

NOTICE

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

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY

TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes (as defined below) has led to the conclusion that: (i) the target market of the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for the distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

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

You are reminded that the preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession the preliminary 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 preliminary offering memorandum to any other person.

Under no circumstances shall the preliminary 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 preliminary offering memorandum or any affiliate of any such initial purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such an initial purchaser or affiliate on behalf of Dufry One B.V. in such jurisdiction.

The preliminary 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, as amended (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 preliminary 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 preliminary 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 NOVEMBER 6, 2019

PRELIMINARY OFFERING MEMORANDUM

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



DUFRY ONE B.V.

€750,000,000 % Senior Notes due 2027

fully and unconditionally guaranteed by Dufry AG and certain of its subsidiaries

Dufry One B.V. (Company Number 69664285), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands and having its registered office at Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands (the “Issuer”), is offering €750,000,000 principal amount of its % senior notes due 2027 (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, and Dufry Financial Services B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands (the “Subsidiary Guarantors,” and, together with the Parent Guarantor, the “Guarantors”). Concurrently with this offering, ING Bank N.V., London Branch as principal, has commenced a cash tender offer for up to €210,000,000 of our outstanding 4.5% Senior Notes due 2023 issued pursuant to Regulation S (the “2023 Notes”), subject to certain terms and conditions. In addition, we have issued a notice of redemption to redeem any 2023 Notes that remain outstanding following the completion of the Tender Offer. The Tender Offer is only being made outside the United States to persons other than U.S. persons as defined in Regulation S under the Securities Act (“Regulation S”). See “Summary — 2023 Notes Refinancing.”

Interest on the Notes will accrue from the original issue date of the Notes and will be payable semi-annually in arrears on February 15 and August 15 of each year, commencing February 15, 2020. The Notes will mature on , 2027 (the “Maturity Date”), and upon surrender, will be repaid at 100% of the principal amount thereof together with any accrued and unpaid interest, if any.

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

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

Application will be made to The International Stock Exchange Authority (the “Authority”) for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (“TISE”). No application has been made for the Notes to be listed on any other stock exchange. TISE is not a regulated market for the purposes of Directive 2014/65/EU or Markets in Financial Instruments, as amended (“MiFID II”). This Offering Memorandum constitutes a ‘Listing Document’ for the purposes of the Listing Rules maintained by the Authority.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 20.

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

Price for the Notes: % plus accrued interest, if any, from , 2019.

It is expected that delivery of beneficial interests in the Notes will be made through Euroclear Bank, SA/NV (“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 , 2019 against payment therefor in immediately available funds.

Joint Global Coordinators and Joint Bookrunners

BBVA BNP PARIBAS ING SANTANDER UNICREDIT BANK

Joint Bookrunners

**CREDIT AGRICOLE CIB CREDIT SUISSE DEUTSCHE BANK
GOLDMAN SACHS INTERNATIONAL HSBC MEDIOBANCA
MERRILL LYNCH INTERNATIONAL MORGAN STANLEY UBS INVESTMENT BANK**

Co-Managers

**LANDESBANK BADEN-WÜRTTEMBERG NATWEST MARKETS
RAIFFEISEN BANK INTERNATIONAL RAIFFEISEN SWITZERLAND COOPERATIVE**

The date of this Offering Memorandum is , 2019

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

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

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

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

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

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

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

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

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II product governance / Professional investors and ECPs only target market — Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

STABILIZATION

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, ING BANK N.V., LONDON BRANCH (THE “STABILIZING MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. 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 CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

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

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

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

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

NOTICE TO CERTAIN INVESTORS IN THE UNITED KINGDOM

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

NOTICE TO INVESTORS IN SWITZERLAND

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

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

NOTICE TO CERTAIN INVESTORS IN LUXEMBOURG

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

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Data of Dufry

Unless otherwise indicated, our financial information included or incorporated by reference in this Offering Memorandum is prepared and presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

This Offering Memorandum incorporates by reference the following financial information in relation to Dufry:

- our audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017, which have been prepared in accordance with IFRS and audited by our independent auditors, Ernst & Young Ltd;
- our unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2019 and 2018, which have been prepared in accordance with IAS 34 Interim Financial Reporting and reviewed by our independent auditors, Ernst & Young Ltd; and
- pages 26 and 34 of our 9M 2019 Results presentation.

See “Incorporation by Reference” for more information.

We adopted IFRS 16 as of January 1, 2019 using the modified retrospective transition method. Prior periods were not restated. As fully described in Note 2 of our unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2019, IFRS 16 provides a single model for leases and requires lessees to recognize right-of-use (“RoU”) assets and lease liabilities for certain lease contracts. The adoption of IFRS 16 had a significant impact on our results of operations for the nine months ended September 30, 2019, as we recognized new assets and liabilities for our concession rights. In addition, the nature and timing of expenses related to those concession rights will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for RoU assets and interest expense on lease liabilities. As a result of the adoption of IFRS 16, concession fees, which were previously included in selling expenses in the consolidated income statement, and linearization are now recognized either as lease expenses or as amortization of RoU assets within depreciation, amortization and impairment.

In our unaudited interim consolidated statement of profit or loss for the nine months ended September 30, 2019, we changed certain line item descriptions and the components thereof so that the line items are more representative of our operating activities or current IFRS expressions. In addition, we reclassified our results for the nine months ended September 30, 2018 comparative period, as further described in note 16 to our unaudited interim condensed consolidated financial statements for the nine months ended and as at September 30, 2019, so that the comparative period presentation is consistent with the revised line item descriptions. This reclassification is not a restatement of our results for the nine months ended September 30, 2018. We have not reclassified our consolidated financial statements for the years ended and as at December 31, 2018 and 2017.

We present our financial statements in CHF.

Other Financial Measures

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

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

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

Other Data

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

INDUSTRY AND MARKET DATA

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

INCORPORATION BY REFERENCE

We are incorporating certain documents by reference into this Offering Memorandum. The information incorporated by reference is an important part of this Offering Memorandum and you should read the information contained this Offering Memorandum in conjunction with these documents:

- our audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017, which have been prepared in accordance with IFRS and audited by our independent auditors, Ernst & Young Ltd, which can be found on pages 112 through 221 of our annual report for the year ended December 31, 2018, at https://www.dufry.com/sites/default/files/document/2019-03/Financial_Section.pdf; and
- our unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2019 and 2018, which have been prepared in accordance with IAS34 *Interim Financial Reporting* and reviewed by our independent auditors, Ernst & Young Ltd, which can be found on pages 4 through 31 of our quarterly report for the nine months ended September 30, 2019, at https://www.dufry.com/system/files/2019-11/Nine%20months%20report_en.pdf; and
- pages 26 and 34 of our 9M 2019 Results presentation, which may be found at <https://www.dufry.com/system/files/2019-11/Presentation%20Q3%202019%20Results.pdf>.

WHERE YOU CAN FIND MORE INFORMATION

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

SUMMARY

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

Our Company

We are a leading global travel retailer with operations in 65 countries on six continents as of December 31, 2018, combining prime operations in developed markets with strong positions in emerging markets.

Our outlets are located in a variety of travel retail settings with the vast majority of our sales produced by our airport retail business (90% of sales for the year ended December 31, 2018). As of December 31, 2018, we operated approximately 2,350 stores, with a total sales area of approximately 453,000 square meters, including approximately 1,990 stores located in airports, approximately 200 stores operating on cruise lines, ferries and seaports, approximately 110 stores at border, downtown and hotel shops and approximately 50 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, as well as brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to generate profitable growth and long-term value by expanding our footprint geographically and in multiple channels. In 2018, we opened 26,800 square meters of gross new retail space, including operations aboard 16 cruise ships totaling over 4,000 square meters across 48 shops, duty-free operations at the West Kowloon train station in Hong Kong and 57 stores across several operations in North America totaling 5,100 square meters. Moreover, in the first nine months of 2019, we opened an additional 20,400 square meters of gross retail space, including, among others, 20 stores in Russia, 45 shops in North America, 11 shops in Latin America and 30 stores on 18 new ships.

As a part of our strategy, in February 2018, we completed the IPO of our North American business unit under the name Hudson Ltd. (“Hudson”). We retained 57% ownership of Hudson and the strategic flexibility provided by the IPO of this business has allowed us to strategically develop our North American business. In addition, in the first half of 2019, we entered into an agreement to acquire 60% in RegStaer Vnukovo, a travel retail operator of over 30 duty-free and duty-paid shops at Vnukovo, one of the three most important airports in Moscow, Russia. We believe this acquisition will allow us to considerably strengthen our position in the Moscow region with an attractive long-term concession and to extract synergies at the operational level. The acquisition is expected to close by the end of 2019, after which Dufry will be represented in seven of Russia’s ten largest airports.

We generated turnover of CHF 8,684.9 million and CHF 6,682.0 million for the year ended December 31, 2018 and the nine months ended September 30, 2019, respectively. Free cash flow for the year ended December 31, 2018 and the nine months ended September 30, 2019 was CHF 614.6 million and CHF 596.3 million, respectively. As of September 30, 2019, we had approximately 31,900 full time equivalents (“FTEs”).

Our Strengths

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

Exposure to resilient sector with proven growth fundamentals over the long term. Travel retail and airport retail in particular, differs significantly from traditional retail. The customer base has different buying behavior compared to traditional retail and is often characterized by captive customers who have above-average purchasing power and, in most cases, time to shop while traveling. Furthermore, airport retail differs from traditional retail with regard to store operating expenses. While fixed rate leases

predominate in traditional retail, airport retailers mostly operate under concessions providing for a combination of variable payments with minimum guarantees, which provides added resilience to the business. For example, in case of external business disruptions (e.g., natural disasters, geopolitical events or economic downturns), variable payments to landlords may decrease as a result of having concession fees tied to sales. Conversely, if sales increase, landlords may benefit from increased variable payments. Over the past decade, travel retail sales have experienced an annualized growth rate of 5.4%. The travel retail industry had an estimated market value of USD 79.0 billion in 2018, a 13.0% increase from 2017, and it is expected to reach USD 112.1 billion in 2023. Passenger growth tends to be correlated with GDP growth, and passenger numbers are expected to continue to grow at a resilient average growth rate of 4.7% per annum until 2027, which forms the most important component of our organic growth.

Undisputed #1 leadership position in a fragmented market. Following the acquisition of World Duty Free S.p.A. (“World Duty Free”) in 2015, we became the clear leader in the global travel retail industry. The global travel retail and airport retail market remains fragmented, and while our competitors mostly operate within a restricted regional or local footprint, we have extensive experience in successfully operating global travel retail businesses. Our global platform and experience in developing new retail facilities in diverse markets, as well as the ability to introduce high-quality suppliers to new outlets, are competitive advantages for us when pursuing new concessions and when negotiating with suppliers, as we are the only travel retail operator that is capable of offering window displays in 400 locations across the globe. We have a long-standing track record as an active consolidator in the fragmented industry and believe that further consolidation and inorganic growth opportunities exist. Furthermore, as the only truly globally active travel retailer, our customer data helps us identify customer preferences by nationality with respect to brands, products and responsiveness to marketing campaigns and promotions. This allows us to maximize revenues by optimally structuring product assortment displays and in-store marketing activities.

Highly defensible business model with significant revenue and cost visibility. We have assembled a high-quality and diversified portfolio of travel retail concessions at attractive locations, with an average remaining term of six years. In 2018, 21.8% of our sales were generated from concessions with a remaining term of ten or more years, 30.4% of our sales were generated from concessions with a remaining term of between six and nine years and 47.8% of our sales were generated from concessions with a remaining term of between one and five years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility. Moreover, the geographical diversification of our concession portfolio mitigates the risks of local and regional external impacts.

Our concession portfolio is also not dependent on any individual contract. Our largest concession contract represents only 7% of our sales and our top 10 contracts represent less than 35% of our total sales, in each case based on 2018 fiscal year results. Our track record as a successful, high-quality operator is important to our long-term relationships with facility owners. Given that a large portion of our concession payments are sales-driven, as a result of the variable component of our concession fees, our facility owners benefit from having a strong operator with a proven ability to grow sales. As a result, we enjoy high renewal rates of around 80% for existing concessions and high success rates of winning new concessions. Approximately 34,800 m² of contract extensions were signed in 2018. In addition, we opened 26,800 m² of gross retail space in 2018, which reflects net retail space growth achieved organically, rather than through M&A activity. Moreover, we opened an additional 20,400 m² of gross retail space in the first nine months of 2019 and have an additional 14,600 m² of contracted space that will open in the last quarter of 2019 and 2020. At the same time, we refurbished 36,800 m² of retail space in the first nine months of 2019.

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

We maintain well-diversified operations across geographies, product categories and retail concepts. As of December 31, 2018, we operated approximately 2,350 stores at approximately 400 locations in 65 countries. We are a truly global business, with geographically diverse operations across Africa, Asia, Central America, the Caribbean, Europe, North America and South America, combining prime operations in

developed markets and high-growth emerging markets. Our operations are also diversified in terms of the products we sell, with a strong focus on high margin categories. Our core product category is Perfumes and Cosmetics, which represented 32% of our net sales in 2018. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

Strong financial performance and robust cash flow generation. Since 2003, our turnover has grown by approximately 13 times, which represents a CAGR of 18.4%. We believe that we are well positioned to take advantage of future industry growth through our best-in-class management, global presence and access to existing and new retail locations. Our business model has shown solid underlying growth, with a like-for-like revenue growth in 2017 and 2018 of 6.9% and 1.0% respectively. We believe this results from supporting dynamics such as a stable per passenger spend and increase in airport traffic inherent to the industry. We also benefit from scale and cost advantages, which supports our profitability and cash generation. Our gross margin has improved from approximately 46% in 2003 to 59.8% in 2018, resulting from successful execution of our strategy to pursue profitable growth and enhanced operational excellence. We expect to offset long-term changes in concession fees with further optimization of gross margin and operational leverage. We also have strong cash flow generation capability benefitting from our high margin business and relatively low capital requirements. Free cash flow before interest and minorities reached CHF 614.6 million in 2018, a more than 30% increase to the CHF 458.7 million recorded in 2017, and CHF 596.3 million in the first nine months of 2019 which we believe can assist us in deleveraging and/or provide us with additional capability to invest in further growth.

Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average of over 20 years of relevant experience and significant industry and technical knowledge. Most of the members of our current management team have been with Dufry since 2005 or were employed by companies we acquired, such as Hudson, The Nuance Group AG (“Nuance”) or World Duty Free. Our workforce of approximately 31,900 FTEs includes over 130 nationalities, providing us with excellent local knowledge at all of our retail locations.

Our Strategy

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

Focus on profitable growth. We aim to drive profitable growth by focusing on measures to (i) expand passenger spend at existing locations, through improved product mix, a targeted refurbishment plan, digital transformation, innovative marketing initiatives and the introduction of new concepts among others, (ii) win new concessions by leveraging the scale of our global operations and applying our local market knowledge, as well as our local access to landlords and facility owners, (iii) complete the implementation of our Business Operating Model to increase competitiveness and drive sales, (iv) further develop our existing duty-paid concepts and (v) explore growth opportunities in other travel retail channels including cruise ships, downtown and border shops as well as train stations. Our unique customer understanding helps us to continuously optimize our retail offerings, with a focus on higher growth and margin products, such as perfumes, cosmetics and foods. This also helps us develop specifically targeted marketing and promotional efforts to further increase customer spend. Our marketing strategy focuses on a number of factors, such as product mix, pricing strategy, store layout and service, while also taking into account the changing needs of our customers in particular locations. In addition, the digitalization of our business, in particular at our New Generation Stores, will further enhance the customer experience and intensify our ability to communicate with customers through multiple touch-points along the customer journey. Digitalizing our business allows us to approach potential customers in an even more personalized way than ever before and to flexibly adapt in-store communication to changing nationalities and customer profiles. In 2017, we opened our first three New Generation Stores in Madrid (Spain), Melbourne (Australia) and Cancun (Mexico), followed in 2018 by one in Zurich (Switzerland), a second one in Cancun and one in Heathrow T3 (UK). In 2019 we opened a New Generation Store in Buenos Aires (Argentina), Malaga (Spain) and Amman (Jordan).

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

Prioritize cash generation. Our business is highly cash generative and we aim to further improve our cash flow generation going forward. To achieve this goal, we place significant management focus on profitability, cash generation, cost control, efficient capital allocation and working capital management. We strongly believe that our well-balanced concessions portfolio, continued investments in our existing locations, and strong pipeline for new projects provide us with the platform to capture organic growth potential and generate significant free cash flow. In 2017, we implemented our business operating model in order to generate additional efficiencies across all functions of our organization, through standardizing operational processes and organizational structures. We target leverage of below 3.0x net debt/adjusted operating cash flow over the medium term.

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

Our History

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

In March 2004, a consortium of investors led by funds managed by private equity firm Advent International Corporation, acquired a 75% interest in Weitnauer's travel retail business. In July 2005, the consortium acquired the remaining 25% of Weitnauer's travel retail business. On December 5, 2005 we became a public company and listed our shares on the SIX Swiss Exchange. In 2010, we listed our shares through a Level III BDR program on the BM&FBOVESPA in Brazil. In 2018, we delisted Dufry from the Brazilian stock market.

Over the past several 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 Hudson, an operator of convenience stores, coffee shops and special retail concessions. In 2011, we acquired the leading airport retailer in Argentina and airport retail operations in Uruguay, Ecuador, Armenia and Martinique, as well as a wholesale platform. In 2012, we consolidated our position in the Russian travel retail market by acquiring additional retail operations in Moscow. Also in 2012, we signed an agreement to acquire 51% of the travel retail operations of the Folli Follie Group, a leading travel retailer in Greece, which was completed in April 2013. In December 2013, we completed the acquisition of the remaining 49% of these operations. In September 2014, we completed the acquisition of Nuance. In August 2015, we completed the acquisition of World Duty Free. In the first half of 2019, we entered into an agreement to acquire 60% in RegStaer Vnukovo, a travel retail operator of over 30 duty-free and duty-paid shops at Vnukovo, one of the three most important airports in Moscow, Russia. The acquisition is expected to close by the end of 2019.

In addition, in recent years, we have taken other steps to increase our flexibility to pursue our strategy. In February 2018, we completed the IPO of Hudson, our North American business unit. We retained 57% ownership over Hudson and the strategic flexibility provided by the IPO of this business has allowed us to strategically develop our North American business.

Recent Developments

On September 24, 2019 we announced that the Board of Directors of AENA SME S.A. — the Spanish airport operator — has decided to extend Dufry's current duty-free contract covering 25 Spanish airports for up to five years. We expect that the newly extended contract will be operational after the expiry of the current concession agreement, which ends on 31 October 2020.

In October 2019 we signed a new contract with Aeropuerto Internacional de la Ciudad de México (AICM) to operate 3 new duty-free shops with 1,400 square meters in the Terminal 2 at Benito Juárez International Airport.

In October 2019, Hudson signed an agreement to acquire 34 Brookstone shops across several airports in the U.S. including the exclusive right to sell select Brookstone merchandise in Hudson shops, and to further expand the brand in the airport channel, thus complementing the overall retail offer. Hudson also has signed an agreement to acquire a controlling stake in the assets of OHM Concession Group LLC (OHM), an award winning food and beverage concessions operator in North America. The OHM acquisition will add approximately 60 units to Hudson's existing food concessions base.

2023 Notes Refinancing

Concurrently with this offering, ING Bank N.V., London Branch, as principal, has commenced a cash tender offer (the "Tender Offer") for up to €210,000,000 of our outstanding 4.5% Senior Notes due 2023 issued pursuant to Regulation S (Reg S ISIN: XS1266592457) (the "2023 Notes"), subject to certain terms and conditions. As of November 4, 2019, the aggregate principal amount of outstanding 2023 Notes issued pursuant to Regulation S was €696,174,000. ING Bank N.V., London Branch has agreed to surrender any 2023 Notes purchased pursuant to the Tender Offer to us for cancellation, in exchange for a release of a corresponding proportion of the Initial Purchasers' obligations to purchase the Notes. The arrangements between ING Bank N.V., London Branch and us in relation to the exchange are set out in a private exchange agreement dated November 6, 2019 (the "Exchange Agreement").

In addition, we have issued a notice of redemption to redeem any 2023 Notes that remain outstanding following the completion of the Tender Offer (the "2023 Notes Redemption" and together with the Tender Offer, the "2023 Notes Refinancing"). Pursuant to the terms of the indenture governing the 2023 Notes, the 2023 Notes may be called for redemption at our option at a redemption price of 102.250% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to but excluding the redemption date. The 2023 Notes Redemption is conditioned upon the successful completion of this offering. We will use any cash proceeds of the Offering (after giving effect to the arrangements set forth in the Exchange Agreement) to fund the 2023 Notes Refinancing, and to reduce, in part, the amount drawn under our 2017 Revolving Credit Facility.

This Offering Memorandum is neither an offer to purchase nor a solicitation of an offer to sell or buy the 2023 Notes. Any offer to purchase 2023 Notes will be made solely on the terms and subject to the conditions set forth in a separate offer to purchase that will be directed to holders of the 2023 Notes. The Tender Offer is not being extended into the United States nor directed to U.S. persons and only non-U.S. persons residing outside of the United States will be able to participate.

The Issuer and the Guarantors

The Issuer (Company Number 69664285) was incorporated on September 25, 2017 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands. It is an indirect wholly-owned subsidiary of the Parent Guarantor. The Issuer has no significant assets and will conduct no business except in connection with the borrowing of indebtedness (including the issuance of the Notes offered hereby) and the advance of net proceeds from such borrowings to certain Group entities, in order to facilitate the 2023 Notes Refinancing. The registered address of the Issuer is Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands.

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 Brunnängsle 12, 4052 Basel, Switzerland. The Parent Guarantor's telephone number is +41 61 266 44 44 and its website address is www.dufry.com. Unless otherwise indicated, information contained on, or connected to, the Parent Guarantor's website does not and will not constitute part of this Offering Memorandum.

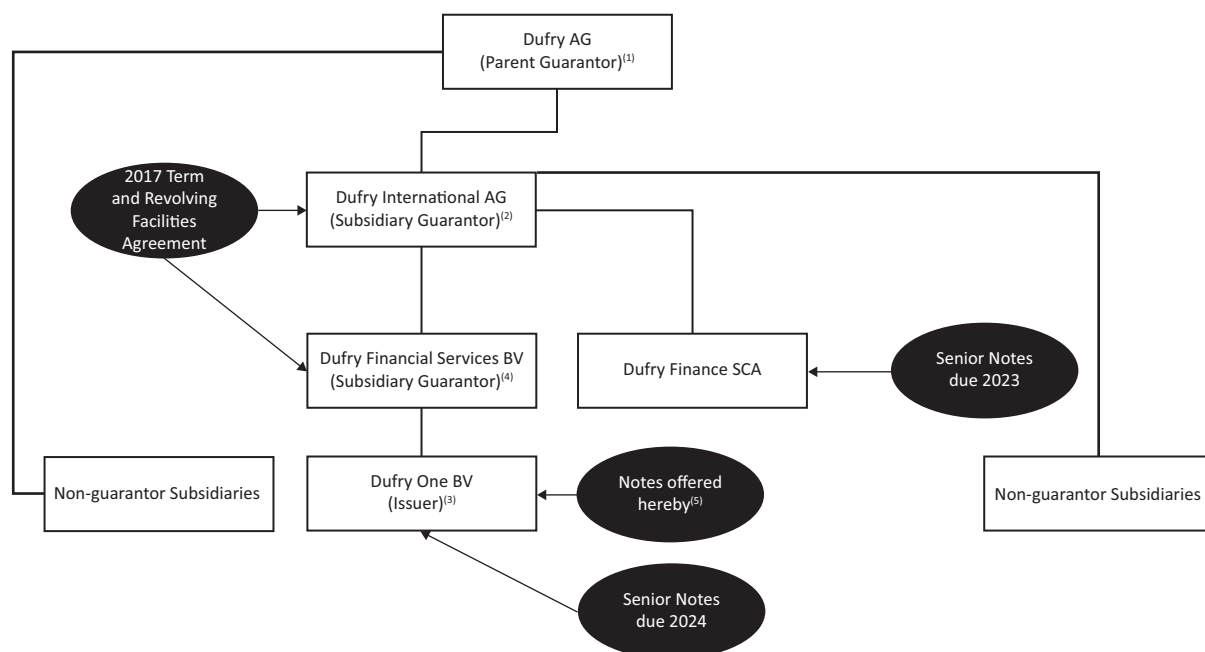
The Subsidiary Guarantors are wholly-owned subsidiaries of the Parent Guarantor. These Subsidiary Guarantors comprise Dufry International AG (Company Number CHE-102.735.389) and Dufry Financial Services B.V. (Company Number 60704993). Dufry International AG is a Swiss stock corporation incorporated on May 16, 1975. The corporate seat of Dufry International AG is in Basel, Switzerland, and its registered address is Brunnängsle 12, 4052 Basel, Switzerland. Dufry Financial Services B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated on May 20, 2014. The corporate seat of Dufry Financial Services B.V. is in Amsterdam, the Netherlands, and its registered address is Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands.

Our consolidated financial statements and the notes thereto incorporated by reference into 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 September 30, 2019.

The Issuer and the Guarantors are holding companies with no independent business operations of their own, and no significant assets other than investments in their subsidiaries. Therefore, they depend on the receipt of funds from their subsidiaries to meet their obligations. See "Risk Factors — Risks Relating to the Notes — The Issuer and the Guarantors are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively." As of September 30, 2019, after giving effect to this offering and the 2023 Notes Refinancing, we would have had CHF 3,783.3 million of total borrowings (current and non-current), of which CHF 100.6 million would have been total borrowings of the Parent Guarantor's subsidiaries other than the Issuer and the Guarantors.

CORPORATE STRUCTURE

The following chart summarizes our corporate structure and principal indebtedness after giving effect to this offering and the 2023 Notes Refinancing. This chart is provided for illustrative purposes only and does not represent all legal entities affiliated with, or all obligations of the Company and its Subsidiaries.



- (1) Dufry AG's shares are listed on the SIX Swiss Exchange under the symbol "DUFN."
- (2) Dufry International AG is a borrower under the Facilities Agreement (as defined herein). Borrowings under the Facilities Agreement are unsecured and guaranteed by each other Guarantor of the Notes. For a summary of the terms of the Facilities Agreement, see "Description of Other Indebtedness."
- (3) Dufry One B.V. is a special purpose finance company with no independent business operations or operating assets. Dufry One B.V. was incorporated on September 22, 2017 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands.
- (4) Dufry Financial Services B.V., an indirect wholly-owned subsidiary of Dufry International AG, is a special purpose finance company with no independent business operations and no operating assets, whose statutory purpose is to (i) participate in, finance, cooperate with and manage companies and other corporations or give advice and provide other services, (ii) invest and administer funds, (iii) provide and enter into loans, (iv) provide securities on debts of companies with a legal status or other companies which form a connected group, or on debts of third parties, (v) to perform any action to further or accomplish (i) through (iv) above. Dufry Financial Services B.V. is a borrower under the Facilities Agreement.
- (5) We intend to use the net proceeds from this offering to fund the 2023 Notes Refinancing, and to reduce, in part, the amount drawn under our 2017 Revolving Credit Facility. See "Use of Proceeds."
- (6) The 2023 Notes are subject to a tender offer by ING Bank N.V., London Branch as principal, for up to €210.0 million of such notes and Dufry Finance SCA has issued a conditional notice of redemption to redeem any 2023 Notes that remain outstanding following the completion of the tender offer.

THE OFFERING

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

Issuer	Dufry One B.V. (Company Number 69664285), a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands and having its registered office at Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands.
Parent Guarantor	Dufry AG, a Swiss stock corporation.
Subsidiary Guarantors	Dufry International AG and Dufry Financial Services B.V., each a wholly-owned subsidiary of the Parent Guarantor.
Guarantors	The Parent Guarantor and the Subsidiary Guarantors. Each Guarantor is an obligor under the Facilities Agreement.
Initial Purchasers	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP PARIBAS, ING Bank N.V., London Branch, Unicredit AG, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank, AG London Branch, Goldman Sachs International, HSBC Bank plc, Mediobanca – Banca di Credito Finanziario S.p.a., Merrill Lynch International, Morgan Stanley & Co. International plc, UBS AG, London Branch
The Notes	€750,000,000 of % senior notes due 2027.
The Guarantees	The obligations of the Issuer under the Notes and the Indenture (as defined under “Description of Notes”) governing the Notes will be, jointly and severally, fully and unconditionally guaranteed on a senior basis by the Guarantors, subject to certain limitations described under the caption “Description of Notes — Note Guarantees.”
The Offering	The Notes are being offered and sold by the Initial Purchasers outside the United States to persons other than U.S. persons as defined in and in reliance on Regulation S.
Issue Price	% for the Notes, plus accrued interest, if any, from, 2019.
Issue Date	, 2019.
Maturity Date	, 2027.
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	February 15 and August 15 of each year, commencing February 15, 2020 until the Maturity Date.
Ranking of the Notes	The Notes are: <ul style="list-style-type: none"> • direct, unsecured and unsubordinated obligations of the Issuer;

- senior in right of payment to any future obligations of the Issuer expressly subordinated in right of payment to the Notes;
 - equal in right of payment with any future direct, unsecured and unsubordinated obligations of the Issuer (except those obligations required to be preferred by law);
 - guaranteed by the Guarantors on a senior basis, subject to certain limitations described under the caption “Description of Notes — Note Guarantees;” and
 - effectively subordinated to all existing and future obligations of the Parent Guarantor’s non-guarantor subsidiaries.
- See “Risk Factors — Risks Relating to the Notes.”

Ranking of the Guarantees

The Guarantee of each Guarantor:

- is a direct, unsecured and unsubordinated obligation of such Guarantor;
- is effectively subordinated to secured obligations of such Guarantor, to the extent of the value of the assets serving as security therefor;
- is effectively subordinated to all indebtedness and other liabilities (including trade payables) of the Parent Guarantor’s subsidiaries other than the Issuer and the Subsidiary Guarantors;
- is senior in right of payment to any future obligations of such Guarantor expressly subordinated in right of payment to such Guarantor; and
- equal in right of payment with all other direct, unsecured and unsubordinated obligations of such Guarantor (except those obligations required to be preferred by law).

Each of the Issuer and the Guarantors is a holding company with no significant assets other than the shares in its direct subsidiaries. See “Risk Factors — Risks Relating to the Notes — The Issuer and the Guarantors are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively.”

Use of Proceeds

We intend to use the net proceeds from this offering to fund the 2023 Notes Refinancing, and to reduce, in part, the amount drawn under our 2017 Revolving Credit Facility. See “Use of Proceeds.”

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

Change of Control Offer

Upon the occurrence of a Change of Control (as defined in the section entitled “Description of Notes”), we will be required to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest. See “Description of Notes — Change of Control.”

Covenants	<p>The Indenture, among other things, limits our ability and the ability of our restricted subsidiaries to:</p> <ul style="list-style-type: none"> • incur liens; and • consolidate, merge or sell all or substantially all of our assets. <p>These covenants are subject to a number of important exceptions and qualifications. In addition, upon achievement of certain ratings, these covenants may be suspended. For more details, see “Description of Notes.”</p>
Events of Default	For a discussion of certain events that will permit acceleration of the Notes, see “Description of Notes — Events of Default.”
Optional Redemption	We may redeem the Notes in whole or in part, at our option, at any time and from time to time at the applicable redemption prices set forth in the “Description of Notes.” See “Description of Notes — Optional Redemption.”
Optional Tax Redemption	The Notes may be redeemed in whole, but not in part, at our option, at a redemption price equal to 100% of the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date fixed for redemption, and all additional amounts, if any, due to certain changes in tax law as specified in the “Description of Notes.” See “Description of Notes — Redemption for Changes in Taxes.”
Additional Amounts	Subject to certain exceptions and limitations, we will pay such Additional Amounts (as defined in the section entitled “Description of Notes”) on the Notes (or payments under the Guarantees in respect thereof) as may be necessary to ensure that the net amounts received by each holder of a Note after all withholding or deductions, if any, shall equal the amount of principal (and premium, if any) and interest that such holder would have received in respect of such Note (or payments under the Guarantees in respect thereof) in the absence of such withholding or deduction. See “Description of Notes — Additional Amounts.”
Denomination, Form and Registration of Notes	The Notes will be issued only in fully registered form, without interest coupons and will be issued only in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. The Notes will not be issued in bearer form. The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. See “Description of Notes — Global Notes and Book-Entry System.”
Further Issuances	The Issuer and the Guarantors may from time to time, without notice to or the consent of the holders of the Notes, create and issue further notes ranking equally in right of payment with and having identical terms and conditions to the Notes in all respects and such further Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. See “Description of Notes — Brief Description of the Notes and the Note Guarantees — Principal, Maturity and Interest.”

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

DUFY SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth certain summary historical consolidated financial and other data as of the dates and for each of the periods indicated. Our audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017 have been prepared in accordance with IFRS and our unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2019 and 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. 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 audited consolidated financial statements and our unaudited interim condensed consolidated financial statements and the notes thereto incorporated by reference into this Offering Memorandum.

The summary historical consolidated financial data as of December 31, 2018 and 2017 and for each of the fiscal years ended December 31, 2018 and 2017 were derived from our audited consolidated financial statements incorporated by reference into this Offering Memorandum.

The summary historical consolidated financial data as of and for the nine months ended September 30, 2019 and 2018 have been derived from our unaudited interim condensed consolidated financial statements incorporated by reference into 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.”

We adopted IFRS 16 as of January 1, 2019, using the modified retrospective transition method. Prior periods were not restated. As fully described in Note 2 of our interim unaudited condensed consolidated financial statements for the nine months ended September 30, 2019, IFRS 16 provides a single model for leases and requires lessees to recognize RoU assets and lease liabilities for certain lease contracts. The adoption of IFRS 16 had a significant impact on our results of operations for the nine months ended September 30, 2019, as we recognized new assets and liabilities for our concession rights. In addition, the nature and timing of expenses related to those concession rights changed as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for RoU assets and interest expense on lease liabilities. As a result of the adoption of IFRS 16, concession fees, which were previously included in selling expenses on the consolidated income statement, and linearization are now recognized as either as lease expenses or as amortization of RoU assets within depreciation, amortization and impairment.

In our unaudited interim consolidated statement of profit or loss for the nine months ended September 30, 2019, we changed certain line item descriptions and the components thereof so that the line items are more representative of our operating activities or current IFRS expressions. In addition, we reclassified our results for the nine months ended September 30, 2018 comparative period, as further described in note 16 to our unaudited interim condensed consolidated financial statements for the nine months ended and as at September 30, 2019, so that the comparative period presentation is consistent with the revised line item descriptions. This reclassification is not a restatement of our results for the nine months ended September 30, 2018. We have not reclassified our consolidated financial statements for the years ended and as at December 31, 2018 and 2017.

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

Interim Consolidated Statement of Profit or Loss Data

	Nine months ended September 30, 2019 ⁽¹⁾	Reclassified nine months ended September 30, 2018 ⁽²⁾	Percent Change
		(Unaudited)	
		(In millions of CHF)	(%)
Net sales	6,504.8	6,391.9	1.8
Advertising income	177.2	168.8	5.0
Turnover	6,682.0	6,560.7	1.8
Cost of sales	(2,655.7)	(2,628.3)	1.0
Gross profit	4,026.3	3,932.4	2.4
Lease expenses	(1,046.1)	(1,870.5)	(44.1)
Personnel expenses	(925.6)	(883.2)	4.8
Other expenses	(426.5)	(433.6)	(1.6)
Depreciation, amortization and impairment	(1,286.9)	(419.4)	206.8
Other operating income	62.4	—	N/M
Operating profit / loss	403.6	325.7	23.9
Finance income	57.1	35.2	62.2
Finance costs	(294.8)	(130.2)	126.4
Foreign exchange gain/(loss)	4.7	(1.9)	N/M
Profit / (loss) before taxes	170.6	228.8	(25.4)
Income tax	(89.0)	(92.4)	(3.7)
Net profit / (loss)	81.6	136.4	(40.2)

Consolidated Income Statement Data

	For the year ended December 31,		Percent Change
	2018	2017	
	(In millions of CHF)		
			(%)
Net sales	8,455.8	8,164.7	3.6
Advertising income	229.1	212.7	7.7
Turnover	8,684.9	8,377.4	3.7
Cost of sales	(3,489.2)	(3,398.8)	2.7
Gross profit	5,195.7	4,978.6	4.4
Selling expenses	(2,580.5)	(2,430.1)	6.2
Personnel expenses	(1,175.2)	(1,135.0)	3.5
General expenses	(403.5)	(404.8)	(0.3)
Share of results of associates	3.8	(1.6)	N/M
EBITDA (before other operational result)	1,040.3	1,007.1	3.3
Depreciation, amortization and impairment	(571.9)	(582.8)	(1.9)
Linearization	(47.7)	(58.9)	(19.0)
Other operational result	(49.3)	53.3	N/M
Earnings before interest and taxes (EBIT)	371.4	418.7	(11.3)
Interest expenses	(196.4)	(259.6)	(24.3)
Interest income	64.7	35.4	82.8
Foreign exchange gain/(loss)	(5.5)	7.4	N/M
Earnings before taxes (EBT)	234.2	201.9	16.0
Income tax	(98.8)	(91.0)	8.6
Net earnings	135.4	110.9	22.1

Consolidated Statement of Financial Position Data

	As of September 30, 2019 ⁽³⁾	As of December 31,	
	(Unaudited)	2018	2017
	(In millions of CHF)		
Cash and cash equivalents	681.5	538.2	565.0
Current assets	2,317.5	2,189.6	2,219.0
Total assets	13,506.2	9,390.6	9,990.8
Current liabilities	2,900.6	1,678.1	1,747.1
Financial Debt (current and non-current)	—	3,824.3	4,251.9
Borrowings (current and non-current)	3,748.0	—	—
Net Debt ⁽⁴⁾	3,066.5	3,286.1	3,686.9
Total liabilities	10,317.1	6,048.9	6,634.6
Total shareholders' equity	3,189.1	3,341.7	3,356.2
Total liabilities and shareholders' equity	13,506.2	9,390.6	9,990.8

Consolidated Statement of Cash Flows Data

	Nine months ended September 30,		Year ended December 31,	
	2019	2018	2018	2017
	(Unaudited)			
	(In millions of CHF)			
Net cash flows from operating activities	1,685.6	774.3	836.2	715.1
Net cash flows used in investing activities	(154.3)	(159.7)	(226.9)	(257.4)
Net cash flows (used in)/from financing activities	(1,375.5)	(666.2)	(616.3)	(401.3)
Currency translation in cash	(12.5)	12.1	(19.8)	57.8
(Decrease)/Increase in cash and cash equivalents	143.3	(39.5)	(26.8)	114.2
Cash and cash equivalents at the beginning of the period	538.2	565.0	565.0	450.8
Cash and cash equivalents at the end of the period	681.5	525.5	538.2	565.0

Other Financial Data

Prior to January 1, 2019, we operated under five geographical segments ((i) UK, Central and Eastern Europe, (ii) Southern Europe and Africa, (iii) Asia, Middle East and Australia, (iv) Latin America and (v) North America) plus a Distribution Centers business unit. Prior to the beginning of 2019, we moved our Eastern European operations into our former Asia, Middle East and Australia segment. As of January 1, 2019, we merged our Southern Europe and Africa division with our UK and Central Europe division. As a result, we now operate under the following four geographical segments in addition to the Distribution Centers unit: (i) Europe and Africa, (ii) Asia Pacific and Middle East, (iii) North America and (iv) Central and South America. Comparative figures for the nine months ended September 30, 2018 have been retroactively recast to reflect the new segments. Comparative figures for the years ended December 31, 2018 and 2017 have not been retroactively recast. In addition, following the adoption of IFRS 16, we discontinued our presentation of EBITDA. Accordingly, EBITDA is not presented for the nine months ended September 30, 2019 and 2018.

	Nine months ended September 30,	
	2019	2018
	(unaudited)	
Turnover with external customers ⁽⁵⁾	6,682.0	6,560.7
Europe and Africa	2,932.9	2,940.3
Asia Pacific and Middle East	957.3	849.5
North America	1,469.8	1,415.1
Central and South America	1,137.6	1,212.6
Distribution Centers ⁽⁷⁾	184.4	143.2
Capital expenditures ⁽⁸⁾	(177.2)	(181.2)
Changes in working capital ⁽⁹⁾	4.6	99.4
Like-for-like growth ⁽¹⁰⁾	0.1%	1.8%
Gross margin ⁽¹¹⁾	60.3%	59.9%
Free cash flow ⁽¹³⁾	596.3	615.5

	Year ended December 31,	
	2018	2017
Turnover with external customers ⁽⁵⁾	8,684.9	8,377.4
Southern Europe and Africa	1,854.0	1,857.8
UK and Central Europe	1,974.2	1,945.1
Eastern Europe, Middle East, Asia and Australia	1,153.6	1,011.4
Latin America	1,617.0	1,694.0
North America	1,884.4	1,771.5
Distribution Centers ⁽⁷⁾	201.7	97.6
EBITDA ⁽⁵⁾⁽⁶⁾	1,040.3	1,007.1
Southern Europe and Africa	193.0	240.6
UK, Central and Eastern Europe	243.4	240.6
Asia, Middle East and Australia	114.5	95.9
Latin America	103.7	122.9
North America	229.7	194.7
Distribution Centers ⁽⁷⁾	156.0	112.4
Capital expenditures ⁽⁸⁾	(251.1)	(283.5)
Changes in working capital ⁽⁹⁾	1.6	(142.8)
Like-for-like growth ⁽¹⁰⁾	1.0%	6.9%
Gross margin ⁽¹¹⁾	59.8%	59.4%
EBITDA margin ⁽¹²⁾	12.0%	12.0%
Free cash flow ⁽¹³⁾	614.6	458.7

Pro Forma Financial Data

The following table shows certain data adjusted to give effect to this offering, the 2023 Notes Refinancing as if it occurred on October 1, 2018:

	Twelve months ended or as of September 30, 2019
	(unaudited) (CHF in millions)
Pro forma cash and cash equivalents ⁽¹⁴⁾	681.5
Pro forma debt ⁽¹⁵⁾	3,783.3
Pro forma net debt ⁽¹⁶⁾	3,101.8
Adjusted operating cash flow ⁽¹⁷⁾	1,016.7
Pro forma net debt /adjusted operating cash flow ⁽¹⁶⁾⁽¹⁷⁾	3.05

- (1) As of January 1, 2019, we reclassified our results for the nine months ended September 30, 2018 to reflect changes in certain line items, but have not reclassified our results for any periods prior to September 30, 2019, and as a result, they are not directly comparable. See note 2 to our unaudited interim condensed consolidated financial statements incorporated by reference into this Offering Memorandum.
- (2) We reclassified our results for the nine months ended September 30, 2018 to reflect changes in certain line items. See note 16 to our unaudited interim condensed consolidated financial statements incorporated by reference into this Offering Memorandum for further information on such reclassification.
- (3) We adopted IFRS 16 as of January 1, 2019. Balances as of December 31, 2018 and December 31, 2017 have not been restated, as we applied the modified retrospective transition approach.

- (4) Net debt represents debt less cash and cash equivalents.

	As of September 30, 2019 ⁽³⁾	As of December 31, 2018 2017	
	(unaudited)		
(In millions of CHF)			
Financial debt (current and non-current)	—	3,824.3	4,251.9
Borrowings (current and non-current)	3,748.0	—	—
Cash and cash equivalents	(681.5)	(538.2)	(565.0)
Net debt ⁽⁴⁾	3,066.5	3,286.1	3,686.9

- (5) See Note 3 to our consolidated financial statements for the nine months ended September 30, 2019 incorporated by reference into this Offering Memorandum for further information regarding our reporting segments.
- (6) 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. We discontinued our presentation of EBITDA as of January 1, 2019 when we adopted IFRS 16. EBIT represents net earnings before income taxes, interest income, interest expenses and foreign exchange gain or loss.
- (7) Reflects turnover and EBITDA, as applicable, related to wholesale sales to external customers only.
- (8) Capital expenditures represents purchases of property, plant and equipment, purchases of intangible assets and proceeds from sale of property, plant and equipment. A reconciliation to this non-IFRS measure is as follows:

	Nine months ended September 30,		Year ended December 31,	
	2019	2018	2018	2017
	(unaudited)			
	(In millions of CHF, unless otherwise indicated)			
Purchase of property, plant and equipment	(153.6)	(159.6)	(201.7)	(205.3)
Purchase of intangible assets	(25.8)	(28.1)	(53.8)	(80.7)
Proceeds from sales of property, plant and equipment . . .	2.2	6.5	4.4	2.5
Capital expenditures	(177.2)	(181.2)	(251.1)	(283.5)

- (9) Changes in working capital represents the sum of changes in trade and other accounts receivable, in inventories, in trade and other accounts payable and dividends received from associates. A reconciliation to this non-IFRS measure is as follows:

	Nine months ended September 30,		Year ended December 31,	
	2019	2018	2018	2017
	(unaudited)			
	(In millions of CHF, unless otherwise indicated)			
Decrease/(increase) in trade and other accounts receivable	(155.6)	59.3	93.7	(30.8)
Decrease/(increase) in inventories	(46.0)	(102.7)	(57.0)	(127.7)
Increase/(decrease) in trade and other accounts payable	206.2	137.1	(40.8)	10.8
Dividends received from associates	0.0	5.7	5.7	4.9
Changes in working capital	4.6	99.4	1.6	(142.8)

- (10) Like-for-like growth represents turnover growth of stores that have been consolidated for more than 12 months and where there has been no material increase or reduction of retail space for the relevant period.
- (11) Gross margin represents turnover less costs of sales divided by turnover.
- (12) EBITDA margin (before other operational result) represents EBITDA (before other operational result) divided by turnover.
- (13) Free cash flow represents cash flow before working capital changes less lease payments, net, changes in working capital, income tax expense paid, capital expenditures plus interest received. A reconciliation from cash flow before working capital changes presented in accordance with IFRS to this non-IFRS measure is as follows:

	Nine months ended September 30,		Year ended December 31,	
	2019	2018	2018	2017
	(unaudited)			
	(In millions of CHF, unless otherwise indicated)			
Cash flow before working capital changes	1,739.7	756.0	967.4	982.1
Lease payments	(936.4)	—	—	—
Proceeds from lease income	2.0	—	—	—
Changes in working capital ⁽⁹⁾	4.6	99.4	1.6	(142.8)
Income tax expense paid	(58.7)	(81.1)	(132.8)	(124.2)
Capital expenditures ⁽⁸⁾	(177.2)	(181.2)	(251.1)	(283.5)
Interest received	22.3	22.4	29.5	27.1
Free cash flow ⁽¹³⁾	596.3	615.5	614.6	458.7

- (14) Pro forma cash and cash equivalents represents cash and cash equivalents after giving effect to the issuance of the Notes offered hereby and the use of proceeds as described in “Use of Proceeds”.
- (15) Pro forma debt represents debt after giving effect to the the issuance of the Notes offered hereby and the use of proceeds as described in “Use of Proceeds”.
- (16) Pro forma net debt represents pro forma debt less pro forma cash and cash equivalents. A reconciliation to this non-IFRS measure is as follows:

	As of September 30, 2019
	Pro forma
	(CHF in millions)
Cash and cash equivalents ⁽¹⁴⁾	681.5
Debt:	
2023 Notes	—
2024 Notes	870.2
Notes offered hereby	815.8
2017 Senior U.S. Dollar Term Loan Facility	698.5
2017 Senior Euro Term Loan Facility	543.9
2017 Revolving Credit Facility	754.3
Other	100.6
Total debt⁽¹⁵⁾	3,783.3
Net debt⁽¹⁶⁾	3,101.8

- (17) Adjusted operating cash flow represents cash flow before working capital changes for the period less lease payments and plus proceeds from lease income. Adjusted operating cash flow for the twelve months ended September 30, 2019 has been derived by adding the relevant line item from the audited statement of cash flows for the fiscal year ended December 31, 2018 to the corresponding line item from the unaudited statement of cash flows for the nine months ended September 30, 2019 and subtracting the corresponding line item from the unaudited statement of cash flows for the nine months ended September 30, 2018. The components of this metric are as follows:

	Twelve months ended September 30, 2019
	(unaudited) (In millions of CHF, unless otherwise indicated)
Cash flow before working capital changes	1,951.1
Lease payments ^(a)	(936.4)
Proceeds from lease income ^(b)	2.0
Adjusted operating cash flow	1,016.7

(a) Lease payments represents payments in relation to fixed or in substance fixed leases.

(b) Proceeds from lease income represents income in relation to fixed or in substance fixed subleases.

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, railway and cruise line passenger traffic, including but not limited to terrorist attacks and natural disasters, could adversely affect our business.

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

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

General economic and market conditions may adversely affect our results.

We operate in, and our customers come from, a large number of economies around the world, such as Argentina, Brazil, China, Greece, India, Italy, Mexico, Morocco, Russia, Spain, Switzerland, United Arab Emirates, the United Kingdom 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 in these economies that could cause a rise in unemployment, a decline in consumer confidence, changes in exchange rates, an increase in interest rates, inflation, deflation, direct or indirect taxes and consumer debt levels. For example, the economic recession in Argentina and high levels of inflation in Brazil and Argentina may continue to deteriorate and affect consumer confidence and air passenger traffic in the Latin American region more generally. Furthermore, the United Kingdom continues to experience political, economic and market uncertainty in connection with its possible exit from the EU (“Brexit”). Brexit may make travel between the United Kingdom and Europe or other destinations more difficult or may negatively impact consumer or traveler spending in the United Kingdom, which may negatively affect our business. Economic downturns in these countries, or in the other countries in which we operate, may have a material adverse effect on our business, financial condition and result of operations.

The market to obtain concessions continues to be highly competitive.

We compete with other travel retailers at global, regional and local levels in obtaining and maintaining concessions at airports and for other travel facilities such as on board cruise lines and airlines and at railway stations. Some of our competitors have strong financial support or solid relationships with airport authorities which benefit those competitors in competing for concessions. There is no guarantee that we will be able to renew our existing concessions or that, if we do renew a concession, it will be on similar payment

terms. In addition, the failure to obtain or renew a concession necessarily means that we will not be able to enter or continue operating in the market represented by such concession. If we were to fail to renew major concessions or fail to obtain further concessions, our business, financial condition and results of operations could be materially adversely affected.

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

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

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

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

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

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

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

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

We are dependent on our local partners.

Our global retail operations are carried on through approximately 220 operating companies in about 65 countries as of December 31, 2018. In most of Dufry's operations, the entities are fully owned by us. However, we do have a significant number of concessions that have local partners, mainly in Portugal, the Middle East, Brazil, Africa, Eastern Europe and the U.S. Our local partners maintain ownership interests in the relevant operating subsidiary, some of which operate major concessions. Our participation in each of these operating subsidiaries differs from market to market. Our ability to withdraw funds, including dividends, from our participation in, and to exercise management control over, such subsidiaries may depend upon the consent of our local partners. While the precise terms of each relationship vary, disagreements with our local partners may affect our business, financial condition and results of operations.

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

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

We may be adversely impacted by litigation.

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

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

The duty-free sale of tobacco products represented approximately 12% of our net sales and constituted our fourth largest product category for the year ended December 31, 2018. As part of the campaign to highlight the negative effects of smoking, international health organizations and the anti-smoking lobby continue to seek restrictions on the duty-free sale of tobacco products. More generally, an increasing number of national and local governments, as well as private businesses, have prohibited, or are proposing to prohibit, smoking in public places and in their business locations, respectively. If we were to lose our ability to sell duty-free tobacco products in our major markets or the increasing number of smoking prohibitions and anti-smoking campaigns caused a reduction in our sales of tobacco products, our business, financial condition and results of operations could be materially adversely affected.

The retail business is highly competitive.

We also compete to attract retail customers and compete with other, non-airport retailers, such as traditional retailers as well as online retailers, such as Amazon. As Dufry's sale of non-traditional duty-free products increases, Dufry must compete with other retailers, including non-airport retailers, such as traditional retail stores located outside airports and passenger terminals, as well as fast growing online 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. We cannot assure you that our product orders will match actual demand. If we are unable to successfully predict or respond to sales demand or to changing styles or trends or experience inventory shortfalls on popular merchandise, our revenue will be lower, which could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

We rely on a limited number of suppliers for the majority of our purchases in each major product category. We work with over 1,000 suppliers around the world, with approximately 70% of our sales generated from products bought from 100 suppliers. Future consolidation may reduce the number of our suppliers even further. As a result, our suppliers may have increased bargaining power and we may be required to accept less favorable purchasing terms. In addition, in the event of a dispute with any supplier, the delivery of a significant amount of merchandise may be delayed or cancelled, or we may be forced to purchase merchandise from other suppliers on less favorable terms. Such events could cause revenues to fall and costs to increase, adversely affecting our business, financial condition and results of operations.

In addition, damage or disruption to our supply chain due to any of the following could impair our ability to sell our products: adverse weather conditions or natural disasters, such as a hurricane, earthquake or flooding; government action; fire; terrorism (including cyber-attacks); the outbreak or escalation of armed hostilities; pandemic; industrial accidents or other occupational health and safety issues; strikes and

other labor disputes; customs or import restrictions or other reasons beyond our control or the control of our suppliers and business partners. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations, as well as require additional resources to restore our supply chain.

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

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

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

We also continually enhance or modify the technology used in our operations. We cannot be sure that any enhancements or other modifications we make to our operations will achieve the intended results or otherwise be of value to our customers. Future enhancements and modifications to our technology could consume considerable resources. We may be required to enhance our payment systems with new technology, which could require significant expenditures. If we are unable to maintain and enhance our technology to process transactions, we may experience a material adverse impact on our business, financial condition and results of operations.

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

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

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

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

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

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

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

Furthermore, changes in tax regulations or enforcement mechanisms could substantially reduce or eliminate any turnover or profits derived from operations in these countries and could reduce significantly the value of assets related to such operations. 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, a risk that we largely do not hedge. Changes in the relevant exchange rates between the Swiss Franc and the other currencies to which we are exposed, which have been volatile recently, as well as the Swiss National Bank's removal of its Euro exchange rate floor in January 2015, have affected and will continue to affect the value of our assets and liabilities denominated in currencies other than the Swiss Franc, our costs and our turnover, each of which could have an adverse effect on our results of operations. We are also impacted by the purchasing power of the functional currency of our stores compared with other currencies. When the functional currency of our stores appreciates in value, our products become more expensive for the travellers whose home currency has less relative purchasing power. In addition, the increased purchasing power of the functional currency of our stores could also cause domestic travellers to purchase products abroad.

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

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

For instance, from 2007 to 2010, global credit markets tightened significantly, initially prompted by concerns over the United States sub-prime mortgage crisis and the valuation and liquidity of mortgage-backed securities and other financial instruments, such as asset-backed commercial paper, and later spreading to various other areas. In addition, the persistent doubts of the financial community on the capacity of European countries, such as Greece, Portugal or Italy, to refinance their public debts and on the increasing public debt of the United States could trigger a general market slowdown that may adversely impact our ability to borrow from banks or raise funds in the capital markets and may significantly increase the costs of such borrowing. Furthermore, ongoing negotiations around Brexit and the imposition by the U.S. of tariffs and penalties on products manufacturing outside of the U.S., in particular on products manufactured in China, have generated considerable market uncertainty and may negatively impact the global financial markets, which could lead to weaker macroeconomic conditions. Such economic weakness and uncertainty may also adversely impact our ability to access sources of financing. If sufficient sources of financing are not available in the future for these or other reasons, we may be unable to meet our financial requirements, which could materially and adversely affect our business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A group of shareholders (consisting of various companies and legal entities, including Travel Retail Investment S.C.A., Folli Follie Commercial Industrial and Technical S.A., Hudson Media, Inc., such group representing the interests of Andres Holzer Neumann, Julian Diaz Gonzalez, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd.) holds a significant stake of a total of 14.37% of our share capital as of October 31, 2019. These shareholders, whether separately or jointly, may have the ability to successfully establish their interests in the shareholders' meeting or otherwise influence the outcome of corporate strategy and actions (including transactions with related parties, corporate reorganizations, acquisitions, divestitures, partnerships and financing and payment of future dividends) that may conflict with the interests of note holders.

Risks Relating to the Notes

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

The Issuer is a special purpose finance company with no independent business operations and no significant assets other than intercompany receivables created by its on-lending of the net proceeds of borrowings of indebtedness (including the net proceeds of the Notes offered hereby) to us. The Issuer will

on-lend the net proceeds of the Notes and will be wholly dependent upon payments in respect of such intercompany loan to meet its obligations under the Notes. The Parent Guarantor and the Subsidiary Guarantors are holding companies with no independent business operations or significant assets other than investments in their subsidiaries and derive all or substantially all of their income 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 September 30, 2019, after giving effect to this offering and the Notes Redemption, we would have had CHF 3,783.3 million of total borrowings (current and non-current), of which CHF 100.6 million would have been borrowings of the Parent Guarantor's subsidiaries other than the Issuer and the Guarantors.

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

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

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

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

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

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

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

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

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

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

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

The optional redemption feature of the Notes is likely to limit their market value. During any period when we may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. We may be expected to redeem Notes when our cost of borrowing is lower than the interest rate on the Notes.

At those times, an investor generally might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

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

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

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

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

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

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

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

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

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

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

Enforcement of the Guarantees across multiple jurisdictions may be difficult.

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

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

The Issuer is incorporated in the Netherlands and the Guarantors are incorporated or organized in Switzerland and the Netherlands. Some of our subsidiaries are incorporated or organized in jurisdictions other than those listed above and are subject to the insolvency laws of such jurisdictions. The insolvency laws of these jurisdictions may not be as favorable to your interests as creditors as the bankruptcy laws of the other jurisdictions. In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. In the event that any one or more of the Issuer or the Guarantors or the Parent Guarantor's other subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be

commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer, the Guarantors and shareholders of them. Prospective investors in the Notes should consult their own legal advisors with respect to such considerations.

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

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

The Issuer may be subject to changes in tax laws in the Netherlands that could give the Issuer the right to redeem the Notes early.

The Dutch government aims to introduce a conditional withholding tax of 21.7% on interest payments as of 1 January 2021. Based on the legislative proposal published on 17 September 2019 and the limited guidance provided thereto, the new withholding tax will generally apply to interest payments made by an entity tax resident in the Netherlands, like the Issuer, to an ‘affiliated entity’ tax resident in a ‘low tax jurisdiction’.

For these purposes, a jurisdiction is considered a ‘low tax jurisdiction’, if such jurisdiction (i) has a corporation tax on business profits with a general statutory rate of less than 9%, or if such jurisdiction is included in the EU list of non-cooperative jurisdictions, and (ii) is included in the ‘Dutch black list’ as published by the Dutch Ministry of Finance. The Dutch black list will be updated annually on 1 October, and is applicable to the next calendar year.

Generally, an entity is considered to be affiliated to the Issuer for these purposes if such entity, either alone or as part of a group acting in concert, can exercise decisive influence to determine the activities of the Issuer. An entity that holds more than 50% of the statutory voting rights in the Issuer, or in which the Issuer holds more than 50% of the statutory voting rights, is in any event considered to be affiliated. An entity is also considered to be affiliated if a third party holds more than 50% of the statutory voting rights both in such entity and in the Issuer.

The withholding tax may also apply in situations where artificial structures are put in place with the main purpose or one of the main purposes to avoid the Dutch withholding tax, e.g., where an interest payment to a Dutch blacklisted jurisdiction is artificially routed via an intermediate company in a non-blacklisted jurisdiction.

In practice, the Issuer may not always be able to assess whether a Noteholder is affiliated to the Issuer and/or located in a low tax jurisdiction. The legislative proposal is still unclear on the Issuer’s responsibilities to determine the absence of affiliation in respect of notes issued in the market, like the Notes.

If the proposed withholding tax would be implemented in such a way that the Issuer would become obliged to pay additional amounts as provided for in “Description of Notes — Additional Amounts”, the Issuer may redeem the Notes, in whole but not in part, at its option under “Description of Notes — Redemption for Changes in Taxes”.

If the Notes are redeemed at the option of the Issuer, an investor generally would 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.

USE OF PROCEEDS

We intend to use the net proceeds from this offering to fund the 2023 Notes Refinancing, and to reduce, in part, the amount drawn under our 2017 Revolving Credit Facility.

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

CAPITALIZATION

The following table sets forth, on a consolidated basis, our cash and cash equivalents and capitalization as of September 30, 2019 in accordance with IFRS, on a historical basis and on an as adjusted basis to give effect to this offering and the use of proceeds therefrom as described under “Use of Proceeds”.

The historical information has been derived from the unaudited interim condensed consolidated financial statements incorporated by reference into 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 incorporated by reference into 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 September 30, 2019, adjusted as described in this section.

	As of September 30, 2019	
	Actual	As Adjusted
	(Unaudited) (In millions of CHF)	
Cash and cash equivalents	681.5	681.5
Debt:		
2023 Notes ⁽¹⁾	761.4	—
2024 Notes ⁽¹⁾	870.2	870.2
Notes offered hereby ⁽¹⁾⁽²⁾	—	815.8
2017 Senior U.S. Dollar Term Loan Facility	698.5	698.5
2017 Senior Euro Term Loan Facility	543.9	543.9
2017 Revolving Credit Facility ⁽¹⁾	773.4	754.3
Other ⁽³⁾	100.6	100.6
Total debt	3,748.0	3,783.3
Total shareholders’ equity attributable to holders of the parent	2,744.6	2,744.6
Total capitalization	6,492.6	6,527.9

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

(2) Assumes an initial offering size of EUR 750 million in aggregate principal amount of Notes.

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

DUFRY SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth certain summary historical consolidated financial and other data as of the dates and for each of the periods indicated. Our audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017 have been prepared in accordance with IFRS and our unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2019 and 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. 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 audited consolidated financial statements and our unaudited interim condensed consolidated financial statements and the notes thereto incorporated by reference into this Offering Memorandum.

The selected historical consolidated financial data as of and for the nine months ended September 30, 2019 and 2018 have been derived from our unaudited interim condensed consolidated financial information incorporated by reference into 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.”

We adopted IFRS 16 as of January 1, 2019, using the modified retrospective transition method. Prior periods were not restated. As fully described in Note 2 of our unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2019, IFRS 16 provides a single model for leases and requires lessees to recognize RoU assets and lease liabilities for certain lease contracts. The adoption of IFRS 16 had a significant impact on our results of operations for the nine months ended September 30, 2019, as we recognized new assets and liabilities for our concession rights. In addition, the nature and timing of expenses related to those concession rights changed as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for RoU assets and interest expense on lease liabilities. As a result of the adoption of IFRS 16, concession fees, which were previously included in selling expenses on the consolidated income statement, and linearization are now recognized as either as lease expenses or as amortization of RoU assets within depreciation, amortization and impairment.

In our unaudited interim consolidated statement of profit or loss for the nine months ended September 30, 2019, we changed certain line item descriptions and the components thereof so that the line items are more representative of our operating activities or current IFRS expressions. In addition, we reclassified our results for the nine months ended September 30, 2018 comparative period, as further described in note 16 to our unaudited interim condensed consolidated financial statements for the nine months ended and as at September 30, 2019, so that the comparative period presentation is consistent with the revised line item descriptions. This reclassification is not a restatement of our results for the nine months ended September 30, 2018. We have not reclassified our consolidated financial statements for the years ended and as at December 31, 2018 and 2017.

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 incorporated by reference into this Offering Memorandum.

Interim Consolidated Statement of Profit or Loss Data

	Nine months ended September 30, 2019 ⁽¹⁾	Reclassified nine months ended September 30, 2018 ⁽²⁾	Percent Change
		(Unaudited)	
		(In millions of CHF)	(%)
Net sales	6,504.8	6,391.9	1.8
Advertising income	177.2	168.8	5.0
Turnover	6,682.0	6,560.7	1.8
Cost of sales	(2,655.7)	(2,628.3)	1.0
Gross profit	4,026.3	3,932.4	2.4
Lease expenses	(1,046.1)	(1,870.5)	(44.1)
Personnel expenses	(925.6)	(883.2)	4.8
Other expenses	(426.5)	(433.6)	(1.6)
Depreciation, amortization and impairment	(1,286.9)	(419.4)	206.8
Other operating income	62.4	—	N/M
Operating profit / loss	403.6	325.7	23.9
Finance income	57.1	35.2	62.2
Finance costs	(294.8)	(130.2)	126.4
Foreign exchange gain / (loss)	4.7	(1.9)	N/M
Profit / (loss) before taxes	170.6	228.8	(25.4)
Income tax	(89.0)	(92.4)	(3.7)
Net profit / (loss)	81.6	136.4	(40.2)

Consolidated Income Statement Data

	For the year ended December 31,		Percent Change
	2018	2017	
	(In millions of CHF)		(%)
Net sales	8,455.8	8,164.7	3.6
Advertising income	229.1	212.7	7.7
Turnover	8,684.9	8,377.4	3.7
Cost of sales	(3,489.2)	(3,398.8)	2.7
Gross profit	5,195.7	4,978.6	4.4
Selling expenses	(2,580.5)	(2,430.1)	6.2
Personnel expenses	(1,175.2)	(1,135.0)	3.5
General expenses	(403.5)	(404.8)	(0.3)
Share of results of associates	3.8	(1.6)	N/M
EBITDA (before other operational result)	1,040.3	1,007.1	3.3
Depreciation, amortization and impairment	(571.9)	(582.8)	(1.9)
Linearization	(47.7)	(58.9)	(19.0)
Other operational result	(49.3)	53.3	N/M

	For the year ended December 31,		
	2018	2017	Percent Change
	(In millions of CHF)		(%)
Earnings before interest and taxes (EBIT)	371.4	418.7	(11.3)
Interest expenses	(196.4)	(259.6)	(24.3)
Interest income	64.7	35.4	82.8
Foreign exchange gain	(5.5)	7.4	N/M
Earnings before taxes (EBT)	234.2	201.9	16.0
Income taxes	(98.8)	(91.0)	8.6
Net earnings	135.4	110.9	22.1

Consolidated Statement of Financial Position Data

	As of September 30, 2019 ⁽³⁾	As of December 31,	
	(Unaudited)	2018	2017
	(In millions of CHF)		
Cash and cash equivalents	681.5	538.2	565.0
Current assets	2,317.5	2,189.6	2,219.0
Total assets	13,506.2	9,390.6	9,990.8
Current liabilities	2,900.6	1,678.1	1,747.1
Financial debt (current and non-current)	—	3,824.3	4,251.9
Borrowings (current and non-current)	3,748.0	—	—
Net Debt	3,066.5	3,286.1	3,686.9
Total liabilities	10,317.1	6,048.9	6,634.6
Total shareholders' equity	3,189.1	3,341.7	3,356.2
Total liabilities and shareholders' equity	13,506.2	9,390.6	9,990.8

Consolidated Statement of Cash Flows Data

	Nine months ended September 30,		Year ended December 31,	
	2019	2018	2018	2017
	(Unaudited)			
	(In millions of CHF)			
Net cash flows from operating activities	1,685.6	774.3	836.2	715.1
Net cash flows used in investing activities	(154.3)	(159.7)	(226.9)	(257.4)
Net cash flows (used in)/from financing activities	(1,375.5)	(666.2)	(616.3)	(401.3)
Currency translation in cash	(12.5)	12.1	(19.8)	57.8
(Decrease)/Increase in cash and cash equivalents	143.3	(39.5)	(26.8)	114.2
Cash and cash equivalents at the beginning of the period	538.2	565.0	565.0	450.8
Cash and cash equivalents at the end of the period	681.5	525.5	538.2	565.0

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- (1) As of January 1, 2019, we reclassified our results for the nine months ended September 30, 2018 to reflect changes in certain line items, but have not reclassified our results for any periods prior to September 30, 2019, and as a result, they are not directly comparable. See note 2 to our unaudited interim condensed consolidated financial statements incorporated by reference into this Offering Memorandum.
 - (2) We reclassified our results for the nine months ended September 30, 2018 to reflect changes in certain line items. See note 16 to our unaudited interim condensed consolidated financial statements incorporated by reference into this Offering Memorandum for further information on such reclassification.
 - (3) We adopted IFRS 16 as of January 1, 2019. Balances as of December 31, 2018 and December 31, 2017 have not been restated, as we applied the modified retrospective transition approach.

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, 2018 and 2017, prepared in accordance with IFRS, and the unaudited interim condensed consolidated financial statements for the nine month periods ended September 30, 2019 and 2018 prepared in accordance with IAS 34 *Interim Financial Reporting*, incorporated by reference into 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 or incorporated by reference into 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 65 countries on six continents as of December 31, 2018, combining prime operations in developed markets with strong positions in emerging markets.

Our outlets are located in a variety of travel retail settings with the vast majority of our sales produced by our airport retail business (90% of sales for the year ended December 31, 2018). As of December 31, 2018, we operated approximately 2,350 stores, with a total sales area of approximately 453,000 square meters, including approximately 1,990 stores located in airports, approximately 200 stores operating on cruise lines, ferries and seaports, approximately 110 stores at border, downtown and hotel shops and approximately 50 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, as well as brand boutiques, specialized shops, convenience stores and theme shops.

We generated turnover of CHF 8,684.9 million and CHF 6,682.0 million for the year ended December 31, 2018 and the nine months ended September 30, 2019, respectively. Free cash flow for the year ended December 31, 2018 and the nine months ended September 30, 2019 was CHF 614.6 million and CHF 596.3 million, respectively. As of September 30, 2019, we had approximately 31,900 full time equivalents (“FTEs”).

Recent Developments

On September 24, 2019 we announced that the Board of Directors of AENA SME S.A. — the Spanish airport operator — has decided to extend Dufry’s current duty-free contract covering 25 Spanish airports for up to five years. We expect that the newly extended contract will be operational after the expiry of the current concession agreement, which ends on 31 October 2020.

In October 2019 Dufry signed a new contract with Aeropuerto Internacional de la Ciudad de México (AICM) to operate 3 new duty-free shops with 1,400 square meters in the Terminal 2 at Benito Juárez International Airport.

In October 2019, Hudson signed an agreement to acquire 34 Brookstone shops across several airports in the U.S. including the exclusive right to sell select Brookstone merchandise in Hudson shops, and to further expand the brand in the airport channel, thus complementing the overall retail offer. Hudson also has signed an agreement to acquire a controlling stake in the assets of OHM Concession Group LLC (OHM), an award winning food and beverage concessions operator in North America. The OHM acquisition will add approximately 60 units to Hudson’s existing food concessions base.

Factors Affecting Our Results of Operations

General

Our turnover is generated by travel-related retail sales and income from advertising, which accounted for 97.4% and 2.6%, respectively, of turnover for the year ended December 31, 2018. Apart from the cost of sales, our main operating expenses are concession fees, personnel costs and other expenses associated with our retail operations.

Net 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 the locations where we operate is the most significant factor influencing sales. Globally, over 1 billion passengers passed through locations where we operate in 2018 and there were approximately 8.8 billion passengers in 2018 overall. More importantly, the number of air passengers has been consistently growing during the last ten years at more than 5.0% in average per year, with growth expected to be of at least 4.5% on average per annum, which translates to a potential of over 400 million new customers for the industry every year. Although passenger numbers can be affected by external shocks such as terrorist attacks, wars, epidemics and other calamities, passenger growth has proven resilient over the long term.
- *Product Pricing:* Traditionally, sales of duty- and tax-free beverages, tobacco, perfumes and cosmetics to international passengers have dominated the travel-related retail industry, with favorable pricing of duty-free products compared to the products of traditional retailers as a key competitive differentiation. In order to drive our organic growth, however, our pricing strategy reflects a positioning and continuous monitoring of prices, including the pricing policies of our suppliers, and targeted marketing of specific products in certain locations.
- *Turnover Productivity:* Productivity may be improved through penetration (i.e., the number of passengers who actually buy products compared to total passengers at the location) and average spend per customer. We may influence both measures to improve sales, and this can be achieved through infrastructure measures, such as improving the layout, location and accessibility of the shops, and marketing activities, such as signposting inside and outside the stores, product variety, active selling by the sales staff and customer service.

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

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

	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>
Like-for-like	2.3%	(0.9)%	(1.4)%	(1.3)%	0.0%	1.3%
New concessions, net	1.9%	0.2%	3.2%	3.3%	2.3%	2.8%
Organic growth	4.2%	(0.7)%	1.8%	2.0%	2.3%	4.1%
Change in scope	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Growth in constant FX	4.2%	(0.7)%	1.8%	2.0%	2.3%	4.1%
FX impact	3.5%	1.3%	(1.0)%	1.4%	(1.4)%	(2.5)%
Reported growth	7.7%	0.6%	0.8%	3.4%	0.9%	1.6%

The table below sets forth our organic growth, growth in constant currency exchange rates and organic growth for the nine months ended September 30 2019 and September 2018, respectively and for the twelve months ended December 31, 2018 and December 2017, respectively.

	Nine months ended September 30		Twelve months ended December 31	
	2019	2018	2018	2017
Like-for-like	0.1%	1.8%	1.0%	6.9%
New concessions, net	2.8%	1.3%	1.8%	0.4%
Organic growth	2.9%	3.1%	2.8%	7.4%
Change in scope	0.0%	0.0%	0.0%	(0.3)%
Growth in constant FX	2.9%	3.1%	2.8%	7.1%
FX impact	(1.0)%	1.5%	0.9%	(0.1)%
Reported growth	1.9%	4.6%	3.7%	7.0%

Acquisitions

Due to the high fragmentation of the travel retail industry, acquisitions have historically been one of our main sources of growth. We have, over the past years, played a key role in the consolidation of the industry and have executed several notable transactions, including the acquisitions of Nuance in 2014 and of World Duty Free (“WDF”) in 2015. 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. Since the WDF acquisition, we have focused on completing smaller, strategic acquisitions. For example, in the first half of 2019, we entered into an agreement to acquire 60% in RegStaer Vnukovo, a travel retail operator of over 30 duty-free and duty-paid shops at Vnukovo, one of the three most important airports in Moscow, Russia. We believe this acquisition will allow us to considerably strengthen our position in the Moscow region with an attractive long-term concession and to extract synergies at the operational level. The acquisition is expected to close by the end of 2019, after which Dufry will be represented in seven of Russia’s ten largest airports.

Gross Margin and Advertising Income

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

Our pricing and product mix policy at any given location also affects the gross margin at such location. Our relationships with our suppliers also generate advertising income. Advertising income represented 2.6% of turnover in 2018 compared to 2.5% for the prior year period, thereby positively affecting our gross margin. Our global presence and the large number of locations at which we operate allow us to offer attractive advertising opportunities for our suppliers.

Operating Expense Structure

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

In return for granting us the right to operate the travel retail concession, airport authorities or other landlords typically request 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 (for example based upon the number of passengers using an airport or other travel channel). 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 lease expenses, such as variable concession fees, and certain of our other expenses, such as credit card commission and packaging expenses, which were recorded under selling expenses prior to January 1, 2019, are variable in nature as they generally move in line with sales. Personnel costs, which represent a significant expense, are comprised of fixed and variable components as bonuses are based on the performance of the business. Our remaining expenses, such as repairs and maintenance, office and warehouse rent, general administration and marketing, which were recorded under general expenses prior to January 1, 2019 and since January 1, 2019 are recorded under other expenses, are generally fixed in the short term. We have been able to protect our profitability by implementing a number of measures to control and reduce costs during a downturn.

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 between July and September, 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. As a result of these factors, our strongest months of net sales and operating profit typically occur in the second and third quarters of the year, whereas the first quarter of the year is typically the weakest. We increase our working capital prior to peak sales periods, so as to carry higher levels of stock and add temporary personnel to the sales team to meet the expected higher demand. Our results of operations would be adversely affected by any significant reduction in sales during the traditional peak sales periods.

Currency Fluctuations

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

Second, we are exposed to the exchange rate risk inherent to our operations. Although we operate in 65 countries as of December 31, 2018, sales of our products are mostly transacted in Euros or U.S. dollars. When we receive local currencies from our customers, these currencies are converted at the exchange rate of the day. Sometimes our sales prices are denominated in local currencies, whereas the products are acquired in U.S. dollars or Euros. At those locations, currency exchange fluctuations in relation with U.S. dollars or Euros may positively or adversely affect our business, financial condition and results of operations.

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

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

Depreciation, Amortization and Impairment

Our depreciation and amortization policies may affect our results of operations. We depreciate fixed assets using the straight-line method over the useful life of the asset (for example, five years for furniture and between five and ten years for equipment and other improvements to leased property) or the life of the concession to which the assets relate, whichever is less. Intangible assets with a finite lifespan are amortized over their economic useful life and are tested whenever there is an indication that the book value of the

intangible asset may not be recoverable. Intangible assets with an indefinite lifespan are tested for impairment annually, whether individually or at the cash generation unit level, and are also reviewed annually to determine if the evaluations of indefinite lifespan assets remain sustainable. Otherwise, the change in the determination from indefinite to finite useful life is made on a prospective basis. Intangible assets with an indefinite useful life are not amortized, but tested at least annually for impairment. Our principal intangible asset is our concession rights. In relation to IFRS 16, the recognized right-of-use (“RoU”) assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Finance income, Finance cost and Foreign exchange gain / (loss)

Our profitability may be affected by the net amount of interest paid and received and foreign exchange gains or losses recognized as a result of currency fluctuations. Prior to January 1, 2019, these financial results were recognized under interest expenses, interest income and foreign exchange gain / (loss), and since January 1, 2019, are recognized under finance income, finance costs and foreign exchange gain / (loss).

Income Tax

Income tax expenses are based on our taxable results of operations after financial result based on each subsidiary’s jurisdiction. 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. Tax losses carried from one tax period to the next may also influence our deferred tax expenses and benefits.

Non-Controlling Interests

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

Critical Accounting Estimates

The preparation of our financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. The key assumptions concerning the future and other key sources of estimation include uncertainties at the reporting date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods, are discussed below.

Concession Rights

Concession rights acquired in a business combination are valued at fair value as of the date of acquisition and recorded as intangible assets (pre IFRS16, post-IFRS16 classification not yet determined) 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, such as sales growth, growth rates used to extrapolate, gross margin and supplier prices, concession fee levels and discount rates.

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 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)

Prior to January 1, 2019, we reported EBITDA (before other operational result), which we defined 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. We discontinued our presentation of EBITDA as of January 1, 2019.

Segment Information

Our risks and returns are predominantly affected by the fact that we operate in different countries. Prior to January 1, 2019, we operated under five geographical segments: ((i) UK, Central and Eastern Europe, (ii) Southern Europe and Africa, (iii) Asia, Middle East and Australia, (iv) Latin America and (v) North America) plus a Distribution Centers business unit.

Prior to the beginning of 2019, we moved our Eastern European operations into our former Asia, Middle East and Australia segment. As of January 1, 2019, we merged our Southern Europe and Africa division with our UK and Central Europe division. As a result, we now operate under the following four geographical segments in addition to the Distribution Centers unit: (i) Europe and Africa, (ii) Asia Pacific and Middle East, (iii) North America and (iv) Central and South America. Comparative figures for the nine months ended September 30, 2018 have been retroactively recast to reflect the new segments. Comparative figures for the years ended December 31, 2018 and 2017 have not been retroactively recast.

IFRS 16

We adopted IFRS 16 as of January 1, 2019, using the modified retrospective transition method. Prior periods were not restated. As fully described in Note 2 of our unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2019, IFRS 16 provides a single model for leases and requires lessees to recognize RoU assets and lease liabilities for certain lease contracts. The adoption of IFRS 16 had a significant impact on our results of operations for the nine months ended September 30, 2019 as we recognized new assets and liabilities for our concession rights. In addition, the nature and timing of expenses related to those concession rights changed as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for RoU assets and interest expense on lease liabilities. As a result of the adoption of IFRS 16, concession fees, which were previously included in selling expenses on the consolidated income statement, and linearization are now recognized as either lease expenses or amortization of RoU assets within depreciation, amortization and impairment.

In our unaudited interim consolidated statement of profit or loss for the nine months ended September 30, 2019, we changed certain line item descriptions and the components thereof so that the line items are more representative of our operating activities or current IFRS expressions. In addition, we reclassified our results for the nine months ended September 30, 2018 comparative period, as further described in note 16 to our unaudited interim condensed consolidated financial statements for the nine months ended and as at September 30, 2019, so that the comparative period presentation is consistent with the revised line item descriptions. This reclassification is not a restatement of our results for the nine months ended September 30, 2018. We have not reclassified our consolidated financial statements for the years ended and as at December 31, 2018 and 2017.

Results of Operations

The following tables sets forth our interim consolidated statement of profit or loss for the nine months ended September 30, 2019 and September 30, 2018 and our consolidated income statement for the twelve months ended December 31, 2018 and December 31, 2017 indicated as a percentage of total turnover:

	Nine months ended September 30,	
	2019	2018
	(%)	
Net sales	97.3	97.4
Advertising income	2.7	2.6
Turnover	100.0	100.0
Cost of sales	(39.7)	(40.1)
Gross profit	60.3	59.9
Lease expenses	(15.7)	(28.5)
Personnel expenses	(13.9)	(13.5)
Other expenses	(6.4)	(6.6)
Depreciation, amortization and impairment	(19.3)	(6.4)
Other operating income	0.9	0.0

	Nine months ended September 30,	
	2019	2018
	(%)	
Operating profit / loss	6.0	5.0
Finance income	0.9	0.5
Finance costs	(4.4)	(2.0)
Foreign exchange gain / (loss)	0.1	0.0
Profit / (loss) before taxes	2.6	3.5
Income tax	(1.3)	(1.4)
Net profit / (loss)	1.2	2.1
	For the year ended December 31,	
	2018	2017
	(%)	
Net sales	97.4	97.5
Advertising income	2.6	2.5
Turnover	100.0	100.0
Cost of sales	(40.2)	(40.6)
Gross profit	59.8	59.4
Selling expenses	(29.7)	(29.0)
Personnel expenses	(13.5)	(13.5)
General expenses	(4.6)	(4.8)
Share of results of associates	0.0	0.0
EBITDA (before other operational result)	12.0	12.0
Depreciation, amortization and impairment	(6.6)	(7.0)
Linearization	(0.5)	(0.7)
Other operational result	(0.6)	0.6
Earnings before interest and taxes (EBIT)	4.3	5.0
Interest expenses	(2.3)	(3.1)
Interest income	0.7	0.4
Foreign exchange gain / (loss)	(0.1)	0.1
Earnings before taxes (EBT)	2.7	2.4
Income tax	(1.1)	(1.1)
Net earnings	1.6	1.3

Comparison between the Nine Months ended September 30, 2019 and September 30, 2018

The following summarizes changes in financial performance for the nine months ended September 30, 2019, compared to the nine months ended September 30, 2018:

	Nine months ended September 30,		
	2019	2018	Percent Change
	(Unaudited)		
	(In millions of CHF)		(%)
Net sales	6,504.8	6,391.9	1.8
Advertising income	177.2	168.8	5.0

	Nine months ended September 30,		
	2019	2018	Percent Change
	(Unaudited)		
	(In millions of CHF)		(%)
Turnover	6,682.0	6,560.7	1.8
Cost of sales	(2,655.7)	(2,628.3)	1.0
Gross profit	4,026.3	3,932.4	2.4
Lease expenses	(1,046.1)	(1,870.5)	(44.1)
Personnel expenses	(925.6)	(883.2)	4.8
Other expenses	(426.5)	(433.6)	(1.6)
Depreciation, amortization and impairment	(1,286.9)	(419.4)	206.8
Other operating income	62.4	—	N/M
Operating profit / loss	403.6	325.7	23.9
Finance income	57.1	35.2	62.2
Finance costs	(294.8)	(130.2)	126.4
Foreign exchange gain / (loss)	4.7	(1.9)	N/M
Financial results, net	(233.0)	(96.9)	N/M
Profit / (loss) before taxes	170.6	228.8	(25.4)
Income tax	(89.0)	(92.4)	(3.7)
Net profit / (loss)	81.6	136.4	(40.2)

Turnover

Turnover grew by 1.8% and was CHF 6,682.0 million for the nine months ended September 30, 2019, compared to CHF 6,560.7 million for the nine months ended September 30, 2018. Organic growth contributed 2.9% to turnover growth, while translational foreign exchange impacted turnover growth by (1.0)%, mainly due to strengthening of the US dollar and weakening of the Euro and British Pound.

Performance by Segment

The following summarizes changes in turnover with external customers for the nine months ended September 30, 2019, compared to the nine months ended September 30, 2018 by segment:

	Nine months ended September 30, 2019		
	2019	2018	Percent Change
	(In millions of CHF)		(%)
Europe and Africa	2,932.9	2,940.3	(0.3)
Asia Pacific and Middle East	957.3	849.5	12.7
North America	1,469.8	1,415.1	3.9
Central and South America	1,137.6	1,212.6	(6.2)
Distribution Centers	184.4	143.2	28.8

Europe and Africa turnover decreased by 0.3% to CHF 2,932.9 million for the nine months ended September 30, 2019 from CHF 2,940.3 million for the nine months ended September 30, 2018. Organic growth was 5.3% for the nine months ended September 30, 2019. In the UK, performance remained positive. In Spain, sales continued to improve during the holiday season supported by the implementation of several commercial initiatives and best practice pilots across five Spanish airports. Turkey continued with solid growth and Greece posted a good performance. Finland, Italy and Malta reported positive growth as well as Africa, in particular, Morocco, Kenya and Egypt.

Asia Pacific and Middle East turnover increased by 12.7% to CHF 957.3 million for the nine months ended September 30, 2019 from CHF 849.5 million for the nine months ended September 30, 2018. Organic

growth in the division was 13.4%, as turnover of the division was impacted mainly by the contribution of new concessions in the first nine months of 2019. Performance in Eastern Europe was positive, with Russia and Serbia posting good growth. Asia-Pacific continued with a double-digit growth performance, led by the successful opening in the MTR high-speed railway station in Hong Kong as well as Macau and China. Performance in Australia remained solid at double digit levels, supported by the start of operations at Perth.

Turnover in North America grew 3.9% to CHF 1,469.8 million for the nine months ended September 30, 2019 from CHF 1,415.1 million for the nine months ended September 30, 2018. Organic growth was 2.1% for the nine months ended September 30, 2019, supported by the overall resilient performance of the duty-paid business, while the duty-free segment was negatively influenced by the lower spending from Chinese passengers.

Central and South America turnover decreased by 6.2% to CHF 1,137.6 million for the nine months ended September 30, 2019 from CHF 1,212.6 million for the nine months ended September 30, 2018. Organic growth in the division reached (8.4)% in the same period. Performance in the Caribbean was good with the cruise business continuing to post a positive contribution. Performance in Mexico and Dominican Republic was also positive. In South America, the situation remains challenging with most operations still impacted by the devaluation of local currencies, especially in Brazil and Argentina.

Turnover with external customers in Distribution Centers increased by 28.8% for the nine months ended September 30, 2019 to CHF 184.4 million for the nine months ended September 30, 2019 from CHF 143.2 million for the prior year period. The turnover increase illustrates increased wholesale business.

Gross Profit

Gross profit increased by 2.4% to CHF 4,026.3 million for the nine months ended September 30, 2019 from CHF 3,932.4 million in the prior year period. The gross margin increased from 59.9% in September 2018 to 60.3% in September 2019. The increase of 40 base points reflects the continued improvement in Dufry's negotiations with global and local suppliers in addition to the further roll-out of the brand plans, which include the launch of exclusive products and novelties.

Lease Expenses

Dufry started to report under the new IFRS 16 framework as of January 1, 2019, which mainly changes the accounting treatment of leases. In short, whilst previously leases were accounted as expenses, now fixed components are capitalized and amortized over the lifetime of the contract.

Lease expenses decreased by 44.1% to CHF 1,046.1 million for the nine months ended September 30, 2019 from CHF 1,870.5 million for the prior year period. As a percentage of turnover, lease expenses amounted to 15.7% for the nine months ended September 30, 2019, compared to 28.5% in the nine months ended September 30, 2018.

Personnel Expenses

Personnel expenses increased by 4.8% to CHF 925.6 million from CHF 883.2 million for the nine months ended September 30, 2019. As a percentage of turnover, personnel expenses amounted to 13.9% and 13.5% for the nine months ended September 30, 2019 and 2018, respectively.

Other Expenses

Other expenses decreased by 1.6% to CHF 426.5 million for the nine months ended September 30, 2019 from CHF 433.6 million in the prior year period primarily as a result of lower refurbishment costs. As a percentage of turnover, other expenses decreased to 6.4% compared to 6.6% in 2018, primarily as a result of lower refurbishment costs.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment increased by 206.8% to CHF 1,286.9 million for the nine months ended September 30, 2019 from CHF 419.4 million for the prior year period, primarily due to the implementation of IFRS 16.

Other Operating Income

Other operating income increased CHF 62.4 million for the nine months ended September 30, 2019 from CHF 0 million for the prior year period. This includes the indirect tax refund of CHF 62.4 million which Dufry became entitled to claim back related to certain indirect tax payments made since 2009 by one of its Brazilian subsidiaries and following the decision of the Brazilian Federal Court.

Operating Profit

As a result of the foregoing, operating profit increased by 23.9% for the nine months ended September 30, 2019, compared to the prior year period, to CHF 403.6 million from CHF 325.7 million, respectively.

Financial Results, Net

Financial results, net, decreased to a loss of CHF 233.0 million for the nine months ended September 30, 2019 from a loss of CHF 96.9 million for the nine months ended September 30, 2018 due to finance costs of CHF 294.8 million, partially offset by CHF 57.1 million earned as finance income and a foreign exchange gain of CHF 4.7 million, for the nine months ended September 30, 2019, compared to finance costs of CHF 130.2 million and a foreign exchange loss of CHF 1.9 million, partially offset by a finance income of CHF 35.2 million for the same period in 2018.

Income Tax Benefit / Expense

Income taxes for the nine months ended September 30, 2019 amounted to an expense of CHF 89.0 million compared to an expense of CHF 92.4 million for the corresponding period of 2018.

Net Profit/Loss

As a result of the foregoing, we recorded a net profit of CHF 81.6 million for the nine months ended September 30, 2019, compared to a net profit of CHF 136.4 million for the prior year period.

Comparison between the Fiscal Years Ended December 31, 2018 and December 31, 2017

The following summarizes changes in financial performance for the year ended December 31, 2018, compared to the year ended December 31, 2017:

	For the year ended December 31,		Percent Change
	2018	2017	
	(In millions of CHF)		(%)
Net sales	8,455.8	8,164.7	3.6
Advertising income	229.1	212.7	7.7
Turnover	8,684.9	8,377.4	3.7
Cost of sales	(3,489.2)	(3,398.8)	2.7
Gross profit	5,195.7	4,978.6	4.4
Selling expenses	(2,580.5)	(2,430.1)	6.2
Personnel expenses	(1,175.2)	(1,135.0)	3.5
General expenses	(403.5)	(404.8)	(0.3)
Share of results of associates	3.8	(1.6)	N/M
EBITDA (before other operational result)	1,040.3	1,007.1	3.3
Depreciation, amortization and impairment	(571.9)	(582.8)	(1.9)
Linearization	(47.7)	(58.9)	(19.0)
Other operational result	(49.3)	53.3	N/M

	For the year ended December 31,		Percent Change
	2018	2017	
	(In millions of CHF)		(%)
Earnings before interest and taxes (EBIT)	371.4	418.7	(11.3)
Interest expenses	(196.4)	(259.6)	(24.3)
Interest income	64.7	35.4	82.8
Foreign exchange gain / (loss)	(5.5)	7.4	N/M
Financial results, net	(137.2)	(216.8)	(36.7)
Earnings before taxes (EBT)	234.2	201.9	16.0
Income tax	(98.8)	(91.0)	8.6
Net earnings	135.4	110.9	22.1

Turnover

In 2018, turnover grew by 3.7% to CHF 8,684.9 million from CHF 8,377.4 million in the same period in 2017. Like-for-like growth contributed 1.0% and net new concessions added 1.8%, which resulted in an organic growth of 2.8%. The FX translation effect during the period was 0.9%, mainly due to the strengthening of the Euro and the British Pound versus the Swiss Franc.

Of note is that, in the third quarter of 2018, headwinds impacted our trading in Spain, Brazil and Argentina resulting in a negative organic growth in that quarter. Organic growth improved in the fourth quarter, mainly due to the positive contribution of openings in Asia, namely in Hong Kong and Australia.

Performance by Segment

Prior to January 1, 2019, we operated under five geographical segments ((i) UK, Central and Eastern Europe, (ii) Southern Europe and Africa, (iii) Asia, Middle East and Australia, (iv) Latin America and (v) North America) plus a Distribution Centers business unit. As of January 1, 2019, we merged our Southern Europe and Africa division with our UK and Central Europe division as well as our Eastern Europe operations and now operate under the following four geographical segments in addition to the Distribution Centers unit: (i) Europe and Africa, (ii) Asia Pacific and Middle East, (iii) North America and (iv) Central and South America. The following summarizes changes in turnover with external customers for the year ended December 31, 2018, compared to the year ended December 31, 2017 by segment for the segments in use prior to January 1, 2019:

	For the year ended December 31,		Percent Change
	2018	2017	
	(In millions of CHF)		(%)
Southern Europe and Africa	1,854.0	1,857.8	(0.2)
UK and Central Europe	1,974.2	1,945.1	1.5
Eastern Europe, Middle East, Asia and Australia	1,153.6	1,011.4	14.1
Latin America	1,617.0	1,694.0	(4.5)
North America	1,884.4	1,771.5	6.4
Distribution Centers	201.7	97.6	106.7

Turnover in Southern Europe and Africa decreased by 0.2% to CHF 1,854.0 million for the year ended December 31, 2018 from CHF 1,857.8 million in 2017. Organic growth in the division was (2.6)% in 2018. Our Spanish business was negatively impacted by a change in the mix of passengers towards lower spending nationalities. On the other hand, Turkey benefited from the shift and posted good performance, and other locations, such as Italy, France, Malta and Kenya, all posted good growth.

Turnover in UK, Central and Eastern Europe's increased by 1.5% to CHF 1,974.2 million for the year ended December 31, 2018 from CHF 1,945.1 million in 2017. Organic growth in the division was 0.3% in 2018. Growth in the region for most of the year was largely impacted by the closing of operations in

Geneva as of October 2017. Excluding such impact, organic growth reached 3.4%. In the UK, the main region in the division, performance was solid during the entirety of the year, supported by a stable growth in passenger numbers as well as refurbishments and marketing initiatives. Switzerland, excluding Geneva, also posted good growth, due to a combination of the refurbishment and introduction of the New Generation store concept in Zurich along with growth in passengers.

Turnover in Eastern Europe, Asia, Middle East and Australia increased by 14.1% to CHF 1,153.6 million in 2018 from CHF 1,011.4 million in 2017. Organic growth in the division was 15.1% in 2018. Despite some slowdown in the growth rate in the last quarter of the year due to strong performance in the fourth quarter of 2017, the growth rate remained strong during 2018, in particular due to the opening of operations in Hong Kong and Perth. Eastern Europe had a good performance during the year, although the performance slowed in the second half of 2018. In the Middle East, operations in Jordan, Kuwait, Sharjah and India continued to grow solidly. The growth trend in Asia remained strong during 2018, although there was some slowdown in the growth rate in the second half of the year due to strong performance in the second half of 2017. We saw a solid performance in our operations in Cambodia, Macau, South Korea and Indonesia. Australia posted double-digit growth in the year, supported by the opening of the New Generation Store in Melbourne.

Latin America's turnover decreased by 4.5% to CHF 1,617.0 million in 2018 from CHF 1,694.0 million in 2017. Organic growth in the division was (3.5)% in 2018. Most operations in South America faced challenging conditions driven by a strong devaluation of local currencies. Brazil and Argentina were the most impacted locations with the Brazilian Real and the Argentinean Peso devaluing 15% and 70%, respectively, during the year. Other operations in South America also saw a slow-down in performance as a knock-on effect from these two key countries, especially in the second half of the year. Central America and Caribbean had a good performance during the year, further supported by a strong development of the cruise business, where we started operations on board of a number of new ships.

Turnover in North America increased by 6.4% to CHF 1,884.4 million in 2018 from CHF 1,771.5 million in 2017. Organic growth in the division was 6.8% in 2018. This performance was driven by a combination of passenger growth and new openings during the year. The duty-paid concept delivered a solid performance throughout the year. Growth in the duty-free operations was resilient as well until the third quarter. During the fourth quarter of 2018, organic growth slowed down slightly to 4.7%, mainly driven by the change in the Chinese passenger profile, resulting in a lower spending and impacting the duty-free business in the region.

Turnover with external customers in Distribution Centers increased by 106.7% to CHF 201.7 million in 2018 from CHF 97.6 million in the previous year. The turnover increase illustrates increased wholesale business.

Gross Profit

Gross profit increased by 4.4% to CHF 5,195.7 million in 2018 from CHF 4,978.6 million in 2017. Gross margin improved by 0.4 percentage points to 59.4%, mainly as a result of further renegotiations of terms and conditions with local suppliers, supported by a contribution from the acceleration of several brand plan initiatives, resulting either in better terms or higher compensation from suppliers.

Selling Expenses

Selling expenses increased by 6.2% to CHF 2,580.5 million in 2018 from CHF 2,430.1 million in 2017. As a percentage of turnover, selling expenses amounted to 29.7% of turnover for the year ended December 31, 2018 compared to 29.0% in 2017. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up 94% of the selling expenses in both 2018 and 2017. Selling expenses are presented net of concession and rental income, commission income and commercial services and other selling expenses. Concession and rental income is generated by us when we sublet retail space at our shops to other retail operations. For the year ended December 31, 2018, concession and rental income was CHF 17.8 million, compared to CHF 16.9 million in 2017. The increase was primarily due to the effect of the minimum annual guarantee of our Spanish contracts and new operations outside of the airport channel.

Personnel Expenses

Personnel expenses increased by 3.5% to CHF 1,175.2 million in 2018 from CHF 1,135.0 million in 2017. As a percentage of turnover, personnel expenses remained flat at 13.5% in 2018 and 2017.

General Expenses

General expenses decreased by 0.3% to CHF 403.5 million in 2018 from CHF 404.8 million in 2017. As a percentage of turnover, general expenses were 4.6% of turnover for the year ended December 31, 2018, compared to 4.8% in 2017.

EBITDA (before other operational result)

EBITDA increased by 3.3% to CHF 1,040.3 million for the year ended December 31, 2018 from CHF 1,007.1 million in 2017. EBITDA margin remained flat at 12.0% in 2018 and 2017. We discontinued our presentation of EBITDA as of January 1, 2019 when we adopted IFRS 16.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment decreased by 1.9% to CHF 571.9 million for the year ended December 31, 2018 from CHF 582.8 million in 2017.

Other Operational Result

Other operational result decreased to CHF (49.3) million for the year ended December 31, 2018, as compared to CHF 53.3 million in 2017. This decrease was primarily due to costs related to openings and closings of operations.

Financial Results, Net

Financial results, net improved from a loss of CHF 216.8 million for the year ended December 31, 2017 to a loss of CHF 137.2 million in 2018. The improvement in financial results, net of CHF 79.6 million was primarily due to the refinancing of our long-term indebtedness in the fourth quarter of 2017, which included the redemption of our 4.5% notes due 2022, lower debt levels in 2018 and one-off charges relating to the refinancing in 2017 of CHF 41.6 million.

Income Tax Expense

For the year ended December 31, 2018, the effective consolidated tax rate across our operations was 42.2%. Income tax expense increased to CHF 98.8 million for the year ended December 31, 2018 from CHF 91.0 million in 2017. 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 135.4 million for the year ended December 31, 2018, compared to net earnings of CHF 110.9 million in 2017, a 22.1% increase.

Liquidity and Capital Resources

General

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

Cash Flows from Operating Activities

Net cash flows from operating activities were CHF 1,685.6 million for the nine months ended September 30, 2019, an increase of CHF 911.3 million compared to the prior year period. The increase in net cash flows provided from operating activities is mainly due to the new IFRS16 standard implemented as of January 1, 2019.

Net cash flows from operating activities were CHF 836.2 million for the year ended December 31, 2018, an increase of CHF 121.1 million compared to the prior year. This increase was primarily due to a cash outflow due to change in net working capital of CHF 1.6 million compared to a cash outflow of CHF 142.8 million in 2017.

Cash Flows from Investing Activities/Our Investment Policy

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

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

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

Net cash used in investing activities increased to CHF 154.3 million for the nine months ended September 30, 2019, as compared to CHF 159.7 million for the comparable period.

Net cash used in investing activities decreased to CHF 226.9 million for the year ended December 31, 2018 as compared to CHF 257.4 million for the prior year. For 2018, capital expenditure was CHF 251.1 million, which includes investments made in shops during the period.

Cash Flows from Financing Activities

Net cash used in financing activities increased by CHF 709.3 million for the nine months ended September 30, 2019, to CHF 1,375.5 million compared to cash flows used in financing activities of CHF 666.2 million in the prior year period.

Net cash used in financing activities increased to CHF 616.3 million for the year ended December 31, 2018, compared to net cash used in financing activities of CHF 401.3 million in the prior year. This net outflow was primarily due to the repurchase of shares for CHF 549.8 million, which are now held in treasury, repayment of bank loans of CHF 478.2 million and dividend payments of CHF 198.7 million partially offset by the proceeds from the IPO of Hudson Ltd., which led to a net inflow of CHF 665.2 million.

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

Indebtedness

As of September 30, 2019, we had total borrowings (current and non-current) of CHF 3,748.0 million (compared with CHF 3,824.3 million and CHF 4,251.9 million of total financial debt (current and non-current) as of December 31, 2018 and December 31, 2017, respectively). See “Description of Other Indebtedness.”

We intend to use the net proceeds from this offering to fund the 2023 Notes Refinancing, and to reduce, in part, the amount drawn under our 2017 Revolving Credit Facility.

Contractual Obligations

There are no capital expenditure commitments other than those incurred in the normal course of business as of December 31, 2018. The principal future investments for which legally binding undertakings have been entered into relate to expanding and refurbishing duty free shops at Melbourne Airport, refurbishing duty free and duty paid shops at Fort Lauderdale Airport, refurbishing duty free shops at Zurich Airport and Manchester Airport and refurbishing duty paid shops at Seattle Airport.

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

The following table summarizes our debt obligations as of September 30, 2019, which gives effect to the offering and the use of proceeds therefrom. See “Use of Proceeds” See also “Description of Other Indebtedness.”

	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>	<u>3 to 5 Years</u>	<u>More Than 5 Years</u>
			(In millions of CHF)		
2024 Notes	870.2			870.2	
Notes offered hereby	815.8				815.8
2017 Senior U.S. Dollar Term Loan Facility	698.5		698.5		
2017 Senior Euro Term Loan Facility	543.9		543.9		
2017 Revolving Credit Facility ⁽¹⁾	754.3			754.3	
Other	100.6	100.6			
Total	3,783.3	100.6	1,242.4	1,624.5	815.8

(1) As of September 30, 2019, on an actual basis, we had approximately CHF 659.8 million of availability for additional credit extensions under our 2017 Revolving Credit Facility.

For further description of these long-term obligations, see Note 26 to our consolidated financial statements included or incorporated by reference into this Offering Memorandum.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements.

OUR INDUSTRY

The Travel Retail Market

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

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

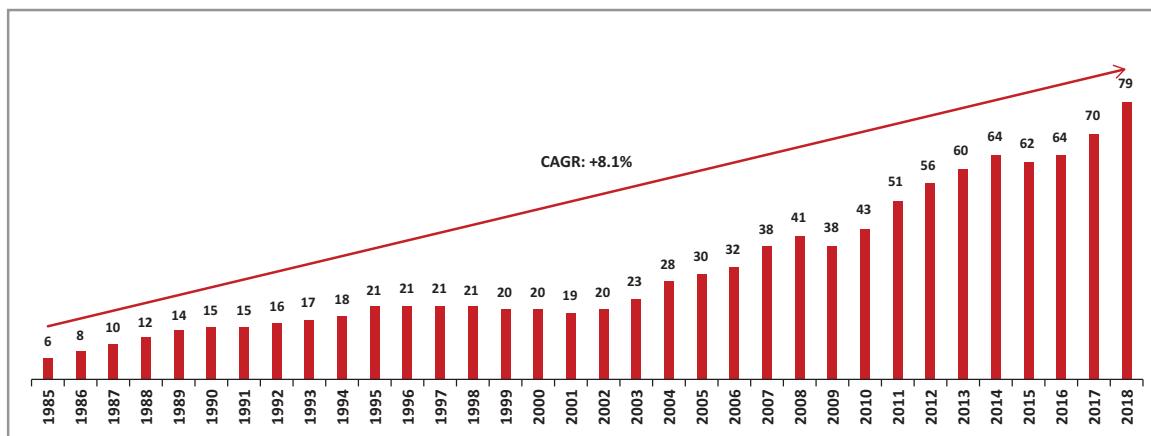
Duty-free departure shops are located in the restricted departure area of international airports or seaports. Customers must be traveling internationally in order to have access to these shops. Purchases made in departure shops are not subject to quantity restrictions, but they may be subject to import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

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

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

The worldwide duty-free and travel retail market, comprising sales through channels principally aimed at travellers, such as shops in airports, ports and railway stations and sales on board aircrafts, ferries and cruise liners, recorded sales of approximately USD 79 billion for the year ended December 31, 2018 according to Generation Research. The industry has posted strong growth in the past years, almost doubling in size in the last 10 years.

Global Travel Retail Evolution (Market Size in USD billions)



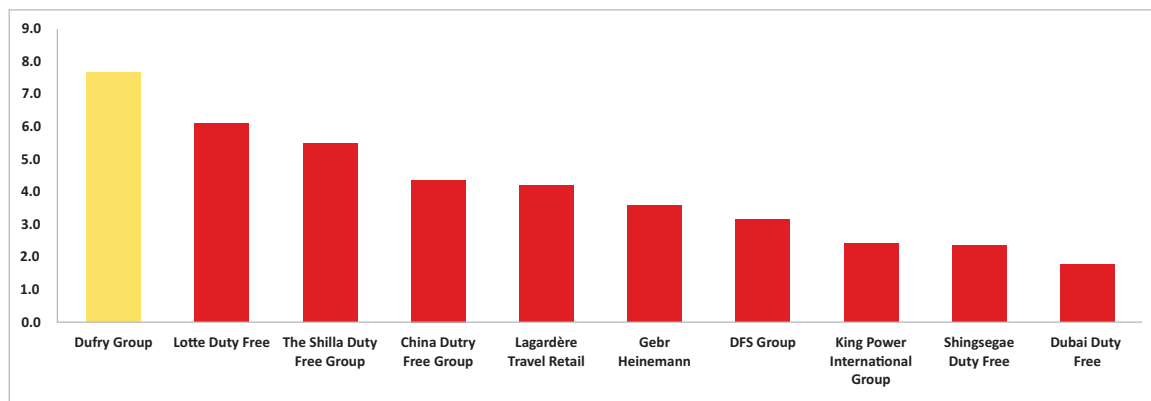
Source: Generation Research

Prospects for the industry are also strong. Industry specialists expect that the travel retail industry will continue to grow in the coming years. For example Allied Market Research expects the market to double in size by 2025, with the expectation of 9.6% average growth for the period 2018 to 2025. In another study, Arizton forecasts average growth of the global airport retail market at 7.9% from 2018 to 2023.

Such strong past and prospective growth are mainly driven by the resilience of passenger growth. According to Airports Council International (“ACI”), global passenger numbers experienced a 5.5% compound annual growth rate from 2006 – 2017. Forecasts are also at high levels, supported by ACI expectations of average passenger growth for 2018 – 2040 at 4.1%.

In terms of market structure, the industry experienced strong consolidation in the past few years. In 2018, the top ten travel retailers accounted for approximately 50% of the global industry total. Dufry played an important role in the industry consolidation and ranks now as the market leader in both Global Duty-Free and Airport Retail.

The below chart shows the top 10 travel retailer rankings in 2018 by turnover(€ billion).



Source: Moodie Davitt Report 2019

Airport Retail

General Characteristics and Market Overview

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

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

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

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

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

Concessions and the Role of Airport Operators

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

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

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

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

Trends

Recent trends affecting the airport retail sector include:

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

According to ACI, in 2016 and 2017 passenger volume grew by 6.6% and 7.5%, respectively. For the medium and long-term, confidence in growth remains strong within the airport industry. From 2017 to 2040 world passenger volumes are expected to grow by 4.1% annually, driven by international traffic growth (4.9% per annum) and ACI expects that passenger traffic will double between 2018 and 2034. In spite of the important domestic growth forecast for China, India and Vietnam, domestic markets are expected to increase only by 3.5% per annum, mainly due to relatively lower growth rates in the United States and Western Europe. With a volume of nearly 10.1 billion passengers in 2040 international markets are expected to reach almost parity with domestic markets, which will account for approximately 10.7 billion travellers. Global passenger volumes, which consists of international, domestic and direct-transit passengers, are predicted to surpass the 20 billion mark by 2040.

The following table shows actual and forecasted annual passenger volumes from 2017 to 2040.

	2017	2018F	2019F	2022F	2027F	2032F	2037F	2040F
Volume (millions)	8,279	8,791	9,282	10,692	13,114	15,795	18,859	20,946
Growth		6.2%	5.9%	5.2%	4.7%	4.4%	4.2%	4.1%

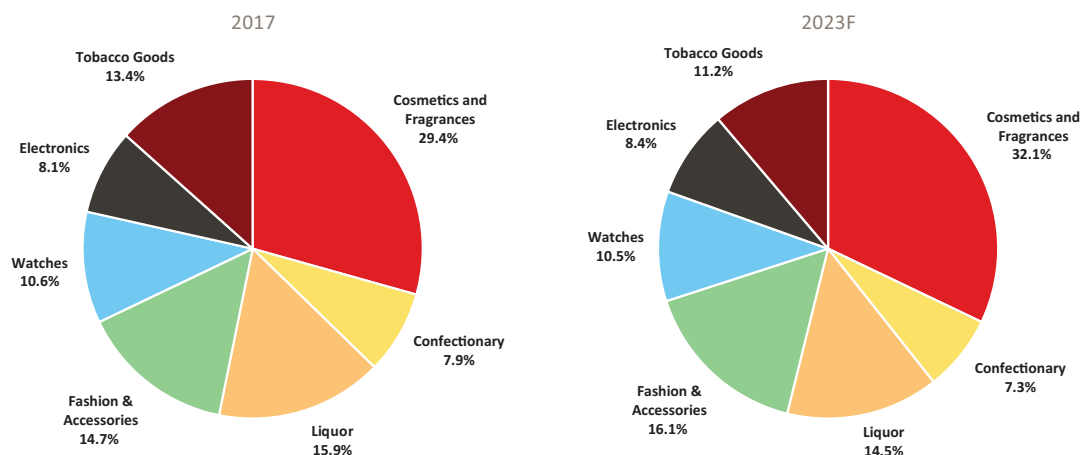
The following table shows forecasted annual passenger volumes (in million) per region from 2018 to 2040.

	2017	2018F	2019F	2022F	2027F	2032F	2037F	2040F	2017 – 2040F
Africa	195	213	225	257	306	358	414	450	3.7%
Asia-Pacific	3,008	3,237	3,445	4,134	5,380	6,775	8,394	9,535	5.1%
Europe	2,216	2,343	2,466	2,783	3,239	3,687	4,144	4,419	3.0%
Latin America-Caribbean . . .	612	638	666	774	985	1,233	1,526	1,731	4.6%
Middle East	392	408	436	535	733	960	1,228	1,410	5.7%
North America	1,856	1,952	2,044	2,210	2,472	2,783	3,153	3,399	2.7%
World	8,279	8,791	9,282	10,692	13,114	15,795	18,859	20,946	4.1%

Source: Airports Council International, World Airport Traffic Forecasts 2018 – 2040.

Changes in product mix. Traditionally, airport retail sales were dominated by products subject to high special taxes such as spirits and tobacco. Over the last decades, the relative importance of these categories has been reduced as other categories have been introduced and grown more quickly. Comparing 2017 product mix with the forecast for 2023, the largest growth is expected to take place in the areas of cosmetics and fragrances and fashion and accessories, while all other categories either maintain a stable share or lose share of global airport retail sales.

The following diagrams show the global airport retail sales in 2017 and 2023F by product categories (in %):



Source: Arizton 2018 (Global Outlook and Forecast 2018 – 2023)

Regulation. Along with the shift towards a more global focus, travel retailers have been faced with changing consumer behavior and a changing regulatory environment. Specifically, regulation of tobacco sales has tightened in recent years. For example, the duty-free inbound tobacco allowance for Australia was reduced in 2012 from 250 to 50 cigarettes per passenger, and retailers in Australia are required to store tobacco products in a cupboard which is covered with a curtain to prevent accidental display and located behind a barrier preventing customer access. The regulations have negatively impacted sales of tobacco and other products and are expected to be extended to more countries and potentially other product categories. In other instances, regulation has allowed for new opportunities. For example, Switzerland and Mexico introduced the possibility of the sale of duty-free products on arrival in 2011 and 2007, respectively. In 2019, Dufry opened its first Brazil duty-free border shop, following the final approval of the new regulation by the local customs authority which allows 32 Brazilian twin-cities with the right to operate duty-free border shops. Also in 2019, Brazil announced an increase in its duty-free allowance from \$500 USD to \$1,000 USD, to become effective in January, 2020.

Rising percentage of Middle-Class Demographics. Growth of the middle class in recent years has created new potential customers for duty-free and travel retail. The increasing affordability of commercial flights coupled with the rising availability of disposable income among the middle class has allowed them to travel more frequently. Accordingly, these consumers have begun spending their disposable income at airports, on cruise ships, and in duty-free stores in particular.

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

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

Low cost carriers. According to IACO, budget airlines continued to grow at a faster pace than the world average growth, with low cost carriers ("LCCs") accounting for 31% of the world total scheduled passengers in 2018. Overall, passengers of LCCs have less purchasing power when compared to the average traveler and as such, spend less. Therefore, airports with a high percentage of LCCs have typically lower commercial potential, and airport retailers typically choose to adapt their offerings at such locations by shifting towards cheaper products that are more suitable for such travellers.

BUSINESS

Our Company

We are a leading global travel retailer with operations in 65 countries on six continents as of December 31, 2018, combining prime operations in developed markets with strong positions in emerging markets.

Our outlets are located in a variety of travel retail settings with the vast majority of our sales produced by our airport retail business (90% of sales for the year ended December 31, 2018). As of December 31, 2018, we operated approximately 2,350 stores, with a total sales area of approximately 453,000 square meters, including approximately 1,990 stores located in airports, approximately 200 stores operating on cruise lines, ferries and seaports, approximately 110 stores at border, downtown and hotel shops and approximately 50 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, as well as brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to generate profitable growth and long-term value by expanding our footprint geographically and in multiple channels. In 2018, we opened 26,800 square meters of gross new retail space, including operations aboard 16 cruise ships totaling over 4,000 square meters across 48 shops, duty-free operations at the West Kowloon train station in Hong Kong and 57 stores across several operations in North America totaling 5,100 square meters. Moreover, in the first nine months of 2019, we opened an additional 20,400 square meters of gross retail space, including, among others, 20 stores in Russia, 45 shops in North America, 11 shops in Latin America and 30 stores on 18 new ships.

As a part of our strategy, in February 2018, we completed the IPO of our North American business unit under the name Hudson Ltd. (“Hudson”). We retained 57% ownership of Hudson and the strategic flexibility provided by the IPO of this business has allowed us to strategically develop our North American business. In addition, in the first half of 2019, we entered into an agreement to acquire 60% in RegStaer Vnukovo, a travel retail operator of over 30 duty-free and duty-paid shops at Vnukovo, one of the three most important airports in Moscow, Russia. We believe this acquisition will allow us to considerably strengthen our position in the Moscow region with an attractive long-term concession and to extract synergies at the operational level. The acquisition is expected to close by the end of 2019, after which Dufry will be represented in seven of Russia’s ten largest airports.

We generated turnover of CHF 8,684.9 million and CHF 6,682.0 million for the year ended December 31, 2018 and the nine months ended September 30, 2019, respectively. Free cash flow for the year ended December 31, 2018 and the nine months ended September 30, 2019 was CHF 614.6 million and CHF 596.3 million, respectively. As of September 30, 2019, we had approximately 31,900 FTEs.

Our Strengths

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

Exposure to resilient sector with proven growth fundamentals over the long term. Travel retail and airport retail in particular, differs significantly from traditional retail. The customer base has different buying behavior compared to traditional retail and is often characterized by captive customers who have above-average purchasing power and, in most cases, time to shop while traveling. Furthermore, airport retail differs from traditional retail with regard to store operating expenses. While fixed rate leases predominate in traditional retail, airport retailers mostly operate under concessions providing for a combination of variable payments with minimum guarantees, which provides added resilience to the business. For example, in case of external business disruptions (e.g., natural disasters, geopolitical events or economic downturns), variable payments to landlords may decrease as a result of having concession fees tied to sales. Conversely, if sales increase, landlords may benefit from increased variable payments. Over the past decade, travel retail sales have experienced an annualized growth rate of 5.4%. The travel retail industry had an estimated market value of USD 79.0 billion in 2018, a 13.0% increase from 2017, and it is expected

to reach USD 112.1 billion in 2023. Passenger growth tends to be correlated with GDP growth, and passenger numbers are expected to continue to grow at a resilient average growth rate of 4.7% per annum until 2027, which forms the most important component of our organic growth.

Undisputed #1 leadership position in a fragmented market. Following the acquisition of World Duty Free in 2015, we became the clear leader in the global travel retail industry. The global travel retail and airport retail market remains fragmented, and while our competitors mostly operate within a restricted regional or local footprint, we have extensive experience in successfully operating global travel retail businesses. Our global platform and experience in developing new retail facilities in diverse markets, as well as the ability to introduce high-quality suppliers to new outlets, are competitive advantages for us when pursuing new concessions and when negotiating with suppliers, as we are the only travel retail operator that is capable of offering window displays in 400 locations across the globe. We have a long-standing track record as an active consolidator in the fragmented industry and believe that further consolidation and inorganic growth opportunities exist. Furthermore, as the only truly globally active travel retailer, our customer data helps us identify customer preferences by nationality with respect to brands, products and responsiveness to marketing campaigns and promotions. This allows us to maximize revenues by optimally structuring product assortment displays and in-store marketing activities.

Highly defensible business model with significant revenue and cost visibility. We have assembled a high-quality and diversified portfolio of travel retail concessions at attractive locations, with an average remaining term of six years. In 2018, 21.8% of our sales were generated from concessions with a remaining term of ten or more years, 30.4% of our sales were generated from concessions with a remaining term of between six and nine years and 47.8% of our sales were generated from concessions with a remaining term of between one and five years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility. Moreover, the geographical diversification of our concession portfolio mitigates the risks of local and regional external impacts.

Our concession portfolio is also not dependent on any individual contract. Our largest concession contract represents only 7% of our sales and our top 10 contracts represent less than 35% of our total sales, in each case based on 2018 fiscal year results. Our track record as a successful, high-quality operator is important to our long-term relationships with facility owners. Given that a large portion of our concession payments are sales-driven, as a result of the variable component of our concession fees, our facility owners benefit from having a strong operator with a proven ability to grow sales. As a result, we enjoy high renewal rates of around 80% for existing concessions and high success rates of winning new concessions. Approximately 34,800 m² of contract extensions were signed in 2018. In addition, we opened 26,800 m² of gross retail space in 2018, which reflects net retail space growth achieved organically, rather than through M&A activity. Moreover, we opened an additional 20,400 m² of gross retail space in the first nine months of 2019 and have an additional 14,600 m² of contracted space that will open in the last quarter of 2019 and 2020. At the same time, we refurbished 36,800 m² of retail space in the first nine months of 2019.

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

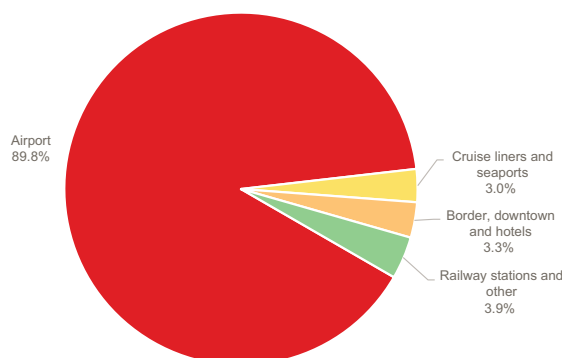
We maintain well-diversified operations across geographies, product categories and retail concepts. As of December 31, 2018, we operated approximately 2,350 stores at approximately 400 locations in 65 countries. We are a truly global business, with geographically diverse operations across Africa, Asia, Central America, the Caribbean, Europe, North America and South America, combining prime operations in developed markets and high-growth emerging markets. Our operations are also diversified in terms of the products we sell, with a strong focus on high margin categories. Our core product category is Perfumes and Cosmetics, which represented 32% of our net sales in 2018. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

Strong financial performance and robust cash flow generation. Since 2003, our turnover has grown by approximately 13 times, which represents a CAGR of 18.4%. We believe that we are well positioned to take advantage of future industry growth through our best-in-class management, global presence and access to

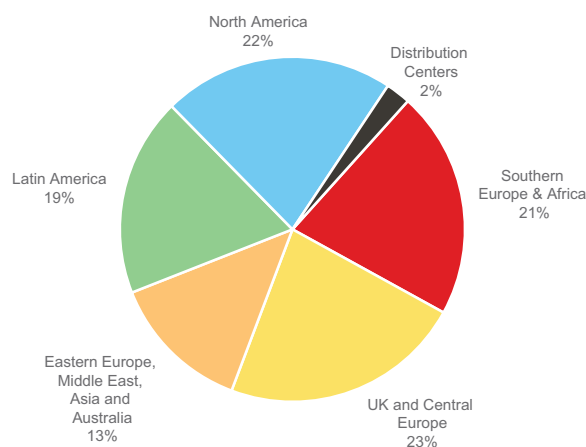
existing and new retail locations. Our business model has shown solid underlying growth, with a like-for-like revenue growth in 2017 and 2018 of 6.9% and 1.0% respectively. We believe this results from supporting dynamics such as a stable per passenger spend and increase in airport traffic inherent to the industry. We also benefit from scale and cost advantages, which supports our profitability and cash generation. Our gross margin has improved from approximately 46% in 2003 to 59.8% in 2018, resulting from successful execution of our strategy to pursue profitable growth and enhanced operational excellence. We expect to offset long-term changes in concession fees with further optimization of gross margin and operational leverage. We also have strong cash flow generation capability benefitting from our high margin business and relatively low capital requirements. Free cash flow before interest and minorities reached CHF 614.6 million in 2018, a more than 30% increase to the CHF 458.7 million recorded in 2017, and CHF 596.3 million in the first nine months of 2019 which we believe can assist us in deleveraging and/or provide us with additional capability to invest in further growth.

Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average of over 20 years of relevant experience and significant industry and technical knowledge. Most of the members of our current management team have been with Dufry since 2005 or were employed by companies we acquired, such as Hudson, Nuance or World Duty Free. Our workforce of approximately 31,900 FTEs includes over 130 nationalities, providing us with excellent local knowledge at all of our retail locations.

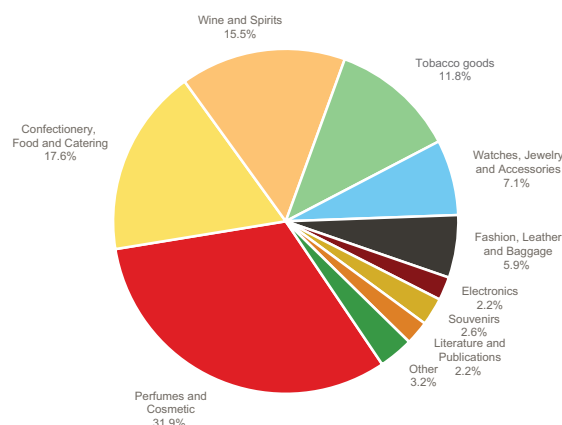
The following chart set forth our net sales as of December 31, 2018 by sales channel:



The following chart set forth our turnover with external customers as of December 31, 2018, divided by segment (using pre-2019 segments):



The following chart sets forth our net sales as of December 31, 2018, divided by product categories:



Our Strategy

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

Focus on profitable growth. We aim to drive profitable growth by focusing on measures to (i) expand passenger spend at existing locations, through improved product mix, a targeted refurbishment plan, digital transformation, innovative marketing initiatives and the introduction of new concepts among others, (ii) win new concessions by leveraging the scale of our global operations and applying our local market knowledge, as well as our local access to landlords and facility owners, (iii) complete the implementation of our Business Operating Model to increase competitiveness and drive sales, (iv) further develop our existing duty-paid concepts and (v) explore growth opportunities in other travel retail channels including cruise ships, downtown and border shops as well as train stations. Our unique customer understanding helps us to continuously optimize our retail offerings, with a focus on higher growth and margin products, such as perfumes, cosmetics and foods. This also helps us develop specifically targeted marketing and promotional efforts to further increase customer spend. Our marketing strategy focuses on a number of factors, such as product mix, pricing strategy, store layout and service, while also taking into account the changing needs of our customers in particular locations. In addition, the digitalization of our business, in particular at our New Generation Stores, will further enhance the customer experience and intensify our ability to communicate with customers through multiple touch-points along the customer journey. Digitalizing our business allows us to approach potential customers in an even more personalized way than ever before and to flexibly adapt in-store communication to changing nationalities and customer profiles. In 2017, we opened our first three New Generation Stores in Madrid (Spain), Melbourne (Australia) and Cancun (Mexico), followed in 2018 by one in Zurich (Switzerland), a second one in Cancun and one in Heathrow T3 (UK). In 2019 we opened a New Generation Store in Buenos Aires (Argentina), Malaga (Spain) and Amman (Jordan).

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

Prioritize cash generation. Our business is highly cash generative and we aim to further improve our cash flow generation going forward. To achieve this goal, we place significant management focus on profitability, cash generation, cost control, efficient capital allocation and working capital management. We strongly believe that our well-balanced concessions portfolio, continued investments in our existing locations, and strong pipeline for new projects provide us with the platform to capture organic growth potential and generate significant free cash flow. In 2017, we implemented our business operating model in order to generate additional efficiencies across all functions of our organization, through standardizing operational processes and organizational structures. We target leverage of below 3.0x net debt/adjusted operating cash flow over the medium term.

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

Our History

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

In March 2004, a consortium of investors led by funds managed by private equity firm Advent International Corporation acquired a 75% interest in Weitnauer's travel retail business. In July 2005, the consortium acquired the remaining 25% of Weitnauer's travel retail business. On December 5, 2005 we became a public company and listed our shares on the SIX Swiss Exchange. In 2010, we listed our shares through a Level III BDR program on the BM&FBOVESPA in Brazil. In 2018, we delisted Dufry from the Brazilian stock market.

Over the past several years we have increased our concession portfolio and expanded into new markets through a series of strategic acquisitions:

- In March 2006, we acquired 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 2008, we acquired Hudson, an operator of convenience stores, coffee shops and special retail concessions;
- In 2011, we acquired 100% of the shares of several companies in South America and Armenia for a total consideration of USD 987.2 million. As a result of the acquisitions, we achieved a leading position in the duty-free market in South America. The main companies we acquired are:
 - Interbaires SA, the exclusive retailer operating duty-free shops at both international airports of Buenos Aires plus the airports of Cordoba, Mendoza and other smaller destinations in Argentina;
 - Navinten SA and Blaicor SA, two Uruguayan retailers operating duty-free shops at the international airports of Montevideo and Punta del Este, respectively;
 - ADF Shops CJSC, an Armenian retailer exclusively operating the duty-free shops at the international airport of Yerevan;
 - Ecuador Duty Free SA, a retailer in Ecuador operating duty-free shops at the international airport of Guayaquil; and
 - International Operations & Services (UY) S.A., an Uruguayan distribution platform delivering duty-free products to the above mentioned retailers;
- In January 2012, we acquired 51% of the shares and obtained control of Dufry Staer Holding Group for a total consideration of CHF 44.7 million. Dufry Staer Holding Group's main subsidiary, Regstaer Ltd, is a travel retailer operating duty-free shops at the airport of Sheremetyevo in Moscow, Russia. As a result of the acquisition, we consolidated our leading position in the Russian travel retail market;
- We acquired 51% of the travel retail operations of the Folli Follie Group, a leading travel retailer in Greece, in April 2013 and acquired the remaining 49% of these operations in December 2013;
- In September 2014, we acquired 100% of Nuance, a leading travel retailer with operations in 19 countries and territories;

- In August 2015, we acquired a 50.1% stake in World Duty Free, an Italian company, from Eizione S.r.l. and its subsidiary, Schematrentaquattro S.p.A., and we acquired the remaining outstanding WDF shares through a mandatory tender offer which concluded in November 2015;
- In February 2018, we completed the IPO of our North American business unit under the name Hudson Ltd. We retained 57% ownership over Hudson and the strategic flexibility provided by the IPO of this business has allowed us to strategically develop our North American business; and
- In the first half of 2019, we entered into an agreement to acquire 60% in RegStaer Vnukovo, a travel retail operator of over 30 duty-free and duty-paid shops at Vnukovo, one of the three most important airports in Moscow, Russia. The acquisition is expected to close by the end of 2019.

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.*** Our general travel retail shops are typically located in central areas with high passenger flow, mostly in airports, but also in seaports and other locations. These can serve either as departure or arrival areas. Every aspect of a shop is tailored to provide travelers with a suitable shop layout and product assortment in order to ensure attractiveness to the respective customer profiles and spending patterns. In the duty-free segment, the shops are operated under the Dufry brand or others including Nuance, World Duty Free and Hellenic Duty Free, among others. On the duty-paid side, we mostly operate under the brand Dufry Shopping. The shops offer a large selection of different products and cover a wide range of product categories, including perfumes & cosmetics, food & confectionary, wine & spirits, watches & jewelry, fashion & leather, tobacco goods, souvenirs, electronics and other accessories. In addition, in 2017, we began introducing new generation stores to our general travel retail business. These stores integrate digital technology to increase the level of communication with our customers. For example, we employ immersive screens that allow for communications to target specific passengers in terms of brands, languages and product promotions. The screens typically show a mix of brand advertising, Dufry promotional campaigns and ‘sense of place’ videos.
- ***Convenience Stores.*** Operated under the “Hudson” brand, our well-known convenience format offers a wide assortment of products ranging from soft drinks, confectionary, packaged food, travel accessories, electronics, personal items or souvenirs, to classical publication items such as newspapers, magazines and books. Hudson is a duty-paid concept mainly located at the departure or arrival areas of airports, railway stations and other transit areas that was introduced in 2013. North America is home to most of our convenience stores, with almost 550 shops. In addition, we operate 135 convenience stores outside North America.
- ***Brand Boutiques.*** Our brand boutiques are a unique tool to increase the appeal of retail spaces, creating a comprehensive shopping mall experience for customers. We are a partner of choice for global brands to showcase their products in a singular retail space, mirroring the look and feel of the high street shops of the respective brand. Depending on the location, we design these shops as stand-alone boutiques or integrate them as shop-in-shop concepts within our own general travel retail stores. They can be found in either duty-free or duty-paid areas. As of December 31, 2018, we operated over 140 Brand Boutiques, including for Armani, Burberry, Bally, Bottega Veneta, Bvlgari, Cartier, Clarins, Chloe, Coach, Ermenegildo Zegna, Etro, Gucci, Hermès, Hugo Boss,

Jimmy Choo, Jo Malone, Lacoste, LaPrairie, Lindt, L'Occitane, Longchamp, MAC, Mango, MaxMara, MCM, Michael Kors, Montblanc, Omega, Polo Ralph Lauren, Salvatore Ferragamo, Swatch, Swarovski, Tory Burch, Tumi, Victorinox, Victoria's Secret and others.

- **Specialized Stores/Theme Stores.** Specialized stores and theme stores are particular shop concepts where we offer a variety of different brands belonging to one specific product category or which convey a sense of place, such as watches & jewelry, sunglasses, electronics, spirits, food or destination products, or where we carry a broad product range relating to a special theme. These shops are located in airports, seaports and on board cruise liners as well as in hotels or downtown locations. As of December 31, 2018, we operated over 670 specialty and theme shops.

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, 2018:

Sales channel	For the year ended December 31, 2018	
	Number of shops	Net Sales (as percentages)
Airport	1,986	90
Cruise liners and seaports	204	3
Border, downtown and hotel shops	107	3
Railway stations and other	49	4
Total	<u>2,346</u>	<u>100</u>

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.

Cruise Line, Ferries and Seaport Stores

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

The cruise ships have routes in the Caribbean, the Mexican Riviera, Alaska, Central and South America, Bermuda, Hawaii, Europe and Asia. The cruise ship operations span a broad spectrum of sizes and scopes with various passenger capacities, crew sizes and retail spaces, and the retail opportunities on

the ships vary significantly. Americans constitute the majority of passengers with other nationalities, such as Canadian, British and other European passengers, making up for the remainder. Accordingly, we maintain a commercial strategy that is flexible enough to account for varied customer preferences in order to maximize our business potential.

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

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

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

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

Concessions

We operated approximately 2,350 retail stores in 65 countries as of December 31, 2018. 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.

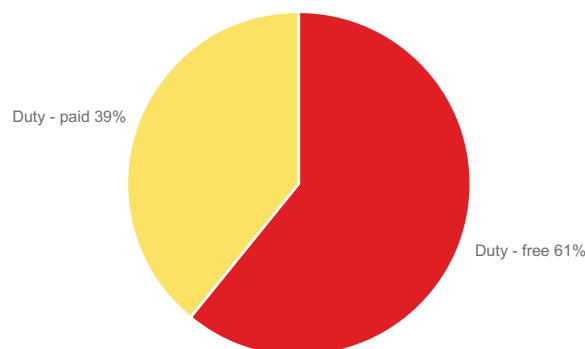
They may comprise one or more shops and are awarded in a public or private bid or in a negotiated transaction. The leasehold improvements and installations of these operations are depreciated over the shorter of the useful life of the assets and the duration of the arrangements.

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

Our Products and Suppliers

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

In 2018, the duty-free sales accounted for 61% of our net sales, while the duty-paid sales represented 39%.



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 2018:

	Year ended December 31, 2018	
	(as percentages)	(In millions of CHF)
Perfumes and Cosmetics	31.9	2,694.6
Confectionary, Food and Catering	17.6	1,490.9
Wine and Spirits	15.5	1,311.4
Tobacco Goods	11.8	995.0
Watches, Jewelry and Accessories	7.1	600.0
Fashion, Leather and Baggage	5.9	494.9
Electronics	2.2	186.1
Souvenirs	2.6	220.8
Literature and Publications	2.2	188.7
Other	3.2	273.4
Total	100.0	8,455.8

We work with over 1,000 suppliers around the world, with approximately 70% of our sales generated from products bought from 100 suppliers. Within each main product category, we maintain key relationships with main international suppliers. The following table sets forth our five most important suppliers in 2018, by primary product category:

Product Category	Important Suppliers
Perfumes and Cosmetics	Lauder Estee Travel Retailing, USA Produits Luxe International, France HFC Prestige Int.Operation,Switzerland Chanel Parfums, France Dior Christian Parfums, France
Confectionary, Food and Catering	Mondelez World Travel Retail LLC, Switzerland Lindt & Spruengli, Switzerland Mars Incorporated, USA Nestle, Switzerland Ferrero, Germany

Product Category	Important Suppliers
Wine and Spirits	Diageo, UK Pernod Ricard World Trade, France LVMH Group, France Bacardi Martini, Bermuda Beam Global Spirits & Wine, USA
Tobacco Goods	Philip Morris International, Switzerland BAT, British American Tobacco, UK Imperial Tobacco, UK / Reemtsma, Germany Japan Tobacco International, Japan Korean Tobacco & Ginseng, Korea
Fashion, Watches, Jewelry and Accessories	Luxottica, Italy Limited Brands (Victoria's Secret), USA Hermes, France Bulgari, Italy Swatch Group, Switzerland

Our logistics and procurement function works closely with our global suppliers in order to address the requirements of each category and brand to better position our shops.

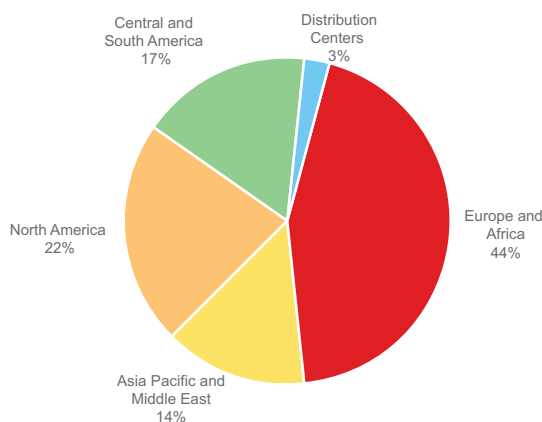
Following the addition of our logistics operations center in Hong Kong in 2016, our logistics operations are centralized in three main platforms: one in Switzerland, serving Europe and Africa, one in Hong Kong, serving Asia Pacific and Middle East and another in Uruguay, serving Central and South America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

Description of Operations by Segment

Our risks and returns are predominantly affected by the fact that we operate in different countries. Prior to January 1, 2019, we operated under five geographical segments ((i) UK, Central and Eastern Europe, (ii) Southern Europe and Africa, (iii) Asia, Middle East and Australia, (iv) Latin America and (v) North America) plus a Distribution Centers business unit. Prior to the beginning of 2019, we moved our Eastern European operations into our former Asia, Middle East and Australia segment. As of January 1, 2019, we merged our Southern Europe and Africa division with our UK and Central Europe division. As a result, we now operate under the following four geographical segments in addition to the Distribution Centers unit: (i) Europe and Africa, (ii) Asia Pacific and Middle East, (iii) North America and (iv) Central and South America.

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 chart sets forth our turnover with external customers for the nine months ended September 30, 2019:



The following table shows certain statistical data on a regional basis as of September 30, 2019:

	Europe and Africa	Asia Pacific and Middle East	North America	Central and South America	Total
Total sales area (in square meters)	179,419	49,107	100,067	131,393	459,986
Total number of stores	651	192	1,011	519	2,373
Airport	512	184	958	307	1,961
Border, downtown and hotel shops	48	4	14	53	119
Cruise liners and seaports	84	—	—	159	243
Railway stations and others	7	4	39	—	50

When compared to our retail space as of September 30, 2019, we expect to open approximately 14,600 square meters of additional retail space in the next twelve months.

Europe and Africa

This region includes our operations in Algeria, , Cape Verde, Egypt, Finland, France, Germany, Ghana, Greece, Italy, Ivory Coast, Kenya, Malta, Morocco, Nigeria, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Our largest country, by turnover, in this region in the first nine months of 2019 was the United Kingdom.

Asia Pacific and Middle East

This region includes our operations in Jordan, Kuwait and the United Arab Emirates in the Middle East and Australia, Cambodia, China, Hong Kong, India, Indonesia, Macao, Malaysia, Singapore and South Korea in the Asia Pacific region, as well as our operations in Armenia, Bulgaria, Kazakhstan, Russia and Serbia.

Our largest operations, by turnover, in this region in the first nine months of 2019 was in Australia.

North America

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

Central and South America

This region includes our operations in Antigua, Argentina, Bolivia, Brazil, many locations in the Caribbean, Chile, Colombia, the Dominican Republic, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Peru, Puerto Rico, and Uruguay and our operations on cruise ships.

Our largest operations, by turnover, in this region in the first nine months of 2019 was in Brazil.

Distribution Centers

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

Competition

We compete with a limited number of other major global travel retailers as well as with regional travel retailers for concessions at airports, seaports and other travel related channels. Travel retailers compete primarily on the basis of their experience and reputation in travel retail, including their relationships with

suppliers and airport or other authorities, their experience in a particular region, their ability to respond to the needs of an airport authority or other landlords for planning and design advice as well as operational ability, and price, as a concession may be awarded in a tender based upon the highest concession fee offered. In addition, certain travel retailers have a competitive advantage based upon specific local circumstances.

The global travel retail market is highly fragmented. In 2018, the top ten travel retailers accounted for approximately 60% of the global industry total turnover. Furthermore, there are a number of regional and local market participants.

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

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

Regulation

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

In general, the countries in which we operate consider the duty-free stores as being “bonded warehouses,” which avoids our clients having to pay special taxes, such as value-added and duty taxes, 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 not be commingled with local merchandise or other non-bonded merchandise.

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

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

Intellectual Property

In our key markets, we hold one or all of the trademarks Dufry, Hudson News, World Duty Free, Nuance, Hellenic Duty Free, Regstaer, Colombian Emeralds, Duty Free Caribbean, Dufry do Brasil or Interbaires. We do not hold any other additional patents, trademarks or licenses, that, if absent, would have had a material adverse effect on our business operations.

Properties

Our head office is located in Basel, Switzerland, where we lease a 2,891 square-meter commercial building. We also lease properties for our regional operations centers: a 675 square-meter property in Milan; a 271 square-meter property in Sharjah; a 2,600 square-meter property in Miami; a 3,116 square-meter property in Rio de Janeiro; and a 5,760 square-meter property in East Rutherford, New Jersey. Management believes that such facilities are adequate for our current needs in all significant aspects.

We do not own any significant real estate.

Employees

The table below sets forth the number of FTEs as of September 30, 2019, as well as a breakdown of those FTEs geographically.

	As of September 30, 2019
Europe and Africa	11,471
Asia Pacific and Middle East	4,201
Central and South America	8,420
North America	7,201
Distribution Centers	371
Headquarters	206
Total	<u>31,869</u>

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.

Due to a favorable and final decision from the federal courts in Brazil, we are entitled to reclaim certain indirect tax payments previously made by one of our Brazilian subsidiaries. For the period ending September 30, 2019, Dufry recorded a positive pre-tax income of CHF 62m in relation to this case. Although we assess the recovery as virtually certain, the related enforcement proceedings are expected to take a number of years. We are also in arbitration proceedings with Folli Follie Commercial Industrial and Technical S.A. (“FFG”) regarding the interpretation of a purchase price adjustment clause in the share purchase agreement entered into with FFG in 2013 when we acquired Hellenic Duty Free Shops Ltd. If we prevail, we expect to receive a purchase price adjustment payment of approximately CHF 50 million. There can be no guarantee that we will prevail in either proceeding. Other than these proceedings, 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, or may have in the future, 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 willful misconduct and gross negligence. We intend to continue our practice of obtaining global insurance coverage where practicable, increasing coverage where necessary and reducing costs. Management does not anticipate any difficulty in obtaining adequate levels of insurance in the future.

Interruption of Business

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

MANAGEMENT

Dufry AG

Members of the Board of Directors

The following table sets forth the names, ages, positions and committee memberships of the Parent Guarantor'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	71	Chairman of the Board
Heekyung (Jo) Min ⁽¹⁾	61	Lead Independent Director
Jorge Born ⁽¹⁾⁽²⁾⁽³⁾	57	Director
Andrés Holzer Neumann	69	Director
Claire Chiang ⁽²⁾⁽³⁾	68	Director
Julián Díaz González	61	Director, Group Chief Executive Officer
Steven Tadler ⁽¹⁾⁽²⁾	60	Director
Lynda Tyler-Cagni ⁽³⁾	64	Director
Luis Maroto Camino ⁽¹⁾	55	Director

(1) Audit Committee member.

(2) Nomination Committee member.

(3) Remuneration Committee member.

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

Juan Carlos Torres Carretero is Chairman of our Board of Directors. He has many years of private equity and senior management operating experience. From 1995 to 2016, he was managing director and senior partner in charge of Advent International Corporation's investment activities in Latin America. Mr. Torres Carretero is also a member of the boards of directors of Acamar Partners Acquisition Corp. and Hudson Ltd. Mr. Torres Carretero graduated in physics from Universidade Complutense de Madrid and in management from MIT's Sloan School of Management.

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

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

Andrés Holzer Neumann is a member of the board of directors of Inversiones (SOHO) Amilena Inc. and the ultimate beneficial owner of Petrus Pte. Ltd. and Petrus AG. From 1973 to 2019, Mr. Holzer Neumann was president of Grupo Industrial Omega S.A. de C.V., the holding company of Holzer y Cía, S.A. de C.V., Industria Nacional de Relojes Suizos, S.A. de C.V., Consorcio Metropolitano Inmobiliario, S.A. de C.V., Inmobiliaria Coapa Larca, S.A. de C.V., Inmobiliara Castellanos, S.A. de C.V. and Negocios Creativos, S.A. de C.V. Mr. Holzer Neumann graduated from Boston University and holds an MBA from Columbia University.

Claire Chiang is the Founder and Managing Director of Banyan Tree Gallery, a Co-founder and Senior Vice President of Banyan Tree Resort Group since 1994 and was a Member of Parliament for the Government of Singapore from 1997 to 2001. Ms. Chiang holds an undergraduate degree from the University of Singapore and a Master's degree in Philosophy from the University of Hong Kong. Ms. Chiang is also a member of the Board of ISS A/S, Banyan Tree Gallery (Singapore) Pte. Ltd., RHYC Pte. Ltd, Mandai Park Holdings Pte. Ltd., Wildlife Reserves Singapore Conservation Fund, Mamaboss Pte. Ltd., Banyan Tree Gallery (Thailand) Limited, Bibace Investments Ltd., Kap Holdings Ltd., Recourse Investments Ltd., Bibace Management Company Limited, Tian Rong (TIANJIN) Enterprise Management, and Mandai Safari Park Holdings Pte. Ltd. Ms. Chiang is also a member of the advisory committee of the National Arts Council, Guilin Tourism University International, School of Hotel and Tourism Management — The Hong Kong Polytechnic University School Advisory Committee.

Julián Díaz González has been our Group CEO since 2004 and also serves on our board of directors. Mr. Díaz González served as General Manager at TNT Leisure, S.A., from 1989 to 1993, as Division Director at Aldeasa from 1993 to 1997, in various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. from 1997 to 2000, and as General Manager of Latinoamericana Duty-Free, S.A. de C.V. from 2000 to 2003. Mr. Díaz González is also a board member of Hudson Ltd. Mr. Díaz González holds a degree in business administration from Universidad Pontificia Comillas (I.C.A.D.E.) de Madrid.

Steven Tadler has served as Managing Partner of Advent International since 1985, as Director of Advent International Corp. since 2002 and as Director of wTe Corporation since 1989. He served as board member of Skill-soft from 2010 to 2014 and Transunion from 2012 to 2017. Mr. Tadler holds a Master's degree in Business Administration from Harvard Business School and B.S., with distinction, from the University of Virginia.

Lynda Tyler-Cagni is the founder and has been Chief Executive Officer at Only the Best Agency Ltd since 2015. She also served as a Director at Atlantia SpA, from 2016 to 2018 and served on the board of directors of World Duty Free Group from 2013 until our acquisition of World Duty Free Group in 2015. She has also served as an advisor to the management Board of Bonpoint and held various management positions with Fast Retailing Group, Uniqlo and Ermenegildo Zegna. Ms. Tyler-Cagni is currently a member of the board of directors of EDHEC Paris. She holds a B.A. (Honors) in Languages, Economics & Politics from the University of Kingston, London.

Luis Maroto Camino has been the CEO and President of Amadeus IT Group since 2011. He joined Amadeus IT Group in 2000, where he served as Deputy CEO, CFO and Director Marketing Finance. Prior to joining Amadeus, he held several managerial positions at the Bertelsmann Group. Mr. Maroto Camino holds a B.S. in Law from the Universidad Complutense Madrid and holds an MBA from the Instituto de Estudios Superiores de la Empresa, Madrid (IESE).

Global Executive Committee

As of the date of this Offering Memorandum, the Global Executive Committee comprises ten executives: the Group Chief Executive Officer; the Chief Financial Officer; the Deputy Group Chief Executive Officer; the Global Chief Corporate Officer; the Group General Counsel; the Chief Executive Officer Europe, Africa and Strategy; the Global Marketing and Digital Innovation Director; and three Divisional Chief Executive Officers for each of Asia Pacific and Middle East, Central and South America and North America. The Global Executive Committee conducts our operating management pursuant to the Board of Directors' regulations. The Group CEO reports to the Board of Directors on a regular basis.

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

Members of the Global Executive Committee

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

Name	Age	Position
Julián Díaz González	61	Group Chief Executive Officer (Group CEO)
Yves Gerster	42	Chief Financial Officer (CFO)
José Antonio Gea	56	Deputy Group Chief Executive Officer (Deputy Group CEO)
Luis Marin	48	Global Chief Corporate Officer (GCCO)
Pascal C. Duclos	52	Group General Counsel (GC)
Eugenio Andrades	52	Chief Executive Officer Europe, Africa and Strategy
Javier Gonzalez	43	Global Marketing and Digital Innovation Director
Andrea Belardini	52	Divisional Chief Executive Officer (Asia Pacific and Middle East)
René Riedi	59	Divisional Chief Executive Officer (Central and South America)
Roger Fordyce	64	Divisional Chief Executive Officer (North America)

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

Julián Díaz González has been our Group CEO since 2004 and also serves on our board of directors. Mr. Díaz González served as General Manager at TNT Leisure, S.A., from 1989 to 1993, as Division Director at Aldeasa from 1993 to 1997, in various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. from 1997 to 2000, and as General Manager of Latinoamericana Duty-Free, S.A. de C.V. from 2000 to 2003. Mr. Díaz González is also a board member of Hudson Ltd. Mr. Díaz González holds a degree in business administration from Universidad Pontificia Comillas (I.C.A.D.E.) de Madrid.

Yves Gerster has served as our CFO since 2019. Before holding his current position, Mr. Gerster was Global Head Group Treasury at Dufry International AG. Prior to his positions at Dufry, Mr. Gerster was Assistant Group Treasurer at Danzas Management AG from 1999 to 2003 and Assistant Group Treasurer at Bucher Industries AG from 2003 to 2006. Mr. Gerster holds a degree in Business Administration & Finance from the University of Basel.

José Antonio Gea has been our Deputy Group Chief Executive Officer since 2018. Previously, he was our Group Chief Operating Officer from 2004 to 2018. Before his positions 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, S.A. 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 GCCO since 2018. Prior to his appointment to this role, Mr. Marin served as Chief Corporate Officer from 2014 to 2018; Business Controlling Director from 2004 to 2014 and from 2012 to 2014 was also 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 to 1998. Mr. Marin holds a degree in Economic Sciences and Business Administration from Universidad de Barcelona.

Pascal C. Duclos has been our GC and Secretary of the Board of Directors 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.

Eugenio Andrades has been our Chief Executive Officer Europe, Africa and Strategy since January 2019. Before his current position, Mr. Andrades was our Chief Executive Officer Operations and Strategy from 2018 to 2019 and our Chief Executive Officer Division UK, Central and Eastern Europe in 2016 and 2017. Prior to that, Mr. Andrades was Chief Executive Officer (2014 to 2015) and Chief Commercial Officer (2011 to 2014) at World Duty Free and held several positions at Aldeasa including Commercial Director and Operations Coordinator (2007 to 2010), Director of Strategy & Development and Investor Relations (2002 to 2007), Chief Executive Officer Jordan & Middle East (2000 to 2001) and Commercial Director and Operations Coordinator, Aldeasa (2011 to 2014), Director of Strategy & Development and Investor Relations Business & Corporate Development and Investor Relations Director (1996 to 2000). Prior to joining Aldeasa, he had been a consultant at the McKinsey group and worked for Carboex, a subsidiary of Endesa. Mr. Andrades is a graduate in Mining Engineering at the Politécnica University of Madrid. He holds a Master's degree in Finance and Strategy from the Colorado School of Mines, (Colorado, USA), and an MMBA from McKinsey & Co. Denmark.

Javier Gonzalez has been our Global Marketing and Digital Innovation Director since 2016. Before his current position, he was Global Retail Operations and Marketing Director from 2014 to 2016, Global Marketing Director from 2011 to 2014 and Senior Marketing Manager from 2009 to 2011. Prior to his role at Dufry, Mr. Gonzalez was International Senior Brand Manager at British American Tobacco from 2005 to 2009, Business Unit Marketing Manager at British American Tobacco from 2004 to 2005, Sales Manager at British American Tobacco from 2002 to 2004, In-Store Marketing Manager at British American Tobacco from 2001 to 2002, In-Store & Events Manager at Lego Iberia from 1999 – 2001 and Marketing Executive at Coca Cola from 1998 to 1999. Mr. Gonzalez holds an executive MBA from La Salle University Philadelphia, Basel, and a Degree in Business Administration and Economics, EBS, Madrid.

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

René Riedi has served as our Divisional Chief Executive Officer for Central and South America since 2016. Mr. Riedi joined us in 1993 as Sales Manager Eastern Europe and then held various positions within our group: Chief Operating Officer Region Eurasia from 2000 to 2012 and Chief Operating Officer Region America I from 2012 to 2015. Before joining us in 1993 he worked in product marketing and international sales at Unilever. Mr. Riedi graduated with a degree in business administration from the School of Economy and Business Administration Zurich.

Roger Fordyce has been our Divisional Chief Executive Officer for North America since January 2019. Before his current position he held several positions at Hudson Group, where he started working as District Manager in 1988. From 1992 to 1996, he was Vice President of Operations, from 1996 to 2008 he was Senior Vice President of Operations and from 2008 to 2018 he was Executive Vice President and Chief Operating Officer. Prior to 1988 he held positions as Manager at Dobbs /Aeroplex, WH Smith and Greenman Bros. Mr. Fordyce is a board member of Hudson Ltd. Mr. Fordyce holds a B.A. in Psychology from SUNY Stony Brook.

Conviction and Proceedings

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

The Issuer

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

Name	Age	Position	Date of Appointment
Pieter van der Schee	41	Director	September 22, 2017
Sjoerd Jacobs	28	Director	September 22, 2017
Yves Gerster	42	Director	April 1, 2019
Marinus Thomassen	52	Director	December 6, 2017

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

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

Yves Gerster has served as the CFO of Dufry AG since 2019. Before holding his current position, Mr. Gerster was Global Head Group Treasury at Dufry International AG. Prior to his positions at Dufry, Mr. Gerster was Assistant Group Treasurer at Danzas Management AG from 1999 to 2003 and Assistant Group Treasurer at Bucher Industries AG from 2003 to 2006. Mr. Gerster holds a degree in Business Administration & Finance from the University of Basel.

Marinus Thomassen joined Dufry in April 2010 as Head FSSC EMEA. Prior to joining Dufry, Mr. Thomassen was Head of FSSC Europe at ACCO Brands from 2008 to 2010. Prior to this he worked for Rosenbluth International/American Express Business Travel as European CFO and held several management positions before that. Mr. Thomassen holds a Bachelor's Degree in Finance from SPD in Eindhoven (The Netherlands).

The business addresses of the board of the Issuer is Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands. There are no conflicts of interest of the board of the Issuer between their duties as members of the board of the Issuer and their private interests or other duties.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

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

Please see note 41 to our audited consolidated financial statements for 2018, incorporated by reference herein, for details of our related party transactions that occurred or existed in 2018 and 2017.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Credit Facilities

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

2017 Term and Revolving Facilities Agreement

On November 3, 2017, Dufry International AG (together with certain other members of the Dufry Group) and a group of financial institutions entered into an unsecured multicurrency term and revolving facilities agreement, as amended pursuant to an amendment letter dated February 20, 2019 (the “Facilities Agreement”), being a USD 700 million term facility, a EUR 500 million term facility and a EUR 1,300 million multicurrency revolving credit facility. The Facilities Agreement was entered into primarily for the purpose of (i) the repayment or prepayment of then existing term and revolving facility agreements and (ii) the working capital and general corporate purposes of the Dufry Group.

The obligations of Dufry International AG and Dufry Financial Services B.V. as borrowers under the Facilities Agreement are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry International AG and Dufry Financial Services B.V.. The loans under the facilities bear interest, paid at periods selected by the borrower, at a floating rate (LIBOR, in relation to any loan in a currency other than Euro or Canadian dollars, or EURIBOR, in relation to any loan in Euro, or the applicable benchmark rate for Canadian dollars, in relation to any loan in Canadian dollars) plus a margin. On the revolving credit facility, the margin ranges from 0.70% to 1.80%, as determined by reference to the credit ratings of Dufry AG. On the term facilities, the margin ranges from 0.90% to 2.00%, as determined by reference to the credit ratings of Dufry AG. The revolving credit facility has an original maturity date of November 3, 2022, which has been extended to November 3, 2024 pursuant to an option exercised in October 2019, and the term facilities mature on November 3, 2022.

We are required to adhere to the following financial covenants (measured under the financial definitions set forth in the Facilities Agreement): (i) a maximum ratio of total drawn debt to adjusted consolidated cash flow of 4.50:1 (which may be increased to 5.00:1 in certain circumstances) and (ii) a minimum ratio of adjusted consolidated cash flow to total interest expense of 3.00:1. To calculate the maximum ratio of total drawn debt to adjusted consolidated cash flow, amounts expressed in currencies other than CHF are converted to CHF using the closing exchange rate of the relevant period.

The 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 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.

2023 Notes

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

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

We intend to use the net proceeds from this offering to complete the 2023 Notes Refinancing. For more information on the 2023 Notes Refinancing, see “Summary — 2023 Notes Refinancing.”

2024 Notes

On October 24, 2017, the Issuer issued unsecured, publicly listed senior notes due on October 15, 2024 in an aggregate principal amount of EUR 800 million (the “2024 Notes”) for the purpose of financing the redemption of its 4.50% senior notes due 2022. The Issuer’s obligations under the 2024 Notes are irrevocably, unconditionally, jointly and severally guaranteed by Dufry International AG, Dufry Financial Services B.V. and Dufry AG. The notes bear interest, paid semi-annually in arrears, at a fixed rate of 2.50%, on April 15 and October 15 of each year.

The indenture governing the 2024 Notes also contains other terms, including affirmative and negative covenants that affect our ability, among other things, to 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 2024 Notes include, among other things, payment breaches, covenant breaches and insolvency.

DESCRIPTION OF NOTES

The Issuer will issue €750.0 million aggregate principal amount of senior notes due 2027 denominated in euro (the “**Notes**”) under an indenture (the “**Indenture**”), to be dated as of _____, 2019, among the Issuer, the Guarantors, Wells Fargo Bank, National Association, as trustee (the “**Trustee**”) and Société Générale Bank & Trust as Principal Paying Agent, Registrar and Transfer Agent (each as defined below). For purposes of this section, the word “Issuer” refers only to Dufry One B.V. (Company Number 69664285), a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) organized under the laws of the Netherlands with its corporate seat in Amsterdam, having its registered office at Luchthavenweg 53, 5657 EA Eindhoven, the Netherlands, the word “Company” refers only to Dufry AG and not to any of its subsidiaries, and the terms “we,” “our” and “us” each refer to the Company and its consolidated subsidiaries. Any reference to a “Holder” or a “Noteholder” in this “Description of Notes” refers to the registered holders of the Notes. The terms of the Notes include those expressly set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

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

Brief Description of the Notes and the Note Guarantees

The Notes will be:

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

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

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

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

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

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

As of September 30, 2019, the aggregate amount of indebtedness of the Company's subsidiaries other than the Issuer and the Subsidiary Guarantors was CHF 100.6 million.

Principal, Maturity and Interest

The Notes will mature on , 2027. Each Note will bear interest at a rate of % per annum from , 2019, 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 on February 15 and August 15 of each year, commencing February 15, 2020. The Issuer will make a payment to the Holder of record of the Notes on the immediately preceding Business Day. 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 €750.0 million. Additional Notes having the same terms in all respects as the Notes, or in all respects except with respect to interest paid or payable on or prior to the first interest payment date after the issuance of such Notes, may be issued under the Indenture (“**Additional Notes**”). The Notes and the Additional Notes that are actually issued will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase.

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 depository of Euroclear and Clearstream or its nominee in immediately available funds will be payable to Euroclear and Clearstream or its nominee, as the case may be, as the registered Holder of such global Note. See “— Global Notes and Book-Entry System.”

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

Paying Agent, Registrar and Transfer Agent for the Notes

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

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

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

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or

levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is incorporated, organized or resident for Tax purposes or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) (each such jurisdiction, or any political subdivision thereof or therein, a “**Tax Jurisdiction**”) is at any time required to be made from any payments made under or with respect to the Notes or any Guarantee, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received in respect of such payments by each Holder after such withholding or deduction (including after any such withholding or deduction from Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the relevant Holder or beneficial owner of a Note and the relevant Tax Jurisdiction (including being a resident of, or engaged in business in, such jurisdiction for Tax purposes), other than any connection arising solely from the acquisition, ownership, holding or disposition of such Note, the enforcement of rights under such Note or under a Guarantee and/or the receipt of any payments in respect of such Note or a Guarantee;
- (2) any Taxes to the extent such Taxes would not have been imposed but for the presentation of a Note for payment (where presentation is required) more than 30 days after the date on which such payment became due and payable or the date on which the relevant payment is first made available for payment to the Holder, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);
- (3) any estate, inheritance, gift, sales, transfer or similar Taxes;
- (4) any Taxes withheld or deducted on a payment pursuant to laws enacted by Switzerland after the Issue Date changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person other than the Issuer or relevant Guarantor, as the case may be, is required to withhold Taxes on any such payments;
- (5) any Taxes imposed on or with respect to a payment made to a Holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note (where presentation is required) to another available Paying Agent;
- (6) any Taxes payable other than by deduction or withholding from payments to a Holder or beneficial owner under, or with respect to, the Notes or with respect to any Guarantee;
- (7) any Taxes to the extent such Taxes are imposed by reason of the failure of the Holder or beneficial owner of a Note, after a written request by the applicable withholding agent addressed to the Holder, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction or otherwise needed as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction or to assess whether such Tax is applicable to the respective payment (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 such certification or documentation is otherwise reasonably requested by the Issuer for assessing whether some exemption or reduction is applicable; or
- (8) any Taxes required by sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (“**FATCA**”), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA or any law enacted by such other jurisdiction to give effect to such agreement, or any agreement with the U.S. Internal Revenue Service under FATCA; or

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

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

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

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

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

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

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

Note Guarantees

General

On the Issue Date, the Notes and the Issuer's obligations under the Indenture will be fully and unconditionally Guaranteed (collectively, the "**Note Guarantees**") on a senior basis by the Company and certain of the Company's Subsidiaries organized under the laws of Switzerland or the Netherlands, each of which is an obligor in respect of the Existing Notes and the 2017 Credit Facilities. From and after the Issue Date, if any Subsidiary that is not a Guarantor Guarantees payment by the Company or any of its Subsidiaries of any Bank Indebtedness or Public Debt of the Company or any of its Subsidiaries in excess of the De Minimis Guaranteed Amount and, after giving effect to such Guarantee, the aggregate principal amount of Bank Indebtedness and Public Debt that is Guaranteed by non-Guarantor Subsidiaries exceeds EUR 500 million, the Company will cause such Subsidiary to execute and deliver to the Trustee a supplemental indenture substantially in the form of an exhibit to the Indenture pursuant to which such Subsidiary will Guarantee payment of the Notes and the Issuer's obligations under the Indenture, whereupon such Subsidiary will become a Guarantor for all purposes under the Indenture. In addition, the Company may cause any Subsidiary that is not a Guarantor to Guarantee payment of the Notes and the Issuer's obligations under the Indenture and become a Guarantor. The Note Guarantees will be joint and several obligations of the Guarantors.

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

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

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

Release of Note Guarantees

The Note Guarantee of a Subsidiary Guarantor will be automatically released:

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

- (2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer, the Company or a Subsidiary;
- (3) upon repayment in full of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;
- (4) upon the liquidation or dissolution of such Guarantor, provided that no Event of Default has occurred or is continuing;
- (5) upon such Subsidiary Guarantor consolidating with, merging into or transferring all of its assets to the Company or another Subsidiary Guarantor, and as a result of, or in connection with, such transaction such Subsidiary Guarantor dissolves or otherwise ceases to exist;
- (6) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions “— Defeasance” and “— Satisfaction and Discharge;” or
- (7) (a) in the case of Note Guarantees in effect on the Issue Date, upon the release or discharge of the Guarantee by such Subsidiary Guarantor of each of the Existing Notes and the 2017 Credit Facilities and any other Bank Indebtedness or Public Debt of the Company or any of its Subsidiaries in excess of the De Minimis Guaranteed Amount that is Guaranteed by such Subsidiary Guarantor, or, (b) in the case of Note Guarantees granted pursuant to the covenant described under the caption “— Certain Covenants — Future Subsidiary Guarantors,” upon the release or discharge of the Guarantee that resulted in the creation of such Note Guarantee if, as a result of such release or discharge, the aggregate principal amount of Bank Indebtedness and Public Debt that is Guaranteed by non-Guarantor Subsidiaries does not exceed EUR 500 million, except in each case a discharge or release by or as a result of payment under such Guarantee.

The Note Guarantee of the Company will be automatically released:

- (1) upon repayment in full of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or
- (2) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions “— Defeasance” and “— Satisfaction and Discharge.”

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

Mandatory Redemption

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

Optional Redemption

The Notes will be redeemable on any one or more occasions, at the Issuer’s option, at any time prior to maturity at varying redemption prices, upon not less than 10 nor more than 60 days’ prior notice to the Holders with a copy to the Trustee and Paying Agent 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 February 1, 2023 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 February 1 of the years set forth below:

Period Redemption Price

Period	Redemption Price
2023	%
2024	%
2025 and thereafter	100.000%

In addition, the Indenture provides that at any time and from time to time on or prior to February 1, 2023, 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 February 1, 2023, the Notes may be redeemed or purchased (by the Issuer or any other Person) in whole or in part, at the Issuer's option, at a price (the **“Redemption Price”**) equal to 100% of the principal amount thereof plus the Applicable Premium (as defined below) as of, and accrued but unpaid interest and Additional Amounts, if any, to, the date of redemption or purchase (the **“Redemption Date”**) (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

“Applicable Premium” means, with respect to a Note at any Redemption Date, the greater of (i) 1.0% of the principal amount of such Note and (ii) the excess of (A) the present value at such Redemption Date of (1) the redemption price of such Note on February 1, 2023 (such redemption price being that described in the second paragraph of this “Optional Redemption” section) plus (2) all required remaining scheduled interest payments due on such Note from the Redemption Date through such date, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such Redemption Date, in each case as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate; *provided* that such calculation shall not be a duty or obligation of the Trustee and the Trustee shall have no obligation to verify the accuracy of such Applicable Premium.

“Treasury Rate” means, with respect to a Redemption Date, the yield to maturity at the time of computation of German Bundesanleihe securities selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Redemption Date to February 1, 2023 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 February , 2023; *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.

General

Any redemption and notice of redemption may at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if such redemption or notice is subject to the satisfaction of one or more conditions precedent, such notice may state that, in the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied *provided, however*, that in any case such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. Notwithstanding anything else in the Indenture or the Notes to the contrary, redemption notices may be delivered 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.

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

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

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

Change of Control

Upon the occurrence of a Change of Control with respect to the Notes, unless the Issuer (or another person on behalf of 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 10 days nor later than 60 days from the date such notice is mailed (or otherwise deliver in accordance with the applicable rules and procedures of Euroclear and Clearstream), other than as may be required by law (the “**Change of Control Payment Date**”). The notice, if mailed (or otherwise delivered in accordance with the applicable rules and procedures of Euroclear and Clearstream) prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

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

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

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

The Issuer or Company will not be required to make a Change of Control Offer with respect to the Notes if (1) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by the Issuer or Company and such third party purchases all the Notes properly tendered and not withdrawn under its offer or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption “— Optional Redemption.”

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the occurrence of a Change of Control (by the issuer or the Company, or a third party as contemplated by the immediately preceding paragraph), if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

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

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer or the Company, or any third party making a Change of Control Offer in lieu of the Issuer or the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer, the Company or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

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

In the event a Change of Control occurs at a time when the Issuer or the Company is prohibited, by the terms of any indebtedness, from purchasing the Notes, the Issuer and the Company may seek the consent of the holders of such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If the Issuer or the Company does not obtain such a consent or repay such borrowings, the Issuer and the Company would remain prohibited from purchasing the Notes.

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

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

“Change of Control” means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act) other than the Company or one of its Subsidiaries;
- (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company (measured by voting power rather than the number of shares), other than (i) any such transaction where the Voting Stock of the Company (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares) or (ii) any merger or consolidation of the Company with or into any person (as defined above) (a **“Permitted Person”**) or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no person (as defined above) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than the number of shares); or
- (3) the first day on which a majority of the members of the Board of Directors are not Continuing Directors.

Notwithstanding the foregoing, a transaction, including a scheme of arrangement or analogous proceeding, will not be deemed to be a Change of Control if (1) the Company becomes a direct or indirect wholly-owned subsidiary of a corporation, limited liability company or similar entity (a **“Holding Company”**) and (2)(A) the direct or indirect holders of the Voting Stock of such Holding Company immediately following that transaction are substantially the same as the holders of the Company’s Voting Stock immediately prior to that transaction or (B) immediately following that transaction no “person” (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a Holding Company satisfying the requirements of this sentence) is the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of such Holding Company.

“Continuing Directors” means, as of any date of determination, any member of the Board of Directors who:

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

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise, established definition of the phrase under applicable law.

Accordingly, the applicability of the requirement that the Issuer or the Company offer to repurchase the Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another person or group may be uncertain.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Registrar will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a pro rata basis or by lot or such other method as the Registrar deems to be fair and appropriate (or, in the case of Notes issued in global form as discussed under “— Global Notes and Book-Entry System,” based on the applicable procedures Euroclear and Clearstream), unless otherwise required by applicable law or depositary requirements. The Registrar shall not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail (or otherwise delivered in accordance with the rules and procedures of Euroclear and Clearstream) at least 10 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. The Issuer may provide in such notice that payment of the redemption price and the performance of the Issuer’s obligations with respect to such redemption may be performed by another Person. Any such redemption and notice may, in the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of a Change of Control.

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

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

Effectiveness of Covenants

The Indenture will provide that, if on any day following the Issue Date (a) the Notes are rated Investment Grade by 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 date (the “**Suspension Date**”), subject to the provisions of the following paragraph, the covenant listed under the caption “— Certain Covenants — Future Subsidiary Guarantors” will be suspended (the “**Suspended Covenant**”).

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

In the event that the Company and its Subsidiaries are not subject to the Suspended Covenant under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the “**Reversion Date**”) the condition in clause (a) above is not satisfied, then the Company and its subsidiaries will thereafter again be subject to the Suspended Covenant with respect to future events. Upon the Reversion Date, the obligation to grant Guarantees pursuant to the covenant described under “— Certain Covenants — Future Subsidiary Guarantors” will be reinstated (and the Reversion Date will be deemed to be the date on which any guaranteed indebtedness was incurred for purposes of the covenant described under “— Certain Covenants — Future Subsidiary Guarantors”). The Issuer will provide an Officer’s Certificate to the Trustee promptly following the occurrence of the Reversion Date.

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

Certain Covenants

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

Limitation on Issuer's Activities and Ownership

For so long as the Notes are outstanding:

- (a) the Issuer will conduct no business or any other activities other than that of financing the business operations of the Company's Subsidiaries through the borrowing of indebtedness and the on-lending of the proceeds thereof to the Company (including a Successor Company (as defined below under the caption "— Merger and Consolidation")) or to Subsidiaries of the Company (including a Successor Company) on substantially the same terms as such indebtedness and activities incidental thereto; and
- (b) the Company (including a Successor Company), will maintain a 100% direct or indirect equity ownership of the Issuer; *provided, however*, that (i) nothing in this "Limitation on Issuer's Activities and Ownership" shall prevent the Issuer from consolidating with or merging with or into the Company (including a Successor Company) or a Subsidiary and (ii) following such consolidation or merger with or into the Company (including a Successor Company) but not a Subsidiary, the limitations set forth in paragraphs (a) and (b) of this "Limitation on Issuer's Activities and Ownership" shall terminate.

Limitation on Liens

The Indenture will provide that the Company shall not, and shall not permit any Subsidiary to, directly or indirectly, create or permit to exist any Lien (other than Permitted Liens) on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, securing any Bank Indebtedness or Public Debt (the "**Initial Lien**"), unless contemporaneously therewith effective provision is made to secure the indebtedness due under the Indenture and the Notes or, in respect of Liens on any Guarantor's property or assets, the Note Guarantee by the such Guarantor, equally and ratably with (or on a senior basis to, in the case of Subordinated Obligations or Guarantor Subordinated Obligations) such obligation for so long as such obligation is so secured by such Initial Lien.

Any such Lien thereby created in favor of the Notes or any such Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) any sale, exchange or transfer (other than a transfer constituting a transfer of all or substantially all of the assets of the Company that is governed by the provisions of the covenant described under "— Merger and Consolidation" below) to any Person that is not an Affiliate of the Company of the property or assets subject to such Initial Lien, or of all of the Capital Stock held by the Company or any Subsidiary in, or all or substantially all the assets of, the Subsidiary creating such Initial Lien.

Future Subsidiary Guarantors

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

Notwithstanding the foregoing:

- (1) no Note Guarantee shall be required as a result of any Guarantee of indebtedness that existed at the time such Person became a Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary;
- (2) such Note Guarantee need not be secured unless required pursuant to the “— Limitation on Liens” covenant;
- (3) if such indebtedness is by its terms expressly subordinated to the Notes or any Note Guarantee, any such Guarantee or other liability of such Subsidiary with respect to such indebtedness shall be subordinated to such Subsidiary’s Note Guarantee at least to the same extent as such indebtedness is subordinated to the Notes or any other Note Guarantee;
- (4) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected, in the Company’s good faith determination, to give rise to or result in (A) personal liability for the employees, officers, directors or shareholders of such Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Subsidiary, including, for the avoidance of doubt, “white-wash” or similar procedures, or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with such Note Guarantee that cannot be avoided through measures reasonably available to the Company or the Subsidiary; and
- (5) each such Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Reports

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

- (1) within 120 days after the end of the Company’s fiscal year (commencing with the fiscal year ending December 31, 2019) an annual report including (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, and (iv) audited consolidated statements of income, statements of cash flow and balance sheets of the Company prepared in accordance with IFRS or U.S. GAAP 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, 2020) an interim report including (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) prepared in accordance with IFRS or U.S. GAAP, (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, 2019 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 March 31, 2020) an update on trading during such quarterly period including material recent developments; and
- (4) concurrently with its publication, (i) all information that is required to be provided to the holders of the shares of the Company under the rules of the SIX Swiss Exchange or otherwise by applicable law and (ii) so long as any of the Existing Notes are outstanding and to the extent not already provided to the Holders of the Notes, all information that is required to be provided to the holders of any of the Existing Notes;

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

All financial statements shall be prepared in accordance with IFRS or U.S. GAAP. 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. So long as the Company's ordinary shares are admitted for trading on the SIX Swiss Exchange and the Company is in compliance with the reporting requirements applicable to the Company as a result of such admission to trading, the Company will be deemed to have complied with the provisions contained in clauses (1) through (3) of the preceding paragraph.

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

The Company will also hold quarterly conference calls for the Holders of the Notes to discuss financial information for the previous quarter (it being understood that such quarterly conference call may be the same conference call as with the Company's equity investors and analysts). The conference call will be following the last day of each fiscal quarter of the Company and not later than 10 Business Days from the time that the Company distributes the financial information as set forth in the third preceding paragraph.

No fewer than two days prior to the conference call, the Company will issue a press release announcing the time and date of such conference call and providing instructions for Holders, securities analysts and prospective investors to obtain access to such call.

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

Merger and Consolidation

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

- (i) the resulting, surviving or transferee Person (the “**Successor Company**”) will be a Person organized and existing under the laws of Switzerland, Canada, the United States of America, any state thereof or the District of Columbia, or any country that is a member of the Organisation for Economic Co-Operation and Development on the Issue Date, and the Successor Company (if not the Company) will expressly assume all the obligations of the Company, under the Indenture and its Note Guarantee, pursuant to a supplemental indenture;
- (ii) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing;
- (iii) each Subsidiary Guarantor (other than (x) any Subsidiary Guarantor that will be released from its obligations under its Subsidiary Note Guarantee in connection with such transaction and (y) any party to any such consolidation or merger) shall have delivered a supplemental indenture in form reasonably satisfactory to the Trustee, confirming its Subsidiary Note Guarantee (other than any Subsidiary Note Guarantee that will be discharged or terminated in connection with such transaction); and
- (iv) the Company will have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph, *provided* that in giving such opinion such counsel may rely on an Officer’s Certificate as to compliance with the foregoing clause (ii) and as to any matters of fact and an Opinion of Counsel stating that the Notes and Indenture are valid and binding obligations of the successor person.

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

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

Maintenance of Listing

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

Open Market and Negotiated Purchases

The Issuer, the Company, any of their Affiliates or any third party acting on their behalf 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 to comply for 60 days after notice with its other agreements contained in the Notes or the Indenture;
- (iv) the failure by the Company or any Subsidiary to pay any indebtedness within any applicable grace period after final maturity or the acceleration of any such indebtedness by the holders thereof because of a default, if the total amount of such indebtedness so unpaid or accelerated exceeds \$75.0 million or its foreign currency equivalent; *provided* that no Default or Event of Default will be deemed to occur with respect to any such accelerated indebtedness that is paid or otherwise acquired or retired within 30 Business Days after such acceleration (the “cross acceleration provision”);
- (v) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary, or of other Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person (the “bankruptcy provisions”);
- (vi) the rendering of any judgment or decree for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) in excess of \$75.0 million or its foreign currency equivalent against the Company or a Significant Subsidiary, or jointly and severally against other Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person, that is not discharged, or bonded or insured by a third Person, if such judgment or decree remains outstanding for a period of 60 days following such judgment or decree and is not discharged, waived or stayed (the “judgment default provision”); or
- (vii) the failure of any Note Guarantee by the Company or a Subsidiary Guarantor that is a Significant Subsidiary to be in full force and effect (except as contemplated by the terms thereof or of the Indenture) or the denial or disaffirmation in writing by the Company or any Subsidiary Guarantor that is a Significant Subsidiary of its obligations under the Indenture or its Note Guarantee, if such Default continues for 20 days.

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

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

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

Notwithstanding the foregoing, if an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary occurs and is continuing, the principal of and accrued but unpaid interest on all the Notes will become immediately due and payable

without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing and a responsible officer of the Trustee has received written notice thereof, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security reasonably satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless (i) such Holder has previously given the Trustee written notice that an Event of Default is continuing, (ii) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy, (iii) such Holders have offered the Trustee security or indemnity reasonably satisfactory to it against any loss, liability or expense, (iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity reasonably satisfactory to the Trustee against any loss, liability or expense and (v) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period. Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such Holders) 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 a Default or an Event of Default occurs and is continuing and is known to the Trustee, the Trustee must send to each Holder notice of the Default or 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 Holders holding not less than 90% of the then outstanding aggregate principal amount of Notes 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 institute suit for the enforcement of any 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 (provided any such supplemental indenture may be signed by the Issuer, the Guarantor providing the Note Guarantee, and the Trustee); to secure the Notes, to confirm and evidence the release, termination or discharge of any Note Guarantee or Lien with respect to or securing the Notes when such release, termination or discharge is provided for under the Indenture; to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power conferred upon the Company; to provide for or confirm the issuance of Additional Notes; to conform the text of the Indenture, the Notes or any Note Guarantee to any provision of this "Description of Notes" (to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or any Note Guarantee, as determined in good faith by the Company and as provided in an Officer's Certificate); or to make any change that does not materially adversely affect the rights of any Holder as determined in good faith by the Company and as provided in an Officer's Certificate.

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

Defeasance

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

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

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

Satisfaction and Discharge

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

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

No past, present or future director, officer, employee, incorporator or stockholder of the Company, the Issuer, any Subsidiary Guarantor or any Subsidiary of any thereof shall have any liability for any obligation of the Company, the Issuer, or any Subsidiary Guarantor under the Indenture, the Notes or any Note Guarantee, or for any claim based on, in respect of, or by reason of, any such obligation or its creation.

Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Concerning the Trustee

Wells Fargo Bank, National Association is the Trustee under the Indenture. The Trustee assumes no responsibility for the accuracy or completeness of the information concerning the Issuer or its Affiliates or any other party contained in this Offering Memorandum or the related documents or for any failure by the

Company or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information. The Trustee shall not be responsible for determining whether any Change of Control occurred and whether any Change of Control Offer with respect to the Notes is required. The Trustee shall not be responsible for monitoring the rating status of the Issuer or its Affiliates, making any request upon any Rating Agency, determining whether any rating event with respect to the Notes has occurred.

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

Judgment Currency

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

Transfer and Exchange

A Noteholder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require such Noteholder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require such Noteholder to pay any Taxes or other governmental charges required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption or purchase, or otherwise to transfer or exchange any Note for a period of 2 Business Days prior to any redemption date or purchase date. 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 will be made to the Exchange for the Notes to be admitted to the official list and to trading on the Exchange. We cannot assure you that the application to list the Notes on the Exchange and to admit the Notes on the Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Any Noteholder or prospective Noteholder who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture without charge by writing to the Company at Dufry AG, Attention: Investor Relations, Brunneggässlein 12, 4052 Basel, Switzerland. So long as the Notes are listed on the Exchange and the rules of the Exchange so require, copies, current and future, of all of the Company's annual audited consolidated financial statements and the Company's unaudited consolidated interim financial statements may be obtained, free of charge, during normal business hours at the registered office of the Issuer.

Governing Law

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

Consent to Jurisdiction and Service of Process

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

Enforceability of Judgments

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

Certain Definitions

"2017 Credit Agreement" means the Multicurrency Term and Revolving Credit Facilities Agreement, dated as of November 3, 2017, as amended pursuant to an amendment letter dated February 20, 2019 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 2017 Credit Agreement or other credit agreements or otherwise).

"2017 Credit Facilities" means the collective reference to the 2017 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 2017 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 *"2017 Credit Facilities"* shall include any agreement (i) changing the maturity of any indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (iii) increasing the amount of indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

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

“2024 Notes” means the Issuer’s Senior Notes due 2024, issued pursuant to the Indenture dated as of October 24, 2017, among the Issuer, Wells Fargo Bank, National Association as Trustee, Société Générale Bank & Trust as Principal Paying Agent, Registrar and Transfer Agent and the Guarantors party thereto.

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

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

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

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

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

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

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

“CHF” means Swiss francs, the lawful currency of Switzerland.

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

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

“Credit Facilities” means the 2017 Credit Facilities and any other facilities or arrangements designated by the Company, in each case with one or more banks or other third party lenders or institutions providing for revolving credit loans, term loans, receivables financings (including without limitation through the sale

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

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

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

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

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

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

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

“*Existing Notes*” means the 2023 Notes and the 2024 Notes.

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

“*Fitch*” means Fitch Ratings Ltd., or any of its successors or assigns.

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

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

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

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

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

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

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

“*Investment Grade*” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s), 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.

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

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

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

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and affiliates.

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

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

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

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

“*Permitted Liens*” means:

- (i) Liens securing indebtedness existing on, or provided for under written arrangements existing on, the Issue Date;
- (ii) Liens securing Hedging Obligations entered into for bona fide hedging purposes;
- (iii) Liens securing Purchase Money Obligations or Capitalized Lease Obligations; *provided, however*, that the Lien may not extend to any other property owned by such Person or any of its Subsidiaries at the time the Lien is incurred (other than assets and property affixed or appurtenant thereto or pursuant to customary after-acquired property clauses), and the indebtedness (other than any interest thereon) secured by the Lien may not be incurred more than 12 months after the latest of the acquisition, completion of construction, purchase, replacement or lease of, repairs, improvement or additions to, the property, plant or equipment subject to the Lien;
- (iv) Liens securing indebtedness consisting of (1) accommodation guarantees or other trade credit to or for the benefit of Subsidiaries, customers or suppliers of the Company or any of its Subsidiaries in the ordinary course of business, (2) bid proposals to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations in the ordinary course of business or (3) upfront, key money or similar payments made to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations in the ordinary course of business;
- (v) Liens securing indebtedness (1) arising from the honoring of a check, draft or similar instrument of such Person drawn against insufficient funds, *provided* that such indebtedness is extinguished within five Business Days of its incurrence, (2) arising from cash management activities (including but not limited to liability positions related to notional or other cash pooling activities) or (3) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar obligations, incurred in connection with the acquisition or disposition of any business, assets or Person;
- (vi) Liens securing indebtedness consisting of (1) letters of credit, bankers’ acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to, or for the benefit of, customs authorities or to governmental entities in connection with self-insurance under applicable workers’ compensation statutes), (2) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, *provided*, or relating to liabilities or obligations incurred, in the ordinary course of business (including performance guarantees, guarantee deposits or other forms of indebtedness that have the effect of a guarantee in respect of the payment of concession or other fees to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations), (3) Management Advances, (4) the financing of insurance premiums in the ordinary course of business or (5) netting, overdraft protection and other arrangements (including bank account arrangements) arising under standard business terms of any bank at which the Company or any Subsidiary maintains an overdraft, cash pooling or other similar facility or arrangement;
- (vii) Liens securing (1) indebtedness of a Special Purpose Subsidiary on all or part of the assets disposed of in, or otherwise incurred in connection with, a Financing Disposition or (2) indebtedness incurred in connection with a Special Purpose Financing; *provided*, in the case of clauses (1) and (2), that such indebtedness is not recourse to the Company or any Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings);

- (viii) Liens securing indebtedness in an aggregate outstanding principal amount not to exceed (together with any refinancing or successive refinancings thereof pursuant to clause (xi) below) the greater of CHF 1,500 million and 15% of Consolidated Total Assets (determined at the time of incurrence thereof).
- (ix) Liens securing the Notes (but not Additional Notes) or any Guarantee thereof;
- (x) Liens existing on property or assets of a Person at the time such Person becomes a Subsidiary of the Company (or at the time the Company or a Subsidiary acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Company or any Subsidiary); *provided, however*, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;
- (xi) Liens securing any refinancing (or successive refinancings) as a whole, or in part, of any indebtedness secured by any Lien referred to in the foregoing clause (i), (iii), (viii) or (x); *provided*, that (1) in the case of clauses (i), (iii) and (x), such new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements, accessions, proceeds or dividends or distributions in respect thereof); and (2) the amount of indebtedness secured by such Lien at such time is not greater than the outstanding principal amount or, if greater, committed amount of the indebtedness so refinanced, plus fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;
- (xii) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (2) on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (3) on receivables (including related rights), (4) on cash set aside at the time of the incurrence of any indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (5) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, (6) in favor of the Company or any Subsidiary (other than Liens on property or assets of the Issuer, the Company or any Subsidiary Guarantor in favor of any Subsidiary that is not a Subsidiary Guarantor), (7) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (8) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (9) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business, (10) in favor of any Special Purpose Entity in connection with any Financing Disposition, (11) securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds thereof, (12) on assets pursuant to merger agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets, (13) on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or trade letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods, (14) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business or (15) in respect of any lease or other agreements that are treated as indebtedness under IFRS 16;
- (xiii) Liens securing indebtedness constituting loans to, or guarantees of the loans of, holders of non-controlling interests in any of the Company's Subsidiaries for the purpose of financing the investment by such holder in the business or activities of such Subsidiary, in an aggregate principal amount at any time outstanding not exceeding \$75.0 million; and

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

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

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

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

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

“*Rating Agency*” means each of Moody’s, Fitch and S&P or, if Moody’s, Fitch and S&P or any combination 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, Fitch or S&P or any combination of them, as the case may be.

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

“*SEC*” means the U.S. Securities and Exchange Commission.

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

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

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

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

“*Special Purpose Financing Undertakings*” means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Company or any of its Subsidiaries that the Company determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; *provided* that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes or (ii) Hedging Obligations, or other obligations relating to Interest Rate

Agreements, Currency Agreements or Commodities Agreements entered into by the Company or any Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Company or a Subsidiary that is not a Special Purpose Subsidiary.

“*Special Purpose Subsidiary*” means a Subsidiary of the Company that (a) is engaged solely in (x) the business of acquiring, selling, collecting, financing or refinancing receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and (y) any business or activities incidental or related to such business, and (b) is designated as a “Special Purpose Subsidiary” by the Company.

“*S&P*” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc., and its successors and affiliates.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency).

“*Subordinated Obligations*” means any indebtedness of the Issuer (whether outstanding on the date of the Indenture or thereafter incurred) that is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

“*Subsidiary*” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture, limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a “Subsidiary” will refer to a Subsidiary of the Company.

“*Subsidiary Note Guarantee*” means any Note Guarantee that may from time to time be entered into by a Subsidiary of the Company on the Issue Date or after the Issue Date pursuant to the covenant described under “— Certain Covenants — Future Subsidiary Guarantors.”

“*Subsidiary Guarantor*” means any Subsidiary of the Company that enters into a Subsidiary Note Guarantee.

“*Successor Company*” shall have the meaning assigned thereto in clause (i) under “— Merger and Consolidation.”

“*Tax*” means any tax, duty, levy, impost, assessment, fee or other governmental charge, in each case in the nature of a tax (including penalties, interest and any additions thereto, and, for the avoidance of doubt, including any withholding or reduction for or on account thereof).

“*Trade Payables*” means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

“*Trustee*” means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

“*U.S. GAAP*” means United States generally accepted accounting principles.

“*Voting Stock*” of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of directors or all interests in such entity with the ability to control the management or actions of such entity.

Global Notes and Book-Entry System

The Notes will be issued only in fully registered form, without interest coupons and will be issued only in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. The Notes will not be issued in bearer form.

The Notes will be represented by one or more global notes (the “*Global Notes*”) in definitive form. The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream (such nominee being referred to herein as the “*Global Note Holder*”).

Euroclear and Clearstream have advised us as follows:

Euroclear and Clearstream hold securities for participants. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets.

Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to indirect participants that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

So long as the Global Note Holder is the registered owner of any Notes, the Global Note Holder will be considered the sole Holder of outstanding Notes represented by such Global Notes under the Indenture.

Except as provided below, owners of Notes will not be entitled to have the Notes registered in their names and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any directions, instructions, or approvals to the Trustee thereunder. Neither we nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by Euroclear and Clearstream, as the case may be, or for maintaining, supervising or reviewing any records of Euroclear and Clearstream, as the case may be, relating to such Notes.

Payments in respect of the principal of, premium, if any, and interest on any Notes registered in the name of the Global Note Holder on the applicable record date will be payable by the Principal Paying Agent to or at the direction of the Global Note Holder in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, we and the Principal Paying Agent may treat the persons in whose names any Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither we nor the Trustee or Principal Paying Agent have or will have any responsibility or liability for the payment of such amounts to beneficial owners of the Notes (including principal, premium, if any, and interest). We believe, however, that it is currently the policy of Euroclear and Clearstream to immediately credit the accounts of the relevant Participants with such payments, in amounts proportionate to their respective beneficial interests in the relevant security as shown on the records Euroclear and Clearstream, as the case may be.

Payments by the depositary’s participants and the depositary’s indirect participants to the beneficial owners of the Notes will be governed by standing instructions and customary practice and will be the responsibility of the depositary’s participants or the depositary’s indirect participants.

Notes in definitive, fully registered form will be issued and delivered to each person that the depositary identifies as a beneficial owner of the related Note only if (1) Euroclear or Clearstream notifies us in writing that it is no longer willing or able to act as a depositary, and we are unable to locate a qualified

successor within 90 days or (2) we, at our option upon a change in Tax law that would be adverse to us but for the issuance of Notes in definitive, fully registered form, notify the Trustee in writing that we elect to cause the issuance of the Notes in definitive form under the Indenture.

Neither we nor the Trustee will be liable for any delay by the Global Note Holder, Euroclear or Clearstream in identifying the beneficial owners of the applicable Notes and we and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the Global Note Holder, Euroclear or Clearstream, for all purposes.

CERTAIN TAXATION CONSIDERATIONS

Potential investors and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Notes, or in other jurisdictions in which the holder of Notes is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

Prospective investors should carefully consider the tax consequences of investing in the Notes and consult their professional advisers on the tax consequences of buying, holding or selling any Notes in light of their own particular circumstances, including the effect of the laws of their country of citizenship, residence or domicile. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as of the date hereof, all of which laws and interpretations are subject to change or differing interpretations, which changes or differing interpretations could apply retroactively.

Dutch Tax Considerations

General

The following is a general summary of certain material Dutch tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or a prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Where the summary refers to “the Netherlands” it refers only to the part of the Kingdom of the Netherlands located in Europe.

This discussion is for general information purposes only and is not Dutch tax advice or a complete description of all Dutch tax consequences relating to the acquisition, holding and disposal of the Notes. Holders or prospective holders of Notes should consult their own tax advisors regarding the Dutch tax consequences relating to the acquisition, holding and disposal of the Notes in light of their particular circumstances.

Withholding Tax

All payments of principal and/or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

All payments made by Dufry Financial Services B.V. to a holder of Notes under the Guarantees in its capacity as guarantor may be made free of withholding or deduction of, for or on account of any taxes of whatever nature, imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

Please note that the summary in this section does not describe the Dutch tax consequences for:

- (i) holders of Notes if such holders, and in the case of individuals, such holder’s partner or certain of its relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer or Dufry Financial Services B.V. under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with such holder’s partner (as defined in the Dutch Income Tax Act 2001), directly or

indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

- (ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Dutch Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Dutch corporate income tax; and
- (iii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Dutch Income Tax Act 2001).

Dutch Resident Entities

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes (a "Dutch Resident Entity"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Dutch corporate income tax at a rate of 20% with respect to taxable profits up to € 200,000 and 25% with respect to taxable profits in excess of that amount (rates and brackets for 2019).

Dutch Resident Individuals

If the holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Dutch income tax purposes (a "Dutch Resident Individual"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 51.75% in 2019), if:

- (i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Dutch Income Tax Act 2001); or
- (ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed, variable return (with a maximum of 5.60% in 2019) of the individual's net investment assets for the year (*rendementsgrondslag*), insofar the individual's net investment assets for the year exceed a statutory threshold (*heffingvrij vermogen*). The deemed return on the individual's net investments for the year is taxed at an income tax rate of 30%. Actual income, gains or losses in respect of the Notes are as such not subject to Dutch income tax.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on January 1 of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available.

For the net investment assets on January 1, 2019, the deemed return ranges from 1.94% up to 5.60% (depending on the aggregate amount of the net investment assets of the individual on January 1, 2019). The deemed return will be adjusted annually on the basis of historic market yields.

Non-residents of the Netherlands

A holder of Notes that is neither a Dutch Resident Entity nor a Dutch Resident Individual will not be subject to Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Dutch Income Tax Act 2001 and The Dutch Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

Gift and Inheritance Taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or such holder's death.

Non-residents of the Netherlands

No Dutch gift or inheritance taxes will arise on the transfer of Notes by way of a gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be a resident in the Netherlands; or
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or such person's death. Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Value Added Tax (VAT)

No Dutch VAT will be payable by a holder of Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Other Taxes and Duties

No Dutch registration tax, stamp duty or any other similar documentary tax or duty will be payable by a holder of Notes in respect of (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Switzerland Tax Considerations

The following discussion is a summary of certain material Swiss tax considerations and describes certain taxes withheld by Switzerland for foreign countries based on the legislation as of the date of this Offering Memorandum. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor

depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes in light of their particular circumstances.

Swiss Federal Withholding Tax

Payments by the Issuer, of interest on, and repayment of principal of, the Notes, and payments by a Guarantor to the holders of Notes under the Guarantees will not be subject to Swiss federal withholding tax, provided that the Issuer will be 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, unless and to the extent 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.

On June 26, 2019 the Swiss Federal Council announced that it will publish a draft on the reform of the Swiss withholding tax system in the fall of 2019. The reform is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to (i) subject all interest payments made by paying agents in Switzerland to individuals resident in Switzerland to Swiss withholding tax and (ii) exempt from Swiss withholding tax interest payments to all other persons, including to Swiss domiciled legal entities and foreign investors. If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any interest payments in respect of a Note by any person other than the Issuer, the holder would not be entitled to receive any additional amounts as a result of such deduction or withholding under the terms of the Notes.

Swiss Federal Stamp Taxes

The issue, and the sale and delivery, of the Notes on the issue date to initial holders of the Notes is not subject to Swiss securities turnover tax (*Umsatzabgabe*) (primary market).

The trading of the Notes in the secondary market is subject to Swiss securities turnover tax at a rate of 0.30% of the consideration paid for the Notes traded, however, only if a Swiss securities dealer, as defined in the Swiss federal stamp tax act (*Bundesgesetz über die Stempelabgaben*), is a party or an intermediary to the transaction and no exemption applies in respect of one of the parties to the transaction. Subject to applicable statutory exemptions, generally half of the tax is charged to one party to the transaction and the other half to the other party. Where both the seller and the purchaser of the Notes are not residents of Switzerland or the Principality of Liechtenstein, no Swiss securities turnover tax will apply.

Income Taxation on Principal or Interest

Notes Held by Non-Swiss Holders

Payments by the Issuer or the Guarantors, as the case may be, 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.

For a discussion of the potential new Swiss withholding tax legislation replacing the current issuer-based withholding tax system for a paying-agent based system, see above under “— Swiss Federal Withholding Tax”, for a discussion of the Swiss facilitation of the implementation of the Foreign Account Tax Compliance Act, see below under “— Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act”, and for a discussion of the automatic exchange of information in tax matters, see below under “— Automatic Exchange of Information in Tax Matters”.

Notes Held by Swiss Holders as Private Assets

Individuals who reside in Switzerland and hold Notes as private assets are required to include all payments of interest on the Notes in their personal income tax return for the relevant tax period and are taxable on any net taxable income (including the payments of interest) for such tax period at the then prevailing tax rates.

Gain realized on the sale or other disposal of Notes, relating, inter alia, interest accrued, or a market interest rate change, is a tax-free private capital gain. The same applies for gain realized upon the redemption of Notes except when Notes are redeemed by the Issuer, in which case compensation for interest accrued paid by the Issuer to a holder of Notes constitutes a taxable interest payment. Conversely, a loss, including relating to, inter alia, a market interest rate change, realized on the sale or other disposal or redemption of Notes, is a non-tax-deductible private capital loss. Refer to *“Notes held as Swiss Business Assets”* below for a summary of the taxation treatment of Swiss resident individuals who, for income tax purposes, are 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 resident abroad holding Notes as part of a Swiss permanent establishment 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 Note (including relating to a change of market interest rates) in their income statement for the respective tax period and will be taxable on any net taxable earnings for such 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 or leveraged investments in securities.

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

The United States and Switzerland entered into an intergovernmental agreement (an “IGA”) to facilitate the implementation of the U.S. Foreign Account Tax Compliance Act (“FATCA”). Under the U.S.-Switzerland IGA, financial institutions acting out of Switzerland generally are directed to become participating foreign financial institutions (“FFIs”). The agreement ensures that accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance on the basis of the double taxation agreement between the United States and Switzerland. In this regard, on July 17, 2019, the US Senate approved the 2009 protocol (the “Protocol”) amending the double taxation agreement regarding income tax between Switzerland and the US (“DTA”). The Protocol had been approved by the Swiss Federal Assembly on June 18, 2010. On September 20, 2019, Switzerland and the US exchanged the instruments of ratification of the Protocol. With the exchange of the ratification instruments, the amended DTA formally entered into force. The Protocol introduces a mechanism for the exchange of information upon request in tax matters between Switzerland and the United States, which is in line with international standards, and allows the United States to make group requests under FATCA concerning non-consenting U.S. accounts and non-consenting non-participating FFIs.

Automatic Exchange of Information in Tax Matters

Switzerland has concluded a multilateral agreement with the European Union (“EU”) on the international automatic exchange of information (“AEOI”) in tax matters, which applies to all EU member states. In addition, Switzerland has concluded the multilateral competent authority agreement on the automatic exchange of financial account information (“MCAA”), and based on the MCAA, a number of bilateral AEOI agreements with other countries. Based on such agreements and the implementing laws of Switzerland, Switzerland collects and exchanges data in respect of financial assets, including Notes, as the case may be, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in another treaty state. An up-to-date list of the AEOI agreements to which Switzerland is a party that are in effect, or signed but not yet in effect, can be found on the website of the State Secretariat for International Financial Matters (SIF).

CERTAIN INSOLVENCY LAW CONSIDERATIONS

Swiss Insolvency Law Considerations

The Parent Guarantor, and certain of its subsidiaries (including one of the Subsidiary Guarantors) are organized under the laws of Switzerland. Consequently, in the event of a bankruptcy or insolvency event with respect to us or one of our subsidiaries, primary proceedings could be initiated in Switzerland. Swiss insolvency laws may make it difficult or impossible to effect a restructuring and the insolvency laws of Switzerland may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. The following is a brief description of certain aspects of insolvency law in Switzerland. In the event that the Parent Guarantor or any of its Swiss subsidiaries (including the Subsidiary Guarantor incorporated in Switzerland) experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Under Swiss insolvency law, there is no group insolvency concept, which means there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity has, from a Swiss insolvency law point of view, to be dealt with separately. As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately.

Pursuant to Swiss insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under non-Swiss bankruptcy laws. Under Swiss law, the following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its registered office or assets in Switzerland.

In the event of a Swiss entity's insolvency, the respective insolvency proceedings would be governed by Swiss law as a result of such Swiss entity's offices being registered in the competent commercial register in Switzerland. The enforcement of claims and questions relating to insolvency and bankruptcy in general are dealt with by the Swiss Federal Act on Debt Enforcement and Bankruptcy, as amended from time to time. Under these rules, claims that are pursued against a Swiss entity can lead to the opening of bankruptcy (*Konkurs*) and, hence, a general liquidation of all assets, even if located outside Switzerland, and liabilities of the debtor. However, with regard to assets located outside Switzerland, a Swiss bankruptcy decree may only be enforceable if it is recognized at the place where such assets are located. If bankruptcy has not been declared, creditors secured by a pledge must follow an individual debt enforcement proceeding limited to the liquidation of the collateral (*Betreibung auf Pfandverwertung*) unless the parties have agreed that the creditor shall have the right to a private realization (*private Verwertung*) of the pledge.

However, if bankruptcy is declared while such an individual debt enforcement proceeding is pending, the proceeding ceases and the creditor participates in the bankruptcy proceedings with the other creditors and an individual debt enforcement proceeding is no longer permitted.

As a rule, the opening of bankruptcy by the competent court needs to be preceded by a prior debt enforcement procedure which involves, *inter alia*, the issuance of a payment summons (*Zahlungsbefehl*) by local debt enforcement authorities (*Betreibungsamt*). However, the competent court may also declare a debtor bankrupt without such prior proceedings if the following requirements are met: (i) at the request of the debtor, if the debtor's board of directors or the auditors of the company (in case of failure of the board of directors) declare that the debtor is over-indebted (*überschuldet*) within the meaning of art. 725 (2) of the Swiss Code of Obligations (or the corresponding provision of the Swiss Code of Obligations in case of a limited liability company (GmbH)) or if it declares to be insolvent (*zahlungsunfähig*), and (ii) at the request of a creditor, if the debtor commits certain acts to the detriment of its creditors or ceases to make payments (*Zahlungseinstellung*) or in certain events during composition proceedings. The bankruptcy proceedings are carried out and the bankrupt estate is managed by the receiver in bankruptcy (*Konkursverwaltung*).

All assets owned by the relevant debtor 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 certain claims under employment contracts, accident insurance, pension plans, employee social plans, family law

and certain deposits under the Swiss Federal Banking Act. Certain privileges can also be claimed by the Swiss government and its subdivisions based on specific provisions of Swiss 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 (i) not covered by its collateral and (ii) not privileged, as described in the immediately preceding sentences.

Upon the opening of formal insolvency proceedings (*Konkurseröffnung*), the right to administer and dispose over the business and the assets of the debtor passes to the insolvency office (*Konkursamt*). The insolvency office has full administrative and disposal authority over the debtor's estate (*Konkursmasse*), provided that certain acts require the approval of the insolvency court. The creditors' meeting may appoint a private insolvency administration (*private Konkursverwaltung*) and, in addition, a creditors' committee (*Gläubigerausschuss*). In such case, the private insolvency administration will be competent to maintain and liquidate the debtor's estate. The creditors' committee has additional competences.

Insolvency results in the acceleration of all claims against a debtor (secured or unsecured), except for those secured by a mortgage on the debtor's real property, and the relevant claims become due upon the opening of formal bankruptcy proceedings (*Konkurseröffnung*). As a result of such acceleration, a creditor's bankruptcy claim consists of the principal amount of the debt (discounted at 5% if not interest bearing), interest accrued thereon until the date of insolvency, and (limited) costs of enforcement. Upon insolvency, interest ceases to accrue. Only secured claims enjoy a preferential treatment insofar as interest that would have accrued until the collateral is realized will be honored if and to such extent as the proceeds of the collateral suffice to cover such interests.

All creditors, whether secured or unsecured (unless they have a segregation right (*Aussonderungsrecht*)), wishing to assert claims against the debtor need to participate in the insolvency proceedings. Swiss insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims separately, but can instead only enforce them in compliance with the restrictions of Swiss insolvency laws. Therefore, secured creditors are generally not entitled to enforce any security interest outside of insolvency proceedings. In an insolvency proceeding, however, secured creditors have certain preferential rights (*Vorzugsrechte*). Generally, entitlement to realize such security is vested with the insolvency administration. Realization proceedings are governed by Swiss insolvency laws which provide for a public auction, or, subject to certain conditions, a private sale. Proceeds from enforcement are used to cover (i) enforcement costs, (ii) the claims of the secured creditors and (iii) any excess proceeds will be used to satisfy unsecured creditors.

Typically, liabilities resulting from acts of the insolvency administrator after commencement of formal insolvency proceedings constitute liabilities of the debtor's estate (*Masseverbindlichkeiten*). Thereafter, all other claims (insolvency claims — *Konkursforderungen*), in particular claims of unsecured creditors, will be satisfied pursuant to the distribution provisions of Swiss insolvency laws, which provide for certain privileged classes of creditors, as set out above. All other creditors will be satisfied on a pro rata basis if and to the extent there are funds remaining in the debtor's estate (*Konkursmasse*) after the liabilities of the debtor's estate as well as the security interests and privileged claims have been settled and paid in full.

Swiss insolvency laws also provide for reorganization procedures by composition with the debtor's creditors. Reorganization is initiated by a request with the competent court for a temporary moratorium (*provisorische Nachlassstundung*) of a maximum duration of four months. During the moratorium, the debtor can seek to restructure and, if successful, ask the court to lift the moratorium without entering into a composition agreement. The moratorium can also result in a composition agreement which takes the form of (i) either an ordinary composition agreement (*ordentlicher Nachlassvertrag*) where the debtor's business continues and the contractual terms of its payment obligations are modified (*Stundungsvergleich*) or creditors receive a dividend (*Dividendenvergleich*) or (ii) a composition agreement providing for the assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) where the debtor's assets are assigned to creditors in order to sell the debtor's (or part of it) or to liquidate the assets. The moratorium could also result in a composition agreement that may comprise the formation of a new company (*Auffanggesellschaft*) to receive part of the business of the debtor. During a moratorium, debt collection proceedings, and as a rule, individual debt enforcement proceedings to liquidate collateral, cannot be initiated and pending debt collection proceedings are stayed (although a secured creditor may have to take, during a moratorium, certain actions to safeguard its rights in connection with any individual debt enforcement proceeding initiated before the moratorium).

In principle, interest ceases to accrue against the debtor for all unsecured claims. Furthermore, the debtor's power to dispose of its assets and to manage its affairs is restricted. The moratorium does not per se affect the agreed due dates of debts (contrary to bankruptcy, in which case all debts become immediately due upon adjudication). Any composition agreement needs to be approved by the creditors and confirmed by the competent court. With the judicial confirmation, the composition agreement becomes binding on all creditors, whereby secured claims are only subject to the composition agreement to the extent that the collateral proves to be insufficient to cover the secured claims.

Under Swiss insolvency laws, the insolvency administration and certain creditors may, under certain conditions, avoid transactions, such as, *inter alia*, the granting of or the payment under any guarantee and/or security or, if a payment has already been made under the relevant guarantee or security, require that the recipients return the amount received to the debtor's estate (*Konkursmasse*). In particular, a transaction (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the debtor's other creditors may be avoided according to Swiss insolvency laws in the following cases if such acts result in damages to the creditors:

- The debtor has made a transaction being considered as a gift or a disposal of assets without any consideration, provided that the debtor made such transaction within the last year prior to the opening of formal insolvency proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*). Similarly, transactions pursuant to which the debtor received a consideration which was disproportionate to its own performance, may be avoided. In case the beneficiary of the relevant transaction with the debtor is a related party, including without limitation a group company, the burden of proof is shifted to the beneficiary of such transaction, who must in this case prove that such transaction was at arm's length.
- Certain acts are voidable if performed by the debtor within the last year prior to the opening of formal insolvency proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*), provided that the debtor was already over-indebted at that time: (i) granting of security for existing claims, provided that the debtor was not previously obliged to grant such security, (ii) payment of a monetary obligation (*Geldschuld*) in any other way than by payment in cash (*Barschaft*) or other customary means of payment, and (iii) the payment of a debt not yet due. However, any avoidance action is dismissed if the beneficiary of the transaction can prove that it was not aware of the debtor's over-indebtedness and, being diligent, could not know that the debtor had been over-indebted at that time.
- Furthermore, any acts performed within the last five years prior to, *inter alia*, the opening of formal insolvency proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) performed by the debtor with the intention to discriminate some creditors against others or to favor some creditors to others are voidable if such intention was known, or when exercising the requisite due diligence must have been known, to the debtor's counterparty. In case the beneficiary of the relevant transaction with the debtor is a related party, including without limitation a group company, the burden of proof is shifted to the beneficiary of such transaction, who must in this case prove that such intention was not recognizable.

If any guarantee or security is avoided as summarized above or held unenforceable for any other reason, the claimant would cease to have any claim in respect of the guarantee (or any security interest, as the case may be) and would have a claim solely under the notes and the remaining guarantees, if any. Any amounts obtained from transactions that have been avoided would have to be repaid.

Guarantees by Guarantors incorporated in Switzerland

The granting of guarantees by Guarantors incorporated in Switzerland (a Swiss Guarantor) as well as any other undertaking contained in any agreement having the same or a similar effect, such as, but not limited to, the waiver of set-off or subrogation rights or the subordination of intra-group claims, granted by the Swiss Guarantor for the benefit of the Swiss Guarantor's direct and indirect parent and sister

companies are subject to certain restrictions on the distribution of corporate assets under Swiss corporate law. These Swiss rules regarding capital maintenance, including but not limited to articles 671(1) to (4), 675(2) and 680(2) of the Swiss Code of Obligations (or the corresponding provisions of the Swiss Code of Obligations in case of a limited liability company (*GmbH*)), prohibit the direct or indirect repayment of a Swiss stock corporation's (*Aktiengesellschaft*) share capital and legal reserves to its shareholders and restrict the distribution of a Swiss stock corporation's accrued earnings to its shareholders. Therefore, in order to enable the Swiss Guarantors to grant guarantees guaranteeing liabilities of the Issuer without the risk of violating such restrictions and to protect management from personal liability, it is standard market practice for guarantees and other respective documents to contain so-called "limitation language" in relation to subsidiaries incorporated in Switzerland in the form of a Swiss stock corporation (or Swiss limited liability company (*Gesellschaft mit beschränkter Haftung*), respectively). Pursuant to such limitation language, the enforcement of the guarantee granted by each of the Swiss Guarantors will be limited reflecting the requirement that payments under the Guarantee may not cause the Swiss Guarantor to incur a liability which would exceed its freely distributable equity at the time of the enforcement of the Guarantee. The freely distributable equity is equal to the maximum amount which the relevant Swiss Guarantor can distribute to its shareholders as a dividend payment under Swiss law at that point in time. These limitations apply in relation to guarantees or security interests securing the performance of any obligations of any (direct or indirect) shareholder and/or any sister company of the Swiss Guarantors.

If the entering into the Guarantees by any Swiss Guarantor or the performance by any Swiss Guarantor of any of its obligations under any Guarantee to which it is a party is classified as a conveyance of an economic benefit by such Guarantor to the Issuer (except where the Issuer is a direct or indirect subsidiary of a Guarantor) for which the Issuer has not received or will not receive equivalent value in exchange therefor, then at the time such Guarantor enters into the Guarantees or performs such obligation, such Guarantor may be liable for Swiss withholding tax of 35 percent on any actual or constructive dividend distribution resulting from such conveyance of an economic benefit.

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 a choice of law of the contracting parties. The scope of such choice of law is, however, usually limited to the rules of the substantive law chosen by the parties; as to procedural matters, a Swiss court will apply Swiss procedural law. Due to the different nature of Swiss procedural law and the procedural law in common law jurisdictions (such as the United States of America and the United Kingdom) classification and delimitation issues between substantive and procedural law could occur. To establish the non-Swiss substantive law applicable to the merits, a Swiss court may, in pecuniary matters, request the parties to establish the non-Swiss substantive law; Swiss law will be applied, if the content of the foreign substantive law cannot be established. While a Swiss court will generally accept a choice of law, restrictively applied exceptions exist: Swiss courts may diverge from the chosen substantive law if such chosen law would lead to a result contrary to Swiss public policy, if the purpose of mandatory rules of Swiss law require, by their special aim, immediate application, or if the purpose of mandatory rules of another law, to which the dispute is closely connected, are considered legitimate under Swiss legal concepts and, upon weighing the interests of the parties involved, the clearly predominant interest(s) of one party so require.

Foreign bankruptcy decrees issued in the country of a debtor's domicile may be recognized in Switzerland only, provided that (i) the bankruptcy decree is enforceable in the country where it was issued, (ii) its recognition is, inter alia, not against Swiss public policy, and (iii) the country which issued the bankruptcy decree grants reciprocity to Switzerland.

Dutch Legal Considerations

General

Dufry One B.V. (the Issuer) and Dufry Financial Services B.V. (one of the Subsidiary Guarantors) are incorporated under the laws of the Netherlands and currently have their "centre of main interests" (as such term is used in Council Regulation (EU) 2015/848 on insolvency proceedings, "Recast EU Insolvency Regulation") in the Netherlands. Consequently, in the event of its insolvency, insolvency proceedings with respect to the Issuer or this Subsidiary Guarantor may be initiated under, and be governed by, Dutch insolvency law.

The insolvency laws of the Netherlands and, in particular, the provisions of the Dutch Bankruptcy Act (*Faillissementswet*) may be less favorable to your interests as creditors than the bankruptcy laws of other jurisdictions with which you may be familiar, including in respect of priority of creditors, the ability to obtain post-petition interest or to effect a restructuring, and the duration of the insolvency proceedings, and may limit the ability of the holders of Notes to enforce the terms of the Guarantee granted by this Subsidiary Guarantor. Thus, your ability to recover payments due on the Notes may be more limited than it might have been under the laws of other jurisdictions with which you may be familiar.

The following is a brief description of certain aspects of the insolvency laws of the Netherlands.

There are two primary insolvency regimes under Dutch law: the first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. Such liquidation, however, may take place by way of a going concern sale. Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*). Creditors will solely by reason of claims under the Notes or the guarantee granted by a Dutch company not qualify as secured creditors under Dutch bankruptcy law.

Moratorium of Payments

An application for a moratorium of payments can only be made by the debtor itself if it foresees its inability to continue to pay its debts as they fall due. Once the application for a moratorium of payments is filed, the Dutch court will immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). The debtor is only entitled to administer and dispose of his assets with the consent of the administrator. A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerp-akkoord*) is filed simultaneously with the application for moratorium of payments, the Dutch court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently ratified (*gehomologeerd*) by the Dutch court, the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or more than one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent or if there is no prospect that the debtor will in the future be able to pay its debts as they fall due (in which case the debtor will generally be declared bankrupt). The moratorium of payments only affects unsecured non-preferential creditors. A moratorium takes effect retroactively from 0.00 hours on the day on which the court has granted the provisional suspension 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 Dutch court. Upon request by the debtor or the administrator, the Dutch court or supervisory judge (*rechter-commissaris*) if appointed, can decide to adopt the proposed but rejected composition as if it were approved if (i) three-fourths the number of the creditors represented at the creditors' meeting approved the composition and (ii) the rejection of the composition is caused by one or more creditors such that, taking all circumstances into consideration, especially the percentage of the claim that such creditor(s) would receive in case the estate is liquidated and distributed, such creditor(s) reasonably could not have voted against the composition. Secured or preferential claims are not affected by a composition, unless such claims are submitted for verification (see definition below) to the administrator and not withdrawn prior to the vote on the composition plan, in which case security or preferential rights in respect of those claims will be lost. Consequently, Dutch

insolvency laws could preclude or inhibit the ability of the holders of Notes to effect a restructuring and could reduce the recovery of a holder of Notes in Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Bankruptcy

At the request of the debtor itself, the public prosecutor (if the public interest so requires) or one or more of its creditors, the Dutch court may open bankruptcy proceedings in respect of a debtor that has ceased to pay its debts. A debtor is considered to have ceased paying its debts if claims of at least two creditors for payments due remain unpaid. If bankruptcy is declared by the Dutch court, the court will appoint a receiver (*curator*) who is entrusted with the administration of the bankruptcy. The bankrupt debtor loses the right to administer and dispose of its assets. A bankruptcy order takes effect retroactively from 0.00 hours on the day the order is rendered. The receiver in bankruptcy manages the bankrupt estate, which consists of all of the debtor's assets and liabilities that exist on the date on which the bankruptcy order became final, and of all assets acquired during the bankruptcy. The bankruptcy estate is not liable for obligations incurred by the debtor after the bankruptcy order, except to the extent that such obligations arise from transactions that are beneficial to the estate. Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch bankruptcy law is the so-called *paritas creditorum* (principle of equal treatment) which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors, which may adversely affect the interests of (non-preferential) holders of Notes. For example, in a Dutch bankruptcy secured creditors may take recourse against the encumbered assets of a debtor to satisfy their claims as if there is no bankruptcy. Consequently, Dutch insolvency laws could reduce the potential recovery of a holder of Notes in Dutch bankruptcy proceedings.

As in moratorium of payments proceedings, the Dutch court may order a “cooling off period” (*afkoelingsperiode*) for a maximum of four months during which enforcement actions by secured creditors are barred. Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time, failing which, the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs (*algemene faillissementskosten*). Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such set-off is allowed prior to the bankruptcy although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off. The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the holders of Notes that are not due and payable by their terms on the date of a bankruptcy of this Subsidiary Guarantor will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the receiver to be verified. “Verification” under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings. The valuation of claims that are not due and payable at the time of the opening of the bankruptcy proceedings or within one year thereafter, is based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. The existence, value and ranking of any claims submitted by the holders of Notes may be challenged in the Dutch bankruptcy proceedings.

Generally, in a creditors' meeting (*verificatie vergadering*), the receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooi procedures*). Such *renvooi procedures* could also cause payments to the holders of Notes to be delayed compared with holders of undisputed claims.

As in moratorium of payments proceedings, in a bankruptcy a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if (i) it is approved by a simple majority of the meeting of unsecured non-preferential creditors, with admitted and provisionally admitted

claims representing at least 50% of the total amount of the admitted and provisionally admitted unsecured non preferential claims, and (ii) subsequently ratified by the Dutch court. Upon request by the debtor or the receiver, the supervisory judge can decide to adopt the proposed but rejected composition as if it were approved if (i) three-fourths the number of the creditors represented at the creditors' meeting approved the composition and (ii) the rejection of the composition is caused by one or more creditors such that, taking all circumstances into consideration, especially the percentage of the claim that such creditor(s) would receive in case the estate is liquidated and distributed, such creditor(s) reasonably could not have voted against the composition. The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a *pro rata* basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed. Interest payments that fall due on or after the date on which the bankruptcy proceedings are opened cannot be verified in the bankruptcy. The proceeds resulting from the liquidation of the bankrupt estate may not be available for distribution for several years and may be insufficient to satisfy unsecured creditors.

Actio Pauliana

To the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy, if (i) it performed such acts without an obligation to do so (*onverplicht*), (ii) generally the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (iii) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. In addition, in the case of such a bankruptcy, their trustee may nullify its performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee (*hij die betaling ontving*) knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

Under Dutch law, as soon as a debtor is declared bankrupt, all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as described above), will be terminated by operation of law with retroactive effect from 0.00 hours on the day the order is rendered. Simultaneously with the opening of the bankruptcy, a Dutch receiver will be appointed. The proceeds resulting from the liquidation of the bankrupt estate may not be sufficient to satisfy unsecured creditors of a bankrupt debtor after the secured and the preferential creditors have been satisfied. Litigation pending on the date of the bankruptcy order is automatically stayed.

Limitations

If a Dutch company grants a guarantee and that guarantee is not in the company's corporate interest, the guarantee may be nullified by the Dutch company, its receiver in bankruptcy and its administrator (*bewindvoerder*) and, as a consequence, not be valid, binding and enforceable against it. In determining whether the granting of such guarantee is in the interest of the relevant company, the Dutch courts would not only consider the text of the objects clause in the articles of association of the company but all relevant circumstances including whether the company derives certain commercial benefits from the transaction in respect of which the guarantee was granted. The objects clauses in the articles of association of this Subsidiary Guarantor include the issuance of guarantees in favor of group companies and third parties.

In addition, if it is determined that there are no, or insufficient, commercial benefits from the transactions for the company that grants the guarantee, then such company (and any bankruptcy receiver) may contest the enforcement of the guarantee, and it is possible that such challenge would be successful.

Such benefit may, according to Dutch case law, consist of an indirect benefit derived by the company as a consequence of the interdependence of such company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee, the continuity of such company would foreseeably be endangered by the granting of such guarantee. It remains possible that even if such strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee cannot serve the realization of the relevant company's objects.

Whether or not a guarantor is insolvent in the Netherlands, pursuant to Dutch law, payment under a guarantee may be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*).

If Dutch law applies, a guarantee governed by Dutch law may be voided by a Dutch court, if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwalen*) of a party to the agreement contained in that document.

In addition, a guarantee issued by a Dutch company may be suspended or avoided by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of the holder or holders of 10% or more of the shares in such company or depositary receipts issued therefor with a nominal value of €225,000 or more, or such lesser amount as provided by the articles of association (*statuten*) of such company. A trade union and/or other entities entitled thereto in the articles of association of the relevant Dutch company may also submit a motion to the Enterprise Chamber for this purpose. Likewise, the guarantee itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the “Purchase Agreement”), dated as of the date hereof, by and among the Issuer, the Guarantors and the initial purchasers listed in Schedule I thereto (collectively, the “Initial Purchasers”), the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of € million.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. One or more of the Initial Purchasers may use affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which such Initial Purchasers are not otherwise permitted.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer and each Guarantor will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, and to cause our subsidiaries to not, without having received the prior written consent of the Joint Global Coordinators as provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities that are substantially similar to the Notes.

The Notes and the Guarantees have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers’ distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this offering or the date the Notes are originally issued, an offer or sale of such

Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Guarantors or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a

solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes.

We have also agreed that we will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exclusion afforded by Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes will constitute a new class of securities with no established trading market. Application will be made to the Authority for the Notes to be admitted to the Official List of TISE. However, there can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See “Risk Factors — Risks Relating to the Notes — There is no active public trading market for the Notes and therefore your ability to transfer them will be limited.”

In connection with the issue of the Notes, the Stabilizing Manager or persons acting on its behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level that is higher than that which might otherwise prevail. However, we cannot assure you that the Stabilizing Manager or persons acting on its behalf will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in future perform, various financial advisory and investment banking services for the Parent Guarantor and its subsidiaries, for which they received or will receive customary fees and expenses. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Parent Guarantor and its affiliates. The Initial Purchasers and their affiliates may receive allocations of the Notes. Certain of the Initial Purchasers or their respective affiliates are also agents, lenders and/or letter of credit issuers under the Facilities Agreement, and may be agents, lenders and/or letter of credit issuers under any credit facilities we may enter into. In addition, ING Bank N.V., London Branch is acting as principal and dealer manager for the Tender Offer. See “Summary — 2023 Notes Refinancing.” Certain of the Initial Purchasers or their respective affiliates are lenders under the Revolving Credit Facility. We expect to reduce in part the amount drawn under our 2017 Revolving Credit Facility with the proceeds of the Notes.

Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

NOTICE TO INVESTORS

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

- (1) You acknowledge that:
 - the Notes and the Guarantees have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
 - unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.
- (3) You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offering of the Notes, other than the information contained in this Offering Memorandum. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from us.
- (4) You represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:
 - (a) to us;
 - (b) under a registration statement that has been declared effective under the Securities Act;
 - (c) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act; or
 - (d) under any other available exemption from the registration requirements of the Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is 40 days after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;

- if a holder of Notes proposes to resell or transfer Notes under clause (d) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act;
- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (c), (d), and (e) above the delivery of an opinion of counsel, certifications or other information satisfactory to us and the Trustee; and
- each Note will contain a legend substantially to the following effect:

THIS SECURITY AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (D) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C), (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

EACH PURCHASER OR TRANSFEREE OF A NOTE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) EITHER (I) NO PORTION OF THE ASSETS USED BY SUCH PURCHASER OR TRANSFEREE TO PURCHASE AND HOLD A NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT (“IRA”) OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (“CODE”) OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (“SIMILAR LAWS”),

OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE “PLAN ASSETS” OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT (EACH OF THE FOREGOING, OTHER THAN ANY PLAN, ACCOUNT OR ARRANGEMENT SUBJECT TO SIMILAR LAWS, A “PLAN”) OR (II) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF A NOTE BY SUCH PURCHASER OR TRANSFEREE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAW; AND (B) IF IT IS A PLAN, THE DECISION TO ACQUIRE AND HOLD THE NOTE HAS BEEN MADE BY A DULY AUTHORIZED FIDUCIARY WHO IS INDEPENDENT OF THE ISSUER, THE INITIAL PURCHASERS AND THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, THE “TRANSACTION PARTIES”) AND WHO (I) IS A U.S. BANK, U.S. INSURANCE CARRIER, U.S. REGISTERED INVESTMENT ADVISER, U.S. REGISTERED BROKER-DEALER OR INDEPENDENT FIDUCIARY WITH AT LEAST \$50 MILLION OF ASSETS UNDER MANAGEMENT OR CONTROL, (II) IN THE CASE OF A PLAN THAT IS AN IRA, IS NOT THE IRA OWNER, BENEFICIARY OF THE IRA OR RELATIVE OF THE IRA OWNER OR BENEFICIARY, (III) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE NOTE, (IV) IS A FIDUCIARY UNDER ERISA OR THE CODE, OR BOTH, WITH RESPECT TO THE DECISION TO ACQUIRE AND HOLD THE NOTE, (V) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF THE PLAN IN THE NOTE, (VI) UNDERSTANDS AND HAS BEEN FAIRLY INFORMED OF THE EXISTENCE AND THE NATURE OF THE FINANCIAL INTERESTS OF THE TRANSACTION PARTIES IN CONNECTION WITH THE PLAN’S ACQUISITION OF THE NOTE, (VII) UNDERSTANDS THAT THE TRANSACTION PARTIES ARE NOT UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE, OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY TO THE PLAN, IN CONNECTION WITH THE PLAN’S ACQUISITION OF THE NOTE AND (VIII) CONFIRMS THAT NO FEE OR OTHER COMPENSATION WILL BE PAID DIRECTLY TO ANY OF THE TRANSACTION PARTIES BY THE PLAN, OR ANY FIDUCIARY, PARTICIPANT OR BENEFICIARY OF THE PLAN, FOR THE PROVISION OF INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES) IN CONNECTION WITH THE PLAN’S ACQUISITION OF THE NOTE.

- (5) You represent that (A) either (1) no portion of the assets used by you to acquire and hold the Notes constitutes assets of (i) any employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (ii) any plan, individual retirement account (“IRA”), or other arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (“Similar Laws”) or (iii) any entity whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each of the foregoing, other than any plan, account or arrangement subject to Similar Laws, a “Plan”), or (2) the purchase, holding and subsequent disposition of the Notes by you will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any provision of Similar Law; and (B) if it is a Plan, the decision to acquire and hold the Notes has been made by a duly authorized fiduciary who is independent of the Issuer, the Initial Purchasers and their respective affiliates (collectively, the “Transaction Parties”) and who (i) is a U.S. bank, U.S. insurance carrier, U.S. registered investment adviser, U.S. registered broker-dealer or independent fiduciary with at least \$50 million of assets under management or control, (ii) in the case of a Plan that is an IRA, is not the IRA owner, beneficiary of the IRA or relative of the IRA owner or beneficiary, (iii) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (iv) is a fiduciary under ERISA or the Code, or both, with respect to the decision to acquire and hold the Notes, (v) has exercised independent judgment in evaluating whether to invest the assets of the Plan in the Notes,

- (vi) understands and has been fairly informed of the existence and the nature of the financial interests of the Transaction Parties in connection with the Plan's acquisition of the Notes, (vii) understands that the Transaction Parties are not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity to the Plan, in connection with the Plan's acquisition of the Notes and (viii) confirms that no fee or other compensation will be paid directly to any of the Transaction Parties by the Plan, or any fiduciary, participant or beneficiary of the Plan, for the provision of investment advice (as opposed to other services) in connection with the Plan's acquisition of the Notes.
- (6) You acknowledge that we, the Initial Purchasers, and others will rely upon the truth and accuracy of the above acknowledgments, representations, and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

LEGAL MATTERS

The validity of the Notes offered by this Offering Memorandum and certain U.S. legal matters will be passed upon for us by Davis Polk & Wardwell LLP, our U.S. counsel. Certain Swiss legal matters will be passed upon for us by Homburger AG, our Swiss counsel, and certain Dutch legal matters will be passed upon for us by NautaDutilh N.V. Certain U.S. legal matters in connection with the Notes will be passed upon for the Initial Purchasers by Clifford Chance LLP, U.S. counsel for the Initial Purchasers.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2018 and 2017 incorporated by reference into this Offering Memorandum, have been audited by Ernst & Young Ltd, Basel, a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary.

GENERAL INFORMATION

The issue of the Notes and their sale were authorized by a resolution of board of directors of the Issuer dated _____, 2019. The Notes have been accepted for clearance and settlement through Euroclear and Clearstream. The Common Code and ISIN numbers for the Rule Regulation S Notes are as follows: _____ and _____.

The expenses in relation to the admission of the Notes to trading on TISE will be approximately € _____.

Mourant Securities Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on TISE.

If and for so long as the Notes are listed on TISE and the Listing Rules maintained by the Authority require, electronic copies of our consolidated financial statements as of and for the years ended December 31, 2018 and 2017, the Indenture, specimen Global Notes, as well as copies of the Issuer's and our articles of association may be inspected and obtained free of charge during the normal business hours on any business day at the office of the Company.

Issuer Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) code of the Issuer is 7245003K5MN9U7XW0808.

TISE Disclosures

Subject as set out below, the Issuer accepts responsibility for the information contained in this Offering Memorandum and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in the Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the admission of the Notes to the Official List of TISE nor the approval of the Offering Memorandum pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the issuer, the adequacy and accuracy of information contained in the Offering Memorandum or the suitability of the issuer for investment or for any other purpose.

These securities are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

There has been no material adverse change to:

- (a) the Issuer;
- (b) the Issuer's group structure;
- (c) the Issuer's business or accounting policies; or

(d) the financial or trading position of the Issuer,

during the period from its date of incorporation to the date of the application for listing of the Notes.

The Issuer is not engaged in any legal or arbitration proceedings, and the Issuer is not aware of any legal or arbitration proceedings pending against the Issuer, that may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the financial position of the Issuer.

This Listing Document includes particulars given in compliance with the Listing Rules maintained by the authority for the purpose of giving information with regard to the Issuer. The directors, whose names appear on page 77, accept full responsibility for the information contained in this Listing Document and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The annual accounts of Dufry One B.V. will be submitted to the Authority each year when they become available.

DEFINITIONS

Board of Directors	all members of the board of directors of the Company, including Juan Carlos Torres Carretero, Jorge Born, Andrés Holzer Neumann, Claire Chiang, Julián Díaz González, Heekyung (Jo) Min, Luis Maroto Camino, Steven Tadler and Lynda Tyler-Cagni
CHF	the lawful currency of Switzerland
Clearstream	Clearstream Banking SA
Company	Dufry AG
EEA	the European Union and its 28 member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom), as well as three European Free Trade Association (EFTA) countries, Norway, Iceland and Liechtenstein
EMEA	Europe, the Middle East and Africa
EU	the European Union
EUR, euro or €	the lawful currency of the member states of the European Monetary Union
Euroclear	Euroclear Bank SA/NV
Exchange Act	United States Securities Exchange Act of 1934, as amended
FFI	foreign financial institution
FINMA	the Swiss Financial Market Supervisory Authority FINMA
FSMA	the Financial Services and Markets Act 2000, United Kingdom
Global Executive Committee	all members of the global executive committee of the Company, including Julián Díaz González, Yves Gerster, José Antonio Gea, Luis Marin, Pascal C. Duclos, Eugenio Andrades, Javier Gonzalez, Andrea Belardini, René Riedi and Roger Fordyce
Hudson	Hudson Ltd.
IFRS	International Financial Reporting Standards
Initial Purchasers	Banco Bilboa Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP PARIBAS, ING Bank N.V., London Branch, Unicredit AG, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank, AG London Branch, Goldman Sachs International, HSBC Bank plc, Mediobanca – Banca di Credito Finanziario S.p.a., Merrill Lynch International, Morgan Stanley & Co. International plc, UBS AG, London Branch

Issuer	Dufry One B.V.
Joint Global Coordinators	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP PARIBAS, ING Bank N.V., London Branch, Unicredit AG
Nuance	The Nuance Group AG
Offering	the offering of up to €750.0 million in % Senior Notes due 2027 of the Issuer
Offering Memorandum	the offering memorandum (inclusive of any financial statements therein) issued by the Company in respect of the Notes together with any supplements or amendments thereto
Order	Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)
Securities Act	U.S. Securities Act of 1933, as amended
Stabilizing Manager	ING Bank N.V., London Branch
Swiss Code of Obligations	Swiss Code of Obligations of March 30, 1911, as amended
Swiss Francs	the lawful currency of Switzerland
TISE	The Official List of The International Stock Exchange
U.K. or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
U.S. or United States or U.S.A.	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. dollars or USD	the lawful currency of the United States
Withholding Tax	has the meaning given to it in the section headed “Taxation”
World Duty Free or WDF	World Duty Free S.p.A.