

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

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

38. FINANCIAL INSTRUMENTS

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

38.1 CAPITAL RISK MANAGEMENT

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

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

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

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

38.1.1 Gearing ratio

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

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

* The restatement is commented in note 39

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

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

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

38.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2016	FINANCIAL ASSETS				
IN MILLIONS OF CHF	Loans and receivables	at FVTPL	SUBTOTAL	NON-FINANCIAL ASSETS	TOTAL
Cash and cash equivalents	450.8	–	450.8	–	450.8
Financial instruments at fair value through profit and loss	–	–	–	–	–
Trade and credit card receivables	94.6	–	94.6	–	94.6
Other accounts receivable	183.4	28.7	212.1	289.3	501.4
Other non-current assets	106.4	–	106.4	189.7	296.1
Total	**835.2**	**28.7**	**863.9**		

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

RESTATED* AT DECEMBER 31, 2015	FINANCIAL ASSETS				
IN MILLIONS OF CHF	Loans and receivables	at FVTPL[1]	SUBTOTAL	NON-FINANCIAL ASSETS[2]	TOTAL
Cash and cash equivalents	404.9	29.5	434.4	–	434.4
Financial instruments at fair value through profit and loss	–	17.7	17.7	–	17.7
Trade and credit card receivables	132.9	–	132.9	–	132.9
Other accounts receivable	128.6	1.7	130.3	202.5	332.8
Other non-current assets	109.4	–	109.4	238.0	347.4
Total	**775.8**	**48.9**	**824.7**		

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

* The restatement is commented in note 39

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

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

38.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2016

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

Financial Liabilities at December 31, 2016

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

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

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

Financial Assets at December 31, 2015

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

Financial Liabilities at December 31, 2015

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

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

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

38.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

38.4 MARKET RISK

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

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

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

38.5 FOREIGN CURRENCY RISK MANAGEMENT

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

38.5.1 Foreign currency sensitivity analysis

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

Foreign Currency Exposure:

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

* The restatement is commented in note 39

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

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

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

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

Reconciliation to categories of financial instruments:

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

* The restatement is commented in note 39

[1] See note 38.2 Categories of financial instruments

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

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

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

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

38.5.3 Financial instruments at fair value through profit and loss

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

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

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

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

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

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

38.6 INTEREST RATE RISK MANAGEMENT

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

38.6.1 Interest rate swap contracts

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

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

38.6.2 Interest rate sensitivity analysis

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

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

38.6.3 Allocation of financial assets and liabilities to interest classes

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

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

* The restatement is commented in note 39

38.7 CREDIT RISK MANAGEMENT

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

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

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

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

38.7.1 Maximum credit risk

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

38.8 LIQUIDITY RISK MANAGEMENT

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

38.8.1 Remaining maturities for non-derivative financial assets and liabilities

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

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

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

* The restatement is commented in note 39

38.8.2 Remaining maturities for derivative financial instruments

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

38.9 LEGAL RESTRICTIONS ON MONEY TRANSFER

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

38.10 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

* The restatement is commented in note 39

39. RESTATEMENT

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

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

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

39.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

39.2 CONSOLIDATED STATEMENT OF CASH FLOWS

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

MOST IMPORTANT SUBSIDIARIES

H = Holding R = Retail D = Distribution Center

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

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

* Branch of World Duty Free Group SA, Spain

To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2017

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

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

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

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

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Goodwill and intangible assets with indefinite useful lives

Area of Focus

Goodwill and intangible assets with indefinite useful live represent 29% of the Group's total assets and 89% of the Group's total shareholders' equity as at 31 December 2016. As stated in Note 3 to the consolidated financial statements, the carrying value of goodwill and intangible assets with indefinite useful live is tested annually for impairment. The Company performed its annual impairment test of goodwill and intangible assets with indefinite useful live in the fourth quarter of 2016 and determined that there was no impairment. Key assumptions relating to the impairment test are disclosed in Note 20.1 to the consolidated financial statements. In determining the value in use of cash generating units and intangible assets with indefinite useful live, the Company must apply judgment in estimating – amongst other factors – future sales and margins, long-term growth rates and discount rates. Due to the significance of the carrying values for goodwill and indefinite-lived intangible assets and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response

Our procedures included, amongst other, an assessment of the Company's internal controls over its annual impairment test and key assumptions applied. We also evaluated management's allocation of reporting units. We involved valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including future sales, expected margins, long-term growth rates and discount rates (WACC). We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. Our work moreover included an evaluation of the sensitivity in the valuation resulting from changes to the key assumptions applied and a comparison of these assumptions to corroborating information, including industry reports and statistics published by external experts to estimate the rate of future passenger growth.

Concession contracts / Onerous Contracts

Area of Focus

Capitalized concession rights, amounting to CHF 3,822 million, represent 39% of the balance sheet total as at 31 December 2016. The useful life of virtually all concession rights are assessed to be finite. Concession rights acquired separately are capitalized at cost and those acquired in a business acquisition are capitalized at fair value as at the date of acquisition and are subject to impairment considerations as outlined in Note 3 to the consolidated financial statements. In many instances, concession agreements include a concession payment, which is defined as a certain percentage on net sales. Some of these long-term concession agreements, which Dufry has entered into, include clauses to ensure a minimal concession fee during the full term of the agreement (minimal annual guarantees, "MAG"). Under certain circumstances, the economic environment around an activity may deteriorate in such a way that it is unlikely that the operation will become profitable during the remaining concession duration. In such cases, Dufry impairs tangible and intangible assets and creates, if still needed, a provision for onerous contracts. The fair value calculation of concession rights as well as the determination of provision for onerous contracts comprise significant judgment of management.

Our audit response

In the course of our audit, we assessed whether valid concession contracts are on hand and evaluated the concession fees, including minimal annual guarantees. We assessed management's process to identify potential impairments for capitalized concession rights. In addition, we focused on entities reporting negative cash flows in order to identify potential impairment needs and potential onerous contracts. In connection with the acquisition of WDF Group, we assessed the accounting treatment of acquired concession rights.

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Tax accounting – Deferred taxes as well as tax risks

Area of Focus

The company has operations in multiple countries, each with its own taxation regime. The nature of the Group's activities triggers various taxation obligations including corporation tax and employment related taxes. The cross-border nature of the Group's sale of goods also creates complexities associated with international transfer pricing. Application of taxation legislation to the Group's affairs is inherently complex, highly specialized, and requires judgement to be exercised in relation to estimating tax exposures and quantifying provisions and/or contingent liabilities. As at 31 December 2016, the Group has current and deferred tax assets of CHF 203 million, current and deferred tax payable of CHF 563 million, and has disclosed a contingent liability of CHF 68 million which includes tax-related exposures.

The company has incurred tax losses of CHF 805 million as at 31 December 2016. The company has recognized the tax losses to the extent that the realization of the related tax benefits through future taxable profits are probable. Based on internal calculations with respect to the expected taxable profits in future years the company has recognized a deferred tax asset of CHF 130 million. We refer to Note 22 of the financial statements. This area was important to our audit due to the amount of the tax losses as well as the judgment involved in management's assessment of the likelihood and magnitude of creating future taxable profits to offset the tax losses. This assessment requires the Management Board to make assumptions to be used in the forecasts of future taxable profits, including expectations for future sales and margin developments and overall market and economic conditions.

Our audit response

In this area, our audit procedures included, amongst others, assessment of correspondence with the relevant tax authorities and the evaluation of tax exposures. In addition, in respect of deferred tax assets we assessed management's assumptions to determine the probability that deferred tax assets recognized in the statement of financial position will be recovered through taxable income in future years and available tax planning strategies. We included tax specialists to evaluate the assumptions used to determine tax positions. During our procedures, we also used management's budgets and forecasts. In addition, where considered relevant, we evaluated the historical accuracy of management's assumptions.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Chiomento Licensed audit expert (Auditor in charge)	Christian Krämer Licensed audit expert

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016

IN THOUSANDS OF CHF	NOTE	2016	2015
Financial income		11,893	11,411
Management and franchise fee income		10,324	6,175
Total income		**22,217**	**17,586**
Personnel expenses	7	(14,077)	(8,659)
General and administrative expenses		(4,386)	(4,921)
Management and franchise fee expenses		(11,860)	(15,965)
Amortization of intangibles		(5,755)	(5,755)
Financial expenses		(806)	(1,286)
Expenses related with capital increase		–	(595)
Direct taxes		(2,331)	(8,868)
Total expenses		**(39,215)**	**(46,049)**
(Loss) / profit for the year		**(16,998)**	**(28,463)**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2016

IN THOUSANDS OF CHF	NOTE	31.12.2016	31.12.2015
ASSETS			
Cash and cash equivalents		14,099	10,746
Current receivables third parties		55	41
Current receivables participants and bodies		–	1
Current receivables subsidiaries		1,819	980
Current receivables other group companies		1	11
Prepaid expenses and accrued income		–	7
Current financial assets subsidiaries		346,000	357,000
Current assets		**361,974**	**368,786**
Investments	3	4,238,415	4,238,415
Intangible assets		76,251	82,006
Non-current assets		**4,314,666**	**4,320,421**
Total assets		**4,676,640**	**4,689,207**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities third parties		1,808	2,626
Current liabilities participants and bodies		855	994
Current liabilities subsidiaries		11,639	12,788
Current liabilities other group companies		5	2
Deferred income and accrued expenses		20,587	13,347
Current liabilities		**34,894**	**29,757**
Total liabilities		**34,894**	**29,757**
Share capital	5	269,359	269,359
Legal capital reserves			
Reserve from capital contribution	5	4,290,806	4,290,806
Legal retained earnings			
Other legal reserves		5,927	5,927
Voluntary retained earnings			
Results carried forward		107,635	136,098
(Loss) / profit for the year	12	(16,998)	(28,463)
Treasury shares	6	(14,983)	(14,277)
Shareholders' equity		**4,641,746**	**4,659,450**
Total liabilities and shareholders' equity		**4,676,640**	**4,689,207**

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Dufry AG (the company) is a publicly listed company. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paolo.

Dufry AG was incorporated in 1865 and is registered with the commercial register in the canton of Basel Stadt, Switzerland.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements of Dufry AG were prepared in accordance with the requirements of the Swiss law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

Where not prescribed by law, the significant accounting and valuation principles applied are described below.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Assets
Financial assets include loans. A valuation adjustment reserve has not been accounted for. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded through the income statement whereas unrealized profits are deferred within accrued liabilities.

Treasury Shares
Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or expenses.

Intangible assets
Intangible assets generated internally are capitalized if they meet the following conditions cumulatively at the date of recognition:
- The intangible assets generated internally are identifiable and controlled by the entity;
- the intangible assets generated internally will generate a measurable benefit for the entity for more than one year;
- the expenses incurred in the creation of the intangible assets generated internally can be separately recognized and measured;
- it is likely that the resources required to complete and market or use the intangible assets for the entity's own purposes are available or will be made available.

Intangible assets are amortized using the straight-line method. As soon there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

Share-based payments
Should treasury shares be used for share-based payment programs for members of the management, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses.

Current interest-bearing liabilities
Interest-bearing liabilities are recognized in the balance sheet at nominal value.

Exchange rate differences
Except for investments in subsidiaries which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using year-end exchange rates. Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealized exchange losses are recorded in the income statement; net unrealized gains, as deferred within accrued liabilities.

Foregoing a cash flow statement and additional disclosures in the notes
Dufry AG has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law, as it has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS),

3. SIGNIFICANT INVESTMENTS

IN THOUSANDS OF CHF	SHARE IN CAPITAL AND VOTING RIGHTS 2016	2015	SHARE CAPITAL 2016	2015
Dufry International AG, Switzerland	100 %	100 %	1,000	1,000
Dufry Management AG, Switzerland	100 %	100 %	100	100
Dufry Corporate AG, Switzerland	100 %	100 %	100	100
Dufry Holdings & Investments AG, Switzerland	100 %	100 %	1,000	1,000

4. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN PERCENTAGE (%) OF OUTSTANDING REGISTERED SHARES	31.12.2016	31.12.2015
Group of shareholders consisting of various companies and legal entities representing the interests of: Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, Dimitrios Koutsolioutsos, James S. Cohen, Nucleo Capital Co-Investment Fund I Ltd. and James S. Cohen Family Dynasty Trust	19.47 %	20.50 %
Temasek Holdings (Private) Ltd.	8.55 %	8.55 %
Government of Singapore	7.79 %	7.79 %
State of Qatar	6.92 %	6.92 %
Black Rock, Inc.	3.06 %	3.06 %

5. SHARE CAPITAL

5.1 ORDINARY SHARES

IN THOUSANDS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	CAPITAL CONTRIBUTION RESERVE*
Balance at January 1, 2015	**35,905,056**	**179,525**	**2,030,305**
Conversion of mandatory convertible notes	1,809,188	9,046	231,073
Issue of shares	16,157,463	80,788	2,119,213
Reclassification to retained earnings	–	–	(8,064)
Balance at December 31, 2015	**53,871,707**	**269,359**	**4,290,806**
Balance at December 31, 2016	**53,871,707**	**269,359**	**4,290,806**

* The amount of the reserve from capital contribution (share premium) is subject to a formal confirmation by the Swiss tax authorities. As of December 31, 2015, CHF 2,022,241,801 of the total amount disclosed are recognized by the Swiss tax authorities.

The General Meeting held on April 29, 2015, approved the increase of the share capital of Dufry from CHF 179,525,280 up to CHF 336,668,140 through the issuance of fully paid-in registered shares with a par value of CHF 5 each.

On June 18, 2015, Dufry AG issued 16,157,463 registered shares with a nominal value of CHF 80,788 million, representing 45% additional shares. After this share issuance and including the shares created by the conversion of the Mandatory Convertible Notes (see comment below), the share capital of Dufry AG amount to CHF 269,358,535. The offer price for the rights offering as well as for the committed investors was set at CHF 136.16 per share. In the rights offering, 9,744,390 shares were subscribed for by existing shareholders, while 6,413,073 shares were purchased by committed investors, resulting in gross proceeds of CHF 2,200 million.

During June 2015, the Mandatory Convertible Notes amounting to CHF 262,800 were converted into 1,809,188 ordinary registered shares of Dufry AG at a conversion price of CHF 152 per share. Dufry issued the shares out of the existing conditional share capital.

5.2 CONDITIONAL SHARE CAPITAL

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2015	**2,698**	**13,488**
Utilization June, 2015	(1,809)	(9,046)
Balance at December 31, 2015	**888**	**4,442**
Balance at December 31, 2016	**888**	**4,442**

6. TREASURY SHARES

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2015	**94.2**	**14,100**
Share purchases	–	1
Revaluation	–	177
Balance at December 31, 2015	**94.2**	**14,277**
Share purchases	6.0	706
Balance at December 31, 2016	**100.2**	**14,983**

7. PERSONNEL EXPENSES

The personnel expenses correspond to the share-based payments for the Group Executive Committee members, as described in Note 28 of Dufry Annual Report 2016, as well as the compensation to the board members.

Dufry AG employed less than 10 people in 2016 and 2015.

8. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The following companies form a tax group for the Swiss Federal Tax Administration – Main division VAT:

- DUFRY International AG
- International Operations & Services (CH) AG
- DUFRY Samnaun AG
- DUFRY Participations AG
- DUFRY Russia Holding AG
- DUFRY Trading AG
- DUFRY Basel Mulhouse AG
- DUFRY Management AG
- DUFRY Corporate AG
- DUFRY Holdings & Investments AG
- DUFRY AG
- DUFRY Altay AG
- The Nuance Group AG

9. CONTINGENT LIABILITIES

Dufry AG jointly and severally with Dufry Holdings & Investments AG, Dufry International AG, Hudson Group (HG), Inc. and Dufry Financial Services B.V. guaranteed the following credit facilities:

					DRAWN AMOUNT IN CHF	
IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL IN LOCAL CURRENCY	31.12.2016	31.12.2015
MAIN BANK CREDIT FACILITIES						
Committed 5-year term loan	31.07.2019		USD	1,010.0	1,028.0	1,009.7
Committed 4-year term loan	31.07.2019		EUR	800.0	860.8	835.9
Committed 5-year term loan	31.07.2019		EUR	500.0	558.9	543.2
5-year revolving credit facility	31.07.2019		CHF	900.0	371.6	181.5
Subtotal					**2,819.3**	**2,570.3**
SENIOR NOTES						
Senior notes	01.08.2023	4.50 %	EUR	700.0	749.4	760.4
Senior notes	15.07.2022	4.50 %	EUR	500.0	535.3	543.2
Senior notes	15.10.2020	5.50 %	USD	500.0	–	499.8
Subtotal					**1,284.7**	**1,803.4**
GUARANTEE FACILITY						
Committed 5-year term guarantee line Unicredit AG	09.09.2019		EUR	250.0	93.4	103.7
Subtotal					**93.4**	**103.7**
Total					**4,197.4**	**4,477.4**

There are no assets pledged in 2016 and 2015.

10. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE IN DUFRY AG

The following members of the Board of Directors or of the Group Executive Committee of Dufry AG (including related parties) hold directly or indirectly shares or share options of the Company as at December 31, 2016 or December 31, 2015 (members not listed do not hold any shares or options):

			31.12.2016			31.12.2015
IN THOUSANDS	SHARES	FINANCIAL INSTRUMENTS[1]	PARTICIP.	SHARES	FINANCIAL INSTRUMENTS[1]	PARTICIP.
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	982.2	118.3	2.04 %	982.2	257.1	2.38 %
Andrés Holzer Neumann, Vice-Chairman	4,308.8	276.1	8.51 %	4,291.3	463.6	9.13 %
Jorge Born, Director	–	30.9[2]	0.06 %	21.9	30.9[2]	0.10 %
James S. Cohen, Director[3]	n / a	n / a	n / a	2,059.3	–	3.96 %
Julián Diáz Gonzalez, Director and CEO	284.5	43.8	0.61 %	284.5	92.6	0.72 %
George Koutsolioutsos, Director	1,608.4	200.0	3.36 %	1,608.4	200.0	3.47 %
Total Board of Directors	**7,183.9**	**669.1**	**14.58 %**	**9,247.6**	**1,044.2**	**19.77 %**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Diáz Gonzalez, CEO	284.5	43.8	0.61 %	284.5	92.6	0.72 %
Andreas Schneiter, CFO	6.1	–	0.01 %	6.1	–	0.01 %
José Antonio Gea, GCOO	4.1	–	0.01 %	4.1	–	0.01 %
Luis Marin, CCO	1.2	–	0.00 %	1.5	–	0.00 %
Jordi Martin-Consuegra, GRD	1.1	–	0.00 %	n / a	n / a	n / a
Gustavo Magalhães Fagundes, GM Brazil and Bolivia	6.9	–	0.01 %	n / a	n / a	n / a
Total Group Executive Committee	**303.9**	**43.8**	**0.64 %**	**296.2**	**92.6**	**0.73 %**

[1] The detailed terms of the various financial instruments disclosed above are as disclosed to the SIX Swiss Exchange and published on September 15. 2016 for the year 2016 and on July 9, 2015, for the year 2015.

[2] European Capped Calls on 30,940 shares of Dufry AG. The transaction is divided into 5 tranches of 6,188 shares each, which expire on 29.07.2019, 30.07.2019, 31.07.2019, 04.08.2019 and 05.08.2019, respectively. Each tranche is automatically exercised, and the differences are to be cash settled. The strike price for each option is CHF 160, and the cap is CHF 260 per option.

[3] Director until AGM on April 28, 2016.

At December 31, 2016, a Dufry share quoted at CHF 127 (2015: 120) each.

In addition to the above, the shareholders' group consisting of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julián Díaz González and Dimitrios Koutsolioutsos holds sale positions of 7.59% through options (4,087,520 voting rights) as of December 31, 2016 (as of December 31, 2015: sale positions of 8.81% through options (4,589,120 voting rights), which included the sale positions of James S. Cohen and James S. Cohen Family Dynasty Trust).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on September 15, 2016 (for sales position as of December 31, 2015: publication of disclosure notice on July 9, 2015). Disclosure notices are available on the SIX Swiss Exchange website: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

11. SHARE-BASED PLAN FOR THE GROUP EXECUTIVE COMMITTEE

Members of the Group Executive Committee received 92,319 (2015: 56,965) stock options with a value of CHF 11,678 (2015: 6,288) thousands.

12. APPROPRIATION OF AVAILABLE EARNINGS

IN THOUSANDS OF CHF	2016	2015
Result carried forward	107,635	124,128
Other	–	3,906
Reclassification from reserve from capital contribution (see note 5.1)	–	8,064
Loss for the year	(16,998)	(28,463)
Retained earnings at December 31	**90,637**	**107,635**
To be carried forward	**90,637**	**107,635**

To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2017

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, which comprise the income statement, statement of financial position and notes (pages 196 to 205), for the year ended 31 December 2016.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

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Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recoverability of investments in subsidiaries
Area of focus
As controlling company of the Group, Dufry AG directly and indirectly holds investments in various subsidiaries. The overview of investments in Note 3 lists the significant companies directly held by Dufry AG. The carrying amount for all investments is reflected in the balance sheet. In case of impairment indicators, management sets up an impairment test and makes the required value adjustments should this be necessary. In determining the fair value of the investments, the Company must apply judgment in estimating – amongst other factors – future revenues and margins, multiples, long-term growth and discount rates. Due to the significance of the carrying values for investments in subsidiaries and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response
We examined the Company's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Chiomento Licensed audit expert (Auditor in charge)	Christian Krämer Licensed audit expert

INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE 6 MONTHS ENDED JUNE 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 6M 2017	Unaudited 6M 2016	Unaudited Q2 2017	Unaudited Q2 2016
Net sales		3,720.4	3,514.3	2,062.6	1,932.0
Advertising income		100.9	96.6	51.9	48.7
Turnover		**3,821.3**	**3,610.9**	**2,114.5**	**1,980.7**
Cost of sales		(1,546.7)	(1,503.1)	(857.1)	(827.4)
Gross profit		**2,274.6**	**2,107.8**	**1,257.4**	**1,153.3**
Selling expenses		(1,105.2)	(1,026.3)	(609.9)	(568.5)
Personnel expenses		(550.4)	(519.0)	(281.8)	(260.4)
General expenses		(203.3)	(182.6)	(104.5)	(91.2)
Share of result of associates		(4.5)	1.3	(4.7)	1.5
EBITDA[1]		**411.2**	**381.2**	**256.5**	**234.7**
Depreciation, amortization and impairment		(260.2)	(274.4)	(130.7)	(136.9)
Linearization		(46.3)	(52.8)	(5.3)	(9.7)
Other operational result		(14.7)	(22.3)	(8.0)	(16.9)
Earnings before interest and taxes (EBIT)		**90.0**	**31.7**	**112.5**	**71.2**
Interest expenses		(111.0)	(106.9)	(60.7)	(52.2)
Interest income		15.6	11.7	8.3	6.7
Foreign exchange gain / (loss)		5.1	(3.3)	3.7	(2.6)
Earnings before taxes (EBT)		**(0.3)**	**(66.8)**	**63.8**	**23.1**
Income tax	5	(0.6)	8.3	(10.8)	(1.6)
Net earnings		**(0.9)**	**(58.5)**	**53.0**	**21.5**
ATTRIBUTABLE TO					
Equity holders of the parent		(24.9)	(75.0)	35.9	10.6
Non-controlling interests		24.0	16.5	17.1	10.9
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Basic earnings / (loss) per share		(0.46)	(1.39)	0.67	0.20
Diluted earnings / (loss) per share		(0.46)	(1.39)	0.67	0.20
Weighted average number of outstanding shares in thousands		53,775	53,778	53,778	53,778

[1] EBITDA before other operational result and linearization

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED JUNE 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 6M 2017	Unaudited 6M 2016	Unaudited Q2 2017	Unaudited Q2 2016
Net earnings		**(0.9)**	**(58.5)**	**53.0**	**21.5**
OTHER COMPREHENSIVE INCOME					
Actuarial gains / (losses) on post-employment benefits		5.4	(4.9)	5.1	(5.1)
Income tax		(0.4)	0.5	(0.4)	0.5
Items not being reclassified to net income in subsequent periods, net of tax		**5.0**	**(4.4)**	**4.7**	**(4.6)**
Exchange differences on translating foreign operations		(185.1)	(177.9)	(140.8)	(15.6)
Net gain / (loss) on hedge of net investment in foreign operations		64.4	61.8	48.2	(0.9)
Changes in the fair value of forward exchange contracts held as cash flow hedges		(1.6)	1.1	(1.6)	0.6
Share of other comprehensive income of associates		0.2	(0.2)	0.4	(0.1)
Income tax on above positions		–	(0.3)	–	(0.2)
Items to be reclassified to net income in subsequent periods, net of tax		**(122.1)**	**(115.5)**	**(93.8)**	**(16.2)**
Total other comprehensive income / (loss), net of tax		**(117.1)**	**(119.9)**	**(89.1)**	**(20.8)**
Total comprehensive income / (loss), net of tax		**(118.0)**	**(178.4)**	**(36.1)**	**0.7**
ATTRIBUTABLE TO					
Equity holders of the parent		(138.6)	(192.5)	(50.6)	(12.1)
Non-controlling interests		20.6	14.1	14.5	12.8

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 30.06.2017	31.12.2016
ASSETS			
Property, plant and equipment		615.0	629.3
Intangible assets		6,533.0	6,786.6
Investments in associates		34.7	39.7
Deferred tax assets		195.0	177.2
Other non-current assets		292.1	296.1
Non-current assets		**7,669.8**	**7,928.9**
Inventories		1,042.6	917.9
Trade and credit card receivables		97.9	94.6
Other accounts receivable		536.1	501.4
Income tax receivables		24.7	26.2
Financial instruments at fair value through profit and loss		0.7	–
Cash and cash equivalents	6	447.6	450.8
Current assets		**2,149.6**	**1,990.9**
Total assets		**9,819.4**	**9,919.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		2,936.4	3,062.0
Non-controlling interests		212.5	208.6
Total equity		**3,148.9**	**3,270.6**
Financial debt	6	3,975.7	4,073.9
Deferred tax liabilities		490.6	516.5
Provisions		152.7	183.5
Post-employment benefit obligations		61.4	66.0
Other non-current liabilities		116.8	96.1
Non-current liabilities		**4,797.2**	**4,936.0**
Trade payables		717.0	590.4
Financial debt	6	99.5	127.3
Income tax payables		51.2	46.3
Provisions		97.7	116.9
Other liabilities		907.9	832.3
Current liabilities		**1,873.3**	**1,713.2**
Total liabilities		**6,670.5**	**6,649.2**
Total liabilities and shareholders' equity		**9,819.4**	**9,919.8**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED JUNE 30, 2017

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
2017 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		**269.4**	**4,259.3**	**(15.0)**	**(36.7)**	**1.6**	**(250.4)**	**(1,166.2)**	**3,062.0**	**208.6**	**3,270.6**
Net earnings / (loss)		–	–	–	–	–	–	(24.9)	(24.9)	24.0	(0.9)
Other comprehensive income / (loss)		–	–	–	5.0	(1.6)	(117.1)	–	(113.7)	(3.4)	(117.1)
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**5.0**	**(1.6)**	**(117.1)**	**(24.9)**	**(138.6)**	**20.6**	**(118.0)**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(22.1)	(22.1)
Assignment of treasury shares		–	–	2.5	–	–	–	(2.5)	–	–	–
Share-based payment		–	–	–	–	–	–	12.8	12.8	–	12.8
Tax effect on equity transactions		–	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Total transactions with or distributions to owners		**–**	**–**	**2.5**	**–**	**–**	**–**	**10.0**	**12.5**	**(22.1)**	**(9.6)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Changes in participation of non-controlling interests		–	–	–	–	–	–	0.5	0.5	5.4	5.9
Balance at June 30		**269.4**	**4,259.3**	**(12.5)**	**(31.7)**	**–**	**(367.5)**	**(1,180.6)**	**2,936.4**	**212.5**	**3,148.9**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED JUNE 30, 2017

2016 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Restated * Balance at January 1		**269.4**	**4,259.3**	**(14.3)**	**(21.3)**	**0.7**	**(185.8)**	**(1,153.3)**	**3,154.7**	**184.1**	**3,338.8**
Net earnings / (loss)		–	–	–	–	–	–	(75.0)	(75.0)	16.5	(58.5)
Other comprehensive income / (loss)		–	–	–	(4.4)	0.8	(113.9)	–	(117.5)	(2.4)	(119.9)
Total comprehensive income for the period		**–**	**–**	**–**	**(4.4)**	**0.8**	**(113.9)**	**(75.0)**	**(192.5)**	**14.1**	**(178.4)**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(26.9)	(26.9)
Share-based payment		–	–	–	–	–	–	0.5	0.5	–	0.5
Tax effect on equity transactions		–	–	–	–	–	–	–	–	–	–
Total transactions with or distributions to owners		**–**	**–**	**–**	**–**	**–**	**–**	**0.5**	**0.5**	**(26.9)**	**(26.4)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Changes in participation of non-controlling interests		–	–	–	–	–	–	(23.0)	(23.0)	28.4	5.4
Balance at June 30		**269.4**	**4,259.3**	**(14.3)**	**(25.7)**	**1.5**	**(299.7)**	**(1,250.8)**	**2,939.7**	**199.7**	**3,139.4**

* Based on the final assessment of the Purchase Price Allocation related to World Duty Free Group (WDF), certain amounts presented in the annual report 2015 have been restated

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED JUNE 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 6M 2017	Unaudited 6M 2016	Unaudited Q2 2017	Unaudited Q2 2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Earnings before taxes (EBT)		(0.3)	(66.8)	63.8	23.1
Total earnings before taxes (EBT)		**(0.3)**	**(66.8)**	**63.8**	**23.1**
ADJUSTMENTS FOR:					
Depreciation, amortization and impairment		260.2	274.4	130.7	136.9
Loss / (gain) on sale of non-current assets		4.7	0.2	1.6	0.1
Increase / (decrease) in allowances and provisions		1.8	10.6	(18.9)	(1.1)
Loss / (gain) on unrealized foreign exchange differences		(17.5)	5.1	(8.5)	(10.3)
Linearization of concession fees		21.3	29.3	(7.4)	(2.2)
Other non-cash items		10.3	0.5	5.2	0.3
Share of result of associates		4.5	(1.3)	4.7	(1.5)
Interest expense		111.0	106.9	60.7	52.2
Interest income		(15.6)	(11.7)	(8.3)	(6.7)
Cash flow before working capital changes		**380.4**	**347.2**	**223.6**	**190.8**
Decrease / (increase) in trade and other accounts receivable		(66.7)	(95.8)	(9.8)	(114.0)
Decrease / (increase) in inventories		(171.3)	(30.9)	(61.0)	(16.3)
Increase / (decrease) in trade and other accounts payable		164.9	126.0	135.3	156.3
Dividends received from associates		–	4.9	–	4.7
Cash generated from operations		**307.3**	**351.4**	**288.1**	**221.5**
Income taxes paid		(42.1)	(36.4)	(17.8)	(23.1)
Net cash flows from operating activities		**265.2**	**315.0**	**270.3**	**198.4**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(105.7)	(99.4)	(63.4)	(56.2)
Purchase of intangible assets		(47.7)	(37.5)	(11.8)	(34.8)
Net purchase of financial assets		(0.7)	–	(0.6)	–
Proceeds from sale of property, plant and equipment		1.4	3.6	0.6	2.1
Interest received		12.5	8.4	7.0	4.2
Business combinations, net of cash		–	(0.1)	–	–
Proceeds from sale of interests in subsidiaries and associates		–	3.9	–	–
Proceeds from sale of financial assets		–	17.5	(0.1)	–
Net cash flows used in investing activities		**(140.2)**	**(103.6)**	**(68.3)**	**(84.7)**
Transaction costs paid for issuance of financial instruments		–	(2.5)	–	–
Proceeds from bank loans	6	418.7	55.2	2.5	(0.4)
Repayment of bank loans	6	(466.0)	(7.4)	(220.7)	(7.1)
Proceeds from / (repayment of) 3rd party loans		0.2	1.1	0.2	0.1
Dividends paid to non-controlling interest		(22.1)	(26.9)	(15.1)	(20.2)
Net contributions from / (purchase of) non-controlling interests		–	(0.1)	–	(0.1)
Interest paid		(88.7)	(95.9)	(45.1)	(34.1)
Net cash flows (used in) / from financing activities		**(157.9)**	**(76.5)**	**(278.2)**	**(61.8)**
Currency translation on cash	6	29.7	8.4	21.0	40.4
(Decrease) / increase in cash and cash equivalents		**(3.2)**	**143.3**	**(55.2)**	**92.3**
CASH AND CASH EQUIVALENTS AT THE					
– beginning of the period	6	450.8	432.5	502.8	483.5
– end of the period	6	447.6	575.8	447.6	575.8

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED JUNE 30, 2017

1. CORPORATE INFORMATION

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

The interim consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the group) for the period ended June 30, 2017 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated July 28, 2017.

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim consolidated financial statements for the period ended June 30, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Dufry's annual financial statements as of December 31, 2016.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Dufry's annual financial statements for the year ended December 31, 2016, except for:

New or revised Standards and Interpretations adopted in these financial statements (effective January 1, 2017)
- Disclosure initiative – amendments to IAS 7 Statement of cash flows
  Requires additional disclosure of changes in liabilities arising from financing activities (see note 6).
- IAS 12 Income taxes
  Additional clarification was issued on the recognition of deferred tax assets for unrealized losses on debt instruments at fair value. Dufry currently does not have debt instruments at fair value.

3. SEGMENT INFORMATION

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

Segment information 6M

	2017				2016			
	TURNOVER				TURNOVER			
IN MILLIONS OF CHF	with external customers	with other divisions	TOTAL	EBITDA[1]	with external customers	with other segments	TOTAL	EBITDA[1]
Southern Europe and Africa	776.6	–	776.6	91.3	744.2	–	744.2	85.8
UK, Central and Eastern Europe	961.4	–	961.4	103.0	964.1	–	964.1	98.9
Asia, Middle East and Australia	370.7	–	370.7	23.5	372.4	–	372.4	27.7
Latin America	819.6	–	819.6	42.8	719.9	–	719.9	33.3
North America	849.5	–	849.5	82.2	790.1	–	790.1	80.7
Distribution Centers	43.5	525.6	569.1	68.4	20.2	406.9	427.1	54.8
Total divisions	**3,821.3**	**525.6**	**4,346.9**	**411.2**	**3,610.9**	**406.9**	**4,017.8**	**381.2**
Eliminations	–	(525.6)	(525.6)	–	–	(406.9)	(406.9)	–
Dufry	**3,821.3**	**–**	**3,821.3**	**411.2**	**3,610.9**	**–**	**3,610.9**	**381.2**

Segment information Q2

	2017				2016			
	TURNOVER				TURNOVER			
IN MILLIONS OF CHF	with external customers	with other segments	TOTAL	EBITDA[1]	with external customers	with other segments	TOTAL	EBITDA[1]
Southern Europe and Africa	487.8	–	487.8	61.9	457.3	–	457.3	56.8
UK, Central and Eastern Europe	545.9	–	545.9	68.7	536.5	–	536.5	65.0
Asia, Middle East and Australia	182.2	–	182.2	15.9	185.2	–	185.2	14.9
Latin America	419.4	–	419.4	22.3	368.1	–	368.1	16.7
North America	457.4	–	457.4	52.6	422.8	–	422.8	52.3
Distribution Centers	21.8	272.7	294.5	35.1	10.8	212.4	223.2	29.0
Total divisions	**2,114.5**	**272.7**	**2,387.2**	**256.5**	**1,980.7**	**212.4**	**2,193.1**	**234.7**
Eliminations	–	(272.7)	(272.7)	–	–	(212.4)	(212.4)	–
Dufry	**2,114.5**	**–**	**2,114.5**	**256.5**	**1,980.7**	**–**	**1,980.7**	**234.7**

[1] EBITDA before linearization and other operational result

Segment assets and liabilities

	30.06.2017		31.12.2016	
IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL ASSETS	TOTAL LIABILITIES
Southern Europe and Africa	2,360.0	774.8	2,296.2	656.4
UK, Central and Eastern Europe	2,287.3	653.7	2,392.2	646.8
Asia, Middle East and Australia	470.8	209.0	498.3	265.7
Latin America	1,770.5	372.8	1,967.2	397.0
North America	1,358.2	264.1	1,417.9	268.6
Distribution Centers	845.5	291.7	748.6	240.3
Total divisions	**9,092.3**	**2,566.1**	**9,320.4**	**2,474.8**
Unallocated positions	727.1	4,104.4	599.4	4,174.4
Dufry	**9,819.4**	**6,670.5**	**9,919.8**	**6,649.2**

4. SEASONALITY

Dufry has its strongest months of turnover and EBITDA between July and September corresponding to the summer time in the northern hemisphere, whereas the first quarter is the weakest. These seasonality effects are more prominent on the result than in turnover.

5. INCOME TAXES

IN MILLIONS OF CHF	Unaudited 6M 2017	Unaudited 6M 2016	Unaudited Q2 2017	Unaudited Q2 2016
Current income tax	(48.3)	(46.4)	(27.7)	(27.2)
Deferred income tax	47.7	54.7	16.9	25.6
Total	**(0.6)**	**8.3**	**(10.8)**	**(1.6)**

6. NET DEBT

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	FINANCIAL DEBT CURRENT	FINANCIAL DEBT NON-CURRENT	NET DEBT
Balance at January 1, 2017	**450.8**	**127.3**	**4,073.9**	**3,750.4**
Cash flows from operating, financing and investing activities	26.5	–	–	(26.5)
Proceeds from bank loans	–	20.4	398.3	418.7
Repayments of bank loans	–	(42.9)	(423.1)	(466.0)
Cash flow	**26.5**	**(22.5)**	**(24.8)**	**(73.8)**
Currency translation adjustments	(29.7)	(5.3)	(22.2)	2.2
Unrealized exchange differences on the translation of bank loans in foreign currencies	–	–	(57.6)	(57.6)
Foreign exchange adjustments	**(29.7)**	**(5.3)**	**(79.8)**	**(55.4)**
Discounted interest	–	–	0.3	0.3
Arrangement fees amortization	–	–	6.1	6.1
Other non-cash movements	**–**	**–**	**6.4**	**6.4**
Balance at June 30, 2017	**447.6**	**99.5**	**3,975.7**	**3,627.6**

7. PRINCIPAL FOREIGN EXCHANGE RATES APPLIED FOR VALUATION AND TRANSLATION

	AVERAGE RATE	CLOSING RATE	
IN CHF	6M 2017	30.06.2017	
1 USD	0.9942	0.9581	
1 EUR	1.0766	1.0950	
1 GBP	1.2518	1.2483	
IN CHF	6M 2016	30.06.2016	31.12.2016
1 USD	0.9818	0.9773	1.0178
1 EUR	1.0958	1.0822	1.0706
1 GBP	1.4078	1.2963	1.2561

To the Board of Directors of
Dufry AG, Basel

Basel, 28 July 2017

Report on the review of interim consolidated financial statements

Introduction
We have reviewed the interim consolidated financial statements (income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes, pages 3 to 11) of Dufry AG, Basel for the period from 1 January 2017 to 30 June 2017. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Ernst & Young Ltd

Christian Krämer	Philipp Baumann
Licensed audit expert	Licensed audit expert
(Auditor in charge)	