NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR (2) 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 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 either (1) qualified institutional buyers within the meaning of Rule 144A under the Securities Act (“QIBs”) or (2) 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) either you and any customers you represent are:

   (a) QIBs, or

   (b) 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.

Prospective purchasers that are QIBs are hereby notified that the seller of the notes offered under the offering memorandum may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

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 Finance SCA 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.

Subject to completion, dated July 7, 2014

PRELIMINARY OFFERING MEMORANDUM **STRICTLY CONFIDENTIAL**

DUFRY FINANCE SCA

€500,000,000 % Senior Notes due 2022
fully and unconditionally guaranteed by Dufry AG and certain of its subsidiaries

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Dufry Finance SCA, a partnership limited by shares (*société en commandite par actions*) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172144 (the ''Issuer''), acting by its general partner Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172120, is offering €500,000,000 principal amount of its % senior notes due 2022 (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 Dutch company with its corporate seat in Amsterdam, 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'').

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 , 2014. The Notes will mature on , 2022 (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.

If we do not complete the Acquisition (as defined herein) by the Longstop Date (as defined herein) or, prior to the Longstop Date, the Share Purchase Agreement (as defined herein) is terminated, then we will redeem the Notes (a ''Special Mandatory Redemption'') at a price equal to 100% of the issue price of the Notes set forth below plus accrued and unpaid interest to, but excluding, the date of the Special Mandatory Redemption. See ''Description of Notes—Special Mandatory Redemption.''

The Notes are redeemable prior to maturity, in whole or in part, at any time and from time to time at our option at a redemption price 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 structurally 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 Irish Stock Exchange (the ''ISE'') for the approval of this document as ''Listing Particulars.'' Application has been made to the ISE for the Notes to be admitted to the official list and to trading on the Global Exchange Market (the ''GEM'') of the ISE. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes listing particulars for admission to trading on GEM.

Investing in the Notes involves risks. See ''Risk Factors'' beginning on page 23.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the ''Securities Act''), or any state securities laws and are being offered and sold only to ''qualified institutional buyers'' (''QIBs''), as defined in Rule 144A under the Securities Act (''Rule 144A''), in accordance with Rule 144A and 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 , 2014

It is expected that delivery of beneficial interests in the Notes will be made through Euroclear Bank, S.A./N.V. as operator of the Euroclear System (''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 , 2014 against payment therefor in immediately available funds.

Joint Global Coordinators and Joint Bookrunners

RBS **Goldman Sachs International**

Joint Bookrunners

Banco Bilbao Vizcaya Argentaria, S.A. **Crédit Agricole CIB** **HSBC** **ING** **Raiffeisen Bank International AG**
UBS Investment Bank

The date of this Offering Memorandum is , 2014

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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 context otherwise requires. All references to the "Issuer" are to Dufry Finance SCA, a partnership limited by shares (*société en commandite par actions*) organized and established under the laws of the Grand Duchy of Luxembourg ("Luxembourg"), having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172144, which is an indirect, wholly owned subsidiary of Dufry AG. All references to "Nuance" are to The Nuance Group AG, a Swiss company limited by shares with its corporate seat in Opfikon.

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.

Notwithstanding the foregoing, effective from the date of commencement of discussions concerning the offering, you and each of your employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the offering and all materials of any kind, including opinions or other tax analyses, that we have provided to you relating to such tax treatment and tax structure. However, the foregoing does not constitute an authorization to disclose the identity of Dufry AG or its affiliates, agents or advisers, or, except to the extent relating to such tax structure or tax treatment, any specific pricing terms or commercial or financial information.

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 ISE for the approval of this document as "Listing Particulars." Application has been made to the ISE for the Notes to be admitted to the official list and to trading on the GEM of the ISE. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes listing particulars for admission to trading on the GEM. 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 the ISE and to trade the Notes on the GEM of the ISE 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, THE ROYAL BANK OF SCOTLAND PLC (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 within the United States only to QIBs as defined in Rule 144A under the Securities Act and 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. Prospective purchasers are hereby notified that the seller of any Note or Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The Notes and the Guarantees have not been and will not be registered with, recommended by, or approved by the United States 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 NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, does not constitute a public offering prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. 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 Ltd., and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd. and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd. The Notes are being offered in Switzerland by way of a private placement (i.e., to a limited number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Issuers' express consent. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied or distributed to the public in (or from) Switzerland.

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 for 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, 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, and (ii) no more than 149 prospective investors, which are not qualified investors.

NOTICE TO INVESTORS IN THE NETHERLANDS

This Offering Memorandum has not been and will not be submitted for approval to the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the offering of Notes contemplated by this Offering Memorandum is not supervised by the Dutch Authority for the Financial Markets. No offer of Notes has been made or will be made 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 that are qualified investors (as defined in the Dutch Financial Markets Supervision Act (*Wet op het Financieel Toezicht*, the "FSA")) in The Netherlands, (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"). Certain differences exist between IFRS and generally accepted accounting principles in the United States of America ("U.S. GAAP") which might be material to the financial information herein. We have not prepared a reconciliation of our consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how these differences might affect the financial information herein.

This Offering Memorandum presents the following financial information:

- our audited consolidated financial statements as of and for the years ended December 31, 2013 and 2012, 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, 2013 and 2012, 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;
- our audited consolidated financial statements as of and for the years ended December 31, 2012 and 2011, 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; and
- our unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2014 and 2013, which have been prepared in accordance with IAS 34 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, see "Currency and Exchange Rates."

Financial Data of Nuance

Unless otherwise indicated, Nuance's financial information contained in this Offering Memorandum is prepared and presented in accordance with IFRS as issued by the IASB. Certain differences exist between IFRS and U.S. GAAP which might be material to the financial information herein. We have not prepared a reconciliation of Nuance's consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how these differences might affect the financial information herein.

This Offering Memorandum presents the following financial information:

- Nuance's audited consolidated financial statements as of and for the years ended December 31, 2013 and 2012, which have been prepared in accordance with IFRS and audited by Nuance's independent auditors, Deloitte AG, as set forth in their audit report as of and for the year ended December 31, 2013 included elsewhere herein; and
- Nuance's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2014 and 2013, which have been prepared in accordance with IAS 34.

Pro Forma Financial Data

As part of this Offering Memorandum, we present unaudited pro forma combined financial information as of and for the three months ended March 31, 2014 and as of and for the year ended December 31, 2013. This financial information is presented to illustrate the effect of the Acquisition (as defined herein) on our consolidated statement of financial position by giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the anticipated uses of proceeds therefrom, as if they occurred on each of March 31, 2014 and December 31, 2013, and on our consolidated income statement giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the uses of proceeds therefrom, as if they occurred on January 1, 2013. Please see "Pro Forma Combined Financial Information" for additional information on such pro forma financial information and a description of the assumptions used in creating such pro forma financial information. The adjustments made in order to present the unaudited pro forma combined financial information have been made based on available information and assumptions that our management believes are reasonable. The unaudited pro forma combined financial information is for informational purposes only and does not necessarily present what our results would have been had the Acquisition, this Offering, the MCN offering or the Rights Offering actually occurred on March 31, 2014, December 31, 2013 or January 1, 2013, nor should it be used as the basis of projections of our results of operations or financial condition for any future period. The unaudited pro forma combined financial information has not been prepared in accordance with the rules or regulations of the SEC, and is not in compliance therewith or any other comprehensive basis of preparation. Any reliance you place on this information should fully take this into consideration.

The unaudited pro forma combined financial information presented in this Offering Memorandum as of March 31, 2014 differs in certain respects from the presentation of our pro forma as adjusted capitalization as of March 31, 2014 in "Capitalization." For purposes of our pro forma as adjusted capitalization in "Capitalization," we have assumed CHF 610 million aggregate principal amount of Notes offered hereby, as compared to an assumed CHF 650 million aggregate principal amount for purposes of the pro forma combined financial information. In addition, our pro forma as adjusted capitalization in "Capitalization" reflects the Expected Refinancing (as defined herein), which includes an expected additional CHF 40 million borrowed under the 2014 Facilities Agreement (as defined herein), as compared to the pro forma combined financial information which only reflects borrowings under our Senior Credit Facilities (as defined herein) for the periods presented. We do not expect those differences to have a material effect on our total liabilities or our interest expenses. See "Capitalization" and "Pro Forma Combined Financial Information."

Other Financial Measures

Throughout this Offering Memorandum, we present financial measures and adjustments with respect to Dufry and Nuance that are not presented in accordance with, or defined by, IFRS or any other internationally accepted accounting principles, including EBITDA, EBITDA margin, EBIT, EBIT margin, gross margin, like-for-like sales growth, as well as certain leverage and coverage ratios derived from these financial measures.

We have presented these financial measures (i) as they are used by our and Nuance's management, as applicable, to monitor financial results and available operating liquidity and (ii) to represent similar measures that 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 the current ability to fund ongoing operations.

However, these financial measures of liquidity or performance 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 or Nuance, 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. The non-IFRS financial information contained in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. 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 or Nuance's financial position or results of operations as reported under IFRS.

Use of Constant Exchange Rate

We analyze turnover and turnover growth in currencies other than the CHF, our reporting currency, on a constant exchange rate ("CER") basis, so that turnover and turnover growth can be considered excluding movements in foreign exchange rates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Currency Fluctuations." Turnover and turnover growth on a CER basis is a non-IFRS financial measure, computed by converting turnover in local currency for the relevant period using the prior period's average foreign exchange rates and comparing to the prior period's turnover.

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 which 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 those to "U.S. dollars," "U.S.$," "$" and "USD" refer to the currency of the United States of America. "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 table sets out, for the periods and dates indicated, certain information concerning historical CHF/USD composite exchange rates as published by Bloomberg, expressed in CHF per U.S.$1.00.

Exchange rates for the previous six months:

	Period End	Average Rate(1)	High	Low
January 2014	0.9049	0.9035	0.9113	0.8909
February 2014	0.8802	0.8936	0.9045	0.8802
March 2014	0.8842	0.8802	0.8874	0.8725
April 2014	0.8804	0.8829	0.8916	0.8747
May 2014	0.8952	0.8888	0.8984	0.8743
June 2014	0.8868	0.8955	0.9001	0.8868
July 2014 (through July 3, 2014)	0.8936	0.8897	0.8936	0.8863

(1) The average of the daily exchange rates during the relevant period. The exchange rate on July 3, 2014 was CHF 0.8936 per U.S.$1.00.

Exchange rates for the past three years:

	Period End	Average Rate(1)	High	Low
Years ended December 31,				
2011	0.9387	0.8866	0.9757	0.7300
2012	0.9146	0.9378	0.9964	0.8944
2013	0.8886	0.9269	0.9805	0.8851

(1) The average exchange rates in effect on the last business day of each month during the relevant period. The exchange rate on July 3, 2014 was CHF 0.8936 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.

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 Managers have independently verified such data and neither we nor the Managers 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

So long as any Notes remain outstanding, we will make available, upon request, to any holder and to any prospective purchaser of Notes the information required pursuant to Rule 144(A)(d)(4)(i) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or exempt under Rule 12g3-2(b) of the Exchange Act.

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 45 77

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 attract and retain qualified personnel;

- ability to borrow from banks or raise funds in the capital markets;
- the acquisition of Nuance; 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,” “Our Industry” and “Summary—Acquisition of Nuance” 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 thoroughly 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 47 countries on four continents combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings. As of March 31, 2014, we operated more than 1,350 stores, with a total sales area of approximately 212,000 square meters, including approximately 1,150 stores located in airports, approximately 90 stores operating on cruise lines, ferries and seaports, approximately 90 stores at border, downtown and hotel shops and approximately 60 stores in railway stations, among others. Our travel retail operations consist of a variety of retail concepts focusing on the specific needs of travelers, 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 2013, we generated approximately 56% of our sales from emerging markets.

We generated turnover of CHF 3,571.7 million, net earnings of CHF 147.6 million and EBITDA (before other operational result) of CHF 511.1 million for the year ended December 31, 2013; turnover of CHF 775.0 million, net earnings of CHF 9.9 million and EBITDA (before other operational result) of CHF 89.1 million for the three months ended March 31, 2014; and turnover of CHF 3,610.3 million, net of earnings of CHF 142.1 million and EBITDA (before other operational result) of CHF 514.9 million for the twelve months ended March 31, 2014. As of March 31, 2014, we had approximately 16,500 employees.

Acquisition of Nuance

On June 3, 2014, we entered into an agreement (the "Acquisition Agreement") to acquire Nuance, a Swiss company limited by shares with its corporate seat in Opfikon, pursuant to which we will acquire all of the outstanding share capital of Nuance on a fully diluted basis for a purchase price of CHF 1.55 billion, on a debt- and cash-free basis (the "Acquisition").

Nuance is a leading global travel retailer, operating approximately 360 stores, primarily in airports, across 67 locations in 19 countries and territories on four continents as of March 31, 2014, with a total sales area of approximately 75,000 square meters. Nuance benefits from a strong and diversified concession portfolio with a global presence.

Nuance's travel retail operations consist of a variety of retail concepts focusing on the specific needs of travelers, including tax-free and duty-free stores, arrival stores, "specialty" mono-brand boutiques, multi-brand concept stores and destination stores.

Nuance generated turnover of CHF 2,094.9 million, net earnings of CHF 55.3 million and EBITDA of CHF 131.2 million for the year ended December 31, 2013; turnover of CHF 421.2 million, net losses of CHF 10.3 million and EBITDA of CHF 3.3 million for the three months ended March 31, 2014; and turnover of CHF 2,093.1 million, net earnings of CHF 57.5 million and EBITDA of CHF 133.0 million for the twelve months ended March 31, 2014. As of March 31, 2014, Nuance had approximately 5,312 employees. See "The Nuance Group AG" for a more detailed discussion of the operations of Nuance.

Completion of the Acquisition is subject to various customary closing conditions, including, among others (1) receipt of regulatory approvals and clearances, or the expiration of applicable waiting periods (and any extension thereof), (2) receipt of waivers and acknowledgements with respect to certain key concessions and (3) absence of materially negative effects on Nuance's ability to operate certain key concessions. If the Acquisition has not closed within six months following the signing of the Agreement, unless amended, the Acquisition Agreement will terminate, although either party may extend the termination date to nine months (and the seller may subsequently extend the termination date to twelve months) following the signing of the Agreement provided that certain closing conditions have been met.

The purchase price is subject to certain adjustments specified in the Acquisition Agreement. It is expected that the Acquisition will be financed through the net proceeds from this Offering, together with the net proceeds from the offering of MCNs and the Rights Offering (each as defined below).

Rationale for the Acquisition

We believe the Acquisition is a strategically, operationally and financially compelling opportunity for us. Following completion, we believe the Acquisition will confirm Dufry as the leader in the global duty free and travel retail market, with a global and geographically diversified concession portfolio and strong positions in developed and emerging markets covering all continents.

In 2013, we and Nuance had a combined market share of close to 15% according to Verdict Research in the airport retail industry based on turnover. The geographic presence of Nuance is complementary and strengthens our positions in strategic key markets in the Mediterranean, North and Central Europe, Asia, the United States and Canada. As a result of the Acquisition, we will emerge with a leading position in the Mediterranean in addition to our existing leadership positions in Latin America, Caribbean and North America. In addition, the Acquisition will strengthen our diversified business in Asia with attractive locations that we believe will provide a strong basis for further growth in the region.

We will integrate Nuance into our organization and expect to generate cost synergies starting in 2015, with the full run-rate impact of approximately CHF 70 million pre-tax synergies per year at the Nuance level expected to be reached in 2016. We expect to realize an improvement in the gross margin through increased purchasing power and the integration of Nuance's purchasing into our supply chain and logistics platform. We expect that the combination of the global and regional organizations, as well as global support functions, will create significant cost reduction. The pre-tax integration expenses related to the Acquisition are expected to be approximately CHF 20 million in 2014 and CHF 10 million in 2015.

In addition, we expect that the combination will be beneficial for turnover growth, through the exchange of knowledge and the implementation of best practices from both companies. We believe that we have a strong track record in realizing synergies and have gained substantial expertise in transferring best-practices within our businesses to maximize commercial impact.

Given the size and breadth of the combined platform, we believe we are well positioned to develop and expand our business further on a global scale. We believe the combined group's retail capabilities and logistics network offer a differentiated proposition when competing for concessions and provides a solid foothold to successfully realize renewals and win new contracts in key strategic areas.

Potential investors in the Offering should be aware that the Acquisition may not be consummated and, even if consummated, anticipated benefits of the Acquisition may not be realized as discussed in greater detail under "Risk Factors—Risks Relating to the Acquisition" in this Offering Memorandum. This Offering is not conditioned upon the closing of the Acquisition.

New and Expected Financings

New Mandatory Convertible Notes Offering

On June 13, 2014, our subsidiary, Dufry Financial Services B.V., issued, pursuant to a separate offering, CHF 275 million 2% mandatory convertible notes due 2015, convertible (subject to adjustments in the conversion price) into 1,809,211 registered shares from the conditional capital or existing shares of Dufry AG (the "MCNs"). The MCNs are guaranteed on a subordinated basis by Dufry AG. The net proceeds of the MCN offering reduced the committed amount under the term loan bridge facility described below by CHF 268,262,500.

New Rights Offering

On June 26, 2014, our parent, Dufry AG, launched an offering of up to 5,453,832 of its registered shares with a nominal value of CHF 5.00 each (the "Rights Offering"). Pricing and allocation of the shares in the Rights Offering is currently expected to occur on July 8, 2014, with closing expected to occur on July 14, 2014.

Expected Refinancing

On June 3, 2014, Dufry International AG entered into an unsecured multicurrency term and revolving facilities agreement (the "2014 Facilities Agreement"), being a CHF 1,600,000,000 term loan bridge facility, a USD 1,010,000,000 term facility, a EUR 500,000,000 term facility and a CHF 900,000,000 multicurrency revolving credit facility, with a group of financial institutions. We currently expect to refinance our existing unsecured term and revolving facilities, using borrowings under the 2014 Facilities Agreement, in advance of the closing of the Acquisition (the "Expected Refinancing"). The committed amount under the term loan bridge facility was reduced by the amount of the net proceeds of the MCN offering being CHF 268,262,500, and will be further reduced by the net proceeds of this Offering and the Rights Offering. See "Description of Other Indebtedness."

Our Industry

Travel retailing, and airport retailing in particular, significantly differ from traditional retailing. The customer base has a different buying behavior compared to traditional retailing 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. Further, airport retailing differs from traditional retailing with regards to expenses related to the operation of stores. While fixed store leases dominate in traditional retailing, airport retailers mostly operate under concessions with variable payments.

Travel retail sales have experienced strong growth over the past years. In the past decade, there has been a significant increase in both domestic and international air travel, and global passenger volumes are predicted to surpass the 8 billion mark by 2021, compared to 6 billion in 2013. The travel retail industry generated USD 49 billion in revenues in 2012, more than twice the revenues of one decade ago. Industry specialists expect that the travel retail industry will continue to grow, reaching USD 85 billion in revenues in 2020.

The worldwide travel retail and airport retailing market remains fragmented. We have a long-standing track record as an active consolidator in the industry and believe that significant further consolidation opportunities exist in the market.

Our Strengths

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

High-quality, diversified concession portfolio. We have assembled a high-quality and diversified portfolio of travel retail concessions with, in our view, relatively long contract terms, comparatively low concession fees and attractive locations. For the twelve months ended December 31, 2013, 50% of the sales were generated from concessions with a remaining term of ten or more years, and a further 8% of our sales were generated from concessions with a remaining term of between six and nine years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility. We do not anticipate that the Acquisition will materially change our concession portfolio. See "Summary—Acquisition of Nuance."

Leading travel retailer with diverse operations. We operate more than 1,350 stores in 47 countries. According to Verdict Research, we rank as one of the top airport retailers in the world with an estimated market share of 9.5%. 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. Our core product category is Perfumes and Cosmetics representing 28% of our net sales in 2013. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

Large operations provide benefits of scale. We have extensive knowhow in successfully operating global travel retail businesses. Moreover, we procure on a global basis, and our integrated procurement and logistics platform is a key competitive advantage for us as it allows us to extract the full benefits of our global scale and competitive position. Further, 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 is a competitive advantage for obtaining new concessions.

Strong reputation as a quality operator. We are held in high regard in the travel retail sector as a result of our long-standing relationships with facility owners and suppliers. Our track record as a successful high-quality operator is important to our long-term relationships with facility owners. Given a large portion of the concession payment is turnover driven, our facility owners benefit from having a successful operator. We enjoy high renewal rates of existing concessions and high success rates of winning new concessions. For example, we have operated travel retail facilities in Milan-Linate Airport, since 1979. Our Hudson News retail format continuously sets the benchmark in convenience retailing in the travel sector throughout North America.

Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average 17 years of relevant experience and significant industry and technical knowledge. Our approximately 16,500 strong workforce includes over 75 nationalities, providing us with excellent local knowledge at all of our retail locations.

Our Strategy

Our strategy is to be 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, including through improved product mix, marketing and the introduction of new concepts, (ii) win new concessions by leveraging the scale of our global operations and applying our local market knowledge and (iii) continue to consolidate a fragmented industry with a particular focus on emerging markets and tourist destinations. New concessions or potential acquisitions need to meet our financial goals, provide us with long concession duration and cover attractive locations. We believe our long-standing track record as an active consolidator in the industry combined with our knowledgeable local and regional teams allow us to identify, structure, execute and integrate acquisitions quickly. Historically, we have typically been able to capture synergies within 12 to 24 months from the completion of an acquisition, and we expect to capture synergies related to the Acquisition within this same timeframe. See "Summary—Acquisition of Nuance."

Operate as a "true" retailer focused on customer needs. We focus on the specific needs of the traveler to best serve two customer constituencies: the airport operators and other travel landlords of facilities, and the travelers that use these facilities. We operate a "true" retail model, which means that we manage our operations directly and staff all of our stores with our employees. We have in-depth understanding of our customers, and we intend to use this understanding in our marketing efforts to increase customer spend and improve profitability. Our marketing strategy is focused on a number of factors, including product mix, pricing strategy, store layout and service while taking into account the changing needs of our customers in that particular location. For example, our stores at terminals with a high proportion of business travelers have a very different product offering, store layout and services level to stores located at terminals predominantly served by low cost carriers. To drive organic growth, we continuously evolve the range of products that we offer to our customers and focus on key product areas that demonstrate higher growth and margin potential, such as perfumes, cosmetics and foods. We also periodically reassess our various retail concepts and the opportunity to introduce leading edge concepts to drive organic growth. For example, with our acquisition of the Hudson Group in 2008, we expanded our business in duty-paid concepts. We are now expanding the Hudson News concept on a global basis, as demonstrated by our opening several Hudson News stores in 2013, including in Italy, Morocco, Mexico and Puerto Rico.

Combine global reach with extensive local market knowledge. We aim to use the global reach of our operations as a means to diversify our business, thus optimizing our risk profile, and to extract scale benefits that arise from our large global presence. We have knowledgeable local and regional teams across our global operations that understand the local markets in which they operate. When we tender for new concessions and develop our existing portfolio, we apply our standardized approach augmented with a product listing attuned to the specific needs of our local operations. We believe this unique combination makes our business attractive to customers and facility owners alike.

Capitalize on scale benefits of our global operations. We aim to capitalize on the efficiencies created by standardization of processes within our operations, take better advantage of our economies of scale by improving our purchasing power, thereby improving our margins, and reduce our response time as a result of improved central monitoring of operations. Our integrated global procurement and logistics operations allow us to extract scale benefits from our large operations. In 2012 we initiated an internal reorganization to strengthen our position in the travel retail industry and to prepare the company for future opportunities, such as acquisitions, new concessions and extensions of existing concessions. As part of this initiative, we implemented a new procurement and logistics organization in order to take advantage of economies of scale as well as to focus on our supplier relationships and to leverage our knowledge of our customers' needs. We believe the new structure will allow us to improve sales and margins by working even more closely with our global suppliers in order to address the requirements of each category and specific brand to best position our shops.

Position ourselves as a preferred partner for long-term business relationships. We seek to structure our relationships with facility owners as long-term partnerships. In this partnership model, we may provide expertise in the development of all or a significant part of the amenities offered at a facility, or may offer the facility owner an equity stake in the retail operation. Our goal is to offer the airport authority or the landlord a comprehensive package, which allows us to develop the full potential of any location. This approach is designed to create incentives for better long-term development of the facility for us as well as our partners, thereby resulting in longer concession terms and higher renewal rates.

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.

The Issuer and the Guarantors

The Issuer was incorporated on October 5, 2012 in Luxembourg, as a partnership limited by shares (*société en commandite par actions*) under the laws of Luxembourg. It is an indirect wholly-owned subsidiary of the Parent Guarantor. The Issuer has no material 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. There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements. The registered address of the Issuer is at 7, rue Robert Stümper, L-2557 Luxembourg, Grand Duchy of Luxembourg, and the Issuer is registered with the Luxembourg Trade and Companies Register under number B172144. The telephone number of the Issuer is +352 26 73 02 1.

The Issuer is acting by its general partner, Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg, having a share capital of USD 16,200 (sixteen thousand and two hundred United States Dollars) and registered with the Luxembourg Trade and Companies Register under number B172120.

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

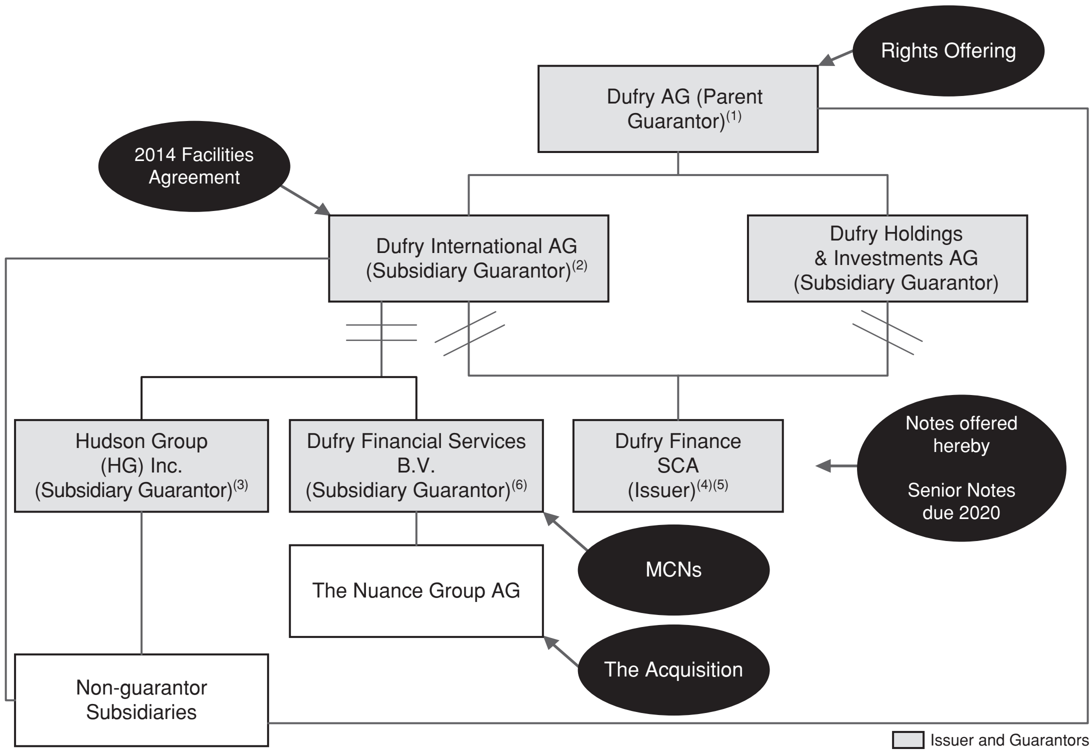
Financial Services B.V. (Company Number 60704993), Dufry Holdings & Investments AG (Company Number CHE-115.328.148) and Hudson Group (HG), Inc. Dufry International AG is a Swiss stock corporation incorporated on May 16, 1975. The registered address of Dufry International AG is Brunngässlein 12, 4052 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 Amsterdam and registered address at Herikerbergweg 238, 1101 CM Amsterdam-Zuidoost, 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.

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 March 31, 2014.

On a consolidated basis for the year ended and as of December 31, 2013, EBITDA (before other operational result) and net assets attributable to the Guarantors on a consolidated basis with their respective subsidiaries together represented 100% of our consolidated EBITDA (before other operational result) and net assets. For the year ended and as of December 31, 2013, EBITDA (before other operational result) and net assets attributable to Dufry AG on a consolidated basis with its subsidiaries were CHF 511.1 million and CHF 1,137.5 million, respectively, which represented 100% of our consolidated EBITDA (before other operational result) and net assets. For the year ended and as of December 31, 2013, EBITDA (before other operational result) and net assets attributable to Dufry International AG on a consolidated basis with its subsidiaries were CHF 466.2 million and CHF 86.4 million, respectively, which represented approximately 91% and 8% of our consolidated EBITDA (before other operational result) and net assets, respectively. For the year ended and as of December 31, 2013, Dufry Financial Services B.V. on a consolidated basis with its subsidiaries did not have any EBITDA (before other operational result) or any net assets, as Dufry Financial Services B.V. was incorporated on May 20, 2014 only. For the year ended and as of December 31, 2013, EBITDA (before other operational result) and net assets attributable to Dufry Holdings & Investments AG on a consolidated basis with its subsidiaries were CHF 53.6 million and CHF 446.7 million, respectively, which represented approximately 10% and 39% of our consolidated EBITDA (before other operational result) and net assets, respectively. For the year ended and as of December 31, 2013, EBITDA (before other operational result) and net assets attributable to Hudson Group (HG) Inc. on a consolidated basis with its subsidiaries were CHF 83.1 million and CHF 62.1 million, respectively, which represented approximately 16% and 5% of our consolidated EBITDA (before other operational result) and net assets, respectively.

Our Organization

The chart below depicts our simplified organizational structure as of the date of this Offering Memorandum, adjusted to give effect to the Acquisition, the MCN offering, the Expected Refinancing, this Offering and the use of proceeds therefrom. See "Use of Proceeds" and "Capitalization." This chart does not include all of our subsidiaries, nor all of the debt obligations thereof. Each entity shown on the diagram below is wholly-owned by us or other Group companies.



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

(2) Dufry International AG is the borrower under our 2014 Facilities Agreement. Our 2014 Facilities Agreement is guaranteed by each other Guarantor of the Notes and is unsecured. For a summary of the terms of our 2014 Facilities Agreement, see "Description of Other Indebtedness."

(3) Hudson Group (HG) Inc. is directly owned by Dufry Americas Holding Inc., which is not expected to become a Guarantor.

(4) Dufry Finance SCA, an indirect wholly-owned subsidiary of Dufry International AG and Dufry Holdings & Investments AG, is a special purpose finance company with no independent business operations and no significant third-party assets. Dufry Finance SCA is acting by its general partner, Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and is also held by Dufry Finances SNC, a partnership (*société en nom collectif*) incorporated under the laws of Luxembourg. Neither Dufry Finance I S.à r.l. nor Dufry Finances SNC is expected to be a Guarantor.

(5) 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." As of March 31, 2014, after giving pro forma effect to the Acquisition, the MCN offering, the Expected Refinancing, this offering and the application of proceeds therefrom, we would have had CHF 2,676.6 million of total indebtedness,

of which CHF 1,062.8 million was indebtedness of non-guarantor subsidiaries. The Issuer and the Subsidiary Guarantors are either directly or indirectly 100% owned by the Parent Guarantor.

(6) 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 significant third-party assets, whose statutory purpose is to (i) participate in, finance, cooperate with and manage companies and other corporations and to 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 under (i) through (iv). Dufry Financial Services B.V. will acquire all issued and outstanding shares of Nuance upon consummation of the Acquisition.

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 Finance SCA, a partnership limited by shares (*société en commandite par actions*) organized and established under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172144, acting by its General Partner (as defined below).
General Partner	Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and established under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172120.
Parent Guarantor	Dufry AG, a Swiss stock corporation.
Subsidiary Guarantors	Dufry International AG, Dufry Financial Services B.V., Dufry Holdings & Investments AG and Hudson Group (HG), Inc., each a wholly-owned subsidiary of the Parent Guarantor.
Guarantors	The Parent Guarantor and the Subsidiary Guarantors. Each Guarantor is an obligor under our Senior Credit Facilities. See "Description of Other Indebtedness."
The Notes	€500,000,000 of % senior notes due 2022.
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 in the United States to QIBs in reliance on Rule 144A and 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 , 2014.
Issue Date	, 2014.
Maturity Date	, 2022.
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 , 2014 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 existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • equal in right of payment with all other 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 structurally 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 existing and 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). See "Risk Factors—Risks Relating to the Notes."
Use of Proceeds	The net proceeds of the offering will be used, together with the net proceeds from the MCN offering and the Rights Offering, to finance the Acquisition. See "Use of Proceeds" and "Description of Other Indebtedness." The net 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.

Special Mandatory Redemption	If the Acquisition has not been completed on or prior to the Longstop Date (as defined in, and extended as permitted under, the Share Purchase Agreement) or, prior to the Longstop Date, the Company certifies to the Trustee that the Share Purchase Agreement has been terminated (the "Special Mandatory Redemption Certificate"), the Issuer shall redeem the Notes (a "Special Mandatory Redemption") at 100% of the issue price of the Notes set forth on the cover page of this Offering Memorandum plus accrued and unpaid interest from the Issue Date to but not including the redemption date. The Longstop Date is currently December 3, 2014. See "Description of Notes—Special Mandatory Redemption."
Change of Control Offer	Upon the occurrence of a Change of Control (as defined in the section entitled "Description of Notes"), we may 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 additional indebtedness; • pay dividends or make other distributions or repurchase or redeem our capital stock; • make loans and investments; • 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 terminated. 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 which 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, there can be no assurances as to the development or liquidity of any market for them. 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 ISE for the approval of this document as "Listing Particulars." Application has been made to the ISE for the Notes to be admitted to the official list and to trading on the GEM of the ISE. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes listing particulars for admission to trading on the GEM.
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.
Irish Listing Agent	Arthur Cox Listing Services 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. Articles 86 to 94-8 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, do not apply to the Notes.
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 factors and risks attaching to an investment in our Notes. See "Risk Factors."

DUFRY SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA AND PRO FORMA FINANCIAL INFORMATION

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, 2013 and 2012 and for each of the fiscal years ended December 31, 2013, 2012 and 2011 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability" and Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum.

The summary historical consolidated financial data as of and for the three months ended March 31, 2014 and 2013 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 March 31, 2014 has been calculated by subtracting the unaudited interim condensed consolidated income statement for the period ended March 31, 2013 from the condensed consolidated income statement for the year ended December 31, 2013, and then by adding the unaudited interim condensed consolidated income statement for the three months ended March 31, 2014.

The tables below set forth the unaudited summary pro forma combined financial information as of and for the three months ended March 31, 2014 and as of and for the year ended December 31, 2013. This financial information is presented to illustrate the effect of the Acquisition on our consolidated statement of financial position by giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the anticipated uses of proceeds therefrom, as if they occurred on each of March 31, 2014 and December 31, 2013, and on our consolidated income statement giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the anticipated uses of proceeds therefrom, as if they occurred on January 1, 2013. Please see "Pro Forma Combined Financial Information" for additional information on such pro forma financial information and a description of the assumptions used in creating such pro forma financial information. The adjustments made in order to present the unaudited pro forma combined financial information have been made based on available information and assumptions that our management believes are reasonable. The unaudited pro forma combined financial information is for informational purposes only and does not necessarily present what our results would have been had the Acquisition, this Offering, the MCN offering or the Rights Offering actually occurred on March 31, 2014, December 31, 2013 or January 1, 2013, nor should it be used as the basis of projections of our results of operations or financial condition for any future period. The unaudited pro forma combined financial information has not been prepared in accordance with the rules or regulations of the SEC, and is not in compliance therewith or any other comprehensive basis of preparation. Any reliance you place on this information should fully take this into consideration.

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

	Historical Data						Pro Forma Data	
	Twelve months ended March 31, 2014	Three months ended March 31, 2014	Three months ended March 31, 2013	For the year ended December 31, 2013	For the year ended December 31, 2012 (Restated) (1)	For the year ended December 31, 2011	Three months ended March 31, 2014	For the year ended December 31, 2013
	(Unaudited)	(Unaudited)					(Unaudited)	
	(Millions of CHF)							
Net sales	3,499.0	748.3	714.3	3,465.0	3,062.1	2,560.9	1,159.2	5,506.4
Advertising income	111.3	26.7	22.1	106.7	91.5	76.8	37.0	160.2
Turnover	**3,610.3**	**775.0**	**736.4**	**3,571.7**	**3,153.6**	**2,637.7**	**1,196.2**	**5,666.6**
Cost of sales	(1,480.5)	(318.2)	(303.7)	(1,466.0)	(1,297.0)	(1,102.4)	(513.2)	(2,395.6)
Gross profit	**2,129.8**	**456.8**	**432.7**	**2,105.7**	**1,856.6**	**1,535.3**	**683.0**	**3,271.0**
Selling expenses	(835.5)	(187.2)	(177.7)	(826.0)	(694.2)	(579.7)	(340.6)	(1,600.0)
Personnel expenses	(550.0)	(127.8)	(115.9)	(538.1)	(474.4)	(402.6)	(177.2)	(739.8)
General expenses	(229.4)	(52.7)	(53.8)	(230.5)	(213.7)	(182.1)	(73.4)	(290.7)
EBITDA (before other operational result)(2)	**514.9**	**89.1**	**85.3**	**511.1**	**474.3**	**370.9**	**91.8**	**640.5**
Depreciation, amortization and impairment	(201.6)	(50.2)	(41.5)	(192.9)	(168.3)	(131.5)	(77.8)	(308.1)
Other operational result	(35.2)	(3.8)	(6.0)	(37.4)	(30.1)	(26.9)	5.4	(14.1)
Share of results of associates	—	—	—	—	—	—	0.6	7.0
Earnings (loss) before interest and taxes (EBIT)(2)	**278.1**	**35.1**	**37.8**	**280.8**	**275.9**	**212.5**	**20.0**	**325.3**
Interest expenses	(104.0)	(24.5)	(18.5)	(98.0)	(79.7)	(55.2)	(36.6)	(153.4)
Interest income	3.9	1.1	0.6	3.4	1.3	4.1	1.4	5.6
Foreign exchange gain/(loss)	(4.2)	0.1	(1.1)	(5.4)	(0.1)	1.7	2.0	(8.5)
Earnings (loss) before taxes (EBT)	**173.8**	**11.8**	**18.8**	**180.8**	**197.4**	**163.1**	**(13.2)**	**169.0**
Income taxes	(31.7)	(1.9)	(3.4)	(33.2)	(39.1)	(28.2)	0.5	(37.5)
Net Earnings (loss)	**142.1**	**9.9**	**15.4**	**147.6**	**158.3**	**134.9**	**(12.7)**	**131.5**
Attributable to: Equity holders of the parent	87.0	2.8	8.8	93.0	122.5	111.9	(21.0)	67.9
Non-controlling interests	55.1	7.1	6.6	54.6	35.8	23.0	8.3	63.6

Consolidated Statement of Financial Position Data

	Historical Data				Pro Forma Data	
	As of March 31, 2014	As of December 31, 2013	As of December 31, 2012 (Restated)(1)	As of December 31, 2011	As of March 31, 2014	As of December 31, 2013
	(Unaudited)				(Unaudited)	
	(Millions of CHF)					
Cash and cash equivalents	300.9	246.4	434.0	199.1	269.3	242.9
Current assets	1,099.9	973.5	1,043.3	808.8	1,364.9	1,255.3
Total assets	4,337.0	4,238.4	3,526.3	3,317.8	6,547.3	6,487.1
Current liabilities	985.1	947.8	594.6	608.6	1,323.8	1,293.9
Total liabilities	3,028.9	2,971.0	2,174.8	2,363.7	4,264.6	4,229.0
Total shareholders' equity	1,308.1	1,267.4	1,351.5	954.1	2,282.7	2,258.1
Total liabilities and shareholders' equity	4,337.0	4,238.4	3,526.3	3,317.8	6,547.3	6,487.1

Consolidated Statement of Cash Flows Data

	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012 (Restated)(1)	2011
	(Unaudited)				
			(Millions of CHF)		
Net cash flows from operating activities	69.8	94.5	435.1	382.5	336.8
Net cash flows used in investing activities	(49.1)	(21.0)	(459.5)	(157.5)	(830.5)
Net cash flows (used in)/from financing activities	34.0	(32.8)	(142.3)	24.4	595.5
Currency translation in cash	(0.2)	12.5	(20.9)	(14.5)	16.7
(Decrease)/Increase in cash and cash equivalents	54.5	53.2	(187.6)	234.9	118.5
Cash and cash equivalents at the beginning of the period	246.4	434.0	434.0	199.1	80.6
Cash and cash equivalents at the end of the period	300.9	487.2	246.4	434.0	199.1

Other Data

	Twelve months ended March 31, 2014	Three months ended March 31,		Year ended December 31,		
		2014	2013	2013	2012	2011
	(Unaudited)	(Unaudited)				
Capital expenditures(3)	249.5	49.4	22.4	222.5	112.5	95.0
Changes in working capital(4)	(63.0)	(18.6)	19.0	(25.4)	(21.4)	8.3
Like-for-like growth(5)	—	0.7%	0.8%	2.4%	1.5%	7.5%
Gross margin(6)	59.0%	58.9%	58.8%	59.0%	58.9%	58.2%
EBITDA margin (before other operational result)(7)	14.3%	11.5%	11.6%	14.3%	15.0%	14.1%
Pro forma EBITDA margin (before other operational result)(8)	—	—	—	11.3%	—	—
Pro forma net debt/ Pro forma EBITDA (before other operational result)(9)	—	—	—	3.72	—	—
Pro forma adjusted net interest expenses(10)	—	—	—	(136.6)	—	—
Pro forma EBITDA (before other operational result)/ Pro forma adjusted net interest expenses(11)	—	—	—	4.69	—	—

(1) Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability" and Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum.

(2) 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.

(3) Capital expenditures represents purchases of property plant, and equipment and purchases of intangible assets.

(4) Changes in working capital represents the sum of changes in inventories, receivables, other receivables, trade payables and other payables.

(5) Like-for-like growth represents sales 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.

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

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

(8) Pro forma EBITDA margin (before other operational result) represents pro forma EBITDA (before other operational result) for the year ended December 31, 2013, divided by pro forma turnover for the year ended December 31, 2013, in each case after giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the anticipated use of proceeds therefrom. See "Pro Forma Combined Financial Information."

(9) Calculated as pro forma net debt at December 31, 2013 of CHF 2,384.1 million to pro forma EBITDA (before other operational result) of CHF 640.5 million for the year ended December 31, 2013, and pro forma net debt represents pro forma total debt of CHF 2,627.0 million less pro forma cash and cash equivalents of CHF 242.9 million at December 31, 2013, in each case after giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the anticipated use of proceeds therefrom. See "Pro Forma Combined Financial Information."

(10) Pro forma adjusted net interest expenses represents pro forma interest expenses for the year ended December 31, 2013 of CHF 153.4 million, less pro forma interest income for the year ended December 31, 2013 of CHF 5.6 million, in each case after giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the anticipated use of proceeds therefrom excluding one-time effects of CHF 11.2 million. See "Pro Forma Combined Financial Information."

(11) Calculated as pro forma EBITDA (before other operational result) for the year ended December 31, 2013, divided by pro forma adjusted net interest expenses (as defined in note 10 above) for the year ended December 31, 2013, in each case after giving effect to the Acquisition, this Offering, the MCN offering, the Rights Offering and the anticipated use of proceeds therefrom. See "Pro Forma Combined Financial Information."

NUANCE SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth certain summary historical consolidated financial and other data of Nuance as of the dates and for each of the periods indicated. The data presented below is not necessarily indicative of results of future operations.

The summary historical consolidated financial data as of and for each of the years ended December 31, 2013 and 2012 were derived from Nuance's consolidated financial statements included elsewhere in this Offering Memorandum. Nuance's consolidated financial statements have been prepared in accordance with IFRS as adopted by the IASB. Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19 and IFRS 10. For further information on the effect of IAS 19 and IFRS 10, see Note 32 to Nuance's consolidated financial statements included in this Offering Memorandum.

The summary unaudited condensed consolidated income statement for the twelve months ended March 31, 2014 has been calculated by subtracting the unaudited condensed consolidated income statement for the period ended March 31, 2013 from the condensed consolidated income statement for the year ended December 31, 2013, and then by adding the unaudited condensed consolidated income statement for the three months ended March 31, 2014.

See "Pro Forma Combined Financial Information" for pro forma financial information reflecting our proposed acquisition of Nuance.

Statement of Income Statement Data

	Twelve months ended March 31,	Three months ended March 31,		Year ended December 31,	
	2014	2014	2013	2013	2012 (Restated)(1)
	(Unaudited)	(Unaudited)			
	(CHF in millions)				
Net sales	2,038.7	410.9	413.6	2,041.4	2,313.8
Advertising income	54.4	10.3	9.4	53.5	58.0
Turnover	**2,093.1**	**421.2**	**423.0**	**2,094.9**	**2,371.8**
Cost of materials and services	(929.2)	(195.0)	(191.6)	(925.8)	(1,027.0)
Gross profit	**1,163.9**	**226.2**	**231.4**	**1,169.1**	**1,344.8**
Personnel expenses	(204.1)	(49.4)	(47.0)	(201.7)	(215.1)
Concession fees	(754.5)	(153.4)	(164.3)	(765.4)	(871.1)
Other operating expenses	(79.0)	(20.7)	(19.5)	(77.8)	(104.7)
Share of result of associates	6.7	0.6	0.9	7.0	6.3
EBITDA(2)(8)	**133.0**	**3.3**	**1.5**	**131.2**	**160.2**
Depreciation, amortization and impairments	(28.4)	(6.0)	(6.4)	(28.8)	(35.3)
Earnings (loss) before interest and taxes (EBIT)(2)(8)	**104.6**	**(2.7)**	**(4.9)**	**102.4**	**124.9**
Finance income	2.0	0.3	0.5	2.2	3.7
Finance expense	(25.7)	(7.2)	(3.7)	(22.2)	(19.5)
Foreign exchange gains/(losses)	(1.2)	1.9	—	(3.1)	(0.5)
Earnings (loss) before taxes (EBT)	**79.7**	**(7.7)**	**(8.1)**	**79.3**	**108.6**
Income tax expense	(22.2)	(2.6)	(4.4)	(24.0)	(27.7)
Net earnings (loss) for the period	**57.5**	**(10.3)**	**(12.5)**	**55.3**	**80.9**
Attributable to:					
Equity holders of the parent	43.7	(12.8)	(15.4)	41.1	33.7
Non-controlling interests	13.8	2.5	2.9	14.2	47.2

Consolidated Balance Sheet Data

	As of March 31, 2014	As of December 31, 2013	As of December 31, 2012 (Restated)(1)
	(Unaudited)		
	(CHF in millions)		
Cash and cash equivalents	126.5	163.1	182.9
Current assets	423.1	448.3	465.8
Total assets	813.3	838.6	838.7
Current liabilities	349.6	357.0	454.8
Total liabilities	710.6	719.4	722.2
Total equity	102.7	119.2	116.5
Total shareholders' equity and liabilities	813.3	838.6	838.7

Consolidated Statement of Cash Flows Data

	Three months ended March 31, 2014	Three months ended March 31, 2013	Year ended December 31, 2013	Year ended December 31, 2012 (Restated)(1)
	(Unaudited)			
	(CHF in millions)			
Cash flows from operating activities	(42.0)	(5.2)	51.8	139.5
Cash flows from investing activities	(6.7)	1.1	(34.2)	(11.9)
Cash flows from financing activities	12.7	(21.2)	(32.2)	(137.8)
Effects of exchange rate changes	(0.6)	4.7	(5.2)	(2.1)
Increase/(decrease) in cash and cash equivalents	(36.0)	(25.2)	(14.6)	(10.2)
Cash and cash equivalents at the end of the period	126.5	162.4	163.1	182.9

Other Financial Data

	Twelve months ended March 31,	Three months ended March 31,		Year ended December 31,	
	2014	2014	2013	2013	2012 (Restated)(1)
	(Unaudited)	(Unaudited)			
	(CHF in millions, unless indicated otherwise)				
Turnover(3)	2,093.1	421.2	423.0	2,094.9	2,371.8
EMEA	910.6	143.9	130.5	897.2	820.9
Asia Pacific	972.0	234.0	245.1	983.1	1,336.5
Australia	475.6	108.1	119.9	487.4	540.8
Asia Pacific excluding Australia	496.4	125.9	125.2	495.7	795.7
Americas	144.7	33.8	33.8	144.7	140.4
RS&D	65.8	9.5	13.6	69.9	74.0
EBITDA(2)(3)	133.0	3.3	1.5	131.2	160.2
EMEA	104.2	0.7	1.0	104.5	86.8
Asia Pacific	7.9	(0.2)	(5.2)	2.9	45.3
Australia	(21.0)	(6.7)	(13.1)	(27.4)	(43.3)
Asia Pacific excluding Australia	28.9	6.5	7.9	30.3	88.6
Americas	20.7	4.0	3.6	20.3	19.6
RS&D	(0.8)	(1.0)	(0.1)	0.1	2.3
Corporate	1.1	(0.3)	2.1	3.5	6.2
Capital expenditures(4)	37.0	6.2	6.1	36.9	20.7
Changes in working capital(5)	(80.0)	(36.5)	(1.3)	(44.8)	(0.4)
Gross margin(6)	55.6%	53.7%	54.7%	55.8%	56.7%
EBITDA margin(7)	6.4%	0.8%	0.4%	6.3%(8)	6.8%(8)

(1) Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19 and IFRS 10. For further information on the effect of IAS 19 and IFRS 10, see Note 32 to Nuance's consolidated financial statements included in this Offering Memorandum.

(2) EBITDA as presented in Nuance's consolidated financial statements is a measure of "Adjusted EBITDA" and is defined as net earnings before loss from discontinued operations, income tax expense, foreign exchange gains/(losses), finance expense, finance income and depreciation, amortization and impairments. EBIT as presented in Nuance's consolidated financial statements is a measure of "Adjusted EBIT" and is defined as net earnings before loss from discontinued operations, income tax expense, foreign exchange gains/(losses), finance expense and finance income. The financial measures, EBITDA and EBIT, are non-IFRS financial measures and are not presented in accordance with, or defined by IFRS. We have presented these financial measures (i) as they are used by Nuance's management to monitor financial results and (ii) to represent similar measures that are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial performance. These non-IFRS financial measures 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.

(3) See Note 1 to Nuance's consolidated financial statements included elsewhere in this Offering Memorandum for further information regarding Nuance's reporting segments.

(4) Capital expenditures represents purchases of property plant, and equipment and purchases of intangible assets.

(5) Changes in working capital represents the sum of changes in inventories, receivables, other receivables, trade payables and other payables.

(6) Gross margin is defined as turnover less cost of materials and services divided by turnover.

(7) EBITDA margin is defined as EBITDA divided by turnover.

(8) Excluding Australia, Nuance's turnover and EBIT, respectively, for the year ended December 31, 2012, were CHF 1,831.0 million and CHF 178.5 million, representing an EBIT margin of 9.7%. Excluding Australia, the Group's turnover and EBIT, respectively, for the year ended December 31, 2013, were CHF 1,607.6 million and CHF 135.7 million, representing an EBIT margin of 8.4%. EBIT margin is defined as EBIT divided by turnover.

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 travelers. The occurrence of any one of a number of events outside our control such as terrorist attacks (including cyber-attacks), hurricanes, ash clouds, pandemics, natural disasters and accidents may lead to a reduction in the number of air travelers on a global, regional or local level. Furthermore, the high or eventually rising 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 the 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 travelers. 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, India, Italy, Mexico, Morocco, Russia, Switzerland, Tunisia, 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 high rise in unemployment and affect consumer confidence in such 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. Similarly, our business, financial condition and results of operations could be materially adversely impacted by financial crises in Europe, given our presence in the region, particularly in Greece and Italy. Therefore, economic downturns may have a material adverse effect on our business, financial condition and result of operations.

The market to obtain concessions is 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 for us 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.

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 fixed, based upon the number of passengers using an airport or other travel channel, or based upon current budgets or past results or other. 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. 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;
- 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 in 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, there can be no assurance that this strategy will be successful. For example, on June 3, 2014, we signed an agreement to acquire Nuance. If we are unable to successfully close the transaction, we will not be able to realize the growth opportunities expected from the acquisition.

In addition, we may encounter difficulties integrating expanded or new concessions or any acquisitions, such as the acquisition of Nuance, into our existing operations. See "—Risks Relating to the Acquisition." 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 47 countries. Our local partners maintain ownership interests in several of these companies, some of which operate major concessions.

Our participation in each of these operating companies 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 situated outside airports and passenger terminals ("Main Street") 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 Main Street 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 certain compliance or legal matters.

We, along with our third-party business partners, are subject to complex compliance and litigation risks. Actions filed against us from time to time include commercial, tort, intellectual property, customer, employment, tax, administrative and other claims. Difficulty can exist in complying with sometimes conflicting regulations in local, national or foreign jurisdictions as well as new or changing regulations that affect how we operate. In addition, we may be impacted by litigation trends, including class action lawsuits involving consumers and shareholders that could have a material adverse effect on our reputation, market price of our common stock, results of operations, financial condition and cash flows.

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 8% of our net sales and constituted our sixth largest product category for the year ended December 31, 2013. 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 have prohibited, or are proposing to prohibit, smoking in public places. If we were to lose our ability to sell duty-free tobacco products in our major markets or the increasing number of smoking prohibitions 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 Main Street retailers. 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. There can be no assurance 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.

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

We rely on a small number of suppliers for the majority of our purchases in each major product category. Future consolidation may reduce our number of 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 disaster, 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 even of the 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.

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, for example in Russia, 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, such as Tunisia, 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 Tunisia. 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, 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 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 travelers 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 travelers 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, during recent years, global credit markets have 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 or Spain, to refinance their public debts and on the increasing public debt of the United States might 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. 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 one or more 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 other anticorruption laws. 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 FCPA violations, and we participate in joint ventures and relationships with third parties whose actions could potentially subject us to liability under the FCPA. 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 FCPA, other anticorruption laws and Trade Control laws. However, there is no assurance that our efforts have been and will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA, or other legal requirements. If we are not in compliance with the FCPA, other anti-corruption 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 and results of operations.

We have incurred, and may incur in the future, significant indebtedness or issue additional equity securities.

We have incurred, and may incur in the future, significant indebtedness or issue additional equity securities 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 indenture 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 or the issuance of additional equity securities may limit our ability to implement elements of our growth strategy and may have a dilutive effect on earnings.

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.

Risks Relating to the Acquisition

We may be unable to successfully integrate operations and realize the anticipated benefits of the Acquisition.

The Acquisition involves the integration of two companies that have previously operated independently. The difficulties of combining the companies' operations include:

- the necessity of coordinating geographically separated organizations and concessions;

- combining the two companies' analytical models;
- rationalizing each company's internal systems and processes, including accounting policies, which are different from each other;
- rationalizing the group structure; and
- integrating personnel from different company cultures.

The process of integrating operations may be more expensive and time-consuming than expected and could cause an interruption of, or loss of momentum in, the activities of our business and the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the acquisition and the integration of the two companies' operations could result in the disruption of our ongoing business or inconsistencies in the standards, controls, level of customer care, procedures and policies of the two companies that could negatively affect our ability to maintain relationships with customers, vendors, employees and others with whom we have business dealings.

We expect to realize synergies by creating efficiencies in our concession portfolio, operations, capital expenditures, and other areas. See "Summary—Acquisition of Nuance" for further information related to our expected synergies. Our ability to realize these benefits will be limited by, among other things, legal, regulatory and contractual restrictions. These synergies and other benefits may not be realized within the time periods contemplated or at all. If we are not able to successfully achieve these synergies and other benefits, the anticipated benefits of the Acquisition may not be realized fully or at all or may take longer to realize than expected. In addition, we may incur unanticipated expenses in order to maintain, improve or sustain Nuance's operations or assets and we may be subject to unanticipated or unknown liabilities relating to Nuance and its business. These factors could limit our ability to successfully integrate the business and could make it more difficult for us to realize the anticipated benefits of the Acquisition.

We may not identify all risks associated with the Acquisition, and any indemnification we receive from Nuance may be insufficient to protect us from such risks, which may result in expected liabilities and costs to us.

The success of an acquisition depends on our ability to perform adequate due diligence before the acquisition and on our ability to integrate the acquisition after it is completed. While we have committed significant resources to conducting due diligence on Nuance, we may not identify all risks and liabilities associated with the Acquisition. This could lead to adverse accounting and financial consequences, such as the need to make large provisions against the acquired assets or to write down acquired assets. These difficulties could have a material adverse impact on our business, results of operations and financial condition.

When conducting due diligence, we have relied on the resources available to us, including information provided by Nuance and, in some circumstances, third-party investigations and analysis. To the extent we identify liabilities or problems and raise claims under contractual protections or indemnities we have received from Nuance pursuant to the Acquisition Agreement, such indemnity may not be fully enforceable or may be insufficient to compensate us for our costs, and such indemnity is dependent on the ongoing viability of Nuance. Therefore, any indemnification we receive from the Seller may be insufficient to protect us from risks related to hidden liabilities.

We have incurred, and will continue to incur significant transaction and Acquisition-related costs.

We have, and will, incur a number of non-recurring costs associated with combining the operations of the two companies. The substantial majority of non-recurring expenses resulting from the Acquisition will be comprised of transaction costs related to the Acquisition and financing arrangements, including the Notes offered hereby, and employment-related costs. For further information regarding the financing of the Acquisition, see "Summary—New and Expected Financings." We also will incur transaction fees and costs related to formulating and implementing integration plans. We continue to assess the magnitude of these costs and additional unanticipated costs may be incurred in the integration of the two companies' businesses, including unanticipated liabilities. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies or synergies related to the integration of the businesses, should allow us to offset incremental transaction and acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all.

Our pro forma financial information may not be representative of our results as a combined company.

Our unaudited pro forma financial information presented in this Offering Memorandum is based in part on certain assumptions regarding the Acquisition, the MCN offering, the Rights Offering and the Notes offered hereby. We cannot assure you that our assumptions will prove to be accurate over time. Accordingly, the pro forma and other financial information included in this Offering Memorandum may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented, or what our results of operations and financial condition will be in the future.

Nuance has recorded a significant amount of goodwill and we may not realize the full value thereof.

Following the Acquisition, with IFRS 3 (revised) "Business Combinations" at the date of acquisition, which is defined as the date on which we will obtain control over Nuance, should the Acquisition be successful, we will recognize goodwill as the excess of the consideration transferred over the net of the acquisition date amounts of the fair value of all identifiable assets acquired and liabilities assumed as of the acquisition date. The purchase price allocation will be completed within twelve months from the acquisition date. The completion of the purchase price allocation in accordance with IFRS 3 (revised) will result in the recognition at the date of acquisition of all identifiable assets acquired and the liabilities or contingent liabilities assumed of Nuance at fair value. In subsequent years goodwill will be tested annually for impairment. The amount of any impairment must be expensed immediately as a charge to our income statement. Nuance recorded no goodwill impairment charges for the year ended December 31, 2013. Any future impairment of goodwill may result in material reductions of our income and equity under IFRS.

The Acquisition of Nuance is subject to risks in respect of the antitrust approval process and other conditions precedent, including obtaining consents in respect of change of control provisions in material licenses which we could decide to waive.

Consummation of the Acquisition is subject to a number of conditions precedent, many of which are outside of our control. We must comply with antitrust laws, including the filing requirements and observation of any statutory waiting periods thereunder. In connection with the review process, antitrust regulators can seek modification of the transaction to address any antitrust concerns, including the possible divestiture of certain assets. None of the pro forma financial data or combined information takes into account the impact of divestures either on the reduction in operations or on the proceeds from such sale. We cannot assure you that the antitrust regulators will approve the Acquisition on a timely basis or at all and we may incur significant costs if the antitrust regulators require us to modify the Acquisition, which could reduce the anticipated benefits to us of the Acquisition. See "Summary— Acquisition of Nuance."

In addition, the Acquisition will constitute a change of control under agreements of Nuance with certain airport operators and suppliers which would entitle these airport operators and suppliers to terminate their agreements. Furthermore, we cannot exclude the possibility that some airport operators and suppliers may opt to enter into agreements with our competitors as a consequence of the Acquisition. The occurrence of any of these events could have an adverse effect on our business, results of operations and financial condition following the Acquisition or may cause us not to proceed with the Acquisition pursuant to our rights under the Acquisition Agreement.

We do not currently control Nuance and its subsidiaries, and we will not control Nuance and its subsidiaries until the completion of the Acquisition.

We will not obtain control of Nuance and its subsidiaries until completion of the Acquisition. We cannot assure you that Nuance will operate its business during the interim period in the same way that we would. The information contained in this Offering Memorandum has been derived from public sources and, in the case of historical information relating to Nuance and its subsidiaries, has been provided to us by Nuance and its subsidiaries, and we have relied on such information supplied to us in its preparation. Furthermore, the Acquisition has required, and will likely continue to require, substantial amounts of management's time and focus, which could adversely affect their ability to operate the business. Likewise, other employees may be uncomfortable with the Acquisition or feel otherwise affected by it, which could have an impact on work quality and retention.

Nuance faces many of the same risks that are applicable to our business.

Many of the risks related to our business also apply to Nuance as a global travel retailer such as those described under "—Risks Relating to our Business," including but not limited to:

- events outside Nuance's 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;
- dependence on local partners;
- changes in the taxation of goods or duty-free regulations in the markets in which Nuance operates;
- compliance and litigation matters;
- restrictions on the duty-free sale of tobacco products and on smoking in general that affect tobacco product sales;
- changes in customer preferences or demands;
- reliance on a limited number of suppliers;
- disruption in Nuance's supply chain; and
- political, economic, legal and social uncertainties in emerging markets.

Nuance's operations in Turkey are exposed to a number of risks.

Nuance's operations in Turkey, which represent one of Nuance's largest operations by net sales, are subject to numerous risks, including risks associated with changes in law as well as economic and social upheaval. For example, Turkey has applied to become a member of the EU, which does not allow the sale of duty-free products to passengers traveling between member states of the EU, except for certain exempt zones. If Turkey is successful in its bid to become an EU member, and Nuance is therefore no longer able to sell duty-free products to passengers traveling between Turkey and another EU country, Nuance's sales in Turkey could decline. In addition, the national government of Turkey has introduced restrictions on the sale and prohibition of the advertising of alcohol products for purchase. Such sales restrictions do not apply to duty-free stores and although uncertain, Nuance does not expect the prohibition on advertising to apply to duty-free stores in Turkey in the short-term. However, there is no guarantee that the prohibition will not apply to duty-free stores in the future. If the prohibition on advertising alcohol products in Turkey is extended to duty-free stores, this could cause a reduction in Nuance's sales of alcohol and other products. Furthermore, continuing instability in Syria or the region could affect Nuance's business in Turkey, which is a tourist destination. Nuance's operations in Turkey are also subject to seasonality due to greater demand for travel during the Easter season (March and April) and the summer months (the end of June to the beginning of September, but primarily July and August). This seasonality generally leads to higher turnover in the second and particularly the third quarters of the year compared to the first and fourth quarters. Given Turkey's importance to Nuance, such changes in the business and political climate could have a material adverse effect on Nuance's business, financial condition and results of operation.

If Nuance were to fail to renew major concessions or fail to obtain further concessions, Nuance's business, financial condition and results of operations could be materially adversely affected.

As is the case with the renewal of our concessions, there is no guarantee that Nuance will be able to renew its existing concessions or that, if it does renew a concession, it will be on similar payment terms. In the last two years ended December 31, 2013, Nuance failed to win 10 of the contracts it tried to renew, including three significant concession contracts in Hong Kong and Singapore. In the case of an airport with a single concession, the failure to obtain or renew a concession means that Nuance will not be able to enter or continue operating the specific market represented by such concession for the duration of the new concession awarded to one of its competitors. Moreover, Nuance's concession in Sydney is up for renewal in 2014. If Nuance were to fail to renew other major concessions or fail to obtain further concessions, its business, financial condition and results of operations could be materially adversely affected.

Airport authorities have increasingly been able to demand more favorable concession terms, adversely affecting Nuance's financial results.

As discussed above in "—Risks Relating to our Business," airport authorities have been demanding more favorable concession terms, primarily as a result of increasing competition for concessions, higher airport construction costs and other operating expenses and increasing airport privatization. Currently, most of Nuance's concession contracts provide for a variable MAG, which is most often an amount determined by the use of a formula which incorporates the number of passengers using an airport, but can also be based on Nuance's current operating budget, the rent paid in the prior year or its prior year's sales levels. In a small number of cases, the MAG is calculated according to the amount of retail space used. If passenger numbers are lower than expected or if there is a decline in the passenger spend rate at these stores, Nuance's results of operations may be materially adversely affected. For example, Nuance's results of operations in Australia have been materially adversely affected because the formula for MAG is based on a combination of the number of passengers using an airport and rent (which is fixed) and was agreed based on expectations prior to the imposition of tobacco sale restrictions in Australia and the strengthening of the Australian dollar. As a result, the profitability of Nuance's Australian operations has been negatively impacted as rising numbers of passengers have driven MAG up, but the passenger spend rate at these locations has been reducing as a result of the tobacco selling restrictions and the strong Australian dollar. Nuance has already exited Perth as of October 2013 and plans to exit Brisbane when its concession expires in August 2014. After the Acquisition, we plan to exit from Australian concessions which do not provide a certain level of expected profitability.

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 to us and will be wholly dependent upon payments from us in respect of principal and interest on 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 March 31, 2014, after giving pro forma effect to the Acquisition, the MCN offering, the Expected Refinancing, this offering and the application of proceeds therefrom, we would have had CHF 2,676.6 million of total indebtedness, of which CHF 1,062.8 million was indebtedness of non-guarantor subsidiaries.

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 constitute unsubordinated obligations of the Issuer and the Guarantors and 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 Senior Credit Facilities and the indenture governing our Senior Notes due 2020 (each as defined herein) 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 on the ISE, 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 the ISE and to trade on the GEM of that exchange; 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, such as the acquisition of Nuance, 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.

If we do not complete the Acquisition, we will be required to redeem the Notes.

If we do not complete the Acquisition by December 3, 2014 (the "Longstop Date"), or the Longstop Date is not extended under the terms of the Acquisition Agreement, then we will redeem the Notes (a "Special Mandatory Redemption"). Subject to certain conditions, the Longstop Date may be extended to June 3, 2015. Should such a Special Mandatory Redemption occur, we will redeem the Notes at a price equal to 100% of the issue price of the Notes set forth on the cover of this Offering Memorandum plus accrued and unpaid interest to, but excluding, the date of the Special Mandatory Redemption.

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."

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 existing and future creditors under the laws of Luxembourg, 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 which 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 the case may be, 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 Luxembourg 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 United States or certain 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.

Luxembourg Insolvency Law Considerations

The Issuer is organized under the laws of Luxembourg. Luxembourg insolvency proceedings may have a material adverse effect on the Issuer's business and assets and the Issuer's respective obligations under the Notes. Under Luxembourg insolvency laws, your ability to receive payment on the Notes may be more limited than under the U.S. bankruptcy laws. The following types of proceedings (altogether referred to as insolvency proceedings) may be opened against the Issuer:

- bankruptcy (*faillite*) proceedings, the opening of which may be requested by the Issuer or by any of its creditors. Following such a request, a competent Luxembourg court may open bankruptcy proceedings if the Issuer (i) is unable to pay its debts as they fall due (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de credit*). If a court finds that these conditions are met without any request, it may also open bankruptcy proceedings on its own motion;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the Issuer and not by its creditors. A reorganization order requires the prior approval by more than 50% in number of the creditors representing more than 50% of the Issuer's liabilities in order to take effect; and
- voluntary composition with creditors (*concordat préventif de faillite*), upon request only by the Issuer (subject to obtaining the consent of the majority of its creditors) and not by its creditors. The court's decision to admit the Issuer to a composition with participating creditors triggers a provisional stay on enforcement of claims by participating creditors while other creditors may pursue their claims individually.

In addition to these insolvency proceedings, your ability to receive payment on the Notes may be affected by a decision of a court to grant a suspension of payments (*sursis de paiement*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial winding up proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or seriously breaching the laws governing commercial companies. The management of such winding up proceedings will generally follow the rules of bankruptcy proceedings.

Generally, during the insolvency proceedings, all enforcement measures by general secured and unsecured creditors against the Issuer are stayed, while certain secured creditors (pledgees or mortgagees) retain the ability to settle separately while the debtor is in bankruptcy. Collateral over which a security right has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus of enforcement proceeds is realized). During controlled management proceedings, enforcement measures are suspended until the final reorganization order from the adjudicating court, declarations of default and any subsequent acceleration upon the occurrence of an event of default may not be enforceable and participating secured creditors in composition proceedings are required to abandon their security. Under the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements, as amended (the "Collateral Act"), secured creditors holding qualifying collateral in the form of financial instruments or claims may enforce their security during the insolvency proceedings without court approval outside the general body of creditors and satisfy their claim in order of their priority in the enforcement proceeds.

Liabilities of the Issuer in respect of the Notes and the Guarantees will, in the event of a liquidation of such Issuer following bankruptcy or judicial winding-up proceedings, rank junior to the cost of such proceedings (including debt incurred for the purpose of such bankruptcy or judicial winding-up) and those debts of the Issuer that are entitled to priority under Luxembourg law. Preferential rights arising by operation of law under Luxembourg law include:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

Luxembourg insolvency law may also affect transactions entered into or payments made by the Issuer during the hardening period (*période suspecte*) (which is a maximum of six months and ten days) preceding the judgment adjudicating the insolvency proceedings, in particular, the granting of a security right for antecedent debt, the payment of debt not due (whether or not payment is made in cash or by way of assignment, sale, set-off or by any other means) or of debt due by any means other than cash or bill of exchange or the sale of assets without consideration or with substantially inadequate consideration. These transactions must be declared null and void, in all circumstances, at the request of the competent Luxembourg insolvency official (including any *commissaire, juge-commissaire, liquidateur* or *curateur* or similar official). Further, if the insolvency official demonstrates that (i) an adequate payment in relation to a due debt was made during the hardening period to the detriment of the general body of creditors, or (ii) the party receiving such payment knew that the Issuer had ceased payments when such payment occurred, the insolvency official has the power, among other things, to invalidate such preferential transaction. Notwithstanding the above, a financial collateral arrangement under the Collateral Act entered into after the opening of liquidation proceedings or the entry into force of reorganization measures is valid and binding against third parties or insolvency officials notwithstanding the hardening period if the collateral taker proves that it was unaware of the opening of such proceedings or of the taking of such measures or that it could not reasonably have been aware of them. Generally, if the insolvency official demonstrates that the Issuer has given a preference to any person by defrauding the rights of creditors generally, a competent insolvency official (acting on behalf of the creditors) has the power to challenge such preferential transaction (including the granting of security right with fraudulent intent) without limitation of time.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in an automatic termination of contracts except for personal (*intuitu personae*) contracts, that is, contracts for which the identity of the Issuer or its solvency were crucial. However, the insolvency official may choose to terminate certain onerous contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. Insolvency proceedings may hence have a material adverse effect on the Issuer's business and assets and the Issuer's respective obligations under the Notes (as Issuer).

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the European Union insolvency regulation.

Swiss Insolvency Law Considerations

The Parent Guarantor, and certain of its subsidiaries (including some 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 some of the Subsidiary Guarantors) 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 U.S. or other 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 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*). 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 and family law. 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.

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. (See also "Enforcement of Civil Liabilities—Switzerland").

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.

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

Insolvency

One of the Subsidiary Guarantors is incorporated in The Netherlands. Any insolvency proceedings relating to this Subsidiary Guarantor would likely be based on Dutch insolvency law. Under certain circumstances, bankruptcy proceedings may also be opened in The Netherlands in accordance with Dutch law over the assets of companies that are not established under Dutch law.

The following is a brief description of certain aspects of Dutch insolvency law. 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*). A general description of the principles of both insolvency regimes is set out below. An application for a moratorium of payments can only be made by the debtor itself. Once the request 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 by the Dutch court (*gehomologeerd*), 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 is only effective with regard to unsecured non-preferential creditors.

Unlike Chapter 11 proceedings under U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a moratorium of payments, 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 court. Upon request by the debtor or the administrator, the 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 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 creditors to effect a restructuring and could reduce the recovery of a creditor 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.

At the request of the debtor itself or one or more of its creditors, the court may open bankruptcy proceedings in respect of a debtor that has ceased to pay its debts. If bankruptcy is declared by the 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 suspension of payments proceedings, the court may order a "cooling off period" (*afkoelingsperiode*) for a maximum of four months during which (*inter alia*) 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 creditors that were not due and payable by their terms on the date of a bankruptcy of the relevant 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 amount and 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 the 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* procedure). These *renvooi* procedures could cause creditors to recover less than the principal amount of their claim or less than they could recover in a U.S. liquidation. Such *renvooi* procedures could also cause payments to the creditors 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. A composition 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 (*gehomologeerd*) by the Court. Upon request by the debtor or the receiver, the supervisory judge (*rechter commissaris*) can decide to adopt the proposed but rejected composition as if it were approved if (i) three-fourths of 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.

Ranking of security rights under Dutch law

In general, mortgages and pledges rank above other rights of priority, including the general priority right of the Dutch tax authorities on the tax debtor's assets. However, Dutch law provides for exceptions. For example, under certain circumstances, the Dutch tax authorities' priority right ranks above a non-possessory pledge on inventory (not including stock) found on the premises of the tax debtor (*bodemzaken*). No conclusive case law in The Netherlands is available on the enforcement by the Dutch courts of security rights established under and governed by laws other than the laws of The Netherlands. The enforcement and ranking of such security rights and preferred rights in The Netherlands may be subject to restrictions and requirements applicable under Dutch law, which provides for a closed system and a mandatory ranking of security rights and preferred rights. Any security rights established under and governed by laws other than the laws of The Netherlands may only be given effect to by the Dutch courts, if they fit within the closed system of security rights existing under the laws of The Netherlands. A security right will for this purpose be compared with the security right under Dutch law which most closely resembles such security right and, if regarded as an equivalent security right, be treated as such and be given the same ranking as the comparable security right under Dutch law. This means that the secured party will not have more rights than available to secured parties of the comparable security right under Dutch law. It is uncertain how a Dutch court would treat a security right that differs materially from security rights available under the laws of The Netherlands.

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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 under the guarantees granted by a bankrupt guarantor after the secured and the preferential creditors have been satisfied. Litigation pending on the date of the bankruptcy order is automatically stayed.

Limitation on enforcement

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 the Dutch 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 or a security document 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 or security 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 and a security provided 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 or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

Parallel debt

Under Dutch law, certain "accessory" security interests such as pledges require that the pledgee and the creditor be the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim. The beneficial holders of the notes from time to time will not be party to the security documents. In order to permit the holders of the notes from time to time to have a secured claim, any security documents in the form of a Dutch law pledge or mortgage will provide for the creation of a "parallel debt." Pursuant to the parallel debt, the security agent becomes the holder of a claim equal to each amount payable by an obligor under the notes. The pledges governed by Dutch law will directly secure the parallel debt. The parallel debt procedure has not been tested under Dutch law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by Dutch law.

Hardening periods and fraudulent transfer

To the extent that Dutch law applies, a guarantee granted by a legal entity may, under certain circumstances, be nullified by any of its creditors, if (i) the guarantee was granted without an obligation to do so (onverplicht), (ii) the creditor concerned was prejudiced as a consequence of the guarantee and (iii) at the time the guarantee was granted both the legal entity and, unless the guarantee was granted for no consideration (om niet), the beneficiary of the guarantee knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced. Also, to the extent that Dutch insolvency law applies, a guarantee or security may be nullified by the receiver (curator) on behalf of and for the benefit of all creditors of the insolvent debtor. The foregoing requirements apply mutatis mutandis for such actions. Consequently, the validity of any Dutch Guarantees may be challenged and it is possible that such challenge would be successful.

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

The Issuer is a Luxembourg partnership limited by shares (*société en commandite par actions*). 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. In addition, one of the other Guarantors is organized under the laws of the Netherlands. 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 Luxembourg, the Netherlands or Switzerland.

USE OF PROCEEDS

We intend to use the net proceeds from this Offering, together with the net proceeds from the MCN offering and the Rights Offering, to finance the Acquisition. See "Summary—New and Expected Financings" and "Summary—Acquisition of Nuance."

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, long-term debt, shareholders' equity and capitalization as of March 31, 2014 in accordance with IFRS, on a historical basis and on a pro forma as adjusted basis to give effect to the Acquisition, this Offering, the MCN offering, the Rights Offering, the Expected Refinancing and the anticipated uses of proceeds therefrom.

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 March 31, 2014, adjusted as described in this section.

	As of March 31, 2014	
	Actual	**Pro Forma As Adjusted**
	(Unaudited) (Millions of CHF)	
Cash and cash equivalents	300.9	269.3(1)
Debt:		
2011 Senior Term Loan Facility	878.7	—
2012 Revolving Credit Facility(2)	100.0	—
Senior Notes due 2020	442.1	442.1
2013 Senior Term Loan Facility	595.9	—
2014 Senior U.S. Dollar Term Loan Facility(3)	—	893.0
2014 Senior Euro Term Loan Facility	—	608.9
2014 Revolving Credit Facility(2)	—	111.9(1)
Notes offered hereby	—	610.0(1)
Other	10.8	10.7
Total debt	**2,027.5**	**2,676.6**
Total shareholders' equity attributable to holders of the parent	1,135.6	2,025.9
Total capitalization	**3,163.1**	**4,702.5**

(1) The presentation of our pro forma as adjusted capitalization in the table above differs in certain respects from the Pro Forma Combined Financial Information as of March 31, 2014 presented elsewhere in this Offering Memorandum. For purposes of the table above, we have assumed CHF 610 million aggregate principal amount of Notes offered hereby, as compared to an assumed CHF 650 million aggregate principal amount for purposes of the Pro Forma Combined Financial Information. In addition, the table above reflects the Expected Refinancing, which includes an expected additional CHF 40 million borrowed under the 2014 Facilities Agreement, as compared to the Pro Forma Combined Financial Information which only reflects borrowings under our Senior Credit Facilities as of March 31, 2014. We do not expect these differences to have a material effect on our total liabilities or our interest expenses.

(2) Consists of an unsecured, multicurrency revolving credit facility for a total committed amount of CHF 650 million. In connection with the Expected Refinancing, we expect to replace our 2012 Revolving Credit Facility with an unsecured, multicurrency revolving credit facility under our 2014 Facilities Agreement (the "2014 Revolving Credit Facility"), which will provide for a total

committed amount of CHF 900 million. We intend to draw down CHF 111.9 million from the 2014 Revolving Credit Facility concurrently with the closing of this offering to, among other things, finance a portion of the Acquisition. In addition, at March 31, 2014, guarantees amounting to CHF 274.4 million were outstanding under Nuance's guarantee facility. We currently expect to enter into a new, unsecured guarantee facility to permit the issuance of guarantees up to an amount of approximately CHF 350 million prior to the closing of the Acquisition to replace guarantees currently issued under the existing Nuance guarantee facility. For more information on the 2012 Revolving Credit Facility, the 2014 Revolving Credit Facility and our Expected New Guarantee Facility, please see "Description of Other Indebtedness."

(3) Our 2014 Facilities Agreement also provides for a CHF 1,600,000,000 term loan bridge facility for the purpose of financing the Acquisition. Commitments under the term loan bridge facility have been reduced by an amount equal to the net proceeds of the MCN offering of CHF 268,262,500 and is expected to be further reduced by an amount equal to the net proceeds of this Offering and the Rights Offering.

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, 2013 and 2012 and for each of the fiscal years ended December 31, 2013, 2012 and 2011 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability" and Note 34 to our consolidated financial statements included in this Offering Memorandum.

The selected historical consolidated financial data as of and for the three months ended March 31, 2014 and 2013, has been derived from our unaudited interim condensed consolidated financial information included elsewhere in this Offering Memorandum.

The summary unaudited condensed consolidated income statement for the twelve months ended March 31, 2014 has been calculated by subtracting the unaudited interim condensed consolidated income statement for the period ended March 31, 2013 from the condensed consolidated income statement for the year ended December 31, 2013, and then by adding the unaudited interim condensed consolidated income statement for the three months ended March 31, 2014.

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.

Consolidated Income Statement Data

	Twelve months ended March 31, 2014	Three months ended March 31, 2014	Three months ended March 31, 2013	For the year ended December 31, 2013	2012 (Restated)(1)	2011
	(Unaudited)	(Unaudited)				
	(Millions of CHF)					
Net sales	3,499.0	748.3	714.3	3,465.0	3,062.1	2,560.9
Advertising income	111.3	26.7	22.1	106.7	91.5	76.8
Turnover	**3,610.3**	**775.0**	**736.4**	**3,571.7**	**3,153.6**	**2,637.7**
Cost of sales	(1,480.5)	(318.2)	(303.7)	(1,466.0)	(1,297.0)	(1,102.4)
Gross profit	**2,129.8**	**456.8**	**432.7**	**2,105.7**	**1,856.6**	**1,535.3**
Selling expenses	(835.5)	(187.2)	(177.7)	(826.0)	(694.2)	(579.7)
Personnel expenses	(550.0)	(127.8)	(115.9)	(538.1)	(474.4)	(402.6)
General expenses	(229.4)	(52.7)	(53.8)	(230.5)	(213.7)	(182.1)
EBITDA (before other operational result)(2)	**514.9**	**89.1**	**85.3**	**511.1**	**474.3**	**370.9**
Depreciation, amortization and impairment	(201.6)	(50.2)	(41.5)	(192.9)	(168.3)	(131.5)
Other operational result	(35.2)	(3.8)	(6.0)	(37.4)	(30.1)	(26.9)
Share of results of associates	—	—	—	—	—	—
Earnings (loss) before interest and taxes (EBIT)(2)	**278.1**	**35.1**	**37.8**	**280.8**	**275.9**	**212.5**
Interest expenses	(104.0)	(24.5)	(18.5)	(98.0)	(79.7)	(55.2)
Interest income	3.9	1.1	0.6	3.4	1.3	4.1
Foreign exchange gain/(loss)	(4.2)	0.1	(1.1)	(5.4)	(0.1)	1.7
Earnings (loss) before taxes (EBT)	**173.8**	**11.8**	**18.8**	**180.8**	**197.4**	**163.1**
Income taxes	(31.7)	(1.9)	(3.4)	(33.2)	(39.1)	(28.2)
Net Earnings (loss)	**142.1**	**9.9**	**15.4**	**147.6**	**158.3**	**134.9**
Attributable to: Equity holders of the parent	87.0	2.8	8.8	93.0	122.5	111.9
Non-controlling interests	55.1	7.1	6.6	54.6	35.8	23.0

Consolidated Statement of Financial Position Data

	As of March 31, 2014	As of December 31, 2013	2012 (Restated)(1)	2011
	(Unaudited)			
	(Millions of CHF)			
Cash and cash equivalents	300.9	246.4	434.0	199.1
Current assets	1,099.9	973.5	1,043.3	808.8
Total assets	4,337.0	4,238.4	3,526.3	3,317.8
Current liabilities	985.1	947.8	594.6	608.6
Total liabilities	3,028.9	2,971.0	2,174.8	2,363.7
Total shareholders' equity	1,308.1	1,267.4	1,351.5	954.1
Total liabilities and shareholders' equity	4,337.0	4,238.4	3,526.3	3,317.8

Consolidated Statement of Cash Flows Data

	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012 (Restated)(1)	2011
			(Millions of CHF)		
Net cash flows from operating activities	69.8	94.5	435.1	382.5	336.8
Net cash flows used in investing activities	(49.1)	(21.0)	(459.5)	(157.5)	(830.5)
Net cash flows (used in)/from financing activities	34.0	(32.9)	(142.3)	24.4	595.5
Currency translation in cash	(0.2)	12.5	(20.9)	(14.5)	16.7
(Decrease)/Increase in cash and cash equivalents	54.5	53.2	(187.6)	234.9	118.5
Cash and cash equivalents at the beginning of the period	246.4	434.0	434.0	199.1	80.6
Cash and cash equivalents at the end of the period	300.9	487.2	246.4	434.0	199.1

Other Data

	Twelve months ended March 31, 2014	Three months ended March 31,		Year ended December 31,		
		2014	2013	2013	2012 (Restated)(1)	2011
	(Unaudited)	(Unaudited)				
Capital expenditures(3)	249.5	49.4	22.4	222.5	112.5	95.0
Changes in working capital(4)	(63.0)	(18.6)	19.0	(25.4)	(21.4)	8.3
Like-for-like growth(5)	—	0.7%	0.8%	2.4%	1.5%	7.5%
Gross margin(6)	59.0%	58.9%	58.8%	59.0%	58.9%	58.2%
EBITDA margin(7)	14.3%	11.5%	11.6%	14.3%	15.0%	14.1%

(1) Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations— Factors Affecting Comparability” and Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum.

(2) 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.

(3) Capital expenditures represents purchases of property plant, and equipment and purchases of intangible assets.

(4) Changes in working capital represents the sum of changes in inventories, receivables, other receivables, trade payables and other payables.

(5) Like-for-like growth represents sales 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.

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

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

NUANCE SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth selected historical consolidated financial data of Nuance as of the dates and for each of the periods indicated. The data presented below is not necessarily indicative of results of future operations.

The selected historical consolidated financial data as of and for each of the years ended December 31, 2013 and 2012 were derived from Nuance's consolidated financial statements. Nuance's consolidated financial statements have been prepared in accordance with IFRS as adopted by the IASB. Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19 and IFRS 10. For further information on the effect of IAS 19 and IFRS 10, see Note 32 to Nuance's consolidated financial statements included in this Offering Memorandum.

The summary unaudited condensed consolidated income statement for the twelve months ended March 31, 2014 has been calculated by subtracting the unaudited condensed consolidated income statement for the period ended March 31, 2013 from the condensed consolidated income statement for the year ended December 31, 2013, and then by adding the unaudited condensed consolidated income statement for the three months ended March 31, 2014.

See "Pro Forma Combined Financial Information" for pro forma financial information reflecting our proposed acquisition of Nuance.

Statement of Income Statement Data

	Twelve months ended March 31,	Three months ended March 31,		Year ended December 31,	
	2014	2014	2013	2013	2012 (Restated)(1)
	(Unaudited)	(Unaudited)			
	(CHF in millions)				
Net sales	2,038.7	410.9	413.6	2,041.4	2,313.8
Advertising income	54.4	10.3	9.4	53.5	58.0
Turnover	**2,093.1**	**421.2**	**423.0**	**2,094.9**	**2,371.8**
Cost of materials and services	(929.2)	(195.0)	(191.6)	(925.8)	(1,027.0)
Gross profit	**1,163.9**	**226.2**	**231.4**	**1,169.1**	**1,344.8**
Personnel expenses	(204.1)	(49.4)	(47.0)	(201.7)	(215.1)
Concession fees	(754.5)	(153.4)	(164.3)	(765.4)	(871.1)
Other operating expenses	(79.0)	(20.7)	(19.5)	(77.8)	(104.7)
Share of result of associates	6.7	0.6	0.9	7.0	6.3
EBITDA(2)(8)	**133.0**	**3.3**	**1.5**	**131.2**	**160.2**
Depreciation, amortization and impairments	(28.4)	(6.0)	(6.4)	(28.8)	(35.3)
Earnings (loss) before interest and taxes (EBIT)(2)(8)	**104.6**	**(2.7)**	**(4.9)**	**102.4**	**124.9**
Finance income	2.0	0.3	0.5	2.2	3.7
Finance expense	(25.7)	(7.2)	(3.7)	(22.2)	(19.5)
Foreign exchange gains/(losses)	(1.2)	1.9	—	(3.1)	(0.5)
Earnings (loss) before taxes (EBT)	**79.7**	**(7.7)**	**(8.1)**	**79.3**	**108.6**
Income tax expense	(22.2)	(2.6)	(4.4)	(24.0)	(27.7)
Net earnings (loss) for the period	**57.5**	**(10.3)**	**(12.5)**	**55.3**	**80.9**
Attributable to:					
Equity holders of the parent	43.7	(12.8)	(15.4)	41.1	33.7
Non-controlling interests	13.8	2.5	2.9	14.2	47.2

Consolidated Balance Sheet Data

	Three months ended March 31, 2014	As of December 31, 2013	As of December 31, 2012 (Restated)(1)
	(Unaudited)		
	(CHF in millions)		
Cash and cash equivalents	126.5	163.1	182.9
Current assets	423.1	448.3	465.8
Total assets	813.3	838.6	838.7
Current liabilities	349.6	357.0	454.8
Total liabilities	710.6	719.4	722.2
Total equity	102.7	119.2	116.5
Total shareholders' equity and liabilities	813.3	838.6	838.7

Consolidated Statement of Cash Flows Data

	Three months ended March 31, 2014	Three months ended March 31, 2013	Year ended December 31, 2013	Year ended December 31, 2012 (Restated)(1)
	(Unaudited)			
	(CHF in millions)			
Cash flows from operating activities	(42.0)	(5.2)	51.8	139.5
Cash flows from investing activities	(6.7)	1.1	(34.2)	(11.9)
Cash flows from financing activities	12.7	(21.2)	(32.2)	(137.8)
Effects of exchange rate changes	(0.6)	4.7	(5.2)	(2.1)
Increase/(decrease) in cash and cash equivalents	(36.0)	(25.2)	(14.6)	(10.2)
Cash and cash equivalents at the end of the period	126.5	162.4	163.1	182.9

Other Financial Data

	Twelve months ended March 31, 2014	Three months ended March 31, 2014	Three months ended March 31, 2013	Year ended December 31, 2013	Year ended December 31, 2012 (Restated)(1)
	(Unaudited)	(Unaudited)			
	(CHF in millions, unless indicated otherwise)				
Turnover(3)	2,093.1	421.2	423.0	2,094.9	2,371.8
EMEA	910.6	143.9	130.5	897.2	820.9
Asia Pacific	972.0	234.0	245.1	983.1	1,336.5
Australia	475.6	108.1	119.9	487.4	540.8
Asia Pacific excluding Australia	496.4	125.9	125.2	495.7	795.7
Americas	144.7	33.8	33.8	144.7	140.4
RS&D	65.8	9.5	13.6	69.9	74.0
EBITDA(2)(3)	133.0	3.3	1.5	131.2	160.2
EMEA	104.2	0.7	1.0	104.5	86.8
Asia Pacific	7.9	(0.2)	(5.2)	2.9	45.3
Australia	(21.0)	(6.7)	(13.1)	(27.4)	(43.3)
Asia Pacific excluding Australia	28.9	6.5	7.9	30.3	88.6
Americas	20.7	4.0	3.6	20.3	19.6
RS&D	(0.8)	(1.0)	(0.1)	0.1	2.3
Corporate	1.1	(0.3)	2.1	3.5	6.2
Capital expenditures(4)	37.0	6.2	6.1	36.9	20.7
Changes in working capital(5)	(80.0)	(36.5)	(1.3)	(44.8)	(0.4)
Gross margin(6)	55.6%	53.7%	54.7%	55.8%	56.7%
EBITDA margin(7)	6.4%	0.8%	0.4%	6.3%(8)	6.8%(8)

(1) Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19 and IFRS 10. For further information on the effect of IAS 19 and IFRS 10, see Note 32 to Nuance's consolidated financial statements included in this Offering Memorandum.

(2) EBITDA as presented in Nuance's consolidated financial statements is a measure of "Adjusted EBITDA" and is defined as net earnings before loss from discontinued operations, income tax expense, foreign exchange gains/(losses), finance expense, finance income and depreciation, amortization and impairments. EBIT as presented in Nuance's consolidated financial statements is a measure of "Adjusted EBIT" and is defined as net earnings before loss from discontinued operations, income tax expense, foreign exchange gains/(losses), finance expense and finance income. The financial measures, EBITDA and EBIT, are non-IFRS financial measures and are not presented in accordance with, or defined by IFRS. We have presented these financial measures (i) as they are used by Nuance's management to monitor financial results and (ii) to represent similar measures that are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial performance. These non-IFRS financial measures 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.

(3) See Note 1 to Nuance's consolidated financial statements included elsewhere in this Offering Memorandum for further information regarding Nuance's reporting segments.

(4) Capital expenditures represents purchases of property plant, and equipment and purchases of intangible assets.

(5) Changes in working capital represents the sum of changes in inventories, receivables, other receivables, trade payables and other payables.

(6) Gross margin is defined as turnover less cost of materials and services divided by turnover.

(7) EBITDA margin is defined as EBITDA divided by turnover.

(8) Excluding Australia, Nuance's turnover and EBIT, respectively, for the year ended December 31, 2012, were CHF 1,831.0 million and CHF 178.5 million, representing an EBIT margin of 9.7%. Excluding Australia, the Group's turnover and EBIT, respectively, for the year ended December 31, 2013, were CHF 1,607.6 million and CHF 135.7 million, representing an EBIT margin of 8.4%. EBIT margin is defined as EBIT divided by turnover.

PRO FORMA COMBINED FINANCIAL INFORMATION

Pro Forma Combined Income Statements

For the Year Ended December 31, 2013

		Adjustments for				
	Pro-Forma 2013	Acquisition	One-time effects	PPA & Financing	TNG 2013	Dufry Group 2013
	a	b	c	d	e	f
			In Millions of CHF			
Net sales	5,506.4	—	—	—	2,041.4	3,465.0
Advertising income	160.2	—	—	—	53.5	106.7
Turnover	**5,666.6**	**—**	**—**	**—**	**2,094.9**	**3,571.7**
Cost of sales	(2,395.6)	—	(3.8)		(925.8)	(1,466.0)
Gross profit	**3,271.0**	**—**	**(3.8)**	**—**	**1,169.1**	**2,105.7**
Selling expenses	(1,600.0)	—	—	—	(774.0)	(826.0)
Personnel expenses	(739.8)	—	—	—	(201.7)	(538.1)
General expenses	(290.7)	—	—	—	(60.2)	(230.5)
EBITDA	**640.5**	**—**	**(3.8)**	**—**	**133.2**	**511.1**
Depreciation, amortization and impairment	(308.1)	—	—	(86.4)	(28.8)	(192.9)
Other operational result	(14.1)	—	(1.5)	33.8	(9.0)	(37.4)
Share of result of associates	7.0	—	—	—	7.0	—
Earnings before interest and taxes (EBIT)	**325.3**	**—**	**(5.3)**	**(52.6)**	**102.4**	**280.8**
Interest expenses	(153.4)	—	(11.2)	(22.0)	(22.2)	(98.0)
Interest income	5.6	—	—	—	2.2	3.4
Foreign exchange gain / (loss)	(8.5)	—	—	—	(3.1)	(5.4)
Earnings before taxes (EBT)	**169.0**	**—**	**(16.5)**	**(74.6)**	**79.3**	**180.8**
Income taxes	(37.5)	—	—	19.7	(24.0)	(33.2)
Net earnings	**131.5**	**—**	**(16.5)**	**(54.9)**	**55.3**	**147.6**
Attributable to:						
Equityholders of the parent	67.9	—	(16.5)	(49.7)	41.1	93.0
Non-controlling interests	63.6	—	—	(5.2)	14.2	54.6
Earnings per share attributable to equity holders of the parent						
Basic earnings per share	1.85					3.13
Diluted earnings per share	1.85					3.12
Weighted average number of outstanding shares in thousands	36,617	6,897				29,720

See explanatory notes on pages 61-63.

Pro Forma Combined Statements of Financial Position

At December 31, 2013

	Pro Forma 31.12.2013	Adjustments for: Acquisition	Adjustments for: One-time effects	Adjustments for: PPA & Financing	TNG 31.12.2013	Dufry Group 31.12.2013
	a	b	c	d	e	f
			In Millions of CHF			
ASSETS						
Property, plant and equipment	371.8	—	—	—	57.9	313.9
Intangible assets	4,622.8	—	—	1,576.6	312.2	2,734.0
Investments in associates	11.4	1,353.3	—	(1,353.3)	11.4	—
Deferred tax assets	158.4	—	—	—	3.5	154.9
Other non-current assets	67.4	—	—	—	5.3	62.1
Non-current assets	**5,231.8**	**1,353.3**	**—**	**223.3**	**390.3**	**3,264.9**
Inventories	713.5	—	(3.7)	3.8	188.7	524.7
Trade and credit card receivables	94.1	—	—	—	51.3	42.8
Other accounts receivable	179.4	—	—	—	29.7	149.7
Income tax receivables	25.4	—	—	—	15.5	9.9
Cash and cash equivalents	242.9	(109.1)	(12.8)	(44.7)	163.1	246.4
Current assets	**1,255.3**	**(109.1)**	**(16.5)**	**(40.9)**	**448.3**	**973.5**
Total assets	**6,487.1**	**1,244.2**	**(16.5)**	**182.4**	**838.6**	**4,238.4**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Equity attributable to equity holders of the parent	2,039.3	968.0	(16.5)	(133.0)	83.3	1,137.5
Non-controlling interests	218.8	—	—	53.0	35.9	129.9
Total equity	**2,258.1**	**968.0**	**(16.5)**	**(80.0)**	**119.2**	**1,267.4**
Financial debt	2,320.8	287.1	—	(8.7)	348.8	1,693.6
Deferred tax liabilities	491.6	—	—	223.9	6.0	261.7
Provisions	101.3	—	—	47.2	2.8	51.3
Post-employment benefit obligations	16.3	—	—	—	4.8	11.5
Other non-current liabilities	5.1	—	—	—	—	5.1
Non-current liabilities	**2,935.8**	**287.1**	**—**	**262.4**	**362.4**	**2,023.2**
Trade payables	392.2	—	—	—	114.3	277.9
Financial debt	306.2	(10.9)	—	—	10.9	306.2
Income tax payables	39.5	—	—	—	9.0	30.5
Provisions	13.3	—	—	—	3.2	10.1
Other liabilities	542.7	—	—	—	219.6	323.1
Current liabilities	**1,293.9**	**(10.9)**	**—**	**—**	**357.0**	**947.8**
Total liabilities	**4,229.0**	**276.2**	**—**	**262.4**	**719.4**	**2,971.0**
Total liabilities and shareholders' equity	**6,487.1**	**1,244.2**	**(16.5)**	**182.4**	**838.6**	**4,238.4**

See explanatory notes on pages 61-63.

Pro Forma Combined Income Statements

For The 3 Months Ended March 31, 2014

	Pro Forma M 3 2014	Adjustments for Acquisition	Adjustments for PPA & Financing	TNG M 3 2014	Dufry Group M 3 2014
	a	b	d	e	f
			In Millions of CHF		
Net sales	1,159.2	—	—	410.9	748.3
Advertising income	37.0	—	—	10.3	26.7
Turnover	**1,196.2**	**—**	**—**	**421.2**	**775.0**
Cost of sales	(513.2)	—	—	(195.0)	(318.2)
Gross profit	**683.0**	**—**	**—**	**226.2**	**456.8**
Selling expenses	(340.6)	—	—	(153.4)	(187.2)
Personnel expenses	(177.2)	—	—	(49.4)	(127.8)
General expenses	(73.4)	—	—	(20.7)	(52.7)
EBITDA	**91.8**	**—**	**—**	**2.7**	**89.1**
Depreciation, amortization and impairment	(77.8)	—	(21.6)	(6.0)	(50.2)
Other operational result	5.4	—	9.2	—	(3.8)
Share of result of associates	0.6	—	—	0.6	—
Earnings before interest and taxes (EBIT)	**20.0**	**—**	**(12.4)**	**(2.7)**	**35.1**
Interest expenses	(36.6)	—	(4.9)	(7.2)	(24.5)
Interest income	1.4	—	—	0.3	1.1
Foreign exchange gain / (loss)	2.0	—	—	1.9	0.1
Earnings before taxes (EBT)	**(13.2)**	**—**	**(17.3)**	**(7.7)**	**11.8**
Income taxes	0.5	—	5.0	(2.6)	(1.9)
Net earnings	**(12.7)**	**—**	**(12.3)**	**(10.3)**	**9.9**
Attributable to:					
Equity holders of the parent	(21.0)	—	(11.0)	(12.8)	2.8
Non-controlling interests	8.3	—	(1.3)	2.5	7.1
Earnings per share attributable to equity holders of the parent					
Basic earnings per share	(0.56)				0.09
Diluted earnings per share	(0.55)				0.09
Weighted average number of outstanding shares in thousands	37,798	6,897			30,901

See explanatory notes on pages 61-63.

Pro Forma Combined Statements of Financial Position

At March 31, 2014

	Pro Forma 31.03.2014	Adjustments for Acquisition	Adjustments for PPA & Financing	TNG 31.03.2014	Dufry Group 31.03.2014
	a	b	d	e	f
	In Millions of CHF				
ASSETS					
Property, plant and equipment	377.5	—	—	58.7	318.8
Intangible assets	4,572.0	—	1,555.1	310.4	2,706.5
Investments in associates	11.2	1,353.3	(1,353.3)	11.2	—
Deferred tax assets	152.5	—	—	3.5	149.0
Other non-current assets	69.2	—	—	6.4	62.8
Non-current assets	**5,182.4**	**1,353.3**	**201.8**	**390.2**	**3,237.1**
Inventories	750.1	—	—	202.4	547.7
Trade and credit card receivables	89.2	—	—	44.2	45.0
Other accounts receivable	233.0	—	—	35.7	197.3
Income tax receivables	23.3	—	—	14.3	9.0
Cash and cash equivalents	269.3	(109.1)	(49.0)	126.5	300.9
Current assets	**1,364.9**	**(109.1)**	**(49.0)**	**423.1**	**1,099.9**
Total assets	**6,547.3**	**1,244.2**	**152.8**	**813.3**	**4,337.0**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Equity attributable to equity holders of the parent	2,025.9	968.0	(147.8)	70.0	1,135.6
Non-controlling interests	256.8	—	51.7	32.7	172.5
Total equity	**2,282.7**	**968.0**	**(96.1)**	**102.7**	**1,308.1**
Financial debt	2,351.7	287.1	(8.1)	347.9	1,724.8
Deferred tax liabilities	477.3	—	219.0	6.2	252.1
Provisions	91.6	—	38.0	2.4	51.2
Post-employment benefit obligations	15.2	—	—	4.5	10.7
Other non-current liabilities	5.0	—	—	—	5.0
Non-current liabilities	**2,940.8**	**287.1**	**248.9**	**361.0**	**2,043.8**
Trade payables	398.9	—	—	104.7	294.2
Financial debt	324.9	(10.9)	—	33.1	302.7
Income tax payables	36.4	—	—	6.1	30.3
Provisions	12.3	—	—	2.4	9.9
Other liabilities	551.3	—	—	203.3	348.0
Current liabilities	**1,323.8**	**(10.9)**	**—**	**349.6**	**985.1**
Total liabilities	**4,264.6**	**276.2**	**248.9**	**710.6**	**3,028.9**
Total liabilities and shareholders' equity	**6,547.3**	**1,244.2**	**152.8**	**813.3**	**4,337.0**

See explanatory notes on pages 61-63.

Explanatory Notes to the Pro Forma Combined Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE 3 MONTHS ENDED MARCH 31, 2014

Dufry AG ("Dufry" or the "Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is a leading travel retail company. At December 2013, it operated over 1,350 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM&FBOVESPA in Saô Paulo.

The pro forma combined financial statements are presented in Swiss francs and all values are rounded to the nearest one hundred thousand.

1. GENERAL INFORMATION

The accompanying pro forma combined financial information is based on the Dufry Group historical consolidated financial statements and the historical consolidated financial statements of The Nuance Group ("TNG"), each included in the F-pages of this Offering Memorandum, and adjusted to illustrate the effects of the TNG acquisition which is expected to take place during the third quarter 2014. The pro forma combined income statements and respective pro forma combined statement of financial position for the three months ended March 31, 2014 and the twelve months ended December 31, 2013 give effect to the TNG acquisition as if it had occurred on January 1, 2013.

This pro forma combined financial information has been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position as of March 31, 2014 or results of operations for the three months ended March 31, 2014 or the twelve months ended December 31, 2013.

TNG is a privately held company domiciled in Glattbrugg, Switzerland. TNG is a leading travel retailer, operating 360 shops in 67 locations across 19 countries.

2. DESCRIPTION OF THE PRO FORMA COMBINED FINANCIAL STATEMENTS

Transaction

During the 3rd quarter 2014 Dufry AG through its subsidiary, Dufry Financial Services B.V. is expected to acquire all the shares of TNG comprising more than 25 active subsidiaries.

Pro Forma Statements

Description of the Pro Forma Combined Financial Statements for the Year Ended December 31, 2013

The pro forma combined financial statements consist of the income statement, statement of financial position, as well as the respective explanatory notes for the year ended December 31, 2013.

The purpose of these pro forma combined financial statements is to present the hypothetical situation assuming that TNG would have been consolidated by the Dufry Group since January 1, 2013. For this purpose the following information has been presented in columns:

- Dufry's audited consolidated financial position as of December 31 and results for the full year 2013 before the acquisition (column f),
- The Nuance Group audited consolidated financial position as of December 31 and results for the full year 2013 (column e),

- the pro forma adjustments related to:
  - the acquisition (column b),
  - the one-time effects and (column c), and
  - the ongoing effects from the Purchase Price Allocation, new financing and eliminations from the consolidation (column d), and
- the "Pro Forma" figures 2013 represents the hypothetical situation assuming that Dufry had acquired and combined the TNG Group as of January 1, 2013 (column a).

The 2013 pro forma combined statements of financial position have been prepared consistently reflecting the position as of December 31, 2013.

Detailed Description Of Pro Forma Adjustments For The Year Ended December 31, 2013

The Acquisition (column b)

On June 4, 2014 Dufry AG, through its subsidiary, Dufry Financial Services B.V., agreed to acquire 100 percent of the shares of The Nuance Group for total consideration of CHF 1'550 million free of debt and cash. The transaction is planned to be financed with:

- On June 13, 2014 Dufry Financial Services B.V. completed its offering of mandatory convertible notes in aggregate principal amount of CHF 275 million. The notes will convert during 2015 into ordinary registered shares of Dufry AG, to be provided by Dufry AG using existing authorized share capital. The notes are guaranteed by Dufry AG.
- On June 26, 2014 an extraordinary General Meeting approved a share capital increase of approximately CHF 725 million with pre-emptive rights.
- Dufry Finance SCA expects to issue Euro-denominated senior notes for approximately CHF 650 million in aggregate principal amount (which differs from the CHF 610 million aggregate principal amount assumed for presentation purposes elsewhere in this Offering Memorandum).

The acquisition has been accounted for in the pro forma information using the acquisition method. The expected proceeds from the share issuance of CHF 725 million are presented in equity as share capital and paid in capital, net of related expenses. The proceeds from the mandatory convertible note issue of CHF 275 million are presented in equity as share capital and paid in capital, net of related expenses.

Simultaneously with these transactions Dufry will refinance most of its existing bank credit facilities.

The One-Time Effects (column c)

This column includes those non-recurring transaction expenses like legal support, due diligence, fairness opinions, bridge facilities, etc. which are related to the acquisition or financing of the acquisition and the respective tax effect.

The Ongoing effects (column d)

Dufry identified the following ongoing effects related to:

i. Purchase price allocation

ii. Financing the transaction

iii. Eliminations

i. Purchase price allocation

Based on the initial and limited quantity of information received from the seller of TNG, Dufry performed a preliminary purchase price allocation. Consequently, the fair value of the identifiable assets and liabilities of the acquired The Nuance Group at January 1, 2013 were as follows:

	In Millions of CHF
Concession rights	1,064.0
Deferred tax	(244.0)
Onerous contracts	(81.0)
Miscellaneous	6.3
Non-controlling interests	(58.2)
TNG's shareholders' equity	83.3
Goodwill (additional)	582.9
	1,353.3
Total consideration	1,550.0
Net debt	196.7
Net consideration	**1,353.3**

Dufry identified about 15 cash generating units (CGU) giving rise to Concession rights in countries like Canada, China, Sweden, Switzerland, Turkey, and other. The post-tax discount rates used varies between 5.6% and 10.6% depending on the specific countries the CGU are located. The useful lives have been estimated for each CGU individually based on the present concession agreement and expected renewals.

The additional non-controlling interests, resulting from the transaction were measured at the proportionate share in the identifiable net asset (liability).

Dufry expects that the integration of The Nuance Group into the overall Group will generate substantial synergies, which are reflected in the value of the goodwill, in addition to other intangible assets that are not recognized individually. The resulting goodwill is not amortized, will not generate tax benefits and will be subject to impairment testing annually.

ii. Financing the transaction

In July 2014, Dufry Finance SCA, expects to issue Euro-denominated senior notes for approximately CHF 650 million in aggregate principal amount. The assumed interest rate has been calculated using management estimates based on prevailing market rates. The transaction cost related with this step has been estimated at CHF 3.0 million through profit and loss and CHF 10.7 million presented as deferred bank expenses to be amortized over eight years.

For pro forma purposes, it has been assumed that this transaction took place at January 1, 2013, and consequently, the existing financing at TNG of about CHF 250 million, the subordinated loan of CHF 112.8 million, the cash position of CHF 163 million, the related accrued interest, the bank expense amortization and the non-amortized bank expenses presented in the financial statements of TNG for the year ended December 31, 2013 have been adjusted.

iii. Eliminations

These include the elimination of the equity purchased and investment through the fair value of existing assets and liabilities of the acquired The Nuance Group as well as the identifiable intangible assets and liabilities, goodwill and the respective share of the non-controlling interests.

The underlying financial information of the Dufry Group and of The Nuance Group has been prepared using consistent accounting policies, which are in accordance with International Financial Reporting Standards (IFRS). The pro forma combined financial statements therefore reflect the accounting principles and the basis of preparation of the Dufry Group as included elsewhere in this prospectus. A footnote to a statement or note indicates where the actual presentation is different from the historical consolidated financial statements.

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, 2013, 2012 and 2011 which have been prepared in accordance with IFRS and unaudited interim condensed consolidated financial statements for the three month periods ended March 31, 2014 and 2013 which have been prepared in accordance with IAS 34, included elsewhere in this Offering Memorandum. 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 47 countries on four continents combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings. As of March 31, 2014, we operated more than 1,350 stores, with a total sales area of approximately 212,000 square meters, including approximately 1,150 stores located in airports, approximately 90 stores operating on cruise lines, ferries and seaports, approximately 90 stores at border, downtown and hotel shops and approximately 60 stores in railway stations, among others. Our travel retail operations consist of a variety of retail concepts focusing on the specific needs of travelers, 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 2013, we generated approximately 56% of our sales from emerging markets.

We generated turnover of CHF 3,571.7 million, net earnings of CHF 147.6 million and EBITDA (before other operational result) of CHF 511.1 million for the year ended December 31, 2013 and turnover of CHF 775.0 million, net earnings of CHF 9.9 million and EBITDA (before other operational result) of CHF 89.1 million for the three months ended March 31, 2014. As of March 31, 2014, we had approximately 16,500 employees.

Recent Developments

Acquisition of Nuance

On June 3, 2014, we entered into the Acquisition Agreement to acquire all of the outstanding share capital of Nuance on a fully diluted basis for a purchase price of CHF 1.55 billion, on a debt- and cash-free basis. See "Summary—Acquisition of Nuance" for additional information.

We intend to use the net proceeds of this Offering, together with the net proceeds from the offerings of MCNs and Rights, to finance the Acquisition. See "Use of Proceeds" and "Summary—New and Expected Financings."

Factors Affecting Our Results of Operations

General

Our turnover is generated by travel-related retail sales and income from advertising, accounting for 97.0% and 3.0% of turnover for the year ended December 31, 2013, 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 six billion passengers in 2013. More importantly, the number of air passengers has been consistently growing in the last ten years at more than 4% per year, with growth expected to continue in the coming decade and to reach approximately 12 billion by 2031. 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 Main Street 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. During 2012, we expanded existing facilities in Tunisia, Martinique, Ecuador and Brazil. During 2013, we expanded our facilities in Spain, Basel-Mulhouse and Brazil.

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 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, on June 3, 2014, we entered into the Acquisition Agreement to acquire all of the outstanding share capital of Nuance on a fully diluted basis for a purchase price of CHF 1.55 billion, on a debt- and cash-free basis.

Sales Per Square-Meter

Unlike traditional Main Street retailers for whom lease costs are usually structured as a fixed rent based on the number of square-meters occupied, our concession fees are usually based on a percentage of our sales. Consequently, although management uses sales per square-meter in some of our evaluations, this is not a key performance indicator for us. Sales per square-meter of retail space varies considerably, depending on the type of shop (for example, general travel retail stores or specialist shops), the type of channel (for example, airports or cruise lines) and the region or country where the shop is operated.

Gross Margin and Advertising Income

We see the cost of sales sold and the resulting gross margin as an important measurement of our performance as a retailer. The cost of sales sold 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 3.0% of turnover in 2013 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 goods sold, 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 rather fixed in the short term, we have been able to protect our profitability by implementing a number of measures to control and reduce costs in a downturn climate. 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 or expenses are denominated in currencies other than the CHF, increases and decreases in the value of the CHF against the respective currencies may affect our consolidated financial statements.

Second, we are exposed to the exchange rate risk inherent to our operations. Although we operate in 47 countries, the pricing of our products is mostly done in Euros or U.S. dollars. When we receive local currencies from our customers, such 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. In Brazil, for example, prices for duty-free products are denominated and labeled in U.S. dollars. A depreciation of the Brazilian Real diminishes the purchase power of local customers, while an appreciation strengthens the purchasing power of customers in Brazil. Therefore, any change in the value of the Brazilian Real against the U.S. dollar could affect our business, financial condition and results of operations in Brazil.

The cost of goods 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), 49% 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 Civil Aviation 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.

Factors Affecting Comparability

IAS 19 "Employee Benefits" became effective beginning on January 1, 2013. The amendments to IAS 19 range from fundamental changes such as removing the corridor mechanism and replacing the concept of interest cost and expected return on plan assets with interest calculated on the net defined benefit asset or liability to simple clarifications and rewording. We changed our accounting policy in 2013 to recognize the remeasurements from actuarial gains or losses in other comprehensive income. The amended standard impacts the total pension expense as the expected return on plan assets is calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. As a consequence of the adoption of the revised standard, the previously published financial statements as of and for the year ended December 31, 2013 were restated to reflect adjustments to the financial data as of and for the year ended December 31, 2012 as disclosed in Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum. The financial data presented herein as of and for the year ended December 31, 2011 has been derived from our audited financial statements as of and for the year ended December 31, 2012 included in this Offering Memorandum. Such audited financial statements have not been restated to reflect adjustments for IAS 19 to the financial data as of and for the year ended December 31, 2012.

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.

Use of Constant Exchange Rate

We analyze turnover and turnover growth in currencies other than the CHF, our reporting currency, on a CER basis, so that turnover and turnover growth can be considered excluding movements in foreign exchange rates. See "—Factors Affecting Our Results of Operations—Currency Fluctuations." Turnover and turnover growth on a CER basis is a non-IFRS financial measure, computed by converting turnover in local currency for the relevant period using the prior period's average foreign exchange rates and comparing to the prior period's turnover.

Segment Information

Our risks and returns are predominantly affected by the fact that we operate in different countries. Accordingly, we operate under four geographical segments (EMEA & Asia, Region America I, Region America II and United States & Canada) and one segment (Global Distribution Centers) that covers the global distribution centers delivering goods to all entities of our four geographical segments.

Results of Operations

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

	Three months ended March 31,		For the year ended December 31,		
	2014	2013	2013	2012(1)	2011
			(%)		
Net sales	96.6	97.0	97.0	97.1	97.1
Advertising income	3.4	3.0	3.0	2.9	2.9
Turnover	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Cost of sales	(41.1)	(41.2)	(41.0)	(41.1)	(41.8)
Gross profit	**58.9**	**58.8**	**59.0**	**58.9**	**58.2**
Selling expenses	(24.2)	(24.1)	(23.1)	(22.0)	(22.0)
Personnel expenses	(16.5)	(15.7)	(15.1)	(15.0)	(15.3)
General expenses	(6.8)	(7.3)	(6.5)	(6.9)	(6.8)
EBITDA (before other operational result)	**11.5**	**11.6**	**14.3**	**15.0**	**14.1**
Depreciation, amortization and impairment	(6.5)	(5.6)	(5.4)	(5.3)	(5.0)
Other operational result	(0.5)	(0.8)	(1.0)	(1.0)	(1.0)
Earnings before interest and taxes (EBIT)	**4.5**	**5.1**	**7.9**	**8.7**	**8.1**
Financial results, net	(3.0)	(2.5)	(2.8)	(2.4)	(1.9)
Earnings before taxes (EBT)	**1.5**	**2.6**	**5.1**	**6.3**	**6.2**
Income taxes	(0.2)	(0.5)	(1.0)	(1.3)	(1.1)
Net Earnings	**1.3**	**2.1**	**4.1**	**5.0**	**5.1**

(1) Restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability" and Note 34 to our consolidated financial statements included in this Offering Memorandum.

Comparison between the Three Months Ended March 31, 2014 and March 31, 2013

The following summarizes changes in financial performance for the three months ended March 31, 2014, compared to the three months ended March 31, 2013:

	Three months ended March 31,		
	2014	**2013**	**Percent Change**
	(Millions of CHF)		**(%)**
Net sales	748.3	714.3	4.8
Advertising income	26.7	22.1	20.8
Turnover	**775.0**	**736.4**	**5.2**
Cost of sales	(318.2)	(303.7)	4.8
Gross profit	**456.8**	**432.7**	**5.6**
Selling expenses	(187.2)	(177.7)	5.3
Personnel expenses	(127.8)	(115.9)	10.3
General expenses	(52.7)	(53.8)	(2.0)
EBITDA (before other operational result)	**89.1**	**85.3**	**4.5**
Depreciation, amortization and impairment	(50.2)	(41.5)	21.0
Other operational result	(3.8)	(6.0)	(36.7)
Earnings before interest and taxes (EBIT)	**35.1**	**37.8**	**(7.1)**
Financial results, net	(23.3)	(19.0)	22.6
Earnings before taxes (EBT)	**11.8**	**18.8**	**(37.2)**
Income taxes	(1.9)	(3.4)	(44.1)
Net Earnings	**9.9**	**15.4**	**(35.7)**

Turnover

Reported turnover increased by 5.2% to CHF 775.0 million for the first quarter of 2014 compared to CHF 736.4 million for the prior year period. On a CER basis, turnover increased by 8.9% in the first quarter of 2014. Foreign exchange fluctuations resulted in a negative translation effect of 3.7%. Organic growth represented 2.1% of this increase, with like-for-like growth contributing 0.7% and new concessions and expansions and discontinued concessions adding 1.4% and acquisitions contributed 6.8% to turnover growth for the first quarter of 2014.

Performance by Segment

The following summarizes changes in turnover for the three months ended March 31, 2014, compared to the three months ended March 31, 2013 by segment:

	Three months ended March 31,		
	2014	**2013**	**Percent Change**
	(Millions of CHF)		**(%)**
Region EMEA & Asia	239.8	182.5	31.4
Region America I	174.7	190.5	(8.3)
Region America II	138.4	158.6	(12.7)
Region United States & Canada	205.0	189.8	8.0
Global Distribution Centers	17.1	15.0	14.0

Region EMEA & Asia turnover grew by 31.4% in the first quarter of 2014 and reached CHF 239.8 million compared to CHF 182.5 million for the prior year period. On a CER basis, turnover growth was 33.3% for the period compared to the prior year period. Although we saw the positive effects from the consolidation of the Hellenic Duty Free Shops S.A. which occurred in April 2013, other operations in the region performed solidly as well. In Europe, France and Spain had strong growth. Africa showed positive performance as Morocco and Ivory Coast had double-digit sales growth that helped mitigate lower results in Egypt. In Eastern Europe, Serbia and Armenia performed well, while operations in Russia were impacted by the depreciation of the Russian Ruble and the political situation in Ukraine. In the Middle East and Asia, growth was strong due to a combination of like-for-like sales in the existing operations, especially in China and Cambodia, as well the effect of the store openings in Bali, Sri Lanka and South Korea.

Region America I turnover decreased by 8.3% to CHF 174.7 million in the first quarter of 2014 compared to CHF 190.5 million for the prior year period and decreased by 4.1% on a CER basis. The performance of this region was affected by the devaluation of local currencies, especially in Uruguay, where like-for-like sales were negatively impacted by the reduction in the purchasing power in local currency terms. In addition, Argentina and the Caribbean operations had a negative impact from a calendar effect of Easter, which in 2013 took place in the first quarter and in 2014 occurred in the second quarter. Despite the overall decrease, we registered growth in sales of 14% in America I when accounted in local currencies.

Region America II turnover decreased by 12.7% to CHF 138.4 million for the first quarter of 2014 compared to CHF 158.6 million for the prior year period. On a CER basis, turnover decreased 13.0% period-over-period. When measured in Brazilian Reals, sales continued to grow as in the previous quarters, but the devaluation of the local currency compared to the USD of 18% in the first quarter masked the positive performance. We expanded operations in Brazil, most notably in Sao Paulo and Brasilia, where in the latter the first Hudson News shops were opened.

Turnover in Region United States & Canada grew by 8.0% in the first quarter of 2014. Turnover amounted to CHF 205.0 million for the first quarter of 2014 compared to CHF 189.8 million for the prior year period. The double-digit turnover growth of 13.4% on a CER basis illustrates the strong performance in the region. We managed to outpace the increase in the number of passengers by improving our retail operations and expanding our footprint in the United States, where 1,400 square meters were added in the first quarter of 2014.

Turnover in Global Distribution Centers grew by 14.0% in the first quarter of 2014. Turnover amounted to CHF 17.1 million for the first quarter of 2014 compared to CHF 15.0 million for the prior year period. The turnover growth illustrates the increase in our wholesale business.

Gross Profit

Gross profit reached CHF 456.8 million in the first quarter of 2014 from CHF 432.7 million in the prior year period. The gross profit margin increased by 10 basis points to 58.9% in the first quarter of 2014 compared to 58.8% for the prior year period.

Selling Expenses

Selling expenses amounted to 24.2% of turnover for the three month period ended March 31, 2014, compared to 24.1% for the prior year period. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up 95.3% of the selling expenses for the three months ended March 31, 2014. In absolute terms, selling expenses reached CHF 187.2 million for the three months ended March 31, 2014, compared to CHF 177.7 million for the prior year period. 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 three months ended March 31, 2014, the concession and rental income amounted to approximately CHF 3.6 million compared to CHF 3.6 million for the prior year period.

Personnel Expenses

Personnel expenses increased to CHF 127.8 million from CHF 115.9 million in the first quarter of 2013. As a percentage of turnover, personnel expenses increased to 16.5%. This increase was primarily due to the consolidation of Hellenic Duty Free Shops S.A. and the strong seasonality of that business.

General Expenses

General expenses decreased to CHF 52.7 million in the first quarter of 2014 compared to CHF 53.8 million in the prior year period. As percentage of the turnover, general expenses decreased to 6.8% compared to 7.3% in 2013, primarily as a result of cost control measures, including the requirement that projects of a certain size receive prior approval.

EBITDA (before other operational result)

EBITDA (before other operational result) for the first quarter of 2014 increased by 4.5% to CHF 89.1 million compared to CHF 85.3 million for the prior year period. EBITDA (before other operational result) margin decreased by 0.1 percentage points to 11.5% in the first quarter of 2014 compared to 11.6% for the prior year period.

Depreciation and Amortization

Depreciation, amortization and impairment increased to CHF 50.2 million for the first quarter of 2014 compared to CHF 41.5 million for the prior year period. Depreciation and impairment reached CHF 18.3 million for the period, compared to CHF 15.6 million in the first quarter of 2013. Amortization and impairment increased to CHF 31.9 million in the first quarter of 2014 compared to CHF 25.9 million for the prior year period. The higher depreciation and amortization charge was primarily due to the result of the consolidation of Hellenic Duty Free Shops S.A.

Other Operational Result

Other operational result decreased 36.7% for the three months ended March 31, 2014, compared to the prior year period, to CHF 3.8 million from CHF 6.0 million, respectively. The majority of these expenses related to transaction costs and start-up costs of new projects in the period.

Financial Results, Net

Financial results, net, increased to CHF 23.3 million for the first quarter of 2014 compared to CHF 19.0 million for the first quarter of 2013.

Income Tax Expense

Income taxes for the first quarter of 2014 amounted to CHF 1.9 million compared to CHF 3.4 million for the corresponding period of 2013. The effective tax rate, measured as a percentage of EBT, stood at 16.1% compared to 18.1% for the prior year period.

Net Earnings

We recorded net earnings of CHF 9.9 million for the three months ended March 31, 2014, compared to net earnings of CHF 15.4 million for the prior year period.

Comparison between the Fiscal Years Ended December 31, 2013 and December 31, 2012

General

The following summarizes changes in financial performance for the year ended December 31, 2013, compared to the year ended December 31, 2012:

	For the year ended December 31,		
	2013	**2012(1)**	**Percent Change**
	(Millions of CHF)		**(%)**
Net sales	3,465.0	3,062.1	13.2
Advertising income	106.7	91.5	16.6
Turnover	**3,571.7**	**3,153.6**	**13.3**
Cost of sales	(1,466.0)	(1,297.0)	13.0
Gross profit	**2,105.7**	**1,856.6**	**13.4**
Selling expenses	(826.0)	(694.2)	19.0
Personnel expenses	(538.1)	(474.4)	13.4
General expenses	(230.5)	(213.7)	7.9
EBITDA (before other operational result)	**511.1**	**474.3**	**7.8**
Depreciation, amortization and impairment	(192.9)	(168.3)	14.6
Other operational result	(37.4)	(30.1)	24.3
Earnings before interest and taxes (EBIT)	**280.8**	**275.9**	**1.8**
Financial results, net	(100.0)	(78.5)	27.3
Earnings before taxes (EBT)	**180.8**	**197.4**	**(8.4)**
Income taxes	(33.2)	(39.1)	(15.2)
Net Earnings	**147.6**	**158.3**	**(6.8)**

(1) Restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations— Factors Affecting Comparability" and Note 34 to our consolidated financial statements included in this Offering Memorandum.

Turnover

Reported turnover increased to CHF 3,571.7 million in 2013 from CHF 3,153.6 million in 2012. On a CER basis, turnover grew 13.8% in 2013 compared to 2012. Like-for-like growth contributed 2.4% to this growth and new concessions and acquisitions contributed 0.6% and 11.1%, respectively. Foreign exchange impact of translating into CHF was negative by 0.8%. On a CER basis, this increase corresponds to a turnover of CHF 3,588.3 in 2013.

Performance by Segment

The following summarizes changes in turnover for the year ended December 31, 2013, compared to the year ended December 31, 2012 by segment:

	For the year ended December 31,		Percent Change
	2013	2012	
	(Millions of CHF)		(%)
Region EMEA & Asia	1,174.1	790.4	48.5
Region America I	768.5	778.3	(1.3)
Region America II	692.2	730.6	(5.3)
Region United States & Canada	876.1	809.3	8.2
Global Distribution Centers	60.8	45.0	35.1

Region EMEA & Asia reported turnover increased 48.5% to CHF 1,174.1 million in 2013 compared to CHF 790.4 million in 2012. On a CER basis, turnover increased 46.1% in 2013 compared to 2012. All major operations contributed to the growth, notably in Greece, which benefited from the acquisition of the retail operations of the Folli Follie Group, and in China, which showed the full-year effect of the Chengdu operations. France and Morocco also performed well. These strong performances were partially offset by Singapore, where our operations closed in December 2012. Performance in Russia suffered as a result of a temporary shutdown at a local warehouse, and Egypt was also weak as a result of the political crisis in second half of 2013.

Region America I reported turnover fell 1.3% to CHF 768.5 million in 2013 compared to CHF 778.3 million in 2012. On a CER basis, turnover remained flat in 2013 compared to 2012. The expansion of our activities in Mexico with a new walkthrough shop at the Mexico City Benito Juarez International Airport and traffic from new airlines in the region, and the strong performance of shops at Buenos Aires International Airport—Ministro Pistarini in Argentina, were offset by negative effects in Uruguay primarily due to the bankruptcy of the Uruguayan airline Pluna and in the Caribbean due to decreased passenger flow during the high season. Revenues of our subsidiary Flagship Retail Services Inc., which includes all our stores on Norwegian Cruise Lines ("NCL") ships, decreased year-over-year by CHF 2.8 million due to fewer purchases by cruise ship passengers.

Region America II reported turnover decreased 5.3% to CHF 692.2 million in 2013 compared to CHF 730.6 million in 2012. On a CER basis, the region reported a decline in turnover of 7.4% in 2013 compared to 2012. America II reported a decline in turnover of CHF 38.4 million in 2013, as it continued to be impacted by the economic slowdown in the country, the softening of the Brazilian Real against the U.S. Dollar, and capacity constraints in certain Brazilian airports that we saw in 2012.

Region United States & Canada reported turnover increased 8.2% to CHF 876.1 million in 2013 compared to CHF 809.3 million in 2012. On a CER basis, turnover increased 9.8% in 2013 compared to the prior year period. The positive result was supported mainly by the expansion of existing operations and debut of new operations at Lambert—St. Louis International Airport, Los Angeles International Airport and Dallas/Fort Worth International Airport.

Global Distribution Centers reported turnover increased 35.1% to CHF 60.8 million in 2013 compared to CHF 45.0 million in 2012. The increase was primarily due to more sales by the wholesale businesses to Mauritius and Russia.

Gross Profit

Gross profit reached CHF 2,105.7 million in 2013 from CHF 1,856.6 million for the prior year period. The gross profit margin improved by 0.1 percentage point to 59.0% compared to 58.9% in

2012. The benefits from our new logistics and procurement reorganization started to show in our annual results, and more than compensated for the consolidation impact from the travel retail operations acquired from the Folli Follie Group.

Selling Expenses

Selling expenses amounted to 23.1% of turnover in 2013, compared to 22.0% in 2012. 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 2013 and 2012. In absolute terms, selling expenses increased to CHF 826.0 million in 2013 from CHF 694.2 million in 2012. For the year ended 2013, concession and rental income amounted to approximately CHF 15.4 million compared to CHF 14.3 million for the prior year period. The signing of several concession contracts in Brazil was the main reason for the increase of concession fees.

Personnel Expenses

Personnel expenses reached CHF 538.1 million in 2013 compared to CHF 474.4 million in 2012. As a percentage of turnover, personnel expenses stayed relatively stable at 15.1% compared to 15.0% for the prior year period. This increase was primarily due to the consolidation of the travel retail operations of the Folli Follie Group in Greece during 2013.

General Expenses

General expenses amounted to 6.5% of turnover in 2013, compared to 6.9% in 2012. In absolute terms, general expenses increased to CHF 230.5 million in 2013 from CHF 213.7 million in 2012, primarily due to the travel retail operations of the Folli Follie Group consolidated in Greece during 2013.

EBITDA (before other operational result)

On a CER basis, EBITDA (before other operational result) increased by 7.9% in 2013 compared to 2012 and reached CHF 511.8 million. As in the previous years, the geographic diversification of our business as well as our growth strategy played an important role for our performance in 2013. After translation effects, the increase was 7.8% to CHF 511.1 million in 2013 compared to CHF 474.3 million in 2012. The EBITDA (before other operational result) margin decreased 70 basis points and amounted to 14.3%.

Depreciation and Amortization

Depreciation, amortization and impairment reached CHF 192.9 million in 2013 from CHF 168.3 million in 2012. Depreciation and impairment was higher at CHF 71.1 million in 2013 compared to CHF 65.1 million in 2012. Amortization and impairment increased by CHF 18.6 million to CHF 121.8 million in 2013 due to the additional amortization from the acquisitions in Greece.

Other Operational Result

Other operational result increased 24.3% to CHF 37.4 million in 2013 from CHF 30.1 million in 2012. This increase was primarily due to CHF 4.7 million of tax litigation costs and CHF 7.4 million of transaction costs relating to our acquisition of Hellenic Duty Free Shops S.A.

Financial Results, Net

Financial results, net, increased to CHF 100.0 million in 2013 from CHF 78.5 million in 2012. The main reason for the increase was the additional debt financing in relation to the acquisition of the travel retail operations of the Folli Follie Group.

Income Tax Expense

In 2013, the effective consolidated tax rate across our operations was 18.4%. Income tax expense fell to CHF 33.2 million in 2013, compared to CHF 39.1 million in 2012. 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 147.6 million in 2013, compared to net earnings of CHF 158.3 million in 2012.

Comparison between the Fiscal Years Ended December 31, 2012 and December 31, 2011

General

The following summarizes changes in financial performance for the year ended December 31, 2012, compared to the year ended December 31, 2011:

	For the year ended December 31,		
	2012(1)	**2011**	**Percent Change**
	(Millions of CHF)		**(%)**
Net sales	3,062.1	2,560.9	19.6
Advertising income	91.5	76.8	19.1
Turnover	**3,153.6**	**2,637.7**	**19.6**
Cost of sales	(1,297.0)	(1,102.4)	17.7
Gross profit	**1,856.6**	**1,535.3**	**20.9**
Selling expenses	(694.2)	(579.7)	19.8
Personnel expenses	(474.4)	(402.6)	17.8
General expenses	(213.7)	(182.1)	17.4
EBITDA (before other operational result)	**474.3**	**370.9**	**27.9**
Depreciation, amortization and impairment	(168.3)	(131.5)	28.0
Other operational result	(30.1)	(26.9)	11.9
Earnings before interest and taxes (EBIT)	**275.9**	**212.5**	**29.8**
Financial results, net	(78.5)	(49.4)	58.8
Earnings before taxes (EBT)	**197.4**	**163.1**	**21.1**
Income taxes	(39.1)	(28.2)	38.6
Net Earnings	**158.3**	**134.9**	**17.3**

(1) Restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability" and Note 34 to our consolidated financial statements included in this Offering Memorandum.

Turnover

Reported turnover increased to CHF 3,153.6 million in 2012, up 19.6% from CHF 2,637.7 million in 2011. On a CER basis, turnover increased by 14.9% in 2012 compared to 2011. Like-for-like growth excluding extraordinary effects contributed 2.4% to this growth and new concessions and acquisitions contributed 2.2% and 11.2%, respectively. Foreign exchange fluctuations resulted in a positive translation effect of 4.7%, while extraordinary effects such as Hurricane Sandy in the United States and the bankruptcy of the Uruguayan airline Pluna had a negative impact of 0.9%. On a CER basis, this increase corresponds to a turnover of CHF 3,021.2 million in 2012.

Performance by Segment

The following summarizes changes in turnover for the year ended December 31, 2012, compared to the year ended December 31, 2011 by segment:

	For the year ended December 31,		Percent Change
	2012	2011	
	(Millions of CHF)		(%)
Region EMEA & Asia	790.4	657.8	20.2
Region America I	778.3	524.7	48.3
Region America II	730.6	729.4	0.2
Region United States and Canada	809.3	700.5	15.5
Global Distribution Centers	45.0	25.3	77.9

Region EMEA & Asia's reported turnover increased by 20.2% in 2012 to CHF 790.4 million compared to CHF 657.8 million in 2011. On a CER basis, turnover grew by 19.4% in 2012 compared to 2011. We had strong performance in Asia and Africa where most markets reached double-digit growth for the year. Europe also continued to grow, albeit at a slower pace. There, we saw good performance in France, Spain and Switzerland. Growth in the region was also supported by the consolidation of acquisitions in Armenia, Martinique and Russia. In China, performance was enhanced by new concessions in Chengdu.

Region America I's reported turnover increased 48.3% to CHF 778.3 million in 2012 compared to CHF 524.7 million in 2011. On a CER basis, turnover increased by 42.0% in 2012 compared to 2011. Our operations in Mexico showed strong sales growth supported by passenger growth. While operations in the British Caribbean remained weak due to changes in the passenger profile and different itineraries of the cruise lines affecting the numbers of customers, the rest of the Caribbean performed well. In particular, our business in the Dominican Republic and Trinidad performed strongly. In South America, our operations in Argentina and Uruguay were affected by the bankruptcy of the Uruguayan airline Pluna in the beginning of July.

Region America II's reported turnover stood at CHF 730.6 million in 2012 compared to CHF 729.4 million 2011. On a CER basis, turnover decreased by 5.3% in 2012 compared to 2011. After many years of continuing strong performance, operations in Brazil were impacted by the economic slowdown in the country, a softening of the Brazilian Real against the U.S. Dollar, and capacity constraints in certain Brazilian airports.

Reported turnover in Region United States & Canada increased 15.5% to CHF 809.3 million in 2012 compared to CHF 700.5 million 2011. On a CER basis, turnover increased by 8.6% in 2012 compared to 2011. Turnover growth was driven by like-for-like growth as well as by additions of new concessions and retail space. We expanded our presence in the region by building on our Hudson News convenience store concept, and we also successfully expanded our portfolio of brand boutiques, specialized shops and duty-free shops. Performance in the last quarter of 2012 was impacted by Hurricane Sandy, but these negative effects were relatively short-lived.

Global Distribution Centers reported turnover increased 77.9% to CHF 45.0 million in 2012 compared to CHF 25.3 million in 2011. The increase was primarily due to our new supply agreements with Mauritius and Vnukovo, Russia in 2012.

Gross Profit

Gross profit reached CHF 1,856.6 million in 2012 from CHF 1,535.3 million for the prior year period. The gross profit margin improved by 0.7 percentage points to 58.9% in 2012 compared to 58.2% in 2011. The continuation of our global negotiations with suppliers and the synergies added from our acquisitions in 2011 and 2012 were the key drivers for achieving the new record level. Our cooperation with key suppliers in several projects such as brand planning and data sharing also contributed to our results.

Selling Expenses

Selling expenses came to CHF 694.2 million or 22.0% of turnover in 2012, compared to CHF 579.7 million, or 22.0% of turnover in 2011. 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 2012 and 2011. For the year ended 2012, the concession and rental income amounted to approximately CHF 14.3 million compared to CHF 14.6 million for the prior year period.

Personnel Expenses

Personnel expenses remained relatively stable as a percentage of turnover at 15.0% in 2012, compared to 15.3% in 2011. In absolute terms, personnel expenses amounted to CHF 474.4 million in 2012, compared to CHF 402.6 million in 2011. This increase was primarily due to the consolidation of Regstaer LLC's travel retail operations in Sheremetyevo during 2012.

General Expenses

General expenses represented 6.9% of turnover in 2012, compared to 6.8% in 2011. In absolute terms, general expenses increased to CHF 213.7 million in 2012, compared to CHF 182.1 million in 2011.

EBITDA (before other operational result)

On a CER basis, EBITDA (before other operational result) grew by 21.3%. After translation effects, EBITDA (before other operational result) reached CHF 474.3 million, a growth of 27.9% compared to CHF 370.9 million in 2011. EBITDA (before other operational result) margin improved by 0.9 percentage points to 15.0% compared to 14.1% in 2011.

Depreciation and Amortization

Depreciation, amortization and impairment increased to CHF 168.3 million in 2012 from CHF 131.5 million in 2011. Depreciation and impairment increased to CHF 65.1 million in 2012 compared to CHF 58.8 million for the prior year period. When measured as percentage of turnover, depreciation decreased to 2.1% in 2012 from 2.2% in 2011. Amortization and impairment increased by CHF 30.5 million to CHF 103.2 million in 2012 from CHF 72.7 million in 2011, mainly due to the additional amortization deriving from the acquisitions completed in August 2011 and in January 2012.

Other Operational Result

Other operational result increased 11.9% to CHF 30.1 million in 2012 compared to CHF 26.9 million in the prior year. This increase was primarily due to start-up costs in Sheremetyevo and closing costs in Singapore.

Financial Results, Net

Financial results, net, increased by CHF 29.1 million to CHF 78.5 million in 2012 compared to CHF 49.4 million in 2011. This increase is mainly due to the additional USD 1.0 billion debt incurred in August 2011 to finance the acquisitions of airport duty-free operations in several emerging markets. The refinancing of parts of our credit facilities and the issuance of our Senior Notes due 2020 also added to the increase.

Income Tax Expense

In 2012, the effective consolidated tax rate across our operations was 19.8%, compared to 17.3% in 2011. Income tax expense increased to CHF 39.1 million in 2012, compared to CHF 28.2 million in 2011.

Net Earnings

We recorded net earnings of CHF 158.3 million in 2012, compared to net earnings of CHF 134.9 million in 2011.

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 aims to maintain our leverage at levels that will permit us to access the same levels of debt financing that we may access currently.

Cash Flows from Operating Activities

Net cash flows from operating activities were CHF 69.8 million for the three months ended March 31, 2014, a decrease of CHF 24.7 million compared to the prior year period. The decrease in net cash flows provided from operating activities mainly resulted from increases in inventories.

Net cash flows from operating activities were CHF 435.1 million for the year ended December 31, 2013, an increase of CHF 52.6 million compared to the prior year period. This increase was primarily due to lower paid income taxes and a smaller change in core working capital.

Net cash flows from operating activities were CHF 382.5 million for the year ended December 31, 2012, an increase of CHF 45.7 million compared to the prior year period. This increase was primarily due to higher sales in 2012.

Cash Flows from Investment Activities/Our Investment Policy

Capital expenditure is our primary investing activity and may be divided into two main categories: tangible and intangible capital expenditure. The first category includes spending on the renovation and maintenance of existing shops and the fitting out of new shops whereas the latter reflects upfront payments upon the granting of a new concession which are capitalized as an intangible asset and amortized over the life of the concession unless 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, management recognizes that, 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 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, on June 3, 2014, we entered into the Acquisition Agreement to acquire all of the outstanding share capital of Nuance on a fully diluted basis for a purchase price of CHF 1.55 billion, on a debt- and cash-free basis.

Net cash used in investing activities increased to CHF 49.1 million for the three months ended March 31, 2014, as compared to CHF 21.0 million for the prior year period.

Net cash used in investing activities increased to CHF 459.5 million for the year ended December 31, 2013 as compared to CHF 157.5 million for the prior year period. In 2013, capital expenditure stood at CHF 216.7 million, which also includes investments made in Brazil, and free cash flow reached CHF 218.4 million.

Net cash used in investing activities decreased to CHF 157.5 million for the year ended December 31, 2012 as compared to CHF 830.5 million for the prior year period. The decrease was primarily due to the acquisition of Interbaires SA and other companies in Armenia, Ecuador and Uruguay in 2011.

Cash Flows from Financing Activities

Net cash from financing activities increased by CHF 66.8 million for the three months ended March 31, 2014, to CHF 34.0 million (net inflow) compared to cash flows from financing activities of CHF 32.8 million (net outflow) in the prior year period.

Net cash from financing activities reached CHF 142.3 million (net outflow) for the year ended December 31, 2013, compared to CHF 24.4 million (net inflow) from financing activities for the prior year period. This change was primarily due to the issuance of our Senior Notes due 2020 in 2012 and repayments to non-controlling interest holders relating to the acquisition of the remaining 49% stake in Hellenic Duty Free Shops S.A. in 2013.

Net cash from financing activities was CHF 24.4 million (net inflow) for the year ended December 31, 2012, compared to CHF 595.5 million (net inflow) for the prior year period. Cash from financing activities primarily related to refinancing of our existing revolving credit facility of CHF 415 million, which was due to expire in 2013, through a new committed five year revolving credit facility of CHF 650 million with a syndicate of banks. At the same time, we successfully placed US dollar-denominated senior notes in an aggregate principal amount of USD 500 million to refinance all term loans expiring in 2013. See "Description of Other Indebtedness" for more information.

Capital Resources

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 credit facilities. In addition, we have financed, and we may continue to finance, acquisitions with new equity issuances. 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."

As of March 31, 2014, we had total borrowings of CHF 2,027.5 million (compared with CHF 1,999.8 million and CHF 1,385.3 million as of December 31, 2013 and December 31, 2012, respectively). See "Description of Other Indebtedness."

We intend to use the net proceeds from this Offering, together with the net proceeds from the offerings of MCNs and Rights, to finance the Acquisition. See "Use of Proceeds."

Contractual Obligations

There are no capital expenditure commitments other than those incurred in the normal course of business as of March 31, 2014. The principal future investments that have already been firmly decided upon by the management bodies and for which legally binding undertakings have been entered into relate to duty free shops at Kinmen Wind Lion Plaza in Taiwan, Murtala Muhammed International Airport in Lagos, Nigeria, duty free walkthrough shops at São Paulo Guarulhos International Airport in Brazil and San Juan Airport in Puerto Rico, and duty free and duty paid shops at Brasilia Airport in Brazil, and Hudson and brand boutiques at Ronald Reagan Washington National Airport in the United States.

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 March 31, 2014, as adjusted to give effect to the Acquisition, the MCN offering, the Expected Refinancing, the Notes offered hereby and the uses of proceeds therefrom (this presentation differs from the pro forma combined financial information presented elsewhere in this Offering Memorandum as such pro forma combined financial information does not reflect the Expected Refinancing). See "Description of Other Indebtedness."

	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
			(Millions of CHF)		
Senior Notes due 2020	442.1	—	—	—	442.1
2014 Senior U.S. Dollar Term Loan Facility	893.0	—	—	—	893.0
2014 Senior Euro Term Loan Facility	608.9	—	—	—	608.9
2014 Revolving Credit Facility	111.9	111.9	—	—	—
Notes offered hereby	610.0	—	—	—	610.0
Other	10.7	10.7	—	—	—
Total	**2,676.6**	**122.6**	**—**	**—**	**2,554.0**

For further description of these long-term obligations, see Notes 32 and 37 to our consolidated financial statements included in this Offering Memorandum.

Off-Balance Sheet Arrangements

As of the date hereof, we have no material off-balance sheet arrangements. However, we currently expect to enter into a new, unsecured guarantee facility to permit the issuance of guarantees up to an amount of approximately CHF 350 million. For a description of our expected new guarantee facility, see "Description of Other Indebtedness—Expected New Guarantee Facility."

OUR INDUSTRY

The Travel Retail Market

Travel retailing differs from traditional retailing in ways that have a significant impact on operations. The customer base has a different buying behavior compared to the Main Street and is often characterized by captive customers, who generally have above average purchasing power and, in most cases, have the time to shop while travelling. From a logistics perspective, travel retail is more demanding: the customer is at the shop only once, with no ability to come back in the event of lack of stock; furthermore, the stores can often only be accessed by travelers as such stores are in secured areas.

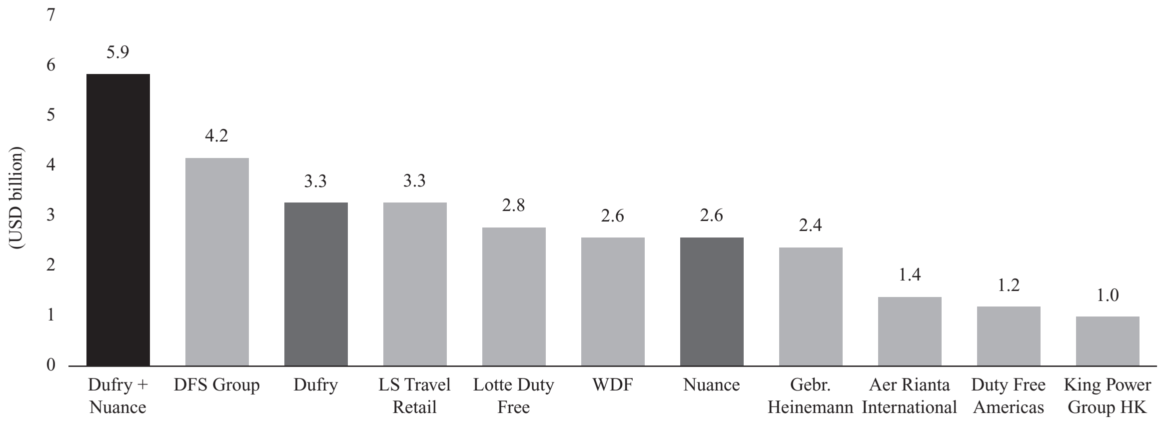
In travel retail, customers have access to duty-free or duty-paid shops, depending on their destination. In general terms, duty-free shops offer goods to international travelers that are exempt from import duties and excise and other taxes. Duty-free shops are located in airports, onboard aircrafts, ferries and cruise lines as well as at international land border crossings. In airports and seaports, there might be departure and arrival shops. Duty-free markets differ from domestic markets as 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 at the restricted departure area of international airports or seaports. Customers must be traveling internationally, leaving the country 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 at the restricted arrival area of international airports or seaports. Customers must be returning from international travel in order to have access to 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 travelers, such as shops in airports, ports and railway stations and sales on board aircrafts, ferries and cruise liners, recorded sales of approximately USD 49 billion for the year ended December 31, 2012 according to TRAVEL RETAIL BUSINESS. The top ten travel retailers had combined sales of approximately USD 24.8 billion in 2012, accounting for 50.7% of the global industry total. According to TRAVEL RETAIL BUSINESS, we are the second largest player in the industry. Giving effect to the Acquisition, and based on the TRAVEL RETAIL BUSINESS data for 2012, we would have combined sales of USD 5.9 billion and would be the new market leader in travel retail with a market share of approximately 12%.



Source: TRAVEL RETAIL BUSINESS data for 2012 (sales in USD billion).

Airport Retailing

General Characteristics and Market Overview

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

Airport retailing differs from traditional, Main Street retailing in a number of important ways. Unlike the unrestricted access to potential customers that Main Street retailers enjoy, the airport retailer has a captive audience of potential customers for a temporary period while the customer passes through the airport and is waiting to board an aircraft. In addition, while airport retailers may have a more limited inventory than Main Street retailers, it is generally made up of high-margin, luxury goods, unlike Main Street retailers that may carry lower margin products as part of its inventory.

The travel retailer's customers also differ from the traditional retailer's customers. Although travelers' buying behavior could be negatively affected by stress caused by enhanced security checks and the need to reach a departure gate on time, increased security regimes also incentivize travelers to arrive well before the departure of their flights, which allows more time for shopping. Further, airport retail customers generally come from the more affluent sectors of the population who can afford to travel, and those consumers on holiday may feel less constrained and more willing to engage in impulse purchases.

Further, airport retailing differs from traditional retailing with regards to expenses related to the operation of stores. While fixed store leases dominate in Main Street retailing, airport retailers mostly operate under concessions with variable payments as discussed under "—Concessions and the Role of Airport Operators."

As described under "—Trends," airport retailing is being transformed by a significant increase in passenger numbers, increased spend per passenger, changing consumer needs, a shift towards multichannel and mobile/tablet retailing, 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.

According to analyst Verdict Research, global airport retailing, comprising the duty-free and the duty-paid sector, was an estimated USD 34.2 billion market in 2013. In addition, Verdict Research estimated airport retailing expansion of 6.9% in 2013, with growth fastest in Asia Pacific. The key drivers of growth over the next years are the increasing passenger numbers, increased average spending per customer, as well as the development of new and existing airports in Asia Pacific to cater for an increase in both business travelers and more affluent consumers.

The next five years are expected to see continued growth in Asia Pacific, Middle East and Africa and to a lesser extent in mature markets, such as Europe. Global airport retailing is predicted to remain a high growth sector enjoying high single digit / low double digit growth in each year to 2019. The forecasted compound annual growth rate ("CAGR") of 9.9% over the period 2014 to 2019 is slightly above the CAGR of 9.5% from 2010 to 2014.

The following table shows global airport retailing market size by region and worldwide from 2009 to 2014.

Region	For the year ended December 31, 2010	2011	2012	2013	2014E	CAGR 10 - 14E
	(Millions of USD)					(Percent)
Europe	9,307	10,465	10,802	11,061	11,371	5.1
Asia Pacific	8,305	9,975	11,601	12,994	14,673	15.3
Middle East and Africa	2,254	2,454	2,614	2,804	3,033	7.7
Americas	5,734	6,574	6,981	7,358	7,764	7.9
Total	25,600	29,468	31,998	34,217	36,840	9.5

Source: Verdict Research.

The following table shows global airport retailing growth forecast from 2014 to 2019.

	2014F	2015F	2016F	2017F	2018F	2019F	CAGR 14F - 19F
				(%)			
Total	7.7	8.6	9.7	9.9	10.5	11.0	9.9

Source: Verdict Research.

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. On the one hand, 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 is important in selecting an associate for long-term development of the airport's retail operations. On the other hand, typically 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 retailing sector include:

Growth in passenger numbers. In the past decade, there has been a significant increase in both domestic and international air travel, due largely 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. In 2013, the total number of air travelers increased by 5.1% to more than 5.9 billion passengers, even though real worldwide gross domestic product only grew by 3.0% according to the IMF.

Looking to the future, global passenger volumes are predicted to surpass the 6 billion mark by 2014, and growing above 4% thereafter, according to the Airports Council International. Passenger growth rates have picked up by 4.1% in 2012 and by 5.1% in 2013. Airports Council International estimates that 2014 will show growth above the 5% level, affected by the economic uncertainty in Europe and North America, and only partially offset by emerging market increase in global share. Medium and long-term confidence in growth remains strong within the airport industry. From 2011 to 2031 the world passenger volumes are expected to grow by 4.1% annually, driven by international traffic growth (4.3% per annum), according to Airports Council International. In spite of the important domestic growth forecast for China, India and Brazil, domestic markets are expected to increase only by 4.1% per annum, mainly due to relatively lower growth rates in the United States. With a volume of nearly 7.2 billion passengers in 2031 domestic markets are expected to remain larger than international markets, which will account for approximately 5.1 billion travelers.

The following table shows annual passenger volumes from 2011 to 2031.

	2011	2012	2013	2014F	2015F	2016F	2021F	2031F	2011 - 2016	2011 - 2031
Volume (millions)	5,445	5,669	5,956	6,265	6,567	6,868	8,405	12,248		
Growth		4.1%	5.1%	5.2%	4.8%	4.6%	4.1%	3.8%	4.8%	4.1%

The following table shows annual passenger volume growth rates per region from 2011 to 2031.

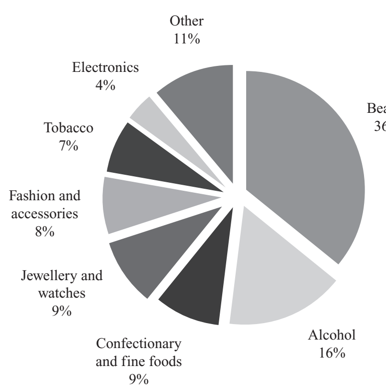
	2011	2012	2013	2014F	2015F	2016F	2021F	2031F	2011 - 2016	2011 - 2031
	(million)					(%)				
Africa	153	4.8	6.2	6.2	5.7	5.5	5.1	4.7	5.7	5.0
Asia Pacific	1,558	7.0	7.7	7.6	7.3	7.1	6.1	5.4	7.3	6.0
Europe	1,572	2.0	3.6	4.2	3.7	3.4	3.1	2.5	3.4	2.9
Latin America/Caribbean	410	5.3	6.8	6.4	6.0	5.5	5.2	4.8	6.0	5.2
Middle East	222	7.0	7.3	6.3	5.7	5.3	5.0	4.6	6.3	5.1
North America	1,530	2.6	2.8	2.9	2.5	2.3	2.0	1.8	2.6	2.0
Globally	5,445	4.1	5.1	5.2	4.8	4.6	4.1	3.8	4.8	4.1

Source: Airports Council International.

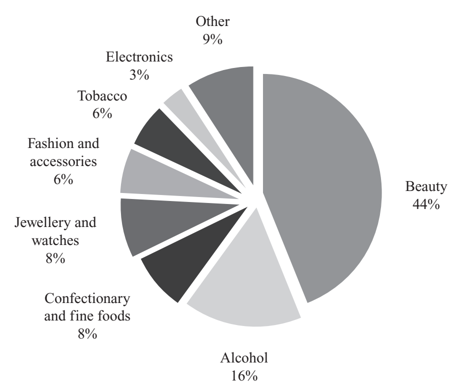
Changes in product mix. Traditionally, airport retail sales were dominated by products subject to high special taxes such as spirits and tobacco. Comparing 2013 product mix with the forecast for 2019, the largest growth is expected to happen in the area of beauty products, while all other categories either maintain a stable share or loose share of global airport retail sales.

The following diagrams show the global airport retail sales in 2013 and 2019 by product categories (in %):

2013



2019



Source: Verdict Research.

Increasing spend per head. Over the past years, spend per head increased steadily according to industry analyst Verdict Research. From 2010 to 2013, global average increased by 16.5%. For the future, Verdict Research estimates that global average spend per head will rise by 35.6% (compared to 2013) to USD 7.84 in 2019.

Regulation. Along with the shift towards a more global focus, travel retailers have been faced with changing consumer behavior and a more challenging regulatory environment. For example, the duty-free inbound tobacco allowance for Australia was recently reduced 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.

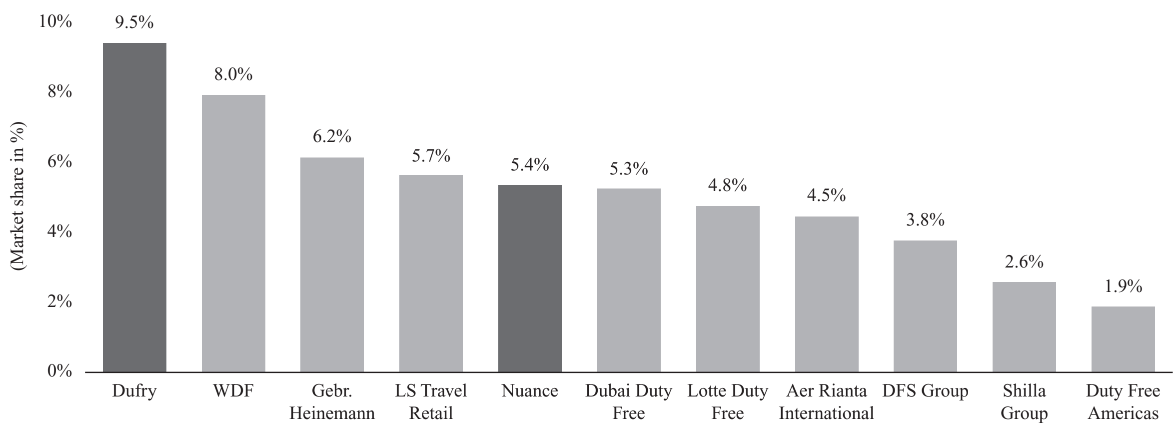
Multichannel in airport retailing. As technology has evolved and consumers look for more convenient ways to shop, retailers have created new multichannel strategies, including online shopping and other offerings to satisfy these changing needs. Nowadays, an increasing number of retailers offer innovative services 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 travelers have, but by offering a pre-flight shopping service online, shoppers can take their time browsing, which helps to boost spend.

Mobile and tablet retailing. 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 optimising websites for touch interface devices. So, 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 between 9.9% and 38.6% of air traffic depending on the location. Typical passengers of low cost carriers are so called budget passengers and have little appetite for airport retailing or are not eligible for duty free. While this is a difficult issue to overcome, airports with a high percentage of LCCs, airport retailers may need to adapt their offering by a shift towards cheaper products that take less consideration and can be bought quickly and spontaneously.

Market shares of key airport retailers.

The following chart gives an overview of the leading airport retailers and their respective market shares based on sales. Giving effect to the Acquisition, and based on the Verdict research data for 2013, we would be the market leader in airport retail with a market share of approximately 14.9%.



Source: Verdict Research data for 2013.

BUSINESS

Our Company

We are a leading global travel retailer with operations in 47 countries on four continents combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings. As of March 31, 2014, we operated more than 1,350 stores, with a total sales area of approximately 212,000 square meters, including approximately 1,150 stores located in airports, approximately 90 stores operating on cruise lines, ferries and seaports, approximately 90 stores at border, downtown and hotel shops and approximately 60 stores in railway stations, among others. Our travel retail operations consist of a variety of retail concepts focusing on the specific needs of travelers, 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 2013, we generated approximately 56% of our sales from emerging markets.

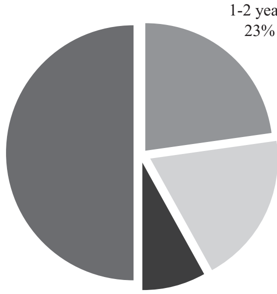
We generated turnover of CHF 3,571.7 million, net earnings of CHF 147.6 million and EBITDA (before other operational result) of CHF 511.1 million for the year ended December 31, 2013 and turnover of CHF 775.0 million, net earnings of CHF 9.9 million and EBITDA (before other operational result) of CHF 89.1 million for the three months ended March 31, 2014. As of March 31, 2014, we had approximately 16,500 employees.

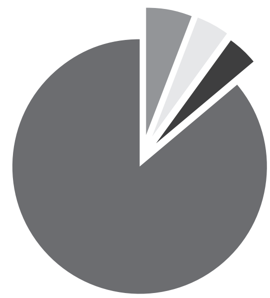
Our Strengths

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

High-quality, diversified concession portfolio. We have assembled a high-quality and diversified portfolio of travel retail concessions with, in our view, relatively long contract terms, comparatively low concession fees and attractive locations. For the twelve months ended December 31, 2013, 50% of the sales were generated from concessions with a remaining term of ten or more years, and a further 8% of our sales were generated from concessions with a remaining term of between six and nine years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility. We do not anticipate that the Acquisition will materially change our concession portfolio. See “Summary—Acquisition of Nuance.”

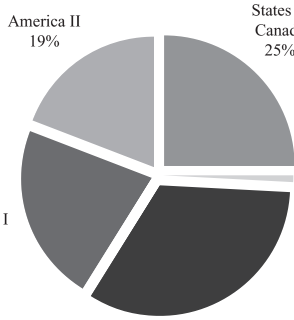
The following charts set forth our sales as of December 31, 2013, divided by the remaining term of the concession agreements and by sales channel:

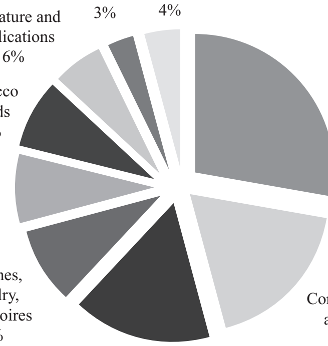




Leading travel retailer with diverse operations. We operate more than 1,350 stores in 47 countries. According to Verdict Research, we rank as one of the top airport retailers in the world with an estimated market share of 9.5%. We are a truly global business with geographically diverse operations across 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. Our core product category is Perfumes and Cosmetics representing 28% of our net sales in 2013. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

The following charts set forth our sales as of December 31, 2013, divided by segment and product categories:





Large operations provide benefits of scale. We have extensive knowhow in successfully operating global travel retail businesses. Moreover, we procure on a global basis, and our integrated procurement and logistics platform is a key competitive advantage for us as it allows us to extract the full benefits of our global scale and competitive position. Further, 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 is a competitive advantage for obtaining new concessions.

Strong reputation as a quality operator. We are held in high regard in the travel retail sector as a result of our long-standing relationships with facility owners and suppliers. Our track record as a successful high-quality operator is important to our long-term relationships with facility owners. Given a large portion of the concession payment is turnover driven, our facility owners benefit from having a successful operator. We enjoy high renewal rates of existing concessions and high success rates of winning new concessions. For example, we have operated travel retail facilities in Milan-Linate Airport, since 1979. Our Hudson News retail format continuously sets the benchmark in convenience retailing in the travel sector throughout North America.

Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average 17 years of relevant experience and significant industry and technical knowledge. Our approximately 16,500 strong workforce includes over 75 nationalities, providing us with excellent local knowledge at all of our retail locations.

Our Strategy

Our strategy is to be 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, including through improved product mix, marketing and the introduction of new concepts, (ii) win new concessions by leveraging the scale of our global operations and applying our local market knowledge and (iii) continue to consolidate a fragmented industry with a particular focus on emerging markets and tourist destinations. New concessions or potential acquisitions need to meet our financial goals, provide us with long concession duration and cover attractive locations. We believe our long-standing track record as an active consolidator in the industry combined with our knowledgeable local and regional teams allow us to identify, structure, execute and integrate acquisitions quickly. Historically, we have typically been able to capture synergies within 12 to 24 months from the completion of an acquisition, and we expect to capture synergies related to the Acquisition within this same timeframe. See “Summary—Acquisition of Nuance.”

Operate as a “true” retailer focused on customer needs. We focus on the specific needs of the traveler to best serve two customer constituencies: the airport operators and other travel landlords of facilities, and the travelers that use these facilities. We operate a “true” retail model, which means that we manage our operations directly and staff all of our stores with our employees. We have in-depth understanding of our customers, and we intend to use this understanding in our marketing efforts to increase customer spend and improve profitability. Our marketing strategy is focused on a number of factors, including product mix, pricing strategy, store layout and service while taking into account the changing needs of our customers in that particular location. For example, our stores at terminals with a high proportion of business travelers have a very different product offering, store layout and services level to stores located at terminals predominantly served by low cost carriers. To drive organic growth, we continuously evolve the range of products that we offer to our customers and focus on key product areas that demonstrate higher growth and margin potential, such as perfumes, cosmetics and foods. We also periodically reassess our various retail concepts and the opportunity to introduce leading edge concepts to drive organic growth. For example, with our acquisition of the Hudson Group in 2008, we expanded our business in duty-paid concepts. We are now expanding the Hudson News concept on a global basis, as demonstrated by our opening several Hudson News stores in 2013, including in Italy, Morocco, Mexico and Puerto Rico.

Combine global reach with extensive local market knowledge. We aim to use the global reach of our operations as a means to diversify our business, thus optimizing our risk profile, and to extract scale benefits that arise from our large global presence. We have knowledgeable local and regional teams across our global operations that understand the local markets in which they operate. When we tender for new concessions and develop our existing portfolio, we apply our standardized approach augmented with a product listing attuned to the specific needs of our local operations. We believe this unique combination makes our business attractive to customers and facility owners alike.

Capitalize on scale benefits of our global operations. We aim to capitalize on the efficiencies created by standardization of processes within our operations, take better advantage of our economies of scale by improving our purchasing power, thereby improving our margins, and reduce our response time as a result of improved central monitoring of operations. Our integrated global procurement and logistics operations allow us to extract scale benefits from our large operations. In 2012 we initiated an internal reorganization to strengthen our position in the travel retail industry and to prepare the company for future opportunities, such as acquisitions, new concessions and extensions of existing concessions. As part of this initiative, we implemented a new procurement and logistics organization, in order to take advantage of economies of scale as well as to focus on our supplier relationships and to leverage our knowledge of our customers' needs. We believe the new structure will allow us to improve sales and margins by working even more closely with our global suppliers in order to address the requirements of each category and specific brand to best position our shops.

Position ourselves as a preferred partner for long-term business relationships. We seek to structure our relationships with facility owners as long-term partnerships. In this partnership model, we may provide expertise in the development of all or a significant part of the amenities offered at a facility, or may offer the facility owner an equity stake in the retail operation. Our goal is to offer the airport authority or the landlord a comprehensive package, which allows us to develop the full potential of any location. This approach is designed to create incentives for better long-term development of the facility for us as well as our partners, thereby resulting in longer concession terms and higher renewal rates.

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

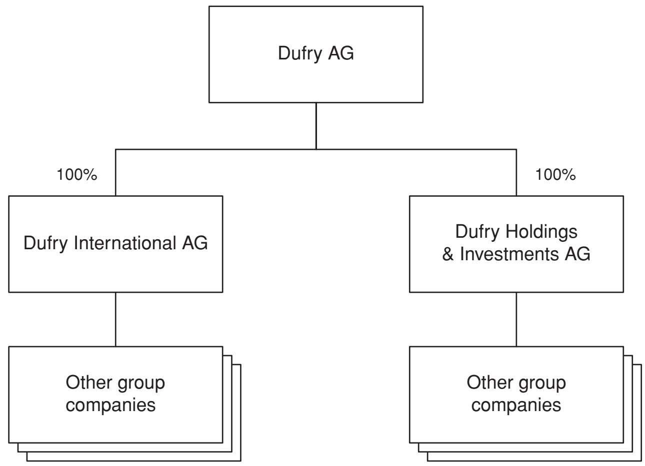
leading position in the duty-free market in South America. The main companies we acquired are:

  - 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 Operation & Services Corp, 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; and
- In October 2012, we signed an agreement to acquire 51% of the travel retail operations of the Folli Follie Group, a leading travel retailer in Greece. We first acquired 51% of the business in April 2013 and were able to reach a new agreement with the Folli Follie Group to buy the remaining 49% of these operations in December 2013. Overall, we invested EUR 891.5 million to acquire the business, which generated a turnover of approximately EUR 300 million and an EBIT of EUR 77.8 million in 2012.
- On June 3, 2014, we signed an agreement to acquire 100% of Nuance, a leading travel retailer with operations in 19 countries and territories. In 2013, Nuance generated a turnover of CHF 2,094.9 million, net earnings of CHF 55.3 million and EBITDA of CHF 131.2 million. See "Summary—Acquisition of Nuance."

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, 2013 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 traveler.

Our Retail Concepts

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

- ***General Travel Retail.*** We offer a wide range of traditional travel retail products, including perfumes and cosmetics, food, jewelry and watches, accessories, wines and spirits and tobacco for international travelers on a duty-free or duty-paid basis. These stores provide our customers the possibility of a one-stop shopping and are attractive alike to travelers who want a broad variety of products as well as customers looking for specific products. One of our innovations in this segment is the so-called "walk-through" shop, which is designed in such a way that the entire passenger flow is directed through the shop. This allows the travelers to explore the offers without needing to deviate from their way to the boarding gate.
- ***Convenience Stores.*** Under the Hudson News brand, our duty-paid travel retail shops offer a wide assortment of convenience products ranging from soft drinks, confectionary, magazines and newspapers, electronics and personal care, to souvenirs. The Hudson Booksellers stores offer a broad representation of bestsellers and new releases as well as a large selection of hard cover, paperback, trade and children's books. These shops are operated as stand-alone shops, in combination with each other or together with a "Euro Café," a coffee take-out concept.
- ***Brand Boutiques.*** We offer a range of products from a single well known, global brand in each shop. We operate brand boutiques including Dolce & Gabbana, Emporio Armani, Etro, Ferragamo, Hermès, Hugo Boss and Zegna. These shops, which are fully operated by our staff, mirror the traditional Main Street boutiques of the respective brands and are interesting for customers and suppliers alike: customers can use their waiting time to shop for their favorite

brands and suppliers get a highly visible showcase to display their products. We operate our brand boutiques directly, although the brand owner or supplier may provide financial support.

- ***Specialized Stores.*** We offer a variety of different brands of one specific product category, such as jewelry and watches, sunglasses, food, travel and other accessories. For example, the Canestro store in Rome, Italy, offers traditional Italian food specialties and we operate watches and jewelry shops under the proprietary Colombian Emeralds International brand. These shops are highly attractive to customers who are looking for a specific product and want to have the choice of different brands. We operate our specialty stores directly.
- ***Theme Stores.*** These stores carry or offer, on a duty-paid basis, a broad product range relating to a special theme and not to a specific product category. Examples are "Kids Works" shops offering a wide selection of toys, dolls, games, books and apparel for children, the "Kitchen" stores offering regional food and food-related items, or the "$10/$15 boutique" store concept offering fashion accessories at value prices. "Discover" theme shops showcase local gifts and artwork to promote the local indigenous market.

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, 2013, 2012 and 2011:

		Net Sales For the year ended December 31,		
Sales channel	**Number of shops**	**2013**	**2012**	**2011**
		(as percentages)		
Airport	1,150	86	89	88
Cruise lines and seaports	94	4	3	4
Border, downtown and hotel shops	88	6	3	3
Railway stations and other	57	4	5	5
Total	**1,389**	**100**	**100**	**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 the cruise ships of the NCL 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 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 NCL has routes in the Caribbean, the Mexican Riviera, South America, Bermuda, Hawaii and Europe. 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 Retailing

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 retailing on airlines, assist them in the selection and supply of products and train the airlines' cabin crews.

Concessions

We operated more than 1,350 retail stores in 47 countries as of March 31, 2014. 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 travelers during the concession period as defined in the respective arrangements.

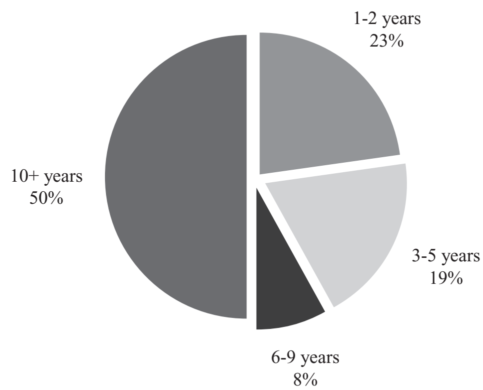
The arrangements typically define:

- 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 useful life of the assets or 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 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.

We believe our travel retail concessions provide relatively long contract terms for the industry. The following chart sets forth our sales for the twelve months ended December 31, 2013, divided among the remaining terms of the concession agreements from which such sales were generated:



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 2013, the duty-free sales accounted for 67% of our net sales, while the duty-paid sales represented 33%.

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 travelers 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 2013, 2012 and 2011:

	Year ended December 31,			Year ended December 31,		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
	(as percentages)			(Millions of CHF)		
Perfumes and Cosmetics	27.5	27.1	25.6	952.0	831.2	656.6
Confectionery, Food and Catering	18.2	17.3	16.7	630.7	528.6	426.7
Wine and Spirits	16.0	16.8	16.3	553.7	514.9	416.3
Watches, Jewelry and Accessories	9.3	9.4	9.5	323.1	288.1	242.9
Fashion, Leather and Baggage	7.7	8.0	8.3	268.4	245.3	213.2
Tobacco Goods	8.3	6.9	7.0	288.1	210.6	180.4
Literature and Publications	5.8	7.7	9.2	199.9	235.1	236.0
Electronics	2.8	3.1	3.2	98.4	94.9	81.7
Other	4.3	3.7	4.2	150.7	113.4	107.1
Total	**100.0**	**100.0**	**100.0**	**3,465.0**	**3,062.1**	**2,560.9**

We work with approximately 1,000 suppliers around the world. Within each main product category, we maintain key relationships with main international suppliers. The following table sets forth our most important suppliers in 2013, by primary product category:

Product Category	Important Suppliers
Perfumes and Cosmetics	Produits Luxe International (L'Oreal) Estee Lauder Travel Retailing Antonio Puig Perfumes Procter & Gamble (Prestige Beauté) Chanel Parfums, France
Wines and Alcoholic Beverages	Diageo Pernod Ricard World Trade LVMH Moet-Hennessy Bacardi Martini Brown-Forman Beverage
Tobacco	Phillip Morris BAT, British American Tobacco Imperial Tobacco/Reemtsma Japan Tobacco International Karelia Tobacco
Watches and Jewelry	Luxottica Fossil Group LVMH Group Safilo Group Swarovski
Food and Confectionary	Lindt & Sprüngli Mondeléz International Nestlé Mars Inc. Ferrero
Fashion / Accessories	Hermès Armani Group Hugo Boss Limited Brands GAP
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 will help us to improve sales and margins by allowing us to work even more closely with our global suppliers in order to address the requirements of each category and brand to better position our shops.

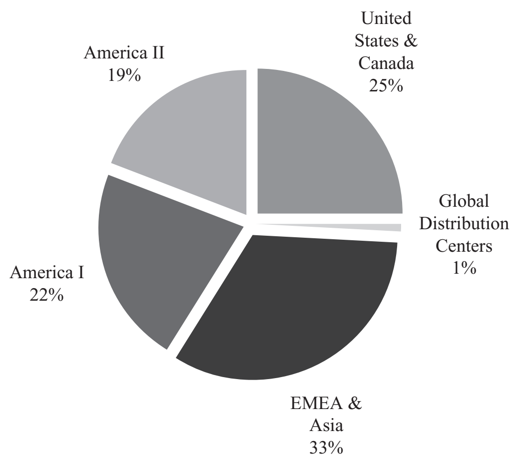
We centralized our logistics operation in two main platforms: one in Switzerland, serving Region EMEA & Asia, and another in Uruguay, attending the remaining regions.

Description of Operations by Segment

As of December 31, 2013 and March 31, 2014, our global operations were divided into five segments: Region EMEA & Asia; Region America I; Region America II, Region United States & Canada and Global Distribution Centers.

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, 2013:



The following table shows certain statistical data on a regional basis as of December 31, 2013:

	Region EMEA & Asia	Region America I	Region America II	Region United States & Canada	Total
Total sales area (in square meters)	**70,009**	**60,641**	**16,151**	**61,895**	**208,697**
Total number of stores	**370**	**248**	**66**	**705**	**1,389**
Airport	303	133	58	656	1,150
Border, downtown and hotel shops	19	57	7	5	88
Cruise liners and seaports	36	58	—	—	94
Railway stations and others	12	—	1	44	57

Region EMEA & Asia

This region includes our operations in Europe, the Middle East, Africa and Asia.

The following table sets forth the locations of our stores in this region as of March 31, 2014:

Country	Store location
Algeria	Algiers Houari Boumediene International Airport
Armenia	Zvartnots International Airport
Cambodia	Phnom Penh International Airport Siem Reap International Airport
China	Shanghai Hongqiao International Airport Chengdu Shuangliu International Airport
Czech Republic	Prague-Praha Ruzyne Airport
Egypt	Sharm-el-Sheikh International Airport Borg El Arab Airport Assiut Airport
France	Nice Côte d'Azur Airport Pointe-à-Pitre Guadeloupe International Airport Martinique
Greece	Athens International Airport Aktion National Airport Alexandroupolis International Airport Araxos National Airport Chania International Airport Corfu International Airport Heraklion International Airport Kalamata International Airport Karpathos Island National Airport Kavala International Airport Kefalonia Island International Airport Kos Island International Airport Lemnos International Airport Mykonos Island National Airport Mytilene International Airport Nea Aghialos National Airport Rhodes International Airport Samos International Airport Santorini Thira National Airport Skiathos Island National Airport Thessaloniki International Airport Zakynthos International Airport Corfu Seaport Igoumenitsa Seaport Kastellorizo Seaport Katakolo Seaport Mytilene Seaport Patras Seaport Piraeus Seaport Rhodes Seaport Samos Seaport

Country	Store location
	Santorini Seaport Symi Seaport Doirani Border Station Evzonoi Border Station Kakavia Border Station Kastanies Border Station Kipoi Border Station Kristalopigi Border Station Mertziani Border Station Niki Border Station Ormenio Border Station Promachonas Border Station Sagiada Border Station Patras Ferry Anek Lines Ferries Piraeus Ferry Strintzis Ferries
Ghana	Accra Kotoka Airport Accra Diplomatic Store (Downtown)
Indonesia	Ngurah Rai International Airport
Italy	Bergamo Airport Genoa Airport Milan-Malpensa Airport Milan-Linate Airport Milan Central Railway Station Rome-Fiumicino Airport Turin Central Railway Station Florence Central Railway Station Verona Airport Verona Railway Station Venezia Railway Station Genova Railway Station Napoli Railway Station
Ivory Coast	Abidjan Félix Houphouët-Boigny Airport Abidjan Diplomatic Store (Downtown)
Kazakhstan	Astana International Airport
Morocco	Agadir Al Massira Airport Casablanca Mohammed V Airport Dakhla Airport Essaouira Mogador Airport Fes-Saïss Airport Marrakech Menera Airport Nador International Airport Rabat Salé Airport Oujda Angads Airport Tanger Ibn Battouta Boukhalef Airport

Country	Store location
The Netherlands	Schiphol Amsterdam Airport
Russian Federation	Moscow Domodedovo Airport Moscow Sheremetyevo International Airport
Serbia	Belgrade Nikola Tesla Airport
Spain	Tenerife Sur Airport
Sri Lanka	Mattala Rajapaksa International Airport
Switzerland	EuroAirport Basel Mulhouse Freiburg Samnaun (tax free zone)
Tunisia	Djerba Zarzis International Airport Sfax Thyna International Airport Tabarka 7 Novembre International Airport Tozeur Nefta International Airport Tunis Carthage International Airport
United Arab Emirates	Sharjah International Airport

Our largest operation by turnover in this region, by country, is Greece, where our wholly-owned subsidiary, Hellenic Duty Free Shops S.A., is the main operator of both duty-free and duty-paid shops in 22 airports, 11 seaports and at 10 border locations.

We also have significant operations in the Russian Federation, where we operate travel retail shops at two airports in Moscow. At Sheremetyevo Airport in Moscow, we were selected as the only operator for the duty-free area of Terminal C where we also sublease some of the spaces to sub-tenants who mainly provide food and beverage services. In January 2012, we further expanded our position and acquired 51% of a local travel retail operator at Sheremetyevo Airport.

We operate eight shops in Nice's airport as well as duty-free and duty-paid shops in Guadeloupe and Martinique that we acquired in August 2011.

In Switzerland, we are the main operator at EuroAirport Basel Mulhouse Freiburg and operate a store in the tax-free zone of Samnaun.

In Tunisia, our wholly-owned subsidiary, Dufry Tunisie SA, is the primary operator of duty-free travel retail stores in five airports under agreements with the Tunisian government's Office de l'Aviation Civile et des Aéroports. We are in the process of negotiating a renewal of our concession agreement in Tunisia, which will otherwise expire in October 2014. We expect to renew such concession agreement along substantially similar terms as are currently in place.

Another significant market for our operations in this region is the United Arab Emirates, where our subsidiary Dufry Sharjah FZC is the operator of the duty-free shops at Sharjah Airport. These stores are operated under an agreement with the Sharjah Civil Aviation Authority.

We opened a concession in Taiwan at Kinmen Wind Lion Plaza Downtown in the second quarter of 2014 and expect to open concessions in Nigeria at Lagos Murtala Muhammed International Airport and Abuja Nnamdi Azikiwe International Airport and in South Korea at Busan Gimhae International Airport in the second half of 2014.

Region America I

This region includes our operations in Argentina, Mexico, Nicaragua, Honduras and a number of Caribbean Islands and onboard NCL vessels.

The following table sets forth the locations of our shops in Region America I as of March 31, 2014:

Country	Shop location
Antigua	Antigua Downtown V.C. Bird International Airport
Argentina	Buenos Aires Ministro Pistarini International Airport Buenos Aires Aeroparque Jorge Newbery International Airport Mendoza El Plumerillo International Airport Cordoba Pajas Blancas International Airport
Aruba	Oranjestad Downtown Queen Beatrix International Airport
Barbados	Bridgetown Downtown Bridgetown Seaport Grantley Adams International Airport
Bahamas	Freeport Downtown Grand Bahama International Airport
Bonaire	Bonaire Downtown
Curaçao	Curaçao Downtown Curaçao International Airport
Dominican Republic	Puerto Plata Airport La Romana Airport La Romana Port Samana Airport Santiago Airport Santo Domingo Airport
Ecuador	Guayaquil Jose Joaquin de Olmedo International Airport
Grand Turk	Grand Turk Port
Grenada	St. Georges Downtown, Port and Airport
Honduras	Roatan Downtown Port of Roatan
Jamaica	Westmoreland Downtown and Falmouth Port
Mexico	Cancún Downtown Cancún International Airport Mexico City Benito Juarez International Airport San Jose de Los Cabos International Airport Cozumel (Punta Langosta Port) Puerto Vallarta Licenciado Gustavo Diaz Ordaz International Airport Monterrey General Mariano Escobedo International Airport

Country	Shop location
	Guadalajara Miguel Hidalgo y Costilla International Airport Laredo Border Progreso Border Reynosa Border Mahahual Puerta Mazatlan Acapulco Ixtapa Leon
NCL	Norwegian Dawn Norwegian Gem Norwegian Jade Norwegian Jewel Norwegian Pearl Norwegian Sky Norwegian Spirit Norwegian Star Norwegian Sun
Nicaragua	El Espino Border Guasaule Border Las Manos Border Managua Airport Peñas Blancas Border
Puerto Rico	Luis Marin Muñoz Airport Ponce Airport
St. Lucía	Castries Downtown, Port and Airport
St. Maarten	St. Maarten Downtown
St. Kitts	Basseterre Port
Trinidad	Port of Spain Piarco International Airport
Uruguay	Montevideo Carrasco International Airport Punta del Este Capitan de Corbeta Carlos A. Curbelo International Airport

Our largest operation in this region, by country, is in Argentina, where our wholly-owned subsidiary, Interbaires SA, operates duty-free shops and international boutiques at four airports in Buenos Aires, Mendoza and Cordoba.

We also have significant operations in Mexico where Dufry Mexico SA de CV, operates duty-free shops and international boutiques at 13 airports, three border locations and one seaport. These shops are operated under agreements of varying duration and varying fee structures. Nineteen stores are located in Mexico City's Benito Juárez International Airport. These shops are operated under agreements with Aeropuerto Internacional de la Ciudad de Mexico.

Duty Free Caribbean is another important component of our operations in this region. Duty Free Caribbean operates "Colombian Emeralds International" stores and duty-free and general merchandise stores in the islands of Barbados, St. Lucía, Bahamas, Grenada, St. Maarten, Aruba and Antigua.

Our operations in the Caribbean region are subject to the extreme weather conditions that may occur periodically, normally during the period from July to October. For example, in 2005, Hurricane Wilma destroyed the port shops at the Cozumel cruise line terminal and damaged some of our Cancun shops. In September 2008, Hurricane Ike produced major damages to the harbor infrastructure of Turks and Caicos Islands.

Region America II

This region includes our operations in Brazil and Bolivia.

The following table sets forth the locations of our stores in Region America II as of March 31, 2014:

Country	Shop location
Bolivia	Santa Cruz de La Sierra Viru Viru International Airport
	La Paz El Alto International Airport
Brazil	Belo Horizonte Downtown
	Tancredo Neves International Airport
	Belém Val de Cães International Airport
	Brasília Juscelino Kubitschek International Airport
	Fortaleza Pinto Martins International Airport
	Salvador Deputado Luis Eduardo Magalhães International Airport
	Natal Aloiso Severo International Airport
	Porto Alegre Salgado Filho International Airport
	Recife Guararapes International Airport
	Rio de Janeiro Downtown
	Rio de Janeiro Galeão—Antonio Carlos Jobim International Airport
	São Paulo Downtown
	São Paulo Guarulhos International Airport
	Curitiba Afonso Pena Airport
	Campinas Viracopos Airport
	Florianópolis Hercílio Luz International Airport
	Goiânia Santa Genoveva Airport
	Rio Grande do Sul Rio Grande Regional Airport

We are the leading duty-free operator in Brazil, the largest travel retail market in South America. We also operate duty-paid shops in airports and other selected locations in Brazil. We have operations in 15 airports across the country including the international airports in São Paulo (Guarulhos) and Rio de Janeiro (Galeão). In February 2012, the Guarulhos International Airport in São Paulo, Aloisio Severo International Airport in Natal, Juscelino Kubitschek International Airport in Brasilia and Viracopos Airport in Campinas were privatized and are now operated by the respective concessionaires. Infraero, the government corporation that historically managed the airports, is currently a 49% shareholder in each of the private concessionaires except for the concessionaire that operates the Aloisio Severo International Airport, where the concessionaire's only shareholder is Inframerica. Belo Horizonte Downtown and Rio de Janeiro Galeão—Antonio Carlos Jobim International Airport are undergoing a similar privatization process and will be operated privately beginning in August 2014. The other airport concessions remain operated by Infraero, a Brazilian government corporation.

In 2013, we reinforced our presence in the country by signing long-term contracts to operate duty-free and duty-paid commercial spaces in several airports. With these contracts we have almost doubled our footprint in Brazil with an additional 13,600 square meters of retail space.

In addition, in São Paulo Guarulhos International Airport, we secured a ten-year contract that will increase our retail space to 14,200 square meters from 5,000 square meters. The expansion plans include 6,900 square meters in the new Terminal 3 where we expect to operate arrivals and departures walk-through duty-free shops, brand boutiques and duty-paid Hudson shops.

Region United States & Canada

The following table sets forth the locations in the United States and Canada as of March 31, 2014:

Country	Shop location
United States	Albuquerque International Sunport
	Ted Stevens Anchorage International Airport
	Atlantic City International Airport
	Birmingham-Shuttlesworth International Airport
	Boston Logan International Airport
	Burlington International Airport
	Baltimore-Washington International Airport
	Charleston International Airport
	Chicago Midway International Airport
	Chicago O'Hare International Airport
	Chicago Citigroup Center
	Cleveland Hopkins International Airport
	Dallas Love Field Airport
	Dallas/Fort Worth International Airport
	Denver International Airport
	Eppley Airfield
	Fort Lauderdale-Hollywood International Airport
	Fresno Yosemite International Airport
	Houston George Bush Intercontinental Airport
	New York City Grand Central Station
	Greenville-Spartanburg International Airport
	Gulfport-Biloxi International Airport
	Harrisburg International Airport
	Jackson-Evers International Airport
	John F. Kennedy International Airport
	John Wayne Airport
	Journal Square Station PATH
	LaGuardia Airport
	Lambert—St. Louis International Airport
	Los Angeles International Airport
	Manchester-Boston Regional Airport
	McCarran International Airport
	Memphis International Airport
	Miami International Airport
	Mobile Regional Airport
	Myrtle Beach International Airport
	Nashville International Airport
	Louis Armstrong New Orleans International Airport
	Newark Liberty International Airport
	Newark Penn Station
	Newport News/Williamsburg International Airport

Country	Shop location
	Norfolk International Airport
	Northwest Florida Regional Airport
	Orlando Sanford International Airport
	New York City Penn Station
	Philadelphia International Airport
	Phoenix Sky Harbor International Airport
	Pittsburgh International Airport
	New York City Port Authority Bus Terminal
	Raleigh-Durham International Airport
	Richmond International Airport
	Roanoke-Blacksburg Regional Airport
	Greater Rochester International Airport
	Ronald Reagan Washington National Airport
	San Diego International Airport
	San Francisco International Airport
	Mineta San Jose International Airport
	Seattle-Tacoma International Airport
	Stewart International Airport
	New York City United Nations Headquarters
	Washington, D.C. Union Station
	Washington Dulles International Airport
	William P. Hobby Airport
	New York City World Trade Center PATH
Canada	Calgary International Airport
	Edmonton International Airport
	Halifax Stanfield International Airport
	Vancouver International Airport

We operate over 700 news stores, convenience stores, bookshops, cafes and special retail concessions in 68 airports and other transport terminals across the United States and Canada. In North America, we expanded existing operations and debuted new operations at Lambert—St. Louis International Airport, Los Angeles International Airport and Dallas/Fort Worth International Airport.

Global Distribution Centers

Global Distribution Centers covers the global distribution centers delivering goods to all entities of our four geographical segments.

The following table sets forth the locations of our global distribution centers as of March 31, 2014:

Country	Center location
Switzerland	Basel
United States	Miami
Uruguay	Montevideo

Competition

We face two quite different forms of competition in the travel retail market.

Firstly, 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 retailing, 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 with the top ten global retailers accounting for 51% of the worldwide market for sales to travelers in 2012 with us having approximately 9% share of the market. Furthermore, there are a number of regional and local market participants.

In airport retailing, our main competitors in Europe are the major travel retailers World Duty Free and Gebrüder Heinemann. In the Middle East and Asia, main operators are DFS, a subsidiary of LVMH, and Ireland based Aer Rianta International and Lotte Group, the Korean retail conglomerate, as well as Dubai Duty Free. In the Americas and Caribbean, World Duty Free, DFS and Lagardère Services as well as regional retailers such as Duty Free America and Parades Group 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 Main Street 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 from 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 both of the trademarks Dufry 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 the Company's business operations.

Properties

Our head office is located in Basel, Switzerland, where we lease a 2,720 square-meter commercial building. We also lease properties for our six regional operations centers: a 675 square-meter property in Milan; a 1,396 square-meter property in Tunisia; a 271 square-meter property in Sharjah; a

2,457 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. In addition, a significant concession agreement providing for retail space of 14,200 square meters is in place at the São Paulo Guarulhos International Airport.

We do not own any significant real estate.

Employees

The table below sets forth the number of permanent employees as of March 31, 2014 and as of December 31, 2013, 2012 and 2011, as well as a breakdown of those employees geographically.

	As of March 31, 2014	As of December 31,		
		2013	2012	2011
Region EMEA	4,955	4,867	3,336	3,059
Region America I	3,517	3,604	3,667	3,697
Region America II	2,129	2,084	2,118	2,063
Region United States & Canada	5,582	5,586	4,955	4,800
Global Distribution Centers	215	205	207	185
Headquarters	77	77	78	71
Total	**16,474**	**16,423**	**14,361**	**13,874**

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.

THE NUANCE GROUP AG

The Nuance Group is a leading global travel retailer, operating approximately 360 stores, primarily in airports, across 67 locations in 19 countries and territories on four continents as of March 31, 2014, with a total sales area of approximately 75,000 square meters. Nuance benefits from a strong and diversified concession portfolio with a global presence.

Nuance's travel retail operations consist of a variety of retail concepts focusing on the specific needs of travelers, including tax-free and duty-free stores, arrival stores, "specialty" mono-brand boutiques, multi-brand concept stores and destination stores.

Nuance generated turnover of CHF 2,094.9 million, net earnings of CHF 55.3 million and EBITDA of CHF 131.2 million for the year ended December 31, 2013 and turnover of CHF 421.2 million, net losses of CHF 10.3 million and EBITDA of CHF 3.3 million for the three months ended March 31, 2014. As of March 31, 2014, Nuance had approximately 5,312 employees.

Results of Operations

Comparison between the Three Months Ended March 31, 2014 and March 31, 2013

Turnover decreased by CHF 1.8 million or 0.4% to CHF 421.2 million for the three months ended March 31, 2014 from CHF 423.0 million for the three months ended March 31, 2013, mainly driven by the strong Swiss Franc, which fully consumed strong sales growth in Australia combined with the positive impact from new operations in Europe, including Russia. On a CER basis, turnover increased by CHF 33.0 million, or 7.8%, for the three months ended March 31, 2014 compared to the prior year period.

Gross profit decreased by CHF 5.2 million or 2.2%, reaching CHF 226.2 million for the three months ended March 31, 2014 from CHF 231.4 million for the prior year period, mainly driven by pressure on margin in Singapore and Sweden, but also a higher share of low-margin products (technology) in Australia and Hong Kong. Gross profit margin decreased from 54.7% for the three months ended March 2013 to 53.7% for the three months ended 2014.

EBITDA increased by CHF 1.8 million or 127.1% for the three months ended March 31, 2014, compared to CHF 1.5 million for the three months ended March 31, 2013 and reached CHF 3.3 million for the three months ended March 31, 2014, mainly driven by a new operation in Russia as well as better results from Australia mainly as a result of the weakening of the AUD against the Swiss Franc. On a CER basis, the increase was CHF 1.3 million or 86.7% to CHF 2.8 million for the three months ended March 31, 2014, compared to CHF 1.5 million in the prior year period. Prior year period includes a release of accruals underlying the better result in the current period mainly due to lower negative EBITDA from Australia and a new operation in Russia. EBITDA margin increased to 0.8% of turnover compared to 0.4% of turnover in the prior year period.

Net losses decreased by CHF 2.3 million or 18.0%, reaching CHF (10.3) million for the three months ended March 31, 2014 from CHF (12.5) million for the prior year period, mainly driven by better EBITDA. Higher finance expenses attributable to the senior notes due 2019 were offset by net foreign exchange gains as well as lower tax expenses.

Comparison between the Fiscal Years Ended December 31, 2013 and December 31, 2012

Turnover decreased by CHF 276.9 million or 11.7% to CHF 2,094.9 million in 2013 from CHF 2,371.8 million in 2012, mainly driven by the loss of two core concessions in Hong Kong. On a CER basis, turnover decreased by CHF 232.9 million, or 9.8%, in 2013 from 2012.

Gross profit decreased by CHF 175.7 million or 13.1%, reaching CHF 1,169.1 million in 2013 from CHF 1,344.8 million for the prior year, mainly driven by the loss of two core concessions in

Hong Kong. Gross profit margin decreased to 55.8% in 2013 from 56.7% in 2012, which is mainly attributable to the loss of two core concessions in Hong Kong.

EBITDA decreased by CHF 29.0 million or 18.1% in 2013, compared to CHF 160.2 million in 2012 and was CHF 131.2 million for the year ended December 31, 2013, mainly driven by the loss of two core concessions in Hong Kong. On a CER basis, the decrease was CHF 32.0 million or 20.0% to CHF 128.1 million in 2013, compared to CHF 160.2 million in 2012, with lower EBITDA from Hong Kong partially offset by lower negative EBITDA from Australia and gains from Turkey, Malta and Russia. EBITDA margin remained stable at 6.3% of turnover compared to 6.8% of turnover in 2012.

Net earnings decreased by CHF 25.6 million or 31.7%, reaching CHF 55.3 million in 2013 from CHF 80.9 million for the prior year, mainly driven by the loss of two core concessions in Hong Kong.

Retail Concepts

Nuance sells "core" products, which consist of perfumes and cosmetics, liquor, tobacco and confectionary, primarily through its duty-free stores, destination stores and airport arrival stores, while its "specialty" products, which consist of fashion, electronics, accessories, souvenirs and other goods, are primarily sold through mono-brand boutiques, multi-brand concept stores and destination stores.

Tax-Free and Duty-Free Stores

As the flagship of Nuance's operations, Nuance's tax-free and duty-free stores attract millions of travelers every year. In response both to feedback from its partners and to the results of customer research, Nuance has developed the "Duty Free Store Concept," creating a strong identity and presence with travelers around the globe.

Arrival Shops

Nuance also offers duty-free shopping upon arrival where local regulations permit. While passengers generally welcome the convenience of shopping for liquor, tobacco, perfumes and confectionery at duty-free prices on arrival, the introduction of restrictions on liquids and gels in travelers' hand luggage has made this an even more attractive retail opportunity.

Mono-Brand Boutiques

Many well-recognized brands partner with Nuance to handle their airport retail operations. The development of these mono-brand boutiques involves close cooperation between the brand and Nuance's category specialists to ensure that the brand value is maximized.

Examples of Nuance's mono-brand boutiques include Bally, Giorgio Armani, La Prairie, Longchamp, Salvatore Ferragamo and Victoria's Secret.

Multi-Brand Concepts

Nuance has a growing portfolio of multi-brand concept stores that offer a variety of different brands of one specific category, such as fashion and accessories, chocolate and fine food and electronics.

Destination Stores

Nuance's destination stores offer a selection of food, wines and other products typical to the local destination.

Operations

Nuance operates all of its retail stores directly through its wholly-owned subsidiaries and joint ventures and is responsible for the ownership and management of inventory and employees within each store. Nuance's retail activities are primarily located at airports. Developed in collaboration with airport operators, its stores are designed to meet the specific requirements of the travelers for that region. Nuance partners with many successful airport operators such as Antalya International Airport in Turkey, Lisbon International Airport in Portugal, McCarran International Airport in Las Vegas, Pulkovo Airport in St. Petersburg, Stockholm-Arlanda Airport in Sweden and Zurich Airport in Switzerland.

Nuance also operates a wholesale and distribution business supporting travel retail operators through its Retail Services & Distribution ("RS&D") operation. In addition, Nuance has a limited number of downtown retail locations and provides in-flight retail services.

Sales Channels

The following table sets forth the percentage of turnover attributable to each sales channel for the years ended December 31, 2013, 2012 and 2011:

	Turnover		
	For the year ended December 31,		
Sales channel	2013	2012 (Restated)	2011
		(%)	
Airports	92.7	93.5	93.3
Wholesale and other channels	4.7	3.9	4.6
Downtown, hotels and resorts	2.5	2.4	1.9
In-flight	0.1	0.2	0.2
Total	**100.0**	**100.0**	**100.0**

Concessions

Nuance operated approximately 360 stores in 67 locations as of March 31, 2014. Nuance typically enters into concession agreements with operators of airports, hotels, resorts and other areas to operate these stores. The concession providers grant Nuance the right to sell pre-defined products to travelers during the concession period defined in the respective concession agreements. These concession agreements typically define the duration, the nature of remuneration, product categories to be offered and the size, location and appearance of the premises. A concession agreement may relate to one or more stores or product categories, which may or may not be within the same airport. For example, Nuance has a single concession agreement that provides it rights to operate stores in all of the international airports in Sweden.

Products and Suppliers

Nuance's stores offer a range of products, from traditional tax and duty-free products such as perfumes and cosmetics, liquor and tobacco to confectionary. Nuance's gross margins are generally higher for sales of core products than sales of specialty products, particularly perfume and cosmetics, which represented 40.7% of Nuance's total turnover for the year ended December 31, 2013. Where certain products, such as wine, soft liquor and tobacco are sold within the EU, they are offered on a duty-paid basis. The mix of products in any store or specific location is customized for that region or store, as determined by the customers' purchasing habits.

The following table sets forth the percentage distribution of our turnover by product category in 2013, 2012 and 2011.

	Year ended December 31,			Year ended December 31,		
	2013	2012 (Restated)	2011	2013	2012 (Restated)	2011
		(%)			(CHF in millions)	
Perfumes and Cosmetics	40.7	43.4	37.6	853.3	1,030.0	701.6
Liquor	19.3	16.3	18.9	404.8	386.8	353.0
Tobacco	11.3	10.7	13.8	235.7	254.9	257.1
Confectionary	7.2	7.3	7.7	149.6	172.2	143.7
Fashion	6.1	6.4	7.0	128.3	150.5	131.4
Electronics	7.1	6.2	5.4	148.1	146.6	100.9
Accessories	4.2	5.5	5.7	88.8	131.0	106.6
Souvenirs and Other Goods	4.1	4.2	3.9	86.3	99.9	73.3
Total	**100.0**	**100.0**	**100.0**	**2,094.9**	**2,371.8**	**1,867.5**

Nuance's products are mainly sourced directly from manufacturers, with limited use of distributors and wholesalers. Nuance implements a regionalized procurement strategy, which includes the segmentation of suppliers by region and active central management of these relationships, with global oversight by a central procurement manager for each major product category. Global category management is responsible for building centralized knowledge and visibility on buying activities, and seeks to optimize commercial terms across all regions and maximize the strategic relationship with Nuance's suppliers. Each major product category is assigned to a regional commercial/buying manager who assumes the leading role for selected global suppliers. Regional category managers implement the global strategies on a regional and local level by selecting suppliers, determining the products to be offered in that region or locality and negotiating regional purchasing conditions. Nuance typically operates under one year contracts with its suppliers.

Nuance utilizes various information technology systems, including SAP, to manage its inventory across its operations. Products are either shipped directly to bonded warehouses at airports or are initially sent to Nuance's regional or country distribution centers. The EMEA region is serviced primarily by Nuance's European distribution center in Switzerland, but also by distribution centers located in Bulgaria, Sweden, Turkey and the United Kingdom. The Asia region is serviced by five warehouses located in Australia, Hong Kong, India and Singapore. Nuance maintains a major distribution center in Sydney to serve its Australian concessions. In North America, Nuance operates a major distribution center in Toronto, and has four other distribution centers located in Chicago, Houston, Las Vegas and Orlando.

Operating Data by Geographic Segment

Nuance's global operations are segmented into three regions: Europe, Middle East and Africa (collectively, "EMEA"); Asia Pacific (including Australia); and the United States and Canada (together, "Americas").

The following table shows financial and operating data on a regional basis for the periods presented below:

	EMEA	Asia Pacific	Americas	Total
Turnover (in CHF millions) for the year ended December 31, 2013	897.2	983.1	144.7	2,094.9(1)
Turnover (in CHF millions) for the three months ended March 31, 2014	143.9	234.0	33.8	421.2(2)
Total sales area (in square-meters, approximate) as of March 31, 2014	41,565	25,806	10,105	77,476
Total number of stores as of March 31, 2014	225	86	49	360

(1) Includes CHF 69.9 million of sales attributable to Nuance's RS&D business.

(2) Includes CHF 9.5 million of sales attributable to Nuance's RS&D business.

EMEA

The following table sets forth the locations of Nuance's stores in the EMEA region as of March 31, 2014.

Country	Store location
Bulgaria	Varna Burgas
Germany	Düsseldorf Hamburg
France	Toulouse
Malta	Luqa
Portugal	Faro Horta (Azores) Lisbon Madeira Porto P. Delgada (Azores) Sta. Maria (Azores)
Russia	St. Petersburg Sochi
Sweden	Gothenburg Jönköping Kalmar Karlstad Luleå Malmö Norrköping Skellefteå Stockholm-Arlanda Stockholm-Bromma Sundsvall Umeå Visby Örnsködsvik Östersund

Country	Store location
Switzerland	Geneva Zurich
Turkey	Antalya Kayseri Zafer
United Kingdom	Cardiff Glasgow-Prestwick London-Heathrow Manchester Elveden Forest (Center Park) Longleat Forest (Center Park) Sherwood Forest (Center Park) Whinfell Forest (Center Park) Glasgow International

Nuance expects to open additional Russian concessions in Krasnodar and Anapa in the second half of 2014 and in Gelendzhik in the first half of 2015.

Americas

The following table sets forth the locations of Nuance's stores in the Americas region as of March 31, 2014.

Country	Store location
Canada	Calgary Toronto
USA	Chicago Denver Ford Lauderdale Houston Las Vegas Orlando

Asia Pacific

The following table sets forth the locations of Nuance's stores in the Asia Pacific region as of March 31, 2014.

Country	Store location
China	Zhuhai Hong Kong Macau
India	Bangalore Mumbai
Malaysia	Kuala Lumpur
Singapore	Singapore
Australia	Brisbane Melbourne Sydney Canberra

Nuance expects to open an additional concession in China at Xiamen in the first half of 2015.

Properties

Nuance's head office is located in Glattbrugg, Switzerland, where it leases a 2,960 square-meter commercial building. Nuance also leases properties for its six regional operations centers, including a 560 square meter property in Singapore, a 1,580 square meter property in Ontario, Canada, a 1,358 square meter property in Sydney, Australia (with an additional 4,022 square meters of warehouse space), a 950 square meter property in Hong Kong, a 715 square meter property in Antalya, Turkey and a 650 square meter property in Stockholm, Sweden.

Employees

As of March 31, 2014, Nuance had approximately 5,312 full-time equivalent employees, with 2,848 in EMEA, 1,849 in Asia Pacific (including Australia) and 615 in the Americas. Nuance estimates that approximately 10% of its employees are seasonal hires.

Legal Proceedings

Nuance has extensive global operations, and it is both a defendant and a plaintiff in a number of court, arbitration and administrative proceedings. The nature of Nuance's business results in it being involved, from time to time, in contentious matters with customs and tax authorities in the various jurisdictions in which it operates. In addition, Nuance is involved, from time to time, in disputes with airport operators in connection with the amount of concession fees it must pay. Certain items are provisioned for as necessary in the ordinary course of business. However, Nuance is not aware of any currently pending or threatened legal proceedings that is believes are likely, individually or in aggregate, to have a material adverse effect on its business, financial condition or results of operation.

MANAGEMENT

The Issuer

The Issuer is a partnership limited by shares (*société en commandite par actions*), organized and established under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B172144, acting by its general partner Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and established under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg, Grand Duchy of Luxembourg, having a share capital of USD 16,200 (sixteen thousand and two hundred United States Dollars), and registered with the Luxembourg Trade and Companies Register under number B172120, and was incorporated as a special purpose entity to facilitate the raising of funds for Dufry AG. Dufry International AG and Dufry Holdings & Investments AG indirectly own 100% of the shares of the Issuer. The rights and obligations of Dufry International AG as a shareholder of the Issuer are governed by the Issuer's articles of association together with any applicable provisions under relevant national law.

The following table sets forth certain information with respect to the board of managers of Dufry Finance I S.à r.l. who will act as the manager and general partner of the Issuer as of the date hereof.

Name	Age	Position
Andreas Schneiter	44	Class A Manager
Christophe Gaul	36	Class B Manager

Andreas Schneiter has served as Dufry AG's CFO since July 1, 2012. Before holding the current position, Mr. Schneiter acted as Dufry AG's Head of Corporate Controlling in 2004 and assumed the position as Dufry AG's Head Group Treasury in 2005. He additionally has headed Dufry AG's Investor Relations function. Before joining Dufry AG 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.

Christophe Gaul is the founder and has served as managing director of Headstart Sàrl, a company providing management and administrative services to individuals, corporations and institutional clients since 2009. Mr. Gaul previously acted as chief financial officer of BI-Investment Advisor SA between 2008 and 2009 and was local office manager of Apax Partners from 2005 until 2008.

The business addresses of the managers of the general partner of the Issuer are for Andreas Schneiter at Hardstrasse 95, CH-4020 Basel, Switzerland and for Christophe Gaul at 7, rue Robert Stümper, L-2557 Luxembourg, Grand Duchy of Luxembourg. We believe that there are no conflicts of interest of the managers of the general partner of the Issuer between their duties as managers of the general partner of the Issuer and their private interests or other duties.

Dufry AG

Board of Directors

Composition, Election and Term of Office

According to our Articles, our Board of Directors consists of no less than three and no more than nine members, including the chairman of the Board of Directors (the "Chairman") who is appointed at the shareholders' meeting.

All members of our Board of Directors, including the Chairman, have to be elected and may only be removed by a shareholders' resolution subject to special quorum requirements. The term of office corresponds to the legally permitted maximum term of one year and ends at the end of the next annual shareholders' meeting. Reelection is possible without limitation.

According to article 24 para. 1 of the Articles, only persons may be elected to the Board of Directors who have served a minimum of four years in the aggregate on the Board of Directors or on the executive management of each of (i) one or several travel retail company(ies) with operations in more than one continent at the end of at least one year of the years of activity of such person and (ii) one or several publicly listed retail company(ies) with an annual turnover of at least CHF 3 billion at the end of at least one year of the years of activity of such person. The requirements under (i) and (ii) above can be fulfilled by the same or several cumulated position(s) held by such person.

According to article 13 para. 5 of the Articles, the Board of Directors appoints the vice-chairman, as well as the secretary, who need not be a member of the Board of Directors.

According to the board regulations, the Board of Directors meets at the invitation of the Chairman, and whenever a member requests it in writing, as often as required, but at least three times each year. Resolutions of the Board of Directors are passed by the majority of the votes cast by the members present. In the event of a tie, the acting Chairman has the casting vote. To validly pass a resolution, a majority of the members of the Board of Directors must attend the meeting. Absent members cannot be represented. No quorum is required for reports or confirmation resolutions or amendments to the Articles in connection with capital increases pursuant to articles 652e, 652g and 653g of the Swiss Code of Obligations or to approvals pursuant to articles 23 and 70 of the Swiss Merger Act where transferred assets do not exceed 10 percent of the total assets of the Company. Resolutions may also be passed by way of circular resolution without a meeting the Board of Directors, unless one member requests oral discussion. Circular resolutions must be approved by a majority of the members of the Board of Directors.

Powers and Duties

The Board of Directors' non-transferable and inalienable duties according to Swiss company law include the ultimate direction of the business and the supervision of management. The Board of Directors may also pass resolutions on all matters that are not reserved for the shareholders' meeting by law or by the Articles (for more details, see "—Definition of Areas of Responsibility").

In accordance with the board regulations, the Board of Directors has delegated our operating management to the Chief Executive Officer. In addition, the Board of Directors has an Audit Committee and a Nomination and Remuneration Committee. While the members of the Nomination and Remuneration Committee are elected by the shareholders' meeting, the members of the Audit Committee are appointed by the Board of Directors.

If the office of the Chairman is vacant, the Nomination and Remuneration Committee is not complete or the Company does not have an independent voting rights representative, the Board of Directors will appoint a substitute who, with the exception of the independent voting rights representative, must be a member of the Board of Directors who will serve until completion of the next annual shareholders' meeting.

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(1)(2)	65	Chairman of the Board
Andrés Holzer Neumann(2)	64	Vice-Chairman of the Board
Jorge Born(1)	52	Director
Xavier Bouton	64	Director
Joaquín Moya-Angeler Cabrera(1)	65	Director
James S. Cohen(2)	56	Director
José Lucas Ferreira de Melo(1)	58	Director
Julián Díaz González	56	Director
George Koutsolioutsos	56	Director

(1) Audit Committee member.

(2) Nomination and 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. Since 1995, he has been 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., International Meal Company Holdings, S.A., International Meal Company (IMC) Ltd., Grupo Gayosso, S.A. de C.V., TCP Participações S.A., InverCap Holdings, S.A. de C.V. and Grupo Biotoscana, S.L.U. 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., Inmobiliara 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 Latin American Airport Holding, Ltd. and 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.

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 Corporación Teype, La Quinta Group (chairman), Palamon Capital Partners, Hildebrando S.A. de C.V. (chairman), Board of Trustees University of Almeria (chairman), Fundación Mediteránea (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.

James S. Cohen has since 1980 served in various positions at Hudson Media Inc., and since 1994 has served as its President and CEO. He currently serves as a member of the Board of Directors of Hudson Media Inc. Mr. Cohen graduated in economics from the Wharton School of University of Pennsylvania.

José Lucas Ferreira de Melo served in various positions at PricewaterhouseCoopers Auditores Independentes from 1979 to 1991, as Director of Brazilian Exchange Commission (CVM) in 1992, as Partner at PricewaterhouseCoopers Auditores Independentes from 1993 to 1997, as Partner at Global Control Consultoria in 1998 and as Executive Director and later Vice-President at Unibanco—União de Bancos Brasileiros, S.A. and Unibanco Holdings, S.A, from 1999 to 2009. Mr. Ferreira de Melo serves on the board of directors of International Meal Company Holdings, S.A., Banco Bradesco, S.A. (Member of the Audit Committee), Cetip S.A.—Balcão Organizado de Ativos e Derivativos (Member of the Audit Committee) and Restoque Comércio e Confecções de Roupas S.A. Mr. Ferreira de Melo served as a member of the Board of Directors of Dufry South America Ltd. until its merger with us in March 2010. He holds a Bachelor's degree in Accounting from Associação de Ensino Unificado do Distrito Federal, Brazil.

Julián Díaz González served as General Manager at TNT Leisure, S.A., from 1998 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 Distribudora Internacional de Alimentacion, S.A. (DIA). Mr. Julián 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.

Definition of Areas of Responsibility

The Board of Directors is the ultimate corporate body of the Company. It represents the Company to third parties and manages all matters which by law, the Articles or board regulations have not been delegated to another body of the Company.

In accordance with the board regulations, the Board of Directors has delegated the operational management of the Company to the Chief Executive Officer who is responsible for the Company's overall management. The following responsibilities remain with the Board of Directors:

- ultimate direction of the business of the Company and the power to give the necessary directives;
- determination of the organization of the Company;
- administration of the accounting system, financial control and financial planning;
- appointment and removal of the members of the committees installed by itself and of the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
- ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles, regulations and directives;
- preparation of the business report, which includes the management report, the annual financial statements and the consolidated financial statements, and the compensation report, and the shareholders' meetings and carrying out the resolutions adopted by the shareholders' meeting;
- notification of the judge if liabilities exceed assets;
- passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares;
- passing of resolutions confirming increases in share capital and the amendments to the Articles entailed thereby;
- non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act;
- approval of any non-operational or non-recurring transaction not included in the annual budget and exceeding the amount of CHF 10,000,000;
- issuance of convertible debentures, debentures with option rights or other financial market instruments;
- approval of the annual investment and operating budgets of the Company;
- approval of executive regulations; and
- proposal of an independent voting rights representative for election to the shareholders' meeting, and appointment of an independent voting rights representative in the event of a vacancy pursuant to the Articles.

Except for the Chairman, who has sole signatory authority, the members of the Board have joint signatory authority, if any.

Conviction and Proceedings

None of the members of the Board of Directors 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.

Committees of the Board of Directors

The Board of Directors has an Audit Committee and a Nomination and Remuneration Committee to strengthen the corporate governance structure of the Company.

Audit Committee

The Audit Committee consists of three non-executive and independent members of the Board of Directors. A "non-executive" member is a member who does not perform any line management function within the Company; an "independent" member is a non-executive member and a member who never was or was more than three years ago a member of the executive management and who has no or comparatively minor business relations with the Company. The members of the Audit Committee are appointed by the Board of Directors. The term of office of the members of the Audit Committee is one year and ends with completion of the next annual shareholders' meeting. The Audit Committee constitutes itself, including appointment of a chairman, each year at its first meeting after the annual shareholders' meeting.

The Audit Committee currently consists of José Lucas Ferreira de Melo (Chairman), Joaquín Moya-Angeler Cabrera, Jorge Born and Juan Carlos Torres Carretero.

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for the review of the performance and independence of the external auditors, the review of and the decision on the audit plan and the audit results and the monitoring of the implementation of the findings by management, the review of the internal audit plan, the assessment of the risk management and the decision on proposed measures to reduce risks, the review of the compliance levels and risk management, as well as the review to propose whether the Board of Directors should accept the Company's accounts.

The Audit Committee regularly reports to the Board of Directors on its decisions, assessments and findings and proposes appropriate actions. The Audit Committee generally meets on the same dates as the Board of Directors meetings, although the Chairman may call meetings as often as business requires. The Audit Committee held five meetings in fiscal year 2013, which typically lasted from two to three hours. The Company's independent auditor attended three meetings of the Audit Committee in 2013. Members of the Group Executive Committee attended meetings of the Audit Committee as follows: CEO, five meetings; and the CFO, who acts as Secretary of the Audit Committee, five meetings.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members of the Board of Directors, the majority of whom are non-executive and independent. The members of the Nomination and Remuneration Committee are elected each year by the annual shareholders' meeting of the Company, and are eligible for re-election. The term of office of the members of the Nomination and Remuneration Committee is one year and ends with completion of the next annual shareholders' meeting. If there are vacancies on the Nomination and Remuneration Committee, the Board of Directors appoints the missing members from among its members for a term of office extending until completion of the next annual shareholders' meeting. The Nomination and Remuneration Committee constitutes itself, including appointment of a chairman, each year at its first meeting after the annual shareholders' meeting.

The Nomination and Remuneration Committee currently consists of James S. Cohen (Chairman), Andrés Holzer Neumann and Juan Carlos Torres Carretero.

The Nomination and Remuneration Committee assists the Board of Directors in fulfilling its nomination and remuneration related matters. It is responsible for assuring the long-term planning of appropriate appointments to the positions of the CEO and the Board of Directors, as well as for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Nomination and Remuneration Committee makes recommendations regarding the proposals of the Board of Directors for the maximum aggregate amount of compensation of the Board of Directors and of the Group Executive Committee to be submitted to the shareholders' meeting of the Company for approval. The Nomination and Remuneration Committee makes proposals in relation to the remuneration of the Chief Executive Officer and of the members of the Board of Directors, on the grant of options or other securities under any management incentive plan of the Company and to review and recommend to the Board the compensation report. The Board of Directors has the ultimate authority to approve such proposals.

The Nomination and Remuneration Committee meets as often as business requires. The three meetings held in the fiscal year 2013 lasted from one to three hours. Members of the Group Executive Committee attended meetings of the Nomination and Remuneration Committee as follows: CEO, three meetings.

Group Executive Committee

As of the date of this Offering Memorandum, the Group Executive Committee comprises nine executives: the Chief Executive Officer ("CEO"); Chief Financial Officer ("CFO"); Global Chief Operating Officer ("GCOO"); the Chief Corporate Officer ("CCO"), the General Counsel and four regional Chief Operating Officers ("COO"), responsible for the following regions: (i) EMEA & Asia: (ii) America I; (iii) America II; and (iv) United States & Canada. 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	56	Chief Executive Officer
Andreas Schneiter	44	Chief Financial Officer
José Antonio Gea	51	Global Chief Operating Officer
Luis Marin	43	Chief Corporate Officer
Pascal C. Duclos	47	Group General Counsel
Xavier Rossinyol	44	Chief Operating Officer—Europe, Africa and Asia
René Riedi	54	Chief Operating Officer—Latin America
José Carlos Costa da Silva Rosa	59	Chief Operating Officer—Brazil
Joseph DiDomizio	44	Chief Operating Officer—North America

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 1998 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 Investor 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.

Xavier Rossinyol serves as our COO, Europe, Africa and Asia Region. From 2004 to 2012, Mr. Rossinyol served as our CFO. Prior to joining us, Mr. Rossinyol held various positions at Grupo Áreas from 1995 to 2003 in charge of finance, controlling and strategic planning and leaving Grupo Áreas as its corporate development officer. Mr. Rossinyol graduated in business administration from Escuela Superior de Administración y Dirección de Empresas (ESADE), obtained a master degree in business administration from ESADE and University of British Columbia (Canada and Hong Kong), and a master's degree in business law from Universidad Pompeu Fabra.

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.

José Carlos Costa da Silva Rosa is currently our COO, Brazil Region. From 2006 to 2012, Mr. Rosa served as COO, South America Region. Before joining us in 2006, Mr. Rosa was retail director at ANA-Aeropuertos de Portugal SA from 2000 to 2006. Prior to that, he was director of property management for Richard Ellis Portugal from 1993 to 1994 and general manager of Amoreiras Gest from 1994 to 2000. He holds a military and a civil engineering degree from the Academia Militar of Portugal.

Joseph DiDomizio has been our COO, North America Region, since 2008. Previously, Mr. Joseph 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.

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.

Compensation of the Board of Directors and Group Executive Committee

Overview

The Company is subject to the Directive on Information Relating to Corporate Governance and its annex and commentary issued by the SIX Swiss Exchange ("Corporate Governance Directive") and to the Ordinance against Excessive Compensation in Public Companies ("Compensation Ordinance").

The Compensation Ordinance contains a "say on pay" approval mechanism for the compensation of the Board of Directors and Group Executive Committee pursuant to which the shareholders must vote separately on the compensation of the Board of Directors and the Group Executive Committee on an annual basis. In accordance therewith, article 20 of the Articles provides that each year, beginning at the annual shareholders' meeting in 2015, the shareholders must vote separately on the proposals by the Board of Directors regarding the maximum aggregate amounts of:

- compensation of the Board of Directors for the term of office until the next annual shareholders' meeting; and
- compensation of the Group Executive Committee for the following financial year.

The Board of Directors may submit for approval by the shareholders different or additional proposals relating to the same or different periods.

In the event a proposal of the Board of Directors has not been approved, the Board of Directors determines, taking into account all relevant factors, the respective maximum aggregate amount of compensation or maximum partial amounts for specific compensation elements, and submits the amount(s) so determined for approval by the shareholders. The Company or any company controlled or mandated by it may pay out compensation prior to approval by the shareholders' meeting subject to subsequent approval.

If the total compensation already approved by the shareholders' meeting is not sufficient to also cover compensation of a person who becomes a member of or is being promoted within the Group Executive Committee during a compensation period for which the shareholders' meeting has already approved the compensation, the Company or any company controlled or mandated by it is authorized to grant and pay to each such member a supplementary amount during the compensation period(s) already approved. The supplementary amount per compensation period and per each such member may not exceed 40% of the total compensation last approved.

The Compensation Ordinance further requires the Company to set forth in its Articles the principles for the performance- and equity-based compensation of the Board of Directors and the Group Executive Committee. These principles have been included in article 22 of the Articles as described further below.

The Compensation Ordinance also contains compensation disclosure rules. Pursuant to these rules, the Company will be required to prepare an annual compensation report for the first time for the fiscal year 2014. The compensation report will, among other things, include the compensation of the members of the Board of Directors individually and for the members of the Group Executive Committee on an aggregate basis, as well as the amount for the highest paid member of the Group Executive Committee. Pursuant to the Corporate Governance Directive, the Company is required to disclose basic principles and elements of compensation and shareholding programs for both acting and former members of the Board of Directors and for senior management, as well as the authority and procedures for determining such compensation, in a separate section of our annual report.

In accordance with the Compensation Ordinance, our Articles do not provide the possibility that the Company grants loans, credits or pension benefits (other than from occupational pension funds) to the members of the Board of Directors or the Group Executive Committee.

The Compensation Ordinance generally prohibits certain types of compensation payments to members of the Board of Directors and Group Executive Committee.

Board of Directors

Article 22 para. 1 and 2 of the Articles set out the principles for the elements of the compensation of the members of the Board of Directors. The members of the Board of Directors receive a fixed compensation. The Chairman may receive a variable compensation pursuant to similar principles than those that apply to members of the executive management. Compensation of the Board of Directors may be paid or granted in the form of cash, in kind or in the form of other types of benefits.

The Board of Directors determines the amount of fixed remuneration of its members, taking into account their responsibilities, experience and the time they invest in their activity as members of the Board of Directors based on the proposal of the Nomination and Remuneration Committee and, beginning at the annual shareholders' meeting in 2015, subject to approval of the aggregate amount of compensation by the shareholders' meeting for the term of office until the next annual shareholders' meeting. The compensation for the members of the Board of Directors is not tied to particular targets of the Company. The compensation for the members of the Board of Directors is paid in cash (including social charges). Extraordinary assignments or work which a member of the Board of Directors accomplishes outside of his activity as a Board member is specifically remunerated and is approved by the Board of Directors. In addition, the members of the Board of Directors are reimbursed all reasonable cash expenses incurred by them in the discharge of their duties.

Group Executive Committee

Article 22 para. 3, 4 and 5 of the Articles set out the principles for the elements of the compensation of the members of the Group Executive Committee. The members of the Group Executive Committee may also be paid a variable compensation, which is measured by the achievement of certain performance criteria. Such performance criteria may include individual targets, targets of the Company or parts thereof and targets in relation to the market, other companies or comparable benchmarks, taking into account function and level of responsibility of the recipient. The relative weight of the performance criteria and the respective target values are determined by the corporate body defined in the applicable regulations. Compensation of the Group Executive Committee may be paid or granted in the form of cash, shares, options, financial instruments and/or units, in kind, or in the form of other types of benefits. The compensation may be subject to forfeiture, vesting and exercise conditions; it is permissible to provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. The compensation takes into account the interests of the Company, including its ability to recruit talent and retain employees.

Members of the Group Executive Committee receive compensation packages, which consist of a fixed basic salary in cash, social benefits, allowances in kind, a performance related cash bonus and share-based incentive plans through Restricted Share Units ("RSU") Plans and Performance Share Units ("PSU") Plans, respectively.

The weighting of the criteria between cash bonus and the amount of the fixed basic salary are defined on a discretionary basis. The fixed basic salary is usually defined once at the end of the previous year period and is not changed during the reporting period (except in cases where the member of the Group Executive Committee assumes different responsibilities during a reporting period). The bonus is defined once per year and depends on the overall financial results of the Company and of specific subdivisions thereof, as well as on achieving defined goals by each individual person. Each member of the Group Executive Committee has its own bonus. The main part of the bonus is related to measures regarding financial results, both of the Company and of the pertinent region in the case of the Regional Chief Operating Officers. In 2013, such financial measures were weighted for the CEO, GCOO, CFO, General Counsel and 2 of the 4 Regional Chief Operating Officers as follows: 100% EBITDA; for 2 of the 4 Regional Chief Operating Officers 50% EBITDA (Fiscal Year 2012: 50% for 3 of the 4 Regional Chief Operating Officers and the Chief Financial Officer, 100% for the Chief Executive Officer, Global Chief Operating Officer, General Counsel and 1 of the 4 Regional Chief Operating Officers). Non-financial oriented targets are also taken into account and are reflected with a weighting of 50% for 2 of the Regional Chief Operating Officers in form of individual and general performance of the business as evaluated by the CEO (fiscal year 2012: 50% in case of 3 of the 4 Regional Chief Operating Officers and the Chief Financial Officer).

In 2013, the total compensation for the eight members of the Group Executive Committee including personal expenses and all short term employee benefits was CHF 15.6 million (2012: CHF 14.4 million). This amount includes a cash compensation of CHF 8.7 million (2012: CHF 8.4 million), contributions in kind CHF 0.6 million (2012: CHF 0.6 million), employer's contribution to the pension and other post-employment benefits of CHF 2.0 million (2012: CHF 1.0 million) and 40,854 stock options (RSUs) (2012: none) as well as 42,957 performance share units (PSUs) (2012: none). The expenses accrued in relation to the RSU plan and PSU plan during 2013 were CHF 4.3 million (2012: CHF 4.3 million) and is included in the short-term employee benefits.

During 2013, our Swiss entities made contributions to the Pension Fund Weitnauer in the amount of CHF 2.4 million, (2012: CHF 2.1 million) and have at December 31, 2013 outstanding balances of CHF 0.4 million (2012: CHF 0.3 million).

Equity-Linked Compensation

The Company has an RSU plan in place for the members of the Group Executive Committee and selected members of our senior management, in the aggregate approximately 60 persons. Furthermore in 2013, the Company introduced a PSU plan for the members of the Group Executive Committee. The purpose of both plans is to provide the members of the Group Executive Committee (and in case of the RSU also selected members of the senior management team) with an increased incentive to make significant and extraordinary contributions to the long-term performance and growth of the Group, enhancing the value of the shares for the benefit of the shareholders of the Company and increasing the ability of the Group to attract and retain persons of exceptional skills.

Restricted Share Units (RSU)

The RSU plan has been approved by the Nomination and Remuneration Committee for 2013 and 2014 with the respective vesting dates being January 1, 2014 and January 1, 2015. The RSU plan contains two vesting conditions:

- the participants must be employed by the Company for the full calendar year 2013 and 2014, respectively (or, if later, from the individual employment entry date); and
- the average closing price of the Company's shares on the SIX Swiss Exchange of the ten previous trading days prior to vesting date must be 1% higher than at grant date, subject to certain adjustment mechanisms due to corporate events such as share split, spin-off and capital increase. If the vesting conditions are met, one RSU represents one share of the Company.

The participants of the RSU plan 2013 have been granted the right to receive on January 1, 2014, free of charge, 117,104 RSUs on aggregate (of which 40,854 RSUs were granted to Group Executive Members). The RSU 2013 Awards vested on January 1, 2014 with the relevant average price prior to vesting being CHF 155.44.

The RSU Awards 2014 have been approved by the Nomination and Remuneration Committee and foresee the same respective vesting conditions. The RSU Awards 2014 will vest on the vesting date January 1, 2015. As of date of this Offering Memorandum, the RSU Awards 2014 have not been granted yet.

Performance Share Units (PSU)

In 2013, the members of the Group Executive Committee were granted, in the aggregate, 42,957 PSU and the vesting date for the relevant PSU will be May 1, 2016. Vesting conditions of the PSUs are:

- the participant's ongoing contractual relationship on the vesting date; and
- the achievement of the performance target as described below.

The number of shares allocated for each PSU directly relates to the average growth rate reached by the Company's basic earnings per share ("EPS") adjusted for acquisition-related amortization and normalized for non-recurring effects. For the calculation of the relevant EPS growth for the PSU, the net earnings adjusted by amortization of acquisitions per share ("Core EPS") of the fiscal year preceding the grant date is used as a basis and is compared to the Core EPS of the year preceding the vesting date (final year Core EPS). The basis for the PSU Awards 2013 is the Core EPS of 2012, which will be compared to the respective metric in 2015.

Depending on the average growth achieved, each PSU will convert according to the following metrics:

- Minimum threshold of average Core EPS growth of 3.5% per annum must be achieved; otherwise the PSU shall not vest and will become nil and void. The participant will not be allocated any shares from the PSU;
- For a Core EPS growth of 7% per annum (target), the participant shall be allocated one share for every PSU that has vested;

- For a Core EPS growth of 10.5% per annum or above (maximum threshold), the participant shall be allocated two shares for every PSU that has vested;
- For a Core EPS growth of between 3.5% and 7% per annum or between 7% and 10.5% per annum the number of shares allocated from vested PSUs is calculated on a linear basis; and
- The maximum number of shares allocated is capped at two shares per vested PSU.

The assessment whether the performance target is met for a specific grant is performed in a conclusive and binding manner by the Nomination & Remuneration Committee, upon proposal of the Chief Executive Officer, who as the plan administrator, will analyze potential exceptional and non-recurring events and make the respective adjustments to normalize Core EPS.

From an economic point of view, the RSUs and the PSUs are stock options with no exercise price. The total number of RSUs and of PSUs to be granted yearly is set forth in the RSU / PSU plans and related documents. The RSU and the PSU plans have been approved by the Nomination and Remuneration Committee and the Board of Directors. Pursuant to the RSU and the PSU plans, the Chief Executive Officer has sole discretion to decide the amount of each specific grant to each individual plan participant. The grants made to the Chief Executive Officer are decided by the Chairman.

Ownership of Shares and Options

On December 31, 2013, the following members of the Board of Directors (including closely related parties) a and of the Group Executive Committee held directly or indirectly shares or share options of the Company as follows:

	December 31, 2013			December 31, 2012		
	Shares	Share Options(1)	Participation	Shares	Share Options(1)	Participation
			In Thousands			
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	540.0	—	1.75%	—	—	—
Mario Fontana, Director (up to April 2013)	n.a.	n.a.	0.00%	6.0	—	0.02%
Andrés Holzer Neumann, Vice-Chairman	3,294.6	—	10.66%	2,338.8	—	7.88%
James S. Cohen, Director	1,506.7	—	4.88%	1,331.7	—	4.49%
Joaquín Moya-Angeler Cabrera, Director	6.0	—	0.02%	6.0	—	0.02%
Julián Díaz González, Director and CEO	210.3	10.8	0.72%	—	—	—
Total Board of Directors	**5,557.6**	**10.8**	**18.02%**	**3,682.5**	**—**	**12.41%**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz González, CEO	210.3	10.8	0.72%	32.1	39.9	0.24%
Andreas Schneiter, CFO	3.6	2.5	0.02%	3.0	6.6	0.03%
José Antonio Gea, GCOO	3.0	6.5	0.03%	0.6	26.4	0.09%
Pascal Duclos, General Counsel	—	4.7	0.02%	—	21.0	0.07%
Xavier Rossinyol, COO Region EMEA & Asia	20.4	6.6	0.09%	30.0	26.4	0.19%
Rene Riedi, COO America I	—	2.3	0.01%	—	10.2	0.03%
José C. Rosa, COO America II	—	2.2	0.01%	—	10.2	0.03%
Joseph Didomizio, COO United States & Canada	9.5	5.2	0.05%	—	16.8	0.06%
Total Group Executive Committee	**246.8**	**40.8**	**0.93%**	**65.7**	**157.5**	**0.75%**

(1) Restricted stock units, see further details in Note 28 of the consolidated financial statements.

In addition to the above, Travel Retail Investment S.C.A., which is controlled by Andrés Holzer Neumann, Juan Carlos Torres Carretero and Julián Díaz González, holds financial instruments, representing a sales position of 4.80% (1,483,800 shares) of the share capital of Dufry AG in line with the detailed the terms of such financial instruments disclosed to the SIX Swiss Exchange and published on December 21, 2013.

All these participations are reported in accordance with the regulations of the Federal Act on Stock Exchanges and Securities Trading (SESTA), in force since December 1, 2007, showing the participation (including restricted stock units) as a percentage of the number of outstanding registered shares on December 31, 2013 and December 31, 2012, respectively.

Loans Granted to Members of the Board of Directors and the Group Executive Committee

The Company has not granted any loans or guarantee commitments to members of the Board of Directors or the Group Executive Committee. Our Articles do not provide the possibility that the Company grants loans, credits or pension benefits (other than from occupational pension funds) to the members of the Board of Directors or the Group Executive Committee.

Transactions with Members of the Board of Directors and the Group Executive Committee

For information regarding related party transactions, see "Certain Relationships and Related Party Transactions."

Permitted Other Activities of Members of the Board of Directors and the Group Executive Committee

According to article 24 para. 2 and article 25 para. 1 of the Articles, no member of the Board of Directors or of the Group Executive Committee may hold more than four and two, respectively, additional mandates in listed companies and ten and four, respectively, additional mandates in non-listed companies. The following mandates are not subject to these limitations:

- mandates in companies which are controlled by the Company or which control the Company;
- mandates held at the request of the Company or any company controlled by it. No member of the Board of Directors or of the Group Executive Committee may hold more than ten such mandates; and
- mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or of the Group Executive Committee may hold more than ten such mandates.

Mandates means mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control or same beneficial ownership are deemed one mandate.

Agreements Related to Compensation for Members of the Board of Directors and the Group Executive Committee

According to article 23 para. 1 of the Articles, agreements with members of the Board of Directors relating to their compensation may be concluded for a fixed term or for an indefinite term. Duration and termination must comply with the term of office and the law.

According to article 23 para. 2 of the Articles, employment and other agreements with the members of the Group Executive Committee may be concluded for a fixed term or for an indefinite term. Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a notice period of maximum twelve months.

Potential Conflicts of Interest

Swiss law does not provide for a general provision regarding conflicts of interest. However, the Swiss Code of Obligations requires the Board of Directors and senior officers to safeguard the Company's interests and imposes a duty of care and loyalty on the members of the Board of Directors and senior officers. This rule is generally understood as disqualifying members of the Board of Directors and senior officers from decisions that directly affect them. Members of the Board of Directors and senior officers are personally liable to the Company, its shareholders and its creditors for damages caused by wilful or negligent violation of their duties. In addition, Swiss statutory law contains a provision under which payments made to a shareholder or a member of the Board of Directors or any person associated with such shareholder or member of the Board of Directors, other than at arm's length, must be repaid to the Company if the recipient of such payment was acting in bad faith.

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 2013 or our Three Months Report for 2014, our related party transactions and relationships that occurred or existed in the first three months of 2014 and in 2013 and 2012 were the following:

During 2013, we purchased goods from the following related parties: Hudson Wholesale for CHF 21.2 million (2012: CHF 23.1 million), from Hudson RPM CHF 4.4 million (2012: CHF 4.5 million). The purchase prices used in these transactions were at arm's length. At December 31, 2013, we had open invoices with the following related parties: Hudson Wholesale CHF 1.8 million (2012: CHF 1.9 million) and with Hudson RPM CHF 0.3 million (2012: CHF 0.4 million). Hudson Wholesale and Hudson RPM are controlled by a member of our Board of Directors.

Two members of our Board of Directors are also members of the Board of Directors of Latin American Airport Holding Ltd. Latin American Airport Holding Ltd controls Inmobiliaria Fumisa SA de CV and Aeropuertos Dominicanos Siglo XXI, SA.

Dufry Mexico SA de CV operates duty-free shops at the International Airport Benito Juarez in Mexico City, a subconcession provided by Inmobiliaria Fumisa SA de CV. During 2013, the local operations accrued concession fees of CHF 20.6 million (2012: CHF 19.3 million). The outstanding concession fee payable as of December 31, 2013 amounted to CHF 2.5 million (2012: CHF 2.3 million).

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aeropuertos Dominicanos Siglo XXI, SA. According to these agreements, Inversiones Tunc SA accrued in 2013 concession fees of CHF 0.7 million (2012: CHF 0.6 million). The outstanding concession fee payable as of December 31, 2013 amounted to CHF 0.7 million (2012: CHF 0.6 million).

Transportes Aereos de Xalapa SA de CV, a subsidiary of Aeropuertos Dominicanos Siglo XXI, SA, has agreed to provide air transport services to us. During 2013, we received services for CHF 3.8 million (2012: CHF 3.5 million). The outstanding amount as of December 31, 2013 was CHF 6.1 million (2012: CHF 0.8 million).

SIGNIFICANT SHAREHOLDERS

The following table illustrates the shareholders of the Company holding more than three percent of the issued and outstanding share capital of the Company as of the date of this Offering Memorandum, expressed in number of Shares and as a percentage of the issued and outstanding share capital of the Company. Each Share carries one vote at a shareholders' meeting of the Company and, as such, the number of Shares held by each shareholder of the Company set forth below is equal to the number of voting rights held by such shareholder. The information contained in the table is based on information provided to the SIX Swiss Exchange and the Company in accordance with article 20 SESTA.

The Company's significant shareholders include(1):

Shareholder(2)	Number of registered Shares held	Registered Shares held in % of share capital	Number of purchase positions	Number of sale positions	Sale positions in % of share capital	Total number of registered Shares held and purchase positions	Registered Shares held and purchase positions in % of share capital
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 and James S. Cohen Family Dynasty Trust(3)	6,874,365	22.24%	—	1,483,800	4.80%	6,874,365	22.24%
Franklin Resources, Inc.(4)	1,508,287	5.08%	—	—		—	5.08%
Group of shareholders represented by Tarpon Gestora de Recursos S.A.(5)	1,485,463	4.81%	—	—		1,485,463	4.81%
T. Rowe Price Associates, Inc.(6)	932,097	3.01%	—	—		932,097	3.01%
Dufry AG(7)	3,165	0.01%	—	1,809,210	5.85%	3,165	0.01%

(1) The following information is based on the notification we received from the relevant shareholder (the "Notification") until the date of this Offering Memorandum. The number of shares held by the relevant shareholder may have changed since the date of Notification. Percentages have been calculated on the basis of the number of Shares recorded in the Commercial Register as of the date of the relevant Notification (which may be different from the number of Shares recorded in the Commercial Register as of the date of this Offering Memorandum).

(2) For specific information on the notifications that we received, we refer to the SIX website: www.six-exchange-regulation.com, under the section "Obligations—Disclosure of Shareholdings—Significant Shareholders."

(3) Messrs. Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen and Dimitrios Koutsolioutsos and the James S. Cohen Family Dynasty Trust form a group of shareholders and disclosed a participation of 22.24% of the share capital of Dufry AG on December 11, 2013, due to the extension of the shareholder group (by Mr. Koutsolioutsos interests) and the crossing of the 20% threshold (purchase position of 22.24% in registered shares and sale position of 4.8% in several options (long put options / short call options; see details below). The holdings are held directly and indirectly (inter alia through Travel Retail Investment S.C.A., Petrus Pte. Ltd., Witherspoon Investments LLC, various companies of Grupo Industrial Omega, Hudson Media, Inc., Folli Follie Commercial Industrial and Technical S.A., and Cordial Worldwide Ltd). Travel Retail Investment S.C.A is represented for the purposes hereof by Mr. Frederic Gardeur. Shares held by the group are held through:

a) Travel Retail Investment S.C.A. (412F, route d'Esch, 2086 Luxembourg, Grand Duchy of Luxembourg). Shares in Travel Retail Investment S.C.A. are held by:

1) Petrus Pte. Ltd. (8 Cross Street, #11-00 PWC Building, Singapore 048424, Singapore) which in turn is held by The Bingo Trust (New Zealand). Travel Retail Investments S.á.r.l. (412F, route d'Esch, 2086 Luxembourg, Grand Duchy of Luxembourg) is the general manager and sole manager of Travel Retail Investment S.C.A. Petrus Pte. Ltd. holds the majority of the shares in Travel Retail Investment S.C.A. and Travel Retail Investments S.á.r.l. Mr. Andrés Holzer Neumann is the settlor of The Bingo Trust and exercises indirect control over the trust.

2) Witherspoon Investments LLC (1209 Orange Street, Wilmington, DE, 19801 USA) which is held directly by Mr. Juan Carlos Torres. Witherspoon Investments LLC holds a minority of shares in Travel Retail S.à.r.l. and in Travel Retail Investment S.C.A.

3) Mr. Julián Díaz González (Heerstrasse 15, 8853 Lachen, Switzerland). Mr. Julián Díaz González holds directly a minority interest in Travel Retail Investment S.C.A. and a minority of shares in Travel Retail S.à.r.l.

b) Mr. Julián Díaz González (Heerstrasse 15, 8853 Lachen, Switzerland; holding shares directly).

c) Mr. Andrés Holzer Neumann (Campos Eliseos 345, Polanco, Mexico City, Mexico; holding shares directly).

d) Petrus Pte. Ltd., various companies (Consorcio Metropolitano Inmobiliario, S.A, de C.V.; Inmobiliaria Coapa Larca, S.A. de C.V.; Holzer y Cia, S.A. de C.V.; Negocios Creativos, S.A. de C.V.; and Inmobiliaria Castellanos, S.A. de CV (all with their address at Campos Eliseos No. 345, Piso 10, Cuidad de Mexico, 11560 Mexico)) held directly by Grupo Industrial Omega, S.A. de C.V. (Campos Eliseos No. 345, Piso 10, Cuidad de Mexico, 11560 Mexico) and Grupo Industrial Omega, S.A. de C.V., which is controlled by Mr. Andrés Holzer Neumann.

e) Mr. James S. Cohen (25 Pendergast Court, Alpine, NJ 07620, USA) holds his shares partly directly and partly through Hudson Media, Inc. (One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA), which he controls.

f) James S. Cohen Family Dynasty Trust (One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA) holds all its shares directly. Mr. James S. Cohen is the Grantor of this trust, but is not a beneficiary of the trust.

g) Dimitrios Koutsolioutsos (23rd Km Athens Lamia National Road, 145 65 Agios Stephanos, Greece) holds his shares indirectly through Folli Follie Commercial Industrial and Technical S.A. (23rd Km Athens Lamia National Road, 145 65 Agios Stephanos, Greece) and Cordial Worldwide Ltd (Road Town, Tortola, British Virgin Islands), which he controls.

There are three shareholders agreements in place: A shareholders agreement among Petrus Pte., Ltd., Witherspoon Investments LLC, Mr. Díaz González, Mr. Torres and Travel Retail S.á.r.l.; a shareholders agreement between Travel Retail Investment S.C.A. and James S. Cohen, James S. Cohen Family Dynasty Trust, and Hudson Media, Inc.; and a shareholders agreement between Travel Retail Investment S.C.A. and Folli Follie Commercial Industrial and Technical S.A.

Details regarding the sale position: One financial instrument consists of the following European options (described from the point of view of Travel Retail Investment S.C.A.; counter-party being Morgan Stanley & Co. International PLC, 25 Cabot Square, London, E14 4QA, England): 4946 long put options with a strike of 80% of the initial price; 4946 long put options with a strike of 90% of the initial price; 4946 long put options with a strike of 100% of the initial price; 4946 short call options with a strike of 120% of the initial price; 4946 short call options with a strike of 130% of the initial price; 4946 short call options with a strike of 140% of the initial price. The initial price amounts to CHF 118. The options form one financial instrument, because they all expire on the same date, and if they are in the money, they will be automatically exercised and set-off. One option relates to one share. The maximum number of shares to be delivered by Travel Retail Investment S.C.A. under one instrument is 14,838 shares, the minimum number is 0 shares. There are 100 such instruments, thus relating to 1,483,800 underlying shares. They deviate from each other only in the exercise date. There are five groups of instruments, each group consists of 20 instruments whose exercise dates are on 20 consecutive trading days (at SIX Swiss Exchange). For the five groups, the first exercise dates are: Group A: January 11, 2016; Group B: July 11, 2016; Group C: January 9, 2017; Group D: July 10, 2017; Group E: January 8, 2018.

(4) Franklin Resources, Inc. (One Franklin Parkway, San Mateo, CA 94403-1906, USA) informed the Company that its shareholding had gone above the threshold of 5% to 5.08% of the share capital of Dufry AG on July 26, 2013, due to a purchase transaction. Franklin Resources, Inc. is the parent company of Franklin Mutual Advisers, LLC (101 John F. Kennedy Parkway, Short Hills, NJ 07078, USA) and Franklin Templeton Investment Management Limited (5 Morrison Street, Edinburgh EH3 8BH, Scotland). Each of these subsidiaries has discretionary voting authority over shares of Dufry AG held by funds and separate accounts managed by such subsidiary and may be deemed as indirect shareholders. Participation had gone above 3% to 3.07% on June 3, 2013, due to a purchase transaction.

(5) Tarpon Gestora de Recursos S.A. (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011 Brazil) and Peninsula Participações S.A. (Avenida Brigadeiro Faria Lima, 2.055, 15th Floor, São Paulo, SP, 01452-000 Brazil), both as representative of a group of shareholders consisting of several Brazilian investment funds and hedge funds such as Tarpon Funds, Peninsula Funds, and Stanhore Trading International S.A. informed the Company that the shareholding by the group of shareholders had gone below the 5% threshold to 4.81% on December 17, 2013, as a result of a share capital increase by Dufry. Shares held by the group are held through:

   a) Various Tarpon Funds (Breckenridge Lane Investments, L.P. (855 2nd Street S.W., Suite 3500, Calgary, Alberta, T2P4J8 Canada); Tokenhouse Fund, LLC (2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 USA); TP Partners Public Equities Fund, L.P. (2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 USA); TP Partners Fund, L.P. (199 Bay Street, Suite 4000, Toronto Ontario, M5L1A9 Canada); Wahoo Atlanticus LLC (1209 Orange Street, Wilmington, Delaware, 19801 USA); Bluefin II Fundo de Investimento Multimercado (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); Tarpon Institucional Fundo de Investimento em Ações (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); Matrinxã Funda de Investimento Multimercado (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); FFB 1 Fundo de Investimento em Ações (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); Sul América Fundo de Investimento em Ações Luz (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); Fundo de Investimento em Ações Sul América

Governança I (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); Clube de Investimento Tarpon (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); Fundo de Investimento de Ações Tarpon CFJ (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil); Fundo de Investimento de Ações Cinco Cinco (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil)), which are investment funds discretionarily managed by Tarpon Gestora de Recursos S.A. as investment advisor. Tarpon Gestora de Recursos S.A. is a wholly-owned subsidiary of Tarpon Investimentos S.A. (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451 Brazil), a Brazilian publicly listed company, controlled by the following individuals: José Carlos Reis de Magalhães Neto, Pedro de Andrade Faria, Eduardo Silveira Mufarej, Fernando Shayer, Marcelo Gulmarães Lopo Lima, José Alexandre Carneiro Borges, Miguel Gomes Ferreira, Antonio Augusto Torres de Bastos Filho and Philip Vincent Reade.

b) Peninsula Funds: Fundo de Investimento de Ações Santa Rita—Investimentos no Exterior (Avenida Brigadeiro Faria Lima, 4.440, 6th floor, São Paulo, SP, 04538-133 Brazil). Peninsula Participações S.A., Paic Participações Ltda. (Avenida Brigadeiro Faria Lima, 4.440, 6th floor, São Paulo, SP, 01452-000 Brazil) and Onyx 2006 Participações Ltda. (Avenida Brigadeiro Faria Lima, 4.440, 6th floor, São Paulo, SP, 01452-000 Brazil) are holders of Fundo de Investimento de Ações Santa Rita—Investimentos no Exterior. Peninsula Participações S.A. and Paic Participações Ltda. are controlled by the following individuals: Abilio Diniz, Ana Maria Falleiros dos Santos Diniz D'Avila, João Paulo Falleiros dos Santos Diniz, Pedro Paulo Falleiros dos Santos Diniz, Adriana Falleiros dos Santos Diniz, Rafaela Marchesi Diniz, Miguel Marchesi Diniz. Onyx 2006 Participações Ltda. is controlled by Rio Plate Empreendimentos e Participações Ltda. (Rio Plate Empreendimentos e Participações Ltda., Avenida Brigadeiro Faria Lima, 2.055, 15th floor, São Paulo, SP, 01452-000 Brazil), which is controlled by Abilio Diniz.

c) Stanhore Trading International S.A. (Ruta 8km, 17500, Local 002A, Del Edificio Beta 3, Montevideo, 91600 Uruguay) is controlled by Tarique Limited (Suite 9/3a, International Commercial Centre, Casemates Square, Gibraltar), Clownsvis B.V. (65 boulevard Grande-Duchesse Charlotte, 1331 Luxembourg, Grand Duchy of Luxembourg), Orca S.à.r.l. (65 boulevard Grande-Duchesse Charlotte, 1331 Luxembourg, Grand Duchy of Luxembourg) and Rio Plate Empreendimentos e Participações Ltda. (Avenida Brigadeiro Faria Lima, 2.055, 15th floor, São Paulo, SP, 01452-000 Brazil), which are directly and indirectly controlled by Mr. Abilio Diniz.

(6) T. Rowe Price Associates, Inc. (100 East Pratt Street, 21202 / Baltimore, MD, USA) informed the Company that its shareholding had gone above the threshold of 3% to 3.01% of the share capital of Dufry AG. T. Rowe Price Associates, Inc. serves as investment advisor to clients. As investment advisor, it makes all decisions regarding purchases and sales of shares of the Company owned by their clients.

(7) Dufry Financial Services B.V. issued Mandatory Convertible Notes ("MCN") convertible into 1,809,210 registered shares of Dufry AG on June 13, 2014; the mandatory conversion of the MCN to shares of Dufry AG is due to occur on June 18, 2015, with the possibility of optional conversion subject to certain conditions. The issue price was determined in a bookbuilding process, the shares will be listed at the SIX Swiss Exchange, and the advance subscription rights of shareholders have been excluded. Dufry AG is the 100% owner of Dufry International AG (Brunngässlein 12, 4052 Basel, Switzerland), which in turn is the 100% owner of Dufry Financial Services B.V. (Herikerbergweg 238, 1101 CM Amsterdam-Zuidoost, The Netherlands). Further, as of June 25, 2014, Dufry AG held 3,165 of its own shares.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Credit Facilities

The following is a brief description of our senior credit facilities (the "Senior Credit Facilities").

2011 Senior Term Loan Facility

On August 3, 2011, Dufry International AG, entered into an unsecured USD 1,000 million multicurrency term facility agreement (the "2011 Senior Term Loan Facility") with a group of financial institutions for the purpose of financing the acquisitions of the leading airport retailer in Argentina, airport retail operations in Uruguay, Ecuador, Armenia and Martinique, as well as a wholesale platform. Dufry International AG's obligations under the 2011 Senior Term Loan Facility are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry Holdings & Investments AG and the Hudson Group (HG), Inc. This facility bears interest, paid at periods selected by the borrower, at a floating rate (EURIBOR, in relation to any loan in Euro, or LIBOR, in relation to all other loans) plus a margin, which ranges from 1.50% to 3.00%, as determined by our leverage ratio for a particular interest period plus mandatory costs, if any and allows for prepayments. As of March 31, 2014, borrowings under the 2011 Senior Term Loan Facility were USD 993.8 million.

The amortizing 2011 Senior Term Loan Facility includes an amortization schedule with three repayments of USD 300 million, USD 300 million and USD 400 million due on August 3, 2014, 2015 and 2016, respectively. Loans may be denominated in USD, Euros, CHF or another currency approved by the agent at the borrower's election.

We are required to adhere to the following financial covenants (measured under the financial definitions set forth in the 2011 Senior Term Loan Facility): (i) a maximum ratio of total drawn debt to adjusted consolidated EBITDA ranging between 4.25:1 and 3.50:1; and (ii) a minimum ratio of adjusted consolidated EBITDA to total interest expense of 5.00:1. 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 each relevant period.

The 2011 Senior Term Loan Facility 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 requires 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 2011 Senior Term Loan Facility include, among other things, payment and covenant breaches, insolvency of the obligors and certain defaults in respect of other material financial indebtedness.

2012 Revolving Credit Facility

On October 8, 2012, Dufry International AG entered into an unsecured, multicurrency revolving credit facility agreement, as amended on June 25, 2013 (the "2012 Revolving Credit Facility"), with a group of financial institutions for an amount of CHF 650 million to replace an existing revolving credit facility for working capital and general corporate purposes. Dufry International AG's obligations under the 2012 Revolving Credit Facility are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry Holdings & Investments AG and the Hudson Group (HG), Inc. This facility bears interest, paid at periods selected by the borrower, at a floating rate (EURIBOR, in relation to any loan in Euro, or LIBOR, in relation to all loans in other currencies) plus a margin, which ranges from 1.25% to 2.25%, as determined by the credit rating of Dufry AG and allows for prepayments. Loans may be denominated in U.S. dollars, Euros, CHF or another currency approved by the agent at the borrower's election. As of March 31, 2014, borrowings under the 2012 Revolving

Credit Facility were CHF 100.0 million. The 2012 Revolving Credit Facility is available up to October 8, 2017.

We are required to adhere to the following financial covenants (measured under the financial definitions set forth in the 2012 Revolving Credit Facility): (i) a maximum ratio of total drawn debt to adjusted consolidated EBITDA ranging between 4.25:1 and 3.50:1 and (ii) a minimum ratio of adjusted consolidated EBITDA to total interest expense of 5.00:1. 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 each relevant period.

The 2012 Revolving Credit Facility also contains other terms, including 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 requires 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 2012 Revolving Credit Facility include, among other things, payment and covenant breaches, insolvency of the obligors and certain defaults in respect of other material financial indebtedness.

2013 Senior Term Loan Facility

On December 10, 2013, Dufry International AG entered into an unsecured, multicurrency term facility agreement (the "2013 Senior Term Loan Facility") with a group of financial institutions for up to an aggregate amount of EUR 500 million primarily for the purpose of (i) financing the acquisition of the remaining shares of Hellenic Duty Free Shops S.A. held by minority investors and (ii) financing or refinancing the Greek syndicated credit facility entered into in connection with such acquisition. The remaining proceeds of approximately EUR 25 million were used for working capital and general corporate purposes. Dufry International AG's obligations under the 2013 Senior Term Loan Facility are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry Holdings & Investments AG and the Hudson Group (HG), Inc. The facility bears interest, paid at periods selected by the borrower, at a floating rate (EURIBOR, in relation to any loan in Euro, or LIBOR, in relation to all loans in other currencies) plus a margin, which ranges from 1.50% to 2.50%, as determined by reference to the credit ratings of the parent company. As of March 31, 2014, borrowings under the 2013 Senior Term Loan Facility were EUR 489.4 million with a bullet maturity on December 10, 2018.

We are required to adhere to the following financial covenants (measured under the financial definitions set forth in the 2013 Senior Term Loan Facility): (i) a maximum ratio of total drawn debt to adjusted consolidated EBITDA ranging between 4.25:1 and 3.50:1; and (ii) a minimum ratio of adjusted consolidated EBITDA to total interest expense of 4.00:1. 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 each relevant period.

The 2013 Senior Term Loan Facility 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 2013 Senior Term Loan Facility include, among other things, payment and covenant breaches, insolvency of the obligors and certain defaults in respect of other material financial indebtedness.

Expected Refinancing

On June 3, 2014, Dufry International AG entered into an unsecured multicurrency term and revolving facilities agreement (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, with a group of financial institutions primarily for the purpose of (i) financing the acquisition of The Nuance Group AG, (ii) the repayment or prepayment of the existing debt of The Nuance Group AG, (iii) the repayment or prepayment of the 2011 Senior Term Loan Facility, the 2013 Senior Term Loan Facility and the 2012 Revolving Credit Facility (the "Existing Facilities") and (iv) the working capital and general corporate purposes of the Dufry Group. We currently expect to refinance the Existing Facilities in advance of the closing of the Acquisition. However, if this Offering and the Rights Offering are successful, we do not currently intend to draw on the bridge facility. The committed amount under the bridge facility will be reduced by the net proceeds of this Offering and the Rights Offering. On June 13, 2014, the available commitment under the bridge facility was permanently cancelled, in accordance with the terms of the 2014 Facilities Agreement, in the amount of the net proceeds of the MCN offering (described below) being CHF 268,262,500.

Dufry International AG's obligations under the 2014 Facilities Agreement are irrevocably and unconditionally and jointly and severally guaranteed by Dufry 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 currency other than Euro, or EURIBOR, in relation to any loan in Euro) plus a margin. On the bridge facility the margin is determined by reference to a ratchet based on the period of the of the loan, varying from 1.25% to 3.50%. 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 bridge facility is available up to June 30, 2015. 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 3.50:1, unless, on or prior to September 30, 2014 less than CHF 600 million has been applied in prepayment and cancellation of the bridge facility, in which case the maximum ratio of total drawn debt to adjusted consolidated EBITDA shall range between 4.90:1 and 3.50:1 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.

Senior Unsecured Notes

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

Senior Notes due 2020

On October 26, 2012, Dufry Finance SCA, issued unsecured, publicly listed senior notes due on October 15, 2020 in an aggregate principal amount of USD 500 million (the "Senior Notes due 2020") for the purpose of refinancing existing debt. Dufry Finance SCA's obligation under the Senior Notes due 2020 are irrevocably and unconditionally and jointly and severally guaranteed by Dufry

International AG, Dufry Holdings & Investments AG and Hudson Group (HG), Inc. and Dufry AG. The notes bear interest, paid semi-annually in arrears, at a fixed rate of 5.50%, on April 15 and October 15 of each year.

The indenture governing the Senior Notes due 2020 also contains other terms, including affirmative and negative covenants that affect our ability, among other things, to incur indebtedness, pay dividends or make other distributions or repurchase or redeem our capital stock, make loans and investments, 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 Senior Notes due 2020 include, among other things, payment and covenant breaches and insolvency.

Other Subsidiary Indebtedness

In addition to borrowing under our senior credit facilities, certain of our subsidiaries have immaterial loan facilities or lines of credit available for working capital and general corporate purposes. Some of these facilities and lines of credit are guaranteed by the Guarantor or other of our subsidiaries and some are secured.

Nuance Senior Notes

As of March 31, 2014, Nuance had CHF 243.9 million of debt outstanding related to outstanding EUR 200 million Floating Rate Senior Secured Notes due 2019 (the "Nuance Notes"). The Nuance Notes were issued by Stampos B.V., a subsidiary of Nuance AG, and are guaranteed by Nuance AG and certain of its wholly-owned subsidiaries. The Nuance Notes are secured by first-priority security interests in the share capital in certain of the subsidiary guarantors and certain bank accounts of Nuance AG and certain of its subsidiaries (the "Collateral"). The indenture governing the Nuance Notes, among other things, limits the ability of Nuance AG and its subsidiaries to incur indebtedness, pay dividends or make other distributions, make certain other restricted payments and investments, incur liens, transfer or sell assets, impair security interests in the Collateral, consolidate, merge or sell all or substantially of its assets, and enter into certain transactions with affiliates. The indenture governing the Nuance Notes will require, following closing of the Acquisition, that an offer be made to repurchase to the Nuance Notes at a price of 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. Provision for the repayment of the Nuance Senior Notes was included in the purchase price under the Acquisition Agreement. Dufry expects to make such offer or otherwise repurchase the Nuance Notes following the closing of the Acquisition.

Expected New Guarantee Facility

We currently expect to enter into a new, unsecured guarantee facility to permit the issuance of guarantees up to an amount of approximately CHF 350 million. We expect, on the closing of the Acquisition, to use this facility to replace guarantees currently issued under an existing Nuance guarantee facility. At March 31, 2014, guarantees amounting to CHF 274.4 million were outstanding under Nuance's guarantee facility. Any outstanding guarantees under this proposed facility could be treated as off-balance sheet items for purposes of Dufry's consolidated financial statements.

New Mandatory Convertible Notes

On June 13, 2014, Dufry Financial Services B.V. issued, pursuant to a separate offering, CHF 275 million 2% mandatory convertible notes due 2015, convertible (subject to adjustments in the conversion price) into 1,809,211 registered shares from the conditional capital or existing shares of Dufry AG. The MCNs are guaranteed on a subordinated basis by Dufry AG.

DESCRIPTION OF NOTES

The Issuer will issue €500 million aggregate principal amount of senior notes due 2022 denominated in euro (the "Notes") under an indenture (the "Indenture"), to be dated as of July , 2014, 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 Finance SCA, a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg ("Luxembourg"), having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B172144, acting by Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg, having a share capital of USD 16,200 (sixteen thousand and two hundred United States Dollars) and registered with the Luxembourg Trade and Companies under number B172120, 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 all existing and future Senior Indebtedness of the Issuer (including the 2020 Notes); and
- senior in right of payment to all existing and 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 structurally subordinated to all Indebtedness and other liabilities (including trade payables) of the Company's Subsidiaries (other than the Issuer and Subsidiaries that become Subsidiary Guarantors pursuant to the provisions described below under "—Note Guarantees");
- equal in right of payment with all existing and future Senior Indebtedness of the Company; and
- senior in right of payment to all existing and 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;
- equal in right of payment with all existing and future Senior Indebtedness of such Subsidiary Guarantor; and
- senior in right of payment to all existing and future Guarantor Subordinated Obligations of such Subsidiary Guarantor.

As of March 31, 2014, on a pro forma basis after giving effect to the Acquisition and this offering and the application of the use of proceeds therefrom, the Company's non-Guarantor subsidiaries would have approximately CHF 1,062.8 million of Indebtedness.

Principal, Maturity and Interest

The Notes will mature on , 2022. Each Note will bear interest at a rate of % per annum from , 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 , 2014. 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 €500 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"), subject to the limitations set forth under "—Certain Covenants—Limitation on Indebtedness." 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 and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "Paying Agent") for the Notes in Luxembourg which initially will be Société Générale Bank & Trust (the "Principal Paying Agent"). The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC, Council Directive 2014/48/EU, or any other directive implementing either of the foregoing directives (collectively, the "EU Savings Tax Directives"), or any law implementing, or complying with or introduced in order to conform to, such directives.

The Issuer will also maintain one or more registrars (each, a "Registrar"). 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 Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Issuer will release a notice of any change of Paying Agent, Registrar or transfer agent through the Company Announcements Office of the ISE or, to the extent and in the manner permitted by such rules, post any such notice on the official website of the Irish Stock Exchange (www.ise.ie).

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 withheld, deducted or imposed on a payment to an individual that are (y) required to be made pursuant to the EU Savings Tax Directives, or any law implementing or complying with, or introduced in order to conform to, the such directives, or (z) required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the EU Savings Tax Directives (including, but not limited to, the Agreement between the European Community and the Confederation of Switzerland dated as of 26th October 2004) or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;

(5) 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 August 24, 2011 (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);

(6) 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;

(7) 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;

(8) 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

(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 which 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 and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, 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 of the Notes or any Guarantee.

If the Issuer or any Guarantor, 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 the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth 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 solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor (if it is the applicable withholding agent) 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 each 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 to the payment of such Taxes, which Certificate shall have certified copies of Tax receipts evidencing payment by the Issuer or a 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 of 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

On the Issue Date, the Notes will be fully and unconditionally Guaranteed (collectively, the "Note Guarantees") on a senior basis by the Company and certain of the Company's Restricted Subsidiaries organized under the laws of Switzerland, the Netherlands and Delaware, each of which is an obligor of the New Credit Facilities. From and after the Issue Date, to the extent required by the covenant described under the heading "—Certain Covenants—Future Subsidiary Guarantors," the Company will cause each Subsidiary that guarantees payment by the Company of any Bank Indebtedness or Public Debt of the Company or its Subsidiaries in excess of the De Minimis Guaranteed Amount 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 Guarantor for all purposes under the Indenture. In addition, the Company may cause any Subsidiary that is not a Guarantor so to guarantee payment of the Notes 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. 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 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 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 Restricted 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 Restricted Subsidiary, if the Subsidiary Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

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

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

(6) 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 dissolving or otherwise ceasing to exist;

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

(8) upon the release or discharge of the Guarantee by such Subsidiary Guarantor of each of the 2020 Notes and the New Credit Facilities or, in the case of a Note Guarantee granted pursuant to the covenant described under the caption "—Certain Covenants—Future Subsidiary Guarantors," the Guarantee which resulted in the creation of such Note Guarantee, 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".

Mandatory Redemption

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

Special Mandatory Redemption

If the Acquisition has not been completed on or prior to the Longstop Date (as defined in, and extended as permitted under, the Share Purchase Agreement) or, prior to the Longstop Date, the Company certifies to the Trustee that the Share Purchase Agreement has been terminated (the "Special Mandatory Redemption Certificate"), the Issuer shall redeem the Notes (a "Special Mandatory Redemption") at 100% of the issue price of the Notes set forth on the cover page of this Offering Memorandum plus accrued and unpaid interest from the Issue Date to but not including the redemption date. The Longstop Date is currently December 3, 2014.

Notice of any Special Mandatory Redemption (any such notice a "Special Redemption Notice") will be mailed (or otherwise delivered in accordance with the applicable rules of Euroclear and Clearstream) to each Holder of Notes on the first Business Day following the date the Issuer becomes required to effect a Special Mandatory Redemption and will be given in accordance with applicable rules of the Irish Stock Exchange. The redemption date will be three Business Days after the mailing (or other delivery) of the Special Redemption Notice.

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   , 2017 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
2017	
2018	
2019	
2020	
2021 and thereafter	100.000%

In addition, the Indenture provides that at any time and from time to time on or prior , 2017, 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 , 2017, the Notes may also 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 , 2017 (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 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 , 2017 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   , 2017; 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 of the Notes (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 which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders of the Notes 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 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 or application of such laws, 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 any such 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, mailing 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 mails 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 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 Trustee the Notes accepted together with an Officer's Certificate 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 of 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, 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 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 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 Company are prohibited, by the terms of any Indebtedness, from purchasing the Notes, the Issuer and 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 Company do not obtain such a consent or repay such borrowings, the Issuer and Company would remain prohibited from purchasing the Notes. In such case, the Issuer or 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 or 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 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 or Company's then existing financial resources. There can be no assurance 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 Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Issuer will release a notice of any Change of Control through the Company Announcements Office of the ISE (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 Irish Stock Exchange (www.ise.ie).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 Restricted 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 Restricted 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 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 Trustee 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 Trustee 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 Trustee 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 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 Irish Stock Exchange and the rules of the Irish Stock Exchange so require, any such notice to the holders of the Notes shall also be released through the Company Announcements Office of the ISE or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (www.ise.ie) and, in connection with any redemption, the Issuer will notify the Irish Stock 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 from all three of the Rating Agencies (*provided* that if only two of the Rating Agencies continue to rate the Notes, then the Notes have been rated Investment Grade from two of the Rating Agencies), and (b) no Default or Event of Default has occurred and is continuing under the Indenture, then, beginning on that day (the "Termination Date"), subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this "Description of Notes" section of this Offering Memorandum (collectively, the "Terminated Covenants") will be terminated:

(i) "—Certain Covenants—Limitation on Indebtedness;"

(ii) "—Certain Covenants—Limitation on Restricted Payments;"

(iii) "—Certain Covenants—Future Subsidiary Guarantors;" and

(iv) clause (iii) of "—Certain Covenants—Merger and Consolidation."

Following any such termination of such covenants, any reference in the definitions of "Permitted Liens" and "Unrestricted Subsidiary" to the covenant described under "—Limitation on Indebtedness" or any provision thereof shall be construed as if such covenant remained in effect.

The Issuer will provide an Officer's Certificate to the Trustee promptly following the occurrence of the Termination Date. The Trustee shall have no obligation to independently determine or verify if such events have occurred or notify the Holders of any Terminated Covenants. The Trustee may provide a copy of such Officer's Certificate to any Holder of Notes upon request. There can be no assurance 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 Indebtedness

The Indenture will provide as follows:

(a) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness; *provided, however*, that the Company or any Restricted Subsidiary may Incur Indebtedness if on the date of the Incurrence of such Indebtedness, after giving effect to the Incurrence thereof, the Consolidated Coverage Ratio would be not less than 2.00:1.00.

(b) Notwithstanding the foregoing paragraph (a), the Company and its Restricted Subsidiaries may Incur the following Indebtedness:

(i) Indebtedness Incurred pursuant to any Credit Facility (including but not limited to in respect of letters of credit or bankers' acceptances issued or created thereunder) and Indebtedness Incurred other than pursuant to any Credit Facility, in a maximum principal amount at any time outstanding not exceeding in the aggregate the amount equal to the sum of CHF 900.0 million, *plus* $1,010.0 million, *plus* €500.0 million;

(ii) Indebtedness (A) of any Restricted Subsidiary to the Company or (B) of the Company or any Restricted Subsidiary to any Restricted Subsidiary; *provided*, that any subsequent issuance or transfer of any Capital Stock of any Restricted Subsidiary to which such Indebtedness is owed, or other event, that results in such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of such Indebtedness (except to the Company or a Restricted Subsidiary) will be deemed, in each case, an Incurrence of such Indebtedness by the issuer thereof not permitted by this clause (ii);

(iii) Indebtedness represented by the Notes issued on the Issue Date, any Indebtedness (other than the Indebtedness otherwise described in this paragraph (b)) outstanding on the Issue Date (including the 2020 Notes and the New Convertible Notes) and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iii) or paragraph (a) above;

(iv) Purchase Money Obligations and Capitalized Lease Obligations, and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of $100.0 million and 11.0% of Consolidated Net Tangible Assets;

(v) Indebtedness consisting of (A) accommodation guarantees or other trade credit to or for the benefit of Subsidiaries, customers and suppliers of the Company or any of its Restricted Subsidiaries in the ordinary course of business, (B) 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 (C) 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;

(vi) (A) Guarantees by the Company or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Company or any Restricted Subsidiary (other than any Indebtedness Incurred by the Company or such Restricted Subsidiary, as the case may be, in violation of the covenant described under "—Limitation on Indebtedness"), or (B) without limiting the covenant described under "—Limitation on Liens," Indebtedness of the Company or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary (other than any Indebtedness Incurred by the Company or such Restricted Subsidiary, as the case may be, in violation of the covenant described under "—Limitation on Indebtedness");

(vii) Indebtedness of the Company or any Restricted Subsidiary (A) 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, (B) arising from cash management activities (including but not limited to liability positions related to notional or other cash pooling activities), or (C) 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;

(viii) Indebtedness of the Company or any Restricted Subsidiary in respect of (A) 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), or (B) 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), or (C) Hedging Obligations, entered into for bona fide hedging purposes, or (D) Management Advances, or (E) the financing of insurance premiums in the ordinary course of business, or (F) netting, overdraft protection and other arrangements arising under standard business terms of any bank at which the Company or any Restricted Subsidiary maintains an overdraft, cash pooling or other similar facility or arrangement;

(ix) Indebtedness (A) of a Special Purpose Subsidiary secured by a Lien on all or part of the assets disposed of in, or otherwise Incurred in connection with, a Financing Disposition or (B) otherwise Incurred in connection with a Special Purpose Financing; provided that (1) such Indebtedness is not recourse to the Company or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings), (2) in the event such Indebtedness shall become recourse to the Company or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings), such Indebtedness will be deemed to be, and must be classified by the Company as, Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of this covenant for so long as such Indebtedness shall be so recourse; and (3) in the event that at any time thereafter such Indebtedness shall comply with the provisions of the preceding subclause (1), the Company may classify such Indebtedness in whole or in part as Incurred under this clause (b)(ix) of this covenant;

(x) Indebtedness of any Person that is assumed by the Company or any Restricted Subsidiary in connection with its acquisition of assets from such Person or any Affiliate thereof or is issued and outstanding on or prior to the date on which such Person was acquired by the Company or any Restricted Subsidiary or merged or consolidated with or into any Restricted Subsidiary (other than Indebtedness Incurred to finance, or otherwise Incurred in connection with, such acquisition); provided that on the date of such acquisition, merger or consolidation, after giving effect thereto, either (A) the Company could Incur at least $1.00 of additional Indebtedness pursuant to paragraph (a) above or (B) the Consolidated Coverage Ratio of the Company would equal or exceed the Consolidated Coverage Ratio of the Company immediately prior to giving effect thereto; and any Refinancing Indebtedness with respect to any such Indebtedness;

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

(xii) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of $125.0 million and 11.0% of Consolidated Net Tangible Assets.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this covenant) arising under any Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraph (b) above or is entitled to be incurred pursuant to paragraph (a) above, the Company, in its sole discretion, will be entitled to classify and later reclassify (based on the circumstances existing on the date of such reclassification) such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of such clauses in paragraphs (a) or (b) above (including in part under one such clause and in part under another such clause in paragraphs (a) or (b) above) (*provided* that all Indebtedness outstanding under the New Credit Facilities on the Issue Date will be treated as incurred on the Issue Date under clause (i) of paragraph (b) and may not be later reclassified); and (iii) the amount of any Indebtedness outstanding as of any date shall be (A) the accreted value thereof in the case of any Indebtedness issued with original discount and (B) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

(d) For purposes of determining compliance with any Dollar-denominated restriction on the Incurrence of Indebtedness denominated in a foreign currency, the Dollar-equivalent principal amount of such Indebtedness Incurred pursuant thereto will be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; *provided* that (x) the Dollar-equivalent principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date, (y) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being Incurred), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced *plus* (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing and (z) the Dollar-equivalent principal amount of Indebtedness denominated in a foreign currency and Incurred pursuant to the New Credit Facilities shall be calculated based on the relevant currency exchange rate in effect on, at the Company's option, (i) the Issue Date, (ii) any date on which any of the respective commitments under such Credit Facility shall be reallocated between or among facilities or subfacilities thereunder, or on which such rate is otherwise calculated for any purpose thereunder, or (iii) the date of such Incurrence. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

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 Restricted Payments.

The Indenture will provide as follows:

(a) The Company will not, and will not permit any Restricted Subsidiary, directly or indirectly, to (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any such payment in connection with any merger or consolidation to which the Company is a party) except (x) dividends or distributions payable by the Company or a Restricted Subsidiary solely in its Capital Stock (other than Disqualified Stock), (y) dividends or distributions payable by the Company or a Restricted Subsidiary to the Company or any Restricted Subsidiary and (z) dividends or distributions payable by a Restricted Subsidiary to holders of its Capital Stock (including dividends or distributions payable by any joint venture constituting a Restricted Subsidiary to the parties to that joint venture) on a *pro rata* basis or on a basis more favorable to the Company or a Restricted Subsidiary, in each case measured by value, (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company held by Persons other than the Company or a Restricted Subsidiary (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof), (iii) voluntarily purchase, repurchase, redeem, defease or otherwise voluntarily acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such acquisition or retirement) or (iv) make any Investment (other than a Permitted Investment) in any Person (any such dividend, distribution, purchase, repurchase, redemption, defeasance, other acquisition or retirement or Investment being herein referred to as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(1) a Default or Event of Default shall have occurred and be continuing (or would result therefrom);

(2) the Company could not Incur at least an additional $1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness;" or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be as determined in good faith by the Board of

Directors, whose determination shall be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Issue Date and then outstanding would exceed, without duplication, the sum of:

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) beginning on October 1, 2012 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements of the Company are available (or, in case such Consolidated Net Income shall be a negative number, 100% of such negative number);

(B) the aggregate Net Cash Proceeds and the fair value (as determined in good faith by the Board of Directors) of property or assets received (x) by the Company as capital contributions to the Company after October 1, 2012 or from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) after October 1, 2012 (other than Excluded Contributions) or (y) by the Company or any Restricted Subsidiary from the issuance and sale by the Company or any Restricted Subsidiary after October 1, 2012 of Indebtedness that shall have been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock), *plus* the amount of any cash and the fair value (as determined in good faith by the Board of Directors) of any property or assets, received by the Company or any Restricted Subsidiary upon such conversion or exchange, excluding, in each case the Net Cash Proceeds from the offering of New Convertible Notes and the Rights Offering;

(C) the aggregate amount equal to the net reduction in Investments in Unrestricted Subsidiaries resulting from (i) dividends, distributions, interest payments, return of capital, repayments of Investments or other transfers of assets to the Company or any Restricted Subsidiary from any Unrestricted Subsidiary, including dividends or other distributions related to dividends or other distributions made pursuant to clause (x) of the following paragraph (b), or (ii) the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of "Investment"), not to exceed in the case of any such Unrestricted Subsidiary the aggregate amount of Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary after the Issue Date; and

(D) in the case of any disposition or repayment of any Investment constituting a Restricted Payment (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), an amount in the aggregate equal to the lesser of the return of capital, repayment or other proceeds with respect to all such Investments received by the Company or a Restricted Subsidiary and the initial amount of all such Investments constituting Restricted Payments.

(b) The provisions of the foregoing paragraph (a) do not prohibit any of the following (each, a "*Permitted Payment*"):

(i) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Company or Subordinated Obligations made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent issuance or sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) or a substantially concurrent capital contribution to the Company, in each case other than Excluded Contributions; provided that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under clause (3)(B) of the preceding paragraph (a); any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations (w) made by exchange for, or out of the proceeds of the substantially concurrent issuance or sale of, Indebtedness of the Company or Refinancing Indebtedness Incurred in compliance with the covenant described under "—Limitation on Indebtedness," (x) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if the Company shall have complied with the covenant described under "—Change of Control" and, if required, purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing or repaying such Subordinated Obligations or (y) constituting Acquired Indebtedness;

(ii) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with the preceding paragraph (a);

(iii) Investments or other Restricted Payments in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions;

(iv) payments by the Company to (a) repurchase or otherwise acquire Capital Stock of the Company in the open market that is subsequently conveyed by the Company to Management Investors, such payments not to exceed an aggregate of CHF 60.0 million in any fiscal year and (b) to the extent such Capital Stock of the Company is not subsequently resold by such Management Investors in the open market, repurchase or otherwise acquire such Capital Stock of the Company from such Management Investors, such payments not to exceed an aggregate of CHF 30.0 million in any fiscal year;

(v) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed an amount (net of repayments of any such loans or advances) equal to the greater of $200.0 million and 22.0% of Consolidated Net Tangible Assets;

(vi) payments by the Company to holders of Capital Stock of the Company in lieu of issuance of fractional shares of such Capital Stock; dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(vii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—Limitation on Indebtedness" above; and

(viii) other Restricted Payments if, immediately after giving effect to such Restricted Payment (including the incurrence of any Indebtedness to finance such payment) as if it had occurred at the beginning of the most recently ended four full fiscal quarters for which consolidated financial statements of the Company are available, the Consolidated Total Leverage Ratio would have been less than or equal to 3.25:1.00;

provided, that (A) in the case of clauses (ii), (iv) and (viii), the net amount of any such Permitted Payment shall be included in subsequent calculations of the amount of Restricted Payments, (B) in all cases other than those described in the foregoing clause (A), the net amount of any such Permitted Payment shall be excluded in subsequent calculations of the amount of Restricted Payments and (C) solely with respect to clauses (iv), (v) and (viii), no Default or Event of Default shall have occurred or be continuing at the time of any such Permitted Payment after giving effect thereto.

For purposes of determining compliance with this covenant, in the event that a proposed Restricted Payment (or a portion thereof) meets the criteria of clauses (i) through (viii) above or is entitled to be made pursuant to paragraph (a) above, the Company will be entitled to classify and later reclassify (based on the circumstances existing on the date of such reclassification) such Restricted Payment (or portion thereof) among such clauses (i) through (viii) above and paragraph (a) above in a manner that otherwise complies with this covenant.

Limitation on Liens

The Indenture will provide that the Company shall not, and shall not permit any Restricted 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 Indebtedness (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 the Company's or any Restricted Subsidiary's (other than the Issuer's) property or assets, any Note Guarantee by the Company or such Restricted Subsidiary, 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, (ii) in the case of any such Lien in favor of any such Subsidiary Note Guarantee, upon the termination and discharge of such Subsidiary Note Guarantee in accordance with the terms of the Indenture or (iii) 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 not an Affiliate of the Company of the property or assets secured by such Initial Lien, or of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Initial Lien.

Future Subsidiary Guarantors

The Indenture will provide that from and after the Issue Date the Company will cause each Restricted Subsidiary that guarantees payment by the Company or its Restricted Subsidiaries of any Bank Indebtedness or Public Debt of the Company or any of its Restricted Subsidiaries in excess of the De Minimis Guaranteed Amount to execute and deliver to the Trustee a supplemental indenture or other instrument pursuant to which such Restricted Subsidiary will guarantee payment of the Notes, whereupon such Restricted Subsidiary will become a Subsidiary Guarantor for all purposes under the Indenture. The Company will also have the right to cause any other Subsidiary so 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 Restricted Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted 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 assumption, Guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary's Note Guarantee at least to the same extent as such Indebtedness is subordinated to the Notes or any other senior Guarantee;

(4) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the employees, officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted 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 Restricted 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.

Designation of Restricted and Unrestricted Subsidiaries

At the time the Notes are originally issued, all of the Subsidiaries of the Company will be Restricted Subsidiaries.

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, 2014) (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 will be provided only 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, 2014) (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, 2013 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, 2014) (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, 2014 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 the 2020 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 the 2020 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.

In addition, if the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a presentation of the Company and its Restricted Subsidiaries as a percentage of the Company's consolidated revenue, consolidated EBITDA and consolidated total assets (excluding intercompany receivables among the Company and its Restricted Subsidiaries).

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.

In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

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 Irish Stock Exchange and the rules of the Irish Stock Exchange so require, at the Company Announcements Office of the ISE or, to the extent and in the manner permitted by such rules, post such reports on the official website of the Irish Stock Exchange (www.ise.ie).

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 second 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 European Union 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 (and treating any Indebtedness that becomes an obligation of the Successor Company or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(iii) immediately after giving effect to such transaction, either (A) the Successor Company could Incur at least $1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness," or (B) the Consolidated Coverage Ratio of the Company (or, if applicable, the Successor Company with respect thereto) would equal or exceed the Consolidated Coverage Ratio of the Company immediately prior to giving effect to such transaction;

(iv) 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

(v) 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 clauses (ii) and (iii) 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.

Clauses (ii) and (iii) will not apply to any transaction in which (1) any Restricted 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 Restricted Subsidiary of the Company so long as all assets of the Company and the Restricted Subsidiaries immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by such Restricted Subsidiary and its Restricted 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 Irish Stock 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 Global Exchange Market of the Irish Stock 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, 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 Company to comply with its obligations under the covenant described under "—Certain Covenants—Merger and Consolidation" above;

(iv) the failure by the Issuer or 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 Restricted 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 $50.0 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 Restricted 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 $50.0 million or its foreign currency equivalent against the Company or a Significant Subsidiary, or jointly and severally against other Restricted 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 10 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 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 is known to a responsible officer of the Trustee, 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 mail 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.

Articles 86 to 94-8 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, do not apply to the Notes.

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 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), (iv) and (v) 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), (iv) and (v) under "—Certain Covenants—Merger and Consolidation" above.

Either defeasance option may be exercised to any redemption date or to the maturity date for 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 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 Internal Revenue Service or other change in applicable 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. The waiver may not be effective to waive liabilities under the federal securities laws.

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, which 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 Irish Stock Exchange for the Notes to be admitted to the official list and to trading on the Global Exchange Market of the Irish Stock Exchange. There can be no assurance that the application to list the Notes on the Irish Stock Exchange and to admit the Notes on the Global Exchange Market 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 Irish Stock Exchange and the rules of the Irish Stock 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 Dufry America Services Inc. at 10300 NW 19th Street, Suite 114, Miami, Florida 33172, United States 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

"*2020 Notes*" means the Issuer's Senior Notes due 2020, issued pursuant to the 2020 Indenture on October 26, 2012.

"*Acquired Business*" means the Target together with its Subsidiaries.

"*Acquired Indebtedness*" means Indebtedness of a Person (i) existing at the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"*Acquisition*" means the acquisition of all of the equity interests of the Acquired Business pursuant to the Share Purchase Agreement.

"*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 Restricted 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, Luxembourg, New York City, Dublin 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 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.

"*Cash Equivalents*" means any of the following: (a) securities issued or fully guaranteed or insured by the United States of America, a member state of the European Union, Switzerland, Brazil, Uruguay or Argentina or any agency or instrumentality of any thereof, (b) time deposits, certificates of deposit or bankers' acceptances of (i) any lender under the 2011 Senior Credit Agreement or any affiliate thereof or (ii) any commercial bank having capital and surplus in excess of $500,000,000 and the commercial paper of the holding company of which is rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (c) money market instruments, commercial paper or other short-term obligations rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (d) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act of 1940, as amended, and (e) investments similar to any of the foregoing denominated in foreign currencies approved by the Board of Directors.

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

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended.

"*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 Coverage Ratio*" as of any date of determination means the ratio of (i) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Company are available to (ii) Consolidated Interest Expense for such four fiscal quarters; *provided* that

(1) if since the beginning of such period the Company or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation),

(2) if since the beginning of such period the Company or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on such date of determination (each, a "*Discharge*") or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a Discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such Discharge had occurred on the first day of such period,

(3) if since the beginning of such period the Company or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business (any such disposition, a "*Sale*"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to (A) the Consolidated Interest Expense attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Sale for such period (including but not limited to through the

assumption of such Indebtedness by another Person) plus (B) if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale; provided that if such Sale constitutes "*discontinued operations*" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period,

(4) if since the beginning of such period the Company or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder (any such Investment or acquisition, a "*Purchase*"), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period, and

(5) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Company or any Restricted Subsidiary, and since the beginning of such period such Person shall have Discharged any Indebtedness or made any Sale or Purchase that would have required an adjustment pursuant to clause (2), (3) or (4) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Discharge, Sale or Purchase occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the pro forma calculations in respect thereof (including without limitation in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction which cost savings or synergies shall consist solely of operating expense reductions and other operating improvements or synergies reasonably expected to result from such Sale, Purchase or other transaction to the extent reasonably anticipated to be realized and supportable in the good faith judgment of the Company and actions necessary for realization thereof have been taken or are to be taken within 12 months of the applicable Sale, Purchase or other transaction and to the extent such actions shall not have been taken within such period, such cost savings and synergies shall not be given further effect) shall be as determined in good faith by the Chief Financial Officer or an authorized Officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness). If any Indebtedness bears, at the option of the Company or a Restricted Subsidiary, a rate of interest based on a prime or similar rate, a eurocurrency interbank offered rate or other fixed or floating rate, and such Indebtedness is being given pro forma effect, the interest expense on such Indebtedness shall be calculated by applying such optional rate as the Company or such Restricted Subsidiary may designate. If any Indebtedness that is being given pro forma effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate determined in good faith by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"*Consolidated EBITDA*" means, for any period, the Consolidated Net Income for such period (a) plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication: (i) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital, (ii) Consolidated Interest Expense and any Special Purpose Financing Fees, (iii) depreciation, amortization (including but not limited to amortization of goodwill and intangibles and amortization and write-off of financing costs), impairment charge, asset write-off or write-down and all other non-cash charges or non-cash losses, (iv) the amount of any minority interest expense, (v) the amount of any restructuring charge or reserve or integration cost that is certified by the chief financial officer of the Company and deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions after the Issue Date and costs related to the closure and/or consolidation of facilities, (vi) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (b) below for any previous period and not added back, (vii) rent expense as determined in accordance with IFRS not actually paid in cash during such period (net of rent expense paid in cash during such period over and above rent expense as determined in accordance with IFRS), (viii) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and its Restricted Subsidiaries, (ix) net realized losses from Hedging Obligations or embedded derivatives that require similar accounting treatment, including net realized losses resulting from the unwinding thereof, and (x) the amount of any loss attributable to a new store, distribution center or facility until the date that is 12 months after the date of commencement of construction or the date of acquisition or launch thereof, as the case may be; *provided* that (A) such losses are reasonably identifiable and factually supportable and certified by a responsible officer of the Company and (B) losses attributable to such new store, distribution center or facility after 12 months from the date of commencement of construction or the date of acquisition of such store, distribution center or facility, as the case may be, shall not be included in this clause (x); (b) decreased (without duplication) by: (I) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period, (II) realized foreign exchange income or gains resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and its Restricted Subsidiaries, (III) any net realized income or gains from Hedging Obligations or embedded derivatives that require similar accounting treatment, and (IV) rent expense actually paid in cash during such period (net of rent expense paid in cash during such period in an amount equal to rent expense determined in accordance with IFRS).

"*Consolidated Interest Expense*" means, for any period, (i) the total interest expense of the Company and its Restricted Subsidiaries to the extent deducted in calculating Consolidated Net Income, net of any interest income of the Company and its Restricted Subsidiaries, including without limitation any such interest expense consisting of (a) interest expense attributable to Capitalized Lease Obligations, (b) amortization of debt discount, (c) interest in respect of Indebtedness of any other Person that has been Guaranteed by the Company or any Restricted Subsidiary or secured by a Lien on assets of the Company or any Restricted Subsidiary, (d) non-cash interest expense, (e) the interest portion of any deferred payment obligation and (f) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, *plus* (ii) Preferred Stock dividends paid in cash in respect of Disqualified Stock of the Company held by Persons other than the Company or a Restricted Subsidiary and minus (iii) to the extent otherwise included in such interest expense referred to in clause (i) above, amortization or write-off of financing costs, in each case under clauses (i) through (iii) as determined on a Consolidated basis in accordance with IFRS; *provided* that gross interest expense shall be determined after giving effect to any net payments made or received by the Company and its Restricted Subsidiaries with respect to Interest Rate Agreements.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries, determined on a consolidated basis in accordance with IFRS and before any reduction in respect of Preferred Stock dividends; *provided* that there shall not be included in such Consolidated Net Income:

(i) any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that (A) subject to the limitations contained in clause (iii) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (ii) below) and (B) the Company's equity in the net loss of such Person shall be included to the extent of the aggregate Investment of the Company or any of its Restricted Subsidiaries in such Person,

(ii) solely for purposes of determining the amount available for Restricted Payments under clause (a)(3)(A) of the covenant described under "—Certain Covenants—Limitation on Restricted Payments," any net income (loss) of any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of similar distributions by such Restricted Subsidiary, directly or indirectly, to the Company by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its stockholders (other than (x) restrictions that have been waived or otherwise released, (y) restrictions pursuant to the Notes, the Indenture, the 2020 Notes, the 2020 Indenture or the New Credit Facilities (in each case including any documents entered into in connection therewith) and (z) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole are not materially less favorable to the Holders than such restrictions in effect on the Issue Date), except that (A) subject to the limitations contained in clause (iii) below, the Company's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause) and (B) the net loss of such Restricted Subsidiary shall be included to the extent of the aggregate Investment of the Company or any of its other Restricted Subsidiaries in such Restricted Subsidiary,

(iii) any gain or loss realized upon the sale or other disposition of any asset of the Company or any Restricted Subsidiary (including pursuant to any sale/leaseback transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors),

(iv) any item classified as an extraordinary, unusual or nonrecurring gain, loss or charge (including fees, expenses and charges associated with any acquisition, merger or consolidation after the Issue Date),

(v) the cumulative effect of a change in accounting principles,

(vi) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness,

(vii) any unrealized gains or losses in respect of Currency Agreements,

(viii) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person,

(ix) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards,

(x) to the extent otherwise included in Consolidated Net Income, any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary,

(xi) any non-cash charge, expense or other impact attributable to application of the purchase method of accounting (including the total amount of depreciation and amortization, cost of sales or other non-cash expense resulting from the write-up of assets to the extent resulting from such purchase accounting adjustments),

(xii) any impairment charge, asset write-off or write-down, in each case, pursuant to IFRS and the amortization of intangibles and other assets arising pursuant to IFRS,

(xiii) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring costs incurred during such period as a result of any such transaction, and

(xiv) to the extent covered by insurance and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses and expenses with respect to liability or casualty events or business interruption.

In the case of any unusual or nonrecurring gain, loss or charge not included in Consolidated Net Income pursuant to clause (iv) above in any determination thereof, the Company will deliver an Officer's Certificate to the Trustee promptly after the date on which Consolidated Net Income is so determined, setting forth the nature and amount of such unusual or nonrecurring gain, loss or charge. Notwithstanding the foregoing, for the purpose of clause (a)(3)(A) of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" only, there shall be excluded from Consolidated Net Income, without duplication, any income consisting of dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Company or a Restricted Subsidiary, and any income consisting of return of capital, repayment or other proceeds from dispositions or repayments of Investments consisting of Restricted Payments, in each case to the extent such income would be included in Consolidated Net Income and such related dividends, repayments, transfers, return of capital or other proceeds are applied by the Company to increase the amount of Restricted Payments permitted under such covenant pursuant to clause (a)(3)(C) or (D) thereof.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total assets less the sum of intangible assets and current liabilities (excluding the current portion of long-term Indebtedness) in each case reflected on the consolidated balance sheet of the Company and its Restricted 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 (and, in the case of any determination relating to any Incurrence of Indebtedness or any Investment, on a pro forma basis including any property or assets being acquired in connection therewith).

"*Consolidated Total Indebtedness*" means, as of any date of determination, an amount equal to the aggregate amount of all outstanding Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, Capitalized Lease Obligations and debt obligations evidenced by bonds, notes, debentures or similar instruments, as determined and calculated in accordance with IFRS.

"*Consolidated Total Leverage Ratio*" means, as of any date of determination, the ratio of (a) Consolidated Total Indebtedness less cash and Cash Equivalents to (b) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Company are available, in each case with such pro forma adjustments to Consolidated Total Indebtedness and Consolidated EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "*Consolidated Coverage Ratio.*"

"*Consolidation*" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Company in accordance with IFRS; *provided* that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"*Credit Facilities*" means one or more of the New Credit Facilities and any other facilities or arrangements designated by the Company, in each case with one or more banks or other 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, lenders or institutions or other banks, 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 Indebtedness or Public Debt that does not exceed $30.0 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 (other than Management 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.

"*Domestic Subsidiary*" means any Restricted Subsidiary of the Company other than a Foreign Subsidiary.

"*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 Securities Exchange Act of 1934, as amended.

"*Excluded Contribution*" means Net Cash Proceeds, or the Fair Market Value of property or assets, received by the Company as capital contributions to the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Company, in each case to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company and not previously included in the calculation set forth in clause (a)(3)(B)(x) of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" for purposes of determining whether a Restricted Payment may be made.

"*Fair Market Value*" means, with respect to any asset or property, the fair market value of such asset or property as determined in good faith by the Board of Directors, whose determination will be conclusive.

"*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.

"*Fitch*" means Fitch Ratings or any of its successors or assigns.

"*Foreign Subsidiary*" means (a) any Restricted Subsidiary of the Company that is not organized under the laws of the United States of America or any state thereof or the District of Columbia and (b) any Restricted Subsidiary of the Company that has no material assets other than securities or Indebtedness of one or more Foreign Subsidiaries (or Subsidiaries thereof), and other assets relating to an ownership interest in any such securities, Indebtedness or Subsidiaries.

"*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 Restricted 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 (whether outstanding on the Issue Date or thereafter Incurred) 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 in effect on the Issue Date.

"*Incur*" means issue, assume, enter into any Guarantee of, incur or otherwise become liable for; and the terms "*Incurs,*" "*Incurred*" and "*Incurrence*" shall have a correlative meaning; *provided* that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness will not be deemed to be an Incurrence of Indebtedness. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed Incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(i) the principal of indebtedness of such Person for borrowed money,

(ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,

(iii) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit, bankers' acceptances or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed),

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property (except Trade Payables), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto,

(v) all Capitalized Lease Obligations of such Person,

(vi) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Company other than the Issuer or a Subsidiary Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such Capital Stock, such fair market value shall be as determined in good faith by the Board of Directors or the board of directors or other governing body of the issuer of such Capital Stock),

(vii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (B) the amount of such Indebtedness of such other Persons,

(viii) all Guarantees by such Person of Indebtedness of other Persons, to the extent so Guaranteed by such Person, and

(ix) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any date under clauses (i), (ii), (iv) and (v) above shall equal the amount thereof that would appear as a liability on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with IFRS.

"*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*" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, airport authorities or other grantors of concessions for retail operations, landlords, dealers, licensees, franchisees, suppliers, service providers, directors, officers or employees of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others, other than to customers, airport authorities or other grantors of concessions for retail operations, landlords, dealers, licensees, franchisees, suppliers, service providers, directors, officers or employees of any Person in the ordinary course of business) to, or any purchase (other than to customers, airport authorities or other grantors of concessions for retail operations, landlords, dealers, licensees, franchisees, suppliers, service providers, directors, officers or employees of any Person in the ordinary course of business) or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of "*Unrestricted Subsidiary*" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments" only, (i) "*Investment*" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary, provided that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "*Investment*" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Company's "*Investment*" in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation, and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer. Guarantees shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment; *provided* that to the extent that the amount of Restricted Payments outstanding at any time pursuant to paragraph (a) of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to paragraph (a) of the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

"*Investment Grade*" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's), a rating of BBB− or better by S&P (or its equivalent under any successor rating category of S&P) and a rating of BBB or better by Fitch (or its equivalent under any successor rating category of Fitch), 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.

"*Liabilities*" means, collectively, any and all claims, obligations, liabilities, causes of actions, actions, suits, proceedings, investigations, judgments, decrees, losses, damages, fees, costs and expenses (including without limitation interest, penalties and fees and disbursements of attorneys, accountants, investment bankers and other professional advisors), in each case whether incurred, arising or existing with respect to third parties or otherwise at any time or from time to time.

"*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 Restricted 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.

"*Management Investors*" means the officers, directors, employees and other members of the management of the Company or any of their respective Subsidiaries, or family members or relatives thereof, or trusts, partnerships or limited liability companies for the benefit of any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company.

"*Management Stock*" means Capital Stock of the Company (including any options, warrants or other rights in respect thereof) held by any of the Management Investors.

"*Material Acquisitions*" means any acquisition that meets the conditions of a "significant subsidiary" under Rule 1-02(w) of Regulation S-X at the 30% level.

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

"*Net Cash Proceeds,*" with respect to any issuance or sale of any securities of the Company or any Subsidiary by the Company or any Subsidiary, or any capital contribution, means the cash proceeds of such issuance, sale or contribution net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale or contribution and net of taxes paid or payable as a result thereof.

"*New Convertible Notes*" means the Issuer's 2.00% mandatory convertible notes due 2015, convertible into registered shares from the conditional capital or existing shares of the Company, issued on June 13, 2014.

"*New 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 New Credit Agreement or other credit agreements or otherwise).

"*New Credit Facilities*" means the collective reference to the New 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 New 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 "New Credit Facility" 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.

"*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 Restricted 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 Investment*" means an Investment by the Company or any Restricted Subsidiary in, or consisting of, any of the following:

(i) a Restricted Subsidiary, the Company, or a Person that will, upon the making of such Investment, become a Restricted Subsidiary;

(ii) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(iii) Temporary Cash Investments or Cash Equivalents;

(iv) receivables (including but not limited to credit and debit card receivables) owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business;

(v) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets;

(vi) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or of other claims asserted by, the Company or any Restricted

Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person;

(vii) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date;

(viii) Currency Agreements, Interest Rate Agreements, Commodities Agreements and related Hedging Obligations, which obligations are Incurred in compliance with the covenant described under "—Certain Covenants—Limitation on Indebtedness;"

(ix) pledges or deposits (x) provided to third parties in the ordinary course of business with respect to concessions for retail operations, licenses, leases or utilities or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Limitation on Liens;"

(x) (1) Investments in or by any Special Purpose Subsidiary, or in connection with a Financing Disposition by or to or in favor of any Special Purpose Entity, including Investments of funds held in accounts permitted or required by the arrangements governing such Financing Disposition or any related Indebtedness, or (2) any promissory note issued by the Company;

(xi) bonds secured by assets leased to and operated by the Company or any Restricted Subsidiary that were issued in connection with the financing of such assets so long as the Company or any Restricted Subsidiary may obtain title to such assets at any time by paying a nominal fee, canceling such bonds and terminating the transaction;

(xii) any Notes;

(xiii) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) as consideration;

(xiv) Management Advances;

(xv) to the extent constituting an Investment, extensions of credit to or for the benefit of Subsidiaries, customers and suppliers of the Company or any of its Restricted Subsidiaries in the ordinary course of business; 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; 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; performance guarantees, guarantee deposits or other forms of Investments 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 in the ordinary course of business; letters of credit or other guarantees issued to, or for the benefit of, customs authorities in the ordinary course of business; and Indebtedness incurred in compliance with clause (xi) of the covenant described under "—Certain Covenants—Limitation on Indebtedness;"

(xvi) Investments in Related Businesses in an aggregate amount outstanding at any time not to exceed the greater of $180.0 million and 22.0% of Consolidated Net Tangible Assets;

(xvii) other Investments in an aggregate amount outstanding at any time not to exceed the greater of $120.0 million and 11.0% of Consolidated Net Tangible Assets; and

(xviii) other Investments if, immediately after giving effect to such Investment (including the incurrence of any Indebtedness to finance such Investment) as if it had occurred at the beginning of the most recently ended four full fiscal quarters for which consolidated financial statements of the Company are available, the Consolidated Total Leverage Ratio would have been less than or equal to 3.25:1.00.

If any Investment pursuant to clause (xvi) or (xvii) above is made in any Person that is not a Restricted Subsidiary and such Person thereafter becomes a Restricted Subsidiary, such Investment shall thereafter be deemed to have been made pursuant to clause (i) above and not clause (xvi) or (xvii) above for so long as such Person continues to be a Restricted Subsidiary.

"*Permitted Liens*" means:

(i) Liens for Taxes not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Company and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or a Subsidiary thereof, as the case may be, in accordance with IFRS;

(ii) carriers', vendors', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings;

(iii) pledges, deposits or Liens in connection with workers' compensation, unemployment insurance and other social security and other similar legislation or other insurance-related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(iv) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, or for the payment of rent, and other obligations of a like nature incurred in the ordinary course of business;

(v) survey exceptions, easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Company and its Subsidiaries, taken as a whole;

(vi) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or (in the case of any such Liens securing Indebtedness of the Company or any of its Subsidiaries existing or arising under written arrangements existing on the Issue Date) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is 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 such written arrangements could secure) the original Indebtedness;

(vii) (1) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar agreements relating thereto and (2) any condemnation or eminent domain proceedings affecting any real property;

(viii) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Hedging Obligations, Purchase Money Obligations or Capitalized Lease Obligations

Incurred in compliance with the covenant described under "—Certain Covenants—Limitation on Indebtedness";

(ix) Liens arising out of judgments, decrees, orders or awards in respect of which the Company shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;

(x) leases, subleases, licenses or sublicenses of property, including intellectual property, to third parties;

(xi) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of (1) Indebtedness Incurred in compliance with clause (b)(iv), (b)(v), (b)(vii), (b)(viii), (b)(ix) or (b)(xii) of the covenant described under "—Certain Covenants—Limitation on Indebtedness," or clause (b)(iii) thereof (other than the Notes, the 2020 Notes and Refinancing Indebtedness Incurred in respect of Indebtedness described in paragraph (a) thereof), (2) Indebtedness Incurred in compliance with clause (b)(i) of the covenant described under "—Certain Covenants—Limitation on Indebtedness" in an aggregate principal amount not to exceed CHF 900.0 million, (3) the Notes, (4) Indebtedness of any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor, (5) Indebtedness or other obligations of any Special Purpose Entity, or (6) obligations in respect of Management Advances; in each case including Liens securing any Guarantee of any thereof;

(xii) 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 Restricted Subsidiary acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted 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;

(xiii) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(xiv) any encumbrance or restriction (including, but not limited to, put and call agreements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(xv) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, provided that any such new Lien is 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 the original Lien arose, could secure) the obligations to which such Liens relate;

(xvi) 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 Restricted Subsidiary (other than Liens on property or assets of the Issuer, the Company or any Subsidiary Guarantor in favor of any Restricted 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) arising in connection with repurchase agreements permitted under the covenant described under "—Certain Covenants—Limitation on Indebtedness," on assets that are the subject of such repurchase agreements, (11) in favor of any Special Purpose Entity in connection with any Financing Disposition, (12) 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, (13) on assets pursuant to merger agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets, (14) 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 (15) 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; and

(xvii) other Liens securing obligations incurred in the ordinary course of business, which obligations do not exceed $100.0 million at any time outstanding.

"*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 consisting of bonds, debentures, notes or other similar debt securities that are capable of being listed, quoted or traded on an organized securities exchange or similar trading platform.

"*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, S&P and Fitch or, if Moody's, S&P or Fitch or all 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, S&P or Fitch or all of them, as the case may be.

"*Receivable*" means a right to receive payment pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with IFRS.

"*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.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary that is Incurred to refinance any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture including Indebtedness that refinances Refinancing Indebtedness; provided that (1) if the Indebtedness being refinanced is Subordinated Obligations or Guarantor Subordinated Obligations, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the final Stated Maturity of the Indebtedness being refinanced (or if shorter, the Notes), (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness and (3) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor that refinances Indebtedness of the Company, the Issuer or a Subsidiary Guarantor that could not have been initially Incurred by such Restricted Subsidiary pursuant to the covenant described under "—Certain Covenants—Limitation on Indebtedness" or (y) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"*Related Business*" means those businesses in which the Company or any of its Subsidiaries is engaged on the date of the Indenture, or that are similar, related, complementary, incidental or ancillary thereto or extensions, developments or expansions thereof.

"*Restricted Payment Transaction*" means any Restricted Payment permitted pursuant to the covenant described under "—Certain Covenants—Limitation on Restricted Payments," any Permitted Payment, any Permitted Investment, or any transaction specifically excluded from the definition of the term "*Restricted Payment*" (including pursuant to the exception contained in clause (i) and the parenthetical exclusions contained in clauses (ii) and (iii) of such definition).

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Rights Offering*" means the offering of up to 5,453,832 of the Company's registered shares with a nominal value of CHF 5.00 each, made pursuant to that offering circular dated June 26, 2014.

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

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

"*Share Purchase Agreement*" means the definitive share purchase agreement, dated as of June 3, 2014, in relation to the Acquisition as amended from time to time.

"*Significant Subsidiary*" means any Restricted 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 Restricted Subsidiary that have been transferred to a Special Purpose Entity or made subject to a Lien in a Financing Disposition.

"*Special Purpose Financing Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Special Purpose Financing.

"*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 Restricted 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 Restricted 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 Restricted 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) and other accounts and 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 Restricted Subsidiary of the Company on the Issue Date or after the Issue Date pursuant to the covenant described under "—Certain Covenants—Future Subsidiary Guarantors." As used in the Indenture, "Subsidiary Note Guarantee" refers to a Subsidiary Note Guarantee of the Notes.

"*Subsidiary Guarantor*" means any Restricted Subsidiary of the Company that enters into a Subsidiary Note Guarantee. As used in the Indenture, "Subsidiary Guarantor" refers to a Subsidiary Guarantor of the Notes.

"*Successor Company*" shall have the meaning assigned thereto in clause (i) under "—Merger and Consolidation."

"*Target*" means The Nuance Group AG.

"*Tax*" means any tax, duty, import, assessment or other governmental charge (including penalties, interest and any additions thereto, and, for the avoidance of doubt, including any withholding or reduction for or on account thereof). "Taxes" shall be construed to have the corresponding meaning.

"*Temporary Cash Investments*" means any of the following: (i) any investment in (x) direct obligations of the United States of America, a member state of the European Union, Switzerland, Brazil, Uruguay, Argentina or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any thereof or obligations Guaranteed by the United States of America, a member state of the European Union, Switzerland or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any of the foregoing, or obligations guaranteed by any of the foregoing or (y) direct obligations of any foreign country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (ii) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by (x) any bank or other institutional lender under a Credit Facility or any affiliate thereof or (y) a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital and surplus aggregating in excess of $250.0 million (or the foreign currency equivalent thereof) and whose long term debt is rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization) at the time such Investment is made, (iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than that of the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (v) Investments in securities maturing not more than one year after the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vi) Preferred Stock (other than of the Company or any of its Subsidiaries) having a rating of "A" or higher by S&P or "A2" or higher by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vii) investment funds investing 95% of their assets in securities of the type described in clauses (i)-(vi) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution), (viii) any money market deposit accounts issued or offered by a domestic commercial bank or a commercial bank organized and located in a country recognized by the United States of America, in each case, having capital and surplus in excess of $250.0 million (or the foreign currency equivalent thereof), or investments in money market funds subject to the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the Investment Company Act of 1940, as amended, and (ix) similar investments approved by the Board of Directors in the ordinary course of business.

"*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.

"*Unrestricted Subsidiary*" means (i) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company but excluding the Issuer) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Restricted Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; *provided* that (A) such designation was made at or prior to the Issue Date, or (B) the Subsidiary to be so designated has total consolidated assets of $1,000 or less, or (C) if such Subsidiary has consolidated assets greater than $1,000, then such designation would be permitted under the covenant described under "—Certain Covenants—Limitation on Restricted Payments." The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that immediately after giving effect to such designation (x) the Company could Incur at least $1.00 of additional Indebtedness under paragraph (a) in the covenant described under "—Certain Covenants—Limitation on Indebtedness" or (y) the Consolidated Coverage Ratio would be greater than it was immediately prior to giving effect to such designation or (z) such Subsidiary shall be a Special Purpose Subsidiary with no Indebtedness outstanding other than Indebtedness that can be Incurred (and upon such designation shall be deemed to be Incurred and outstanding) pursuant to paragraph (b) of the covenant described under "—Certain Covenants—Limitation on Indebtedness." Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Company's Board of Directors giving effect to such designation and an Officer's Certificate of the Company certifying that such designation complied with the foregoing provisions.

"*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) if 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, 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.

Luxembourg Tax Considerations

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax and net wealth tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

Non-resident investors in the Notes ("Noteholders")

Under Luxembourg general tax laws currently in force and subject to the laws of June 21, 2005 (the "Laws") (i) implementing the European Union Savings Directive (Council Directive 2003/48/EC of June 3, 2003 on taxation of savings income in the form of interest payments, the "European Union Savings Directive") and (ii) ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of European Union ("E.U.") Member States, there is no withholding tax on payments of principal, premium or interest made under the Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

Under the European Union Savings Directive and the Laws, a Luxembourg based paying agent (within the meaning of the European Union Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income (within the meaning of the Laws) paid by it to (or, under certain circumstances, for the benefit of) an individual resident in another Member State of the E.U. or a residual entity ("*Residual Entity*") in the sense of Article 4.2. of the European Union Savings Directive (i.e. an entity without legal personality and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, an undertaking for collective investment in transferrable securities or UCITS recognized in accordance with Council Directive 85/611/EEC), resident or established in another Member State of the E.U., unless the beneficiary of the payment of interest or similar income elects for an exchange of information or provides a specific tax certificate to the Principal Paying Agent. The same regime applies to payments by a Luxembourg based paying agent to (or, under certain circumstances, for the benefit of) individuals or Residual Entities resident or established in certain dependent or associated territories (including Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Curacao, Saba, Saint Eustatius, Bonaire, Saint Maarten and Aruba).

The withholding tax rate is 35% since July, 1 2011. The tax withholding system will only apply during a transitional period, the ending of which (i) can be decided by the relevant Member States unilaterally or (ii) depends on the conclusion of certain agreements relating to information exchange with certain other countries (for more information, please refer to the paragraph "*European Union Savings Directive*" below).

In April 2013, the Luxembourg Government announced its intention to end the transitional period and abolish the withholding system with effect from January 1, 2015, in favor of automatic information exchange under the European Union Savings Directive. On March 18, 2014, a draft law was introduced into parliament by the Luxembourg Minister of Finance with a view to amend the laws of June 21, 2005 in that sense.

On March 20, 2014, during the European Council, Austria and Luxembourg confirmed that they will endorse the amendment to the Savings Directive As a result, on March 24, 2014, the Council of the European Union adopted an EU Council Directive 2014/48/EU amending and broadening the scope of the Savings Directive. In particular, the changes expand the range of payments covered by the European Union Savings Directive to include certain additional types of income and widen the range of recipients payments to whom are covered by the European Union Savings Directive to include certain other types of entities and legal arrangements. Member States are required to implement national legislation giving effect to these changes by January 1, 2016 (national legislation must apply from January 1, 2017).

For more information, please refer to the paragraph "European Union Savings Directive" below.

Resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "Law"), mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of the Notes nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

Under the Law, payments of interest or similar income on debt instruments made or deemed made by a paying agent (within the meaning of the Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident who is the beneficial owner of such payment may be subject to a final tax of 10%. Such tax will be in full discharge of income tax if the individual beneficial owner is an individual acting in the course of the management of his private wealth. Responsibility for the withholding and payment of the tax will be assumed by the Principal Paying Agent.

An individual beneficial owner of interest or similar income (within the meaning of the Law) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt in accordance with the Law for a final tax of 10% when he receives or is deemed to receive such interest or similar income from a paying agent established in another Member State of the E.U., in a member state of the European Economic Area which is not a member state of the E.U. or in a state which has concluded a treaty directly in connection with the European Union Savings Directive. In such case, the 10% levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10% final levy must cover all payments of interest or similar income made by the paying agents to the Luxembourg resident beneficial owner or, under certain circumstances, to a Residual Entity established in another Member State of the E.U., during the entire year. The individual resident that is the beneficial owner of interest is responsible for the declaration and the payment of the 10% final tax.

Income Taxation

Non-resident Noteholders

Non-resident Noteholders, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income thereon are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discounts, under the Notes nor on capital gains realized on the disposal or redemption of the Notes. Non-residents holders who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the notes and on any gains realized upon the sale or disposal of the Notes.

Resident Noteholders

Individuals

A resident Noteholder, acting in the course of the management of his private wealth, is subject to Luxembourg income tax in respect of interest or similar income received, redemption premiums or issue discounts, under the Notes, except if tax has been levied on such payments in accordance with the Law.

A gain realized by an individual Noteholder, acting in the course of the management of his private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

Corporations

A corporate resident Noteholder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A Noteholder that is governed by the law of May 11, 2007, on family estate management companies (as amended), or by the law of December 17, 2010, on undertakings for collective investment, or the law of February 13, 2007 on specialized investment funds (as amended) is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

Net Wealth Taxation

A Luxembourg resident corporate Noteholder as well as a non-Luxembourg resident Noteholder which maintains a permanent establishment, fixed place of business or a permanent representative in Luxembourg to which such Notes or income thereon are attributable, are subject to Luxembourg wealth tax on such Notes, except if the Noteholder is a family estate management company (*société de gestion de patrimoine familial*) introduced by the law of May 11, 2007 (as amended), an undertaking for collective investment governed by the law of December 17, 2010 (as amended), a securitization vehicle governed by and compliant with the law of March 22, 2004 on securitization (as amended), a company governed by and compliant with the law of June 15, 2004 (as amended) on venture capital vehicles, or a specialized investment fund governed by the law of February 13, 2007 on specialized investment funds (as amended).

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

Neither the issuance nor the transfer of Notes will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties, provided that the relevant issue or transfer agreement is not submitted to registration in Luxembourg which is not mandatory.

Where a Noteholder is a resident of Luxembourg for tax purposes at the time of his death, the Notes are included in his taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.

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.

On August 24, 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35% on any payment of interest in respect of a debt security to an individual resident in Switzerland or to a person resident outside of Switzerland. A Swiss Guarantor may be considered as a Swiss paying agent in this respect even if there are no payments under the Guarantee. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, it is possible that neither the Issuer nor any paying agent nor any other person would pursuant to the terms of the Notes be obliged to pay additional amounts with respect to any debt security as a result of the deduction or imposition of such withholding tax.

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.

Taxes withheld by Switzerland for other countries

European Savings Tax

On October 26, 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland will adopt measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (the "EU Savings Tax Directive"). The agreement came into force as of July 1, 2005.

In accordance with this agreement under the Swiss law, Swiss paying agents have to withhold tax at a rate of 35% on interest payments made under the Notes to a beneficial owner who is an individual and resident of an EU member state, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding.

On March 24, 2014, the Council of the European Union adopted an EU Council Directive amending and broadening the scope of the EU Savings Tax Directive. Therefore, the agreement between the European Community and Switzerland may be amended accordingly. Negotiations between the European Community and Switzerland in this respect are currently ongoing.

Foreign Final Withholding Tax

On January 1, 2013 treaties on final withholding taxes of Switzerland with the United Kingdom and Austria entered into force (each a "Contracting State"). The treaties, among other things, require a Swiss paying agent, as defined in the treaties, to levy a flat-rate final withholding tax at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties), deriving from assets, including the Notes, as applicable, held in accounts or deposits with a Swiss paying agent by (i) an individual resident in a Contracting State or, (ii) if certain requirements are met, by a domiciliary company, an insurance company in connection with a so-called insurance wrapper or other individuals, if the beneficial owner is an individual resident in a Contracting State. The final withholding tax substitutes the ordinary income tax on the respective capital gains and income items in the Contracting States where the individual is tax resident. The individual may, however, in lieu of the final withholding tax make voluntary disclosure of the respective capital gains and income items to the tax authority of the Contracting State where it is tax resident. Switzerland may conclude similar treaties with other European countries. Holders of Notes who might be within the scope of the abovementioned treaties should consult their own tax adviser as to the tax consequences relating to their particular circumstances.

Dutch Tax Considerations

General

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date hereof and is subject to any changes in law in the Netherlands and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Holders of Notes are in any case recommended to consult their own professional advisor in relation to their own tax position.

For the purpose of this summary, the term "entity" means a company as well as any other person that is taxable as a company for Dutch corporate income tax purposes. A natural person is referred to as an "individual."

This summary does not apply to any holder of a Note:

- who is an individual for whom the Notes are attributable to employment activities;
- who is an individual or entity who holds or is deemed to hold a substantial interest in the Dutch Guarantor; or

- that is an entity that is, in whole or in part, not subject to or is exempt from Dutch corporate income tax, including but not limited to a fiscal investment institution (fiscale beleggingsinstelling) or an exempt investment institution (vrijgestelde beleggingsinstelling) as defined in the 1969 Corporate Income Tax Act (Wet op de venootschapsbelasting 1969).

Generally speaking, an individual holds a substantial interest in a company if: (i) such individual, either alone or together with his partner (a term defined by statute), directly or indirectly, has, or is deemed to have, or (ii) certain relatives of such individual or his partner, directly or indirectly, have or are deemed to have: (A) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 percent or more of either the total issued and outstanding capital of the company or the issued and outstanding capital of any class of shares of the company, or (B) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 percent or more of either the annual profit or the liquidation proceeds of the company.

Generally speaking, a non-Dutch resident entity holds a substantial interest in an company if such entity, directly or indirectly, has: (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 percent or more of either the total issued and outstanding capital of the company or the issued and outstanding capital of any class of shares of the company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 percent or more of either the annual profit or the liquidation proceeds of the company. An entity holding a Note has a deemed substantial interest in the company if all or part of its substantial interest in the company ceases to exist on a non-recognition basis.

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. For purposes of Dutch personal income, corporate income, gift and inheritance tax, assets legally owned by a third party such as a Trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to its interest in such arrangement.

Where this summary refers to "the Netherlands" or "Dutch law" it refers only to the European part of the Kingdom of the Netherlands and its laws respectively.

Withholding Tax

All payments made by Dufry Financial Services B.V., of interest and principal under the Guarantees are made free of withholding or deduction of any taxes of whatsoever 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

Residents

Resident entities

An entity holding a Note which is, or is deemed to be, resident in the Netherlands for corporate income tax purposes, will generally be subject to corporate income tax in respect of income or a capital gain derived from a Note at the applicable statutory rates (for 2014: 20% for taxable amounts up to and including EUR 200,000 and 25% for taxable amounts exceeding EUR 200,000).

Resident individuals

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in the Netherlands for personal income tax purposes will be subject to personal income tax in respect of income or a capital gain derived from a Note at progressive rates (for 2014: progressive rates up to 52%) if:

- the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- the income or capital gain qualifies as income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) as defined in the 2001 Income Tax Act (Wet inkomstenbelasting 2001), including, without limitation, activities that exceed normal, active asset management (normaal, actief vermogensbeheer).

If neither condition (i), nor (ii) applies, an individual holding a Note will be subject to personal income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. This deemed return has been fixed at 4% (2014 percentage) of the individual's yield basis (rendementsgrondslag) at the beginning of the calendar year (peildatum), insofar it exceeds a certain threshold (heffingvrije vermogen). The individual's yield basis is determined as the fair market value of certain qualifying assets held by such individual (including the Notes) less the fair market value of certain qualifying liabilities. The deemed return of 4% will be taxed at the applicable statutory rate (for 2014: 30%).

Gift and Inheritance Taxes

Dutch gift or inheritance taxes will not be levied in the event of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- the holder of a Note is, or is deemed to be, resident in the Netherlands for the purpose of the relevant tax provisions; or
- 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 resident in the Netherlands.

For purposes of Dutch gift and inheritance tax, an individual with Dutch nationality will be deemed to be resident in the Netherlands if he or she had been resident in the Netherlands at any time during the ten year period preceding the date of the gift or was resident in the Netherlands at his or her death.

For the Dutch gift tax purposes, an individual who does not hold the Dutch nationality will be deemed to be resident in the Netherlands if he or she has been resident in the Netherlands at any time during the twelve month period preceding the date of the gift.

For purposes of the Dutch gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied.

Value Added Tax

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes, in respect of the payment of interest or the principal under the Notes, or the transfer of the Notes.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty or any other similar tax or duty (other than court fees) payable in the Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the Notes.

Residence

A holder of a Note is not, and will not be deemed to be, resident in the Netherlands for tax purposes by reason of only acquiring, holding or disposing of a Note, or solely for the execution, performance, delivery and/or enforcement of a Note.

European Union Directive on the Taxation of Savings Income

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, the Netherlands must provide to the tax authorities of another EEA member state (and certain non-EEA countries and associated territories specified in this directive) details of payments of interest or other similar income paid by a person within the Netherlands to, or collected by such a person for, an individual resident in such other state.

On March 24, 2014 the Council of the European Union adopted a Directive amending the Savings Directive (the "Amending Directive") which, when implemented, will broaden the scope of the rules described above. The Member States will have until January 1, 2016 to adopt national legislation necessary to comply with the Amending Directive. Investors who are in any doubt as to their position should consult their professional advisers.

Certain U.S. Federal Income Tax Considerations

This disclosure is limited to the U.S. federal income tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal income tax treatment of the Notes. Prospective investors should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a description of certain U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of Notes, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to your decision to acquire the Notes. This discussion applies only to initial U.S. Holders that (i) purchase Notes in this offering at their "*issue price,*" which will be the first price at which a substantial amount of Notes is sold to the public and (ii) hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax consequences and differing tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers or certain traders in securities;
- persons holding Notes as part of a hedge, "*straddle*" or integrated transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;

- entities classified as partnerships for U.S. federal income tax purposes;
- certain U.S. expatriates;
- tax-exempt entities; or
- persons holding Notes in connection with a trade or business conducted outside of the United States.

If you are an entity that is classified as a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of your partners and your activities. Partnerships considering the purchase of Notes and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences to them of owning and disposing of the Notes.

This discussion is based on the Internal Revenue Code of 1986 (the "*Code*"), as amended, administrative pronouncements, judicial decisions, and Treasury Regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. This discussion does not address any aspect of state, local or non-U.S. taxation, or any aspect of U.S. federal taxes other than income taxes (e.g., estate or gift taxes), or the potential application of the Medicare contribution tax. If you are considering the purchase of Notes, you should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

You are a U.S. Holder if, for U.S. federal income tax purposes, you are a beneficial owner of a Note that is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Possible Alternative Treatments of the Notes

We intend to treat the Notes as debt obligations for U.S. federal income tax purposes. However, such treatment of the Notes is not binding on the Internal Revenue Service (the "*IRS*") or the courts, and there is no guarantee that the IRS will not challenge such treatment. If the IRS were to successfully challenge such treatment, the timing, amount and character of income inclusions on the Notes may be affected.

In certain circumstances (e.g., as described under "Description of Notes—Change of Control"), we might be required to make payments on a Note that would increase the yield of the Note. We do not intend to treat the Notes as "contingent payment debt instruments" for U.S. federal income tax purposes as a result of the possibility of such payments. If the IRS were to take a contrary position, you could be required to accrue interest income based upon a "comparable yield" (as defined in the applicable Treasury Regulations) and any income on the sale, exchange, redemption, retirement or other taxable disposition of the Notes could be treated as ordinary income rather than as capital gain.

Prospective purchasers of Notes should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Notes (including under any alternative characterization). The remainder of this discussion assumes that for U.S. federal income tax purposes the Notes are debt obligations that are not "contingent payment debt instruments."

Payments of Interest

Interest on a Note will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes. If, however, the Notes' principal amount exceeds the issue price by at least a de minimis amount, as determined under applicable Treasury Regulations, you will be required to include such excess (as determined in euro) in income as original issue discount, as it accrues, in accordance with a constant-yield method based on a compounding of interest before the receipt of cash payments attributable to such original issue discount. Interest on the Notes, including any original issue discount, will be foreign-source for purposes of computing your foreign tax credit limitation.

If you use the cash method of accounting, you will be required to include in income the U.S. dollar value of a euro interest payment determined based on the spot exchange rate on the date the payment is received, regardless of whether the payment is in fact converted into U.S. dollars at that time. You generally will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest payments. If you are an accrual method taxpayer, you will accrue interest income on the Notes in euro and translate that amount into U.S. dollars at the average exchange rate in effect during the interest accrual period (or with respect to an accrual period that spans two taxable years, at the average rate for the partial period within your taxable year). Alternatively, if you are an accrual method taxpayer, you may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot exchange rate on the last day of the accrual period (or the last day of the taxable year in the case of a partial accrual period), or at the spot exchange rate on the date the payment is received, if that date is within five business days of the last day of the accrual period. If you are an accrual method taxpayer, you will recognize foreign currency exchange gain or loss in an amount equal to the difference between the U.S. dollar value of a euro interest payment received in respect of an accrual period (determined based on a spot rate on the date of receipt) and the U.S. dollar value of interest income that has accrued during that period (as determined above), regardless of whether the payment is in fact converted into U.S. dollars at such time. This foreign currency exchange gain or loss will generally be treated as U.S.-source ordinary income or loss.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a Note (including a redemption or retirement), you will recognize taxable gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and your tax basis in the Note, each determined in U.S. dollars. For these purposes, the amount realized does not include any amount attributable to accrued interest, which is treated as described under "*Payments of Interest*" above.

Your tax basis in a Note will generally be the U.S. dollar value of the euro purchase price on the date of purchase, calculated at the spot exchange rate in effect on that date. If the Notes are traded on an established securities market, and you are a cash-method taxpayer (or an electing accrual-method taxpayer), you will determine the U.S. dollar value of the euro purchase price of the Note at the spot exchange rate on the settlement date of the purchase, and you will determine the U.S. dollar value of the amount realized on a sale or other taxable disposition of a Note by translating that amount at the spot exchange rate on the settlement date of the disposition. An electing accrual-method taxpayer must apply this election consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. If you are an accrual method taxpayer that does not make this election, you will determine the U.S. dollar equivalent of the amount realized by translating that amount at the spot exchange rate on the date of the sale or other taxable disposition.

Subject to the discussion in the next paragraph, gain or loss realized on the sale or other taxable disposition of a Note will generally be capital gain or loss and will be long-term capital gain or loss if, at the time of the sale or other taxable disposition, the Note has been held for more than one year. Long-term capital gains recognized by non-corporate taxpayers are subject to reduced tax rates. The deductibility of capital losses is subject to limitations.

Upon the sale or other taxable disposition of a Note, you will recognize foreign currency exchange gain or loss, which will generally constitute U.S.-source ordinary income or loss, on the principal amount of the Note generally equal to the difference between (i) the U.S. dollar value of your euro purchase price for the Note determined at the spot rate on the date principal is received from us or the Note is disposed of and (ii) the U.S. dollar value of your euro purchase price for the Note determined at the spot rate on the date you acquired the Note. However, you will recognize foreign currency exchange gain or loss only to the extent of the total gain or loss realized on the sale or other taxable disposition of the Note.

Potential Loss Reporting Requirement

If you recognize a loss upon the sale or other taxable disposition of a Note in excess of certain thresholds, you may be required to file a reportable transaction disclosure statement with the IRS. If you recognize a loss with respect to a Note, you should consult your tax adviser regarding this reporting obligation.

Backup Withholding and Information Reporting

Information returns may be required to be filed with the IRS in connection with payments on the Notes and proceeds received from a sale or other disposition of the Notes unless you are an exempt recipient. You may also be subject to backup withholding on these reportable payments in respect of your Notes unless you provide the payor with your taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules, or you provide proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

European Union Savings Directive

Under Council Directive 2003/48/EC (the "Savings Directive") on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favour of automatic exchange of information with effect from January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

On March 24, 2014 the Council of the European Union adopted a Directive amending the Savings Directive (the "Amending Directive") which, when implemented, will broaden the scope of the rules described above. The Member States will have until January 1, 2016 to adopt national legislation necessary to comply with the Amending Directive. Investors who are in any doubt as to their position should consult their professional advisers.

The Proposed Financial Transactions Tax

On February 14, 2013 the European Commission published a proposal for a Directive for a common financial transactions tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The proposed FTT has very broad scope and could, if introduced in the form proposed on 14 February 2013, apply to certain transactions relating to the Notes (including secondary market transactions) in certain circumstances. In May 2014, however, a joint statement by ministers of the participating Member States (excluding Slovenia) proposed "progressive implementation" of the FTT, with the initial focus on applying the tax to transactions in shares and some derivatives.

Under the 14 February 2013 proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the Notes where at least one party is a financial institution (acting either for its own account or for the account of another person, or acting in the name of a party to the transaction), and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Further, the legality of the FTT proposal is at present uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the notes are advised to seek their own professional advice in relation to the FTT.

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 each of The Royal Bank of Scotland plc, as representative (the "Representative") for itself and Goldman Sachs International, Banco Bilbao Vizcaya Argentaria, S.A., Crédit Agricole Corporate and Investment Bank, ING Bank N.V., London Branch, HSBC Bank plc, Raiffeisen Bank International AG and UBS Limited (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 €500,000,000 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 prices 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. Sales of Notes in the United States may be made through certain affiliates of the Initial Purchasers. 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 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 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 (A) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and (B) 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 Rule 144A and 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 exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbor of Rule 144A and 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 Irish Stock Exchange for the Notes to be admitted to the official list and to trading on the Global Exchange Market of the Irish Stock Exchange. 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 higher than that which might otherwise prevail. However, there is no assurance 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, affiliates of certain Initial Purchasers are agents or lenders under the 2011 Senior Term Loan Facility, the 2012 Revolving Credit Facility, the 2013 Senior Term Loan Facility and/or the 2014 Facilities Agreement.

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.

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 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 either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or
- 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 Rule 144A or 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) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act;

(e) to an institutional accredited investor (within the meaning of Rule 501(a)(l), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of $250,000; or

(f) 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 one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) 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 (e) 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), (e) and (f) 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 HAS NOT BEEN REGISTERED UNDER THE 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 [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATIONS NOTES: 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) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF

REGULATION S UNDER THE SECURITIES ACT, (E) 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 (F) 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), (E) OR (F) 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 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 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 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.

(5) You represent that 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, or other arrangement that is 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 (iii) any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement, 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.

(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 purchases. 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 Swiss legal matters will be passed upon for us by Homburger AG, our Swiss counsel, certain Luxembourg legal matters will be passed upon for us by NautaDutilh Avocats Luxembourg, and certain Dutch legal matters will be passed upon for us by Boekel De Nerée N.V. Certain U.S. legal matters in connection with the Notes will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP, U.S. counsel for the Initial Purchasers. Certain Swiss legal matters will be passed upon for the Initial Purchasers by Niederer Kraft & Frey AG, Swiss counsel for the Initial Purchasers.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2013 and 2012 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. Our consolidated financial statements as of and for the year ended December 31, 2011 were included as the comparative period in the consolidated financial statements as of and for the year ended December 31, 2012.

Nuance's consolidated financial statements as of and for the year ended December 31, 2013 included elsewhere in this Offering Memorandum, have been audited by Deloitte AG, Member of the Swiss Institute of Certified Accountants and Tax Consultants, as stated in their report appearing therein.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is organized under the laws of Luxembourg and the Guarantors are organized under the laws Switzerland, the Netherlands and the United States. The manager of the Issuer is not a resident of the United States, and many of the officers and other executives of the Issuer and the Guarantors are neither residents nor citizens of the United States. All or a substantial portion of the Issuer's and the Guarantors' assets and the assets of the Issuer's and the Guarantors' non-U.S. resident directors and officers are located outside the United States. As a result, it may not be possible for investors to effect service of process in the United States upon the Issuer or the Guarantors or such persons in courts in jurisdictions inside the United States, in each case, in any action, including any actions predicated upon the civil liability provisions of the securities laws of the United States or 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 liabilities predicated upon securities laws of the United States or of any state or territory within the United States. Awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Luxembourg, the Netherlands or Switzerland.

Luxembourg

It may be possible for investors to effect service of process upon the Issuer within Luxembourg provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

A valid judgment with respect to the Notes, obtained against a company organized and established in Luxembourg from a court of competent jurisdiction in the United States, remains in full force and effect after all available appeals in the relevant State or Federal jurisdiction in compliance with the enforcement (*exequatur*) procedures set out at Articles 678 et seq. of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procedure Civile*), being:

- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. court order or judgment must not result from an evasion of Luxembourg law *(fraude à la loi*);
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is enforceable in the jurisdiction where the decision has been rendered;
- the judgment was granted following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defense; and
- the considerations of the foreign order as well as the judgment do not contravene international public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, a court of competent jurisdiction may refuse to apply the designated law if its application contravenes Luxembourg's international public policy and, if such action is brought on the basis of U.S. Federal or State securities laws, may not have the requisite power to grant the remedies sought.

Switzerland

There is doubt as to the enforceability in Switzerland of civil liabilities based on the securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. The United States and Switzerland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, may not be enforceable in Switzerland.

However, if a person has obtained a final and conclusive judgment rendered by a U.S. court which is enforceable in the United States and files a claim with the competent Swiss court, the Swiss court may be expected to acknowledge the judgment rendered by the U.S. court, provided that such judgment has not been rendered in violation of elementary principles of fair trial and is not contrary to the public policy of Switzerland and has been rendered by a court which has established its jurisdiction vis-à-vis the relevant party on the basis of a valid submission by such party to the jurisdiction of such U.S. court.

In particular, a Swiss court or authority will refuse recognition and enforcement for the following reasons only and may not otherwise review the non-Swiss judgment, including a U.S. judgment, as to its merits: (i) if recognition and enforcement would be irreconcilable with Swiss public policy; or (ii) if a party proves that: it was not duly summoned pursuant to the law of its domicile or ordinary residence unless it made an appearance in the proceedings without objecting to jurisdiction; or (iii) the decision was rendered in violation of fundamental principles of Swiss procedural law, in particular the right to be heard; or (iv) a proceeding between the same parties in the same subject matter was first brought or adjudicated in Switzerland, or that it was earlier adjudicated in a third country and such decision is recognizable in Switzerland.

Further, valid submission to the jurisdiction of the U.S. court or authority is established (i) if a provision of the Swiss Federal Act on Private International Law (*Bundesgesetz vom 18. Dezember 1987 über das Internationale Privatrecht*) so provides or, in the absence of such provision the defendant had his legal domicile in the country in which the decision was rendered; or (ii) if the parties, in a pecuniary dispute, entered into an agreement valid under the Swiss Federal Act on Private International Law submitting their dispute to the jurisdiction of the court or authority which rendered the judgment; or (iii) if the defendant, in a pecuniary dispute, proceeded on the merits without objecting to jurisdiction; or (iv) if, in the event of a counterclaim, the court or authority which rendered the decision had jurisdiction over the principal claim and if there is a factual connection between the principal claim and the counterclaim. It is uncertain whether this practice extends to default judgments as well. Swiss courts may deny the recognition and enforcement of punitive damages or other awards.

Moreover, a Swiss court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in Switzerland are solely governed by the provisions of the Swiss Civil Procedure Code.

Swiss civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Swiss law.

The Netherlands

It may be possible for investors to effect service of process within The Netherlands upon those persons that are resident in or citizen of The Netherlands or the Dutch Subsidiary Guarantor provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with. In addition, there is doubt as to the enforceability in original actions in The Netherlands of civil liabilities predicated upon the U.S. federal securities laws.

The United States and The Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely on U.S. federal securities laws, would not be enforceable in The Netherlands. If, however, the party in whose favor such final judgment is rendered brings a new suit in a competent court in The Netherlands, such party may submit to a Dutch court the final judgment that has been rendered in the United States. To the extent that the Dutch court finds that the jurisdiction of the federal or state court in the United States has been based on grounds that are internationally acceptable, that proper legal procedures have been observed and that all appeals have been exhausted, the Dutch court will, in principle, give binding effect to the final judgment that has been rendered in the United States, unless such judgment contravenes principles of public policy of The Netherlands.

The Netherlands and the United States are signatories to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. Arbitration awards in other signatory countries are enforceable in The Netherlands subject to this convention and certain other limitations (including applicable provisions of Netherlands law). In addition, enforcement of arbitration awards in The Netherlands is subject to selected provisions of The Netherlands Code of Civil Procedure.

GENERAL INFORMATION

The issue of the Notes and their sale were authorized by a resolution of the General Partner of the Issuer dated , 2014 and approved by the board of managers of the General Partner on , 2014. The Notes have been accepted for clearance and settlement through Euroclear and Clearstream. The CUSIP and ISIN numbers for the Rule 144A Notes are as follows: and . The CUSIP 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 the GEM of the ISE will be approximately €3,000.

Arthur Cox Listing Services 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 the GEM of the ISE.

If and for so long as the Notes are listed on the ISE and the rules of such stock exchange require, electronic copies of the of our consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011, 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 Trustee.

DEFINITIONS

Acquisition	the acquisition of Nuance by the Company
Acquisition Agreement	the agreement between the Company and Nuance to acquire all of the outstanding share capital of Nuance on a fully diluted basis for a purchase price of CHF 1.55 billion, on a debt- and cash-free basis
Articles	the Company's articles of incorporation dated April 29, 2014
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, Joaquín Moya-Angeler Cabrera, James S. Cohen, José Lucas Ferreira de Melo, Julián Díaz González and George Koutsolioutsos
CER	constant exchange rate
CHF	the lawful currency of Switzerland
Clearstream	Clearstream Banking S.A./N.V.
Closing Date	, 2014
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 27 member States (Austria, Belgium, Bulgaria, 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 S.A.
Exchange Act	United States Securities Exchange Act of 1934, as amended
FATCA	Hiring Incentives to Restore Employment Act of 2010, United States
FAOA	the Federal Audit Oversight Authority of Switzerland
FFI	foreign financial institution
FINMA	the Swiss Financial Market Supervisory Authority

FINRA	the United States Financial Industry Regulatory 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, Xavier Rossinyol, René Riedi, José Carlos Costa da Silva Rosa and Joseph DiDomizio
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Ineligible Persons	holders with registered addresses in, or who are residents of the United States, Canada, Brazil, Japan, Australia and the European Economic Area or in any other jurisdiction where it is not lawful to exercise Rights
Initial Purchasers	the Joint Global Coordinators and Bookrunners and the Joint Bookrunners
IRS	Internal Revenue Service
Issuer	Dufry AG
Joint Bookrunners	Banco Bilbao Vizcaya Argentaria, S.A., Crédit Agricole Corporate and Investment Bank, ING Bank N.V., London Branch, HSBC Bank plc, Raiffeisen Bank International AG and UBS Limited.
Joint Global Coordinators and Bookrunners	The Royal Bank of Scotland plc and Goldman Sachs International
Main Street	traditional retail locations situated outside airports and passenger terminals
Nuance	The Nuance Group AG
Offering	the offering of €500,000,000 aggregate principal amount of % notes due 2022
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
QIB	Qualified Institutional Buyer
Relevant Member State	each Member State of the European Economic Area which has implemented the Prospectus Directive
Representative	The Royal Bank of Scotland plc

RS&D	Retail Services and Distribution
Rule 144A	Rule 144A under the U.S. Securities Act
Securities Act	U.S. Securities Act of 1933, as amended
SESTA	Federal Act on Stock Exchanges and Securities Trading of March 24, 1995, as amended
SESTO	Federal Ordinance on Stock Exchanges and Securities Trading of December 2, 1996, as amended
SNB	Swiss National Bank (*Schweizerische Nationalbank*)
Stabilization Manager	The Royal Bank of Scotland plc
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
Treaty	the income tax treaty between Switzerland and the United States
UK 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. GAAP	generally accepted accounting principles in the United States of America
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"
2010 PD Amending Directive	Directive 2010/73/EU of the European Union

INDEX TO FINANCIAL INFORMATION

Dufry AG (consolidated)

As of December 31, 2013 and for the three-month periods ended March 31, 2014 and 2013

As of and for the years ended December 31, 2013 and 2012

As of and for the years ended December 31, 2012 and 2011

Dufry AG (statutory)

As of and for the years ended December 31, 2013 and 2012

The Nuance Group AG

As of December 31, 2013 and for the three-month periods ended March 31, 2014 and 2013

As of and for the years ended December 31, 2013 and 2012

Interim Consolidated Income Statement

IN MILLIONS OF CHF	Note	Unaudited 3M 2014	Unaudited 3M 2013
Net sales		748.3	714.3
Advertising income		26.7	22.1
Turnover		**775.0**	**736.4**
Cost of sales		(318.2)	(303.7)
Gross profit		**456.8**	**432.7**
Selling expenses		(187.2)	(177.7)
Personnel expenses		(127.8)	(115.9)
General expenses		(52.7)	(53.8)
EBITDA(1)		**89.1**	**85.3**
Depreciation, amortization and impairment		(50.2)	(41.5)
Other operational result		(3.8)	(6.0)
Earnings before interest and taxes (EBIT)		**35.1**	**37.8**
Interest expenses		(24.5)	(18.5)
Interest income		1.1	0.6
Foreign exchange gain /(loss)		0.1	(1.1)
Earnings before interest and taxes (EBT)		**11.8**	**18.8**
Income taxes	5	(1.9)	(3.4)
Net earnings		**9.9**	**15.4**
Attributable to:			
Equity holders of the parent		2.8	8.8
Non-controlling interests		7.1	6.6
Earnings per share attributable to equity holders of the parent			
Basic earnings per share in CHF		0.09	0.30
Diluted earnings per share in CHF		0.09	0.30
Weighted average number of outstanding shares in thousands		30,901	29,667

(1) EBITDA before other operational result

Interim Consolidated Statement of Comprehensive Income

IN MILLIONS OF CHF	Unaudited 3M 2014	Unaudited 3M 2013
Net earnings	**9.9**	**15.4**
OTHER COMPREHENSIVE INCOME:		
Actuarial gains / (losses) on defined benefit plans	0.5	1.0
Income tax	—	—
Items not being reclassified to net income in subsequent periods, net of tax	**0.5**	**1.0**
Exchange differences on translating foreign operations	(11.3)	67.8
Net gain / (loss) on hedge of net investment in foreign operations	4.1	(31.9)
Income tax on above positions	—	3.8
Items to be reclassified to net income in subsequent periods, net of tax	**(7.2)**	**39.7**
Total other comprehensive income for the period, net of tax	**(6.7)**	**40.7**
Total comprehensive income for the period, net of tax	**3.2**	**56.1**
Attributable to:		
Equity holders of the parent	(2.5)	46.2
Non-controlling interests	5.7	9.9

Interim Consolidated Statement of Financial Position

IN MILLIONS OF CHF	Note	Unaudited 31.03.2014	Audited 31.12.2013
ASSETS			
Property, plant and equipment		318.8	313.9
Intangible assets		2,706.5	2,734.0
Deferred tax assets		149.0	154.9
Other non-current assets		62.8	62.1
Non-current assets		**3,237.1**	**3,264.9**
Inventories		547.7	524.7
Trade and credit card receivables		45.0	42.8
Other accounts receivable	6	197.3	149.7
Income tax receivables		9.0	9.9
Cash and cash equivalents		300.9	246.4
Current assets		**1,099.9**	**973.5**
Total assets		**4,337.0**	**4,238.4**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		1,135.6	1,137.5
Non-controlling interests		172.5	129.9
Total equity		**1,308.1**	**1,267.4**
Financial debt		1,724.8	1,693.6
Deferred tax liabilities		252.1	261.7
Provisions		51.2	51.3
Post-employment benefit obligations		10.7	11.5
Other non-current liabilities		5.0	5.1
Non-current liabilities		**2,043.8**	**2,023.2**
Trade payables		294.2	277.9
Financial debt		302.7	306.2
Income tax payables		30.3	30.5
Provisions		9.9	10.1
Other liabilities		348.0	323.1
Current liabilities		**985.1**	**947.8**
Total liabilities		**3,028.9**	**2,971.0**
Total liabilities and shareholders' equity		**4,337.0**	**4,238.4**

Interim Consolidated Statement of Changes in Equity

Unaudited 3M 2014 IN MILLIONS OF CHF	Note	Share capital	Share premium	Treasury shares	Employee benefit reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the parent								
Balance at January 1, 2014		**154.5**	**1,207.0**	**(18.1)**	**0.3**	**(224.5)**	**18.3**	**1,137.5**	**129.9**	**1,267.4**
Net earnings		—	—	—	—	—	2.8	2.8	7.1	9.9
Other comprehensive income (loss)		—	—	—	0.5	(5.8)	—	(5.3)	(1.4)	(6.7)
Total comprehensive income for the period		**—**	**—**	**—**	**0.5**	**(5.8)**	**2.8**	**(2.5)**	**5.7**	**3.2**
Transactions with or distributions to shareholders:										
Dividends to non-controlling interests		—	—	—	—	—	—	—	(3.2)	(3.2)
Assignment of treasury shares		—	—	17.6	—	—	(17.6)	—	—	—
Share-based payment		—	—	—	—	—	0.6	0.6	—	0.6
Total transactions with or distributions to owners		**—**	**—**	**17.6**	**—**	**—**	**(17.0)**	**0.6**	**(3.2)**	**(2.6)**
Changes in ownership interests in subsidiaries:										
Changes in particpiation of non-controlling interests	6	—	—	—	—	—	—	—	40.1	40.1
Balance at March 31, 2014		**154.5**	**1,207.0**	**(0.5)**	**0.8**	**(230.3)**	**4.1**	**1,135.6**	**172.5**	**1,308.1**

Unaudited 3M 2013 IN MILLIONS OF CHF	Note	Share capital	Share premium	Treasury shares	Employee benefit reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the parent								
Balance at January 1, 2013		**148.4**	**1,207.0**	**(41.6)**	**—**	**(199.9)**	**124.9**	**1,238.8**	**128.4**	**1,367.2**
Restatement		—	—	—	(15.8)	—	0.1	(15.7)	—	(15.7)
Balance at January 1, 2013 (restated*)		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**
Net earnings		—	—	—	—	—	8.8	8.8	6.6	15.4
Other comprehensive income (loss)		—	—	—	1.0	36.4	—	37.4	3.3	40.7
Total comprehensive income for the period		**—**	**—**	**—**	**1.0**	**36.4**	**8.8**	**46.2**	**9.9**	**56.1**
Transactions with or distributions to shareholders:										
Dividends to non-controlling interests		—	—	—	—	—	—	—	(3.2)	(3.2)
Assignment of treasury shares		—	—	41.2	—	—	(41.2)	—	—	—
Total transactions with or distributions to owners		**—**	**—**	**41.2**	**—**	**—**	**(41.2)**	**—**	**(3.2)**	**(3.2)**
Changes in ownership interests in subsidiaries:										
Changes in particpiation of non-controlling interests		—	—	—	—	—	—	—	2.8	2.8
Balance at March 31, 2013		**148.4**	**1,207.0**	**(0.4)**	**(14.8)**	**(163.5)**	**92.6**	**1,269.3**	**137.9**	**1,407.2**

* Certain amounts shown here do not correspond to the 3M 2013 financial statements and reflect the IAS 19R adjustments made as detailed in the annual report 2013.

Interim Consolidated Statement of Cash Flows

IN MILLIONS OF CHF	Note	Unaudited 3M 2014	Unaudited 3M 2013
Cash flows from operating activities			
Earnings before taxes (EBT)		**11.8**	**18.8**
Adjustments for:			
Depreciation, amortization and impairment		50.2	41.5
Increase / (decrease) in allowances and provisions		7.2	1.1
Loss/ (gain) on unrealized foreign exchange differences		0.4	1.7
Other non-cash items		0.6	—
Interest expense		24.5	18.5
Interest income		(1.1)	(0.6)
Cash flow before working capital changes		**93.6**	**81.0**
Decrease / (increase) in trade and other accounts receivable		(29.6)	(17.4)
Decrease / (increase) in inventories		(33.1)	(7.6)
Increase / (decrease) in trade and other accounts payable		44.1	44.0
Cash generated from operations		**75.0**	**100.0**
Income taxes paid		(5.2)	(5.5)
Net cash flows from operating activities		**69.8**	**94.5**
Cash flow from investing activities			
Purchase of property, plant and equipment		(31.5)	(19.5)
Purchase of intangible assets		(17.9)	(2.9)
Proceeds from sale of property, plant and equipment		0.1	1.0
Interest received		0.9	0.4
Business combinations, net of cash		(0.9)	(0.9)
Proceed from sale of interest in subsidiaries, net of cash		0.2	0.9
Net cash flows used in investing activities		**(49.1)**	**(21.0)**
Cash flow from financing activities			
Proceeds from bank loans		37.7	2.2
Repayment of bank loans		—	(6.6)
Repayment of 3rd party loans		(1.8)	(1.3)
Dividends paid to non-controlling interest		(3.2)	(3.2)
Contributions from non-controlling interest holders	6	18.1	—
Share issuance costs paid		(0.1)	—
Arrangement fees paid		(0.4)	(4.3)
Interest paid		(16.3)	(19.6)
Net cash flows (used in) / from financing activities		**34.0**	**(32.8)**
Currency translation on cash		(0.2)	12.5
(Decrease) / Increase in cash and cash equivalents		**54.5**	**53.2**
Cash and cash equivalents at the			
—beginning of the period		246.4	434.0
—end of the period		300.9	487.2

Notes to the Interim Consolidated Financial Statements

1. Corporate information

Dufry AG ('Dufry' or 'the Company') is a publicly listed company with headquarters in Basel, Switzerland. The Company is a leading travel retail company. It operates over 1,350 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paulo.

The interim consolidated financial statements of Dufry AG and its subsidiaries ('the Group') for the period ended March 31, 2014 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated April 29, 2014.

2. Accounting policies

Basis of preparation

The interim consolidated financial statements for the three months ended March 31, 2014 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 the Group's annual financial statements as of December 31, 2013.

Significant accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2013, except for the new or revised Standards and Interpretations (effective January 1, 2014) adopted in these financial statements. Their adoption did not have a significant impact on the amounts reported in these financial statements or disclosures therein.

- **IAS 32 Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32**

These amendments should clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The Group did not identify any additional disclosure obligation.

- **IAS 39 Novation of Derivatives and Continuation of Hedge Accounting—Amendments to IAS 39**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group did not designate any derivatives as hedging instruments during the current period.

3. Acquisition of Hellenic Duty Free shops, Greece in 2013

The fair value of the identifiable assets and liabilities at the date of the acquisition are considered to be final and unchanged from the disclosure in the Group's annual financial statements as of December 31, 2013.

4. Principal foreign exchange rates applied for valuation and translation

	Average rates 3M 2014	Closing rates 31.03.14
1 USD	0.8925	0.8842
1 EUR	1.2231	1.2177

4. Principal foreign exchange rates applied for valuation and translation (Continued)

	3M 2013	31.03.13	31.12.13
1 USD	0.9305	0.9490	0.8886
1 EUR	1.2282	1.2165	1.2250

5. Income taxes

IN MILLIONS OF CHF	UNAUDITED 3M 2014	UNAUDITED 3M 2013
Current income tax	(6.1)	(6.0)
Deferred income tax	4.2	2.6
TOTAL INCOME TAXES	**(1.9)**	**(3.4)**

6. Agreement with a local partner to operate in Brazil

Through its new subsidiary Dufry Lojas Francas Ltd, Dufry will operate the new and renewed concessions in Brazil jointly with its new local partner. The local partner will hold 40% of the equity, which will be injected as cash contribution in several payments. Up to March 2014, the local partner made a first contribution of CHF 17 million to their equity. The remaining cash contributions will be made during the next quarters in line with the implementation plan.

7. Seasonality

Dufry does not have distinctive sales seasonality as the combined effect of the different regions is well balanced, but in terms of EBITDA the last two quarters are normally the strongest.

8. Segment information

The group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group presents the segment information as it does internally to the Group Executive Committee, using 4 geographical areas and the distribution centers as separate segments.

Segment information 3M

3M 2014 IN MILLIONS OF CHF	Turnover with external customers	Turnover with other segments	Turnover Total	EBITDA(1)
EMEA & Asia	239.8	—	239.8	22.4
America I	174.7	—	174.7	13.4
America II	138.4	—	138.4	5.7
United States & Canada	205.0	—	205.0	17.7
Global Distribution Centers	17.1	213.5	230.6	29.9
Total segments	**775.0**	**213.5**	**988.5**	**89.1**
Eliminations	—	(213.5)	(213.5)	—
Dufry Group	**775.0**	**—**	**775.0**	**89.1**

8. Segment information (Continued)

3M 2013 IN MILLIONS OF CHF	Turnover with external customers	 with other segments	 Total	EBITDA(1)
EMEA & Asia	182.5	—	182.5	14.4
America I	190.5	—	190.5	11.2
America II	158.6	—	158.6	13.4
United States & Canada	189.8	—	189.8	17.5
Global Distribution Centers	15.0	215.9	230.9	28.8
Total segments	**736.4**	**215.9**	**952.3**	**85.3**
Eliminations	—	(215.9)	(215.9)	—
Dufry Group	**736.4**	**—**	**736.4**	**85.3**

(1) EBITDA before other operational result

Segment assets and liabilities

IN MILLIONS OF CHF	31.03.2014 ASSETS	 LIABILITIES	31.12.2013 ASSETS	 LIABILITIES
EMEA & Asia	1,454.3	398.2	1,435.1	386.8
America I	1,202.9	175.1	1,228.2	184.6
America II	368.2	111.1	361.0	106.1
United States & Canada	591.6	125.3	576.5	109.4
Global Distribution Centers	346.9	181.2	246.8	177.9
Total segments	**3,963.9**	**990.9**	**3,847.6**	**964.8**
Unallocated positions	373.1	2,038.0	390.8	2,006.2
Dufry Group	**4,337.0**	**3,028.9**	**4,238.4**	**2,971.0**

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To the Board of Directors of
Dufry AG, Basel

Basel, 29 April 2014

Report on the review of interim condensed consolidated financial statements

Introduction

We have reviewed the interim condensed consolidated financial statements of Dufry AG as of 31 March 2014, comprising of the interim consolidated statement of financial position as of 31 March 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes (Pages 3 to 9). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed 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 condensed 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

Patrick Fawer
Licensed audit expert
(Auditor in charge)

Olaf Reich
Licensed audit expert

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
Net sales	7	3,465.0	3,062.1
Advertising income		106.7	91.5
Turnover		**3,571.7**	**3,153.6**
Cost of sales		(1,466.0)	(1,297.0)
Gross profit		**2,105.7**	**1,856.6**
Selling expenses	9	(826.0)	(694.2)
Personnel expenses	10	(538.1)	(474.4)
General expenses	11	(230.5)	(213.7)
EBITDA(1)		**511.1**	**474.3**
Depreciation, amortization and impairment	12	(192.9)	(168.3)
Other operational result	13	(37.4)	(30.1)
Earnings before interest and taxes (EBIT)		**280.8**	**275.9**
Interest expenses	14	(98.0)	(79.7)
Interest income	14	3.4	1.3
Foreign exchange gain/(loss)		(5.4)	(0.1)
Earnings before taxes (EBT)		**180.8**	**197.4**
Income taxes	15	(33.2)	(39.1)
Net earnings		**147.6**	**158.3**
ATTRIBUTABLE TO:			
Equity holders of the parent		93.0	122.5
Non-controlling interests		54.6	35.8
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share	16	3.13	4.46
Diluted earnings per share	16	3.12	4.41
Weighted average number of outstanding shares in thousands		29,720	27,447

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

(1) EBITDA is earnings before interest, taxes, depreciation, amortization and other operational result

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
Net earnings		**147.6**	**158.3**
OTHER COMPREHENSIVE INCOME			
Actuarial gains/(losses) on defined benefit plans	17, 33, 34	17.4	(8.7)
Income tax	15, 17	(1.3)	0.7
Items not being reclassified to net income in subsequent periods, net of tax		**16.1**	**(8.0)**
Exchange differences on translating foreign operations	17	(50.2)	(31.1)
Net gain/(loss) on hedge of net investment in foreign operations	17	24.4	6.3
Changes in the fair value of interest rate swaps held as cash flow hedges	17	—	1.0
Income tax on above positions	15, 17	—	(0.9)
Items to be reclassified to net income in subsequent periods, net of tax		**(25.8)**	**(24.7)**
Total other comprehensive income for the period, net of tax		**(9.7)**	**(32.7)**
Total comprehensive income for the period, net of tax		**137.9**	**125.6**
ATTRIBUTABLE TO:			
Equity holders of the parent		84.5	92.1
Non-controlling interests		53.4	33.5

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	31.12.2013	31.12.2012 (restated)*	01.01.2012 (restated)*
ASSETS				
Property, plant and equipment	18	313.9	259.8	246.1
Intangible assets	20	2,734.0	2,032.6	2,078.6
Deferred tax assets	22	154.9	154.1	147.0
Other non-current assets	23	62.1	36.5	36.9
Non-current assets		**3,264.9**	**2,483.0**	**2,508.6**
Inventories	24	524.7	421.1	432.0
Trade and credit card receivables	25	42.8	59.5	47.0
Other accounts receivable	26	149.7	120.4	127.3
Income tax receivables		9.9	8.3	3.4
Cash and cash equivalents		246.4	434.0	199.1
Current assets		**973.5**	**1,043.3**	**808.8**
Total assets		**4,238.4**	**3,526.3**	**3,317.4**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Equity attributable to equity holders of the parent		1,137.5	1,223.1	862.2
Non-controlling interests		129.9	128.4	84.1
Total equity		**1,267.4**	**1,351.5**	**946.3**
Financial debt		1,693.6	1,345.4	1,529.8
Deferred tax liabilities	22	261.7	165.0	168.5
Provisions	32	51.3	39.0	39.5
Post-employment benefit obligations	33, 34	11.5	22.5	13.4
Other non-current liabilities	35	5.1	8.3	11.3
Non-current liabilities		**2,023.2**	**1,580.2**	**1,762.5**
Trade payables		277.9	247.8	301.1
Financial debt		306.2	39.9	30.6
Income tax payables		30.5	10.8	14.2
Provisions	32	10.1	11.2	7.1
Other liabilities	35	323.1	284.9	255.6
Current liabilities		**947.8**	**594.6**	**608.6**
Total liabilities		**2,971.0**	**2,174.8**	**2,371.1**
Total liabilities and shareholders' equity		**4,238.4**	**3,526.3**	**3,317.4**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

2013 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
Balance at January 1, 2013		**148.4**	**1,207.0**	**(41.6)**	**—**	**—**	**(199.9)**	**124.9**	**1,238.8**	**128.4**	**1,367.2**
Restatement	34	—	—	—	(15.8)	—	—	0.1	(15.7)	—	(15.7)
Balance at January 1, 2013 (restated)*		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**—**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**
Net earnings		—	—	—	—	—	—	93.0	93.0	54.6	147.6
Other comprehensive income (loss)	17	—	—	—	16.1	—	(24.6)	—	(8.5)	(1.2)	(9.7)
Total comprehensive income for the period		**—**	**—**	**—**	**16.1**	**—**	**(24.6)**	**93.0**	**84.5**	**53.4**	**137.9**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(39.4)	(39.4)
Issuance of share capital	27	6.1	—	—	—	—	—	—	6.1	—	6.1
Purchase of treasury shares	28.4	—	—	(17.7)	—	—	—	—	(17.7)	—	(17.7)
Distribution of treasury shares	28.4	—	—	41.2	—	—	—	(41.2)	—	—	—
Share-based payment	28	—	—	—	—	—	—	10.7	10.7	—	10.7
Tax effect on equity transactions	15	—	—	—	—	—	—	1.4	1.4	—	1.4
Total transactions with or distributions to owners		**6.1**	**—**	**23.5**	**—**	**—**	**—**	**(29.1)**	**0.5**	**(39.4)**	**(38.9)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:											
Changes in particpiation of non-controlling interests	29	—	—	—	—	—	—	(170.6)	(170.6)	(12.5)	(183.1)
Balance at December 31, 2013		**154.5**	**1,207.0**	**(18.1)**	**0.3**	**—**	**(224.5)**	**18.3**	**1,137.5**	**129.9**	**1,267.4**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012 (RESTATED)*

2012 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								NON-CONTROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	Total		
Balance at January 1, 2012		**134.9**	**934.5**	**(13.5)**	**—**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**
Restatement	34	—	—	—	(7.8)	—	—	—	(7.8)	—	(7.8)
Balance at January 1, 2012 (restated)*		**134.9**	**934.5**	**(13.5)**	**(7.8)**	**(0.9)**	**(176.6)**	**(8.4)**	**862.2**	**84.1**	**946.3**
Net earnings		—	—	—	—	—	—	122.5	122.5	35.8	158.3
Other comprehensive income (loss)	17	—	—	—	(8.0)	0.9	(23.3)	—	(30.4)	(2.3)	(32.7)
Total comprehensive income for the period		**—**	**—**	**—**	**(8.0)**	**0.9**	**(23.3)**	**122.5**	**92.1**	**33.5**	**125.6**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(29.9)	(29.9)
Net proceeds from issue of shares	27	13.5	272.5	—	—	—	—	—	286.0	—	286.0
Purchase of treasury shares	28.4	—	—	(28.1)	—	—	—	—	(28.1)	—	(28.1)
Share-based payment	28	—	—	—	—	—	—	8.8	8.8	—	8.8
Tax effect on equity transactions	15	—	—	—	—	—	—	2.1	2.1	—	2.1
Total transactions with or distributions to owners		**13.5**	**272.5**	**(28.1)**	**—**	**—**	**—**	**10.9**	**268.8**	**(29.9)**	**238.9**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:											
Changes in particpiation of non-controlling interests	29	—	—	—	—	—	—	—	—	40.7	40.7
Balance at December 31, 2012 (restated)*		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**—**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes (EBT)		**180.8**	**197.4**
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	12	192.9	168.3
Increase / (decrease) in allowances and provisions		(2.0)	13.2
Loss / (gain) on unrealized foreign exchange differences		7.9	7.4
Other non-cash items		10.7	8.8
Interest expense	14	98.0	79.7
Interest income	14	(3.4)	(1.3)
Cash flow before working capital changes		**484.9**	**473.5**
Decrease / (increase) in trade and other accounts receivable		(1.2)	(4.5)
Decrease / (increase) in inventories	24	(32.8)	2.6
Increase / (decrease) in trade and other accounts payable		8.6	(19.5)
Cash generated from operations		**459.5**	**452.1**
Income tax paid		(24.4)	(69.6)
Net cash flows from operating activities		**435.1**	**382.5**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19	(108.1)	(83.9)
Purchase of intangible assets	21	(114.4)	(28.6)
Proceeds from sale of property, plant and equipment		2.8	0.7
Interest received		2.9	1.1
Business combinations, net of cash	6	(243.6)	(47.7)
Proceed from sale of interest in subsidiaries, net of cash		0.9	0.9
Net cash flows used in investing activities		**(459.5)**	**(157.5)**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares	27	—	294.0
Share issuance costs paid		—	(8.0)
Proceeds from issuance of Senior Notes		—	466.1
Proceeds from bank loans		663.0	8.3
Repayment of bank loans		(412.0)	(608.3)
Proceeds from / (repayment of) 3rd party loans		(8.1)	1.7
Dividends paid to non-controlling interest		(39.4)	(29.9)
Purchase of treasury shares	28.4	(17.7)	(28.1)
Contributions from / (repayment of) non-controlling interest holders	6	(213.9)	0.7
Arrangement fees paid		(21.3)	(11.3)
Interest paid		(92.9)	(60.8)
Net cash flows (used in) / from financing activities		**(142.3)**	**24.4**
Currency translation on cash		(20.9)	(14.5)
(Decrease) / Increase in cash and cash equivalents		**(187.6)**	**234.9**
CASH AND CASH EQUIVALENTS AT THE			
—beginning of the period		434.0	199.1
—end of the period		246.4	434.0

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1. CORPORATE INFORMATION

Dufry AG ("Dufry" or "the Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is a leading travel retail company. It operates over 1,350 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM & FBOVESPA in São Paulo.

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2013 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 5, 2014.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") 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 financial instruments that are measured at fair values, 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 Swiss francs 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, 2013 and the respective comparative information.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control is lost. The Group controls an entity when the Group 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 and losses resulting from intra-group 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 the Group 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

2. ACCOUNTING POLICIES (Continued)

- reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

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, the Group elects 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 costs incurred are expensed and included in the other operational result. When the Group 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 buyer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Differences arising by the final settlement are accounted for within equity. In instances where the contingent consideration is not a financial instrument, it is measured in accordance with the appropriate IFRS.

The Group 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 consolidated 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 the Group'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.

2. ACCOUNTING POLICIES (Continued)

b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes or duties.

Net sales

Sales are recognized when significant risks and rewards of ownership of the products have been transferred to the customer. Retail sales are settled in cash or by credit card.

Advertising income

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 consolidated financial statements are expressed in Swiss francs (CHF). Each company in the Group 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 remeasured to its fair value in the functional currency using the exchange rate at the reporting date. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the consolidated income statement, except where the hedges on net investments allow the recognition in the other comprehensive income, until the respective investments are disposed of. In this case any related deferred taxes are also accounted for in the other comprehensive income. Non-monetary items that are measured at historical cost in the respective functional currency are translated using the exchange rates as at the dates of the initial transactions.

At the reporting date, the assets and liabilities of all subsidiaries reporting in foreign currency are translated into the presentation currency of Dufry (Swiss francs) using the exchange rate at the reporting date. The consolidated income statement is translated using the average exchange rates of the respective month in which the transactions occurred. The net translation differences are recognized in the 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 consolidated income statement as gain or loss on sale of subsidiaries.

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

2. ACCOUNTING POLICIES (Continued)

Principal foreign exchange rates applied for valuation and translation:

	AVERAGE RATES		CLOSING RATES	
IN CHF	2013	2012	31.12.2013	31.12.2012
1 USD	0.9268	0.9377	0.8886	0.9146
1 EUR	1.2306	1.2052	1.2250	1.2069

e) Pension and other post-employment benefit obligations—Pension 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 and the employee and through the income generated by the capital investments 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 immediately 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 the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit obligation (asset). The Group recognizes the following changes in the net defined benefit obligation in the consolidated 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".

f) Share-based payments

Equity-settled share-based payments to employees and others third parties providing services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will eventually vest. At the end of each reporting period, the Group 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 consolidated 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 if the terms had not been modified. An additional expense is recognized for any modification,

2. ACCOUNTING POLICIES (Continued)

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.

g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities 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 the Group operates and generates taxable income.

Current 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 bases of assets and 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.

2. ACCOUNTING POLICIES (Continued)

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.

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

h) 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 10 years or the remaining lease term
- Furniture and fixtures the shorter of 5 years or the remaining lease term
- Motor vehicles the shorter of 5 years or the remaining lease term
- Computer hardware the shorter of 5 years or the remaining lease term

i) Intangible assets

Intangible assets acquired (separately or from a business combination)

These assets mainly comprise of concession rights, brands and goodwill (for goodwill see 2.3.a). Intangible assets acquired separately are capitalized at cost and those from a business acquisition 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. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis. Brands have been assessed to have indefinite useful lives and are therefore not amortized.

Certain concession rights are granted by the non-controlling interest holder for periods. Consequently these concession rights are assessed as having an indefinite useful life.

j) 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

2. ACCOUNTING POLICIES (Continued)

to sell 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).

k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and banks as well as short-term deposits at banks with initial maturity below 91 days.

Cash and cash equivalents at the end of the reporting period include CHF 22.6 million (2012: CHF 20.8 million) held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

l) 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.

m) 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 the Group 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 recognized and measured as provisions. An onerous contract is considered to exist if the Group has a contract under which the unavoidable costs

2. ACCOUNTING POLICIES (Continued)

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 the Group 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.

n) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

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) are added to or deducted from 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 consolidated income statement.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

o) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, available-for-sale (AFS) financial assets and loans and receivables. The categorization depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL (fair value through profit or loss)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

2. ACCOUNTING POLICIES (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any dividend or interest earned on the financial asset and is included in the other operating result line item in the consolidated income statement. Fair value is determined in the manner described in note 39.

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 consolidated income statement in the lines selling expenses or other operational result.

2. ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

The Group 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 the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

p) 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 the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the consolidated income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

q) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

These financial liabilities are either held for trading or have been designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Other financial liabilities, not held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed together and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

2. ACCOUNTING POLICIES (Continued)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in the consolidated 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 consolidated income statement. Fair value is determined in the manner described in note 39.

Other financial liabilities

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

Derecognition of financial liabilities

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

r) 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 39.10).

s) Derivative financial instruments

The Group 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 39.

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

t) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or

2. ACCOUNTING POLICIES (Continued)

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, the Group 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 the Group 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 de-recognized in the consolidated 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 consolidated income statement, and is included in the interest expenses / income line item. The Group did not utilize cash flow hedges during 2013.

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 consolidated income statement, and is included in the foreign exchange gains/ loss line item (see note 31.1).

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations:

Standards and Interpretations affecting the reported financial performance and / or financial position

IAS 19
Employee Benefits (Revised)
(effective January 1, 2013)

The amendments to IAS 19 range from fundamental changes such as removing the corridor mechanism and replacing the concept of interest cost and expected return on plan assets with interest calculated on the net defined benefit asset or liability to simple clarifications and rewording. The Group has changed its accounting policy in 2013 to recognize the remeasurements from actuarial gains or losses in other comprehensive income. The amended standard impacts the total pension expense as

2. ACCOUNTING POLICIES (Continued)

the expected return on plan assets is calculated using the same interest rate as applied for the purpose of discounting the benefit obligation.

As a consequence of the adoption of the revised standard, the previously published financial statements were restated as disclosed in Note 34. The effect on diluted earnings per share related to the restatement in 2012 was less than CHF 0.01.

IAS 19
Employee Benefits amendments—entitled Defined Benefit Plans: Employee Contributions
(effective July 1, 2014 - early adopted)

The amendment of IAS 19 introduces a practical expedient for some defined benefit plans. The amendment allows a choice on how to account for employee contributions if certain criteria were met. In addition to the requirements of IAS 19R employee contributions can alternatively be recognized as a reduction of the service cost of the perspective period. The Group has early adopted these amendments to IAS 19 in the current period.

Standards and Interpretations affecting presentation and disclosure only

IAS 1
Presentation of Items of Other Comprehensive Income—Amendments to IAS 1
(effective July 1, 2012)

The amendments to IAS 1 changed the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 1
Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at January 1, 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at January 1, 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment, resulting from the annual improvements 2009-2011, clarifies that the third balance sheet is only required for material adjustments.

2. ACCOUNTING POLICIES (Continued)

IAS 36
Recoverable Amount Disclosures for Non-Financial Assets—Amendments to IAS 36 Impairment of Assets
(effective January 1, 2014 - early adopted)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted these amendments to IAS 36 in the current period since the amended / additional disclosures provide useful information as intended by the IASB. Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in Note 20. These amendments would continue to be considered for future disclosures.

IFRS 12
Disclosure of Interests in Other Entities
(effective January 1, 2013)

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required for the year-end reporting, but has no impact on the Group financial position or performance (see note 30).

IFRS 7
Disclosures—Offsetting Financial Assets and Financial Liabilities—Amendments to IFRS 7
(effective January 1, 2013)

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32 (see note 39.10).

Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period (but could eventually have an impact in future periods)

IAS 28
Investments in Associates and Joint Ventures (as revised in 2011)
(effective January 1, 2013)

As a consequence of the new IFRS 11, and IFRS 12, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and this new standard describes the application of the equity method to investments in joint ventures in addition to associates.

2. ACCOUNTING POLICIES (Continued)

IFRS 10
Consolidated Financial Statements, IAS 27 Separate Financial Statements
(effective January 1, 2013)

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

IFRS 11
Joint Arrangements
(effective January 1, 2013)

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

IFRS 13
Fair Value Measurement
(effective January 1, 2013)

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group'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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

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. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group annually tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.2.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Brands and Goodwill

The Group tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.4.

Income taxes

The Group 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. The Group 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 note 15.

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. 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 together with future tax planning strategies. 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

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which depends 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. 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 increases, mortality rates and future pension increases. 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

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 in which the Group holds less than majority of the share capital rights

The Group considers that it controls certain entities even though it owns less than 50% of the share capital rights. The reason for this varies from case to case and is reviewed at the time of business combination, founding or when there are changes in the statutes of these entities. Further details on non-controlling interests are disclosed in note 30 and 40.

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

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

IFRS 9
Financial Instruments: Classification and Measurement
[effective date not defined]

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to a not yet defined date. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39
[effective date not defined]

The IASB issued the second part of the new standards IFRS for financial instruments. This part addresses hedge accounting. Dufry is currently analyzing the consequences of the application of IFRS 9 hedge accounting for the consolidated financial statements. Dufry has not early adopted this new standard.

IAS 32
Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32
[effective January 1, 2014]

These amendments should clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The adoption of the standard is not expected to have a significant impact from the current point of view.

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

IAS 39
Novation of Derivatives and Continuation of Hedge Accounting—Amendments to IAS 39
[effective January 1, 2014]

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRIC 21
Levies
[effective January 1, 2014]

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The group is not currently subject to significant levies.

Improvements to IFRSs—December 2013
[effective July 1, 2014]

The IASB issued annual improvements containing 11 changes to nine standards: IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40. Dufry will adopt the changes when they become effective. These amendments are considered to be insignificant from a current point of view, but in future they might become relevant.

5. SEGMENT INFORMATION

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group presents the segment information as it does internally to the Group Executive Committee, using 4 geographical areas and the distribution centers as segments.

2013 IN MILLIONS OF CHF	TURNOVER with external customers	with other segments	Total	EBITDA(1)	FULL TIME EQUIVALENTS
EMEA & Asia	1,174.1	—	1,174.1	192.1	4,867
America I	768.5	—	768.5	46.2	3,604
America II	692.2	—	692.2	49.8	2,084
United States & Canada	876.1	—	876.1	103.7	5,586
Global Distribution Centers	60.8	858.6	919.4	119.3	282
Total segments	**3,571.7**	**858.6**	**4,430.3**	**511.1**	**16,423**
Eliminations	—	(858.6)	(858.6)	—	—
Dufry Group	**3,571.7**	**—**	**3,571.7**	**511.1**	**16,423**

5. SEGMENT INFORMATION (Continued)

2012 (restated)* IN MILLIONS OF CHF	TURNOVER with external customers	with other segments	Total	EBITDA(1)	FULL TIME EQUIVALENTS
EMEA & Asia	790.4	—	790.4	81.9	3,336
America I	778.3	—	778.3	57.2	3,667
America II	730.6	—	730.6	133.0	2,118
United States & Canada	809.3	—	809.3	90.3	4,955
Global Distribution Centers	45.0	757.8	802.8	111.9	285
Total segments	**3,153.6**	**757.8**	**3,911.4**	**474.3**	**14,361**
Eliminations	—	(757.8)	(757.8)	—	—
Dufry Group	**3,153.6**	**—**	**3,153.6**	**474.3**	**14,361**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

(1) EBITDA before other operational result

The Group generated 1.0% (2012: 1.1%) of the total turnover with external customers in Switzerland (domicile).

31.12. 2013 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	1,435.1	386.8	(24.8)	(50.1)	(50.4)	2.0
America I	1,228.2	184.6	(5.4)	(9.4)	(64.9)	0.9
America II	361.0	106.1	0.6	(80.1)	(28.1)	1.5
United States & Canada	576.5	109.4	2.3	(70.8)	(44.6)	0.4
Global Distribution Centers	246.8	177.9	(2.1)	(3.1)	(1.3)	(1.2)
Total segments	**3,847.6**	**964.8**	**(29.4)**	**(213.5)**	**(189.3)**	**3.6**
Unallocated positions	390.8	2,006.2	(3.8)	(9.0)	(3.6)	13.0
Dufry Group	**4,238.4**	**2,971.0**	**(33.2)**	**(222.5)**	**(192.9)**	**16.6**

5. SEGMENT INFORMATION (Continued)

31.12.2012 (restated)* IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	578.4	208.0	(2.1)	(17.3)	(34.3)	15.3
America I	1,323.9	247.2	(6.5)	(20.3)	(66.0)	3.3
America II	401.7	142.0	(27.0)	(21.0)	(21.4)	4.3
United States & Canada	517.3	120.7	(0.2)	(48.6)	(41.4)	0.1
Global Distribution Centers	203.3	51.0	(2.4)	(0.9)	(1.3)	2.3
Total segments	**3,024.6**	**768.9**	**(38.2)**	**(108.1)**	**(164.4)**	**25.3**
Unallocated positions	501.7	1,405.9	(0.9)	(4.4)	(3.9)	6.2
Dufry Group	**3,526.3**	**2,174.8**	**(39.1)**	**(112.5)**	**(168.3)**	**31.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Reconciliation of the earnings

IN MILLIONS OF CHF	2013	2012
Segment EBITDA	**511.1**	**474.3**
Depreciation, amortization and impairment	(192.9)	(168.3)
Other operational result	(37.4)	(30.1)
Interest expenses	(98.0)	(79.7)
Interest income	3.4	1.3
Foreign exchange gain/(loss)	(5.4)	(0.1)
Earnings before tax	**180.8**	**197.4**

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Segment operating assets	**3,847.7**	**3,024.6**
Current assets of Headquarter companies	101.4	247.3
Non-current assets of Headquarter companies	289.4	254.4
Total assets	**4,238.4**	**3,526.3**

5. SEGMENT INFORMATION (Continued)

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Segment operating liabilities	**964.8**	**768.9**
Financial debt of Headquarter companies, short-term	267.6	39.9
Financial debt of Headquarter companies, long-term	1,692.4	1,345.4
Other non-segment liabilities	46.2	20.6
Total liabilities	**2,971.0**	**2,174.8**

6. ACQUISITIONS OF BUSINESSES

2013 TRANSACTIONS

6.1 ACQUISITION OF HELLENIC DUTY FREE SHOPS, GREECE

Hellenic Duty Free Shops SA (HDFS) is the leading duty free operator in Greece, generating in 2013 turnover of CHF 400.4 million with Duty Free and Duty paid retail shops in 47 locations, of which 25 are at airports, 11 at seaports and 11 at border shops. During 2013 the company reached an EBIT of CHF 106.9 million.

On April 22, 2013 Dufry acquired 51% of shares of HDFS, a newly founded company taking over the carved-out travel retail business from Folli Follie Group for a total consideration of CHF 244.7 million (EUR 200.5 million). The acquisition has been accounted for using the acquisition method. The transaction costs in relation to this acquisition step amount to CHF 13.9 million, whereof CHF 7.4 million are included in other operational result in the current consolidated income statement. The non-controlling interest, resulting from the transaction was measured at the proportionate share in the identifiable net assets.

With this transaction, Dufry expects to increase significantly its presence in the travel retail market in the Mediterranean area. HDFS has agreements granting the rights to operate long term duty free concessions in Greece. Dufry expects that the integration of the HDFS into the overall group will generate significant synergies, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill is not amortized, is not tax deductible and will be subject to annual impairment testing. Dufry signed a separate four year agreement with certain representatives ensuring their future continuous assistance developing the business and avoiding direct competition for a fee of CHF 35.1 million (EUR 28.0 million). Dufry will defer this fee over the lifetime of the agreement. These transactions were financed with a capital increase in October 2012 (see note 27.2). On April 22, 2013, Hellenic Duty Free Shops received from a syndicate of Greek banks a non-recourse bank facility of CHF 408.9 million (EUR 335.0 million).

6. ACQUISITIONS OF BUSINESSES (Continued)

The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined preliminarily as the company is in the process of verifying the valuation of these net assets identified as follows:

Hellenic Duty Free Shops S.A. Group

APRIL 22, 2013	PRELIMINARY FAIR VALUE IN MILLIONS OF CHF	PRELIMINARY FAIR VALUE IN MILLIONS OF EUR
Trade and credit card receivables	5.5	4.5
Inventories	80.2	65.7
Other assets	10.7	8.7
Property, plant and equipment	36.1	29.6
Intangible assets, mainly concession rights	511.7	419.3
Trade payables	(35.4)	(29.0)
Other liabilities	(36.3)	(29.7)
Financial debt	(408.9)	(335.0)
Provisions and contingent liabilities	(13.8)	(11.3)
Deferred tax liability	(103.4)	(84.7)
Identifiable net assets	**46.4**	**38.1**
less: Fair value of the non-controlling interests	(22.7)	(18.7)
Dufry's share in the net assets (51%)	23.7	19.4
Fair value of total consideration (paid in cash)	244.7	200.5
Goodwill	**221.0**	**181.1**

6.2 TRANSACTION WITH NON-CONTROLLING INTEREST IN HELLENIC DUTY FREE SHOPS

On December 11, 2013 Dufry acquired the remaining 49% of the voting equity interest of HDFS for a total consideration of CHF 400.7 million (EUR 328.0 million). The company estimated the transaction costs in CHF 1.0 million for this transaction step and included these in other operational

6. ACQUISITIONS OF BUSINESSES (Continued)

result in the current consolidated income statement. Additionally, the company has refinanced the HDFS Group, so that existing bank arrangement fees of CHF 4.7 million had been expensed.

DECEMBER 13, 2013	IN MILLIONS OF CHF	IN MILLIONS OF EUR
Consideration paid in cash	213.8	175.0
Consideration of 1,231,233 Dufry shares at CHF 151.9 each(1)	186.9	153.0
Total consideration	**400.7**	**328.0**
Carrying value of the non-controlling interest in HDFS	(49.3)	(40.2)
Share premium implied in transferred shares	180.8	148.2
Difference recognized in retained earnings within equity (note 29)	**170.6**	**139.6**

(1) The share issuance costs have been considered in equity.

From the date when Dufry took control of these operations in April 2013 until December 31, 2013 these operations contributed CHF 349.1 million in turnover and CHF 103.3 million in EBIT to the consolidated income statement of the Group.

6.3 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

2013 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
HDFS, Athens—Greece	(244.7)	2.0	(242.7)	—	(242.7)
Alliance, San Juan—Puerto Rico	—	—	—	(0.9)	(0.9)
Total	**(244.7)**	**2.0**	**(242.7)**	**(0.9)**	**(243.6)**

Contributions from / (repayment of) non-controlling interest holders

IN MILLIONS OF CHF	2013	2012
Purchase of non-controlling interest HDFS	(213.8)	—
Other	(0.1)	0.7
TOTAL	**(213.9)**	**0.7**

6. ACQUISITIONS OF BUSINESSES (Continued)

2012 TRANSACTIONS

6.4 ACQUISITION OF REGSTAER LLC, RUSSIA

On January 10, 2012, Dufry took control by acquiring 51% of the shares of Dufry Staer Holding Group (DSH) for a total consideration of CHF 44.7 million. Its main subsidiary, Regstaer LLC, is a travel retailer operating Duty Free Shops at the Muscovite airport of Sheremetyevo in Russia. The acquired business complements Dufry's existing operations on site by adding 1,200 square meters in nine duty free shops across several terminals.

Synergies are expected to be achieved among others when Dufry integrates the 200 Regstaer employees into its local organization, introduces its corporate procedures and integrates its logistics into its global supply chain.

The acquisition has been accounted for using the acquisition method. The total transaction costs in relation to this acquisition amount to CHF 1.0 million, whereof CHF 0.2 million are included in the other operational result of the current period 2012. The non-controlling interests resulting were measured at the proportionate share of the identifiable net assets.

These financial statements include the results of Dufry Staer Holding and its subsidiaries as of January, 2012. In the period (full year) ended December 31, 2012 these operations contributed CHF 51.2 million in turnover and CHF 10.6 million in EBIT to the consolidated income statement of the Group. The non-controlling interests have been valued at the proportionate share in the acquiree's identifiable net assets.

The resulting goodwill is not amortized, is not deductible for tax purposes and is subject to annual impairment testing. The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined as follows:

JANUARY 10, 2012	FINAL FAIR VALUE IN MILLIONS OF CHF	FINAL FAIR VALUE IN MILLIONS OF EUR
Inventories	7.7	6.4
Other current assets	2.8	2.3
Property, plant and equipment	6.4	5.3
Other non current assets	1.1	0.9
Concession rights	64.8	53.4
Deferred tax liability	(13.2)	(10.8)
Other liabilities	(1.6)	(1.3)
Identifiable net assets	**68.0**	**56.2**
Dufry's share in the net assets (51%)	34.7	28.7
Goodwill	10.0	8.2
Total consideration	**44.7**	**36.9**

6. ACQUISITIONS OF BUSINESSES (Continued)

6.5 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

2012 IN MILLIONS OF CHF	COST OF THE ACQUISITION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
Regstaer, Moscow—Russia	(44.7)	0.8	(43.9)	—	(43.9)
Sovenex SAS, Martinique—France	—	—	—	(2.3)	(2.3)
Alliance, San Juan—Puerto Rico	—	—	—	(0.9)	(0.9)
Other	—	—	—	(0.6)	(0.6)
Total	**(44.7)**	**0.8**	**(43.9)**	**(3.8)**	**(47.7)**

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2013	2012
Perfumes and Cosmetics	952.0	831.2
Confectionery, Food and Catering	630.7	528.6
Wine and Spirits	553.7	514.9
Watches, Jewelry and Accessories	323.1	288.1
Tobacco goods	288.1	210.6
Fashion, Leather and Baggage	268.4	245.3
Literature and Publications	199.9	235.1
Electronics	98.4	94.9
Toys, Souvenirs and other goods	150.7	113.4
Total	**3,465.0**	**3,062.1**

Net sales by market sector:

IN MILLIONS OF CHF	2013	2012
Duty free	2,317.4	2,107.0
Duty paid	1,147.6	955.1
Total	**3,465.0**	**3,062.1**

Net sales by channel:

IN MILLIONS OF CHF	2013	2012
Airports	3,005.9	2,724.7
Border, downtown & hotel shops	192.5	94.3
Cruise liners and seaports	121.8	103.7
Railway stations and other	144.8	139.4
Total	**3,465.0**	**3,062.1**

8. NUMBER OF RETAIL SHOP CONCESSIONS

Dufry Group operates more than 1,350 retail shops in 47 countries at the reporting date. Dufry has entered into concession arrangements with operators of airports, seaports, railway stations etc. to operate these retail shops. The concession fees are usually variable based on sales level or number of passengers.

The concession providers grant the right to sell a pre-defined assortment of products to travelers during the concession period as defined in the respective arrangements.

The arrangements typically define among other aspects:

- duration
- nature of remuneration
- product categories to be sold
- location of the shops
- normal fee and minimal concession fee.

They may comprise one or several shops and are awarded in a public or private tender or in a negotiated transaction.

9. SELLING EXPENSES

IN MILLIONS OF CHF	2013	2012
Concession fees and rents	(787.3)	(659.9)
Credit card commissions	(40.8)	(38.3)
Advertising and commission expenses	(21.8)	(18.2)
Packaging materials	(10.2)	(10.2)
Other selling expenses	(13.8)	(12.7)
Selling expenses	**(873.9)**	**(739.3)**
Concession and rental income	15.4	14.3
Commission income	7.5	1.8
Commercial services and other selling income	25.0	29.0
Selling income	**47.9**	**45.1**
Total	**(826.0)**	**(694.2)**

10. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2013	2012 (restated)*
Salaries and wages	(408.9)	(358.9)
Social security expenses	(77.3)	(69.2)
Retirement benefits (defined contribution plans)*	(3.3)	(3.1)
Retirement benefits (defined benefit plans)*	(2.4)	(2.2)
Other personnel expenses	(46.2)	(41.0)
Total	**(538.1)**	**(474.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

11. GENERAL EXPENSES

IN MILLIONS OF CHF	2013	2012
Repairs, maintenance and utilities	(44.1)	(40.6)
Legal, consulting and audit fees	(40.6)	(40.0)
Premises	(30.6)	(25.0)
EDP and IT expenses	(21.4)	(19.6)
Office and administration	(18.9)	(17.7)
Travel, car, entertainment and representation	(18.6)	(17.0)
Franchise fees and commercial services	(18.5)	(13.0)
Taxes, other than income taxes	(14.3)	(18.5)
PR and advertising	(9.6)	(9.5)
Bank expenses	(7.1)	(6.7)
Insurances	(6.8)	(6.1)
Total	**(230.5)**	**(213.7)**

12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2013	2012
Depreciation	(71.1)	(62.3)
Impairment	—	(2.8)
Subtotal (note 18)	**(71.1)**	**(65.1)**
Amortization	(121.8)	(103.2)
Impairment	—	—
Subtotal (note 20)	**(121.8)**	**(103.2)**
Total	**(192.9)**	**(168.3)**

13. OTHER OPERATIONAL RESULT

Other operational expenses and other operational income include non-recurring transactions, impairments of financial assets and changes in provisions.

IN MILLIONS OF CHF	2013	2012
Consulting fees, expenses related to projects and start-up expenses	(13.0)	(9.1)
Acquisition-related costs	(8.8)	(6.7)
Closing or rebranding of shops / restructuring of operations	(5.6)	(6.4)
Tax litigations	(4.7)	—
Impairment of financial assets	(2.0)	(5.3)
Losses on sale of non-current assets	(0.1)	(0.1)
Other expenses	(7.3)	(15.0)
Subtotal other operational expenses	**(41.5)**	**(33.5)**

IN MILLIONS OF CHF	2013	2012
Gain on sale of non-current assets	0.2	0.1
Recovery of write offs / release of allowances	0.9	0.2
Litigation income	—	1.2
Insurance—compensation for losses	0.3	0.1
Other income	2.7	1.8
Subtotal other operational income	**4.1**	**3.4**

IN MILLIONS OF CHF	2013	2012
Other operational expenses	(41.5)	(33.5)
Other operational income	4.1	3.4
Other operational result	**(37.4)**	**(30.1)**

14. INTEREST

IN MILLIONS OF CHF	2013	2012 (restated)*
Interest income on short-term deposits	3.0	1.1
Other finance income	0.4	0.2
Interest income on financial assets	**3.4**	**1.3**
Interest on non-financial instruments	—	—
Total interest income	**3.4**	**1.3**
Interest expense	(81.4)	(64.3)
Amortization of arrangement fees(1)	(11.8)	(13.4)
Interest on discounted financial liabilities	(0.1)	(0.1)
Other finance expenses	(2.9)	(1.2)
Interest expense on financial liabilities	**(96.2)**	**(79.0)**
Interest on non-financial instruments	(1.8)	(0.7)
Total interest expense	**(98.0)**	**(79.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

(1) This position includes the amortization of capitalized bank arrangement fees and the write-off of the residual value when refinanced.

15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF CHF	2013	2012 (restated)*
Current income taxes	(43.7)	(61.2)
of which corresponding to the current period	(43.4)	(61.6)
of which adjustments recognized in relation to prior years	(0.3)	0.4
Deferred income taxes	10.5	22.1
of which related to the origination or reversal of temporary differences	11.5	23.1
of which adjustments recognized in relation to prior years	—	—
of which adjustments due to change in tax rates	(1.0)	(1.0)
Total	**(33.2)**	**(39.1)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

15. INCOME TAXES (Continued)

IN MILLIONS OF CHF	2013	2012 (restated)*
Consolidated earnings before income tax (EBT)	180.8	197.4
Expected tax rate in %	16.0%	16.2%
Tax at the expected rate	(28.9)	(31.9)
EFFECT OF:		
Income not subject to income tax	4.3	8.6
Different tax rates for subsidiaries in other jurisdictions	5.9	7.7
Different tax regime for sale of subsidiaries	—	0.1
Non deductible expenses	(2.8)	(6.5)
Current year tax loss carry-forwards not recognized	(4.5)	(8.9)
Non recoverable withholding taxes	(6.5)	(6.7)
Adjustments recognized in relation to prior year	(0.3)	0.4
Other items	(0.4)	(1.9)
Total	**(33.2)**	**(39.1)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The expected tax rate approximates the average of the income tax rates of the countries where Dufry is active, weighted by the EBT of the respective operations. In 2013, there have been no significant changes in the income tax rates applicable those countries where Dufry is active.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME/EQUITY

IN MILLIONS OF CHF	2013	2012 (restated)*
RECOGNIZED IN OTHER COMPREHENSIVE INCOME:		
Actuarial gains / (losses) on defined benefit plans	(1.3)	0.7
Net gain / (loss) on hedge of net investment	—	(0.8)
Cash flow hedges	—	(0.1)
Total	**(1.3)**	**(0.2)**
RECOGNIZED IN EQUITY:		
Tax effect on share based payments	1.4	2.1
Total	**1.4**	**2.1**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

16. EARNINGS PER SHARE

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	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
Weighted average number of ordinary shares outstanding	29,720	27,447
Basic earnings per share in CHF	**3.13**	**4.46**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	29,837	27,782
Diluted earnings per share in CHF	**3.12**	**4.41**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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.

16. EARNINGS PER SHARE (Continued)

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	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
ADJUSTED FOR:		
Dufry's share of the amortization in respect of acquisitions	94.5	82.8
Adjusted net earnings	**187.5**	**205.3**
Weighted average number of ordinary shares outstanding	29,720	27,447
EPS adjusted for amortization (cash EPS) in CHF	**6.31**	**7.48**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

IN THOUSANDS	2013	2012 (restated)*
Outstanding shares	29,735	27,573
Less treasury shares	(15)	(126)
Used for calculation of basic earnings per share	**29,720**	**27,447**
EFFECT OF DILUTION:		
Share options	117	335
Used for calculation of earnings per share adjusted for the effect of dilution	**29,837**	**27,782**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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

17. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2013 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	Employee benefit reserve	Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**—**	**—**	**(49.0)**	**(49.0)**	**(1.2)**	**(50.2)**
Net gain/(loss) on hedge of net investment in foreign operations	—	—	24.4	24.4	—	24.4
Income tax effect	—	—	—	—	—	—
Subtotal	**—**	**—**	**24.4**	**24.4**	**—**	**24.4**
Actuarial gains/(losses) on defined benefit plans	17.4	—	—	17.4	—	17.4
Income tax effect	(1.3)	—	—	(1.3)	—	(1.3)
Subtotal	**16.1**	**—**	**—**	**16.1**	**—**	**16.1**
Other comprehensive income	**16.1**	**—**	**(24.6)**	**(8.5)**	**(1.2)**	**(9.7)**

2012 (restated)* IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	Employee benefit reserve	Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**—**	**—**	**(28.8)**	**(28.8)**	**(2.3)**	**(31.1)**
Net gain/(loss) on hedge of net investment in foreign operations	—	—	6.3	6.3	—	6.3
Income tax effect	—	—	(0.8)	(0.8)	—	(0.8)
Subtotal	**—**	**—**	**5.5**	**5.5**	**—**	**5.5**
Changes in the fair value of interest rate swaps held as cash flow hedges	—	1.0	—	1.0	—	1.0
Income tax effect	—	(0.1)	—	(0.1)	—	(0.1)
Subtotal	**—**	**0.9**	**—**	**0.9**	**—**	**0.9**
Actuarial gains/(losses) on defined benefit plans	(8.7)	—	—	(8.7)	—	(8.7)
Income tax effect	0.7	—	—	0.7	—	0.7
Subtotal	**(8.0)**	**—**	**—**	**(8.0)**	**—**	**(8.0)**
Other comprehensive income	**(8.0)**	**0.9**	**(23.3)**	**(30.4)**	**(2.3)**	**(32.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

18. PROPERTY, PLANT AND EQUIPMENT

2013 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2013	267.1	187.5	55.2	7.9	33.0	550.7
Business combinations (note 6)	28.5	6.4	0.5	0.2	0.5	36.1
Additions (note 19)	16.6	13.8	7.6	1.2	80.6	119.8
Disposals	(19.9)	(6.3)	(3.4)	(0.3)	(0.5)	(30.4)
Reclassification within classes	46.8	31.3	1.0	—	(79.1)	—
Reclassification to intangible assets *	(16.6)	—	—	—	(3.6)	(20.2)
Currency translation adjustment	(6.0)	(6.6)	(1.3)	(0.2)	(1.5)	(15.6)
Balance at December 31, 2013	**316.5**	**226.1**	**59.6**	**8.8**	**29.4**	**640.4**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2013	(126.3)	(114.3)	(39.0)	(5.4)	—	(285.0)
Additions (note 12)	(37.4)	(25.4)	(7.4)	(0.9)	—	(71.1)
Disposals	18.0	5.2	3.1	0.2	—	26.5
Currency translation adjustment	3.0	3.8	0.9	0.1	—	7.8
Balance at December 31, 2013	**(142.7)**	**(130.7)**	**(42.4)**	**(6.0)**	**—**	**(321.8)**
IMPAIRMENT						
Balance at January 1, 2013	(3.5)	(1.8)	(0.6)	—	—	(5.9)
Impairment (note 12)	—	—	—	—	—	—
Disposals	0.9	—	0.2	—	—	1.1
Currency translation adjustments	—	0.1	—	—	—	0.1
Balance at December 31, 2013	**(2.6)**	**(1.7)**	**(0.4)**	**—**	**—**	**(4.7)**

* Based on a review of the investments done in previous years Dufry reclassified certain investments presented as leasehold improvements to concession rights.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

2012 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2012	233.6	172.7	51.4	7.4	29.3	494.4
Business combinations (note 6)	5.3	0.5	0.4	0.2	—	6.4
Additions (note 19)	17.0	9.3	5.5	0.9	47.3	80.0
Disposals	(8.0)	(7.5)	(1.4)	(0.5)	(0.1)	(17.5)
Reclassification within classes	24.6	18.2	0.4	0.1	(43.3)	—
Reclassification to intangible assets	(0.4)	—	—	—	—	(0.4)
Currency translation adjustment	(5.0)	(5.7)	(1.1)	(0.2)	(0.2)	(12.2)
Balance at December 31, 2012	**267.1**	**187.5**	**55.2**	**7.9**	**33.0**	**550.7**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2012	(101.8)	(101.3)	(34.9)	(5.1)	—	(243.1)
Additions (note 12)	(31.4)	(23.9)	(6.2)	(0.8)	—	(62.3)
Disposals	5.8	7.0	1.4	0.5	—	14.7
Currency translation adjustment	1.1	3.9	0.7	—	—	5.7
Balance at December 31, 2012	**(126.3)**	**(114.3)**	**(39.0)**	**(5.4)**	**—**	**(285.0)**
IMPAIRMENT						
Balance at January 1, 2012	(3.0)	(1.2)	(0.6)	—	(0.4)	(5.2)
Impairment (note 12)	(2.0)	(1.2)	—	—	0.4	(2.8)
Disposals	1.5	0.3	—	—	—	1.8
Currency translation adjustment	—	0.3	—	—	—	0.3
Balance at December 31, 2012	**(3.5)**	**(1.8)**	**(0.6)**	**—**	**—**	**(5.9)**
CARRYING AMOUNT:						
At December 31, 2013	**171.2**	**93.7**	**16.8**	**2.8**	**29.4**	**313.9**
At December 31, 2012	**137.3**	**71.4**	**15.6**	**2.5**	**33.0**	**259.8**

18.1 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The impairment loss in 2012 relates mainly to certain shops in Italy (CHF 1.1 million) and USA (CHF 1.3 million).

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

IN MILLIONS OF CHF	2013	2012
Payables for capital expenditure at the beginning of the period	(12.4)	(15.0)
Additions of property, plant and equipment (note 18)	(119.8)	(80.0)
Payables for capital expenditure at the end of the period	23.8	12.4
Currency translation adjustment	0.3	(1.3)
Total Cash Flow	**(108.1)**	**(83.9)**

20. INTANGIBLE ASSETS

2013 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite Lives	CONCESSION RIGHTS Finite Lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2013	60.4	1,376.5	158.8	707.4	99.6	2,402.7
Business combinations (note 6)	—	510.9	—	221.0	0.8	732.7
Additions	—	53.4	—	—	59.0	112.4
Disposals	—	(0.5)	—	—	(0.2)	(0.7)
Other adjustments	—	—	—	—	2.6	2.6
Reclassifications from property, plant and equipment*	—	16.6	—	—	3.6	20.2
Currency translation adjustment	0.4	(35.5)	(0.2)	(15.6)	(2.2)	(53.1)
Balance at December 31, 2013	**60.8**	**1,921.4**	**158.6**	**912.8**	**163.2**	**3,216.8**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2013	—	(318.5)	—	—	(51.3)	(369.8)
Additions (note 12)	—	(102.0)	—	—	(19.8)	(121.8)
Other adjustments	—	—	—	—	(2.6)	(2.6)
Currency translation adjustment	—	10.4	—	—	1.2	11.6
Balance at December 31, 2013	**—**	**(410.1)**	**—**	**—**	**(72.5)**	**(482.6)**
IMPAIRMENT						
Balance at January 1, 2013	—	(0.3)	—	—	—	(0.3)
Disposals	—	0.1	—	—	—	0.1
Currency translation adjustment	—	—	—	—	—	—
Balance at December 31, 2013	**—**	**(0.2)**	**—**	**—**	**—**	**(0.2)**

* Based on a review of the investments done in previous years Dufry reclassified certain investments presented as leasehold improvements to concession rights.

20. INTANGIBLE ASSETS (Continued)

2012 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite Lives	 Finite Lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2012	61.2	1,337.2	158.9	715.3	81.5	2,354.1
Business combinations (note 6)	—	64.8	—	10.0	—	74.8
Additions (note 21)	—	7.0	—	—	19.2	26.2
Disposals	—	—	—	(0.8)	(0.1)	(0.9)
Reclassification	—	(0.1)	—	—	0.5	0.4
Currency translation adjustment	(0.8)	(32.4)	(0.1)	(17.1)	(1.5)	(51.9)
Balance at December 31, 2012	**60.4**	**1,376.5**	**158.8**	**707.4**	**99.6**	**2,402.7**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2012	—	(234.6)	—	—	(39.7)	(274.3)
Additions (note 12)	—	(90.6)	—	—	(12.6)	(103.2)
Disposals	—	—	—	—	—	—
Currency translation adjustment	—	6.7	—	—	1.0	7.7
Balance at December 31, 2012	**—**	**(318.5)**	**—**	**—**	**(51.3)**	**(369.8)**
IMPAIRMENT						
Balance at January 1, 2012	—	(0.4)	—	(0.8)	—	(1.2)
Additions (note 12)	—	—	—	0.8	—	0.8
Disposals	—	—	—	—	—	—
Currency translation adjustment	—	0.1	—	—	—	0.1
Balance at December 31, 2012	**—**	**(0.3)**	**—**	**—**	**—**	**(0.3)**
CARRYING AMOUNT						
At December 31, 2013	**60.8**	**1,511.1**	**158.6**	**912.8**	**90.7**	**2,734.0**
At December 31, 2012	**60.4**	**1,057.7**	**158.8**	**707.4**	**48.3**	**2,032.6**

ADDITIONS THROUGH BUSINESS COMBINATIONS

IN MILLIONS OF CHF	GOODWILL	CONCESSION RIGHTS	OTHER	TOTAL
HDFS, Athens—Greece (note 6.1)	221.0	510.9	0.8	732.7
Regstaer, Moscow—Russia (note 6.3)	10.0	64.8	—	74.8

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. INTANGIBLE ASSETS (Continued)

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	31.12.2013	31.12.2012
EMEA & Asia	321.2	99.6
America I	382.9	394.1
America II	134.3	138.3
United States & Canada	74.4	75.4
Total carrying amount of goodwill	**912.8**	**707.4**

The recoverable amounts of goodwill for each of the above group of CGU's have been determined based on value-in use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for regional specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and the value assigned. Net sales projections are based on actual net sales achieved in the year 2013 and latest estimations for the projected years. The intersegment results of the global distribution centers have been assigned / allocated to the respective geographical segments.

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
GOODWILL	2013	2012	2013	2012	2013	2012
EMEA & Asia	10.74%	7.17%	12.56%	7.82%	4.5 - 17.7%	1.9 - 9.6%
America I	9.04%	8.38%	10.38%	9.40%	4.6 - 9.8%	3.8 - 9.4%
America II	7.49%	7.67%	9.76%	9.22%	6.6 - 22.3%	2.0 - 18.8%
United States & Canada	5.73%	5.45%	7.48%	6.89%	3.9 - 13.8%	2.6 - 13.1%

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from past 5 year average of prime 10-year bonds rates): CHF 0.99%, EUR 2.10%, USD 2.47% (2012: CHF 1.23%, EUR 2.32%, USD 2.32%).

For the calculation of the discount rates and WACC (weighted average cost of capital), the company used the following relevered beta:

	2013	2012
Beta factor	0.88	0.64

20. INTANGIBLE ASSETS (Continued)

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 carrying amount to exceed its recoverable amount. The key assumptions used for the determination of the value-in-use are the same as the ones described below for concession rights.

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. For presentation purposes the CGU's are grouped into business units. A business unit is a part of Dufry's business segments. The following table illustrates the existing business units with concession rights with indefinite useful life:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Italy	49.1	48.4
Middle East and India	11.7	12.0
Total carrying amount of concession rights	**60.8**	**60.4**

The recoverable amounts for each of the CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for local specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in year 2013 and latest estimations for the years thereafter.

The key assumptions used for determining the recoverable amounts for these business units are:

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES(1)		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS	2013	2012	2013	2012	2013	2012
Italy	7.15%	7.56%	8.29%	8.85%	2.7 - 4.1%	3.0 - 5.2%
Middle East and India	6.56%	6.39%	6.56%	6.39%	6.3 - 7.4%	3.0 - 5.3%

(1) Based on the country in which the concession is located

Sensitivity to changes in assumptions

The actual recoverable amount for the CGU subject to impairment testing exceeds its carrying amount by CHF 464.3 million (2012: CHF 509.7 million). With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change (+/−1%) in any of the above key assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

20. INTANGIBLE ASSETS (Continued)

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

Sales growth

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

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2014. These values are maintained over the planning period or where specific actions are planned, these values 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 reporting date.

Concession fee levels

These assumptions are important because, as well as using specific economic sector data for growth rates (as noted below), management assesses how the position of the CGU, relative to its competitors, might change over the projected period. For the CGU's subject to a value-in-use calculation, 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 yield of the past 5 years of the respective ten-year government bond and is increased by the company's effective bank margin and adjusted by the effective blended tax rate 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.

20. INTANGIBLE ASSETS (Continued)

The same methodology is used by 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.

The group has used a growth rate of 2.0% (2012: 2.0%) to extrapolate the cash flow projections beyond the period covered by the most recent forecasts.

20.1.4 Brands

The brand name Dufry is not allocated to any specific CGU for impairment testing purpose, but to a group of CGU's. The brand name Hudson is allocated only to the CGU's of Hudson. Management believes that the synergies from the brands reflecting the economic reality are in accordance with these two groupings.

The recoverable amount is determined based on the Relief of Royalty method that considers a steady royalty stream of 0.3% post tax of the net sales projected of Dufry (without Hudson) and a steady royalty stream of 0.9% post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2014-2018) with year on year growth rates between 16.4% and 4.7% for Dufry (2012: 12.6%-2.9%) and 13.8% and 3.9% for Hudson (2012: 13.1%-2.6%). These growth rates do not exceed the long-term average growth rate for Dufry Group. The discount rate of 7.54% (2012: 5.9%) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 270.2 million (2012: CHF 265.7 million).

21. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF CHF	2013	2012
Payables for capital expenditure at January 1	(4.4)	(6.9)
Additions of intangible assets (note 20)	(112.4)	(26.2)
Payables for capital expenditure at December 31	1.4	4.4
Currency translation adjustment	1.0	0.1
Total Cash Flow	**(114.4)**	**(28.6)**

22. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
DEFERRED TAX ASSETS		
Property, plant and equipment	9.9	8.1
Intangible assets	71.9	76.4
Provisions and other payables	37.1	29.1
Tax loss carry-forward	44.3	34.7
Other	21.3	18.1
Total	**184.5**	**166.4**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(14.6)	(5.4)
Intangible assets	(263.4)	(165.2)
Provisions and other payables	(7.7)	(0.9)
Other	(5.6)	(5.8)
Total	**(291.3)**	**(177.3)**
Deferred tax liabilities net	**(106.8)**	**(10.9)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Deferred tax assets	154.9	154.1
Deferred tax liabilities	(261.7)	(165.0)
Balance at the end of the period	**(106.8)**	**(10.9)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

22. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Changes in deferred tax assets	0.8	7.1
Changes in deferred tax liabilities	(96.7)	3.5
Business combinations (notes 6.1-6.4)	103.4	13.2
Currency translation adjustment	3.1	0.2
Deferred tax income (expense) at the end of the period	**10.6**	**24.0**
Thereof recognized in the income statement	10.5	22.1
Thereof recognized in equity	1.4	2.1
Thereof recognized in OCI	(1.3)	(0.2)

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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 can be limited in time (expiration) and by the ability of the respective subsidiary to generate enough taxable profits in 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 in accordance with the budget 2014 approved by the Board of Directors and the projections prepared by management for these entities.

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

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Expiring within 1 to 3 years	4.4	3.4
Expiring within 4 to 7 years	75.2	41.8
Expiring after 7 years	70.8	95.2
With no expiration limit	19.3	15.2
Total	**169.7**	**155.6**

23. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Guarantee deposits	30.7	14.0
Loans and contractual receivables	24.2	15.9
Other	8.9	8.4
Subtotal	**63.8**	**38.3**
Allowances	(1.7)	(1.8)
Total	**62.1**	**36.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

MOVEMENT IN ALLOWANCES:

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(1.8)	(1.9)
Creation	—	(0.1)
Utilization	—	0.1
Unused amounts reversed	—	0.1
Currency translation adjustment	0.1	—
Balance at the end of the period	**(1.7)**	**(1.8)**

24. INVENTORIES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Purchased inventories at cost	540.5	441.5
Inventory allowances(1)	(15.8)	(20.4)
Total	**524.7**	**421.1**

(1) The inventory impaired has a book value of CHF 17.6 million (2012: 23.4 million)

CASH FLOW USED FOR INCREASE / FROM DECREASE IN INVENTORIES:

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	441.5	453.8
Balance at the end of the period	540.5	441.5
Gross change—at cost	**(99.0)**	**12.3**
Business combinations before allowances	80.2	7.7
Non-cash transactions in gross change	(2.1)	(4.2)
Currency translation adjustment	(11.9)	(13.2)
Cash Flow—(Increase) / decrease in inventories	**(32.8)**	**2.6**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 16.6 million (2012: CHF 15.6 million).

25. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Trade receivables	21.5	15.3
Credit card receivables	21.4	45.1
Gross	**42.9**	**60.4**
Allowances	(0.1)	(0.9)
Net	**42.8**	**59.5**

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	31.12.2013	31.12.2012
Not due	9.1	9.6
OVERDUE:		
Up to 30 days	11.1	1.9
31 to 60 days	0.6	0.3
61 to 90 days	—	2.6
More than 90 days	0.7	0.9
Total overdue	**12.4**	**5.7**
Trade receivables, gross	**21.5**	**15.3**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(0.9)	(0.8)
Creation	(0.1)	(0.1)
Release	0.1	—
Utilized	0.7	—
Currency translation adjustment	0.1	—
Balance at the end of the period	**(0.1)**	**(0.9)**

26. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Sales tax and other tax credits	42.8	35.9
Receivables for refund from suppliers	37.6	33.3
Prepayments	18.6	12.4
Guarantee deposits	13.4	6.9
Receivables from subtenants and local business partners	13.0	16.2
Accrued concession fees and rental income	10.3	8.0
Personnel receivables	1.8	1.5
Derivative financial assets(1)	1.5	0.5
Accrued income	1.3	1.3
Loans receivable	0.5	0.2
Other	12.3	10.5
Total	**153.1**	**126.7**
Allowances	(3.4)	(6.3)
Total	**149.7**	**120.4**

(1) See note 39 Financial instruments.

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(6.3)	(3.9)
Creation	(0.6)	(2.5)
Release	0.1	0.1
Utilized	3.4	0.1
Currency translation adjustment	—	(0.1)
Balance at the end of the period	**(3.4)**	**(6.3)**

27. EQUITY

27.1 ISSUED CAPITAL

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Share capital	154.5	148.4
Share premium	1,207.0	1,207.0
Total	**1,361.5**	**1,355.4**

27. EQUITY (Continued)

27.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2012	26,976,203	134.9	934.5
Issue of shares	2,697,620	13.5	272.5
Balance at December 31, 2012	29,673,823	148.4	1,207.0
Issue of shares	1,231,233	6.1	—
Balance at December 31, 2013	**30,905,056**	**154.5**	**1,207.0**

27.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2012	—	—
Increase of authorized share capital	5,395,241	26,976
Utilized October 11, 2012	(2,697,620)	(13,488)
Balance at December 31, 2012	2,697,621	13,488
Utilization December 13, 2013	(1,231,233)	(6,156)
Balance at December 31, 2013	**1,466,388**	**7,332**

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2012	567,296	2,836
Increase of conditional share capital	2,130,324	10,652
Balance at December 31, 2012	2,697,620	13,488
Balance at December 31, 2013	**2,697,620**	**13,488**

Share capital increase

2013

On December 13, 2013, Dufry AG utilized part of its authorized share capital and placed 1,231,233 new registered shares representing 3.98% of the total shares. After this share issuance, the share capital of the company amounts to CHF 154,525,280. The shares were issued to Folli Follie Group as part of the payment for the 49% acquisition of HDFS. The share issuance costs related with this transaction amount to CHF 0.06 million and have been presented in equity.

2012

On October 11, 2012, Dufry AG utilized part of its authorized share capital and placed 2,697,620 new registered shares representing 9.99% of the total shares. After this share issuance, the share capital of the company amounts to CHF 148,369,115. Using an accelerated book building procedure the company offered the new shares as a private placement in Switzerland and to certain qualifying institutional investors outside of Switzerland. Dufry received for this offering a price of CHF 109 per

27. EQUITY (Continued)

share, resulting in gross proceeds of CHF 294 million, which were used to finance the acquisition of the 51% of HDFS (see note 6.1). The trading of the offered shares on the SIX Swiss Exchange commenced on October 15, 2012. The share issuance costs related with this transaction amount to CHF 8.0 million and were presented in equity.

27.3 RESERVES

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Employee benefit reserve	0.3	(15.8)
Hedging and revaluation reserves	—	—
Translation reserves	(224.5)	(199.9)
Retained earnings	18.3	125.0
Balance at the end of the year	**(205.9)**	**(90.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

27.3.1 Employee benefit reserve

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	(15.8)	(7.8)
Actuarial gains (losses) on defined benefit plans	17.4	(8.7)
Income tax relating to components of other comprehensive income	(1.3)	0.7
Balance at the end of the year	**0.3**	**(15.8)**

27.3.2 Hedging and revaluation reserves

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	—	(0.9)
Gain / (loss) arising on changes in fair value of financial instruments:		
—Interest rate swaps entered for as cash flow hedges	—	1.0
Related income tax	—	(0.1)
Balance at the end of the year	**—**	**—**

There were no gains or losses arising on changes in fair value of hedging instruments reclassified from equity into consolidated income statement during 2013.

27. EQUITY (Continued)

27.3.3 Translation reserves

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	(199.9)	(176.6)
Exchange differences arising on translating the foreign operations (attributed to equity holders of parent)	(49.0)	(28.8)
Net gain / (loss) on hedge of net investments in foreign operations (note 31)	24.4	6.3
Income tax related to net gains / (losses) on hedge of net investments of foreign operations	—	(0.8)
Balance at the end of the year	**(224.5)**	**(199.9)**

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

RESTRICTED STOCK UNIT PLAN (RSU)

Dufry has implemented specific restricted stock unit ("RSU") plans for members of the Group Executive Committee (GEC) and selected members of the Senior management. These RSU Awards are from economic point of view stock options with an exercise price of nil. Each RSU represents the right to receive one share if the vesting conditions are met. Additionally Dufry implemented a long term incentive plan for the members of the GEC called Performance Share Unit Plan ("PSU").

28.1 RSU PLANS OF DUFRY AG

Under the RSU award 2013 the members of the GEC and selected members of the Senior management have been granted the right to receive on January 1, 2014, free of charge, 117,104 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX) on July 29, 2013 ("the RSU Awards 2013"). The RSU Awards 2013 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2013 until January 1, 2014 and

b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2014 must be 1% higher than at January 1, 2013.

On January 1, 2014 the relevant average share price prior to vesting was CHF 155.44, so that the participants of the RSU award 2013 received 117,104 Dufry shares.

The fair value of the RSU Awards 2013 has been estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 1.0%, an expected volatility of 31.4% and the market condition noted above) upon which the awards were granted. The contractual life of the awards 2013 is five months. The expected volatility reflects assumptions, that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. There are no cash settlement alternatives. Up to December 2013, the expense

28. SHARE-BASED PAYMENTS (Continued)

recognized for employee services received during the period based on a fair value of CHF 83.93 per RSU is CHF 9.8 million and has been recorded against equity.

There was no RSU award 2012.

28.2 PSU PLANS OF DUFRY AG

With the PSU award 2013 Dufry granted for the first time to the members of the GEC 42,957 PSU's. One PSU gives the right to receive in 2016, free of charge, a variable quantity of shares, based on the performance achieved by the Group. This performance will be measured as the average yearly growth rate reached by the earnings per share adjusted for amortization and non-recurrent effects (Cash EPS) of the Group in 2015. The basis for the award 2013 is the Cash EPS of 2012. If the targeted average yearly growth of 7% is achieved, one share will be granted for each PSU, whereas for an average yearly growth rate of 3.5% or less, no shares are granted and an average growth rate of 10.5% or higher will result in two shares per PSU (maximum) with a linear interpolation. The PSU Awards 2013 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2013 until January 1, 2016 and

b) the minimum targeted average yearly growth rate must be higher than 3.5% on the Cash EPS.

At grant date the fair value of the PSU Awards 2013 represents the market value for one Dufry share i.e. CHF 124.10. At closing 2013 a probability of 86% was determined by an independent professional who took into account the historic development of Dufry's EPS adjusted by amortization of acquisitions and exceptional and one-off events, as well as these EPS for budgeted financials and compared these with the targeted goal. The contractual life of the PSU awards 2013 is two years and five months. There are no cash settlement alternatives for the employees. In 2013, the expense recognized for employee services received during the year was of CHF 111.69 per PSU and CHF 0.8 million in total, which has been recorded against equity.

28.3 AGREEMENT WITH A LOCAL PARTNER TO OPERATE IN BRAZIL

In August 2013, Dufry agreed with a Brazilian partner to strengthen the development of the Brazilian duty free business. The agreement foresees the assistance of the partner to re-new existing duty free concession agreements as well as to win new duty free agreements in Brazil with the key contract being the 10-year contract for Terminal 3 at Guarulhos Airport in São Paulo.

The renewed and new concessions will be operated by a newly established company. Dufry Lojas Francas Ltda ("DLF"), in which Dufry initially holds 60% and the partner can participate with 40% as the provision of signing the contract agreement of the above mentioned contract for Terminal 3 was met. The partner will make their respective contribution cash and Dufry will contribute existing net assets of the operations.

Dufry also entered a call / put option structure with the partner, whereby the partner has the right to sell, and Dufry has the right to buy, 20% of the equity of DLF until December 15, 2014, for an estimated value of CHF 150 million. This value is based on a formula, which considers the additional performance these operations will contribute in the future as the new and renewed concession agreements consider a significant increase in retail space. Dufry expects that sales per passenger will increase due to the significant additional retail space granted by the new and renewed concessions.

28. SHARE-BASED PAYMENTS (Continued)

28.4 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
At January 1, 2012	**108,116**	**13.5**
Share purchases	230,000	28.1
At December 31, 2012	**338,116**	**41.6**
Assigned to holders of RSU-awards 2011	(334,953)	(41.2)
Share purchases	117,106	17.7
At December 31, 2013	**120,269**	**18.1**

29. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Recognized in equity attributable to non-controlling interests at fair value:

IN MILLIONS OF CHF	2013	2012
49% of Hellenic Duty Free Shops S.A. Group at date of business combination (note 6.1)	22.7	—
Transaction with non-controlling interest related to 49% Hellenic Duty Free Shops S.A. Group (note 6.2)	(49.3)	—
49% of Regstaer LLC at date of business combination (note 6)	—	33.3
Hudson Group, increase in share capital of several subsidiaries	14.3	6.7
Other	(0.2)	0.7
Total	**(12.5)**	**40.7**

30. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

The non-controlling interests comprise the portion of equity of subsidiaries that are not owned by Dufry. Although net earnings attributable to non-controlling interests make 37% of total net earnings Dufry management carefully assessed the significance of each company with non-controlling interests and concluded that none of them is individually material for the Group.

The major part of the net earnings attributable to non-controlling interests relates to Hellenic Duty Free Shops SA (CHF 26.8 million). This company had non-controlling interests throughout the year 2013 but is fully owned by Dufry since December 2013.

31. FINANCIAL DEBT

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Bank debt (overdrafts)	21.8	25.3
Bank debt (loans)	280.5	11.5
3rd party loans	3.9	3.1
Financial debt, short-term	**306.2**	**39.9**
Bank debt (loans)	1,253.5	894.4
Senior Notes	435.9	447.4
3rd party loans	4.2	3.6
Financial debt, long-term	**1,693.6**	**1,345.4**
Total	**1,999.8**	**1,385.3**
of which are:		
Bank debt	1,555.8	931.2
Senior Notes	435.9	447.4
Loans payable	8.1	6.7

BANK DEBT

IN MILLIONS OF CHF	31.12.2013	31.12.2012
BANK DEBT (LOANS AND OVERDRAFTS) DENOMINATED IN:		
US Dollar	896.6	921.6
Swiss Franc	61.3	0.7
Euro	601.6	5.6
Other currencies	15.8	19.3
Subtotal	**1,575.3**	**947.2**
Deferred bank arrangement fees	(19.5)	(16.0)
Total	**1,555.8**	**931.2**

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

MAIN BANK CREDIT FACILITIES

The main bank credit facilities, of which CHF 1.523.0 million (2012: CHF 892.9 million) was drawn, are granted by three bank syndicates with the London Branch of ING N.V. acting as agent for all bank financings. The facilities consist of:

- A term loan of USD 1,000.0 million (CHF 888.6, 2012: 914.6) which includes an amortization schedule with repayments scheduled between 2014 and 2016
- A committed 5-year revolving credit facility (RCF) of CHF 650.0 million

31. FINANCIAL DEBT (Continued)

- On December 10, 2013, a syndicate of banks granted Dufry a committed 5-year term loan of EUR 500.0 million (CHF 612.5 million) which was used to finance part of the acquisition in Greece and to repay existing debt of HDFS.

The agreements contain covenants and conditions customary to this type of financing. During 2013 and 2012, Dufry complied with the financial covenants and conditions contained in the bank credit agreements.

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. At December 31, 2013 the overall weighted average interest rate was 2.5% (2012: 3.2%), consisting of USD borrowings at 2.6% (2012: 3.2%), EUR borrowings at 2.4% (2012: 3.4%) and CHF borrowings at 1.9% (2012: 2.2%).

SENIOR NOTES

On October 26, 2012, Dufry placed USD 500 million (CHF 466.1 million) Senior Notes denominated in USD with a maturity of eight years with qualified institutional investors in Switzerland and abroad. The Notes are listed on the Dublin stock exchange. The notes carry a coupon of 5.5% per annum which will be payable semi-annually in arrears. Dufry used the proceeds to refinance term loans expiring in August 2013.

31.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

At December 31, 2013 an amount of USD 947.2 million (December 31, 2012: USD 947.2 million) included in the financial debt has been designated as hedge in net investment held in Dufry do Brasil, Alliance Inc., Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services Corp., Duty Free Ecuador SA and Regstaer Ltd. in accordance with IAS 39, paragraph 102.

31.2 NET INVESTMENT IN FOREIGN OPERATIONS

Additionally, Dufry granted long-term loans amounting to USD 19.6 million (2012: USD 20.4 million) to its subsidiary, Dufry America Holding Inc., which are considered as part of Dufry's net investment in foreign operations in accordance with IAS21, paragraph 15, as settlement is neither planned nor likely to occur in the foreseeable future.

32. PROVISIONS

IN MILLIONS OF CHF	CONTINGENT LIABILITIES	CLOSEDOWN	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2013	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Business combinations	4.6	—	9.2	—	—	—	13.8
Charge for the year	—	1.2	2.4	0.1	—	0.3	4.0
Utilized	—	—	(0.2)	(0.5)	(0.1)	(0.5)	(1.3)
Unused amounts reversed	—	(1.0)	(2.0)	—	(0.9)	(0.4)	(4.3)
Currency translation adjustment	(0.9)	—	(0.2)	—	—	0.1	(1.0)
Balance at December 31, 2013	**38.7**	**1.2**	**15.9**	**—**	**2.4**	**3.2**	**61.4**
Thereof:							
—current	—	1.2	6.7	—	0.2	2.0	10.1
—non-current	38.7	—	9.2	—	2.2	1.2	51.3
Balance at January 1, 2012	**36.7**	**—**	**4.9**	**—**	**3.0**	**2.0**	**46.6**
Charge for the year	—	1.0	2.2	0.4	0.5	1.3	5.4
Utilized	—	—	(0.2)	—	—	(0.2)	(0.4)
Unused amounts reversed	—	—	(0.2)	—	—	(0.1)	(0.3)
Currency translation adjustment	(1.7)	—	—	—	(0.1)	0.7	(1.1)
Balance at December 31, 2012	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Thereof:							
—current	—	1.0	6.7	0.4	0.2	2.9	11.2
—non-current	35.0	—	—	—	3.2	0.8	39.0

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

CONTINGENT LIABILITIES

Several contingent liabilities with a fair value of CHF 38.7 million (2012: CHF 35.0 million) were determined during the due diligence process made for the acquisition of the companies in South America, Central America and Europe. 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.

32. PROVISIONS (Continued)

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.

CLOSE DOWN

The provision of CHF 1.2 million (2012: CHF 1.0 million) relates to the closing of an operation in Asia.

LABOR DISPUTES

The provision of CHF 2.4 million (2012: CHF 3.4 million) relates mainly to claims presented by sales staff based on disputes related to the termination of temporary labor contracts in Brazil.

LAW SUITS AND DUTIES

These provisions of CHF 15.9 million (2012: CHF 6.7 million) cover uncertainties dependent on the outcome of law suits in relation to taxes, duties or other claims in Brazil, Tunisia, Puerto Rico, Greece and Italy.

The increase in 2013 mainly relates beside the business combinations, to a litigation process against the Italian tax and custom authorities that allege that the company used incorrectly the VAT ceiling to compensate the tax credit in the years 2000 and 2001. Although in previous sentences for similar disputes the Italian Corte di Cassazione ruled in favor of Dufry, at the end of 2013 the Corte ruled against the company, imposing the payment of the VAT, interest and a fine, whereby the fine could amount up to the same sum alleged as the incorrectly compensated VAT, estimated at CHF 7.1 million. The management of the company is of the opinion that the amount of the fine is excessive and cannot be justified to be proportional to the damage caused, as required by the Italian legislation. However, according to the wording of the ruling, it can be understood that the tax authority has been enacted to claim such a fine. The company has created an allowance of CHF 2.3 million on a first fine already paid and has raised an additional provision of CHF 2.4 million.

The expected timing of the related cash outflows of noncurrent provisions as of December 31, 2013 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2015	20.9
2016	29.5
2017+	0.9
Total non-current	**51.3**

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The employees of the subsidiaries are insured against the risk of old age and disablement in accordance with the local laws and regulations prevailing in the countries concerned. The largest defined benefit pension plan is in Switzerland, accounting for 83% (2012: 91%) of the total defined benefit obligation and 100% (2012: 100%) of the plan assets.

	2013			2012 (restated)*		
IN MILLIONS OF CHF	Funded	Unfunded	Total	Funded	Unfunded	Total
SWITZERLAND:						
Fair value of plan assets	63.8		63.8	43.0	—	43.0
Present value of defined benefit obligation	62.7		62.7	59.4	—	59.4
Financial (deficit) surplus	**1.1**	**—**	**1.1**	**(16.4)**	**—**	**(16.4)**
GREECE:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	5.5	5.5	—	—	—
Financial (deficit) surplus	**—**	**(5.5)**	**(5.5)**	**—**	**—**	**—**
ITALY:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	4.4	4.4	—	4.3	4.3
Financial (deficit) surplus	**—**	**(4.4)**	**(4.4)**	**—**	**(4.3)**	**(4.3)**
OTHER PLANS:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	2.6	2.6	—	1.8	1.8
Financial (deficit) surplus	**—**	**(2.6)**	**(2.6)**	**—**	**(1.8)**	**(1.8)**
TOTAL:						
Fair value of plan assets	63.8	—	63.8	43.0	—	43.0
Present value of defined benefit obligation	62.7	12.6	75.3	59.4	6.1	65.5
Total net book value employee benefits	**1.1**	**(12.6)**	**(11.5)**	**(16.4)**	**(6.1)**	**(22.5)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

33.1 SWITZERLAND

Reconciliation to the Swiss Pension Obligation

IN MILLIONS OF CHF	2013	2012 (restated)*
Net defined obligation at January 1	(16.4)	(7.4)
Pension expense through income statement	(2.6)	(2.4)
Remeasurements through other comprehensive income	17.7	(8.7)
Contributions paid by employer	2.4	2.1
Net defined asset / obligation at December 31	**1.1**	**(16.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The subsidiaries of Dufry in Switzerland have a defined benefit pension plan, which is based on the actual salary of each employee and covers substantially all its employees. The plan requires contributions to be made to a separate legal entity, the foundation Pensionskasse Weitnauer (PKW). This pension fund does not hold assets related to the Group.

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 reviewed 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 employees and employer have to jointly fund potential restructurings.

All actuarial risks are borne by the PKW. These risks consist of demographic risks, primarily life expectancy and financial risks, primarily 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 drawn up, 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

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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 two external specialized and independent asset managers in accordance with the investment strategy, whereby the real-estate asset category is managed by the PKW.

The following table summarizes the components of pension expenses recognized in the consolidated income statement:

Cost of defined benefit plans

IN MILLIONS OF CHF	2013	2012 (restated)*
SERVICE COSTS:		
Current service costs	(3.1)	(1.9)
Transfers	1.0	—
Fund administration	(0.3)	(0.3)
Net interest	(0.2)	(0.2)
Total pension expenses recognized in the profit and loss	**(2.6)**	**(2.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The current service costs and costs of funds administration of the Group are included in personnel expenses (see note 10 retirement benefits).

Remeasurements employee benefits

IN MILLIONS OF CHF	2013	2012 (restated)*
Actuarial gains (losses)—experience	(0.3)	(1.7)
Actuarial gains (losses)—demographic assumptions	—	(2.3)
Actuarial gains (losses)—financial assumptions	14.2	(8.0)
Return on plan assets exceeding expected interest	3.8	3.3
Total remeasurements recorded in other comprehensive income	**17.7**	**(8.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Remeasurements recorded in other comprehensive income for the current financial year totaled CHF 17.7 million (previous year: expense of CHF 8.7 million) for pension plans in Switzerland and an expense of CHF 0.3 million (previous year: CHF 0.0 million) for pension plans of entities in other countries.

In view of the latest tendency regarding long term interest rates development, a higher discount rate was used in the measurement of the defined benefit obligation in 2013, resulting in a positive adjustment.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

Change in the fair value of plan assets

IN MILLIONS OF CHF	2013	2012 (restated)*
Fair value of plan assets at beginning of period	43.0	36.1
Interest income	0.8	0.8
Return on plan assets (excluding interest based on discount rate)	3.8	3.3
Contributions paid by employer	2.4	2.1
Contributions paid by employees	1.4	1.3
Benefits paid	(1.0)	(0.6)
Transfer payment	13.4	—
Fair value of plan assets at end of period	**63.8**	**43.0**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Change in present value of defined benefit obligation

	2013			2012 (restated)*		
IN MILLIONS OF CHF	Funded	Unfunded	Total	Funded	Unfunded	Total
Defined benefit obligation—beginning	59.4	—	59.4	43.5	—	43.5
Current service costs	3.1	—	3.1	1.9	—	1.9
Interest costs	1.0	—	1.0	1.0	—	1.0
Contributions paid by employees	1.4	—	1.4	1.3	—	1.3
Accrual of expected future administration costs	0.3	—	0.3	0.3	—	0.3
Actuarial losses (gains)—experience	0.3	—	0.3	1.7	—	1.7
Actuarial losses (gains)—demographic assumptions	—	—	—	2.3	—	2.3
Actuarial losses (gains)—financial assumptions	(14.2)	—	(14.2)	8.0	—	8.0
Benefits paid	(1.0)	—	(1.0)	(0.6)	—	(0.6)
Transfers	12.4	—	12.4	—	—	—
Defined benefit obligation—end	**62.7**	**—**	**62.7**	**59.4**	**—**	**59.4**
Net defined benefit asset / obligation			**1.1**			**(16.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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:

IN %	2013	2012
Discount rates	2.50%	1.75%
Interest on net defined benefit asset / obligation	2.50%	1.75%
Future salary increases	1.00%	2.00%
Future pension increases	0.50%	1.00%
Average retirement age (in years)	64.0	64.0
Mortality table	2010	2010

The mortality table takes into account changes in the life expectancy. Since 2012 the Group uses for the IAS 19 valuation purposes generation tables.

Plan asset structure

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

IN %	2013	2012	2011	2010
Shares	26.8%	24.0%	25.0%	24.0%
Bonds	39.6%	43.0%	44.0%	46.0%
Rented properties	22.9%	25.0%	25.0%	26.0%
Other(1)	10.7%	8.0%	6.0%	4.0%
Total	**100%**	**100%**	**100%**	**100%**

(1) Includes liquid positions, alternative investments as well as the assets of the management plan (2013: 4% of total)

All assets held by the PKW are fair-value-level 1 (quoted prices in active markets), except certain real estates which are fair-value-level 2 (significant observable inputs) representing 13.9% of the total assets (2012: 13.6%).

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

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Plan participants

IN MILLIONS OF CHF	2013	2012
Active participants		
Number at closing	242	238
Average annual plan salary	93	94
Average age	39.4	39.1
Average benefit service	8.6	8.5
Benefit receiving participants		
Number(1)	19	17
Average annual plan salary	19	19

(1) As of December 2013, the Swiss pension fund will integrate 65 participants receiving benefits (Altrentner) with an average annual benefit of CHF 25 thousand.

IN MILLIONS OF CHF	2013
Expected contributions for the period ending December 2014	
Employer	2.1
Employee	1.2
Weighted average duration of defined benefit obligation (years)	23.5
Maturity profile of defined benefit obligation	
expected payments in 2014	2.5
expected payments in 2015	2.4
expected payments in 2016	2.5
expected payments in 2017	2.4
expected payments in 2018	2.5
expected payments in 2019 up to 2023	12.7

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:

IN MILLIONS OF CHF	INCREASE	DECREASE
A CHANGE OF 0.5% IN THE FOLLOWING ASSUMPTIONS WOULD IMPLY		
Discount rate	(5.3)	6.1
Salary increase rate	2.1	(2.1)

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.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Expected costs for 2014

IN MILLIONS OF CHF	
Current service costs	(2.2)
Fund adminstration exp.	(0.3)
Interest income	0.1
Cost recognized in income statement	**(2.4)**

34. ADOPTION OF IAS 19R—EMPLOYMENT BENEFITS

The impacts from the adoption of IAS 19R on the relevant positions in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the consolidated statement of cash flows are shown below:

Consolidated income statement—2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Personnel expenses	(474.7)	0.3	(474.4)
Interest expenses	(79.5)	(0.2)	(79.7)
Income taxes	(39.1)	—	(39.1)

Consolidated statement of comprehensive income—2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Actuarial gains / (losses) on defined benefit plans	—	(8.7)	(8.7)
Income tax relating to actuarial gains / (losses) on defined benefit plans	—	0.7	0.7

Consolidated statement of financial position

IN MILLIONS OF CHF	PUBLISHED 01.01.2012	RESTATED	RESTATED 01.01.2012
ASSETS			
Deferred tax assets	146.5	0.5	147.0
Other non-current assets	37.8	(0.9)	36.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	870.0	(7.8)	862.2
Post-employment benefit obligations	6.0	7.4	13.4

34. ADOPTION OF IAS 19R—EMPLOYMENT BENEFITS (Continued)

IN MILLIONS OF CHF	PUBLISHED 31.12.2012	RESTATED	RESTATED 31.12.2012
ASSETS			
Deferred tax assets	153.0	1.1	154.1
Other non-current assets	36.9	(0.4)	36.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	1,238.8	(15.7)	1,223.1
Post-employment benefit obligations	6.1	16.4	22.5

Consolidated statement of cash flows—2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Earnings before taxes (EBT)	**197.3**	**0.1**	**197.4**
Increase / (decrease) in allowances and provisions	13.5	(0.3)	13.2
Interest expense	79.5	0.2	79.7
Other adjustments	183.2	—	183.2
Cash flow before working capital changes	**473.5**	**—**	**473.5**

35. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Concession fee payables	83.2	83.5
Personnel payables	75.3	64.5
Other service related vendors	69.2	66.7
Sales tax and other tax liabilities	29.6	23.6
Payables for capital expenditure (notes 19 / 21)	25.2	16.8
Accrued liabilities	15.5	5.4
Interest payables	14.5	19.0
Payables to local business partners	5.7	5.1
Payables for acquisitions	0.9	1.7
Financial derivative liabilities	0.7	0.3
Other payables	8.4	6.6
Total	**328.2**	**293.2**
Thereof:		
—current liabilities	323.1	284.9
—non-current liabilities	5.1	8.3
Total	**328.2**	**293.2**

36. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to the Group if the party directly or indirectly controls, is controlled by, or is under common control with Dufry, has an interest in the Group that gives it significant influence over the Group, has joint control over the Group or is an associate or a joint venture of the Group. 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 the Group. Transactions with related parties are conducted on an at-arm's-length basis.

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

Dufry Group purchased during 2013 goods from the following related parties: Hudson Wholesale for CHF 21.2 million (2012: CHF 23.1 million) and from Hudson RPM CHF 4.4 million (2012: CHF 4.5 million). The purchase prices used in these transactions were at arm's length. At December 31, 2013 the Dufry Group had open invoices with the following related parties: Hudson Wholesale CHF 1.8 million (2012: CHF 1.9 million) and with Hudson RPM CHF 0.3 million (2012: CHF 0.4 million).

Two members of the Group's Board of Directors are also members of the Board of Directors of Latin American Airport Holding Ltd. Latin American Airport Holding Ltd controls Inmobiliaria Fumisa SA de CV and Aeropuertos Dominicanos Siglo XXI, SA.

Dufry Mexico SA de CV operates duty free shops at the International Airport Benito Juarez in Mexico City a sub-concession provided by Inmobiliaria Fumisa SA de CV. During 2013 the local operations accrued concession fees of CHF 20.6 million (2012: CHF 19.3 million). The concession fee payable at the closing date amounted to CHF 2.5 million (2012: CHF 2.3 million).

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aeropuertos Dominicanos Siglo XXI, SA. According to these agreements, Inversiones Tunc SA accrued in 2013 concession fees of CHF 0.7 million (2012: CHF 0.6 million). The concession fee payable at the closing date amounted to CHF 0.7 million (2012: CHF 0.6 million).

On February 1, 2013 and on February 1, 2012 Transportes Aereos de Xalapa SA de CV, a subsidiary of Aeropuertos Dominicanos Siglo XXI, SA agreed to provide air transport services to Dufry. During 2013 Dufry received services for CHF 3.8 million (2012: CHF 3.5 million). The outstanding amount at the closing date amounted to CHF 6.1 million (2012: CHF 0.8 million).

During 2013, Dufry's Swiss entities made contributions to the Pension Fund Weitnauer in the amount of CHF 2.4 million, (2012: CHF 2.1 million) and have at December 31, 2013 outstanding balances of CHF 0.4 million (2012: CHF 0.3 million).

In 2013 the remuneration for the Board members was CHF 3.3 million (2012: CHF 1.7 million), including Mr. Xavier Bouton (Director) compensation for strategic consulting services provided to the Group CHF 0.3 million (2012: CHF 0.3 million).

In 2013 the total compensation for the 8 members (2012: 8 members) of the Group Executive Committee recognized in the personal expenses and including all short term employee benefits was CHF 15.6 million (2012: CHF 14.4 million). This amount includes a cash compensation of CHF 8.7 million (2012: CHF 8.4 million), contributions in kind CHF 0.6 million (2012: CHF 0.6 million), employer's contribution to the pension and other post-employment benefits of CHF 2.0 million (2012: CHF 1.0 million) and 40,854 stock options (RSU's) of the award 2013 (2012: none) as well as 42,957 performance share units of the award 2013 (2012: nil PSU) of Dufry AG. The

36. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

expenses accrued in relation to the restricted stock unit plan and performance share units plan during 2013 was CHF 4.3 million (2012: CHF 4.3 million) and is included in the short-term employee benefits.

The legally required disclosure of the participations and compensations of the members of the Board of Directors and the Group Executive Committee of Dufry are explained in the respective notes 8 and 9 to the statutory financial statements of Dufry AG.

37. COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

The Group enters into long-term agreements with airport authorities, seaport authorities and other landlords. The concessionaires used to require a minimum annual guarantee, which can be based on sales, number of passengers or other indicators of operational activity to guarantee the performance of Dufry's obligations. In case of an early termination, the operation can be required to compensate the concessionaire for lost earnings. The Group or their subsidiaries have granted these guarantees regarding the performance of the above mentioned long-term contracts directly or through third parties. As at December 31, 2013 and December 31, 2012, no party has exercised their right to call upon these guarantees.

Some of these long-term concession agreements, which Dufry has entered into, 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 operation presents a non-profitable outlook. In this event, a provision based on the present value of the future net cash is established. At the reporting date of 2013 and 2012, no such onerous concession exists.

38. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

Except as detailed in table "Fair value measurement" below, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

The following tables provide the fair value measurement hierarchy of the Group'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).

38. FAIR VALUE MEASUREMENT (Continued)

Quantitative disclosures fair value measurement hierarchy for assets

DECEMBER, 31, 2013 IN MILLIONS OF CHF	DATE OF VALUATION	FAIR VALUE MEASUREMENT USING: Total	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 (Note 39.5.2)						
Foreign exchange forward contracts—USD	Dec. 31, 2013	1.5		1.5		1.5
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:						
Loans and receivables						
Credit card receivables	Dec. 31, 2013	21.1		21.1		21.4

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

Quantitative disclosures fair value measurement hierarchy for liabilities

DECEMBER, 31, 2013 IN MILLIONS OF CHF	DATE OF VALUATION	FAIR VALUE MEASUREMENT USING: Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
LIABILITIES MEASURED AT FAIR VALUE:						
Derivative financial liabilities (Note 39.5.2)						
Foreign exchange forward contracts—USD	Dec. 31, 2013	0.7		0.7		0.7
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:						
At amortized cost						
Senior Notes USD	Dec. 31, 2013	458.7	458.7			435.9
Floating rate borrowings USD	Dec. 31, 2013	878.9		878.9		883.1
Floating rate borrowings EUR	Dec. 31, 2013	596.7		596.7		599.5
Floating rate borrowings CHF	Dec. 31, 2013	59.9		59.9		60.0

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

38. FAIR VALUE MEASUREMENT (Continued)

Fair value hierarchy for financial instruments measured at fair value at December 31, 2012

IN MILLIONS OF CHF	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS MEASURED AT FAIR VALUE:				
Derivative financial assets (Note 39.9.2)				
Foreign exchange forward contracts	0.5		0.5	
LIABILITIES MEASURED AT FAIR VALUE:				
Derivative financial liabilities (Note 39.9.2)				
Foreign exchange forward contracts	0.3		0.3	

39. FINANCIAL INSTRUMENTS

Significant accounting policies are described in note 2.3 o) and followings.

39.1 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 the Group'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.

The Group 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, the Group may adjust dividend payments to shareholders, return capital to shareholders, issue new shares or issue equity-linked instruments or equity-like instruments.

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

39. FINANCIAL INSTRUMENTS (Continued)

39.1.1 Gearing ratio

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

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Cash and cash equivalents	(246.4)	(434.0)
Financial debt, short-term	306.2	39.9
Financial debt, long-term	1,693.6	1,345.4
Net debt	**1,753.4**	**951.3**
Equity attributable to equity holders of the parent	1,137.5	1,223.1
ADJUSTED FOR:		
Accumulated hedged gains / (losses)	(57.3)	(32.9)
Effects from transactions with non-controlling interests(2)	683.8	513.2
Total capital(1)	**1,764.0**	**1,703.4**
Total net debt and capital	**3,517.4**	**2,654.7**
Gearing ratio	**49.8%**	**35.8%**

(1) Includes all capital and reserves of the Group that are managed as capital.

(2) In accordance with IFRS 10.23 transactions with non-controlling interests, which do not result in losing control of the subsidiary, are equity transactions. Therefore the excess paid above the fair value of the net assets acquired from non-controlling interests of Hellenic Duty Free in 2013 and Dufry South America in 2010 were debited to equity. For the calculation of the gearing ratio such effects are adjusted.

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

39.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	FINANCIAL ASSETS				
AT DECEMBER 31, 2013 IN MILLIONS OF CHF	Loans and receivables	at FVTPL(1)	Subtotal	NON-FINANCIAL ASSETS(2)	TOTAL
Cash and cash equivalents	246.4	—	246.4	—	246.4
Trade and credit card receivables	42.8	—	42.8	—	42.8
Other accounts receivable	72.3	1.5	73.8	75.9	149.7
Other non-current assets	54.0	—	54.0	8.1	62.1
Total	**415.5**	**1.5**	**417.0**		

39. FINANCIAL INSTRUMENTS (Continued)

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVTPL(1)	Subtotal	NON-FINANCIAL LIABILITIES(2)	TOTAL
Trade payables	277.9	—	277.9	—	277.9
Financial debt short-term	306.2	—	306.2	—	306.2
Other liabilities	276.5	0.7	277.2	45.9	323.1
Financial debt long-term	1,693.6	—	1,693.6	—	1,693.6
Other non-current liabilities	4.8	—	4.8	0.3	5.1
Total	**2,559.0**	**0.7**	**2,559.7**		

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL(1)	Subtotal	NON-FINANCIAL ASSETS(2)	TOTAL
Cash and cash equivalents	434.0	—	434.0	—	434.0
Trade and credit card receivables	59.5	—	59.5	—	59.5
Other accounts receivable	53.8	0.5	54.3	66.1	120.4
Other non-current assets	31.6	—	31.6	5.3	36.9
Total	**578.9**	**0.5**	**579.4**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVTPL(1)	Subtotal	NON-FINANCIAL LIABILITIES(2)	TOTAL
Trade payables	247.8	—	247.8	—	247.8
Financial debt short-term	39.9	—	39.9	—	39.9
Other liabilities	254.9	0.3	255.2	29.7	284.9
Financial debt long-term	1,345.4	—	1,345.4	—	1,345.4
Other non-current liabilities	7.8	—	7.8	0.5	8.3
Total	**1,895.8**	**0.3**	**1,896.1**		

(1) Financial assets and liabilities at fair value through consolidated income statement

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

39. FINANCIAL INSTRUMENTS (Continued)

39.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2013

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income (expenses)	3.0	—	3.0
Other finance income (expenses)	0.4	—	0.4
From interest	**3.4**	**—**	**3.4**
Fair values gain (loss)	—	1.5	1.5
Foreign exchange gain (loss)(1)	(11.2)	—	(11.2)
Impairments / allowances(2)	(1.2)	—	(1.2)
Total—from subsequent valuation	**(12.4)**	**1.5**	**(10.9)**
Net income	**(9.0)**	**1.5**	**(7.5)**

Financial Liabilities at December 31, 2013

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest income (expenses)	(93.3)	—	(93.3)
Other finance income (expenses)	(2.9)	—	(2.9)
From interest	**(96.2)**	**—**	**(96.2)**
Fair values gain (loss)	—	(1.0)	(1.0)
Foreign exchange gain (loss)(1)	5.3	—	5.3
Impairments / allowances(2)	—	—	—
Total—from subsequent valuation	**5.3**	**(1.0)**	**4.3**
Net income	**(90.9)**	**(1.0)**	**(91.9)**

Financial Assets at December 31, 2012

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income (expenses)	1.3	—	1.3
Other finance income (expenses)	—	—	—
From interest	**1.3**	**—**	**1.3**
Fair values gain (loss)	—	1.3	1.3
Foreign exchange gain (loss)(1)	(21.3)	—	(21.3)
Impairments / allowances(2)	(0.7)	—	(0.7)
Total—from subsequent valuation	**(22.0)**	**1.3**	**(20.7)**
Net income	**(20.7)**	**1.3**	**(19.4)**

39. FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities at December 31, 2012

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest income (expenses)	(77.8)	—	(77.8)
Other finance income (expenses)	(1.2)	—	(1.2)
From interest	**(79.0)**	**—**	**(79.0)**
Fair values gain (loss)	—	(0.8)	(0.8)
Foreign exchange gain (loss)(1)	21.2	—	21.2
Impairments / allowances(2)	—	—	—
Total—from subsequent valuation	**21.2**	**(0.8)**	**20.4**
Net income	**(57.8)**	**(0.8)**	**(58.6)**

(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 release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs.

39.3 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. The Group treasury manages the financing of the operations through centralized credit facilities as 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. The Group 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.

39.4 MARKET RISK

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. The Group's objective is to minimize the consolidated 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, the Group may use financial instruments to hedge the respective exposure.

The Group 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.

39. FINANCIAL INSTRUMENTS (Continued)

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

39.5 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.

39.5.1 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	BRL	OTHER	TOTAL
DECEMBER 31, 2013					
Monetary assets	191.5	698.6	18.2	69.2	977.5
Monetary liabilities	989.4	723.7	43.4	92.9	1,849.4
Net exposure before hedging	**(797.9)**	**(25.1)**	**(25.2)**	**(23.7)**	**(871.9)**
Hedging	824.3	—	—	—	824.3
Net exposure after hedging	**26.4**	**(25.1)**	**(25.2)**	**(23.7)**	**(47.6)**
DECEMBER 31, 2012					
Monetary assets	131.3	114.0	49.5	56.5	351.3
Monetary liabilities	984.3	136.8	50.6	65.5	1,237.2
Net exposure before hedging	**(853.0)**	**(22.8)**	**(1.1)**	**(9.0)**	**(885.9)**
Hedging	847.6	—	—	—	847.6
Net exposure after hedging	**(5.4)**	**(22.8)**	**(1.1)**	**(9.0)**	**(38.3)**

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, which are not likely to be settled in the foreseeable future as being part of the net investment in such subsidiary. Consequently, the related exchange differences are recognized in other comprehensive income and presented within translation reserve in equity.

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

39. FINANCIAL INSTRUMENTS (Continued)

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

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Effect on the Income Statement (profit/loss) of USD	(1.3)	11.5
Other comprehensive income—profit (loss) of USD	41.2	31.0
Effect on the Income Statement (profit/loss) of EUR	1.3	1.1
Other comprehensive income—profit (loss) of EUR	—	—

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	977.5	351.3
less intercompany financial assets in foreign currencies	(882.9)	(220.8)
Third party financial assets held in foreign currencies	94.6	130.5
Third party financial assets held in reporting currencies	322.4	448.9
Total third party financial assets(1)	**417.0**	**579.4**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	1,849.4	1,237.2
less intercompany financial liabilities in foreign currencies	(124.9)	(95.0)
Third party financial liabilities held in foreign currencies	1,724.5	1,142.2
Third party financial liabilities held in reporting currencies	835.2	753.9
Total third party financial liabilities(1)	**2,559.7**	**1,896.1**

(1) see note 39.2 Categories of financial instruments.

39.5.2 Forward foreign exchange 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 the Group 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. 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.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
December 31, 2012	268.6	0.5	0.3
December 31, 2013	59.5	1.5	0.7

39. FINANCIAL INSTRUMENTS (Continued)

39.6 INTEREST RATE RISK MANAGEMENT

The Group 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. The Group did not utilize interest rate swap contracts during 2013.

39.6.1 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, the Group's net earnings for the year 2013 would decrease by CHF 10.1 million (2012: decrease by CHF 13.5 million).

39.6.2 Allocation of financial assets and liabilities to interest classes

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2013	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	1.9%	0.5%	204.1	0.5	204.6	41.8	246.4
Trade and credit card receivables			—	—	—	42.8	42.8
Other accounts receivable			—	—	—	73.8	73.8
Other non-current assets	5.7%	0.5%	13.3	0.8	14.1	39.9	54.0
Financial assets			**217.4**	**1.3**	**218.7**	**198.3**	**417.0**
Trade payables			—	—	—	278.0	278.0
Financial debt, short-term	3.1%	5.7%	301.4	3.5	304.9	1.3	306.2
Other liabilities			—	—	—	277.2	277.2
Financial debt, long-term	3.0%	5.5%	1,253.4	440.2	1,693.6	—	1,693.6
Other non-current liabilities			—	—	—	4.7	4.7
Financial liabilities			**1,554.8**	**443.7**	**1,998.5**	**561.2**	**2,559.7**
Net financial liability			**1,337.4**	**442.4**	**1,779.8**	**362.9**	**2,142.7**

39. FINANCIAL INSTRUMENTS (Continued)

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2012	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	0.8%	0.5%	400.5	1.6	402.1	31.9	434.0
Trade and credit card receivables			—	—	—	59.5	59.5
Other accounts receivable			—	—	—	54.3	54.3
Other non-current assets	3.7%	0.5%	5.0	0.8	5.8	25.8	31.6
Financial assets			**405.5**	**2.4**	**407.9**	**171.5**	**579.4**
Trade payables			—	—	—	247.8	247.8
Financial debt, short-term	5.5%	0.0%	36.7	3.2	39.9	—	39.9
Other liabilities			—	—	—	255.2	255.2
Financial debt, long-term	2.0%	5.5%	894.4	451.0	1,345.4	—	1,345.4
Other non-current liabilities			—	—	—	7.8	7.8
Financial liabilities			**931.1**	**454.2**	**1,385.3**	**510.8**	**1,896.1**
Net financial liability			**525.6**	**451.8**	**977.4**	**339.3**	**1,316.7**

39.7 CREDIT RISK MANAGEMENT

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

Almost all Groups' 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. The Group monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

39.7.1 Maximum credit risk

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

39.8 LIQUIDITY RISK MANAGEMENT

The group 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).

39. FINANCIAL INSTRUMENTS (Continued)

39.8.1 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 the Group can receive or be required to pay). The tables include principal and interest cash flows.

AT DECEMBER 31, 2013 IN MILLIONS OF CHF	1 - 6 MONTHS	6 - 12 MONTHS	1 - 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	246.4	—	—	—	246.4
Trade and credit card receivables	42.7	0.1	—	—	42.8
Other accounts receivable	72.1	0.3	—	—	72.4
Other non-current assets	—	0.5	—	54.0	54.5
Total cash inflows	**361.2**	**0.9**	**—**	**54.0**	**416.1**
Trade payables	278.0	—	—	—	278.0
Financial debt, short-term	47.4	271.3	—	—	318.7
Other liabilities	273.7	1.2	—	0.1	275.0
Financial debt, long-term	80.1	19.9	308.6	1,520.6	1,929.2
Other non-current liabilities	—	—	—	4.8	4.8
Total cash outflows	**679.2**	**292.4**	**308.6**	**1,525.5**	**2,805.7**

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	1 - 6 MONTHS	6 - 12 MONTHS	1 - 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	434.8	—	—	—	434.8
Trade and credit card receivables	59.5	—	—	—	59.5
Other accounts receivable	53.7	0.1	—	—	53.8
Other non-current assets	—	—	—	31.6	31.6
Total cash inflows	**548.0**	**0.1**	**—**	**31.6**	**579.7**
Trade payables	247.9	—	—	—	247.9
Financial debt, short-term	40.0	0.2	—	—	40.2
Other liabilities	254.9	0.1	—	—	255.0
Financial debt, long-term	14.7	12.0	23.7	1,443.3	1,493.7
Other non-current liabilities	—	—	—	7.8	7.8
Total cash outflows	**557.5**	**12.3**	**23.7**	**1,451.1**	**2,044.6**

39.8.2 Remaining maturities for derivative financial instruments

The Group had no significant derivative financial instruments at year-end and the expected cash flows are negligible.

39.9 OTHER FINANCIAL ASSETS AND LIABILITIES

Dufry granted to a 3rd party an option to purchase up to 6% of the shares of the Holding Company, which holds 51% of Hellenic Duty Free Shops SA in exchange for consideration based on the amount Dufry has paid for the acquisition of 51% of Hellenic Duty Free Shops SA increased by

39. FINANCIAL INSTRUMENTS (Continued)

the shareholders structuring costs and the transaction expenses incurred by Dufry. At December 31, 2013 the 3rd party has not yet exercised this right.

39.10 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
31.12.2013			
Cash and cash equivalents	525.8	(279.4)	246.4
Financial debt, short-term	585.6	(279.4)	306.2
31.12.2012			
Cash and cash equivalents	667.9	(233.9)	434.0
Financial debt, short-term	273.8	(233.9)	39.9

MOST IMPORTANT
AFFILIATED COMPANIES

H = HOLDING R = RETAIL D = DISTRIBUTION CENTER

AS OF DECEMBER 31, 2013	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
HEADQUARTERS						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Management AG	Basel	Switzerland	H	100	100	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
EMEA & ASIA						
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Dufry Samnaun AG	Samnaun	Switzerland	R	100	100	CHF
Dufrital SpA	Milan	Italy	R	60	258	EUR
Dufry Italia SpA	Milan	Italy	R	100	251	EUR
Network Italia Edicole	Milan	Italy	R	100	20	EUR
Dufry Islas Canarias SL	Tenerife	Spain	R	100	333	EUR
Dufry France SA	Nice	France	R	100	3,491	EUR
Sovenex SAS	Fort-de-France	France	R	100	40	EUR
Dufry CE sro	Prague	Czech Republic	R	51	21,370	CZK
Food Village BV	Amsterdam	Netherlands	R	100	681	EUR
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	EUR
Dufry Tunisie SA	Tunis	Tunisia	R	100	2,300	EUR
Dufry Maroc Sarl	Casablanca	Morocco	R	80	2,500	MAD
Dufry Egypt LLC	Sharm-el-Sheikh	Egypt	R	80	450	USD
Dufry Aeroport d'Alger Sarl	Alger	Algeria	R	80	20,000	DZD
Dufry East OOO	Moscow	Russia	R	100	712	USD
Dufry Moscow Sheremetyevo	Moscow	Russia	R	69	420	USD
Regstaer Ltd	Moscow	Russia	R	51	3,991	EUR
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co. Ltd.	Shanghai	China	R	100	19,497	CNY
Shanghai Huaihai—Dufry Trading Co. Ltd	Chengdu	China	R	50	20,000	CNY
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
Dufry Sharjah Fzc	Sharjah	U. Arab Emirates	R	51	2,054	AED
Dufry d.o.o.	Belgrade	Serbia	R	100	693,078	RSD
AMERICA I						
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
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Puerto Libre Int. SA	Managua	Nicaragua	R	30	59	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
Dufry Trinidad Ltd	San Juan	Puerto Rico	R	60	392	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Inversiones Pánamo, S.A.	Santo Domingo	Dominican Republic	R	100	0	USD
Duty Free Caribbean (Holdings) Ltd	Bridgetown	Barbados	H	60	27,000	USD
Colombian Emeralds Int. Ltd	Castries	St. Lucia	R	60	7,000	USD
Flagship Retail Services Inc.	Delaware	USA	R	100	0	USD
Interbaires S.A.	Buenos Aires	Argentina	R	100	306	USD
Navinten S.A.	Montevideo	Uruguay	R	100	126	USD
Duty Free Ecuador S.A.	Guayaquil	Ecuador	R	100	401	USD
Dufry America, Inc.	Miami	USA	H	100	5	USD
AMERICA II						
Dufry do Brasil Duty Free Shop Ltda.	Rio de Janeiro	Brazil	R	100	4,146	USD
Dufry Bolivia	Santa Cruz	Bolivia	R	100	356	USD

AS OF DECEMBER 31, 2013	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
UNITED STATES & CANADA						
Hudson News Company Inc.	East Rutherford	USA	H / R	100	0	USD
Dufry Newark, Inc.	Newark	USA	R	100	1,501	USD
Dufry Houston Duty Free and Retail Partnership	Houston	USA	R	75	1	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	0	USD
Airport Management Services, LLC	New York	USA	H / R	100	0	USD
AMS-Olympic Nashville, JV	Nashville	USA	R	83	0	USD
AMS-SJC JV	San Jose	USA	R	91	0	USD
AMS-BW Newark JV	Newark	USA	R	70	0	USD
Barbara's Bookstore O'Hare JV	Chicago	USA	R	35	0	USD
Hudson Cleveland JV	Cleveland	USA	R	80	0	USD
Hudson News O'Hare, JV	Springfield	USA	R	70	0	USD
Hudson Retail-Neu News JV	New York	USA	R	80	0	USD
Hudson-Hobby JV	Houston	USA	R	63	0	USD
Hudson-JRE Midway JV	Chicago	USA	R	70	0	USD
Hudson-Keelee JFK 7 JV	New York	USA	R	83	0	USD
Hudson-NEU Logan JV	Boston	USA	R	80	0	USD
Hudson-NEU Newark C JV	Newark	USA	R	80	0	USD
National Air Ventures JV	Dallas	USA	R	70	0	USD
Seattle Air Ventures JV	Olympia	USA	R	75	0	USD
AMS-TEI Miami, JV	Miami	USA	R	70	0	USD
AMS Hudson Las Vegas, JV	Las Vegas	USA	R	73	0	USD
Hudson Newburn AS2 JV	Orlando	USA	R	65	0	USD
John Wayne NG-AC JV	Santa Ana	USA	R	81	0	USD
Hudson-Magic Johnson Ent. CV LLC	Los Angeles	USA	R	100	0	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	72.8	0	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	74.6	0	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	0	USD
Hudson-BW Logan C, JV	Boston	USA	R	85	0	USD
HG Denver JV	Denver	USA	R	76	0	USD
New Orleans Air Ventures II	New Orleans	USA	R	85	0	USD
HG St Louis JV	St. Louis	USA	R	70	0	USD
Dufry Seattle JV	Seattle	USA	R	88	0	USD
JFK Air Ventures II JV	New York	USA	R	80	0	USD
AMS Canada	Vancouver	Canada	R	100	0	CAD
Hudson Group Canada, Inc.	Vancouver	Canada	R	100	0	CAD
GLOBAL DISTRIBUTION CENTERS						
Dufry Travel Retail AG	Basel	Switzerland	D	100	5,000	CHF
International Operation & Services Corp.	Monteviduo	Uruguay	D	100	50	USD
Dufry America Services, Inc.	Miami	USA	D	100	398	USD

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To the General Meeting of
Dufry AG, Basel

Basel, 5 March 2014

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dufry AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes (pages 58 to 129), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

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 Code of Obligation (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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 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

Patrick Fawer	Olaf Reich
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

IN MILLIONS OF CHF	NOTE	2012	2011
Net sales	7	3,062.1	2,560.9
Advertising income		91.5	76.8
Turnover		**3,153.6**	**2,637.7**
Cost of sales	8	(1,297.0)	(1,102.4)
Gross profit		**1,856.6**	**1,535.3**
Selling expenses	9	(694.2)	(579.7)
Personnel expenses	11	(474.7)	(402.6)
General expenses	12	(213.7)	(182.1)
EBITDA(1)		**474.0**	**370.9**
Depreciation, amortization and impairment	13	(168.3)	(131.5)
Other operational result	14	(30.1)	(26.9)
Earnings before interest and taxes (EBIT)		**275.6**	**212.5**
Interest expenses	15	(79.5)	(55.2)
Interest income	15	1.3	4.1
Foreign exchange gain / (loss)		(0.1)	1.7
Earnings before taxes (EBT)		**197.3**	**163.1**
Income taxes	16	(39.1)	(28.2)
Net earnings		**158.2**	**134.9**
ATTRIBUTABLE TO:			
Equity holders of the parent		122.4	111.9
Non-controlling interests		35.8	23.0
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share	17	4.46	4.16
Diluted earnings per share	17	4.41	4.16
Weighted average number of outstanding shares in thousands		27,447	26,873

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

IN MILLIONS OF CHF	2012	2011
Net earnings	**158.2**	**134.9**
OTHER COMPREHENSIVE INCOME		
Items reclassified subsequently to net income upon derecognition		
Exchange differences on translating foreign operations	(31.1)	98.2
Net gain / (loss) on hedge of net investment in foreign operations	6.3	(82.7)
Changes in the fair value of interest rate swaps held as cash flow hedges	1.0	1.1
Other comprehensive income before taxes	**(23.8)**	**16.6**
Income tax relating to net gain / (loss) on hedge of net investment	(0.8)	9.9
Income tax on cash flow hedges	(0.1)	(0.1)
Income tax relating to components of other comprehensive income	**(0.9)**	**9.8**
Total other comprehensive income for the year, net of tax	**(24.7)**	**26.4**
Total comprehensive income for the year, net of tax	**133.5**	**161.3**
ATTRIBUTABLE TO:		
Equity holders of the parent	100.0	135.3
Non-controlling interests	33.5	26.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2012

IN MILLIONS OF CHF	NOTE	31.12.2012	31.12.2011
ASSETS			
Property, plant and equipment	19	259.8	246.1
Intangible assets	21	2,032.6	2,078.6
Deferred tax assets	23	153.0	146.5
Other non-current assets	24	36.9	37.8
Non-current assets		**2,482.3**	**2,509.0**
Inventories	25	421.1	432.0
Trade and credit card receivables	26	59.5	47.0
Other accounts receivable	27	120.4	127.3
Income tax receivables		8.3	3.4
Cash and cash equivalents	28	434.0	199.1
Current assets		**1,043.3**	**808.8**
Total assets		**3,525.6**	**3,317.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		1,238.8	870.0
Non-controlling interests		128.4	84.1
Total equity		**1,367.2**	**954.1**
Financial debt	32	1,345.4	1,529.8
Deferred tax liabilities	23	165.0	168.5
Provisions	33	39.0	39.5
Post-employment benefit obligations	34	6.1	6.0
Other non-current liabilities	35	8.3	11.3
Non-current liabilities		**1,563.8**	**1,755.1**
Trade payables		247.8	301.1
Financial debt	32	39.9	30.6
Income tax payables		10.8	14.2
Provisions	33	11.2	7.1
Other liabilities	35	284.9	255.6
Current liabilities		**594.6**	**608.6**
Total liabilities		**2,158.4**	**2,363.7**
Total liabilities and shareholders' equity		**3,525.6**	**3,317.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
2012 IN MILLIONS OF CHF	**NOTE**	**Share capital**	**Share premium**	**Treasury shares**	**Hedging & revaluation reserves**	**Translation reserves**	**Retained earnings**	**Total**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
Balance at January 1, 2012		**134.9**	**934.5**	**(13.5)**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**
Net earnings		—	—	—	—	—	122.4	122.4	35.8	158.2
Other comprehensive income (loss)	18	—	—	—	0.9	(23.3)	—	(22.4)	(2.3)	(24.7)
Total comprehensive income for the period		**—**	**—**	**—**	**0.9**	**(23.3)**	**122.4**	**100.0**	**33.5**	**133.5**
TRANSACTIONS WITH OR DISTRIBUTIONS TO OWNERS:										
Dividends to non-controlling interests		—	—	—	—	—	—	—	(29.9)	(29.9)
Net proceeds from issue of shares	29.2	13.5	272.5	—	—	—	—	286.0	—	286.0
Purchase of treasury shares	30.2	—	—	(28.1)	—	—	—	(28.1)	—	(28.1)
Share-based payment	30	—	—	—	—	—	8.8	8.8	—	8.8
Tax effect on equity transactions	16	—	—	—	—	—	2.1	2.1	—	2.1
Total transactions with or distributions to owners		**13.5**	**272.5**	**(28.1)**	**—**	**—**	**10.9**	**268.8**	**(29.9)**	**238.9**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:										
Changes in participation of non-controlling interests	31	—	—	—	—	—	—	—	40.7	40.7
Balance at December 31, 2012		**148.4**	**1,207.0**	**(41.6)**	**—**	**(199.9)**	**124.9**	**1,238.8**	**128.4**	**1,367.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
2011 IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Hedging & revaluation reserves	Translation reserves	Retained earnings	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2011		**134.9**	**934.2**	**(28.7)**	**(1.9)**	**(199.0)**	**(105.8)**	**733.7**	**81.1**	**814.8**
Net earnings		—	—	—	—	—	111.9	111.9	23.0	134.9
Other comprehensive income (loss)	18	—	—	—	1.0	22.4	—	23.4	3.0	26.4
Total comprehensive income for the period		**—**	**—**	**—**	**1.0**	**22.4**	**111.9**	**135.3**	**26.0**	**161.3**
TRANSACTIONS WITH OR DISTRIBUTIONS TO OWNERS										
Dividends to non-controlling interests		—	—	—	—	—	—	—	(25.0)	(25.0)
Release of share issuance costs	29.2	—	2.6	—	—	—	—	2.6	—	2.6
Purchase of treasury shares	30.2	—	—	(12.5)	—	—	—	(12.5)	—	(12.5)
Distribution of treasury shares	30.2	—	—	27.7	—	—	(27.7)	—	—	—
Share-based payment	30	—	—	—	—	—	9.6	9.6	—	9.6
Tax effect on equity transactions	16	—	—	—	—	—	1.3	1.3	—	1.3
Reclassifications		—	(2.3)	—	—	—	2.3	—	—	—
Total transactions with or distributions to owners		**—**	**0.3**	**15.2**	**—**	**—**	**(14.5)**	**1.0**	**(25.0)**	**(24.0)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:										
Changes in participation of non-controlling interests	31	—	—	—	—	—	—	—	2.0	2.0
Balance at December 31, 2011		**134.9**	**934.5**	**(13.5)**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

IN MILLIONS OF CHF	NOTE	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes [EBT]		**197.3**	**163.1**
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	13	168.3	131.5
Increase / (decrease) in allowances and provisions		13.5	15.8
Loss / (gain) on unrealized foreign exchange differences		7.4	(2.7)
Other non-cash items		8.8	9.5
Interest expenses	15	79.5	55.2
Interest income	15	(1.3)	(4.1)
Cash flow before working capital changes(1)		**473.5**	**368.3**
Decrease / (increase) in trade and other accounts receivable		(4.5)	9.8
Decrease / (increase) in inventories	25	2.6	(69.9)
Increase / (decrease) in trade and other accounts payable		(19.5)	68.4
Cash generated from operations(2)		**452.1**	**376.6**
Income tax paid		(69.6)	(39.8)
Net cash flows from operating activities		**382.5**	**336.8**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	20	(83.9)	(65.0)
Purchase of intangible assets	22	(28.6)	(30.0)
Proceeds from sale of property, plant and equipment		0.7	3.2
Interest received		1.1	3.9
Business combinations, net of cash	6	(47.7)	(743.2)
Proceed from sale of interest in subsidiaries, net of cash		0.9	0.6
Net cash flows used in investing activities		**(157.5)**	**(830.5)**
Free cash flow(3)		**271.8**	**248.9**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares	29.2.1	294.0	—
Share issuance cost paid		(8.0)	(0.9)
Proceeds from issuance of Senior Notes		466.1	—
Proceeds from bank loans		8.3	773.4
Repayment of bank loans		(608.3)	(87.9)
Proceeds from / (repayment of) 3rd parties'loans		1.7	3.8
Dividends paid to non-controlling interest		(29.9)	(25.0)
Purchase of treasury shares		(28.1)	(12.5)
Contributions from non-controlling interest holders	31.1	0.7	0.7
Arrangement fees paid		(11.3)	(15.0)
Interest paid		(60.8)	(41.1)
Net cash flows (used in) / from financing activities		**24.4**	**595.5**
Currency translation on cash		(14.5)	16.7
(Decrease) / Increase in cash and cash equivalents		**234.9**	**118.5**
CASH AND CASH EQUIVALENTS AT THE			
—beginning of the period		199.1	80.6
—end of the period		434.0	199.1

(1) Comprise cash flows generated by earnings before taxes adjusted for all non-cash items, i.e. up to interest income

(2) Comprise net cash flows from operating activities before income taxes paid

(3) Comprise net cash flows from operating activities and the cash flows from investing activities related to property, plant and equipment, intangible assets and interest received

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. CORPORATE INFORMATION

Dufry AG ("Dufry" or "the Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is a leading travel retail company. It operates over 1,200 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM&FBOVESPA in São Paulo.

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2012 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 7, 2013.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") 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 financial instruments that are measured at fair values, 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 Swiss francs 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, 2012 and respective comparative information.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control is lost. 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 and losses resulting from intra-group 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 the Group loses control over a subsidiary, it

(i) 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

(ii) 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

(iii) reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

2. ACCOUNTING POLICIES (Continued)

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, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the net acquiree's identifiable assets.

Acquisition costs incurred are expensed and included in the other operational result.

When the Group 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 buyer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration is not a financial instrument, it is measured in accordance with the appropriate IFRS.

The Group 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 consolidated 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 the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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.

2. ACCOUNTING POLICIES (Continued)

b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes or duties.

Net sales

Sales are recognized when significant risks and rewards of ownership of the products have been transferred to the customer. Retail sales are settled in cash or by credit card.

Advertising income

Advertising income is recognized when the services have been rendered.

c) Foreign currency translation

The consolidated financial statements are expressed in Swiss francs (CHF). Each company in the Group 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 translated in the functional currency using the exchange rate at the reporting date. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the consolidated income statement, except where the hedges on net investments allow the recognition in the other comprehensive income, until the respective investments are disposed of. In this case any related deferred taxes are also accounted for in the other comprehensive income. Non-monetary items that are measured at historical cost in the respective functional currency are translated using the exchange rates as at the dates of the initial transactions.

At the reporting date, the assets and liabilities of all subsidiaries reporting in foreign currency are translated into the presentation currency of Dufry (Swiss francs) using the exchange rate at the reporting date. The consolidated income statement is translated using the average exchange rates of the respective month in which the transactions occurred. The net translation differences are recognized in the 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 consolidated income statement as gain or loss on sale of subsidiaries.

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

Principal foreign exchange rates applied for valuation and translation

IN CHF	1.1. - 31.12.2012 AVERAGE RATES	1.1. - 31.12.2011 AVERAGE RATES	31.12.2012 CLOSING RATES	31.12.2011 CLOSING RATES
1 USD—US Dollar	0.9377	0.8868	0.9146	0.9387
1 EUR—Euro	1.2052	1.2329	1.2069	1.2167

2. ACCOUNTING POLICIES (Continued)

d) Pension and other post-employment benefit obligations—Pension 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 generally funded through regular contributions made by the employer and the employee and through the income generated by the capital investments.

In the case of defined contribution plans, the net periodic pension cost to be recognized in the consolidated income statement equals the contributions made by the employer.

In the case of defined benefit plans, the net periodic pension cost is determined using the projected unit credit method. The defined benefit obligation is measured as the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The net periodic pension cost less employee contributions is included in the personnel expenses. Plan assets are recorded at their fair value. Actuarial gains or losses beyond a corridor of 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets arising from adjustments posted and changes in actuarial assumptions are recognized in the consolidated income statement over the average remaining service lives of the related plan participants.

e) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will eventually vest. At the end of each reporting period, the Group 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 consolidated 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 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 employee as measured at the date of modification.

f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities 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 the Group operates and generates taxable income.

Current income tax relating to items recognized in other comprehensive income is recognized in the same statement. Management periodically evaluates positions taken in the tax returns with respect

2. ACCOUNTING POLICIES (Continued)

to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and 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 and any unused 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.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity.

2. ACCOUNTING POLICIES (Continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction of goodwill (as long as it does not exceed goodwill) if it was noted during the measurement period or afterwards in the consolidated income statement.

g) 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:

- Buildings 15 to 20 years
- Leasehold improvements 5 to 10 years
- Furniture, fixture and vehicles 4 to 10 years
- Computer hardware 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Additional costs, which extend the useful life of tangible assets, are capitalized. There are no borrowing costs recognized that are associated with the construction of tangible assets.

The carrying amount of tangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use.

h) Intangible assets

Intangible assets acquired (separately or from a business combination)

These assets mainly comprise of concession rights, brands and goodwill (for goodwill see 2.3.a). Intangible assets acquired separately are capitalized at cost and those from a business acquisition 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 and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually at the asset or cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis. Brands have been assessed to have indefinite useful lives and are therefore not amortized.

Certain concession rights are granted for periods ranging from 10 to 30 years by the relevant airport authorities. Based on Dufry's experience, these concession rights have been renewed in the past

2. ACCOUNTING POLICIES (Continued)

at little or no cost for the Group. As a result these concession rights are assessed as having an indefinite useful life.

i) 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 costs to sell 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).

j) 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 import duties, transport and handling costs and any other directly attributable costs of acquisition. 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.

k) 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 the Group 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.

2. ACCOUNTING POLICIES (Continued)

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist if the Group 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 the Group 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.

l) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

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) are added to or deducted from 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 consolidated income statement.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

m) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The categorization depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2. ACCOUNTING POLICIES (Continued)

Financial assets at FVTPL (fair value through profit or loss)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any dividend or interest earned on the financial asset and is included in the other operating result line item in the consolidated income statement. Fair value is determined in the manner described in note 38.

Trade and other accounts receivable

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 investment have been affected.

2. ACCOUNTING POLICIES (Continued)

Certain categories of financial assets, such as trade receivables, are assessed for impairment individually. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, loans and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated income statement.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group 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 the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

n) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 the Company's own equity instruments is recognized and deducted directly in equity.

No gain or loss is recognized in the consolidated income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

o) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

2. ACCOUNTING POLICIES (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated 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 other operational result line item in the consolidated income statement. Fair value is determined in the manner described in note 38.

Other financial liabilities

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

Derecognition of financial liabilities

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

p) Derivative financial instruments

The Group 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

2. ACCOUNTING POLICIES (Continued)

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 remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated 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.

q) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded 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, the Group 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.

Note 38 sets out details of the fair values of the derivative instruments used for hedging purposes.

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 consolidated income statement, and is included in the interest expenses/income line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item is recognized in the consolidated income statement, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group 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 remains in equity and is recognized when the forecast transaction is ultimately recognized in

2. ACCOUNTING POLICIES (Continued)

the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the consolidated income statement.

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 consolidated income statement, and is included in the foreign exchange gains/loss line item.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations:

Standards and Interpretations affecting the reported financial performance and/or financial position

The Group has not adopted any new or revised Standards and Interpretations during the current year that affected the amounts reported in these financial statements.

Standards and Interpretations affecting presentation and disclosure only

IFRS 7
Financial Instruments: Disclosures—
Enhanced Derecognition Disclosure Requirements
(effective July 1, 2011)

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period

The following new or revised Interpretation has been adopted in these financial statements. Its adoption has not had a significant impact on the amounts reported in these financial statements, but may affect the accounting for future transactions or arrangements.

2. ACCOUNTING POLICIES (Continued)

IAS 12
Deferred tax—
Recovery of underlying assets amendments to IAS 12
(effective January 1, 2012)

IAS 12 has been updated to include a presumption that deferred tax on investment property measured using the fair value model in IAS 40 and on non-depreciable assets measured using the revaluation model in IAS 16, should always be measured on a sale basis. Dufry has not accounted for any investment property.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group'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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

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. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group annually tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.1.2.

Brands and Goodwill

The Group tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.1.4.

Income taxes

The Group 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. The Group 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 note 16.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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. 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 together with future tax planning strategies. Further details are given in note 23.

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 33.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which depends 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. The assumptions and models used are disclosed in note 30.

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, expected rates of return on assets, 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. Further details are given in note 34.

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).

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. Only those that are expected to have an impact on the Group's financial position, performance, and / or disclosures are listed. The Group intends to adopt these standards, if applicable, when they become effective.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED / EFFECTIVE (Continued)

IAS 1
Presentation of Items of other Comprehensive Income— Amendments to IAS 1
(effective July 1, 2012)

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 19
Employee Benefits (Revised)
(effective January 1, 2013)

The IAS has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The Group will change its accounting policy in 2013 to recognize actuarial gains and losses in other comprehensive income. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. Further details are given in note 34.

The application of this new standard will imply a restatement of the 2012 situation. Based on current knowledge, the financial statements will be impacted at December 31, 2012 as follows:

- an additional loss of CHF 0.1 million in the consolidated income statement
- an additional loss of CHF 7.7 million in other comprehensive income
- a reduction of pension assets of CHF 0.4 million and addition of pension liabilities of CHF 15.0 million
- a reduction of equity of CHF 15.4 million due to the retrospective application of IAS 19R

IAS 28
Investments in Associates and Joint ventures (as revised in 2011)
(effective January 1, 2013)

As a consequence of the new IFRS 11, and IFRS 12, IAS 28 Investments in Associates, has been renamed as IAS 28 Investments in Associates and joint ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED / EFFECTIVE (Continued)

IAS 32
Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32
(effective January 1, 2014)

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

IFRS 7
Disclosures—Offsetting Financial Assets and Financial Liabilities—Amendments to IFRS 7
(effective January 1, 2013)

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an equity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRS 9
Financial Instruments: Classification and Measurement
(effective January 1, 2015)

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 in 2015 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10
Consolidated Financial Statements, IAS 27 Separate Financial Statements
(effective January 1, 2013)

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation—Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED / EFFECTIVE (Continued)

Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the valuation or presentation of the currently consolidated investments of the Group.

IFRS 11
Joint Arrangements
(effective January 1, 2013)

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities— Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using pro-portionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using financial the equity method.

IFRS 12
Disclosure of Interests in Other Entities
(effective January 1, 2013)

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance.

IFRS 13
Fair Value Measurement
(effective January 1, 2013)

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

Improvements to IFRSs (May 2012)

The adoption of the relevant standards will not have any significant impact on the accounting policies, financial position or performance of the Group.

5. SEGMENT INFORMATION

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

As of July 1, 2012 Dufry has regrouped its business into 4 geographical segments and one segment "global distribution centers" to achieve the financial, commercial and efficiency goals set in its strategic plan. The former regions Europe, Africa and Eurasia have been merged into one new region. The former region South America was split into a new region America I and a region America II. The

5. SEGMENT INFORMATION (Continued)

former region Central America and Caribbean has been merged into region America I. Of the former region South America, the operations in Argentina, Ecuador and Uruguay have been merged into Region America I; and Bolivia and Brazil have been moved to Region America II. The region North America has been renamed United States & Canada.

The comparative figures for 2011 have been prepared accordingly to reflect the above mentioned changes.

2012 IN MILLIONS OF CHF	TURNOVER with external customers	TURNOVER with other segments	TURNOVER Total	EBITDA(1)	FULL TIME EQUIVALENTS
EMEA & Asia	790.4	—	790.4	81.9	3,336
America I	778.3	—	778.3	57.2	3,667
America II	730.6	—	730.6	133.0	2,118
United States & Canada	809.3	—	809.3	90.3	4,955
Global Distribution Centers	45.0	757.8	802.8	111.6	285
Eliminations	—	(757.8)	(757.8)	—	—
Dufry Group	**3,153.6**	**—**	**3,153.6**	**474.0**	**14,361**

2011 IN MILLIONS OF CHF	TURNOVER with external customers	TURNOVER with other segments	TURNOVER Total	EBITDA(1)	FULL TIME EQUIVALENTS
EMEA & Asia	657.8	—	657.8	48.2	3,059
America I	524.7	—	524.7	37.8	3,697
America II	729.4	—	729.4	130.4	2,063
United States & Canada	700.5	—	700.5	76.9	4,800
Global Distribution Centers	25.3	599.4	624.7	77.6	256
Eliminations	—	(599.4)	(599.4)	—	—
Dufry Group	**2,637.7**	**—**	**2,637.7**	**370.9**	**13,874**

(1) EBITDA before other operational result.

The Group generated in Switzerland (domicile) a share of 1.1% (2011: 1.2%) of the total turnover with external customers.

2012 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	578.4	208.0	(2.1)	(17.3)	34.3	15.3
America I	1,323.9	247.2	(6.6)	(20.3)	66.0	3.3
America II	401.7	142.0	(27.0)	(21.0)	21.4	4.3
United States & Canada	517.3	120.7	(0.2)	(48.6)	41.4	0.1
Global Distribution Centers	203.3	51.0	(2.4)	(0.9)	1.3	2.3
Unallocated positions	501.0	1,389.5	(0.8)	(4.4)	3.9	6.2
Dufry Group	**3,525.6**	**2,158.4**	**(39.1)**	**(112.5)**	**168.3**	**31.5**

5. SEGMENT INFORMATION (Continued)

2011 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	476.4	184.8	2.7	(20.2)	27.3	4.8
America I	1,396.3	282.8	(0.7)	(26.4)	39.6	6.4
America II	385.4	147.6	(28.1)	(16.3)	18.9	2.5
United States & Canada	520.2	103.4	(0.5)	(19.9)	40.3	0.2
Global Distribution Centers	258.5	68.3	(1.2)	(0.5)	1.0	4.9
Unallocated positions	281.0	1,576.8	(0.4)	(11.7)	4.4	3.8
Dufry Group	**3,317.8**	**2,363.7**	**(28.2)**	**(95.0)**	**131.5**	**22.6**

The unallocated assets comprise those of Headquarter companies. The unallocated liabilities correspond mainly to the Group's financial debt.

6. BUSINESS COMBINATIONS

2012 TRANSACTIONS

6.1 ACQUISITION OF REGSTAER LLC, RUSSIA

On January 10, 2012, Dufry took control by acquiring 51% of the shares of Dufry Staer Holding Group (DSH) for a total consideration of CHF 44.7 million. Its main subsidiary, Regstaer LLC, is a travel retailer operating Duty Free Shops at the Muscovite airport of Sheremetyevo in Russia. The acquired business complements Dufry's existing operations by site adding 1,200 square meters in nine duty free shops across several terminals.

Synergies are expected to be achieved among others when Dufry integrates the 200 Regstaer employees into its local organization, introduces its corporate procedures and integrates the logistics into its global supply chain.

The acquisition has been accounted for using the acquisition method. The total transaction costs in relation with this acquisition amount to CHF 1.0 million, whereof CHF 0.2 million are included in the other operational result of the current period 2012. The non-controlling interests resulting were measured at the proportionate share of the identifiable net assets.

These financial statements include the results of Dufry Staer Holding and its subsidiaries as of January, 2012. In the period (full year) ended December 31, 2012 these operations contributed CHF 51.2 million in turnover and CHF 10.6 million in EBIT to the consolidated income statement of the Group. The non-controlling interests have been valued at the proportionate share in the acquiree's identifiable net assets.

6. BUSINESS COMBINATIONS (Continued)

The resulting goodwill is not amortized, is not deductible for tax purposes and is subject to annual impairment testing. The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined as follows:

JANUARY 10, 2012	FAIR VALUE IN MILLIONS OF CHF	FAIR VALUE IN MILLIONS OF EUR
Inventories	7.7	6.4
Other current assets	2.8	2.3
Property, plant and equipment	6.4	5.3
Other non current assets	1.1	0.9
Concession rights	64.8	53.4
Deferred tax liability	(13.2)	(10.8)
Other liabilities	(1.6)	(1.3)
Identifiable net assets	**68.0**	**56.2**
Dufry's share in the net assets (51%)	34.7	28.7
Goodwill	10.0	8.2
Total consideration	**44.7**	**36.9**

6.2 RECONCILIATION OF CASH FLOWS USED FOR/FROM BUSINESS COMBINATIONS, NET OF CASH

2012 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
Regstaer, Moscow—Russia	(44.7)	0.8	(43.9)	—	(43.9)
Alliance, San Juan—Puerto Rico	—	—	—	(0.9)	(0.9)
Sovenex, Martinique—France	—	—	—	(2.3)	(2.3)
Other	—	—	—	(0.6)	0.6
Total	**(44.7)**	**0.8**	**(43.9)**	**(3.8)**	**(47.7)**

2011 TRANSACTIONS

6.3 ACQUISITION OF INTERBAIRES AND OTHER COMPANIES IN ARMENIA, ECUADOR AND URUGUAY

On August 4, 2011, continuing with its strategy of investing in emerging markets, the Group acquired 100% of the shares and obtained control of several companies in South America and in Armenia, for a total consideration of CHF 753.9 million (USD 987.2 million). The main companies incorporated into the group 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,

6. BUSINESS COMBINATIONS (Continued)

- ADF Shops CJSC: An Armenian retailer operating exclusively 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 Operation & Services Corp, an Uruguayan distribution platform delivering duty free products to the above mentioned retailers.

As a result of the acquisition the Group achieved a leading position in the Duty Free market in South America. The Group has integrated the new businesses into its existing organization and in this way generating considerable synergies.

The acquisitions have been accounted for using the acquisition method. The financial statements of the Group include the results of all the above mentioned companies as well as some intermediate holding entities as from the acquisition date.

The fair value of the identifiable assets and liabilities of the acquired companies at the date of acquisition and the resulting goodwill were determined as follows:

AUGUST 4, 2011	IN MILLIONS OF CHF	IN MILLIONS OF USD
RECOGNIZED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED		
Inventories	54.8	71.8
Other assets	47.7	62.4
Property, plant and equipment	15.6	20.3
Intangible assets, mainly concession rights	455.4	596.3
Deferred tax liability	(31.0)	(40.6)
Provisions and contingent liabilities	(31.5)	(41.2)
Liabilities	(62.6)	(82.0)
Identifiable net assets	**448.4**	**587.0**
Goodwill	305.5	400.2
Total consideration	**753.9**	**987.2**

Acquisition related expenses, included in the other operational result in the consolidated income statement for the period ended December 31, 2011 amounted to CHF 11.1 million (USD 12.5 million).

In the period ended December 31, 2011 these operations contributed CHF 171.4 million (USD 195.6 million) in turnover and CHF 34.4 million (USD 39.2 million) in EBITDA[1] to the consolidated income statement of the Group.

6. BUSINESS COMBINATIONS (Continued)

6.4 ACQUISITION OF SOVENEX SAS, MARTINIQUE

On September 14, 2011, the Group acquired through a share deal 100% of the shares of Sovenex SAS, a retailer operating the duty free shops at the international airport of Martinique (France) for a total consideration of CHF 7.0 million (EUR 6.1 million). As a result of the acquisition, the Group expects to increase its presence in the French Caribbean and to improve profitability through economies of scale. The goodwill will not be deductible for tax purposes.

The acquisition has been accounted for using the acquisition method. These financial statements include the results of Sovenex SAS as of September, 2011. The fair value of the identifiable assets and liabilities of the acquired company at the date of acquisition and the resulting goodwill were determined as follows:

SEPTEMBER 14, 2011	IN MILLIONS OF CHF	IN MILLIONS OF EUR
Cash	6.2	5.4
Contingent consideration	0.8	0.7
Total consideration	**7.0**	**6.1**
RECOGNIZED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED		
Inventories	0.7	0.6
Other assets	2.6	2.3
Property, plant and equipment	0.1	0.1
Concession rights	6.0	5.2
Deferred tax liability	(2.0)	(1.7)
Current liabilities	(1.2)	(1.1)
Identifiable net assets	**6.2**	**5.4**
Goodwill	0.8	0.7
Total consideration	**7.0**	**6.1**

Acquisition related expenses, included in the other operational result in the consolidated income statement for the period ended December 31, 2011 amounted to CHF 0.2 million (EUR 0.2 million).

In the period ended December 31, 2011 this operation contributed CHF 2.8 million (EUR 2.3 million) in turnover and CHF 0.4 million (EUR 0.4 million) in EBITDA[1] to the consolidated income statement of the Group.

If all business combinations of 2011 would have occurred as of the beginning of such year, the Group would have generated a turnover of CHF 2,855.8 million and an operative result of CHF 413.0 million in 2011.

6. BUSINESS COMBINATIONS (Continued)

6.5 RECONCILIATION OF CASH FLOWS USED FOR/ FROM BUSINESS COMBINATIONS, NET OF CASH

2011 IN MILLIONS OF CHF	COST OF THE ACQUISITION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLES	NET CASH FLOW
Interbaires and other, Buenos Aires—Argentina	(753.9)	18.9	(735.0)	—	(735.0)
Sovenex SAS, Martinique—France	(7.0)	2.3	(4.7)	2.2	(2.5)
Network Italia Edicole, Milan—Italy	—	—	—	(4.4)	(4.4)
Alliance, San Juan—Puerto Rico	—	—	—	(0.9)	(0.9)
Other	(0.4)	—	(0.4)	—	(0.4)
Total	**(761.3)**	**21.2**	**(740.1)**	**(3.1)**	**(743.2)**

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2012	2011
Perfumes and Cosmetics	831.2	656.6
Confectionery, Food and Catering	528.6	426.7
Wine and Spirits	514.9	416.3
Literature and Publications	235.1	236.0
Watches, Jewelry and Accessories	288.1	242.9
Fashion, Leather and Baggage	245.3	213.2
Tobacco goods	210.6	180.4
Electronics	94.9	81.7
Toys, Souvenirs and other goods	113.4	107.1
Total	**3,062.1**	**2,560.9**

Net sales by market sector:

IN MILLIONS OF CHF	2012	2011
Duty free	2,107.0	1,690.3
Duty paid	955.1	870.6
Total	**3,062.1**	**2,560.9**

7. NET SALES (Continued)

Net sales by channel:

IN MILLIONS OF CHF	2012	2011
Airports	2,724.8	2,258.2
Cruise liners and seaports	102.9	98.0
Railway stations and other	155.5	118.0
Downtown hotels and resorts	78.9	86.7
Total	**3,062.1**	**2,560.9**

8. 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 and third parties handling cost as well as inventory valuation adjustments and inventory differences.

9. SELLING EXPENSES

IN MILLIONS OF CHF	2012	2011
Concession fees and rents	(659.9)	(558.8)
Credit card commissions	(38.3)	(31.2)
Advertising and commission expenses	(18.2)	(13.9)
Packaging materials	(10.2)	(8.6)
Other selling expenses	(12.7)	(10.9)
Selling expenses	**(739.3)**	**(623.4)**
Concession and rental income	14.3	14.6
Commission income	1.8	2.0
Commercial services and other selling income	29.0	27.1
Selling income	**45.1**	**43.7**
Total	**(694.2)**	**(579.7)**

10. NUMBER OF RETAIL SHOP CONCESSIONS

Dufry Group operates more than 1,200 retail shops in 43 countries at the reporting date. Dufry has entered into concession arrangements with operators of airports, seaports, railway stations etc. to operate these retail shops. The concession fees are usually variable based on sales level or number of passengers.

The concession providers grant the right to sell a pre-defined assortment of products to travelers during the concession period as defined in the respective arrangements.

The arrangements typically define among other aspects:

- duration
- nature of remuneration

10. NUMBER OF RETAIL SHOP CONCESSIONS (Continued)

- product categories to be sold
- location of the shops
- normal fee and minimal concession fee

They may comprise of one or several shops and are awarded in a public or private tender or in a negotiated transaction.

11. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2012	2011
Salaries and wages	(358.9)	(302.5)
Social security expenses	(69.2)	(56.6)
Retirement benefits (defined contribution plans)	(3.0)	(3.2)
Retirement benefits (defined benefit plans)	(2.6)	(1.8)
Other personnel expenses	(41.0)	(38.5)
Total	**(474.7)**	**(402.6)**

12. GENERAL EXPENSES

IN MILLIONS OF CHF	2012	2011
Repairs, maintenance and utilities	(40.6)	(33.6)
Legal, consulting and audit fees	(40.0)	(35.1)
Premises	(25.0)	(20.8)
EDP and IT expenses	(19.6)	(18.0)
Taxes, other than income taxes	(18.5)	(12.1)
Office and administration	(17.7)	(16.3)
Travel, car, entertainment and representation	(17.0)	(16.1)
Franchise fees and commercial services	(13.0)	(10.7)
PR and advertising	(9.5)	(9.4)
Bank expenses	(6.7)	(4.6)
Insurances	(6.1)	(5.4)
Total	**(213.7)**	**(182.1)**

13. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2012	2011
Depreciation	(62.3)	(55.2)
Impairment	(2.8)	(3.6)
Subtotal (note 19)	**(65.1)**	**(58.8)**
Amortization	(103.2)	(72.4)
Impairment	—	(0.3)
Subtotal (note 21)	**(103.2)**	**(72.7)**
Total	**(168.3)**	**(131.5)**

14. OTHER OPERATIONAL RESULT

Other operational expenses and other operational income include non-recurring transactions, impairments of financial assets and changes in provisions.

IN MILLIONS OF CHF	2012	2011
Acquisition—related costs	(6.7)	(11.3)
Consulting fees, expenses related to projects and start-ups	(9.1)	(6.3)
Closing or rebranding of shops; restructuring of operations	(6.4)	(3.2)
Increase of provisions	(4.8)	(2.2)
Impairment of financial assets	(0.5)	(1.2)
Losses on sale of non-current assets	(0.1)	(0.3)
Other expenses	(5.9)	(4.6)
Subtotal other operational expenses	**(33.5)**	**(29.1)**

IN MILLIONS OF CHF	2012	2011
Gain on sale of non-current assets	0.1	1.7
Recovery of write offs / release of allowances	0.2	—
Litigation income	1.2	—
Other income	1.9	0.5
Subtotal other operational income	**3.4**	**2.2**

IN MILLIONS OF CHF	2012	2011
Other operational expenses	(33.5)	(29.1)
Other operational income	3.4	2.2
Other operational result	**(30.1)**	**(26.9)**

15. INTEREST

IN MILLIONS OF CHF	2012	2011
Interest expense	(64.3)	(42.2)
Amortization of arrangement fees	(13.4)	(6.9)
Interest on discounted financial liabilities	(0.1)	(0.2)
Other finance expenses	(1.2)	(5.9)
Interest expense on financial liabilities	**(79.0)**	**(55.2)**
Interest on non-financial instruments	(0.5)	—
Total interest expense	**(79.5)**	**(55.2)**
Interest income on short-term deposits	1.3	4.1
Total interest income	**1.3**	**4.1**

16. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF CHF	2012	2011
Current income taxes	(61.2)	(41.7)
of which corresponding to the current period	(61.6)	(43.1)
of which adjustments recognized in relation to prior years	0.4	1.4
Deferred income taxes	22.1	13.5
of which related to the origination or reversal of temporary differences	23.1	13.5
of which adjustments recognized in relation to prior years	—	0.3
of which adjustments due to change in tax rates	(1.0)	(0.3)
Total	**(39.1)**	**(28.2)**

IN MILLIONS OF CHF	2012	2011
Consolidated earnings before income tax (EBT)	197.3	163.1
Expected tax rate in %	16.2%	17.0%
Tax at the expected rate	(31.9)	(27.7)
EFFECT OF:		
Income not subject to income tax	8.6	8.3
Different tax rates for subsidiaries in other jurisdictions	7.7	6.0
Different tax regime for sale of subsidiaries	0.1	0.2
Non deductible expenses	(6.5)	(8.4)
Current year tax loss carry-forwards not recognized	(8.9)	(0.7)
Non recoverable withholding taxes	(6.7)	(6.7)
Adjustments recognized in relation to prior year	0.4	1.4
Other items	(1.9)	(0.6)
Total	**(39.1)**	**(28.2)**

16. INCOME TAXES (Continued)

The expected tax rate approximates the weighted average based on the EBT, instead of net sales as in prior year, of the countries where Dufry is active. In 2012, there have been no significant changes in the individual tax rates of the countries where Dufry was active.

The comparative figures for 2011 have been adjusted to reflect the above mentioned changes accordingly.

CURRENT TAX ASSETS AND LIABILITIES

IN MILLIONS OF CHF	2012	2011
Income tax receivables	8.3	3.4
Income tax payables	(10.8)	(14.2)
Total	**(2.5)**	**(10.8)**

Income tax receivables or payables for the current and prior period 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 amounts are those that are enacted at the reporting date.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME

IN MILLIONS OF CHF	2012	2011
ARISING ON INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME:		
Net gain / (loss) on hedge of net investment	(0.8)	9.9
Cash flow hedges	(0.1)	(0.1)
Total	**(0.9)**	**9.8**

INCOME TAX RECOGNIZED DIRECTLY IN EQUITY

IN MILLIONS OF CHF	2012	2011
CURRENT TAX		
Current tax effect on share based payments	—	3.5
Subtotal	**—**	**3.5**
DEFERRED TAX		
Tax effect on share based payments	2.1	(3.7)
Tax effect on treasury shares	—	1.5
Subtotal	**2.1**	**(2.2)**
Total	**2.1**	**1.3**

17. EARNINGS PER SHARE

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	2012	2011
Net earnings attributable to equity holders of the parent	122.4	111.9
Weighted average number of ordinary shares outstanding	27,447.0	26,872.8
Basic earnings per share in CHF	**4.46**	**4.16**

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	2012	2011
Net earnings attributable to equity holders of the parent	122.4	111.9
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	27,782.0	26,872.8
Diluted earnings per share in CHF	**4.41**	**4.16**

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

Dufry is presenting an adjusted EPS, so called Cash EPS, where the net earnings attributable to equity holders of the parent are adjusted by the amortization effect generated by the intangible assets identified during the purchase price allocations of past acquisitions. 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	2012	2011
Net earnings attributable to equity holders of the parent	122.4	111.9
ADJUSTED FOR:		
Dufry's share of the amortization in respect of acquisitions	82.8	57.3
Adjusted net earnings	205.2	169.2
Weighted average number of ordinary shares outstanding	27,447.0	26,872.8
EPS adjusted for amortization (cash EPS) in CHF	**7.48**	**6.30**

17. EARNINGS PER SHARE (Continued)

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

IN THOUSANDS	2012	2011
Outstanding shares	27,573.2	26,976.2
Less treasury shares	(126.2)	(103.4)
Used for calculation of basic earnings per share	**27,447.0**	**26,872.8**
EFFECT OF DILUTION:		
Share options	335.0	—
Used for calculation of earnings per share adjusted for the effect of dilution	**27,782.0**	**26,872.8**

For movements in shares see note 29.2 Equity, 30.1 Share-based payment and 30.2 Treasury shares.

18. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2012 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Hedging & re-valuation reserves	Translation reserves	Total		
Exchange differences on translating foreign operations	**—**	**(28.8)**	**(28.8)**	**(2.3)**	**(31.1)**
Net gain / (loss) on hedge of net investment in foreign operations	—	6.3	6.3	—	6.3
Income tax effect	—	(0.8)	(0.8)	—	(0.8)
Subtotal	**—**	**5.5**	**5.5**	**—**	**5.5**
Changes in the fair value of interest rate swaps held as cash flow hedges	1.0	—	1.0	—	1.0
Income tax effect	(0.1)	—	(0.1)	—	(0.1)
Subtotal	**0.9**	**—**	**0.9**	**—**	**0.9**
Other comprehensive income (loss)	**0.9**	**(23.3)**	**(22.4)**	**(2.3)**	**(24.7)**

18. COMPONENTS OF OTHER COMPREHENSIVE INCOME (Continued)

2011 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Hedging & re-valuation reserves	Translation reserves	Total		
Exchange differences on translating foreign operations	**—**	**95.2**	**95.2**	**3.0**	**98.2**
Net gain / (loss) on hedge of net investment in foreign operations	—	(82.7)	(82.7)	—	(82.7)
Income tax effect	—	9.9	9.9	—	9.9
Subtotal	**—**	**(72.8)**	**(72.8)**	**—**	**(72.8)**
Changes in the fair value of interest rate swaps held as cash flow hedges	1.1	—	1.1	—	1.1
Income tax effect	(0.1)	—	(0.1)	—	(0.1)
Subtotal	**1.0**	**—**	**1.0**	**—**	**1.0**
Other comprehensive income (loss)	**1.0**	**22.4**	**23.4**	**3.0**	**26.4**

19. PROPERTY, PLANT AND EQUIPMENT

2012 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2012	233.6	172.7	51.4	7.4	29.3	494.4
Business combinations (note 6)	5.3	0.5	0.4	0.2	—	6.4
Additions (note 20)	17.0	9.3	5.5	0.9	47.3	80.0
Disposals	(8.0)	(7.5)	(1.4)	(0.5)	(0.1)	(17.5)
Reclassification within classes	24.6	18.2	0.4	0.1	(43.3)	—
Reclassification to intangible assets	(0.4)	—	—	—	—	(0.4)
Currency translation adjustment	(5.0)	(5.7)	(1.1)	(0.2)	(0.2)	(12.2)
Balance at December 31, 2012	**267.1**	**187.5**	**55.2**	**7.9**	**33.0**	**550.7**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2012	(101.8)	(101.3)	(34.9)	(5.1)	—	(243.1)
Additions (note 13)	(31.4)	(23.9)	(6.2)	(0.8)	—	(62.3)
Disposals	5.8	7.0	1.4	0.5	—	14.7
Currency translation adjustment	1.1	3.9	0.7	—	—	5.7
Balance at December 31, 2012	**(126.3)**	**(114.3)**	**(39.0)**	**(5.4)**	**—**	**(285.0)**
IMPAIRMENT						
Balance at January 1, 2012	(3.0)	(1.2)	(0.6)	—	(0.4)	(5.2)
Impairment (note 13)	(2.0)	(1.2)	—	—	0.4	(2.8)
Disposals	1.5	0.3	—	—	—	1.8
Currency translation adjustments	—	0.3	—	—	—	0.3
Balance at December 31, 2012	**(3.5)**	**(1.8)**	**(0.6)**	**—**	**—**	**(5.9)**

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

2011 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2011	205.2	156.9	43.4	7.0	16.0	428.5
Business combinations (note 6)	6.6	0.8	0.8	0.1	7.2	15.5
Additions (note 20)	17.6	12.4	6.8	0.9	25.5	63.2
Disposals	(7.7)	(6.1)	(0.5)	(0.6)	(0.4)	(15.3)
Reclassification within classes	11.5	8.1	0.6	—	(20.2)	—
Reclassification to intangible assets	—	—	—	—	(0.1)	(0.1)
Currency translation adjustment	0.4	0.6	0.3	—	1.3	2.6
Balance at December 31, 2011	**233.6**	**172.7**	**51.4**	**7.4**	**29.3**	**494.4**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2011	(83.7)	(83.5)	(29.3)	(4.7)	—	(201.2)
Additions (note 13)	(25.3)	(23.0)	(6.0)	(0.9)	—	(55.2)
Disposals	7.2	5.5	0.4	0.6	—	13.7
Currency translation adjustment	—	(0.3)	—	(0.1)	—	(0.4)
Balance at December 31, 2011	**(101.8)**	**(101.3)**	**(34.9)**	**(5.1)**	**—**	**(243.1)**
IMPAIRMENT						
Balance at January 1, 2011	(1.1)	(0.1)	(0.2)	—	—	(1.4)
Impairment (note 13)	(2.0)	(0.8)	(0.4)	—	(0.4)	(3.6)
Currency translation adjustment	0.1	(0.3)	—	—	—	(0.2)
Balance at December 31, 2011	**(3.0)**	**(1.2)**	**(0.6)**	**—**	**(0.4)**	**(5.2)**
CARRYING AMOUNT:						
At December 31, 2012	**137.3**	**71.4**	**15.6**	**2.5**	**33.0**	**259.8**
At December 31, 2011	**128.8**	**70.2**	**15.9**	**2.3**	**28.9**	**246.1**

19.1 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The impairment loss in 2012 relates mainly to certain shops in Italy (CHF 1.1 million) and USA (CHF 1.3 million), The impairment loss in 2011 relates mainly to certain shops in Europe (CHF 1.3 million) and USA (CHF 1.7 million).

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

IN MILLIONS OF CHF	2012	2011
Payables for capital expenditure at the beginning of the period	(15.0)	(14.0)
Business combinations (note 6)	—	(2.9)
Additions of property, plant and equipment (note 19)	(80.0)	(63.2)
Payables for capital expenditure at the end of the period	10.8	15.0
Currency translation adjustment	0.3	0.1
Total Cash Flow	**(83.9)**	**(65.0)**

21. INTANGIBLE ASSETS

2012 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	CONCESSION RIGHTS Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2012	61.2	1,337.2	158.9	715.3	81.5	2,354.1
Business combinations (note 6)	—	64.8	—	10.0	—	74.8
Additions (note 22)	—	7.0	—	—	19.2	26.2
Disposals	—	—	—	(0.8)	(0.1)	(0.9)
Reclassifications from property, plant and equipment	—	(0.1)	—	—	0.5	0.4
Currency translation adjustment	(0.8)	(32.4)	(0.1)	(17.1)	(1.5)	(51.9)
Balance at December 31, 2012	**60.4**	**1,376.5**	**158.8**	**707.4**	**99.6**	**2,402.7**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2012	—	(234.6)	—	—	(39.7)	(274.3)
Additions (note 13)	—	(90.6)	—	—	(12.6)	(103.2)
Currency translation adjustment	—	6.7	—	—	1.0	7.7
Balance at December 31, 2012	**—**	**(318.5)**	**—**	**—**	**(51.3)**	**(369.8)**
IMPAIRMENT						
Balance at January 1, 2012	—	(0.4)	—	(0.8)	—	(1.2)
Disposals	—	—	—	0.8	—	0.8
Currency translation adjustment	—	0.1	—	—	—	0.1
Balance at December 31, 2012	**—**	**(0.3)**	**—**	**—**	**—**	**(0.3)**

21. INTANGIBLE ASSETS (Continued)

2011 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	CONCESSION RIGHTS Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2011	62.5	769.2	158.9	338.5	58.1	1,387.2
Business combinations (note 6)	—	460.7	—	306.3	0.7	767.7
Additions (note 22)	—	1.2	—	—	22.7	23.9
Disposals	—	(0.8)	—	—	(1.3)	(2.1)
Reclassification	—	—	—	—	0.1	0.1
Currency translation adjustment	(1.3)	106.9	—	70.5	1.2	177.3
Balance at December 31, 2011	**61.2**	**1,337.2**	**158.9**	**715.3**	**81.5**	**2,354.1**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2011	—	(168.4)	—	—	(29.1)	(197.5)
Additions (note 13)	—	(61.5)	—	—	(10.9)	(72.4)
Disposals	—	0.3	—	—	1.0	1.3
Currency translation adjustment	—	(5.0)	—	—	(0.7)	(5.7)
Balance at December 31, 2011	**—**	**(234.6)**	**—**	**—**	**(39.7)**	**(274.3)**
IMPAIRMENT						
Balance at January 1, 2011	—	(0.3)	—	(0.8)	—	(1.1)
Additions (note 13)	—	—	—	—	(0.3)	(0.3)
Disposals	—	—	—	—	0.2	0.2
Currency translation adjustment	—	(0.1)	—	—	0.1	—
Balance at December 31, 2011	**—**	**(0.4)**	**—**	**(0.8)**	**—**	**(1.2)**
CARRYING AMOUNT:						
At December 31, 2012	**60.4**	**1,057.7**	**158.8**	**707.4**	**48.3**	**2,032.6**
At December 31, 2011	**61.2**	**1,102.2**	**158.9**	**714.5**	**41.8**	**2,078.6**

ADDITIONS THROUGH BUSINESS COMBINATIONS

IN MILLIONS OF CHF	GOODWILL 31.12.2012	GOODWILL 31.12.2011	CONCESSION RIGHTS 31.12.2012	CONCESSION RIGHTS 31.12.2011
Regstaer, Moscow—Russia (note 6.1)	10.0	—	64.8	—
Interbaires and other, Buenos Aires—Argentina (note 6.3)	—	305.5	—	454.7
Sovenex, Martinique—France (note 6.4)	—	0.8	—	6.0
Total	**10.0**	**306.3**	**64.8**	**460.7**

21. INTANGIBLE ASSETS (Continued)

21.1 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.

21.1.1 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	31.12.2012	31.12.2011
EMEA & Asia	99.6	64.9
America I	394.1	431.4
America II	138.3	141.9
United States & Canada	75.4	76.3
Total carrying amount of goodwill	**707.4**	**714.5**

The recoverable amounts of goodwill for each of the above group of CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for regional specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and the value assigned. Net sales projections are based on actual net sales achieved in the year 2012 and latest estimations for the projected years. The intersegment results of the global distribution centers have been assigned/allocated to the respective geographical segments.

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
GOODWILL	2012	2011	2012	2011	2012	2011
Europe	—	6.30%	—	8.48%	—	4.5 - 9.3%
Africa	—	8.10%	—	9.15%	—	6.0 - 11.7%
Eurasia	—	6.22%	—	6.78%	—	8.0 - 22.0%
EMEA & Asia	7.17%	—	7.82%	—	1.9 - 9.6%	—
America I	8.38%	7.21%	9.40%	8.21%	3.8 - 9.4%	4.5 - 12%
America II	7.67%	7.60%	9.22%	9.12%	2.0 - 18.8%	5.2 - 38.1%
United States & Canada	5.45%	5.03%	6.89%	6.83%	2.6 - 13.1%	2.4 - 10.9%

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from prime 10-year bonds rates): CHF 1.23%, EUR 2.32%, USD 2.32% (2011: CHF 0.73%, EUR 1.87%, USD 1.97%).

21. INTANGIBLE ASSETS (Continued)

For the calculation of the discount rates and WACC (weighted average cost of capital), the company used the following relevered beta:

	2012	2011
Beta factor	0.64	0.84

Sensitivity to changes in assumptions

Management believes that any reasonably possible change in the key assumptions, on which the recoverable amounts are based, would not cause the respective carrying amount to exceed its recoverable amount, except for Region America I where the actual recoverable amount exceeds its carrying amount by CHF 256.9, but where a reduction of the gross margin by 1% would lead to an impairment of CHF 5.4 million. The key assumptions used for the determination of the value-in-use are the same as the ones described below for concession rights.

21.1.2 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. For presentation purposes the CGU's are grouped into business units. A business unit is a part of Dufry's business segments. The following table illustrates the existing business units with concessions rights with indefinite useful life:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Italy	48.4	48.8
Middle East and India	12.0	12.4
Total carrying amount of concession rights	**60.4**	**61.2**

The recoverable amounts for each of the CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for local specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in year 2012 and latest estimations for the years thereafter.

21. INTANGIBLE ASSETS (Continued)

The key assumptions used for determining the recoverable amounts for these business units are:

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES(1)		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS	2012	2011	2012	2011	2012	2011
Italy	7.56%	6.19%	8.85%	7.40%	3.0 - 5.2%	1.9 - 5.9%
Middle East and India	6.39%	6.09%	6.39%	6.09%	3.0 - 5.3%	8.9 - 9.7%

(1) Based on the country in which the concession is located

Sensitivity to changes in assumptions

The actual recoverable amount for the CGU subject to impairment testing exceeds its carrying amount by CHF 509.7 million (2011: CHF 434.0 million). With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

21.1.3 Key assumptions used for value-in-use calculations

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

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

Sales growth

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

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2013. These values are maintained over the planning period or where specific actions are planned, these values 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 reporting date.

21. INTANGIBLE ASSETS (Continued)

Concession fee levels

These assumptions are important because, as well as using specific economic sector data for growth rates (as noted below), management assesses how the position of the CGU, relative to its competitors, might change over the projected period. For the CGU's subject to a value-in-use calculation, 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 yield of the past 5 years of the respective ten-year government bond and is increased by the company's effective bank margin and adjusted by the effective blended tax rate 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 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.

The Group has used a growth rate of 2% to extrapolate the cash flow projections beyond the period covered by the most recent forecasts.

21.1.4 Brands

The brand name Dufry is not allocated to any specific CGU for impairment testing purpose, but to a group of CGU's. The brand name Hudson is allocated only to the CGU's of Hudson. Management believes that the synergies from the brands reflecting the economic reality are in accordance with these two groupings.

The recoverable amount is determined based on the Relief from the Royalty method that considers a steady royalty stream of 0.3% post tax of the net sales projected of Dufry (without Hudson) and a steady royalty stream of 0.9% post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2013-2017) with year on year growth rates between 2.9% and 12.6% (2011: 4.7%-21.0%) (budget). These growth rates do not exceed the long-term average growth rate for Dufry Group. The discount rate of 5.9% (2011: 5.0%) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 265.7 million (2011: CHF 221.6 million).

22. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF CHF	2012	2011
Payables for capital expenditure at January 1	(6.9)	(12.8)
Additions of intangible assets (note 21)	(26.2)	(23.9)
Payables for capital expenditure at December 31	4.4	6.9
Currency translation adjustment	0.1	(0.2)
Total Cash Flow	**(28.6)**	**(30.0)**

23. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
DEFERRED TAX ASSETS		
Property, plant and equipment	8.1	8.5
Intangible assets	76.4	79.0
Provisions and other payables	30.3	19.9
Tax loss carry-forward	34.7	38.6
Other	18.1	16.3
Total	**167.6**	**162.3**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(5.4)	(1.3)
Intangible assets	(165.3)	(160.7)
Provisions and other payables	(3.2)	(16.6)
Other	(5.7)	(5.7)
Total	**(179.6)**	**(184.3)**
Deferred tax liabilities net	**(12.0)**	**(22.0)**

There are no temporary differences associated with investments in subsidiaries, for which deferred tax liabilities need to be recognized.

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

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Deferred tax assets	153.0	146.5
Deferred tax liabilities	(165.0)	(168.5)
Balance at the end of the period	**(12.0)**	**(22.0)**

23. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Changes in deferred tax assets	6.5	8.7
Changes in deferred tax liabilities	3.5	(22.2)
Business combinations (notes 6.1 −6.3 −6.4)	13.2	33.1
Currency translation adjustment	(1.1)	(6.1)
Deferred tax income (expense) at the end of the period	**22.1**	**13.5**

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 can be limited in time (expiration) and by the ability of the respective subsidiary to generate enough taxable profits in 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 in accordance with the budget 2013 approved by the Board of Directors and the projections prepared by management for these entities.

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

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Expiring within 1 to 3 years	3.4	4.0
Expiring within 4 to 7 years	41.8	42.6
Expiring after 7 years	95.2	82.3
With no expiration limit	15.2	15.0
Total	**155.6**	**143.9**

24. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Guarantee deposits	14.0	12.9
Loans and contractual receivables	15.9	18.3
Other	8.8	8.5
Subtotal	**38.7**	**39.7**
Allowances	(1.8)	(1.9)
Total	**36.9**	**37.8**

Other non-current assets have maturities exceeding 12 months from initial recognition.

24. OTHER NON-CURRENT ASSETS (Continued)

MOVEMENT IN ALLOWANCES:

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	(1.9)	(2.0)
Creation	(0.1)	—
Utilization	0.1	—
Unused amounts reversed	0.1	0.1
Currency translation adjustment	—	—
Balance at the end of the period	**(1.8)**	**(1.9)**

25. INVENTORIES

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Purchased inventories at cost	441.5	453.8
Inventory allowances(1)	(20.4)	(21.8)
Total	**421.1**	**432.0**

(1) The inventory impaired has a book value of CHF 23.4 million (2011: CHF 24.6 million)

CASH FLOW USED FOR INCREASE/FROM DECREASE IN INVENTORIES:

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	453.8	314.9
Balance at the end of the period	441.5	453.8
Gross change	**12.3**	**(138.9)**
Business combinations	7.7	55.5
Impairments and other non-cash transactions	(4.2)	(8.0)
Currency translation adjustment	(13.2)	21.5
Cash Flow—(Increase) /decrease in inventories	**2.6**	**(69.9)**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 15.6 million (2011: CHF 17.9 million).

26. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Trade receivables	15.3	23.7
Credit card receivables	45.1	24.1
Gross	**60.4**	**47.8**
Allowances	(0.9)	(0.8)
Net	**59.5**	**47.0**

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	31.12.2012	31.12.2011
Not due	9.6	12.8
OVERDUE:		
Up to 30 days	1.9	5.8
31 to 60 days	0.3	1.7
61 to 90 days	2.6	1.6
More than 90 days	0.9	1.8
Total overdue	**5.7**	**10.9**
Trade receivables, gross	**15.3**	**23.7**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	(0.8)	(0.4)
Creation	(0.1)	(0.4)
Balance at the end of the period	**(0.9)**	**(0.8)**

27. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Sales tax and other tax credits	35.9	41.7
Receivables for refund from suppliers	33.3	30.8
Receivables from subtenants and local business partners	16.2	14.5
Prepayments	12.4	13.4
Accrued concession fees and rental income	8.0	13.3
Guarantee deposits	6.9	1.7
Personnel receivables	1.5	1.9
Accrued income	1.3	1.1
Derivative financial assets[1]	0.5	0.4
Loans receivable	0.2	0.2
Other	10.5	12.2
Total	**126.7**	**131.2**
Allowances	(6.3)	(3.9)
Total	**120.4**	**127.3**

(1) See note 38 Financial instruments

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	(3.9)	(1.6)
Creation	(2.5)	(2.0)
Release	0.1	—
Utilized	0.1	(0.4)
Currency translation adjustment	0.1	0.1
Balance at the end of the period	**(6.3)**	**(3.9)**

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and banks as well as short-term deposits at banks with maturity of 90 days or less.

Cash and cash equivalents at the end of the reporting period include CHF 20.8 million (2011: CHF 6.1 million) held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

29. EQUITY

29.1 ISSUED CAPITAL

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Share capital	148.4	134.9
Share premium	1,207.0	934.5
Total	**1,355.4**	**1,069.4**

29.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2011	26,976,203	134.9	934.2
Release of accrued share issuance costs	—	—	2.6
Reclassification to reserves	—	—	(2.3)
Balance at December 31, 2011	26,976,203	134.9	934.5
Issue of shares	2,697,620	13.5	272.5
Balance at December 31, 2012	**29,673,823**	**148.4**	**1,207.0**

29.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2011	—	—
Balance at December 31, 2011	—	—
Increase of authorized share capital	5,395,241	26,976
Utilized October 11, 2012	(2,697,620)	(13,488)
Balance at December 31, 2012	**2,697,621**	**13,488**

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2011	567,296	2,836
Balance at December 31, 2011	567,296	2,836
Increase of conditional share capital	2,130,324	10,652
Balance at December 31, 2012	**2,697,620**	**13,488**

Share capital increase

On October 11, 2012, Dufry AG utilized part of its authorized share capital and placed 2,697,620 new registered shares representing 9.99% of the total shares. After this share issuance, the share capital of the company amounts to CHF 148,369,115. Using an accelerated book building procedure the company offered the new shares as a private placement in Switzerland and to certain qualifying

29. EQUITY (Continued)

institutional investors outside of Switzerland. Dufry received for this offering a price of CHF 109 per share, resulting in gross proceeds of CHF 294 million, which are planned to be used to finance the acquisition of the Folli Follie Travel Retail operations (see note 39). The trading of the offered shares on the SIX Swiss Exchange commenced on October 15, 2012. The share issuance costs related with this transaction amount to CHF 8.0 million and have been presented in equity.

29.3 RESERVES

29.3.1 Hedging and revaluation reserves

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Balance at the beginning of the year	(0.9)	(1.9)
Gain / (loss) arising on changes in fair value of financial instruments:		
—Interest rate swaps entered for as cash flow hedges	1.0	1.1
Related income tax	(0.1)	(0.1)
Balance at the end of the year	**—**	**(0.9)**

There were no gains or losses arising on changes in fair value of hedging instruments reclassified from equity into consolidated income statement during the year.

29.3.2 Translation reserves

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Balance at the beginning of the year	(176.6)	(199.0)
Exchange differences arising on translating the foreign operations (attributed to equity holders of parent)	(28.8)	95.2
Net gain/(loss) on hedge of net investments in foreign operations (note 32)	6.3	(82.7)
Income tax related to net gains/(losses) on hedge of net investments in foreign operations	(0.8)	9.9
Balance at the end of the year	**(199.9)**	**(176.6)**

Exchange differences arising from the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. CHF) are recognized directly in other comprehensive income and accumulated in the translation reserves. Exchange differences previously accumulated in the translation reserves (in respect of translating the net assets of foreign operations) are reclassified to the consolidated income statement on the disposal of the foreign operation.

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.

29. EQUITY (Continued)

29.3.3 Retained earnings

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Balance at the beginning of the year	(8.4)	(105.8)
Net earnings attributable to equity holders of the parent	122.4	111.9
Distribution of treasury shares	—	(27.7)
Share-based payments	8.8	9.6
Tax effect on equity transactions	2.1	1.3
Reclassification from share premium	—	2.3
Balance at the end of the year	**124.9**	**(8.4)**

On May 2, 2012, the Ordinary General Assembly has approved not to distribute dividends for 2012 (same as for 2011).

30 SHARE-BASED PAYMENTS

RESTRICTED STOCK UNIT PLAN (RSU)

Dufry has implemented specific restricted stock unit ("RSU") plans for certain members of the Group management. These RSU Awards are from economic point of view stock options with an exercise price of nil. Each RSU represents the right to receive one share if the vesting conditions are met.

30.1 RSU PLANS OF DUFRY AG

At inception 86 participants of Dufry's RSU award 2011 have been granted the right to receive on January 1, 2013, free of charge, 349,200 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX) on December 14, 2011 (i.e. CHF 85.65 per share) ("the RSU Awards 2011"). The RSU Awards 2011 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2011 until January 1, 2013 and

b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2013 must be 1% higher than at grant date. All restrictions on the RSU award 2011 lapsed on January 1, 2013, and 334.953 RSU awards were converted into shares of the Company and given to 83 RSU plan participants free of restrictions. Thereafter, no other obligations in relation with the RSU award 2011 or any preceding awards remained unsettled.

The fair value of the RSU Awards 2011 has been estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 0.7% and a volatility of 42%) upon which the awards were granted. The contractual life of the awards 2011 is two years. The expected volatility reflects assumptions, that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. There are no cash settlement alternatives. In 2012, the accrued cost based on a fair value of CHF 55.11 per RSU (2011: CHF 55.11 per RSU) is CHF 8.8 million (2011: CHF 9.6 million) and has been recorded in the consolidated income statement against a reserve in equity.

30 SHARE-BASED PAYMENTS (Continued)

30.2 TREASURY SHARES

At the beginning of 2012 Dufry hold 108,116 treasury shares with a book value of CHF 13.5 million (2011: 289,059 shares at CHF 28.7 million). During the period the Company did not distribute shares to RSU holders (in 2011: 281,362 shares with a value of CHF 27.7 million) and purchased 230,000 shares to CHF 28.1 million (2011: 100,419 to CHF 12.5 million). At the end of the year Dufry hold 338,116 treasury shares with a book value of CHF 41.6 million. Treasury shares are kept at historical cost.

31 BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

31.1 CHANGES IN PARTICIPATIONS OF NON-CONTROLLING INTERESTS

Recognized in equity attributable to non-controlling interests:

IN MILLIONS OF CHF	2012	2011
Regstaer LLC, 49% non-controlling interests (note 6), business combination	33.3	—
Shanghai Huaihai Dufry Trading Co. Ltd, 50% non-controlling interests, founded	—	0.7
Hudson Group, increase in the non-controlling interests of several subsidiaries	6.7	1.7
Other	0.7	(0.4)
Total	**40.7**	**2.0**

31.2 EQUITY RESERVE FOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In 2012 and 2011 there have been no transactions with shareholders of non-controlling interests affecting equity reserve.

32 FINANCIAL DEBT

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Bank debt (overdrafts)	25.3	23.4
Bank debt (loans)	11.5	5.1
3rd party loans	3.1	2.1
Financial debt, short-term	**39.9**	**30.6**
Bank debt (loans)	894.4	1,525.5
Senior Notes	447.4	—
3rd party loans	3.6	4.3
Financial debt, long-term	**1,345.4**	**1,529.8**
Total	**1,385.3**	**1,560.4**
of which are:		
Bank debt	931.2	1,554.0
Senior Notes	447.4	—
Loans payable	6.7	6.4

BANK DEBT

IN MILLIONS OF CHF	31.12.2012	31.12.2011
BANK DEBT (LOANS AND OVERDRAFTS) DENOMINATED IN:		
US Dollar	921.6	1,475.6
Swiss Franc	0.7	30.4
Euro	5.6	56.7
Other currencies	19.3	12.2
Subtotal	**947.2**	**1,574.9**
Deferred bank arrangement fees	(16.0)	(20.9)
Total	**931.2**	**1,554.0**

The Group negotiates and manages centrally its key credit facilities. For practical reasons, minor credit lines are kept at local level.

CREDIT FACILITIES

The main bank credit facilities are granted by two bank syndicates with the London Branch of ING N.V. acting as agent for both bank syndicates. The facilities consist of:

- A term loan of USD 1,000.0 million (CHF 914.6, 2011: 938.7) includes an amortization schedule with repayments scheduled between August 2014 and August 2016
- A committed 5-year revolving credit facility (RCF) of CHF 650 million which replaced the expiring RCF of CHF 415 million. The new facility allows extending the maturity profile of the financial indebtedness

32 FINANCIAL DEBT (Continued)

The agreements contain covenants and conditions customary to this type of financing. During 2012 and 2011, Dufry complied with the financial covenants and conditions contained in the bank credit agreements.

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. At December 31, 2012 the overall weighted average interest rate was 3.2% (2011: 2.5%), consisting of USD borrowings at 3.2% (2011: 2.5%), EUR borrowings at 3.4% (2011: 3.2%) and CHF borrowings at 2.2% (2011: 1.9%).

In addition the operations of Duty Free Caribbean Ltd, Emeralds Distributors Ltd, Young Caribbean Jewelers Distributors Ltd and CEI Barbados Ltd maintain credit facilities from the First Caribbean International Bank for an amount of USD 22.6 million (CHF 20.7 million) (2011: USD 23.3 million or CHF 20.9 million) which are guaranteed with the assets of the subsidiaries mentioned above.

SENIOR NOTES

On October 26, 2012, Dufry placed CHF 466.1 million (USD 500 million) Senior Notes denominated in USD with a maturity up to October 2020 with qualified institutional investors in Switzerland and abroad. The Senior Notes are listed at the ISE, Ireland's stock exchange. The Senior Notes carry a coupon of 5.5% per year which will be payable semi-annually in arrears. Dufry used the proceeds to replace bank loans expiring in August 2013.

32.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

At December 31, 2012 an amount of USD 947.2 million (December 31, 2011: USD 707.3 million) included in the financial debt has been kept as hedge of net investment held in Dufry do Brasil, Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services Corp. and Duty Free Ecuador SA in accordance with IAS 39, paragraph 102.

With these instruments, the Group reduces the translation risk. At December 31, 2012, a net gain on hedge of net investments in foreign operations resulted in the amount of CHF 6.3 million (2011: loss of CHF 82.7 million) to compensate the respective exchange differences on translating foreign operations, both amounts recognized in the other comprehensive income.

32.2 NET INVESTMENT IN FOREIGN OPERATION

Additionally, Dufry granted the following long-term loans to subsidiaries, which are considered as part of Dufry's net investment in foreign operations in accordance with IAS21, paragraph 15, as settlement is neither planned nor likely to occur in the foreseeable future.

IN MILLIONS	CURRENCY	31.12.2012	31.12.2011
SUBSIDIARY:			
Dufry America Holding Inc.	USD	20.4	20.4
Dufry Mexico SA de CV	USD	—	52.5
Dufry Hispanosuiza SL	EUR	—	5.1

33 PROVISIONS

IN MILLIONS OF CHF	CONTINGENT LIABILITIES	CLOSEDOWN	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2012	**36.7**	**—**	**4.9**	**—**	**3.0**	**2.0**	**46.6**
Charge of the year	—	1.0	2.2	0.4	0.5	1.3	5.4
Utilized	—	—	(0.2)	—	—	(0.2)	(0.4)
Unused amounts reversed	—	—	(0.2)	—	—	(0.1)	(0.3)
Currency translation adjustment	(1.7)	—	—	—	(0.1)	0.7	(1.1)
Balance at December 31, 2012	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Thereof:							
—current	—	1.0	6.7	0.4	0.2	2.9	11.2
—non-current	35.0	—	—	—	3.2	0.8	39.0
Balance at January 1, 2011	**—**	**—**	**1.8**	**0.4**	**3.2**	**0.1**	**5.5**
Business combinations	30.0	—	—	—	0.1	1.4	31.5
Charge of the year	—	—	3.2	—	0.1	2.8	6.1
Utilized	—	—	—	(0.4)	(0.3)	(0.1)	(0.8)
Unused amounts reversed	—	—	—	—	(0.1)	(2.7)	(2.8)
Currency translation adjustment	6.7	—	(0.1)	—	—	0.5	7.1
Balance at December 31, 2011	**36.7**	**—**	**4.9**	**—**	**3.0**	**2.0**	**46.6**
Thereof:							
—current	—	—	4.9	—	0.2	2.0	7.1
—non-current	36.7	—	—	—	2.8	—	39.5

Management believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in the below described areas, it cannot be guaranteed that additional or lesser costs will be incurred above or below the amounts provisioned.

CONTINGENT LIABILITIES

Several contingent liabilities with a fair value of CHF 35.0 million (2011: CHF 36.7 million) were determined during the due diligence process made for the acquisition of the companies in South America, Central America and Asia. IFRS 3 Business combinations requires to reflect these liabilities with uncertain amount 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.

CLOSE DOWN

The provision of CHF 1.0 million relates to the closing of an operation in Asia. No such provision exists in 2011.

LABOR DISPUTES

The provision of CHF 3.4 million (2011: CHF 3.0 million) relates mainly to claims presented by sales staff based on disputes related to the termination of temporary labor contracts in Brazil.

33 PROVISIONS (Continued)

LAW SUITS AND DUTIES

The CHF 6.7 million (2011: CHF 4.9 million) provisions covers uncertainties related to the outcome of several law suits in relation to taxes, duties or other claims in several countries. In 2012 the increase relates to cases in Brazil and Italy. These claims are subject to arbitration where the final outcome can take several years.

The expected timing of the related cash outflows of non-current provisions as of December 31, 2012 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2014	1.6
2015	36.8
2016	0.4
2017+	0.2
Total non-current	**39.0**

34 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The employees of Dufry Group are insured against the risk of old age and disablement in accordance with the local laws and regulations. A description of the significant retirement benefit plans is as follows:

34.1 SWITZERLAND

Dufry has a defined benefit pension plan, which is based on the actual salary of the employee and covers substantially all of Dufry's employees in Switzerland. The plan requires contributions to be made to a separate legal entity, the administrative fund. This pension fund does not hold assets related to the Group.

The following table summarizes the components of pension expenses recognized in the consolidated income statement:

Net pension costs

IN MILLIONS OF CHF	2012	2011
Current service costs	(2.3)	(1.8)
Interest costs	(1.0)	(0.9)
Net actuarial loss recognized in year under §92 ff.	(0.4)	(0.1)
Expected return on plan assets	1.1	1.0
Pension expenses	**(2.6)**	**(1.8)**

The pension expenses of the Group are included in personnel expenses (see note 11 retirement benefits). The actual return of plan assets in 2012 was a gain of CHF 4.1 million (2011: CHF 0.3 million).

34 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

In 2013, Dufry expects to contribute CHF 2.1 million to this defined benefit pension plan.

The expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

The principal assumptions for the actuarial computation are as follows:

IN %	2012	2011
Discount rates	1.75%	2.25%
Expected return on plan assets	3.00%	3.00%
Future salary increases	2.00%	1.50%
Future pension increases	0.50%	1.00%
Average retirement age (in years)	64	64

The following table summarizes the components of the funded status and amounts recognized in the consolidated statement of financial position for the plan:

Funded status

IN MILLIONS OF CHF	2012	2011
Fair value of plan assets at beginning of period	36.1	31.7
Expected return	1.0	0.9
Contributions paid by employer	2.1	2.0
Contributions paid by employees	1.3	1.2
Benefits paid	(0.6)	1.0
Expected fair value of plan assets at end of period	**39.9**	**36.8**
Actuarial gains / (losses)	3.1	(0.7)
Fair value of plan assets at end of period	**43.0**	**36.1**
Defined benefit obligation (PBO) at beginning of period	43.5	35.2
Current service costs	2.3	1.8
Contributions paid by employees	1.3	1.2
Interest costs	1.0	0.9
Benefits paid	(0.6)	1.0
Expected defined benefit obligation at end of period	**47.4**	**40.1**
Actuarial loss (gain) on obligation(1)	12.0	3.4
Defined benefit obligation (PBO) at end of period	**59.4**	**43.5**
Funded status	(16.4)	(7.4)
Unrecognized actuarial loss (gain)	16.8	8.3
Net asset in balance sheet	**0.4**	**0.9**

(1) The actuarial loss of CHF 12.0 million is made of:
a) experience loss CHF 1.7 million, b) change in discount rate CHF 5.4 million, c) change

34 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

in salary increase CHF 2.6 million, d) other CHF 2.3 million as change in mortality tables, pension increases etc.

Reconciliation to the consolidated statement of financial position

The net pension asset is recognized in other non-current assets. The movements have been as follows:

IN MILLIONS OF CHF	2012	2011
Balance at beginning of period	0.9	0.7
Pension expenses	(2.6)	(1.8)
Contributions paid by employer	2.1	2.0
Net asset at end of period	**0.4**	**0.9**

Amounts for the current and previous periods are as follows:

IN MILLIONS OF CHF	2012	2011	2010	2009	2008
Defined benefit obligation (PBO)	59.4	43.5	35.2	24.2	22.2
Plan assets	43.0	36.1	31.7	22.5	19.1
(Deficit) surplus	**(16.4)**	**(7.4)**	**(3.5)**	**(1.7)**	**(3.1)**
Experience adjustments on plan liabilities	(1.7)	1.3	(1.6)	(0.1)	(0.1)
Effect of changes in actuarial assumptions on plan liabilities	(10.3)	2.1	(3.5)	—	1.9
Experience adjustments on plan assets	3.1	(0.7)	(0.2)	1.4	(2.7)

The major categories of plan assets as percentages of the fair value of the total plan assets are as follows:

IN %	2012	2011	2010	2009	2008
Shares	24%	24%	25%	24%	19%
Bonds	43%	44%	44%	46%	50%
Rented properties	25%	26%	25%	26%	26%
Other	8%	6%	6%	4%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

34.2 ITALY AND OTHER COUNTRIES

Post-employment benefit obligations

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Italy	4.3	4.6
Other countries	1.8	1.4
Total	**6.1**	**6.0**

34 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

In Italy, an unfunded defined benefit plan exists. The pension contributions owed by the employer are based on the number of years the respective employee worked with the respective Italian subsidiary. The principal assumptions for actuarial computation are as follows:

IN %	31.12.2012	31.12.2011
Discount rate	4.0%	4.5%
Expected salary increase	3.0%	3.0%
Inflation rate	2.0%	2.0%

35 OTHER LIABILITIES

Other current liabilities comprise of one time and recurring liabilities due within one year.

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Concession fee payables	83.5	71.5
Other service related vendors	66.7	54.3
Personnel payables	64.5	62.0
Sales tax and other tax liabilities	23.6	23.3
Interest payables	19.0	11.2
Payables for capital expenditure (notes 20 - 22)	16.8	23.3
Accrued liabilities	5.4	4.2
Payables to local business partners	5.1	5.2
Payables for acquisitions	1.7	5.4
Financial derivative liabilities	0.3	1.8
Other payables	6.6	4.7
Total	**293.2**	**266.9**
THEREOF:		
—current liabilities	284.9	255.6
—non-current liabilities	8.3	11.3
Total	**293.2**	**266.9**

36 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to the Group if the party directly or indirectly controls, is controlled by, or is under common control with Dufry, has an interest in the Group that gives it significant influence over the Group, has joint control over the Group or is an associate or a joint venture of the Group. 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 the Group. Transactions with related parties are conducted on an at-arm's-length basis.

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

Dufry Group purchased during 2012, goods from the following related parties: Hudson Wholesale for CHF 23.1 million (2011: CHF 23.2 million) and from Hudson RPM CHF 4.5 million (2011: CHF 4.6 million). The purchase prices used in these transactions were at arm's length. At

36 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

December 31, 2012, the Dufry Group had open invoices with the following related parties: Hudson Wholesale CHF 1.9 million (2011: CHF 2.4 million) and with Hudson RPM CHF 0.4 million (2011: CHF 0.5 million).

Latin American Airport Holding Ltd is the holding company of Inmobiliaria Fumisa SA de CV (Fumisa) and Aeropuertos Dominicanos Siglo XXI, SA (Aerodom). Three members of the Group's Board of Directors are also members of the Board of Directors of Latin American Airport Holding Ltd. Advent International Corporation manages funds that control among others, the Group, Fumisa and Aerodom.

Dufry and Inmobiliaria Fumisa SA de CV, the airport operator of the International Airport Benito Juarez of Ciudad de Mexico reached an agreement in May 2012, to amend the present agreement setting new terms and conditions for the years 2012 and 2013 for the shop rental. In October 2010, Fumisa granted a reduction in the amount of rent as agreed on the original contract until the end of 2011, as palliative measures after the reduction in passenger numbers caused when Mexicana Airlines ceased operations in August 2010. During 2012, even though traffic development was improving, Fumisa agreed to still offer Dufry better conditions than the original terms of the agreement. During 2012 the local operations amortized prepaid concessions in the value of CHF 1.4 million and accrued concession fees of CHF 19.3 million (2011: CHF 16.2 million). In this context, both parties also agreed to waive the receivables and payables existing at such date. As a consequence Dufry derecognized prepaid concessions fees in the amount of CHF 7.3 million in the current period 2012 through profit and loss.

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aerodom. According to these agreements, Inversiones Tunc SA compensated through monthly rental fees the right to use the commercial areas leased to them by Aerodom. In 2012, the total sales based rent for Inversiones Tunc SA amounted to CHF 5.9 million (2011: CHF 5.1 million).

On February 1, 2012 Transportes Aereos de Xalapa SA de CV, a subsidiary of Aerodom agreed to provide air transport services to Dufry. During 2012 Dufry received services for CHF 3.5 million (2011: CHF 2.6 million).

Mr. Dante Marro, who until June 2012 was the Chief Operating Officer of region Europe and member of the Group Executive Committee of Dufry, controls the company Gestione Spazi Attrezzati Srl (GSA). An agreement entered in 2002 granted GSA usufruct rights up to May 2041 on 6% of the shares of Dufrital SpA, plus at expiration 6% of the undistributed retained earnings of Dufrital SpA. In 2012, CHF 0.3 million (2011: CHF 0.0 million) was recognized as usufruct in the income statement. On June 14, 2011 Dufry International AG purchased back the usufruct right granted to Gestione Spazi Attrezzati Srl (GSA) which permitted the benefits of share ownership, including the receipt of dividends on 10% of the shares of Dufry Shop Finance Srl, which otherwise would have expired in May 4, 2041 for CHF 5.4 million (EUR 4.5 million).

Mr. José González, Chief Operating Officer of region Central America & Caribbean and member of the Group Executive Committee until June 30, 2012, owns 26.3% of the share capital of the subsidiary Puerto Libre International SA ("PLISA"). PLISA operates duty free shops at the international airport of Managua as well as three border shops in Nicaragua.

36 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

The Swiss entities have outstanding contributions with the pension fund Weitnauer in the amount of CHF 0.3 million (2011: CHF 0.3 million).

In 2012 the remuneration for the Board members was CHF 1.4 million (2011: CHF 1.4 million). In addition Mr. Xavier Bouton (member) received CHF 0.3 million (2011: CHF 0.3 million) for strategic consulting services provided to the Group.

In 2012 the total compensation for the 8 members (2011: 10 members) of the Group Executive Committee recognized in personnel expenses and including all short-term employee benefits was CHF 15.0 million (2011: CHF 15.7 million). This amount includes: a) 157,541 stock options (RSU's) of the biannual award 2011 (2011: 181,541 RSU's of the biannual award 2011) of Dufry AG, b) a cash compensation of CHF 9.0 million (2011: CHF 8.8 million), c) employer's contribution to the pension and other post-employment benefits of CHF 1.0 million (2011: CHF 2.0 million). The expenses accrued in relation to the restricted stock unit plan 2011 which covers a two years period 2011/2012 was CHF 5.0 million (2011: CHF 5.0 million) and is included in the short-term employee benefits mentioned above.

The legally required disclosure of the participations and compensations of the members of the Board of Directors and the Group Executive Committee of Dufry are explained in the respective notes to the stand alone financial statements of Dufry AG.

37 COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

The Group enters into long-term agreements with airport authorities, seaport authorities and other landlords. The concessionaires use to require a minimum annual guarantee, which can be based on sales, number of passengers or other indicators of operational activity to guarantee the performance of Dufry's obligations. In case of an early termination, the operation can be required to compensate the concessionaire for lost earnings. The Group or their subsidiaries have granted these guarantees regarding the performance of the above mentioned long-term contracts directly or through third parties. As at December 31, 2012 and December 31, 2011, no party has exercised their right to call upon these guarantees.

Some of these long-term concession agreements, which Dufry has entered into, 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 operation presents a non-profitable outlook. In this event, a provision based on the present value of the future net cash flows needs to be created. At the reporting date of 2012 and 2011, no such onerous concession exists.

38 FINANCIAL INSTRUMENTS

Significant accounting policies

These are described in note 2.3l) and following.

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 the Group'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.

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

The Group monitors capital using a combination of ratios; including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing ratio the Group 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	31.12.2012	31.12.2011
Cash and cash equivalents	(434.0)	(199.1)
Financial debt	1,385.3	1,560.4
Net debt	**951.3**	**1,361.3**
Equity attributable to equity holders of the parent	1,238.8	870.0
Translation reserve, hedging and revaluation reserves	(32.9)	(26.5)
Total capital	**1,205.9**	**843.5**
Gearing ratio	**44.1%**	**61.7%**

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

38 FINANCIAL INSTRUMENTS (Continued)

38.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	FINANCIAL ASSETS					
	Loans and receivables	at FVTPL(1)	Held-to-maturity investments	Subtotal	NON-FINANCIAL ASSETS(3)	TOTAL
Cash and cash equivalents	434.0	—	—	434.0	—	434.0
Trade and credit card receivables	59.5	—	—	59.5	—	59.5
Other accounts receivable	53.8	0.5	—	54.3	66.1	120.4
Other non-current assets	31.6	—	—	31.6	5.3	36.9
Total	**578.9**	**0.5**	**—**	**579.4**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES					
	at amortized cost	CF hedge(2)	at FVTPL(1)	Subtotal	NON-FINANCIAL LIABILITIES(3)	TOTAL
Trade payables	247.8	—	—	247.8	—	247.8
Financial debt short-term	39.9	—	—	39.9	—	39.9
Other liabilities	254.9	—	0.3	255.2	29.7	284.9
Financial debt long-term	1,345.4	—	—	1,345.4	—	1,345.4
Other non-current liabilities	7.8	—	—	7.8	0.5	8.3
Total	**1,895.8**	**—**	**0.3**	**1,896.1**		

AT DECEMBER 31, 2011 IN MILLIONS OF CHF	FINANCIAL ASSETS					
	Loans and receivables	at FVTPL(1)	Held-to-maturity investments	Subtotal	NON-FINANCIAL ASSETS(3)	TOTAL
Cash and cash equivalents	199.1	—	—	199.1	—	199.1
Trade and credit card receivables	47.0	—	—	47.0	—	47.0
Other accounts receivable	52.0	0.4	—	52.4	74.9	127.3
Other non-current assets	33.3	—	—	33.3	4.5	37.8
Total	**331.4**	**0.4**	**—**	**331.8**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES					
	at amortized cost	CF hedge(2)	at FVTPL(1)	Subtotal	NON-FINANCIAL LIABILITIES(3)	TOTAL
Trade payables	301.1	—	—	301.1	—	301.1
Financial debt. short-term	30.6	—	—	30.6	—	30.6
Other liabilities	225.7	1.0	0.8	227.5	28.1	255.6
Financial debt long-term	1,529.9	—	—	1,529.9	(0.1)	1,529.8
Other non-current liabilities	11.3	—	—	11.3	—	11.3
Total	**2,098.6**	**1.0**	**0.8**	**2,100.4**		

(1) Financial assets and liabilities at fair value through consolidated income statement

38 FINANCIAL INSTRUMENTS (Continued)

(2) Cash flow hedges for which fair value changes are recognized in other comprehensive income

(3) Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as sales tax and other tax positions

38 FINANCIAL INSTRUMENTS (Continued)

38.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2012

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	HELD-TO-MATURITY INVESTMENTS	TOTAL
Interest income (expenses)	1.3	—	—	1.3
Other finance income (expenses)	—	—	—	—
From interest	**1.3**	**—**	**—**	**1.3**
Fair values gain (loss)	—	1.3	—	1.3
Foreign exchange gain (loss)(1)	(21.3)	—	—	(21.3)
Impairments / allowances(2)	(0.7)	—	—	(0.7)
Total—from subsequent valuation	**(22.0)**	**1.3**	**—**	**(20.7)**
Net income	**(20.7)**	**1.3**	**—**	**(19.4)**

Financial Liabilities at December 31, 2012

IN MILLIONS OF CHF	AT AMORTIZED COST	CF HEDGE	AT FVTPL	TOTAL
Interest income (expenses)	(77.8)	—	—	(77.8)
Other finance income (expenses)	(1.2)	—	—	(1.2)
From interest	**(79.0)**	**—**	**—**	**(79.0)**
Fair values gain (loss)	—	—	(0.8)	(0.8)
Foreign exchange gain (loss)(1)	21.2	—	—	21.2
Impairments / allowances(2)	—	—	—	—
Total—from subsequent valuation	**21.2**	**—**	**(0.8)**	**20.4**
Net income	**(57.8)**	**—**	**(0.8)**	**(58.6)**

38 FINANCIAL INSTRUMENTS (Continued)

Net financial assets and liabilities at December 31, 2012

IN MILLIONS OF CHF	FINANCIAL ASSETS	FINANCIAL LIABILITIES	NET
Interest income (expenses)	1.3	(77.8)	(76.5)
Other finance income (expenses)	—	(1.2)	(1.2)
From interest	**1.3**	**(79.0)**	**(77.7)**
Fair values gain (loss)	1.3	(0.8)	0.5
Foreign exchange gain (loss)(1)	(21.3)	21.2	(0.1)
Impairments / allowances(2)	(0.7)	—	(0.7)
Total—from subsequent valuation	**(20.7)**	**20.4**	**(0.3)**
Net income	**(19.4)**	**(58.6)**	**(78.0)**

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

(2) This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

Financial Assets at December 31, 2011

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	HELD-TO-MATURITY INVESTMENTS	TOTAL
Interest income (expenses)	4.1	—	—	4.1
Other finance income (expenses)	—	—	—	—
From interest	**4.1**	**—**	**—**	**4.1**
Fair values gain (loss)	—	0.4	—	0.4
Foreign exchange gain (loss)(1)	163.9	—	—	163.9
Impairments / allowances(2)	(3.7)	—	—	(3.7)
Total—from subsequent valuation	**160.2**	**0.4**	**—**	**160.6**
Net income	**164.3**	**0.4**	**—**	**164.7**

38 FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities at December 31, 2011

IN MILLIONS OF CHF	AT AMORTIZED COST	CF HEDGE	AT FVTPL	TOTAL
Interest income (expenses)	(49.3)	—	—	(49.3)
Other finance income (expenses)	(5.9)	—	—	(5.9)
From interest	**(55.2)**	**—**	**—**	**(55.2)**
Fair values gain (loss)	—	—	(0.8)	(0.8)
Foreign exchange gain (loss)(1)	(161.8)	—	—	(161.8)
Impairments / allowances(2)	—	—	—	—
Total—from subsequent valuation	**(161.8)**	**—**	**(0.8)**	**(162.6)**
Net income	**(217.0)**	**—**	**(0.8)**	**(217.8)**

Net financial assets and liabilities at December 31, 2011

IN MILLIONS OF CHF	FINANCIAL ASSETS	FINANCIAL LIABILITIES	NET
Interest income (expenses)	4.1	(49.3)	(45.2)
Other finance income (expenses)	—	(5.9)	(5.9)
From interest	**4.1**	**(55.2)**	**(51.1)**
Fair values gain (loss)	0.4	(0.8)	(0.4)
Foreign exchange gain (loss)(1)	163.9	(161.8)	2.1
Impairments / allowances(2)	(3.7)	—	(3.7)
Total—from subsequent valuation	**160.6**	**(162.6)**	**(2.0)**
Net income	**164.7**	**(217.8)**	**(53.1)**

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

(2) This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

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. The Group treasury manages the financing of the operations through centralized credit facilities as to ensure an adequate allocation of these resources and simultaneously minimize the potential financial risk impacts.

Dufry continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. The Group seeks to minimize the currency exposure and interest rates risks 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 FINANCIAL INSTRUMENTS (Continued)

38.4 MARKET RISK

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. The Group's objective is to minimize the consolidated 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, the Group may use financial instruments to hedge the respective exposure.

The Group 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 the Group 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 analyses. 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	BRL	OTHER	TOTAL
DECEMBER 31, 2012					
Monetary assets	131.3	114.0	49.5	56.4	351.3
Monetary liabilities	984.3	136.8	50.6	65.5	1,237.2
Net exposure before hedging	**(853.0)**	**(22.8)**	**(1.1)**	**(9.1)**	**(885.9)**
Hedging	847.6	—	—	—	847.6
Net exposure after hedging	**(5.4)**	**(22.8)**	**(1.1)**	**(9.1)**	**(38.3)**
DECEMBER 31, 2011					
Monetary assets	983.5	121.7	15.7	43.1	1,164.0
Monetary liabilities	1,591.3	143.7	53.5	65.2	1,853.7
Net exposure before hedging	**(607.8)**	**(22.0)**	**(37.8)**	**(22.1)**	**(689.7)**
Hedging	595.5	(6.2)	—	—	589.3
Net exposure after hedging	**(12.3)**	**(28.2)**	**(37.8)**	**(22.1)**	**(100.4)**

38 FINANCIAL INSTRUMENTS (Continued)

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, which are not likely to be settled in the foreseeable future as being part of the net investment in such subsidiary. Consequently, the related exchange differences are recognized in other comprehensive income and presented within translation reserve in equity.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Group entities. 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 in the consolidated income statement or in the hedging and revaluation reserves when the CHF strengthens against the relevant currency.

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Net earnings—profit (loss) of USD	11.5	0.5
Other comprehensive income—profit (loss) of USD	31.0	29.8
Net earnings—profit (loss) of EUR	1.1	1.4
Other comprehensive income—profit (loss) of EUR	—	(0.3)

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	351.3	1,164.0
less intercompany financial assets in foreign currencies	(220.8)	(1,097.0)
Third party financial assets held in foreign currencies	130.5	67.0
Third party financial assets held in reporting currencies	448.9	264.8
Total third party financial assets(1)	**579.4**	**331.8**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	1,237.2	1,853.7
less intercompany financial liabilities in foreign currencies	(95.0)	(113.0)
Third party financial liabilities held in foreign currencies	1,142.2	1,740.7
Third party financial liabilities held in reporting currencies	753.9	359.7
Total third party financial liabilities(1)	**1,896.1**	**2,100.4**

(1) see note 38.2 “categories of financial instruments”

38.5.2 Forward foreign exchange 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 the Group 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. Contracts or underlying principal amounts indicate the volume of

38 FINANCIAL INSTRUMENTS (Continued)

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.

Foreign exchange forward contracts and options:

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
December 31, 2011	67.5	0.5	0.8
December 31, 2012	268.6	0.5	0.3

38.6 INTEREST RATE RISK MANAGEMENT

The Group manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters.

38.6.1 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 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.

Interest rate related instruments(1):

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
December 31, 2011	280.6	—	1.0
December 31, 2012	—	—	—

(1) These instruments are designated as cash flow hedges and the changes in the fair value are recognized through other comprehensive income.

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the equivalent to one month USD LIBOR rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to the consolidated income statement over the period that the floating rate interest payments on debt affect the consolidated income statement.

38 FINANCIAL INSTRUMENTS (Continued)

38.6.2 Interest rate sensitivity analysis

The sensitivity analyses below have 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, the Group's net earnings for the year 2012 would decrease by CHF 13.5 million (2011: decrease by CHF 7.4 million).

38.6.3 Allocation of financial assets and liabilities to interest classes

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2012	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	0.8%	0.5%	400.5	1.6	402.1	31.9	434.0
Trade and credit card receivables			—	—	—	59.5	59.5
Other accounts receivable			—	—	—	54.3	54.3
Other non-current assets	3.7%	0.5%	5.0	0.8	5.8	25.8	31.6
Financial assets			**405.5**	**2.4**	**407.9**	**171.5**	**579.4**
Trade payables			—	—	—	247.8	247.8
Financial debt, short-term	5.5%	0.0%	36.7	3.2	39.9	—	39.9
Other liabilities			—	—	—	255.2	255.2
Financial debt, long-term	2.0%	5.5%	894.4	451.0	1,345.4	—	1,345.4
Other non-current liabilities			—	—	—	7.8	7.8
Financial liabilities			**931.1**	**454.2**	**1,385.3**	**510.8**	**1,896.1**
Net financial liability			**525.6**	**451.8**	**977.4**	**339.3**	**1,316.7**

38 FINANCIAL INSTRUMENTS (Continued)

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2011	**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	1.1%	2.6%	139.6	2.2	141.8	57.3	199.1
Trade and credit card receivables			—	—	—	47.0	47.0
Other accounts receivable			(0.1)	0.1	—	52.4	52.4
Other non-current assets	0.1%	11.7%	3.4	1.7	5.1	28.2	33.3
Financial assets			**142.9**	**4.0**	**146.9**	**184.9**	**331.8**
Trade payables			—	—	—	301.1	301.1
Financial debt, short-term	4.5%	2.0%	27.9	2.7	30.6	—	30.6
Other liabilities			0.1	—	0.1	227.4	227.5
Financial debt, long-term	2.5%	4.2%	1,525.6	4.2	1,529.8	0.1	1,529.9
Other non-current liabilities			—	—	—	11.3	11.3
Financial liabilities			**1,553.6**	**6.9**	**1,560.5**	**539.9**	**2,100.4**
Net financial liability			**1,410.7**	**2.9**	**1,413.6**	**355.0**	**1,768.6**

38.7 CREDIT RISK MANAGEMENT

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

Almost all Groups' 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. The Group monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

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 the Group's maximum exposure to credit risk.

38.8 LIQUIDITY RISK MANAGEMENT

The group 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 32).

38 FINANCIAL INSTRUMENTS (Continued)

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 the Group can receive or be required to pay). The tables include principal and interest cash flows.

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	1 - 6 MONTHS	6 - 12 MONTHS	1 - 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	434.8	—	—	—	434.8
Trade and credit card receivables	59.5	—	—	—	59.5
Other accounts receivable	53.7	0.1	—	—	53.8
Other non-current assets	—	—	—	31.6	31.6
Total cash inflows	**548.0**	**0.1**	**—**	**31.6**	**579.7**
Trade payables	247.9	—	—	—	247.9
Financial debt, short-term	40.0	0.2	—	—	40.2
Other liabilities	254.9	0.1	—	—	255.0
Financial debt, long-term	14.7	12.0	23.7	1,443.3	1,493.7
Other non-current liabilities	—	—	—	7.8	7.8
Total cash outflows	**557.5**	**12.3**	**23.7**	**1,451.1**	**2,044.6**

AT DECEMBER 31, 2011 IN MILLIONS OF CHF	1 - 6 MONTHS	6 - 12 MONTHS	1 - 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	199.9	0.5	—	—	200.4
Trade and credit card receivables	47.0	—	—	—	47.0
Other accounts receivable	51.9	0.5	—	0.1	52.5
Other non-current assets	—	—	0.1	33.4	33.5
Total cash inflows	**298.8**	**1.0**	**0.1**	**33.5**	**333.4**
Trade payables	301.1	—	—	—	301.1
Financial debt, short-term	39.6	9.0	—	—	48.6
Other liabilities	223.2	2.6	—	—	225.8
Financial debt, long-term	64.4	64.3	844.5	709.2	1,682.4
Other non-current liabilities	—	—	—	11.3	11.3
Total cash outflows	**628.3**	**75.9**	**844.5**	**720.5**	**2,269.2**

38.8.2 Remaining maturities for derivative financial instruments

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by

38 FINANCIAL INSTRUMENTS (Continued)

reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	LESS THAN 3 MONTHS	3 - 6 MONTHS	6 MONTHS TO 1 YEAR	1 YEAR +
Net settled:				
interest rate swaps	—	—	—	—
foreign exchange forward contracts	—	—	—	—
Gross settled:				
foreign exchange forward contracts	0.1	—	—	—
Total	**0.1**	**—**	**—**	**—**

AT DECEMBER 31, 2011 IN MILLIONS OF CHF	LESS THAN 3 MONTHS	3 - 6 MONTHS	6 MONTHS TO 1 YEAR	1 YEAR +
Net settled:				
interest rate swaps	(0.5)	(0.6)	—	—
foreign exchange forward contracts	0.3	—	—	—
Gross settled:				
foreign exchange forward contracts	0.3	0.1	0.1	—
Total	**0.1**	**(0.5)**	**0.1**	**—**

38.9 FAIR VALUE OF FINANCIAL INSTRUMENTS

38.9.1 Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	31.12.2012		31.12.2011	
IN MILLIONS OF CHF	Carrying amount	Fair value	Carrying amount	Fair value
Credit card receivables, (assets)	45.1	44.7	24.1	23.8
Senior Notes non-current, (liabilities)	447.4	467.0	—	—

38.9.2 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

38 FINANCIAL INSTRUMENTS (Continued)

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Foreign exchange option contracts are measured by using an option pricing valuation model.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

38.9.3 Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments 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).

The Group held the following financial instruments measured at fair value at the reporting date:

IN MILLIONS OF CHF	LEVEL 2 31.12.2012	LEVEL 2 31.12.2011
ASSETS MEASURED AT FAIR VALUE(1)		
Foreign exchange related derivative financial instruments	0.5	0.5
Interest rate related derivative financial instruments	—	—
Available-for-sale financial assets	—	—
Total Assets	**0.5**	**0.5**
LIABILITIES MEASURED AT FAIR VALUE(2)		
Foreign exchange related derivative financial instruments	0.3	0.8
Interest rate related derivative financial instruments	—	1.0
Total Liabilities	**0.3**	**1.8**

(1) Included in the position "other accounts receivable" in the statement of financial position

(2) Included in the position "other liabilities" in the statement of financial position

During the years ended December 31, 2012 and 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

39 EVENTS AFTER REPORTING DATE

DUFRY SIGNS AGREEMENT TO ACQUIRE TRAVEL RETAIL OPERATIONS OF FOLLI FOLLIE GROUP

On October 10, 2012, Dufry signed an agreement to acquire 51% of the travel retail business of Folli Follie Group for a total consideration of CHF 241.6 million (EUR 200.5 million). Dufry expects to close the transaction in the next weeks. The transaction includes, among other elements, an option to acquire the remaining 49% of the shares after four years at fair market value.

Before closing of the transaction, the target business will be carved-out into a separate entity by Folli Follie Group in a series of legal steps which involves various regulatory and shareholder approvals. Furthermore, a syndicate of local banks has committed to provide the new entity with a non-recourse bank facility of CHF 403.7 million (EUR 335 million) at closing of the transaction, structured as a committed 5-year amortizing term loan secured through pledging of all shares of the new entity.

MOST IMPORTANT AFFILIATED COMPANIES

H = HOLDING R = RETAIL D = DISTRIBUTION CENTER

AS OF DECEMBER 31, 2012	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
HEADQUARTERS						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Management AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
GLOBAL DISTRIBUTION CENTERS						
Dufry Travel Retail AG	Basel	Switzerland	D	100	5,000	CHF
Dufry America Services, Inc.	Miami	USA	D	100	398	USD
International Operation & Services Corp.	Montevideo	Uruguay	D	100	50	USD
Eurotrade Corporation (II) Limited	Nassau	Bahamas	D	100	5,580	USD
EMEA & ASIA						
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Dufry Samnaun AG	Samnaun	Switzerland	R	100	100	CHF
Dufrital SpA	Milan	Italy	R	60	258	EUR
Dufry Italia SpA	Milan	Italy	R	100	251	EUR
Network Italia Edicole	Milan	Italy	R	100	20	EUR
Dufry Islas Canarias SL	Tenerife	Spain	R	100	333	EUR
Dufry France SA	Nice	France	R	100	3,491	EUR
Dufry Hellas Ltd	Athens	Greece	R	99	147	EUR
Dufry Tunisie SA	Tunis	Tunisia	R	100	2,300	EUR
Dufry Maroc Sarl	Casablanca	Morocco	R	80	2,500	MAD
Dufry Egypt LLC	Sharm-el-Sheikh	Egypt	R	80	450	USD
Dufry & G.T.D.C. Ltd	Accra	Ghana	R	63	413	USD
Dufry Aeroport d'Alger Sarl	Alger	Algeria	R	80	20,000	DZD
Dufry Côte d'Ivoire SA	Abidjan	Ivory Coast	R	100	158	EUR
Dufry East OOO	Moscow	Russia	R	100	712	USD
Dufry Moscow Sheremetyevo	Moscow	Russia	R	69	420	USD
Regslaer Ltd	Moscow	Russia	R	51	3,991	EUR
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co. Ltd.	Shanghai	China	R	100	19,497	CNY
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
Dufry Sharjah Fzc	Sharjah	U. Arab Emirates	R	51	2,054	AED
Dufry d.o.o.	Belgrade	Serbia	R	100	693,078	RSD
AMERICA I						
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	<1	USD
Duty Free Caribbean Ltd	Bridgetown	Barbados	R	60	5,000	USD
Colombian Emeralds Int. Ltd	Castries	St. Lucia	R	60	<1	USD
Flagship Retail Services Inc.	Delaware	USA	R	100	<1	USD
Interbaires S. A.	Buenos Aires	Argentina	R	100	293	USD
Navinten S. A.	Montevideo	Uruguay	R	100	126	USD
Duty Free Ecuador S. A.	Guayaquil	Ecuador	R	100	401	USD
Dufry America, Inc.	Miami	USA	H	100	5	USD
AMERICA II						
Dufry do Brasil Duty Free Shop Ltda.	Rio de Janeiro	Brazil	R	100	4,146	USD
Iperco Com Exterior Ltda.	Rio de Janeiro	Brazil	R	100	14,552	BRL
Dufry Bolivia	Santa Cruz	Bolivia	R	100	356	USD
UNITED STATES & CANADA						
Hudson News Company Inc.	East Rutherford	USA	H/R	100	<1	USD
Dufry Newark, Inc.	Newark	USA	R	100	1,501	USD
Dufry Houston Duty Free and Retail Partnership	Houston	USA	R	75	1	USD
AMS-CV Newark, JV	Newark	USA	R	80	<1	USD

AS OF DECEMBER 31, 2012	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
Airport Management Services, LLC	Delaware	USA	H/R	100	<1	USD
AMS-Olympic Nashville, JV	Nashville	USA	R	83	<1	USD
Hudson News O'Hare, JV	Springfield	USA	R	70	<1	USD
Hudson Retail-Neu News JV	New York	USA	R	80	<1	USD
JFK Air Ventures	New York	USA	R	80	<1	USD
National Air Ventures	Dallas	USA	R	70	<1	USD
Seattle Air Ventures	Olympia	USA	R	75	<1	USD
AMS-TEI Miami, JV	Miami	USA	R	70	<1	USD
AMS Hudson Las Vegas, JV	Las Vegas	USA	R	73	<1	USD
Hudson Group Canada, Inc.	Vancouver	Canada	R	100	<1	CAD

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To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2013

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dufry AG, Basel, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes (pages 70 to 135), for the year ended 31 December 2012.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standard (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

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 paragraph 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 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

Patrick Fawer
Licensed audit expert
(Auditor in charge)

D. Haldimann

David Haldimann
Licensed audit expert

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012

IN THOUSANDS OF CHF	2012	2011
Dividend income	83,222	—
Financial income	2,868	3,216
Management and franchise fee income	11,477	12,000
Total income	**97,567**	**15,216**
Personnel expenses	19,092	12,664
General and administrative expenses	3,998	3,731
Management and franchise fee expenses	7,869	11,851
Amortization of intangibles	5,755	5,755
Transaction and project costs	—	(2,638)
Financial expenses	7,000	8,450
Taxes	753	612
Total expenses	**44,467**	**40,425**
Net earnings (loss)	**53,100**	**(25,209)**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2012

IN THOUSANDS OF CHF	NOTE	31.12.2012	31.12.2011
ASSETS			
Cash and cash equivalents		14,144	9
Marketable securities	3	40,537	9,494
Receivables intercompany		42,394	84,504
Receivables—related party		2	2
Receivables—third party		91	49
Loan receivables Dufry International AG		320,000	—
Other current assets		—	1
Current assets		**417,168**	**94,059**
Investments	1	1,082,671	1,074,449
Intangible assets		99,270	105,025
Non-current assets		**1,181,941**	**1,179,474**
Total assets		**1,599,109**	**1,273,533**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Payables—intercompany		28,145	51,291
Payables—related party		313	367
Payables—third party		835	340
Bank debt		—	29,134
Other current liabilities		43,421	13,147
Current liabilities		**72,714**	**94,279**
Total liabilities		**72,714**	**94,279**
Share capital		148,369	134,881
Legal reserves:			
Share premium (capital contribution reserves)		1,253,287	972,734
General reserves		5,927	5,927
Reserve for treasury shares		41,605	13,485
Available earnings	9	77,207	52,227
Shareholders' equity		**1,526,395**	**1,179,254**
Total liabilities and shareholders' equity		**1,599,109**	**1,273,533**

NOTES TO THE FINANCIAL STATEMENTS

AMOUNTS ARE EXPRESSED IN THOUSANDS OF CHF, EXCEPT WHERE OTHERWISE INDICATED.

1. SIGNIFICANT INVESTMENTS

SUBSIDIARY IN THOUSANDS OF CHF	PARTICIPATION	BOOK VALUE 2012	BOOK VALUE 2011	SHARE CAPITAL 2012	SHARE CAPITAL 2011
Dufry International AG, Switzerland	100%	352,896	344,674	1,000	1,000
Dufry Management AG, Switzerland	100%	100	100	100	100
Dufry Corporate AG, Switzerland	100%	100	100	100	100
Dufry holdings & Investments AG, Switzerland	100%	729,575	729,575	1,000	1,000
Total		**1,082,671**	**1,074,449**		

2. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN PERCENTAGE	31.12.2012	31.12.2011
Global Retail Group S.àr.l, Luxembourg(1)	13.07%	14.38%
Travel Retail Investment SCA, Luxembourg(1)	7.49%	8.24%
Credit Suisse Group AG	4.60%	6.81%
Skopos Administradora de Recursos Ltda and SkoposInvest Administradora de Recursos International Ltda	—	4.43%
Hudson Media Inc., East Rutherford, USA	3.89%	4.28%
The Capital Group Companies Inc, CA, USA	—	4.21%

(1) Global Retail Group S.àr.l and Travel Retail Investment SCA formed a group of shareholders until January 31, 2012

3. TREASURY SHARES

	NUMBER OF SHARES	IN THOUSANDS OF CHF
At January 1, 2011	**289,059**	**36,948**
Assigned to holders of RSU-awards 2010	(281,362)	(35,452)
Share purchases	100,419	12,503
Revaluation	—	(4,505)
At December 31, 2011	**108,116**	**9,494**
Share purchases	230,000	28,120
Revaluation	—	2,923
At December 31, 2012	**338,116**	**40,537**

4. ENTERPRISE RISK MANAGEMENT

In accordance with the article 663b of the Swiss Code of Obligations the Board of Directors of Dufry AG reviewed and assessed the risk areas of the Group and where necessary, updated the key controls performed to ensure an adequate risk monitoring.

5. PLEDGED ASSETS

In 2012 and 2011, Dufry AG had no pledged assets.

6. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The following companies constitute a group for the Swiss Federal Tax Administration, main division VAT:

- DUFRY International AG
- DUFRY travel Retail 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

Dufry AG is jointly and severally liable for the value Added Tax owed by this specific group.

7. COMPENSATION, PARTICIPATIONS AND LOANS TO THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE

[Disclosure according to Swiss Code of Obligations 663b]

PARTICIPATIONS IN DUFRY AG

The members of the Board of Directors of Dufry AG Juan Carlos Torres Carretero [Chairman], Ernest George Bachrach [vice Chairman] and Steve Tadler [member] representing the interest of Advent International Corporation and its funds do not hold any shares or share options on December 31, 2012 or December 31, 2011.

On December 31, 2012, the following members of the Board of Directors and Group Executive Committee [including closely related parties] held the following number of shares / number of share options [restricted stock units] / percentage participation in Dufry AG: Mr. Andrés Holzer Neumann, member 2,338,775 / 0 / 7.88% [which includes 2,223,563 shares held by travel Retail Investment SCA]; Mr. James Cohen, member 1,331,687 / 0 / 4.49% [which includes 1,154,677 shares held by Hudson Media, Inc.]; Mr. Joaquín Moya-Angeler Cabrera, member 6,000 / 0 / 0.02%; Mr. Mario Fontana, member 6,000 / 0 / 0.02%; Mr. Julián Díaz González, Chief Executive Officer 32,100 / 39,941 / 0.24%; Mr. Andreas Schneiter, Chief Financial Officer 3,000 / 6,600 / 0.03%; Mr. José Antonio Gea, Global

7. COMPENSATION, PARTICIPATIONS AND LOANS TO THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE (Continued)

Chief Operating Officer 631 / 26,400 / 0.09%; Mr. Pascal C. Duclos, General Counsel 0 / 21,000 / 0.07%; Mr. Xavier Rossinyol, Chief Operating Officer Region EMEA & Asia 30,000 / 26,400 / 0.19%; Mr. René Riedi, Chief Operating Officer Region America I 0 / 10,200 / 0.03%; Mr. José Carlos Costa da Silva Rosa, Chief Operating Officer Region America II 0 / 10,200 / 0.03% and Mr. Joseph DiDomizio, Chief Operating Officer Region United States and Canada 0 / 16,800 / 0.06%.

On December 31, 2011, the following members of the Board of Directors and Group Executive Committee (including closely related parties) held the following number of shares / number of share options (restricted stock units) / percentage participation in Dufry AG: Mr. Andrés Holzer Neumann, member 2,262,125 / 0 / 8.39% (which includes 2,151,913 shares held by Petrus PTE ltd); Mr. James Cohen, member 1,257,687 / 0 / 4.66% [which includes 1,154,677 shares held by Hudson Media, Inc.]; Mr. Joaquin Moya-Angeler Cabrera, member 13,390 / 0 / 0.05%; Mr. Mario Fontana, member 10,000 / 0 / 0.04%; Mr. Julián Díaz González, Chief executive Officer 60,100 / 39,941 / 0.37%; Mr. Xavier Rossinyol, Chief Financial Officer 45,000 / 26,400 / 0.26%; Mr. José Antonio Gea, Global Chief Operating Officer 37,000 / 26,400 / 0.24%; Mr. Pascal C. Duclos, General Counsel 0 / 21,000 / 0.08%; Mr. Dante Marro, Chief Operating Officer Region Europe 0 / 10,200 / 0.04%; Mr. Miguel Ángel Martínez, Chief Operating Officer Region Africa 8,500 / 10,200 / 0.07%; Mr. René Riedi, Chief Operating Officer Region Eurasia 1,500 / 10,200 / 0.04%; Mr. José H. González, Chief Operating Officer Region Central America & Caribbean 0 / 10,200 / 0.04%; Mr. José Carlos Costa da Silva Rosa, Chief Operating Officer Region South America 2,000 / 10,200 / 0.05% and Mr. Joseph DiDomizio, Chief Operating Officer Region North America 13,500 / 16,800 / 0.11%. The remaining members of the Board of Directors or the Group Executive Committee had no participation on December 31, 2011.

All these participations are reported in accordance with the regulations of the Federal Act on Stock Exchanges and Securities Trading (SESTA), in force since December 1, 2007, showing the participation (including restricted stock units) as a percentage of the number of outstanding registered shares on December 31, 2012 and December 31, 2011, respectively.

8. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE

The members of the Board of Directors of Dufry AG Juan Carlos Torres Carretero (Chairman), Ernst George Bachrach (Vice Chairman) and Steve Tadler (member) representing the interest of Advent International Corporation and its funds do not receive any compensation for the years 2012 or 2011.

In 2012 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 1,350.0 (to Mr. Jorge Born, member CHF 150.0; to Mr. Xavier Bouton, member CHF 150.0; to Mr. James Cohen, member CHF 150.0; to Mr. José Lucas Ferreira de Melo, member CHF 150.0 to Mr. Mario Fontana, member CHF 200.0; to Mr. Andrés Holzer Neumann, member CHF 200.0; to Mr. Maurizio Mauro, member CHF 150.0; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 200.0). In addition to these fees Mr. Xavier Bouton received CHF 250.0 for strategic consulting services provided to the Group during the year. the social charges related to these fees are calculated in accordance with the local regulations amounted to CHF 81.8 in total (to Mr. Jorge Born, member CHF 9.1; to Mr. Xavier Bouton, member CHF 9.1; to Mr. James Cohen, member CHF 9.1; to

8. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE (Continued)

Mr. José Lucas Ferreira de Melo, member CHF 9.1; to Mr. Mario Fontana, member CHF 12.1; to Mr. Andrés Holzer Neumann, member CHF 12.1; to Mr. Maurizio Mauro, member CHF 9.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 12.1). Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 1,681.8 in total (to Mr. Jorge Born, member CHF 159.1; to Mr. Xavier Bouton, member CHF 409.1; to Mr. James Cohen, member CHF 159.1; to Mr. José Lucas Ferreira de Melo, member CHF 159.1; to Mr. Mario Fontana, member CHF 212.1; to Mr. Andrés Holzer Neumann, member CHF 212.1; to Mr. Maurizio Mauro, member CHF 159.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 212.1).

In 2011 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 1,350.0 (to Mr. Jorge Born, member CHF 150.0; to Mr. Xavier Bouton, member CHF 150.0; to Mr. James Cohen, member CHF 150.0; to Mr. José Lucas Ferreira de Melo, member CHF 150.0; to Mr. Mario Fontana, member CHF 200.0; to Mr. Andrés Holzer Neumann, member CHF 200.0; to Mr. Maurizio Mauro, member CHF 150.0; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 200.0). In addition to these fees Mr. Xavier Bouton received CHF 250.0 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations amounted to CHF 81.8 in total (to Mr. Jorge Born, member CHF 9.1; to Mr. Xavier Bouton, member CHF 9.1, to Mr. James Cohen, member CHF 9.1; to Mr. José Lucas Ferreira de Melo, member CHF 9.1; to Mr. Mario Fontana, member CHF 12.1; to Mr. Andrés Holzer Neumann, member CHF 12.1; to Mr. Maurizio Mauro, member CHF 9.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 12.1). Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 1,681.8 in total (to Mr. Jorge Born, member CHF 159.1; to Mr. Xavier Bouton, member CHF 409.1; to Mr. James Cohen, member CHF 159.1; to Mr. José Lucas Ferreira de Melo, member CHF 159.1; to Mr. Mario Fontana, member CHF 212.1; to Mr. Andrés Holzer Neumann, member CHF 212.1; to Mr. Maurizio Mauro, member CHF 159.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 212.1).

In the years 2012 and 2011 there were no other compensations paid directly or indirectly to active or former members of the Board of Directors and there are also no loans or guarantees received or provided to these Board members, nor to their related parties.

In 2012 the eight members of the Group Executive Committee received the following compensation: i) in cash CHF 8,977.0 (Basic salary CHF 4,609.7, bonus CHF 3,764.7, allowances in kind CHF 602.6) and ii) as employer's social charges CHF 1,035.2, adding up to a total compensation of CHF 10,012.2. these figures include the compensation to Mr. Julián Díaz González, Chief executive Officer of Dufry AG, who received a compensation: i) in cash CHF 1,966.9 (Basic salary CHF 1,065.9, bonus CHF 867.7, allowances in kind CHF 33.3) and ii) as employer's social charges CHF 229.0, adding up to a total compensation of CHF 2,195.9.

In 2011 the ten members of the Group Executive Committee received the following compensation: i) in cash CHF 8,765.0 (Basic salary CHF 4,335.6, bonus CHF 3,647.2, allowances in kind CHF 782.2) and ii) as employer's social charges CHF 1,977.9 and iii) in form of unvested stock options for the biannual award 2011, i.e. for the years 2011 and 2012 181,541 RSU's of Dufry AG (for this purposes fully considered as a compensation 2011), adding up to a total compensation of CHF 20,747.7. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG,

8. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE (Continued)

who received a compensation: i) in cash CHF 1,789.4 (Basic salary CHF 912.1, bonus CHF 844.4, allowances in kind CHF 32.9) and ii) as employer's social charges CHF 513.2 and iii) in form of unvested stock options for the biannual award 2011, i.e. for the years 2011 and 2012 39,941 RSU's of Dufry AG (for this purposes fully considered as a compensation 2011), adding up to a total compensation of CHF 4,503.7.

In the years 2012 and 2011 there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, nor to their related parties and there are also no loans or guarantees received or provided to these members, nor to their related parties.

For details regarding conditions of Restricted Stock Unit (RSU) Plan refer to note 30 of the consolidated financial statements.

9. APPROPRIATION OF AVAILABLE EARNINGS

IN THOUSANDS OF CHF	2012	2011
Retained earnings	52,227	62,217
Movement in legal reserves	(28,120)	15,219
Net earnings (loss) for the year	53,100	(25,209)
Available earnings at December 31	**77,207**	**52,227**
To be carried forward	**77,207**	**52,227**

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To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2013

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, Basel, which comprise the statement of financial position, income statement and notes (pages 138 to 143), for the year ended 31 December 2012.

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 2012 comply with Swiss law and the company's articles of incorporation.

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 Code of Obligation (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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

Patrick Fawer Licensed audit expert (Auditor in charge)	David Haldimann Licensed audit expert

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2013

IN THOUSANDS OF CHF	2013	2012
Dividend Income	34,150	83,222
Financial Income	7,073	2,868
Management and franchise fee income	11,000	11,477
Total income	**52,223**	**97,567**
Personnel expenses	17,690	19,092
General and administrative expenses	3,531	3,998
Management and franchise fee expenses	11,064	7,869
Amortization of intangibles	5,755	5,755
Financial expenses	607	7,000
Taxes	775	753
Total expenses	**39,422**	**44,467**
Net earnings	**12,801**	**53,100**

STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2013

IN THOUSANDS OF CHF	NOTE	31.12.2013	31.12.2012
ASSETS			
Cash and cash equivalents		23,866	14,144
marketable securities	3	18,444	40,537
Receivables intercompany		41,086	42,394
Receivables—related party		—	2
Receivables—third party		46	91
Loan receivables Dufry International AG		320,000	320,000
Other current assets		—	—
Current assets		**403,442**	**417,168**
Investments	1	1,082,671	1,082,671
Intangible assets		93,515	99,270
Non-current assets		**1,176,186**	**1,181,941**
Total assets		**1,579,628**	**1,599,109**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Payables—intercompany		9,203	28,145
Payables—related party		647	313
Payables—third party		522	835
Bank debt		517	—
Other current liabilities		23,388	43,421
Current liabilities		**34,277**	**72,714**
Total liabilities		**34,277**	**72,714**
Share capital		154,525	148,369
Legal reserves:			
Share premium (capital contribution reserves)		1,245,305	1,253,287
General reserves		5,927	5,927
Reserve for treasury shares		18,108	41,605
Available earnings	9	121,486	77,207
shareholders' equity		**1,545,351**	**1,526,395**
Total liabilities and shareholders' equity		**1,579,628**	**1,599,109**

NOTES TO THE FINANCIAL STATEMENTS

AMOUNTS ARE EXPRESSED IN THOUSANDS OF CHF, EXCEPT WHERE OTHERWISE INDICATED.

1. SIGNIFICANT INVESTMENTS

SUBSIDIARY IN THOUSANDS OF CHF	PARTICIPATION	BOOK VALUE 2013	BOOK VALUE 2012	SHARE CAPITAL 2013	SHARE CAPITAL 2012
Dufry International AG, Switzerland	100%	352,896	352,896	1,000	1,000
Dufry Management AG, Switzerland	100%	100	100	100	100
Dufry Corporate AG, Switzerland	100%	100	100	100	100
Dufry Holdings & Investments AG, Switzerland	100%	729,575	729,575	1,000	1,000
Total		**1,082,671**	**1,082,671**		

2. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN PERCENTAGE	31.12.2013	31.12.2012
Group of shareholders consisting of various companies and legal entities representing the interests of Andrés holzer Neumann, Julián Díaz González, Juan Carlos Torres Carrelero, Dimitrios Koutsolioutsos, James S. Cohen and James S. Cohen		
Family Dynasty Trust	22.24%	
Franklin Resources, Inc.	5.08%	
Norges Bank (the Central Bank of Norway)	3.01%	
Group of shareholders represented by Taroon Gestora de Recursos S.A.	4.81%	
Global Retail Group S.àr.l, Luxembourg(1)(2)		13.07%
Travel Retail Investment SCA, Luxembourg(1)(2)		7.49%
Credit Suisse Group AG		4.60%
Hudson Media Inc., East Rutherford, USA(2)		3.89%

(1) Global Retail Group S.àr.l and Travel Retail Investment SCA formed a group of shareholders until January 31, 2012.

(2) The shareholders of the following companies, Global Retail Group S.àr.l, Travel Retail Investment SCA and hudson Media Inc. are in 2013 presented among the group of shareholders listed on the top of the table.

3. AUTHORIZED AND CONDITIONAL SHARE CAPITAL

On December 13, 2013, Dufry AG utilized part of its authorized share capital and placed 1,231,233 new registered shares representing 3.98% of the total shares. After this share issuance, the share capital of the company amounts to CHF 154,525,280. The shares were issued as partial payment for the acquisition of the remaining 49% of Hellenic Duty-Free Shops. The share issuance costs related with this transaction amount to CHF 0.1 million and have been presented in equity. At year-end Dufry AG had an authorized share capital of 1,466,388 shares representing CHF 7,331,940 (2012: 2,697,621 shares/ CHF 13,488,105) and conditional share capital of 2,697,620 shares/ CHF 13,488,105 (2012: 2,697,620 shares/ CHF 13,488,105) respectively.

3. AUTHORIZED AND CONDITIONAL SHARE CAPITAL (Continued)

On October 11, 2012, Dufry AG utilized part of its authorized share capital and placed 2,697,620 new registered shares representing 9.99% of the total shares. After this share issuance, the share capital of the company amounted to CHF 148,369,115. Using an accelerated book building procedure the company offered the new shares as a private placement in Switzerland and to certain qualifying institutional investors outside of Switzerland. Dufry received for this offering a price of CHF 109 per share, resulting in gross proceeds of CHF 294 million, which have been used to finance the acquisition of the Folli Follie Travel Retail operations. The trading of the offered shares on the SIX Swiss Exchange commenced on October 15, 2012. The share issuance costs related with this transaction amounted to CHF 8.0 million and have been presented in equity.

4. TREASURY SHARES

	NUMBER OF SHARES	IN THOUSANDS OF CHF
At January 1, 2012	**108,116**	**9,494**
Share purchases	230,000	28,120
Revaluation	—	2,923
At December 31, 2012	**338,116**	**40,537**
Assigned to holders of RSU-awards 2011	(334,953)	(40,261)
Share purchases	117,106	17,721
Revaluation	—	447
At December 31, 2013	**120,269**	**18,444**

5. ENTERPRISE RISK MANAGEMENT

In accordance with the article 663b of the Swiss Code of Obligations, the Board of Directors of Dufry AG reviewed and assessed the risk areas of the Group and where necessary, updated the key controls performed to ensure an adequate risk monitoring.

6. PLEDGED ASSETS

In 2013 and 2012, Dufry AG had no pledged assets.

7. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The following companies form a tax group for the Swiss Federal Tax Administration—Main division VAT:

- DUFRY International AG
- DUFRY Travel Retail AG
- DUFRY Samnaun AG
- DUFRY Participations AG

7. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT) (Continued)

- 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

Dufry AG jointly and severally with Dufry holdings & Investments AG, Dufry International AG and Hudson Group (HG), Inc., guaranteed the following credit facilities:

- Term loan of USD 1,000.0 million (CHF 888.6 million)
- 5-year revolving credit facility of CHF 650.0 million
- Committed 5-year term loan of EUR 500.0 million (CHF 612.5 million)
- Senior Notes of USD 500.0 million (CHF 444.0 million)

of which at December 31, 2013 CHF 1,523.0 million have been drawn in cash.

8. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE IN DUFRY AG

[Disclosure according to Swiss Code of Obligations 663b]

8. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE IN DUFRY AG (Continued)

PARTICIPATIONS IN DUFRY AG

The following members of the Board of Directors or of the Group Executive Committee of Dufry AG hold directly or indirectly shares or share options of the company on December 31, 2013 or December 31, 2012:

	31.12.2013			31.12.2012		
IN THOUSANDS	Shares	Share options(1)	Participation	Shares	Share Options(1)	Participation
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	540.0	—	1.75%	—	—	—
Mario Fontana, Director (up to April 2013)	n.a.	n.a.	0.00%	6.0	—	0.02%
Andrés Holzer Neumann, Vice-Chairman	3,294.6	—	10.66%	2,338.8	—	7.88%
James S. Cohen, Director	1,506.7	—	4.88%	1,331.7	—	4.49%
Joaquin Moya-Angeler Cabrera, Director	6.0	—	0.02%	6.0	—	0.02%
Julián Díaz González, Director and CEO	210.3	10.8	0.72%	—	—	—
Total Board of Directors	**5,557.6**	**10.8**	**18.02%**	**3,682.5**	**—**	**12.41%**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz González, CEO	210.3	10.8	0.72%	32.1	39.9	0.24%
Andreas Schneiter, CFO	3.6	2.5	0.02%	3.0	6.6	0.03%
José Antonio Gea, GCOO	3.0	6.5	0.03%	0.6	26.4	0.09%
Pascal Duclos, General Counsel	—	4.7	0.02%	—	21.0	0.07%
Xavier Rossinyol, COO Region EMEA & Asia	20.4	6.6	0.09%	30.0	26.4	0.19%
Rene Riedi, COO America I	—	2.3	0.01%	—	10.2	0.03%
José C. Rosa, COO America II	—	2.2	0.01%	—	10.2	0.03%
Joseph DiDomizio, COO United States & Canada	9.5	5.2	0.05%	—	16.8	0.06%
Total Group Executive Committee	**246.8**	**40.8**	**0.93%**	**65.7**	**157.5**	**0.75%**

(1) Restricted stock units, see further detail s in note 28 of the consolidated financial statements.

In addition to the above, Travel Retail Investment S.C.A., which is controlled by Andrés Holzer Neumann, Juan Carlos Torres and Julián Díaz González holds financial instruments, representing a sales position of 4.80% (1,483,800 shares) of the share capital of Dufry AG in line with the detailed the

8. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE IN DUFRY AG (Continued)

terms of such financial instruments disclosed to the SIX Swiss Exchange and published on December 21, 2013.

All these participations are reported in accordance with the regulations of the Federal Act on Stock Exchanges and Securities Trading (SESTA), in force since December 1, 2007, showing the participation (including restricted stock units) as a percentage of the number of outstanding registered shares on December 31, 2013 and December 31, 2012, respectively.

9. COMPENSATION AND LOANS TO MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE

In 2013 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 2,924.9 (To Mr. Juan Carlos Torres Carretero, Chairman CHF 1,500.0; to Mr. Andrés Holzer Neumann, Vice-Chairman CHF 225.0; to Mr. Jorge Born, Director CHF 175.0; to Mr. Xavier Bouton, Director CHF 175.0; to Mr. James Cohen, Director CHF 208.3; to Mr. José Lucas Ferreira de melo, Director CHF 208.3; to Mr. Joaquin Moya-Angeler CaBrera, Director CHF 225.0; and to the following members which have been nominated until April 2013; to Mr. Ernest George Bachrach, Vice-Chairman CHF 75.0; to Mr. Mario Fontana, Director CHF 75.0; to Mr. Maurizio Mauro, Director CHF 58.3). In addition to these fees Mr. Xavier Bouton received CHF 250.0 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations amounted to CHF 165.3 in total (To Mr. Juan Carlos Torres Carretero, Chairman CHF 79.6; to Mr. Andrés holzer Neumann, Vice-Chairman CHF 13.5; to Mr. Jorge Born, Director CHF 10.6; to Mr. Xavier Bouton, Director CHF 10.6; to Mr. James Cohen, Director CHF 12.5; to Mr. José Lucas Ferreira de melo, Director CHF 12.5; to Mr. Joaquin Moya-Angeler Cabrera, Director CHF 13.5; and to the following members which have been nominated until April 2013; to Mr. Ernest George Bachrach, Vice-Chairman CHF 4.5; to Mr. Mario Fontana, Director CHF 4.5; to Mr. Maurizio Mauro, Director CHF 3.5). Mr. Julián Díaz González has not received any compensation as Director of the Board since he was nominated in May 1, 2013 and his remuneration as Chief Executive Officer is presented as member of the Group Executive Committee.

In 2012 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 1,350.0 (to Mr. Jorge Born, member CHF 150.0; to Mr. Xavier Bouton, member CHF 150.0; to Mr. James Cohen, member CHF 150.0; to Mr. José Lucas Ferreira de Melo, member CHF 150.0; to Mr. Mario Fontana, member CHF 200.0; to Mr. Andrés Holzer Neumann, member CHF 200.0; to Mr. Maurizio Mauro, member CHF 150.0; to Mr. Joaquin Moya-Angeler Cabrera, member CHF 200.0). In addition to these fees Mr. Xavier Bouton received CHF 250.0 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations and amounted to CHF 81.8 in total (to Mr. Jorge Born, member CHF 9.1; to Mr. Xavier Bouton, member CHF 9.1; to Mr. James Cohen, member CHF 9.1; to Mr. José Lucas Ferreira de Melo, member CHF 9.1; to Mr. Mario Fontana, member CHF 12.1; to Mr. Andrés Holzer Neumann, member CHF 12.1; to Mr. Maurizio Mauro, member CHF 9.1; to Mr. Joaquin Moya-Angeler Cabrer a, member CHF 12.1). Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 1,681.8 in total (to Mr. Jorge Born, member CHF 159.1; to Mr. Xavier Bouton, member CHF 409.1; to Mr. James Cohen, member CHF 159.1; to Mr. José Lucas Ferreira de Melo, member CHF 159.1; to Mr. Mario Fontana, member

9. COMPENSATION AND LOANS TO MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE (Continued)

CHF 212.1; to Mr. Andrés Holzer Neumann, member CHF 212.1; to Mr. Maurizio Mauro, member CHF 159.1; to Mr. Joaquin Moya-Angeler Cabrera, member CHF 212.1).

In the years 2013 and 2012 there were no other compensations paid directly or indirectly to active or former members of the Board of Directors and there are also no loans or guarantees received or provided to these Board members, nor to their related parties.

In 2013 the 8 members of the Group Executive Committee received the following compensation: i) in cash CHF 8,74 6 .1 comprised of basic salary CHF 5,483.9 and bonus CHF 3,262.2 and ii) as allowances in kind CHF 549.6 and as employer's social charges CHF 2,050.5 and iii) in form of un-vested stock options for the RSU award 2013, 40,854 RSU's of Dufry AG and unvested Performance Share Units award 2013 42,957 of Dufry AG, adding up to a total compensation of CHF 15,602.1. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG and the member of the Group Executive Committee with the highest total compensation, who received a compensation: i) in cash CHF 2,552.4 comprised of basic salary CHF 1,525.3 and bonus CHF 1,027.1 and ii) as allowances in kind CHF 34.8; as employer's social charges CHF 573.3 and iii) in form of unvested stock options for the award 2013 10,809 RSU's of Dufry AG and unvested Performance Share Units award 2013 12,489 PSU's of Dufry AG, adding up to a total compensation of CHF 4,307.7.

In 2012 the eight members of the Group Executive Committee received the following compensation: i) in cash CHF 8,374.4 comprised of basic salary CHF 4,609.7 and bonus CHF 3,764.7 and ii) as allowances in kind CHF 602.6, as employer's social charges CHF 1,035.2, adding up to a total compensation of CHF 10,012.2. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG, and the member of the Group Executive Committee with the highest total compensation, who received a compensation: i) in cash CHF 1,933.6 comprised of basic salary CHF 1,065.9 and bonus CHF 867.7 and ii) as allowances in kind CHF 33.3, as employer's social charges CHF 229.0, adding up to a total compensation of CHF 2,195.9.

In the years 2013 and 2012 there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, nor to their related parties and there are also no loans or guarantees received or provided to these members, nor to their related parties.

For details regarding conditions of Restricted Stock Unit (RSU) and Performance Share Unit (PSU) Plans, refer to note 28 of the consolidated financial statements.

10. APPROPRIATION OF AVAILABLE EARNINGS

IN THOUSANDS OF CHF	2013	2012
Retained earnings	77,207	52,227
Movement in reserves for treasury shares	23,497	(28,120)
Reclassification from share premium	7,981	—
Net earnings (loss) for the year	12,801	53,100
Available earnings at December 31	**121,486**	**77,207**
To be carried forward	**121,486**	**77,207**

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To the General Meeting of
Dufry AG, Basel

Basel, 5 March 2014

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, which comprise the statement of financial position, income statement and notes (pages 132 to 139), for the year ended 31 December 2013.

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 2013 comply with Swiss law and the company's articles of incorporation.

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 Code of Obligation (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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

Patrick Fawer Licensed audit expert (Auditor in charge)	Olaf Reich Licensed audit expert

The financial reports are available under:

http://www.dufry.com/en/Investors/ FinancialReports/index.htm

For the Investor relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2014 please refer to page 164 of this Annual report.

THE NUANCE GROUP

Interim condensed consolidated income statement of The Nuance Group AG for the 3 months ended 31 March 2014

	Notes	Unaudited 31 March 2014	Unaudited 31 March 2013
		CHF '000	CHF '000
Net Sales	6	410,938	413,623
Advertising income		10,289	9,365
Turnover		421,227	422,988
Cost of good sold		(195,012)	(191,620)
Gross profit		226,215	231,368
Personnel expenses		(49,410)	(46,984)
Concession fees		(153,441)	(164,259)
Other operating expenses		(20,627)	(19,512)
Share of result of associates		593	853
EBITDA		3,330	1,466
Depreciation and amortisation		(6,030)	(6,332)
Earnings / (Loss) before interest and taxes (EBIT)		(2,700)	(4,866)
Finance income		329	487
Finance expenses	9	(7,199)	(3,750)
Net foreign exchange gain/(loss)		1,864	2
Earnings / (Loss) before tax (EBT)		(7,706)	(8,127)
Income tax expense	5	(2,563)	(4,393)
Net earnings / (Loss) for the period		(10,269)	(12,520)
Attributable to:			
Equity holders of the parent		(12,825)	(15,402)
Non-controlling interests		2,556	2,882
Net earnings / (Loss) for the period		(10,269)	(12,520)
Earnings / (Loss) per share attributable to equity holders of the parent			
Basic & diluted earnings / (loss) per share in CHF		(156)	(188)

THE NUANCE GROUP

Interim condensed consolidated statement of comprehensive income for the 3 months ended 31 March 2014

	Unaudited 31 March 2014 CHF '000	Unaudited 31 March 2013 CHF '000
Earnings / (Loss) for the period	**(10,269)**	(12,520)
Other comprehensive income, net of tax		
Items that will not be reclassified to income statement		
Remeasurement of net defined benefit obligation	410	1,501
Income tax effect	(96)	(315)
Items that may subsequently be reclassified to income statement		
Currency translation differences foreign operations		
Amount arising in year	(3,119)	(450)
On intercompany loans qualified as part of the net investment	1,763	3,338
Income tax effect	0	(579)
Total other comprehensive income for the period, net of tax	**(1,042)**	3,495
Total comprehensive Income	**(11,311)**	(9,025)
Attributable to:		
Equity holders of the parent	(13,779)	(12,733)
Non-controlling interests	2,468	3,708
	(11,311)	(9,025)

THE NUANCE GROUP

Interim condensed consolidated balance sheet of The Nuance Group AG

	Unaudited 31 March 2014	Audited 31 December 2013
	CHF '000	CHF '000
ASSETS		
Non-current assets		
Property, plant and equipment	58'714	57'880
Intangible assets	310'460	312'197
Investments in associated undertakings	11'168	11'362
Prepayments and other non-current assets	6'373	5'347
Deferred tax assets	3'488	3'508
	390'203	390'294
Current assets		
Inventories	202'362	188'633
Trade receivables	44'213	51'333
Other receivables and prepayments	35'683	29'678
Tax receivables	14'314	15'535
Cash and cash equivalents	126'519	163'112
	423'091	448'291
Total assets	**813'294**	838'585
EQUITY AND LIABILITIES		
Non-current liabilities		
Borrowings from third parties	235'305	236'109
Borrowings from shareholder—subordinated	112'600	112'752
Defined benefit obligation	4'456	4'750
Deferred tax liabilities	6'240	5'980
Provisions	2'382	2'804
	360'983	362'395
Current liabilities		
Trade payables	104'693	114'248
Other payables and accrued expenses	203'251	219'635
Provisions	2'379	3'190
Income tax liabilities	6'147	9'018
Borrowings from third parties	33'116	10'938
	349'586	357'029
Total liabilities	**710'569**	719'424
Capital and reserves		
Share capital	82'100	82'100
Other reserves	(37'434)	(36'211)
Retained earnings	25'363	37'381
Equity attributable to equity holders of the parent	**70'029**	83'270
Equity attributable to non-controlling interest	**32'696**	35'891
Total equity	**102'725**	119'161
Total equity and liabilities	**813'294**	838'585
For Information		
Total equity including shareholder loans	**215'325**	231'913

THE NUANCE GROUP

Consolidated statement of changes in equity

	Share capital	Legal reserves	Currency translation	Total other reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Balance at 1 January 2013 (Audited)	**82'100**	**5'866**	**(43'711)**	**(37'845)**	**33'072**	**77'327**	**39'152**	**116'479**
Loss for the period	—	—	—	—	(15'402)	(15'402)	2'882	(12'520)
Other comprehensive income	—	—	3'016	3'016	(347)	2'669	826	3'495
Total comprehensive income for the period	**—**	**—**	**3'016**	**3'016**	**(15'749)**	**(12'733)**	**3'708**	**(9'025)**
Dividends	—	—	—	—	—	—	(6'150)	(6'150)
Management Performance Plan	—	—	—	—	538	538	—	538
Purchase of 27% of Turkey operation	—	—	—	—	(42'291)	(42'291)	(7'709)	(50'000)
Other movements in non controlling interests	—	—	—	—	—	—	627	627
	—	—	—	—	(41'753)	(41'753)	(13'232)	(54'985)
Balance as at 31 March 2013 (Unaudited)	**82'100**	**5'866**	**(40'695)**	**(34'829)**	**(24'430)**	**22'841**	**29'628**	**52'469**
Balance as at 1 January 2014 (Audited)	**82'100**	**7'673**	**(43'884)**	**(36'211)**	**37'381**	**83'270**	**35'891**	**119'161**
Loss for the period	—	—	—	—	(12'825)	(12'825)	2'556	(10'269)
Other comprehensive income	—	—	(1'223)	(1'223)	269	(954)	(88)	(1'042)
Total comprehensive income for the period	**—**	**—**	**(1'223)**	**(1'223)**	**(12'556)**	**(13'779)**	**2'468**	**(11'311)**
Dividends	—	—	—	—	—	—	(5'663)	(5'663)
Management Performance Plan	—	—	—	—	538	538	—	538
	—	—	—	—	538	538	(5'663)	(5'125)
Balance as at 31 March 2014 (Unaudited)	**82'100**	**7'673**	**(45'107)**	**(37'434)**	**25'363**	**70'029**	**32'696**	**102'725**

THE NUANCE GROUP

Interim condensed consolidated statement of cash flows of The Nuance Group AG

	Unaudited 31 March 2014 CHF '000	Unaudited 31 March 2013 CHF '000
Cash flows from operating activities		
Net earnings / (Loss) for the period	(10'269)	(12'520)
Income tax expense	2'563	4'393
Finance result	5'006	3'261
Earnings / (Loss) before interest and tax	**(2'700)**	(4'866)
Depreciation of tangible assets	4'662	4'913
Amortisation of intangible assets	1'368	1'419
Share of result of associates	(593)	(853)
Dividends received from associated undertakings	716	430
Income tax paid	(5'139)	(5'358)
Other non cash items	(2'447)	1'806
Increase / (Decrease) in provisions	(1'283)	(1'294)
Changes in working capital:		
(Increase) / Decrease in inventories	(13'874)	(23'783)
(Increase) / Decrease in other receivables and prepayments	2'911	4'169
(Increase) / Decrease in trade receivables	7'060	4'665
Increase / (Decrease) in trade payables	(9'523)	15'507
Increase / (Decrease) in other payables accrued expenses	(23'123)	(1'905)
Net cash (used in) operating activities	**(41'965)**	(5'150)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6'064)	(5'548)
Purchase of intangibles assets	(181)	(563)
Proceeds from sale of fixed assets	223	381
Loans granted	(1'078)	5'260
Interest received	352	1'609
Net cash (used in) / generated by investing activities	**(6'748)**	1'139
Cash flows from financing activities		
Acquisition of non-controlling interests	—	(45'714)
Underwriting Fees of borrowing syndication	(1'025)	(638)
Bank guarantee commissions	(1'162)	(712)
Proceeds from borrowings	25'265	31'868
Dividends paid & other movement to non-controlling interests	(5'663)	(5'523)
Interest paid	(4'695)	(463)
Net cash generated by / (used in) financing activities	**12'720**	(21'182)
Increase / (Decrease) in cash and cash equivalents	**(35'993)**	(25'193)
Cash and cash equivalents at 1 January	163'112	182'861
Change in cash and cash equivalents	(35'993)	(25'193)
Effects of exchange rate changes	(600)	4'681
Cash and cash equivalents at 31 March	**126'519**	162'349

THE NUANCE GROUP

Notes to the interim condensed consolidated financial statements

(All amounts are shown in CHF '000 unless otherwise stated)

1 Corporate information

The Nuance Group AG ('The Nuance Group' or 'the Company') is a limited liability company domiciled in Glattbrugg, Switzerland, whose shares are jointly and equally owned by its two shareholders, GECOS SpA and PAI partners. The Company is one of the world's leading travel retailer with more than 320 shops across four continents.

The interim condensed consolidated financial statements of The Nuance Group AG and its subsidiaries for the 3 months period ended 31 March 2014 were authorized for public disclosure in accordance with a resolution of the Board of Directors on 27 May 2014.

2 Accounting policies

Basis of preparation

These interim condensed consolidated financial statements for the three months ended 31 March 2014 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 the Group's annual financial statements as of 31 December 2013.

The preparation of non-statutory interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Significant accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the following new standards and interpretations adopted:

Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period

IAS 32 Financial instruments—Presentation (amendment, effective 1 January 2014): The amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

(All amounts are shown in CHF '000 unless otherwise stated)

2 Accounting policies (Continued)

IAS 36 Impairment of assets (amendment, effective 1 January 2014): The narrow scope amendment has made small changes to the disclosures required by IAS 36 Impairment of assets when recoverable amount is determined based on fair value less cost of disposal.

IAS 39 Financial instruments (amendment, effective 1 January 2014): Recognation and measurement (amendment, effective 1 January 2014). The IASB was concerned about the financial reporting effects that would arise from novations of derivatives to central counterparties (CCP) that are a consequence of laws and regulations. As a result, the IASB has amended IAS 19 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria.

IFRIC Levies (effective 1 January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection to levies that are triggered by circumstances on a specific date.

Standards and Interpretations not yet required to be adopted under IFRS

IAS 19 Employee Benefits (amendment) (effective 1 July 2014): This amendment clarifies the application of IAS19R to plans that require employees or third parties to contribute to the plan. It allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

IFRS 9 Financial instruments hedge accounting (effective 1 January 2018): This is the third phase of the IASB's replacement of IAS 39. The new requirements align hedge accouting more closely with risk management, and so should result in more decision useful information to users of financial statements. The revised standard also establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

3 Principal foreign exchange rates (compared to CHF) applied for valuation and translation

	Average rates 31.03.2014	Closing rates 31.03.2014	Closing rates 31.12.2013	Average rates 31.03.2013	Closing rates 31.03.2013
1 HKD	0.1153	0.1140	0.1148	0.1198	0.1227
1 EUR	1.2231	1.2194	1.2276	1.2280	1.2195
1 AUD	0.8000	0.8161	0.7960	0.9597	0.9908
1 CAD	0.8103	0.8009	0.8368	0.9223	0.9366
1 SEK	0.1381	0.1363	0.1386	0.1446	0.1460
1 SGD	0.7040	0.7022	0.7050	0.7509	0.7670

4 Segment reporting

Segment ('000 CHF)	31 March 2014 EMEA	Asia Pacific	Americas	RS&D	Corporate	Consolidated
Net Sales	138'801	229'399	33'262	9'476		410'938
Advertising Income	5'133	4'618	492	46		10'289
Turnover	**143'934**	**234'017**	**33'754**	**9'522**	**—**	**421'227**
EBITDA	**672**	**(151)**	**4'031**	**(955)**	**(267)**	**3'330**
Depreciation and amortization	(3'243)	(1'782)	(560)	(3)	(442)	(6'030)
EBIT	**(2'571)**	**(1'933)**	**3'471**	**(958)**	**(709)**	**(2'700)**
Financial result	(1'471)	(603)	(1)	(54)	(2'877)	(5'006)
Income Tax	(596)	(1'023)	(857)	—	(87)	(2'563)
Net earnings for the period	**(4'638)**	**(3'559)**	**2'613**	**(1'012)**	**(3'673)**	**(10'269)**

	31 March 2014					
Total operating assets	348'130	190'355	48'284	20'148	206'377	813'294
Total operating liabilities	232'520	219'603	14'987	19'909	223'550	710'569

	31 March 2013 EMEA	Asia Pacific	Americas	RS&D	Corporate	Consolidated
Net Sales	126'334	240'314	33'330	13'645		413'623
Advertising Income	4'144	4'761	460	—		9'365
Turnover	**130'478**	**245'075**	**33'790**	**13'645**	**—**	**422'988**
EBITDA	**1'031**	**(5'161)**	**3'590**	**(91)**	**2'097**	**1'466**
Depreciation and amortization	(3'017)	(2'646)	(353)	(5)	(311)	(6'332)
EBIT	**(1'986)**	**(7'807)**	**3'237**	**(96)**	**1'786**	**(4'866)**
Financial result	(487)	(280)	(17)	22	(2'499)	(3'261)
Income Tax	(454)	(1'140)	(975)	—	(1'824)	(4'393)
Net earnings for the period	**(2'927)**	**(9'227)**	**2'245**	**(74)**	**(2'537)**	**(12'520)**

	31 December 2013					
Total operating assets	362'573	205'540	48'123	27'877	194'472	838'585
Total operating liabilities	241'989	218'880	16'094	26'573	215'888	719'424

5 Income taxes

	Unaudited 31 March 2014	Unaudited 31 March 2013
	CHF '000	CHF '000
Current income tax	(2'385)	(4'571)
Deferred income tax	(178)	178
TOTAL INCOME TAXES	**(2'563)**	**(4'393)**

The sharp reduction in current income tax between March 2014 vs March 2013 mainly comes from a CHF 2,263k non-recoverable withholding tax on a Turkey dividend in Q1 2013 while no dividend was received from Turkey as per 31 March 2014.

6 Seasonality

The Nuance Group AG has a significant sales seasonality as several of its largest locations are summer destinations (mainly in Europe such as Bulgaria, Malta and Turkey). Therefore, in terms of revenue, earnings and cash generation from working capital, Q3 and to lesser extent Q2 are normally the strongest quarters.

7 Financial instruments

Categories of financial instruments

	31 March 2014				
CHF '000	Measurement category LaR	FVPL	FLAC	Carrying amount	Fair value
Assets					
Trade receivables	44'213			44'213	44'213
Other receivables	35'683			35'683	35'683
Cash and cash equivalents	126'519			126'519	126'519
Liabilities					
Borrowings from third parties			268'421	268'421	268'421
Borrowings from shareholder			112'600	112'600	112'600
Trade payables			104'693	104'693	104'693
Other payables			21'875	21'875	21'875

7 Financial instruments (Continued)

CHF '000	31 December 2013 Measurement category LaR	FVPL	FLAC	Carrying amount	Fair value
Assets					
Trade receivables	51'333			51'333	51'333
Other receivables	29'678			29'678	29'678
Loans to third parties	3'528			3'528	3'528
Cash and cash equivalents	163'112			163'112	163'112
Liabilities					
Borrowings from third parties			247'047	247'047	247'047
Borrowings from shareholder			112'752	112'752	112'752
Trade payables			114'428	114'428	114'428
Other payables			38'502	38'502	38'502

Note:

LaR = Loans and Receivables

FVPL = Fair value through profit and loss

FLAC = Financial liability at amortized cost

8 Post-balance-sheet events

The Group won a new concession in Xiamen (China) that runs for 5 years until 2019 and is expected to start operating in Q3 2014.

9 Finance expenses

	31 March 2014 CHF '000	31 March 2013 CHF '000
Interest expense	5'011	2'409
Bank related fees	2'188	1'341
	(7'199)	(3'750)

Interest expenses were impacted in 2014 by the issuance of a Bond to replace bank financing which had a historically lower cost, and by the higher level of outstanding debt. Additionally, the amortisation of the underwriting fees born from the refinancing have been included in the interest costs.

Bank fees were higher in 2014 primarily due to the increase in bank guarantee fees under the new financing structure as well as an increase in the overall value of guarantees due to new concessions (in particular St Petersburg) and other tender deposits.

REPORT OF THE AUDITOR

To the General Meeting of
The Nuance Group AG, Glattbrugg

Report of the Statutory Auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of The Nuance Group AG, which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended.

Board of Directors Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Interna-tional Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the result of operation and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

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 that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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 the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

DELOITTE AG

Karine Szegedi Pingoud	Robert Renz
Licensed audit expert	Licensed audit expert
Auditor in charge	

Zürich, 21 March 2014

Enclosures: Consolidated financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2013 CHF '000	2012 Restated CHF '000
Net Sales		2.041.372	2.313.746
Advertising income		53.548	58.054
Turnover	**3**	**2.094.920**	**2.371.800**
Cost of goods sold	4	(925.803)	(1.026.954)
Gross profit		**1.169.117**	**1.344.846**
Personnel costs	5	(201.660)	(215.107)
Concession fees		(765.437)	(871.100)
Other operating expenses	6	(77.786)	(104.752)
Share of result of associates	7	7.005	6.266
EBITDA		**131.239**	**160.153**
Depreciation, amortisation and impairments	10/11	(28.831)	(35.251)
Earnings before interest and taxes (EBIT)		**102.408**	**124.902**
Finance income	8	2.240	3.676
Finance costs	8	(22.247)	(19.450)
Foreign exchange gain/(loss)	8	(3.075)	(479)
Earnings before tax (EBT)		**79.326**	**108.649**
Income tax expense	9	(24.072)	(27.792)
Net earnings for the year		**55.254**	**80.857**
Attributable to:			
Equity holders of the parent		41.057	33.656
Non-controlling interests	29	14.197	47.201
Net earnings for the year		**55.254**	**80.857**
Earnings per share attributable to equity holders of the parent			
Basic & diluted earnings per share in CHF	**28**	**500**	**410**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

	2013	2012 Restated
	CHF '000	CHF '000
Net earnings for the year	**55.254**	**80.857**
Other comprehensive income, net of tax		
Items that will not be reclassified to income statement		
Remeasurements of post employee benefit obligations	8.334	(2.042)
Income tax on other comprehensive income	(1.722)	429
Total	6.612	(1.613)
Items that may subsequently be reclassified to income statement		
Currency translation differences foreign operations		
Amount arising in year	8.834	1.451
On intercompany loans qualified as part of net investment	(11.344)	(438)
Income tax on other comprehensive income	220	212
Total	(2.290)	1.225
Total other comprehensive income, net of tax	**4.322**	**(388)**
Total comprehensive Income	**59.576**	**80.469**
Attributable to:		
Equity holders of the parent	46.081	31.969
Non-controlling interests	13.495	48.500
	59.576	**80.469**

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER

CHF '000	Notes	2013	2012 Restated	1.1.2012 Restated
ASSETS				
Non-current asset				
Property, plant and equipment	10	57.880	44.477	50.314
Intangible Assets	11	312.197	312.287	321.949
Investments in associated undertakings	7	11.362	11.116	8.661
Other non-current assets		5.347	3.568	2.195
Deferred tax assets	12	3.508	1.440	1.691
		390.294	372.888	384.810
Current assets				
Derivative financial instruments	22	—	68	569
Inventories	13	188.633	170.004	192.508
Trade receivables	14	51.333	55.757	45.109
Other receivables and prepayments	15	29.678	43.538	46.540
Income tax receivables	15	15.535	13.580	16.529
Cash and cash equivalents	16	163.112	182.861	195.188
		448.291	465.808	496.443
Total assets		**838.585**	**838.696**	**881.253**
EQUITY AND LIABILITIES				
Non-current liabilities				
Borrowings from third parties	17	236.109	136.310	155.630
Borrowings from shareholder—subordinated	17	112.752	108.580	105.875
Pension obligation	23	4.750	11.796	8.869
Deferred tax liabilities	12	5.980	4.149	5.122
Provision	18	2.804	6.584	2.477
		362.395	267.419	277.973
Current liabilities				
Trade payables	19	114.248	103.346	115.251
Other payables and accrued expenses	20	219.635	255.917	259.344
Provision	18	3.190	5.055	—
Income tax payable		9.018	10.945	8.743
Derivative financial instruments	22	—	9.205	18.049
Borrowings from third parties	17	10.938	70.330	52.173
		357.029	454.798	453.560
Total liabilities		**719.424**	**722.217**	**731.533**
Capital and reserves				
Share capital	21	82.100	82.100	82.100
Other reserves		(36.211)	(37.845)	(38.835)
Retained earnings		37.381	33.072	54.071
Equity attributable to equity holders of the parent		**83.270**	**77.327**	**97.336**
Equity attributable to non-controlling interest		**35.891**	**39.152**	**52.384**
Total equity	**21**	**119.161**	**116.479**	**149.720**
Total shareholders' equity and liabilities		**838.585**	**838.696**	**881.253**
For information:				
Total equity including shareholder loans		**231.913**	**225.059**	**255.595**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

CHF '000	Notes	2013	2012 Restated
Cash flows from operating activities			
Profit from continuing operations		55.254	80.857
Tax expense	9	24.072	27.792
Finance costs—net	8	23.082	16.253
Profit before interest and tax		**102.408**	**124.902**
Depreciation and impairments of tangible assets	10	18.521	24.547
Amortisation and impairments of intangible assets	11	10.310	10.704
Share of result of associates	7	(7.005)	(6.266)
Dividends received from associated undertakings	7	6.753	5.716
Income tax paid		(26.040)	(26.193)
(Gain) / Loss on sale of fixed assets		246	153
Other non cash items		(3.763)	(2.962)
Increase / (Decrease) in provisions		(4.803)	9.344
Changes in working capital:			
(Increase) / Decrease in inventories		(28.006)	22.743
(Increase) / Decrease in other receivables and prepayments		(10.710)	(1.636)
(Increase) / Decrease in trade receivables		1.166	(10.712)
Increase / (Decrease) in trade payables		16.429	(11.780)
Increase / (Decrease) in other payables accrued expenses		(23.695)	976
		51.811	**139.536**
Cash flows used in investing activities			
Purchase of property, plant and equipment	10	(33.334)	(19.326)
Purchase of intangibles	11	(3.588)	(1.371)
Acquisition of subsidiaries, net of cash acquired	2	(3.599)	(309)
Investment in associates	7	(63)	(2.054)
Proceeds from sale of fixed assets		82	466
Net cash inflow on sale of joint venture		—	670
Repayment of loans granted		2.951	7.095
Interest received		3.363	2.914
		(34.188)	**(11.915)**
Cash flows used in financing activities			
Purchase of non controlling interests	2	(45.714)	(68.175)
Underwriting Fees of borrowing syndication		(9.660)	(2.342)
Bank guarantee commissions		(836)	(3.034)
Proceeds from borrowings		264.482	42.348
Repayments of borrowings		(221.484)	(44.630)
Dividends paid & share capital movement to non-controlling interests		(9.047)	(47.689)
Interest paid		(9.901)	(14.289)
		(32.160)	**(137.811)**
Increase/(Decrease) in cash and cash equivalents		**(14.537)**	**(10.190)**
Cash and cash equivalents at 1 January		182.861	195.188
Change in cash and cash equivalents		(14.537)	(10.190)
Effects of exchange rate changes		(5.212)	(2.137)
Cash and cash equivalents at 31 December	**16**	**163.112**	**182.861**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF '000	Share capital	Legal reserves	Currency translation	Total other reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
Balance as reported at 1 January 2012	82.100	4.802	(43.643)	(38.841)	66.301	109.560	27.356	136.916
Restatements			6	6	(12.230)	(12.224)	25.028	12.804
Restated balance at 1 January 2012	82.100	4.802	(43.637)	(38.835)	54.071	97.336	52.384	149.720
Profit for the year	—	—	—	—	33.656	33.656	47.201	80.857
Other comprehensive income	—	—	(74)	(74)	(1.613)	(1.687)	1.299	(388)
Total comprehensive income for the year	—	—	(74)	(74)	32.043	31.969	48.500	80.469
Dividends	—	—	—	—	—	—	(47.747)	(47.747)
Management Performance Plan	—	—	—	—	2.154	2.154	—	2.154
Purchase of 27% of Turkey operation	—	—	—	—	(54.132)	(54.132)	(14.043)	(68.175)
Acquisition of Mutko	—	—	—	—	—	—	58	58
Appropriation of legal reserve	—	1.064	—	1.064	(1.064)	—	—	—
Total other equity movements	—	1.064	—	1.064	(53.042)	(51.978)	(61.732)	(113.710)
Restated balance as at 31 December 2012 and 1 January 2013	**82.100**	**5.866**	**(43.711)**	**(37.845)**	**33.072**	**77.327**	**39.152**	**116.479**
Profit for the year	—	—	—	—	41.057	41.057	14.197	55.254
Other comprehensive income	—	—	(173)	(173)	5.197	5.024	(702)	4.322
Total comprehensive income for the year	—	—	**(173)**	**(173)**	**46.254**	**46.081**	**13.495**	**59.576**
Dividends	—	—	—	—	—	—	(11.401)	(11.401)
Management Performance Plan	—	—	—	—	2.153	2.153	—	2.153
Purchase of 18% of Turkey operation	—	—	—	—	(42.291)	(42.291)	(7.709)	(50.000)
Other movements in non controlling interests	—	—	—	—	—	—	2.354	2.354
Appropriation of legal reserve	—	1.807	—	1.807	(1.807)	—	—	—
Total other equity movements	—	1.807	—	1.807	(41.945)	(40.138)	(16.756)	(56.894)
Balance as at 31 December 2013	**82.100**	**7.673**	**(43.884)**	**(36.211)**	**37.381**	**83.270**	**35.891**	**119.161**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

The Nuance Group AG is domiciled in Switzerland, the registered address is as follows:

Höhenbühlstrasse 2
8152 Glattbrugg,
Switzerland

The Nuance Group AG is fully owned by Noel International S.A. domiciled in Luxembourg. Noel International S.A. operates as a joint venture between PAI partners and Gruppo Pam S.p.A.

The consolidated financial statements of the Nuance Group AG and its subsidiaries for the year ended 31 December 2013 were authorized for public disclosure in accordance with a resolution of the Board of Directors on 11 March 2014.

BASIS OF PREPARATION

The Consolidated Financial Statements comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), with the interpretations issued by the IFRS Interpretations Committee (IFRIC) and with Swiss law.

The Group's consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value. Historical cost are generally based on the fair value of the consideration given in exchange for assets.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the following new standards and interpretations adopted:

- Standards and Interpretations affecting the reported financial performance and/or financial position

IAS 1 Presentation of Items of Other Comprehensive Income—amendments to IAS 1 (effective 1 July 2012). The amendments to IAS 1 changed the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items that will never be reclassified (for example, remeasurement of defined benefit plans). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised) (effective 1 January 2013). The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The Group has changed its accounting policy effective 1 January 2013 to recognize actuarial gains and losses in other comprehensive income. The amended standard impacts the net benefit expense as the expected return on plan assets is calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. Consequently the comparative information was restated as disclosed in the reconciliation table in note 32.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements (effective 1 January 2013). IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements (effective 1 January 2013). It also addresses the issues raised in SIC-12 Consolidation—Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

IFRS 11 Joint Arrangements (effective 1 January 2013). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities—Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method while those considered as joint operations shall be recognized in relation to their share in jointly held assets, liabilities, revenue and expenses.

IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013) IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required for the year-end reporting, but has no impact on the Group's financial position.

IFRS 13 Fair value measurement (effective 1 January 2013). IFRS 13 establishes a single source of guidance under IFRS for all fair value measurement. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

- Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period

IFRS 1 First time adoption of IFRS (amendment, effective 1 January 2013) addresses how a first-time adopter would account for a government loan with a below market interest rate when transitioning to IFRSs.

IFRS 7 Financial instruments—Disclosures (amendment, effective 1 January 2013). The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entitiy's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32.

- Standards and Interpretations issued but not effective during the current reporting period

IFRIC 21—Levies—The publication contains guidance on when a liability should be recognised in respect of governmental levies in accordance with IAS 37—provisions. The interpretation is to be applied retrospectively from 1 January 2014 and is not expected to have an impact on the Group's accounting for financial liabilities.

IAS 32 Financial instruments—Presentation (amendment, effective 1 January 2014). The amendment clarifies that income taxes, arising from distributions to equity holders are accounted for based on IAS 12 Income tax and removes existing income tax requirements from IAS 32.

IFRS 9—Financial Instruments—The standard addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedge accounting. There will be no impact on the Group's accounting for financial assets and liabilities, as the new requirements only affect the accounting for available-for-sale financial assets and financial liabilities that are designated at fair value to income statement, and the Group does not have any such assets and liabilities. The standard will affect how hedge accounting is applied and related disclosures. There won't be any effect on the Group's accounting because no hedge accounting is applied. The effective date of the standard has not yet been published, and is not expected to be earlier than 1 January 2018.

PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and all of its subsidiary undertakings (together referred as the "Group" and individually as "Group entities"). The financial statements have been prepared on a going concern basis.

Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights. Subsidiaries are accounted for from the date that control commences until the date that control ceases. The accounting policies have been changed when necessary to align them with the policies adopted by the Group.

Under IFRS 10 / IFRS 11 no longer permitting proportional consolidation, the joint arrangements with Shoppers Stop in India, Bulgaria Airways Group in Bulgaria and A.S.Watson in Hong Kong, Macau, China, Malaysia and Singapore, each of them (50/50), have been reassessed as under control of the Group and accounted for using the full consolidation method, 2012 Financial Statements have been restated accordingly (see Note 32).

Associates are those entities over which the Group has significant influence but where it can not demonstrate control. Associates are accounted for using the equity method and are recognised initially at cost.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A. REVENUE

Net sales

Most transactions are over the counter in the Group's shops with immediate cash transfer to the tills or with credit card companies clearing during a few days before the cash is credited on the Group's bank account. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Advertising income

Revenue from advertising, marketing and other income is recognised in the income statement in proportion that the income is realised.

B. FOREIGN CURRENCY TRANSLATION

	2013 Average rates	2012 Average rates	2013 Closing rates	2012 Closing rates
1 AUD—one Australian Dollar	0.8954	0.9709	0.7960	0.9497
1 EUR—one Euro	1.2328	1.2043	1.2276	1.2072
1 CAD—one Canadian Dollar	0.9015	0.9403	0.8368	0.9189
1 SGD—one Singapore Dollar	0.7411	0.7521	0.7050	0.7493
1 HKD—one Hong Kong Dollar	0.1195	0.1211	0.1148	0.1181

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss Francs (CHF), which is the parent's functional and the Group's presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Principal foreign exchange rates applied for valuation and translation

Group companies

The results and financial position of all of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at weighted average exchange rates for the year; and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed or sold, exchange differences that were recorded in other comprehensive income are recognised in the income statement as part of the gain or loss on sale.

The local currency financial statements of Turkey have been restated using EUR as the functional currency in accordance with IAS 21, on the grounds that the vast majority of transactions were denominated in EUR.

C. INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and joint ventures, and is included in 'intangible assets'.

Goodwill on acquisitions of subsidiaries is stated at cost less any accumulated impairment loss. Goodwill is allocated to cash-generating units and is not amortised, but is tested at least annually for impairment (see accounting policy e). On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

In case of an acquisition of a non-controlling interest in a subsidiary, the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange is deducted from the retained earnings.

Goodwill arising on the acquisition of associates is included in the carrying amount of the investment.

Computer software

Computer software is stated at cost less accumulated amortisation.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation. One-off payments for concession rights are classified as other intangible assets and are amortized over the length of the contract (5 - 15 years).

Computer equipment	2 - 5 years

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill has an indefinite useful life. Computer software is amortised at 2 - 5 years.

D. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at original cost less accumulated depreciation.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Depreciation is calculated over the expected useful life of the asset at the following rates.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The useful lives are based upon the life of the related concession contract.

Leasehold improvements	2 - 10 years
Shop fittings	2 - 10 years
Vehicles and other equipment	5 - 10 years

E. IMPAIRMENT OF ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment. An impairment loss is recognised for the amount which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. That asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on its estimated future cash flows. The carrying amount of the asset is reduced by the impairment loss directly.

F. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average pricing method, and includes costs incurred in bringing them to their existing location and condition, including directly attributable costs of acquisition.

Net realisable 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.

G. CURRENT AND DEFERRED INCOME TAX

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority

G. CURRENT AND DEFERRED INCOME TAX (Continued)

on either the same taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

H. EMPLOYEE BENEFITS

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which an entity pays fixed contributions into a separate entity; the entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The liabilities of the Group arising from defined benefit obligations, and the related current service cost, are determined using the projected unit credit method. Actuarial advice is provided by external consultants. The actuarial assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the country in which the plan is located. Such plans are either externally funded (in the form of independently administered funds) or unfunded. The deficit or excess of the fair value of plan assets over the present value of the defined benefit obligation is recognised as a liability or an asset on the balance sheet. An excess of assets is recognised only to the extent that it represents a future economic benefit which is available in the form of refunds from the plan or reductions in future contributions to the plan. When these criteria are not met, it is not recognised but is disclosed in the notes. Impacts of minimum funding requirements in relation to past service are considered when determining pension obligations. Pension cost charged to the income statement consists of service cost (current and past service cost, gains and losses arising from settlement), net interest expense or income and administration costs.

Past service cost is recognised at the earlier of the following dates:

- when the plan amendment or curtailment occurs; and
- when the related restructuring costs or termination benefits are recognised. Remeasurements of the defined benefit plans are reported in other comprehensive income. They correspond to the actual return on plan assets, excluding interest income, changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred.

H. EMPLOYEE BENEFITS (Continued)

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

I. LEASED ASSETS

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

J. PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the

J. PROVISIONS (Continued)

expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

K. FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through income statement, and gains on hedging instruments that are recognised in the income statement.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in the income statement.

All borrowing costs are recognised in the income statement using the effective interest method.

L. FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

b) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

L. FINANCIAL ASSETS (Continued)

d) Held-to-maturity investments

The Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

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 investment has been affected.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights of 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.

M. FINANCIAL LIABILITIES

a) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the income statement.

b) Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method (calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period).

c) Financial guarantee contracts

Such a contract requires the issuer to make specified payment to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of the debt instrument.

Derecognition of financial liabilities

The Group derecognises a financial liability when the Group's obligations are discharged, cancelled or they expire.

N. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Group uses derivatives financial instruments to hedge its foreign currency and interest rate risk exposures, but does not apply hedge accounting under IAS 39.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

N. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities, a firm commitment (fair value hedge) or cash flow hedges.

The fair values of various derivative instruments used for risk mitigation are disclosed in note 22. The full fair value of a derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged liabilities attributable to the hedged risk. The Group only applies fair value hedge accounting to hedge the foreign exchange risk on certain foreign currency borrowings. The gain or loss relating to the effective portion of cross currency swaps and forward foreign exchange contracts hedging foreign exchange borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses)'.

O. CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents comprise cash balances and cash deposits.

P. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the year. There was no dilutive impact for the reporting or comparative period.

Q. EQUITY COMPENSATION PLAN

The Group has equity-settled share-based payment transactions. Equity-settled share-based payment transactions are recognised in the income statement with a corresponding increase in equity over the vesting period. They are fair valued at grant date and measured using generally accepted pricing models. The cost of equity-settled share-based payment transactions is accounted for over the contractual life time on a straight line basis.

R. BUSINESS COMBINATION

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Subsequent changes in contingent consideration, when not classified as equity, are recognised in the income statement. The acquisition-related costs are charged to the income statement in the period in which they are incurred. Where not all of the equity of a subsidiary is acquired the non-controlling interests are recognised at the non-controlling interest's share of the acquiree's net identifiable assets. Upon obtaining control in a business combination achieved in stages, the Group remeasures its previously held equity interest at fair value and recognises

R. BUSINESS COMBINATION (Continued)

a gain or a loss to the income statement. Goodwill is recorded when the sum of the fair value of consideration transferred plus the fair value of any existing Group's ownership interest in the acquiree and the amount of any non-controlling interest exceeds the fair value of the acquiree's net assets. If the fair value of the acquiree's net assets exceeds this amount a gain is recognised immediately in the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are the following:

Goodwill

The Group tests annually for impairment in accordance with IAS 36. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 11. Based on the cash flows deriving from the CGUs, management of the Group decided to apply a geographical approach to determine the CGU's.

Provisions

Where rental contracts contain a passenger (PAX) related guarantee and PAX figures from the airport authorities are not available at the date of issue of the financial statements, the rent accrual is estimated on the latest available forward looking assumptions.

Any provision for onerous contract requires an estimation of the fair values of assets and liabilities as well as an estimate of the future economic outflows exceeding the future economic inflows (note 18).

Income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income tax. The Group recognises 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 note 9.

Deferred tax

Deferred tax assets are recognised 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 utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 12.

Defined benefit pension

The cost of the 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. Further details are disclosed in note 23.

Depreciation and amortisation of assets

Management judgement is required when purchasing assets in defining the depreciation and amortisation period of the assets. The judgement involves the lower of the useful lives of these assets and the length of the concession contract.

Joint Ventures

Under the guidance of IAS 31 applicable up to 31 December 2012, the Group's 50% owned entities(1) have been classified as joint venture and were consolidated proportionately. The new standards IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements were applicable from 1 January 2013 and required a reassessment of the accounting treatment of these Joint Ventures entities. The Group came to the conclusion it has control over these entities and therefore is fully consolidating these entities (see Note 32). On the other hand, despite owning 51% of a new entity in Russia (Nuance Basel LLC), the Group considered it does not have control of the entity since all decisions have to be taken uninanimously by the Board and is consequently consolidating the entity at equity.

FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

(1) Nuance-Watson (Singapore) Pte Ltd, Nuance-Watson (HK) Ltd, Nuance-Watson Commerce (Zhuhai) Ltd, Nuance-Watson (Macau) Ltd, Nuance-Watson (Malaysia) Sdn Bhd, Nuance Group (India) Pvt. Ltd and Nuance BG AD.

Risk management is carried out by a central treasury department (Group Treasury) under policies. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency rate risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

Market risk

Currency rate risk

The Group publishes its accounts in Swiss Francs and conducts the business in many foreign currencies. As a result, the Group is subject to foreign currency exchange risk due to exchange movements. The Group is exposed to foreign currency exchange risk as a result of transactions in currencies other than the functional currencies in some of its subsidiaries and the translation of the results and underlying net assets of its foreign subsidiaries.

The main functional currencies of the Group are Swiss Francs, Euro and Australian dollar.

Companies in the Group may use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk in the local reporting currency. Group Treasury is responsible for hedging the net position in each currency matching currency exposures and by using external forward currency contracts and foreign exchange swaps.

The Group minimises exposure to foreign exchange risk by naturally hedging income, expenditure and balance sheet positions wherever possible in the same currency, negotiating terms with suppliers that include invoicing group companies in the local reporting currency. At the group level, external foreign exchange contracts are designated as hedges of foreign exchange risk on specific assets, liabilities or future transactions.

Interest rate risk

The interest rate exposure is mainly related to debt obligations to banks and is managed by Group Treasury. The policy is to reduce fluctuations in earnings and cash flows associated with changes in interest rates of the Group's financing. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets.

Credit risk

The majority of the Group's sales are retail and made against cash or an internationally recognised credit card or bank debit card. The Group has policies in place to ensure that wholesale sales of products and services are made to customers with an appropriate credit history.

The credit risk on derivative counterparties and cash transactions are limited as the counterparties are high credit quality financial institutions. The Group limits the amount of credit exposure to any one financial institution.

Liquidity risk

The Group evaluates the risk as the ability to maintain sufficient cash management and marketable securities with the availability of funding and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, Group Treasury ensures that the Group has sufficient cash or credit facilities at all times to meet all current and forecast liabilities as they fall due.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to ensure the Group is constantly in conformity with the law (note 21).

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

In accordance with the legal requirements of the Swiss Code of Obligations the Board of Directors have assessed the risks of the Group and the documentation of the internal control system. The Board of Directors reviews the risk assessment on an annual basis, any resulting changes are introduced in the internal control system.

1. SEGMENT REPORTING

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group reports segmental information as it does internally to the Group Executive Committee, using geographical segments. The activities of Retail Sales and Distribution (RSD) are reported as a separate segment.

31.12.2013 Segment in CHF '000	EMEA	Asia Pacific	Americas	RS&D	Corporate	Total
Net Sales	866.456	962.569	142.825	69.522	—	2.041.372
Advertising Income	30.766	20.519	1.874	389	—	53.548
Turnover	**897.222**	**983.088**	**144.699**	**69.911**	**—**	**2.094.920**
EBITDA	**104.456**	**2.874**	**20.276**	**89**	**3.544**	**131.239**
Depreciation and amortization	(17.201)	(8.673)	(1.503)	(20)	(1.434)	(28.831)
EBIT (segment result)	**87.255**	**(5.799)**	**18.773**	**69**	**2.110**	**102.408**
Financial result	(5.431)	(1.156)	26	(170)	(16.351)	(23.082)
Income Tax	(15.304)	(4.525)	(4.897)	(2)	656	(24.072)
Net earnings for the year	**66.520**	**(11.480)**	**13.902**	**(103)**	**(13.585)**	**55.254**
Total operating assets	**361.703**	**205.540**	**48.123**	**27.877**	**195.342**	**838.585**
Total operating liabilities	**241.119**	**218.880**	**16.094**	**26.573**	**216.758**	**719.424**

31.12.2012 restated Segment in CHF '000	EMEA	Asia Pacific	Americas	RS&D	Corporate	Total
Net Sales	792.048	1.309.586	138.702	73.410	—	2.313.746
Advertising Income	28.870	26.871	1.715	598	—	58.054
Turnover	**820.918**	**1.336.457**	**140.417**	**74.008**	**—**	**2.371.800**
EBITDA	**86.713**	**45.234**	**19.535**	**2.287**	**6.384**	**160.153**
Depreciation and amortization	(18.533)	(14.851)	(995)	(57)	(815)	(35.251)
EBIT (segment result)	**68.180**	**30.383**	**18.540**	**2.230**	**5.569**	**124.902**
Financial result	(2.045)	(1.235)	(162)	(8)	(12.803)	(16.253)
Income Tax	(10.996)	(13.061)	(3.375)	—	(360)	(27.792)
Net earnings for the year	**55.139**	**16.087**	**15.003**	**2.222**	**(7.594)**	**80.857**
Total operating assets	**304.888**	**277.700**	**42.619**	**22.825**	**190.664**	**838.696**
Total operating liabilities	**222.184**	**283.618**	**21.528**	**20.161**	**174.726**	**722.217**

Intercompany eliminations are mainly originated from loans and corporate fees to the regions (i.e. management and trademark fees) for the service provided.

Revenue is deriving from sale of consumer goods (note 3) and advertising income (e.g. lightbox and promotional income).

No single customer is representing more than 10% of the Group turnover.

2. ACQUISITIONS

Acquisition of non controlling interest

On 12 March 2013 the Group acquired the remaining 18% stake in its Turkish subsidiaries (Opus, Urart and Net Magaza) for a consideration of EUR 41 million, out of which EUR 37.5 million was paid in cash and an existing loan of EUR 3.5 million assigned to the Group, increasing its share to 100% and reducing the equity by CHF 42.3 million (see below). To finance the acquisition of the non-controlling interests, the Group has drawn EUR 25 million on bank facilities and funded the remaining amount with available cash. The acquisition has been accounted for in compliance with IFRS 10, with the difference bewteen the fair value of the consideration paid and the non controlling interest's proportionate share of the carrying amount of the identifiable net assets fully absorbed within the Group net equity (see consolidated statements of changes in equity).

	CHF '000
Purchase price:	
Cash (EUR 37.5 million)	45.714
Loan assignment (EUR 3.5 million)	4.286
Total (EUR 41 million)	**50.000**
Purchase price (EUR 41 million)	50.000
Non-controlling interests retained earnings transferred to the equity holders of the parent	(7.709)
Reduction of equity	**42.291**

Prior to the transaction, a dividend of EUR 26.3 million (CHF 32.3 million) was distributed in Turkey based on the 2012 profitability, and out of which CHF 5.8 million (18%) was paid to the non controlling interests.

Acquisition of Lenrianta, Russia

On 2 May 2013, the Group took control by acquiring 80% of the shares of Lenrianta for a maximum consideration of EUR 7,512k (CHF 9,259k). A first tranche of EUR 3,346k (CHF 4,124k) has been paid on acquistion date and the contingent considerations will be paid in March 2014 (EUR 2,012k or CHF 2,480k) and June 2014 (EUR 450k or CHF 555k) based on specific targets to be met. Management estimates that all targets are being met and that 100% of the contingent consideration would need to be paid out. The cash of the company was also acquired for EUR 1,704k (CHF 2,100k, 80% of the cash position at the date of the acquisition). The company is fully consolidated as per 31 December 2013.

Lenrianta is the main duty free operator of Pulkovo airport (St Peterburg) and has been acquired by the Group in order to enter the Russian market and benefit from market knowledge, an experienced team and an up and running organisation, leading to the booking of a EUR 4,812k (CHF 5,935k) goodwill. Together with Lenrianta, the Group won an extension of the current lease at Pulkovo airport for another seven years, starting January 2014.

The resulting goodwill is not amortised and will be subject to annual impairment testing. None of the goodwill arising on this transaction is expected to be deductible for tax purposes. The provisional

2. ACQUISITIONS (Continued)

fair value of the identifiable assets and liabilities of the acquired entity at the date of acquisition and the resulting goodwill were determined as follows:

	CHF '000
Net assets acquired	
Property, plant and equipment	359
Inventories	3.762
Trade receivables	309
Other receivables and prepayments	64
Cash and cash equivalents	2.625
Trade payables	(640)
Other payables and accrued expenses	(2.324)
	4.155
Consideration paid or to be paid	9.259
Plus: non-controlling interest (20% of Lenrianta)	831
Less: fair value of identifiable net assets acquired	(4.155)
Goodwill arising on acquisition	**5.935**
Net cash outflow on acquisition of subsidiary:	
Cash consideration paid or to be paid	9.259
Contingent consideration	(3.035)
Cash and cash equivalents acquired	(2.625)
Net cash ouflow, net of cash acquired	**3.599**

The initial accounting for the acquisition has only been provisionally determined. Final valuations of the net assets acquired may affect the contingent consideration still to be paid.

The revenue included in the consolidated statement of comprehensive income since 2 May 2013 contributed by Lenrienta was EUR 30,971k (CHF 37,104k). Lenrianta also contributed profit of EUR 3.605k (CHF 4,444k) over the same period. Had Lenrianta been consolidated from 1 January 2013, the consolidated statement of income would have shown EUR 43,825k (CHF 54,027k) in revenue and EUR 5,041k (CHF 6,115k) in profit.

Acquisition related costs of CHF 170k have been charged to other operating expenses in the consolidated income statement for the full year ended 31 December 2013.

The fair value of trade and other receivables was EUR 302k (CHF 373k) at the time of the purchase and has been fully collected as of 31 December 2013.

The fair value of the non controlling interests in Lenrianta, an unlisted company, was estimated by using the Net Asset value of the 20% still under the non controlling interests' control.

Since the day of acquisition, the conversion of the goodwill in CHF has generated a foreign currency impact of CHF 2k.

3. TURNOVER

Turnover by product category CHF '000	2013	2012 restated
Perfumes and Cosmetics	853.271	1.029.958
Liquor	404.772	386.776
Tobacco	235.740	254.943
Fashion	128.250	150.498
Confectionery	149.615	172.177
Electronics	148.121	146.591
Accessories	88.831	130.952
Souvenirs and other goods	86.320	99.905
Total	**2.094.920**	**2.371.800**

Turnover sales by sales channel CHF '000	2013	2012 restated
Airports	1.942.511	2.218.199
Downtown, hotels and resorts	51.904	57.934
Inflight	2.824	4.103
Wholesale and other channels	97.681	91.564
Total	**2.094.920**	**2.371.800**

Breakdowns of turnover (mainly sales of goods) are presented by product category and sales channel and are shown at the average foreign exchange rates for the full year.

4. COST OF GOODS SOLD

CHF '000	2013	2012 restated
Cost of goods sold	**(925.803)**	**(1.026.954)**

Cost of goods sold are recognised when the Group sells a product and comprise the purchase price and the cost incurred until the product arrives at the warehouse, i.e. import duties, transport and third parties handling cost as well as inventory valuation adjustments and inventory differences.

5. PERSONNEL EXPENSES

CHF '000	2013	2012 restated
Wages and salaries	160.839	173.715
Social security costs	15.708	15.586
Pension costs—defined contribution plans (Note 23)	6.841	7.129
Pension costs—defined benefit plans (Note 23)	6.170	5.430
Other personnel expenses	12.102	13.247
	201.660	**215.107**

At 31 December 2013, the number of employees was 4 830 (2012: 4 328) and the average number of full-time equivalent employees (FTEs), including joint venture partners, was 4 023 (2012: 4 029). The

5. PERSONNEL EXPENSES (Continued)

FTEs of Lojas Francas de Portugal, Portugal, Broward Duty Free, Fort Lauderdale, USA, Nuance Group Chicago LLC, USA, Nuance Group Orlando LLC, USA and Nuance Basel LLC (Russia) are not included as these companies are equity consolidated.

6. OTHER OPERATING EXPENSES

CHF '000	2013	2012 restated
Property costs	27.104	31.838
Computer and communication expenses	7.341	8.515
Marketing costs	8.536	8.674
Administration costs	7.806	10.015
Onerous contract	(4.341)	9.273
Travel costs	5.361	5.005
Consulting, management and legal fees	5.513	6.811
Management & trademark fees to A.S. Watson	6.132	10.834
Other operating expenses	14.334	13.787
	77.786	**104.752**

7. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

	2013			2012 restated		
CHF '000	**Portugal**	**Other Countries**	**Total**	**Portugal**	**Other Countries**	**Total**
Total assets	32.858	18.868	51.726	33.797	16.030	49.827
Total liabilities	(18.167)	(7.320)	(25.487)	(19.587)	4.546	(24.133)
Net assets	**14.691**	**11.548**	**26.239**	**14.210**	**11.484**	**25.694**
Group's share in associates' net assets	**7.198**	**4.164**	**11.362**	**6.963**	**4.153**	**11.116**
Revenue	206.808	48.179	254.987	192.041	37.250	229.291
Profit for the period	11.868	3.415	15.283	11.358	2.003	13.361
Groups share in associates' profit for the year	**5.815**	**1.190**	**7.005**	**5.565**	**701**	**6.266**
Investment in associates:						
Balance as at 1st January	6.963	4.153	11.116	6.443	2.219	8.662
Capital increase	—	63	63	—	2.054	2.054
Dividends paid	(5.635)	(1.118)	(6.753)	(5.002)	(715)	(5.717)
Result for the period	5.815	1.190	7.005	5.565	701	6.266
Exchange Difference	55	(124)	(69)	(43)	(106)	(149)
Balance as at 31st December	7.198	4.164	11.362	6.963	4.153	11.116

7. INVESTMENTS IN ASSOCIATED UNDERTAKINGS (Continued)

Name	Country	Ownership in %
Lojas Francas de Portugal SA	Portugal	49
Broward Duty Free LLC, Fort Lauderdale	USA	35
The Nuance Group (Chicago) LLC	USA	35
The Nuance Group (Orlando) LLC	USA	37,5
Nuance Basel LLC	Russia	51

The Group has taken a stake of 51% in Nuance Basel LLC on 15 October 2013 to operate airport retail business in four airports in Russia: Sochi, Krasnodar, Anapa and Gelendzhik.

8. FINANCE COSTS

CHF '000	2013	2012 restated
Interest expense	11.781	14.189
Interest income	(2.240)	(3.676)
Bank related fees	10.466	5.261
Net foreign exchange gains	3.075	479
	23.082	**16.253**

During the year, the Group used cross-currency swaps and forward foreign exchange contracts. These financial instruments were used to hedge the foreign exchange exposure to long-term EUR-denominated loans of up to EUR 86.7 million (2012: 41.9 million) at 31 December 2013 (note 22). The hedged cumulative foreign exchange movements protected by these instruments amounted to CHF 1.3 million at maturity. No hedge accounting in accordance with IAS 39 was applied.

9. INCOME TAX EXPENSE

CHF '000	2013	2012 restated
Current income tax	25.805	27.895
Deferred tax (note 12)	(1.733)	(103)
	24.072	**27.792**

9. INCOME TAX EXPENSE (Continued)

The table below explains the differences between the expected tax expense on continuing operations at the Swiss statutory tax rate at 21%, and the Group's total tax expense.

CHF '000	2013	2012 restated
Consolidated earnings before income tax (EBT)	79.326	108.649
Expected tax rate	21%	21%
Profit before tax multiplied by standard rate of corporation tax in Switzerland	16.658	22.816
Effect of:		
Different statutory tax rates of overseas jurisdictions	(5.976)	(8.104)
Non-tax deductible expenses and non-taxable income	(996)	(4.365)
Tax impact on at-equity investments	(2.152)	(1.732)
Use of tax losses carried forward	(218)	(624)
Unrecognised tax assets	14.300	19.202
Non recoverable withholding taxes	2.614	3.732
Adjustments recognized in relation to prior year	(1.666)	(1.421)
Tax risk provision	—	(988)
other items	1.508	(724)
Income tax expense	**24.072**	**27.792**
Effective tax rate (ETR)	30,3%	25,6%

As the Nuance Group has national and international activities, income taxes depend on different tax regulations. The sharp increase of the Group's ETR in 2013 was the consequence of the loss of two core licenses in Hong Kong in 2012 that were generating a strong Earnings before tax with a lower than Group average tax rate (16.5%) as well as the consumption in 2012 of the remaining tax losses carried forward in Canada.

10. PROPERTY, PLANT AND EQUIPMENT (PPE)

CHF '000	Leasehold improvements	Computer equipment	Vehicles	Shop fittings	Other equipment, assets under construction	Total
Cost						
Balance at 1 January 2013	99.787	26.632	2.561	90.517	11.317	230.814
Increase in scope of consolidation	61	16	58	150	76	361
Additions	5.269	1.596	400	9.063	17.006	33.334
Disposals	(13.434)	(4.736)	(300)	(38.325)	(3.133)	(59.928)
Transfers within PPE	60	284	(17)	76	(403)	—
Currency translation differences	(10.596)	(1.735)	(20)	(182)	(785)	(13.318)
Balance at 31 December 2013	**81.147**	**22.057**	**2.682**	**61.299**	**24.078**	**191.263**
Accumulated depreciation						
Balance at 1 January 2013	85.205	23.162	2.250	66.415	9.305	186.337
Depreciation for the period	6.780	1.800	265	8.841	835	18.521
Disposals	(12.496)	(4.713)	(275)	(39.014)	(3.102)	(59.600)
Transfers within PPE	—	(56)	17	(5)	44	—
Currency translation differences	(9.737)	(1.630)	(18)	(35)	(455)	(11.875)
Balance at 31 December 2013	**69.752**	**18.563**	**2.239**	**36.202**	**6.627**	**133.383**
Net book value at 1 January 2013	**14.582**	**3.470**	**311**	**24.102**	**2.012**	**44.477**
Net book value at 31 December 2013	**11.395**	**3.494**	**443**	**25.097**	**17.451**	**57.880**

10. PROPERTY, PLANT AND EQUIPMENT (PPE) (Continued)

CHF '000	Leasehold improvements	Computer equipment	Vehicles	Shop fittings	Other equipment, assets under construction	Total
Cost						
Balance at 1 January 2012	105.053	24.554	2.617	82.059	15.403	229.686
Increase in scope of consolidation	61	—	—	—	—	61
Additions	4.869	2.451	147	8.376	3.483	19.326
Disposals	(11.068)	(266)	(184)	(1.927)	(4.457)	(17.902)
Transfers within PPE	1.595	32	—	1.394	(3.021)	—
Currency translation differences	(723)	(139)	(19)	615	(91)	(357)
Balance at 31 December 2012	**99.787**	**26.632**	**2.561**	**90.517**	**11.317**	**230.814**
Accumulated depreciation						
Balance at 1 January 2012	84.919	22.070	2.183	57.139	13.061	179.372
Increase in scope of consolidation	43	—	—	—	—	43
Depreciation for the period	10.048	1.453	241	9.396	764	21.902
Disposals	(10.798)	(266)	(159)	(1.612)	(4.446)	(17.281)
Impairment charge	1.682	29	—	933	1	2.645
Currency translation differences	(689)	(124)	(15)	559	(75)	(344)
Balance at 31 December 2012	**85.205**	**23.162**	**2.250**	**66.415**	**9.305**	**186.337**
Net book value at 1 January 2012	**20.134**	**2.484**	**434**	**24.920**	**2.342**	**50.314**
Net book value at 31 December 2012	**14.582**	**3.470**	**311**	**24.102**	**2.012**	**44.477**

The total insured loss value for fire on property, plant and equipment (including cash holdings on site) throughout the Group is 267 269 (2012: 258 062). New operations are automatically included in the insurance cover as soon as ownership of property, plant and equipment, or cash has occurred.

Property, plant and equipment with a total net book value of 1 570 has been pledged to two banks as collateral to secure loan and bank guarantee facilities and to one airport as part of a concession agreement.

11. INTANGIBLE ASSETS

CHF '000	2013 Goodwill	2013 Software	2013 Other intangible assets	2013 Total	2012 restated Goodwill	2012 restated Software	2012 restated Other intangible assets	2012 restated Total
Cost								
Balance at 1 January	236.108	17.576	120.410	374.094	236.146	16.562	123.313	376.021
Increase in scope of consolidation	5.935	—	—	5.935	—	61	220	281
Additions	—	2.921	667	3.588	—	1.105	266	1.371
Disposals	—	(2.726)	(307)	(3.033)	—	(39)	(2.753)	(2.792)
Currency translation differences	70	(833)	(1.821)	(2.584)	(38)	(113)	(636)	(787)
Balance at 31 December	**242.113**	**16.938**	**118.949**	**378.000**	**236.108**	**17.576**	**120.410**	**374.094**
Accumulated amortisation								
Balance at 1 January	—	14.832	46.975	61.807	—	14.145	39.927	54.072
Disposals	—	(2.726)	(307)	(3.033)	—	(38)	(2.682)	(2.720)
Amortisation for the period	—	1.244	9.066	10.310	—	831	9.150	9.981
Impairment charge	—	—	—	—	—	—	723	723
Currency translation differences	—	(817)	(2.464)	(3.281)	—	(106)	(143)	(249)
Balance at 31 December	**—**	**12.533**	**53.270**	**65.803**	**—**	**14.832**	**46.975**	**61.807**
Net book value								
Net book value at 1 January	**236.108**	**2.744**	**73.435**	**312.287**	**236.146**	**2.417**	**83.386**	**321.949**
Net book value at 31 December	**242.113**	**4.405**	**65.679**	**312.197**	**236.108**	**2.744**	**73.435**	**312.287**

Goodwill is allocated to the Group's Cash-generating units (CGUs) identified according to business combination. A summary of the goodwill allocation is presented below:

Goodwill allocation CHF '000	2013	2012 restated
Europe	111.496	105.491
Asia Pacific	107.603	107.603
Americas	23.014	23.014
	242.113	**236.108**

In assessing value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial budget, Board of Directors approved projections for five years, followed by an assumed growth rate of 2% which is based on industry forecasts (PAX, PSR, Gross margin as well as EBITDA). Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Management applied a pre tax discount rate of 8% in Europe and 9% in Asia Pacific and Americas to estimate the future cash flows to calculate the terminal value of those cash flows. The goodwill of the acquisition of Lenrianta in Russia is tested separately. The applied discount rate was 10%. Russia's goodwill is included in Europe. An increase of 100 base points in the discount rate would not change the conclusion of the impairment test.

11. INTANGIBLE ASSETS (Continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. At 31 December 2013 there was no impairment of intangible assets.

12. DEFERRED TAX

Deferred income taxes are calculated in full on temporary differences under the comprehensive liability method using the income tax rates applicable in the country of each subsidiary or joint venture.

The movement on the deferred income tax account is as follows:

CHF '000	2013	2012 restated
At the beginning of the year	(2.710)	(3.431)
Charged to other comprehensive income	(1.502)	641
Currency translation differences	7	(23)
Income statement (credit)/charge (note 9)	1.733	103
At the end of the year	**(2.472)**	**(2.710)**

Deferred income tax assets arise from temporary differences, primarily in property, plant and equipment, in inventory and other liabilities,

The Group has the following unrecognised tax assets from net operating losses carried forward against future taxable income:

	Tax losses		Unrecognised tax assets	
Expiry CHF' 000	2013	2012 restated	2013	2012 restated
Between 1 to 5 years	111.341	87.631	32.044	24.620
Between 5 to 10 years	11.702	13.141	3.268	3.864
Over 10 years	124.121	120.198	29.673	30.785
Total	**247.164**	**220.970**	**64.985**	**59.269**

The amount of unrecognised tax assets includes the tax losses suffered from Denmark which is still pending liquidation. There are no further tax deductible temporary differences and unused tax credits for which no deferred tax assets are recognised.

12. DEFERRED TAX (Continued)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
CHF' 000	**2013**	**2012 restated**	**2013**	**2012 restated**
Cash and cash equivalent		11		
Property, plant and equipment	389	698	(2.329)	(2.227)
Investments				
Inventories		208	(87)	
Trade receivables	9			
Other payables	3.110	311	(3.564)	(1.923)
Equity type loan		212		
Tax losses				
Net tax assets / (liabilities)	**3.508**	**1.440**	**(5.980)**	**(4.150)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Reconcilation to Balance Sheet CHF '000	**2013**	**2012 restated**
Deferred tax assets	3.508	1.440
Deferred tax liabilities	(5.980)	(4.150)
Net deferred taxes	**(2.472)**	**(2.710)**

Deferred income tax liabilities have not been established for the withholding tax and other taxes that would be payable on the unremitted earnings of relevant subsidiaries, as such amounts are not intended for distribution.

13. INVENTORIES

CHF '000	**2013**	**2012 restated**
Inventories	205.797	185.358
Provision	(17.164)	(15.354)
	188.633	**170.004**

The cost of inventories recognised as an expense during the period in respect of continuing operations was 915 845 (2012: 1 016 021).

Inventories of 3 822 (2012: 2 152) have been pledged as security for bank exposures and contingent liabilities (bank guarantee facilities).

The total insured loss value for fire occurring to inventories throughout the Group is 213 753 (2012: 281 251). New operations are included in the insurance cover as soon as they take possession of inventory, subject to annual declaration and premium adjustment.

14. TRADE RECEIVABLES

CHF '000	2013	2012 restated
Trade receivables from third parties	36.033	41.574
Credit cards receivables	16.066	14.712
Less provision for bad and doubtful debts	(766)	(529)
Trade receivables—net	**51.333**	**55.757**

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of individual customers who pay for their purchases with cash or use credit cards at each store's point of sale. For the wide variety of internationally-dispersed wholesale customers, the Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that there is no additional exposure beyond the amounts provided for collection losses.

Out of the 7.624 trade receivables overdue, 4.341 have been subject to an allowance for doubtful client for an amount of 766 (see below).

CHF '000 Movement in the allowance for doubtful debts:	2013	2012 restated
Balance as at 1 January	(529)	(730)
Additions due to acquisitions	(11)	—
Additional provisions made	(271)	(179)
Provisions utilised during the period	24	104
Unused provisions released	12	278
Currency translation differences	9	(2)
Balance as at 31 December	**(766)**	**(529)**

CHF '000 Ageing of past due but not impaired trade receivables:	2013	2012 restated
0 - 60 days	6.472	7.629
60 - 90 days	310	410
90 - 120 days	305	181
over 120 days	537	1.250
	7.624	**9.470**

CHF '000 Ageing of impaired trade receivables:	2013	2012 restated
0 - 60 days	1.394	75
60 - 90 days	412	14
90 - 120 days	532	524
over 120 days	2.003	1.161
	4.341	**1.774**

15. OTHER RECEIVABLES AND PREPAYMENTS

CHF '000	2013	2012 restated
Tax receivables	15.535	13.580
Other receivables from third parties	15.062	12.688
Short-term loans from third parties	—	9.363
Other receivables	**30.597**	**35.631**
Prepayments and accrued income	**14.616**	**21.487**
Total other receivables and prepayments	**45.213**	**57.118**

16. CASH AND CASH EQUIVALENTS

CHF '000	2013	2012 restated
Cash and bank balances	**163.112**	**182.861**

The cash and cash equivalent is the amount in the statement of cash flows. This amount contains a cash deposit of 6.138 million (EUR 5 million) which is pledged as security to a bank.

17. BORROWINGS

CHF '000 Current	2013	2012 restated
Short-term loans—third parties	10.938	47.508
UniCredit Banca AG.	10.000	—
UniCredit Banca	—	21.730
UniCredit Banca (Project Loans)	—	11.468
HSBC Malta	768	756
IDBI Bank India	170	878
Vakifbank Turkey	—	12.676
Shareholder Loans	—	—
Short-term portion of long term bank borrowings	—	22.822
UniCredit Banca S.p.A.	—	22.822
Total Current	**10.938**	**70.330**
Non-current		
Floating Rate Notes	245.520	—
Stampos B.V. Floating Rate Notes	245.520	—
Bank borrowings	4.566	140.527
UniCredit Banca S.p.A.	—	27.738
UniCredit Banca S.p.A.	—	56.700
HSBC Malta	333	860
Vakifbank Turkey	—	55.229
UniCredit Bulbank Bulgaria	4.233	—
Shareholder loans—subordinated (includes interest as at 31 December)	112.752	108.580
Noel International S.A.	112.752	108.580
Deferred bank arrangement fees and bond fees	(13.977)	(4.217)
Total Non-current	**348.861**	**244.890**
Total Borrowing	**359.799**	**315.220**

Bank borrowings CHF '000	2013	2012 restated
Loans denominated in:		
Swiss Franc	10.000	56.700
Euro	363.606	261.859
Other currencies	170	878
Subtotal	**373.776**	**319.437**
Deferred bank arrangement fees & Bond fees	(13.977)	(4.217)
Total	**359.799**	**315.220**

During 2013 the Group issued EUR 200 million Floating Rate Notes amounting to 245.520 million (2012: 0). The proceeds were used to repay the existing UniCredit Banca S.p.A. bank borrowings and the Vakifbank borrowings in Turkey. As part of the refinancing process a new CHF 90 million Secured Facilities Agreement was placed with a syndicate of banks led by UniCredit AG as Agent. At 31 December 2013 the Secured Facilities Agreement was drawn to 10.000 million (2012: 0).

17. BORROWINGS (Continued)

The Floating Rate Notes and the Secured Facilities Agreement with a combined carrying value of 255 520 rank pari-passu and are secured by pledges of shares of certain Group companies and pledges of certain Group companies' bank accounts

The carrying value of the pledged bank accounts amounts to 25 173. Pledges are made individually by the relevant subsidiaries directly to a Security Agent and the pledges provide valid security for the Floating Rates Notes and the Secured Facility Agreement. Enforcement of the pledges is subject to the terms and conditions of an InterCreditor Agreement entered into by the Group, the Senior Facility Agent and the Senior Lenders of the Secured Facility Agreement, the Security Agent, the Senior Notes Trustee and the Group's shareholders.

The loan from Shareholders with an amount owing of 112 753 (2012: 108 580) is subordinated to the other borrowings under an InterCreditor Agreement.

For the current and prior year all covenants required by the Floating Rate Notes and bank facilites were met.

Underwriting fees are amortised in finance costs over the duration of the Floating Rate Notes or over the duration of bank borrowings respectively.

18. PROVISIONS

CHF '000	Legal claims	Onerous Contracts	Other provisions	Total
At 1 January 2012	243	—	2.234	2.477
Exchange differences	—	(173)	(8)	(181)
Additional provisions	(2)	9.272	90	9.360
Utilised during period	—	—	(17)	(17)
At 31 December 2012 and 1 January 2013	**241**	**9.099**	**2.299**	**11.639**
Exchange differences	—	(827)	(16)	(843)
Additional provisions	—	500	27	527
Unused amounts released	(241)	—	(208)	(449)
Utilised during period	—	(4.880)	—	(4.880)
At 31 December 2013	**—**	**3.892**	**2.102**	**5.994**

CHF '000	2013	2012 restated
Analysis of total provisions:		
Current	3.190	5.055
Non-Current	2.804	6.584
	5.994	**11.639**

Onerous contracts refer to the unprofitable situation in the forseeable future for two of our contracts. Legal claims comprised of a number of legal claims brought against the Group. Other provisions primarily relate to identifiable risks that are deemed probable to occur and some employee entitlements.

19. TRADE PAYABLES

CHF '000	2013	2012 restated
Trade payables	**114.248**	**103.346**

Trade payables relate to cost of goods sold. Trade payables are due under contractual terms.

20. OTHER PAYABLES AND ACCRUED EXPENSES

CHF '000	2013	2012 restated
Other tax payables	4.544	5.527
Other payables to third parties	33.957	26.157
Other payables	**38.501**	**31.684**
Accrued expenses	**181.134**	**224.233**
Total other payables and accrued expenses	**219.635**	**255.917**

Other tax payables do not include income taxes payable. The tax payables include amounts due to VAT, customs, excises and duties, withholding and source taxes.

21. EQUITY

The Group's capitalisation is shown in the table below:

CHF '000	2013	2012 restated
Equity attributable to equity holders of the parent	83.270	77.327
Equity attributable to non-controlling interest	35.891	39.152
Total equity	**119.161**	**116.479**
Shareholders loans—subordinated	112.752	108.580
Total equity includig shareholder loans	**231.913**	**225.059**

The total authorised number of ordinary shares is 82 100 shares (2012: 82 100 shares) with a par value of CHF 1 000 per share (2012: CHF 1 000 per share). All issued shares are fully paid.

The loan from shareholders with an amount owing of 112 752 (2012: 108 580) is subordinated to all other borrowings under an Intercreditor Agreement entered into with amongst others, the Senior Notes Trustee, the Security Agent, the Shareholders as Original Investors and the Senior Facilities Agent. The interest for these loans is accrued but not paid.

The Group defines the capital that it manages as the Group's total equity including shareholder loans—subordinated. The Group's objectives when managing capital are:

- To have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefits;

21. EQUITY (Continued)

- To ensure the Group is constantly in conformity with local regulations and laws;
- To safeguard the Group's ability to continue as a going concern and maintain sufficient resources to mitigate against risks and unforeseen events.

Capitalisation is monitored and reported to senior management as part of the Group's regular internal management reporting.

22. FINANCIAL INSTRUMENTS

General Policy

Derivative financial instruments were used during the year to minimise the exposure to market risk, primarily related to foreign exchange rates, interest rates and the market value of obligations, until the change of the financing structure.

The cross-currency interest rate swaps matured on 30 June 2013 and were no longer in place on 31 December 2013 (2012: EUR 20 million of the Term Loan and EUR 5.3 million of the Shareholder Loan were covered by cross-currency interest rate swaps).

The short-term Revolving Credit Facility drawings were hedged during the year to protect from exchange rate fluctuations only using short-term forward foreign exchange rate contracts to match the exact maturity period of the underlying loan. Each utilisation under this facility was priced at the time of drawing using the EURIBOR rate applicable to the term of the loan. At the year end date no Euro-denominated revolving loan drawings remained and, under the refinanced facility, short term Revolving Credit Facility drawings are made in Swiss francs.

Any final adjustments made to clear the remaining fair value of the CCIRS or forward exchange contracts at maturity were taken through the income statement.

At the year end date none of the EUR 91.4 million (CHF 112.8 million) Shareholder loan was hedged.

Bank loans in Bulgaria, Malta and India are drawn in the effective operating or reporting currency of each subsidiary, respectively Euros and Indian Rupees. In this case, as the foreign exchange risks are not relevant to the subsidiaries these loans are not hedged. Management actively monitors the risks to increased interest rates and expects to act to protect against a material adverse impact of such movements using derivative products in the future.

22. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

31 December 2013 CHF' 000	Measurement category LaR	FVPL	FLAC	Carrying amount	Fair value
Assets					
Loans to Third parties	3.528	—	—	3.528	3.528
Trade receivables	51.333	—	—	51.333	51.333
Other trade receivables	29.678	—	—	29.678	29.678
Cash and cash equivalents	163.112	—	—	163.112	163.112
Liabilities					
Borrowings from Third parties	—	—	247.047	247.047	247.047
Borrowings from shareholder	—	—	112.752	112.752	112.752
Trade payables	—	—	114.248	114.248	114.248
Other payables	—	—	38.502	38.502	38.502
Derivative financial instruments	—	—	—	—	—

31 December 2012 restated CHF' 000	Measurement category LaR	FVPL	FLAC	Carrying amount	Fair value
Assets					
Trade receivables	55.757	—	—	55.757	55.757
Other trade receivables	20.390	—	—	20.390	20.390
Cash and cash equivalents	182.861	—	—	182.861	182.861
Liabilities					
Borrowings from Third parties	—	—	206.640	206.640	206.640
Borrowings from shareholder	—	—	108.580	108.580	108.580
Trade payables	—	—	103.346	103.346	103.346
Other payables	—	—	31.685	31.685	31.685
Derivative financial instruments	—	(9.137)	—	(9.137)	(9.137)

Note: LaR = Loans and receivables; HtM = Held to maturity; FVLP = Fair value through profit and loss; FLAC= Financial liability at amortised cost

22. FINANCIAL INSTRUMENTS (Continued)

Net income by IAS 39 valuation category

Financial assets at 31 December 2013

CHF' 000	Loans & receivables	FVTPL	Held to maturity investments	Total
Interest income (expense)	2.240	—	—	2.240
Other finance income (expense)	30	—	—	30
From interest	**2.270**	**—**	**—**	**2.270**
Fair values gain (loss)	—	(67)	—	(67)
Foreign exchange gain (loss)	1.798	—	—	1.798
Impairment / allowances	(235)	—	—	(235)
Total—from subsequent valuation	1.563	(67)	—	1.496
Net income	**3.833**	**(67)**	**—**	**3.766**

Financial liabilities at 31 December 2013

CHF' 000	At amortized costs	FVTPL	FVTOCI	Total
Interest income (expense)	(11.781)	—	—	(11.781)
Other finance income (expense)	(10.496)	—	—	(10.496)
From interest	**(22.277)**	**—**	**—**	**(22.277)**
Fair values gain (loss)	—	15	—	15
Foreign exchange gain (loss)	(4.043)	—	—	(4.043)
Total—from subsequent valuation	(4.043)	15	—	(4.028)
Net income	**(26.320)**	**15**	**—**	**(26.305)**

Net financial assets and liabilities at 31 December 2013

CHF' 000	Financial assets	Financial liabilities	Net
Interest income (expense)	2.240	(11.781)	(9.541)
Other finance income (expense)	30	(10.496)	(10.466)
From interest	**2.270**	**(22.277)**	**(20.007)**
Fair values gain (loss)	(67)	15	(52)
Foreign exchange gain (loss)	1.798	(4.043)	(2.245)
Impairment / allowances	(235)	—	(235)
Total—from subsequent valuation	1.496	(4.028)	(2.532)
Net income	**3.766**	**(26.305)**	**(22.539)**

Note: FVLP = Fair value through profit and loss; FVTOCI = Fair value through other comprehensive income

22. FINANCIAL INSTRUMENTS (Continued)

Financial assets at 31 December 2012 (restated)

CHF' 000	Loans & receivables	FVTPL	Held to maturity investments	Total
Interest income (expenses)	3.676	—	—	3.676
Other finance income (expense)	114	—	—	114
From interest	**3.790**	**—**	**—**	**3.790**
Fair values gain (loss)	—	(502)	—	(502)
Foreign exchange gain (loss)	2.926	—	—	2.926
Impairment / allowances	(202)	—	—	(202)
Total—from subsequent valuation	2.724	(502)	—	2.222
Net income	**6.514**	**(502)**	**—**	**6.012**

Financial liabilities at 31 December 2012 (restated)

CHF' 000	At amortized costs	FVTPL	FVTOCI	Total
Interest income (expenses)	(14.189)	—	—	(14.189)
Other finance income (expense)	(5.376)	—	—	(5.376)
From interest	**(19.565)**	**—**	**—**	**(19.565)**
Fair values gain (loss)	—	268	—	268
Foreign exchange gain (loss)	(2.735)	—		(2.735)
Total—from subsequent valuation	(2.735)	268	—	(2.467)
Net income	**(22.300)**	**268**	**—**	**(22.032)**

Net financial assets and liabilities at 31 December 2012 (restated)

CHF' 000	Financial assets	Financial liabilities	Net
Interest income (espenses)	3.676	(14.189)	(10.513)
Other finance income (expense)	114	(5.376)	(5.262)
From interest	**3.790**	**(19.565)**	**(15.775)**
Fair values gain (loss)	(502)	268	(234)
Foreign exchange gain (loss)	2.926	(2.735)	191
Impairment / allowances	(202)	—	(202)
Total—from subsequent valuation	2.222	(2.467)	(245)
Net income	**6.012**	**(22.032)**	**(16.020)**

Note: FVLP = Fair value through profit and loss; FVTOCI = Fair value through other comprehensive income

22. FINANCIAL INSTRUMENTS (Continued)

Risks arising from financial instruments

As a global operator, The Nuance Group has worldwide business activities which need to be financed in different currencies and which are consequently affected by fluctuations of foreign exchange and interest rates. Group Treasury manages the financing of the operations through mostly centralised credit facilities so as to ensure an adequate allocation of these resources and simultaneously to minimise the potential financial risk impacts.

The Group continuously monitors market risk, such as foreign currency exposure and interest rate risk, as well as operational risks such as credit risk and liquidity risk. The Group seeks to minimise the foreign currency exposure and interest rate risk using appropriate transaction structures or alternatively, by using derivative financial instruments to hedge the exposure of these risks. The treasury policy forbids the Group entering into or trading financial instruments for speculative purposes.

a. Exposure to currency risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The principal amounts of the Group's EUR-denominated bank loans were partly hedged during the year using cross-currency swaps and forward contracts, until the refinancing. Post refinancing, the Group's exposure to currency risk arises from the total value of the shareholder loans and the Floating Rate Notes. During the year, the Group's average carrying amount on unhedged Term and Revolving Credit Facility drawings amounted to CHF 63'854 (2012: CHF 22'447) and the average amount of unhedged Shareholder Loans amounted to CHF 110'988 (2012: CHF 105'880).

Foreign currency sensitivity analysis

The Group is mainly exposed to the Australian dollar (AUD) and the Euro (EUR).

The following table depicts the Group's sensitivity to a 5% increase or decrease in CHF against the relevant foreign currencies (AUD and EUR). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis reflects CHF stengthening 5% against the currency denomination of the loan where it is held in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity. For a 5% weakening of the CHF against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	AUD impact		EUR impact	
	2013	**2012**	**2013**	**2012**
Profit and loss	(1.700)	2.713	20.704	3.413
Equity	159	2.331	4.319	2.575

b. Exposure to interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the balance sheet. During the year the Group refinanced and repaid the Term and Revolving Credit Facilities, so

22. FINANCIAL INSTRUMENTS (Continued)

including only the newly relevant unhedged variable interest-bearing financial instruments in the analysis, the average was CHF 366'508 in total; CHF 245'520 in the Floating Rates Notes, CHF 10 000 in Revolving Credit and CHF 110'988 in the Shareholder Loans (2012: CHF 264'337 in total).

A decrease of 100 basis points in interest rates would have created a finance gain and related equity impact of CHF 5'043 (2012: CHF 2'747). This analysis is calculated as a straight increase to EURIBOR or CHF LIBOR accordingly and assumes that all other variables, in particular currency rates, remains constant. The analysis was performed on the same basis for 2012.

The following table shows the notional or underlying principal amounts and fair values of derivative financial instruments as per 31 December 2013 and 2012. Notional or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of each derivative instrument is calculated internally and tested against the valuation provided by the financial institution as counterparty to the hedge.

Cross currency interest rate swap CHF '000	2013	2012 restated
Underlying principal amount in CHF	—	39.829
Negative fair values	—	9.192
Underlying principal amount in EUR	—	25.309
Forward foreign exchange contracts		
Notional amount in CHF	—	21.660
Positive fair values	—	68
Notional amount in CHF	—	11.422
Negative fair values	—	13
Total of positive fair values		
Forward foreign exchange contracts	—	68
Total	**—**	**68**
Total of negative fair values		
Cross currency interest rate swap	—	9.192
Forward foreign exchange contracts	—	13
Total	**—**	**9.205**

c. Exposure to credit risk

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial losses for the Group. Almost all Groups' sales are retail sales made against cash or internationally recognised credit/debit cards. The Nuance Group has policies in place to ensure that other sales are only made to customers with an appropriate credit history and that the credit risk is adequately assessed. The remaining credit risk is in relation to subtenants of concessions or holders of minority interests. The credit risk on liquid funds and derivative financial instruments relates to financial institutions with suitable credit-ratings. The Group does not expect defaults from non-performance of these counterparties.

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

22. FINANCIAL INSTRUMENTS (Continued)

d. Exposure to liquidity risk

Contractual maturity of non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities. The table include only principal cash flows. The contractual maturity is the earliest date on which the Group may be required to pay.

At 31 December 2013 CHF '000	0 - 6 months	7 - 12 months	1 - 2 years	Over 2 years	Total
Total loans (incl. Interests)	13.508	1.156	1.406	359.623	375.693
Trade payables	114.248				114.248
Other payables	38.502				38.502
	166.258	**1.156**	**1.406**	**359.623**	**528.443**
At 31 December 2012 (restated)					
Total loans (incl. Interests)	52.776	23.331	103.902	152.589	332.598
Trade payables	103.346				103.346
Other payables	31.685				31.685
	187.807	**23.331**	**103.902**	**152.589**	**467.629**

Contractual maturity of non-derivative financial assets

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets.

At 31 December 2013 CHF '000	0 - 6 months	7 - 12 months	1 - 2 years	Total
Total loans	—	—	3.528	3.528
Trade receivables	51.333			51.333
Other receivables	29.678			29.678
	81.011	**—**	**3.528**	**84.539**
At 31 December 2012 (restated)				
Total loans	9.363	—	1.231	10.594
Trade receivables	55.757			55.757
Other receivables	20.390			20.390
	85.510	**—**	**1.231**	**86.741**

22. FINANCIAL INSTRUMENTS (Continued)

Contractual maturity of derivative financial instruments

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual cash inflows and outflows on those derivatives that require gross settlement.

CHF '000	0 - 6 months	7 - 12 months	1 - 2 years	Over 2 years	Total
At 31 December 2013					
Cross-currency swaps	—	—	—	—	—
Forward FX contracts	—	—	—	—	—
	—	**—**	**—**	**—**	**—**
At 31 December 2012 (restated)					
Cross-currency swaps	39.829	—	—	—	39.829
Forward FX contracts	33.081	—	—	—	33.081
	72.910	**—**	**—**	**—**	**72.910**

e. Fair values of derivative financial instruments

The following table details the Group's fair values determined for its derivative financial instruments.

At 31 December	2013 CHF '000	2012 restated CHF '000
Derivative assets	—	68
Derivative liabilities	—	(9.205)
		(9.137)

The fair values of derivative financial instruments are calculated as follows:

- Cross Currency Swaps are valued by performing a discounted cash flow analysis using the quoted yield curves applicable for each contractual exchange for the remaining duration of the instrument.
- Forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturites of the contracts.

In both cases, valuations are compared to independent valuations provided by the hedge counterparties and should a discrepancy between the valuations exist beyond an accepted tolerance, the applicable hedge counterparty's valuation will be adopted; any such change in valuation is reflected through the Income Statement.

As of 31 December 2013, the Group does not have any Cross Currency Swaps or Forward foreign exchange contracts.

All fair values are measured using observable market inputs (level 2) which are significant to the fair value measurement. During the year 2013, there was no transfer between level 1 and 2 fair value measurements, and no transfer into level 3 fair value measurement.

23. PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS

Defined benefit plan

From 1 January 2003, all employees of The Nuance Group in Switzerland are covered by the Pension fund of The Nuance Group AG (PVN).

This Swiss pension plan is administered and held by an independent foundation, which determines the annual funding requirement. The foundation is managed by the board of the foundation. The board members are nominated by the company and the employees with parity representation of each side. The plan is managed according to the Swiss Pension Fund Law.

The plan is structured with a combination of defined contribution and defined benefit components and, as such, are classified as defined benefit plan for the purposes of IAS 19 (revised), and valued by independent actuaries based on the projected unit credit method.

The main benefit is the retirement benefit and results from the conversion of the savings account into a retirement pension. The conversion factor of the savings account into a pension is defined in the rules of the pension plan. The disability benefit corresponds to the projected retirement pension and the survivors benefits are defined in percent of the disability benefit. The benefits are financed by employee and employer contributions. The employer contribution covers approximately two thirds of the total cost.

The Defined Benefit Obligation also takes into account early retirement benefits. In Switzerland, employees are entitled to receive a bridging pension if early retirement is granted by the employer. In The Netherlands and Sweden defined benefit plans exist. These plans are multiemployer plans for which no actuarial valuations are available. The number of employees and related company contributions are not significant. In Hong Kong, a defined benefit plan exists. The plan has assets of CHF 3.4 million and defined benefit obligations of CHF 4.0 million. The defined benefit costs recognised in the income statement are 554 (note 5).

The employee turnover used in the calculation corresponds on average to 10%. The company expects to make a cash contribution of CHF 5 million in 2014.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2013	2012
Discount rates	2.25%	2.00%
Expected rates of salary increases	1.50%	1.50%

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2013	2012 restated
	CHF '000	CHF '000
Calculation of pension expense:		
Current Service cost	7.647	7.245
Net Interest on Net Defined Liability	236	222
Employee contributions	(2.267)	(2.037)
Total pension costs—defined benefit plan (note 5)	**5.616**	**5.430**

23. PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (Continued)

Movements in the present value of the defined benefit obligations in the current period were as follows:

	2013	2012 restated
	CHF '000	CHF '000
Balance as at 1 January	86.941	78.367
Current service cost	7.647	7.245
Interest cost	1.739	1.959
Remeasurement (gains) / losses		
Due to changes in assumptions	(572)	2.802
Due to experience adjustments	(3.488)	3.064
Benefits payments	(5.510)	(6.496)
Balance as at 31 December	**86.757**	**86.941**

The liability related to active employees corresponds to CHF 66.4 million and the liability related to pensioners is CHF 20.3 million at the end of 2013. At that date, the duration of the liability corresponds to 16 years. A reduction of the discount rate by 0.25% increases the DBO by 4.1%. An increase of the discount rate by 0.25% reduces the DBO by 3.9%. A reduction of the salary assumption by 0.25% reduces the DBO by 0.48%. An increase of the salary rate by 0.25% increases the DBO by 0.46%.

The above sensitivity analysis is a calculation based on the population at the end of 2013.

Movements in the present value of the plan assets in the current period were as follows:

	2013	2012 restated
	CHF '000	CHF '000
Balance as at 1 January	75.145	69.498
Return on plan assets	1.503	1.737
Remeasurement gains / (losses)	4.141	3.825
Employee contributions	2.267	2.037
Contribution from the company	5.062	4.544
Benefits paid	(5.510)	(6.496)
Balance as at 31 December	**82.608**	**75.145**

23. PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (Continued)

The major categories of assets and the actual rate of return at the balance sheet date for each category, is as follows:

	Weighted return		Fair value of assets	
	2013	2012	2013	2012
	%	%	CHF '000	CHF '000
Cash & Debts instruments	(0.97)	1.85	33.210	29.994
Equity instruments	6.18	4.85	27.259	24.853
Property	1.04	1.01	19.248	17.394
Others	0.06	(0.02)	2.891	2.904
Weighted average expected return	**6.31**	**7.69**	**82.608**	**75.145**

The following tables show the financial situation at the end of the year, as well as the evolution of the balance sheet amount. Out of the Group's pension obligation of 4 750 in 2013, 4 149 and 601 originated from Switzerland and Hong Kong respectively.

Reconciliation of funded status	2013	2012 restated
	CHF '000	CHF '000
Present value of defined benefit obligation	(86.757)	(86.941)
Estimated fair value of the plan assets	82.608	75.145
Funded Status	**(4.149)**	**(11.796)**

Evolution of the balance sheet amount	2013	2012 restated
	CHF '000	CHF '000
Amount beginning of the year	(11.796)	(8.869)
Pension cost	(5.616)	(5.430)
Company contribution	5.062	4.544
Experience gains / (losses) on pension assets	4.141	3.825
Experience gains / (losses) on pension liability	4.060	(5.866)
Amount end of year	**(4.149)**	**(11.796)**

Evolution of remeasurements	2013	2012
	CHF '000	CHF '000
Cumulated Gains / (Losses) as at 1January	(10.643)	(8.602)
Experience Gains / (Losses) on pension assets	4.141	3.825
Experience Gains / (Losses) on pension liability	4.060	(5.866)
Gains / (Losses) of the period	8.201	(2.041)
Cumulated Gains / (Losses) as at 31 December	**(2.442)**	**(10.643)**

Remeasurements of post employee benefit obligations recognised through the other comprehensive income for 2013 amounted to 8 334 with 8 201 related to TNG AG's defined benefit plan and 133 in relation to Nuance Watson HK Ltd's defined benefit plan.

23. PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (Continued)

The following table shows the expected benefit cash payments in the near future:

CHF '000	2014	2015	2016	2017	2018
Expected benefit cash payment	**1.983**	**2.032**	**2.084**	**2.138**	**2.195**

All the tables above exclusively refer to the Swiss plan, as the amounts for Hong Kong are not material for the Group's financial statements.

Defined contribution plan

In all other locations, the Group sponsors defined contribution plans. In 2013, the total amount recognised as an expense in relation to such plans amounts to 6 841 (2012: 7 129) (Note 5). The estimated company contribution for 2014 amounts to 5 061.

24. CONTINGENT LIABILITIES

The Group has contingent liabilites arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (note 18).

Bank and other guarantees issued by companies within the Group comprised:

	2013	2012 restated
	CHF '000	CHF '000
Bank guarantees in support of world-wide airport concession contracts (excluding joint ventures)	277.471	207.440
Bank guarantees in support of world-wide customs authorities, freight handling agencies and land-lords in respect of property used for warehousing and down-town retailing space (excluding joint ventures).	13.189	11.772

It is not anticipated that any material liabilities will arise from bank and other guarantees.

25. COMMITMENTS

Operating lease commitments

The future minimum lease payments are as follows:

	2013	2012 restated
	CHF '000	CHF '000
Not later than 1 year	167.046	145.931
Later than 1 year and not later than 5 years	421.214	318.815
Later than 5 years	165.728	35.034
	753.988	**499.780**

The Group enters into long term concession and rental/leasehold contracts with airport authorities and other landlords. The contracts usually have a variable and a fixed concession fee/rental element.

25. COMMITMENTS (Continued)

Whenever the concession fee/rent is related to variables like passenger levels or sales volumes, the contract is excluded from the future minimum lease payments presented in the table hereafter. The future minimum lease payments include all fixed concession fee/rent (i.e. minimum annual guarantee) for the remaining contract time.

In the past, the Group interpreted the IAS 17 requirement of disclosing the total of future minimum lease payments to the extent that the Group included for passengers linked concession contracts the best estimate of the future passenger flow as the Group did not consider the estimate passenger flow as contingent rent given that it is highly unlikely that there will be no traffic through the airport. The passengers linked concession contracts concerned refer mainly to Singapore and Hong Kong. IAS 17 rule is now interpreted more strictly, taking into account only the minimum guaranteed lease amount clearly stipulated in the contract, with 2012 amounts being restated accordingly.

The Group has no finance lease commitments as at 31 December 2013 (2012: nil).

Capital commitments

The Group had contractual commitments of CHF 19.1 million as at 31 December 2013 (2012: CHF 17.5 million) relating to property, plant and equipment. Payments are due within one year for an amount of CHF 11.5 million and between one and five years for the amount of CHF 7.6 million. There were no contractual commitments as at 31 December 2013 (2012: 0.5 million) relating to computer software.

26. RELATED PARTY TRANSACTIONS

A party is related to the Group if the party directly or indirectly controls, is controlled by, or is under common control with the Nuance Group, has an interest in the Group that gives its significant influence over the Group, has joint control over the Group or is an associate or a joint venture of the Group. In addition, members of the key management personnel of The Nuance Group or close members of the family are also considered related parties as well as post employment benefit plans for the benefit if employees of the Group. Transactions with related parties are conducted on an at-arm's-length basis.

26. RELATED PARTY TRANSACTIONS (Continued)

The following transactions were carried out with related parties:

a. Sales

	2013 CHF '000	2012 restated CHF '000
Sales of goods:		
To associated companies	1.482	693
	1.482	**693**
Costs recharged:		
To associated companies	2.342	2.062
	2.342	**2.062**
	3.824	**2.755**
Purchases of goods and services:		
From associated companies:	357	393
	357	**393**
Purchases of services:		
From affiliated companies	27	11
	27	**11**
	384	**404**

The above transactions were carried out on commercial terms and conditions.

b. Year-end balances arising from sales/purchases of goods/services

	2013 CHF '000	2012 restated CHF '000
Receivables from related parties:		
Due from associated companies	2.436	3.644

c. Loans from related parties / shareholders

	Interest rates	At 1.1.2013	Additions / (repayments) during year	Currency differences	Accrued interest as at 31.12.2013	At 31.12.2013
	%	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Noel International S.A.	2.070 - 2.085	108.580	1.155	1.828	1.189	112.752
		108.580	**1.155**	**1.828**	**1.189**	**112.752**

26. RELATED PARTY TRANSACTIONS (Continued)

	Interest rates	At 1.1.2012	Additions / (repayments) during year	Currency differences	Accrued interest as at 31.12.2012	At 31.12.2012
	%	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Noel International S.A. . . .	2.070 - 3.890	105.875	—	1.238	1.467	108.580
		105.875	**—**	**1.238**	**1.467**	**108.580**

The Shareholder loans are subordinated in favour of other creditors as defined in the Intercreditor Agreement entered into by Noel International S.A. and amongst others, the Group, the bank counterparts of the Secured Facility Agreement, Stampos B.V., the Senior Notes Trustees and the Security Agent for the Senior Notes.

The shareholder loan is not hedged.

d. Loans to related parties

There was a 2 451 loan granted to Nuance Basel LLC at 31 December 2013 (2012: nil).

e. Commitments and contingencies

The Group has guaranteed 50% of bank facilities granted to Nuance-Watson (HK) Ltd and at the balance sheet date this bank facility was undrawn for loans (2012: undrawn) but bank guarantees were drawn for an amount of 3 604 (2012: 2 431) at 50%.

The Group has guaranteed 50% of a bank loan and guarantees facility to Nuance Group (India) Pvt. Ltd and at the balance sheet date this facility was drawn in the amount of 170 (2012: 878) as a bank loan and the amount of 1 277 (2012: 950) was drawn for bank guarantees to Customs authorities.

There were contingent liabilities in the form of bank guarantees issued by 50% owned entities and associated companies directly to airport authorities in support of concession contracts and for open tenders, for a value of 57 334 (2012: 50 046).

Bank guarantees were issued by Nuance Group (Chicago) LLC directly to Customs authorities in support of business activities for a value of 178 (2011: 183) and to airport authorities in support of concession contracts for 1 247 (2012: 1 141). Bank guarantees were issued by Lojas Francas de Portugal S.A. directly to Customs authorities in support of business activities for a value of 107 (2011: 196) and to airport authorities in support of concession contracts 7 778 (2012: 7 649).

f. Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2013	2012
	CHF '000	CHF '000
Short-term benefits	5.981	7.024
Post-employment benefits	466	946
Management Performance Plan	2.153	2.154
	8.600	**10.124**

26. RELATED PARTY TRANSACTIONS (Continued)

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

27. SHARE BASED PAYMENT

The Nuance Group has implemented a Management Performance Plan (MPP) with specific restricted shares for certain members of the Group management. The initial number of shares form part of the existing issued shares and amount to 3 737. The MPP awards are from an economic point of view equity settled share-based payments. The MPP represents the right to receive a number of shares if the conditions are met.

The fair value of the MPP awards has been estimated at the grant-date using the black-scholes pricing model, taking into account the terms and conditions (risk free interest rate of 2.0% and a volatility of 50%) upon which the awards are granted. The expected volatility reflected assumptions, that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The contractual life of the MPP has been estimated to be five years assigning probabilities where the conditions are met.

The fair value of the MPP awards has been estimated in 2011 to be 10.77 million. This fair value will be accounted for over the five years on a straight line basis against a reserve in equity.

28. EARNINGS PER SHARE

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 CHF'000 / Quantity	2013	2012 restated
Net earnings attributable to equity holders of the parent	41.057	33.656
Weighted average number of ordinary shares outstanding	82.100	82.100
Basic earnings per share in CHF	**500**	**410**

There is no difference between basic and diluted earnings per share for The Nuance Group.

29. INTEREST IN AFFILIATES WITH NON CONTROLLING INTERESTS AND WHERE THE GROUP HOLDS CONTROL

Condensed balance sheet and income statement of affiliates fully consolidated by the Group in its consolidated financial statements (full consolidation method) but where non controlling interests are holding part of the net earnings and of the net assets.

	2013	2012 restated
	CHF '000	CHF '000
Non-current assets	32.797	90.734
Inventories	60.150	58.755
Trade receivables	11.906	15.525
Other receivables and prepayments	18.514	52.552
Cash and cash equivalents	72.195	138.531
Non-current borrowings	(12.560)	(59.446)
Trade payables	(35.545)	(41.687)
Other payables and accrued expenses	(59.290)	(137.321)
Current borrowings	(938)	(14.309)
Net assets	**87.229**	**103.334**
Non Controlling interests from Net assets	**35.891**	**39.152**
Net Sales	616.192	1.163.584
Cost of sales & concession fees	(502.573)	(897.283)
Operating expenses	(71.310)	(119.453)
Finance costs—net	(1.114)	(3.004)
Earnings before tax	41.195	143.844
Tax	(7.816)	(20.603)
Earnings after tax	**33.379**	**123.241**
Non Controlling interests from Net earnings	**14.197**	**47.201**

The Group has a 50% interest in Nuance-Watson Hong Kong, Nuance-Watson Singapore and Nuance-Watson Malaysia, and holds 50% of Nuance Group India and The Nuance Group Bulgaria (Burgas & Varna).

The Group has a 52% interest in The Nuance Group (Malta) Ltd, 55% in The Nuance Group Bulgaria, 80% in Nuance Houston LLC (USA), 72.5% in The Nuance Group Las Vegas (USA), and 80% in Lenrianta LLC (Russia) and The Nuance Group/Houston Limited Partnership (USA).

The Group setup its operations in Houston B in January 2013 and in March 2013 in Burgas and Varnas and acquired the stake in Lenrianta in May 2013.

30. POST-BALANCE-SHEET EVENTS

On 7 January 2014, Changi airport (Singapore) announced that the P&C concession currently operated by the Group till September 2014 and up for renewal would not be awarded to the Group. Nuance will continue to operate in Changi airport a number of specialty stores.

31. PRINCIPAL SUBSIDIARY UNDERTAKINGS

	Country	Activities	2013 Ownership held by the Group in %	2012 Ownership held by the Group in %	Net earnings allocated to NCI in 2013 in CHF '000	Accumulated NCI at the end of 2013 in CHF '000	Issued Share Capital in local currency	Currency
TNG (Australia) Pty Ltd	Australia	Retail	100	100	—	—	210.000.000	AUD
TNG (Bulgaria) AD	Bulgaria	Wholesale	55	55	(33)	120	500.000	BGN
Nuance BG AD	Bulgaria	Retail	50	—	(235)	392	2.000.000	BGN
TNG (Canada) Inc.	Canada	Retail	100	100	—	—	13.259.886	CAD
Nuance-Watson Commerce (Zhuhai) Ltd	China	Retail	50	50	(16)	140	2.200.000	RMB
TNG (France) SAS	France	Retail	100	100	—	—	37.000	EUR
TNG (Germany) GmbH	Germany	Retail	100	100	—	—	2.025.000	EUR
Nuance-Watson (HK) Ltd	Hong Kong	Retail	50	50	3.575	3.951	20	HKD
Nuance Group (India). Pvt. Ltd	India	Retail	50	50	350	2.566	728.200.000	INR
Nuance Group Fashion & Luxury Duty Free Pvt. Ltd	India	Retail	50	—	(115)	(103)	100.000	INR
Nuance-Watson (Macau) Ltd	Macau	Retail	50	50	2.179	8.146	50.000	MOP
Nuance-Watson (Malaysia) Sdn Bhd	Malaysia	Retail	50	50	(29)	(10)	150.000	MYR
The Nuance Group (Malta) Ltd	Malta	Retail	52	52	1.080	3.067	2.795.248	EUR
Stampos B.V.	Netherlands	Holding	100	100	—	—	18.605	EUR
Lenrianta LLC	Russia	Retail	80	—	889	1.714	10.762.000	RUB
Nuance-Watson (Singapore) Pte Ltd	Singapore	Retail	50	50	5.292	13.033	2	SGD
TNG (Sverige) AB	Sweden	Retail	100	100	—	—	100.000	SEK
Net Magaza Isletmeciligi ve Ticaret A.S.	Turkey	Retail	100	82	—	—	827.456	TRY
Opal Turizm ve Magazacilik A.S.	Turkey	Retail	100	82	—	—	50.000	TRY
Opus Dis Ticaret A.S.	Turkey	Wholesale	100	77.14	—	—	132.860	TRY
Urart Gümrüksüz Magaza Isletmeciligi ve Ticaret A.S.	Turkey	Retail	100	82	(247)	—	1.728.000	TRY
Mutko Alim Satim Pazarlama Dis Ticaret Limited Sirketi	Turkey	Wholesale	100	82	—	—	60.000	TRY
TNG (UK) Ltd	United Kingdom	Retail	100	100	—	—	50.000	GBP
Nuance Global Traders (USA) Inc.	USA	Retail	100	100	—	—	1.500.000	USD
TNG (Houston Partner) LLC	USA	Retail	100	100	—	—	Ltd partnership	USD
TNG / Houston Ltd Partnership	USA	Retail	80	80	360	507	Ltd partnership	USD
Houston Duty Free LLC	USA	Retail	80	80	—	—	Ltd partnership	USD
TNG (Las Vegas) LLC	USA	Retail	100	100	—	—	Ltd partnership	USD
TNG / Las Vegas	USA	Retail	72,5	72.5	1.147	2.368	Ltd partnership	USD
Total					14.197	35.891		

32. BRIDGE FROM AUDITED 2012 FINANCIAL STATEMENTS TO RESTATED 2012 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

		Restatements		
CHF '000	**2012 audited**	**IFRS10**	**IAS19**	**2012 restated**
Net Sales	1.925.814	387.932	—	2.313.746
Advertising income	48.124	9.930	—	58.054
Turnover	**1.973.938**	**397.862**	**—**	**2.371.800**
Cost of materials and services	(856.848)	(170.106)	—	(1.026.954)
Gross profit	**1.117.090**	**227.756**	**—**	**1.344.846**
Personnel costs	(196.954)	(17.918)	(235)	(215.107)
Concession fees	(725.489)	(145.611)	—	(871.100)
Other operating expenses	(84.802)	(19.950)	—	(104.752)
Share of result of associates	6.266	—	—	6.266
Gain recognised on sale of operating partcipation	—	—	—	—
EBITDA	**116.111**	**44.277**	**(235)**	**160.153**
Depreciation, amortisation and impairments	(32.969)	(2.282)	—	(35.251)
Earnings before interest and taxes (EBIT)	**83.142**	**41.995**	**(235)**	**124.902**
Finance income	3.617	59		3.676
Finance costs	(18.846)	(382)	(222)	(19.450)
Foreign exchange gain/(loss)	(480)	1		(479)
Earnings before tax (EBT)	**67.433**	**41.673**	**(457)**	**108.649**
Income tax expense	(21.447)	(6.531)	186	(27.792)
Net earnings for the year	**45.986**	**35.142**	**(271)**	**80.857**
Attributable to:				
Equity holders of the parent	33.928	(1)	(271)	33.656
Non-controlling interests	12.058	35.143		47.201
Net earnings for the year	**45.986**	**35.142**	**(271)**	**80.857**
Earnings per share attributable to equity holders of the parent				
Basic & diluted earnings per share in CHF	**413**		**(3)**	**410**

32. BRIDGE FROM AUDITED 2012 FINANCIAL STATEMENTS TO RESTATED 2012 FINANCIAL STATEMENTS (Continued)

Statement of comprehensive income

	Restatements			
CHF '000	2012 audited	IFRS10	IAS19	2012 restated
Net earnings for the year	**45.986**	**35.142**	**(271)**	**80.857**
Other comprehensive income, net of tax Currency translation differences foreign operations				
Amount arising in year	1.890	(439)	—	1.451
On intercompany loans qualified as part of the net investment	(438)	—	—	(438)
IAS 19	—	—	(2.042)	(2.042)
Income tax on other comprehensive income	214	(2)	429	641
Total other comprehensive income, net of tax	**1.666**	**(441)**	**(1.613)**	**(388)**
Total comprehensive Income	**47.652**	**34.701**	**(1.884)**	**80.469**
Attributable to:				
Equity holders of the parent	33.922	(69)	(1.884)	31.969
Non-controlling interests	13.730	34.770	—	48.500
	47.652	**34.701**	**(1.884)**	**80.469**

32. BRIDGE FROM AUDITED 2012 FINANCIAL STATEMENTS TO RESTATED 2012 FINANCIAL STATEMENTS (Continued)

Consolidated balance sheet

ASSETS CHF '000	31.12.2012 audited	Restatements IFRS10	 IAS19	31.12.2012 restated
Non-current assets				
Property, plant and equipment	43.013	1.464	—	44.477
Intangible Assets	311.859	428	—	312.287
Investments in associated undertakings	11.116	—	—	11.116
Prepayments and other non-current assets	2.338	1.230	—	3.568
Defined benefit asset	4.863		(4.863)	—
Deferred tax assets	1.232	208	—	1.440
	374.421	3.330	(4.863)	372.888
Current assets				
Derivative financial instruments	68	—	—	68
Inventories	150.595	19.409	—	170.004
Trade receivables	51.096	4.661	—	55.757
Other receivables and prepayments	41.868	1.670	—	43.538
Tax receivables	11.292	2.288	—	13.580
Cash and cash equivalents	126.748	56.113	—	182.861
	381.667	84.141	—	465.808
Total assets	**756.088**	**87.471**	**(4.863)**	**838.696**
EQUITY AND LIABILITIES				
Non-current liabilities				
Borrowings from third parties (non-current)	136.310	—	—	136.310
Borrowings from shareholder—subordinated	108.580	—	—	108.580
Pension obligation	—	—	11.796	11.796
Deferred tax liabilities	6.626	—	(2.477)	4.149
Provisions non-current	6.584	—	—	6.584
	258.100	—	9.319	267.419
Current liabilities				
Trade payables	85.176	18.170	—	103.346
Other payables and accrued expenses	209.942	45.975	—	255.917
Provisions current	5.055	—	—	5.055
Current tax liabilities	8.160	2.785		10.945
Derivative financial instruments	9.205	—	—	9.205
Borrowings from third parties (current)	69.891	439		70.330
	387.429	67.369	—	454.798
Total liabilities	**645.529**	**67.369**	**9.319**	**722.217**
Capital and reserves				
Share capital	82.100	—	—	82.100
Other reserves	(37.783)	(62)	—	(37.845)
Retained earnings	47.187	67	(14.182)	33.072
Equity attributable to equity holders of the parent	**91.504**	**5**	**(14.182)**	**77.327**
Equity attributable to non-controlling interest	**19.055**	**20.097**	**—**	**39.152**
Total equity	**110.559**	**20.102**	**(14.182)**	**116.479**
Total shareholders' equity and liabilities	**756.088**	**87.471**	**(4.863)**	**838.696**
Total equity including shareholder loans	**219.139**	**20.102**	**(14.182)**	**225.059**

32. BRIDGE FROM AUDITED 2012 FINANCIAL STATEMENTS TO RESTATED 2012 FINANCIAL STATEMENTS (Continued)

Consolidated balance sheet

ASSETS CHF '000	1.1.2012 audited	Restatements IFRS10	 IAS19	1.1.2012 restated
Non-current assets				
Property, plant and equipment	47.477	2.837	—	50.314
Intangible Assets	321.232	717	—	321.949
Investments in associated undertakings	8.662	(1)	—	8.661
Prepayments and other non-current assets	2.193	2	—	2.195
Defined benefit asset	5.293		(5.293)	—
Deferred tax assets	1.479	212	—	1.691
	386.336	3.767	(5.293)	384.810
Current assets				
Derivative financial instruments	569	—	—	569
Inventories	162.819	29.689	—	192.508
Trade receivables	38.885	6.224	—	45.109
Other receivables and prepayments	45.939	601	—	46.540
Tax receivables	13.727	2.802	—	16.529
Cash and cash equivalents	133.828	61.360	—	195.188
	395.767	100.676	—	496.443
Total assets	**782.103**	**104.443**	**(5.293)**	**881.253**
EQUITY AND LIABILITIES				
Non-current liabilities				
Borrowings from third parties (non-current)	155.630	—	—	155.630
Borrowings from shareholder—subordinated	105.875	—	—	105.875
Pension obligation	—	—	8.869	8.869
Deferred tax liabilities	6.984	—	(1.862)	5.122
Provisions non-current	2.477	—	—	2.477
	270.966	—	7.007	277.973
Current liabilities				
Trade payables	90.825	24.426	—	115.251
Other payables and accrued expenses	207.423	51.921	—	259.344
Provisions current	—	—	—	—
Current tax liabilities	6.235	2.508		8.743
Derivative financial instruments	18.049	—	—	18.049
Borrowings from third parties (current)	51.689	484		52.173
	374.221	79.339	—	453.560
Total liabilities	**645.187**	**79.339**	**7.007**	**731.533**
Capital and reserves				
Share capital	82.100	—	—	82.100
Other reserves	(38.841)	6	—	(38.835)
Retained earnings	66.301	70	(12.300)	54.071
Equity attributable to equity holders of the parent	**109.560**	**76**	**(12.300)**	**97.336**
Equity attributable to non-controlling interest	**27.356**	**25.028**	**—**	**52.384**
Total equity	**136.916**	**25.104**	**(12.300)**	**149.720**
Total shareholders' equity and liabilities	**782.103**	**104.443**	**(5.293)**	**881.253**
Total equity including shareholder loans	**242.791**	**25.104**	**(12.300)**	**255.595**

32. BRIDGE FROM AUDITED 2012 FINANCIAL STATEMENTS TO RESTATED 2012 FINANCIAL STATEMENTS (Continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF '000	Share capital	Legal reserves	Currency translation	Total other reserves	Retained earnings	Total attributable to owners of the parents	Non-controlling interests	Total equity
Audited Balance as at 1 January 2012	**82.100**	**4.802**	**(43.643)**	**(38.841)**	**66.301**	**109.560**	**27.356**	**136.916**
IAS 19 impact					(12.230)	(12.230)	—	(12.230)
IFRS 10 impact							25.028	25.028
Other			6	6		6		6
Restated Balance as at 1 January 2012	**82.100**	**4.802**	**(43.637)**	**(38.835)**	**54.071**	**97.336**	**52.384**	**149.720**
Audited Balance as at 31 December 2012	**82.100**	**5.866**	**(43.649)**	**(37.783)**	**47.187**	**91.504**	**19.055**	**110.559**
IAS 19 impact					(14.182)	(14.182)	—	(14.182)
IFRS 10 impact							20.097	20.097
Other			(62)	(62)	67	5		5
Restated Balance as at 31 December 2012	**82.100**	**5.866**	**(43.711)**	**(37.845)**	**33.072**	**77.327**	**39.152**	**116.479**

32. BRIDGE FROM AUDITED 2012 FINANCIAL STATEMENTS TO RESTATED 2012 FINANCIAL STATEMENTS (Continued)

Consolidated statement of cash flows

	Restatements			
CHF '000	2012 audited	IFRS10	IAS19	2012 restated
Cash flows from operating activities				
Net earnings for the year	45.986	35.142	(271)	80.857
Tax expense	21.447	6.530	(185)	27.792
Finance costs—net	15.709	322	222	16.253
Profit before interest and tax	**83.142**	**41.994**	**(234)**	**124.902**
Depreciation and impairments of tangible assets	22.595	1.952	—	24.547
Amortisation and impairments of intangible assets	10.374	330	—	10.704
(Gain) / Loss on disposal of joint venture	—	—	—	—
Share of result of associates	(6.266)	—	—	(6.266)
Dividends received from associated undertakings	5.717	(1)	—	5.716
Income tax paid	(19.564)	(6.629)	—	(26.193)
(Gain) / Loss on sale of fixed assets	120	33	—	153
Other non cash items	(6.349)	3.387	—	(2.962)
Increase / (Decrease) in provisions	9.344	—	—	9.344
Changes in working capital:				
(Increase) / Decrease in inventories	12.243	10.500	—	22.743
(Increase) / Decrease in other receivables	810	(2.446)	—	(1.636)
(Increase) / Decrease in receivables	(12.307)	1.595	—	(10.712)
Increase / (Decrease) in trade payables	(5.506)	(6.274)	—	(11.780)
Increase / (Decrease) in other payables accrued expenses	3.190	(2.448)	234	976
	97.543	41.993	—	139.536
Cash flows from investing activities				
Purchase of property, plant and equipment	(18.625)	(701)	—	(19.326)
Purchase of intangibles	(1.352)	(19)	—	(1.371)
Acquisition of subsidiaries, net of cash acquired	(309)	—	—	(309)
Investment in Associates	(2.054)	—	—	(2.054)
Proceeds from sale of fixed assets	365	101	—	466
Net cash inflow on sale of joint venture	670	—	—	670
Loans receivable	7.095	—	—	7.095
Interest received	2.862	52		2.914
	(11.348)	(567)	—	(11.915)
Cash flows from financing activities				
Increase in non-controlling interests	(68.175)	—	—	(68.175)
Underwriting Fees of borrowing syndication	(2.342)	—	—	(2.342)
Bank guarantee commissions	(2.705)	(329)	—	(3.034)
Proceeds from borrowings	42.366	(18)	—	42.348
Repayments of borrowings	(39.179)	(5.451)	—	(44.630)
Dividends paid & share capital movement to non-controlling interests	(8.046)	(39.643)		(47.689)
Interest paid	(14.014)	(275)	—	(14.289)
	(92.095)	(45.716)	—	(137.811)
Increase/(Decrease) in cash and cash equivalents	**(5.900)**	**(4.290)**	**—**	**(10.190)**
Cash and cash equivalents at 1 January	133.828	61.360	—	195.188
Change in cash and cash equivalents	(5.900)	(4.290)	—	(10.190)
Effects of exchange rate changes	(1.180)	(957)	—	(2.137)
Cash and cash equivalents at 31 December	**126.748**	**56.113**	**—**	**182.861**

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