DUFRY FINANCE SCA

€700,000,000 4.500% Senior Notes due 2023

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

Dufry Finance SCA, a partnership limited by shares (*société en commandite par actions*) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172144 (the ''Issuer''), acting by its general partner Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172120, is offering €700,000,000 principal amount of its 4.500% senior notes due 2023 (the ''Notes''). The Notes will be fully and unconditionally guaranteed (the ''Guarantees'') by the Issuer's ultimate parent, Dufry AG (the ''Parent Guarantor''), a Swiss stock corporation with its corporate seat in Basel, and certain of the Parent Guarantor's wholly-owned subsidiaries, comprising Dufry International AG, a Swiss stock corporation with its corporate seat in Basel, Dufry Financial Services B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands with its corporate seat in Amsterdam, Dufry Holdings & Investments AG, a Swiss corporation with its corporate seat in Basel, and Hudson Group (HG), Inc., a Delaware corporation, (the ''Subsidiary Guarantors,'' and, together with the Parent Guarantor, the ''Guarantors'').

Interest on the Notes will accrue from the original issue date of the Notes and will be payable semi-annually in arrears on February 1 and August 1 of each year, commencing February 1, 2016. The Notes will mature on August 1, 2023 (the ''Maturity Date''), and upon surrender, will be repaid at 100% of the principal amount thereof together with any accrued and unpaid interest, if any.

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

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

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

Application has been made to the Irish Stock Exchange plc (the ''ISE'') for the approval of this document as ''Listing Particulars.'' Application has been made to the ISE for the Notes to be admitted to the official list and to trading on the Global Exchange Market (the ''GEM'') of the ISE. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes listing particulars for admission to trading on GEM.

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

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the ''Securities Act''), or any state securities laws and are being offered and sold only to ''qualified institutional buyers'' (''QIBs''), as defined in Rule 144A under the Securities Act (''Rule 144A''), in accordance with Rule 144A and outside the United States to persons other than U.S. persons as defined in and in reliance on Regulation S under the Securities Act (''Regulation S''). For a description of certain restrictions on transfers of the Notes, see ''Plan of Distribution'' and ''Notice to Investors.''

Price for the Notes: 100.0 percent plus accrued interest, if any, from July 28, 2015

It is expected that delivery of beneficial interests in the Notes will be made through Euroclear Bank, S.A./N.V. as operator of the Euroclear System (''Euroclear''), and Clearstream Banking S.A., a public limited liability company (société anonyme) organized and established under the laws of Grand Duchy of Luxembourg, having its registered office at 42, avenue J.F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 9248 (''Clearstream''), on or about July 28, 2015 against payment therefor in immediately available funds.

Joint Global Coordinators and Joint Bookrunners

BofA Merrill Lynch   Banco Bilbao Vizcaya Argentaria, S.A.   ING   Santander   UniCredit Bank

Joint Bookrunners

Crédit Agricole CIB   Goldman Sachs International   HSBC   Raiffeisen Bank International AG

The Royal Bank of Scotland   UBS Investment Bank

The date of this Offering Memorandum is August 5, 2015

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In this Offering Memorandum, except as otherwise indicated, the words "Dufry," "we," "us," "our," "Group," the "Company" and "ours" refer to Dufry AG, a Swiss stock corporation, and its consolidated subsidiaries, including the Issuer and the Subsidiary Guarantors, unless context otherwise requires. All references to the "Issuer" are to Dufry Finance SCA, a partnership limited by shares (*société en commandite par actions*) organized and established under the laws of the Grand Duchy of Luxembourg ("*Luxembourg*"), having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172144, which is an indirect, wholly owned subsidiary of Dufry AG. All references to "World Duty Free" are to World Duty Free S.p.A., an Italian company with its registered office in Novara, and its consolidated subsidiaries.

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

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

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

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

The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure such is the case, the information contained in this Offering Memorandum is in accordance with the facts and contains no omission likely to affect its import. The Initial Purchasers make no representations or warranty, express or implied, as to the accuracy or completeness of any of the information set forth in this Offering Memorandum, and you should not rely on anything contained in this Offering Memorandum as a promise or representation, whether as to the past or the future. This

Offering Memorandum contains summaries, believed to be accurate, of the terms we consider material of certain documents, but reference is made to the actual documents. All such summaries are qualified in their entirety by this reference. See "Summary."

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

Application has been made to the ISE for the approval of this document as "Listing Particulars." Application has been made to the ISE for the Notes to be admitted to the official list and to trading on the GEM of the ISE. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes listing particulars for admission to trading on the GEM. In the course of any review by the competent authority, the Issuer may be requested to make changes to the financial and other information included in this Offering Memorandum. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that the application to list the Notes on the official list of the ISE and to trade the Notes on the GEM of the ISE will be approved as of the Issue Date or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

STABILIZATION

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

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any state securities laws and are being offered and sold within the United States only to QIBs as defined in Rule 144A under the Securities Act and outside the United States to persons other than U.S. persons as defined in and in reliance on Regulation S under the Securities Act. By purchasing the Notes and the Guarantees, investors are deemed to have made the acknowledgements, representations, warranties and agreements set forth under "Notice to Investors." Investors should be aware that they may be required to bear the financial risks of their investment in the Notes and the Guarantees for an indefinite period of time. Prospective purchasers are hereby notified that the seller of any Note or Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

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

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

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

NOTICE TO CERTAIN INVESTORS IN THE UNITED KINGDOM

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

NOTICE TO INVESTORS IN SWITZERLAND

This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, does not constitute a public offering prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The

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

NOTICE TO CERTAIN INVESTORS IN LUXEMBOURG

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

NOTICE TO INVESTORS IN THE NETHERLANDS

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

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

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

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

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Data of Dufry

Unless otherwise indicated, our financial information contained in this Offering Memorandum is prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain differences exist between IFRS and generally accepted accounting principles in the United States of America ("U.S. GAAP") which might be material to the financial information herein. We have not prepared a reconciliation of our consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how these differences might affect the financial information herein.

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

- our audited consolidated financial statements as of and for the years ended December 31, 2014 and 2013, which have been prepared in accordance with IFRS and audited by our independent auditors, Ernst & Young Ltd, as set forth in their audit report included elsewhere herein;
- the audited statutory financial statements of Dufry AG as of and for the years ended December 31, 2014 and 2013, which have been prepared in accordance with Swiss law and audited by our independent auditors, Ernst & Young Ltd, as set forth in their audit report included elsewhere herein;
- our audited consolidated financial statements as of and for the years ended December 31, 2013 and 2012, which have been prepared in accordance with IFRS and audited by our independent auditors, Ernst & Young Ltd, as set forth in their audit report included elsewhere herein; and
- our unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2015 and 2014, which have been prepared in accordance with IFRS and reviewed by our independent auditors, Ernst & Young Ltd, as set forth in their review report included elsewhere herein.

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

This Offering Memorandum does not include standalone financials for Nuance (as defined herein). Our acquisition of Nuance closed on September 9, 2014, and Nuance was consolidated from that date.

Financial Data of World Duty Free

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

This Offering Memorandum presents the following financial information in relation to World Duty Free:

- World Duty Free's audited consolidated financial statements as of and for the year ended December 31, 2014, which include the corresponding figures for the fiscal year 2013, and which have been prepared in accordance with IFRS endorsed by the European Union and audited by World Duty Free's independent auditors, KPMG S.p.A., as set forth in their audit report as of and for the year ended December 31, 2014 included elsewhere herein; and

- World Duty Free's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2015 and 2014, which have been prepared in accordance with International Financial Reporting Standard applicable to interim financial reporting (IAS34) endorsed by the European Union and reviewed by World Duty Free's independent auditors, KPMG S.p.A., as set forth in their review report included elsewhere herein.

World Duty Free presents its financial statements in EUR. For certain information regarding rates of exchange between CHF and U.S. dollars, CHF and EUR as well as EUR and U.S. dollars, see "Currency and Exchange Rates."

Pro Forma Financial Data

As part of this Offering Memorandum, we present unaudited pro forma combined financial information as of and for the three months ended March 31, 2015 and as of and for the year ended December 31, 2014. This financial information is presented to illustrate the effect of the Acquisition (as defined herein) on our consolidated statement of financial position and our consolidated income statement by giving effect to the Acquisition and the associated financings as if they occurred on January 1, 2014. Please see "Pro Forma Combined Financial Information" for additional information on such pro forma financial information and a description of the assumptions used in creating such pro forma financial information. The adjustments made in order to present the unaudited pro forma combined financial information have been made based on available information and assumptions that our management believes are reasonable. The unaudited pro forma combined financial information is for informational purposes only and does not necessarily present what our results would have been had the Acquisition and the associated financings actually occurred on January 1, 2014, nor should it be used as the basis of projections of our results of operations or financial condition for any future period. The unaudited pro forma combined financial information has not been prepared in accordance with the rules or regulations of the SEC, and is not in compliance therewith or any other comprehensive basis of preparation. Any reliance you place on this information should fully take this into consideration.

The pro forma combined financial information includes the Nuance Acquisition (as defined herein) and its associated financings, except that the pro forma combined income statement for the year ended December 31, 2014 does not reflect a full year of results of Nuance or the financing incurred in connection with the Nuance Acquisition, since the Nuance Acquisition occurred in September 2014.

Other Financial Measures

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

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

However, these financial measures of liquidity or performance are not measures determined based on IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial results or other indicators of our cash flow based on IFRS. These non-IFRS financial measures, as defined by us or World Duty Free, may not be comparable to similarly-titled measures as presented by other companies due to differences in the way non-IFRS financial measures are calculated. The non-IFRS financial information contained in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. Even though the non-IFRS financial measures are used by management to assess our financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our or World Duty Free's financial position or results of operations as reported under IFRS.

Use of Constant Exchange Rate

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

Other Data

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

CURRENCY AND EXCHANGE RATES

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

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

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

	Period End	Average Rate(1)	High	Low
January 2015	1.0866	1.0664	1.1929	0.9802
February 2015	1.0484	1.0684	1.0854	1.0484
March 2015	1.0283	1.0212	1.0436	0.9908
April 2015	1.0722	1.0417	1.0722	1.0211
May 2015	1.0635	1.0726	1.0963	1.0489
June 2015	1.0689	1.0743	1.0896	1.0571
July 2015 (through July 22, 2015)	1.0418	1.0525	1.0650	1.0366

(1) The average of the daily exchange rates during the relevant period. The exchange rate on July 22, 2015 was U.S.$1.0418 per CHF 1.00.

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

	Period End	Average Rate(1)	High	Low
Years ended December 31,				
2012	1.0924	1.0670	1.1166	1.0042
2013	1.1199	1.0795	1.1300	1.0221
2014	1.0057	1.0937	1.1464	1.0057

(1) The average exchange rates in effect on the last business day of each month during the relevant period. The exchange rate on July 22, 2015 was U.S.$1.0418 per CHF 1.00.

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

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

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

	Period End	Average Rate(1)	High	Low
January 2015	0.9610	0.9176	1.0142	0.8317
February 2015	0.9363	0.9410	0.9561	0.9264
March 2015	0.9581	0.9431	0.9581	0.9308
April 2015	0.9557	0.9630	0.9753	0.9530
May 2015	0.9676	0.9613	0.9679	0.9538
June 2015	0.9594	0.9562	0.9676	0.9480
July 2015 (through July 22, 2015)	0.9533	0.9572	0.9613	0.9533

(1) The average of the daily exchange rates during the relevant period. The exchange rate on July 22, 2015 was EUR 0.9533 per CHF 1.00.

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

	Period End	Average Rate(1)	High	Low
Years ended December 31,				
2012	0.8281	0.8298	0.8328	0.8204
2013	0.8148	0.8126	0.8277	0.7950
2014	0.8324	0.8234	0.8328	0.8079

(1) The average exchange rates in effect on the last business day of each month during the relevant period. The exchange rate on July 22, 2015 was EUR 0.9533 per CHF 1.00.

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

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

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

	Period End	Average Rate(1)	High	Low
January 2015	1.1291	1.1630	1.2104	1.1204
February 2015	1.1196	1.1354	1.1481	1.1196
March 2015	1.0731	1.0829	1.1184	1.0496
April 2015	1.1224	1.0818	1.1224	1.0567
May 2015	1.0986	1.1157	1.1451	1.0873
June 2015	1.1147	1.1235	1.1359	1.0927
July 2015 (through July 22, 2015)	1.0929	1.0997	1.1162	1.0825

(1) The average of the daily exchange rates during the relevant period. The exchange rate on July 22, 2015 was U.S.$1.0929 per EUR 1.00.

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

	Period End	Average Rate(1)	High	Low
Years ended December 31,				
2012	1.3193	1.2860	1.3458	1.2061
2013	1.3743	1.3285	1.3802	1.2780
2014	1.2098	1.3285	1.3934	1.2098

(1) The average exchange rates in effect on the last business day of each month during the relevant period. The exchange rate on July 22, 2015 was U.S.$1.0929 per EUR 1.00.

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

INDUSTRY AND MARKET DATA

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

WHERE YOU CAN FIND MORE INFORMATION

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

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

Dufry AG
Attention: Investor Relations
Brunngässlein 12
4052 Basel
Switzerland
Telephone Number: +41 61 266 45 77

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

SUMMARY

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

Our Company

We are a leading global travel retailer with operations in 60 countries on four continents combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings. As of December 31, 2014, we operated more than 1,650 stores, with a total sales area of approximately 267,000 square meters, including approximately 1,410 stores located in airports, approximately 100 stores operating on cruise lines, ferries and seaports, approximately 120 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, brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to focus on profitable growth with an emphasis on emerging markets and tourist destinations. Emerging markets are expected to be a significant driver of global growth in air traffic over the next decade, and since 2004, we have increased our exposure to those growth markets. In 2014, we generated approximately 49% of our sales from emerging markets.

In September 2014, we completed the acquisition of Nuance, a leading global travel retailer with a strong and diversified concession portfolio and a global presence (the "Nuance Acquisition"), and Nuance became fully consolidated from such time.

We generated turnover of CHF 4,196.6 million and EBITDA of CHF 575.6 million for the year ended December 31, 2014; turnover of CHF 1,018.9 million and EBITDA of CHF 92.0 million for the three months ended March 31, 2015; and turnover of CHF 4,440.5 million and EBITDA of CHF 578.5 million for the twelve months ended March 31, 2015. On a pro forma basis after giving effect to the acquisition of World Duty Free and the associated financings (but without giving further pro forma effect to the Nuance Acquisition and its associated financings), we would have generated combined pro forma turnover of CHF 6,757.0 million and pro forma Adjusted EBITDA (which includes approximately €100 million of estimated annual cost synergies expected to be fully realized by 2017) of CHF 925.7 million for the year ended December 31, 2014. See "—Acquisition of World Duty Free" and "Pro Forma Combined Financial Information." As of December 31, 2014, we had approximately 20,000 employees.

Acquisition of World Duty Free

On March 28, 2015, we entered into a binding agreement (the "Acquisition Agreement") with Edizione S.r.l. and its subsidiary, Schematrentaquattro S.p.A. (the "Seller"), to acquire the Seller's 50.1% stake in World Duty Free S.p.A. ("WDF"), an Italian company with its registered office in Novara, Italy, for EUR 10.25 per WDF share, payable in cash, equivalent to consideration of EUR 1,307.0 million. The purchase price of EUR 10.25 may be adjusted under certain circumstances pursuant to the Acquisition Agreement (the "Initial Acquisition"). The share purchase from the Seller remains subject to various customary closing conditions, including the receipt of approval, clearance or exemption by any antitrust authorities of competent jurisdiction (the "Antitrust Clearances"). Following completion of the share purchase from the Seller, the Acquisition Agreement requires that we launch a mandatory tender offer for the remaining 49.9% of the outstanding WDF shares (the "Mandatory Offer"). We expect to offer a cash price of EUR 10.25 per WDF share in the Mandatory Offer, subject to certain adjustments according to Italian law, for consideration equal to EUR 1,301.8 million. We refer to the Initial Acquisition and the acquisition of the remaining WDF shares following the Mandatory Offer as the "Acquisition."

World Duty Free is one of the world's leading travel retailers, operating mainly in airports and with a broad geographical reach. As of March 31, 2015, it had operations in 20 countries through 108 locations with over 500 stores, from its heartland in Western Europe, to the Americas, the Middle East and Asia.

World Duty Free generated revenue of EUR 2,406.6 million and Modified EBITDA of EUR 260.5 million for the year ended December 31, 2014 and generated revenue of EUR 541.3 million and Modified EBITDA of EUR 33.9 million for the three months ended March 31, 2015. As of December 31, 2014, World Duty Free had approximately 9,700 employees. See "World Duty Free" for a more detailed discussion of the operations of World Duty Free.

If the share purchase from the Seller has not obtained the Antitrust Clearances on or prior to July 26, 2015, or if the Antitrust Clearances remain outstanding as of such date and if the Company is then in compliance with its respective obligations under the Acquisition Agreement, on September 24, 2015 the Acquisition Agreement will terminate automatically (if not extended by the Seller for an additional period of thirty days, to October 24, 2015).

We intend to fund the Acquisition, the Mandatory Offer and the associated costs with the net proceeds from (i) this Offering, (ii) the Rights Offering (as defined below), (iii) the New 2015 Term Loan (as defined below) and (iv) the Expected Future Financing (as defined below).

Rationale for the Acquisition

We believe the Acquisition provides an excellent strategic fit with significant value creation potential.

Consolidating global industry leadership in travel retail. We believe the acquisition of WDF will continue to strengthen our global leadership position in the global duty-free and travel retail market. On a pro forma combined basis and based on 2014 sales (but without giving further pro forma effect to the Nuance Acquisition and its associated financings), the Company including WDF would have had a pro forma market share of approximately 24%—almost three times larger than the number two competitor. Pro forma combined 2014 net sales would have been CHF 6,757.0 million, pro forma combined 2014 net loss would have been CHF 31.7 million and pro forma combined 2014 EBITDA would have been approximately CHF 820.7 million.

Enhancing key strategic areas and emerging market exposure. The combined entity would comprise a geographically diversified concession portfolio with operations in 62 countries and 441 locations, providing a balanced exposure to developed and emerging markets and spanning five continents. WDF's operations at London Heathrow have one of the most diverse customer mixes, and we believe combining our and WDF's expertise with different passenger nationalities will provide for an unrivalled proposition in the travel retail industry. The WDF businesses in Spain and Italy are highly complementary to our existing footprint in the Mediterranean region, one of our key strategic focus areas. The acquisition of WDF will also reinforce our leading position in the Americas, another key strategic area, by adding operations in the US, Canada, Mexico, Brazil, Peru and Chile. Furthermore, the Acquisition will substantially enhance our third key growth area in Asia and the Middle East with attractive locations that we believe will support future growth in these regions.

Attractive potential synergies with a run-rate of approximately EUR 100 million per annum. We intend to integrate WDF into our organization and expect to generate annual cost synergies with a run-rate of approximately EUR 100 million pre-tax per year at the WDF level, comprising both cost reductions and gross profit improvements. This figure is based on 2014 financial statements, including expected cost savings announced by WDF in January 2015 of EUR 26 million per annum. We expect to realize total cost reductions with a run-rate of approximately EUR 50 to EUR 60 million per annum (pre-tax) by integrating the global operations of the enlarged company, including combining and streamlining regional and global headquarters, accelerating the functional optimization plans in the U.K. and Spain and streamlining the new operating model. We also expect to realize gross profit improvements with a run-rate of approximately EUR 40 to 50 million per annum through improved purchasing power, optimized pricing and promotion strategies. We expect to fully realize these synergies by the end of 2017 with associated, non-recurring restructuring costs of approximately EUR 50 million in the aggregate during the first two years post completion of the Acquisition.

Creating additional avenues for growth. We believe the Acquisition of WDF also presents additional growth opportunities and revenue synergies. The combined entity is expected to be better positioned to secure new contracts and renew existing agreements. Together, we and WDF expect to benefit from leveraging our mutual core competencies such as scale of procurement operations, assortment expertise and consumer insights and build on long-term relationships with airport operators. The combined group's airport retail capabilities and logistics network is expected to offer a differentiated proposition when competing for concessions and provide a solid foothold to successfully realize renewals and win new contracts in key strategic areas.

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

New Financings

New Credit Facilities

On March 27, 2015, Dufry International AG (together with certain other members of the Dufry Group) and a group of financial institutions entered into an unsecured multicurrency term facilities agreement (the "2015 Facilities Agreement"), consisting of, prior to reallocation, EUR 1,600 million and EUR 1,500 million bridge facilities (the "New Bridge Facilities") and a EUR 500 million term facility (the "New 2015 Term Loan," and together with the New Bridge Facilities, the "New Credit Facilities"). We expect to draw down on the New 2015 Term Loan following the closing of the Initial Acquisition. On May 8, 2015, as permitted by the terms of the 2015 Facilities Agreement, EUR 300 million of the New Bridge Facilities was reallocated to the New 2015 Term Loan, increasing the New 2015 Term Loan from EUR 500 million to EUR 800 million. On July 6, 2015, the committed amount of the New Bridge Facilities was reduced to EUR 766 million upon receipt of the net proceeds from the Rights Offering described below, and we expect that the committed amount of the New Bridge Facilities will be further reduced upon receipt of the net proceeds from this Offering.

New Rights Offering

On June 19, 2015, our parent, Dufry AG, announced the pricing terms of its offering of 16,157,463 of its registered shares with a nominal value of CHF 5.00 each (the "Rights Offering"). We received net proceeds of approximately CHF 2.1 billion from the Rights Offering. Closing occurred on June 29, 2015. Any proceeds of the Rights Offering not required to pay the Acquisition purchase price will be used for general corporate purposes.

Expected Future Financing

We expect to finance the remaining up to CHF 105 million that we believe will be necessary to fund the Mandatory Offer in full with a combination of cash on hand, ongoing internally generated cash flow and the incurrence of additional indebtedness (the "Expected Future Financing").

Our Industry

Travel retailing, and airport retailing in particular, significantly differ from traditional retailing. The customer base has a different buying behavior compared to traditional retailing and is often characterized by captive customers, who generally have above average purchasing power and, in most cases, have the time to shop while traveling. Further, airport retailing differs from traditional retailing with regards to expenses related to the operation of stores. While fixed store leases dominate in traditional retailing, airport retailers mostly operate under concessions with variable payments.

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

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

Our Strengths

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

High-quality, diversified concession portfolio. We have assembled a high-quality and diversified portfolio of travel retail concessions with, in our view, relatively long contract terms, comparatively low concession fees and attractive locations. For the twelve months ended December 31, 2014, 41% of the sales were generated from concessions with a remaining term of nine or more years, and a further 13% of our sales were generated from concessions with a remaining term of between six and eight years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility.

Leading travel retailer with diverse operations. We operate more than 1,650 stores in 60 countries. According to industry research for 2013, we rank as one of the top airport retailers in the world with an estimated market share of 15%. We are a truly global business with geographically diverse operations across Europe, Africa, Asia, Central America and the Caribbean, South America and North America, combining high-growth emerging markets and prime operations in developed markets. Our operations are also diversified in terms of the products we sell. Our core product category is Perfumes and Cosmetics representing 29% of our net sales in 2014. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

Large operations provide benefits of scale. We have extensive knowhow in successfully operating global travel retail businesses. Moreover, we procure on a global basis, and our integrated procurement and logistics platform is a key competitive advantage for us as it allows us to extract the full benefits of our global scale and competitive position. Further, our global platform and experience in developing new retail facilities in diverse markets as well as the ability to introduce high-quality suppliers to new outlets is a competitive advantage for obtaining new concessions.

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

Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average 18 years of relevant experience and significant industry and technical knowledge. Our approximately 20,000 strong workforce includes over 70 nationalities, providing us with excellent local knowledge at all of our retail locations.

Our Strategy

Our strategy is to be the leading global travel retailer. Key elements of this strategy are:

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

Operate as a "true" retailer focused on customer needs. We focus on the specific needs of the traveler to best serve two customer constituencies: the airport operators and other travel landlords of facilities, and the travelers that use these facilities. We operate a "true" retail model, which means that we manage our operations directly and staff all of our stores with our employees. We have in-depth understanding of our customers, and we intend to use this understanding in our marketing efforts to increase customer spend and improve profitability. Our marketing strategy is focused on a number of factors, including product mix, pricing strategy, store layout and service while taking into account the changing needs of our customers in that particular location. For example, our stores at terminals with a high proportion of business travelers have a very different product offering, store layout and services level to stores located at terminals predominantly served by low cost carriers. To drive organic growth, we continuously evolve the range of products that we offer to our customers and focus on key product areas that demonstrate higher growth and margin potential, such as perfumes, cosmetics and foods. We also periodically reassess our various retail concepts and the opportunity to introduce leading edge concepts to drive organic growth. For example, with our acquisition of the Hudson Group in 2008, we expanded our business in duty-paid concepts. We also expanded the Hudson News concept on a global basis, as demonstrated by our opening several Hudson News stores in Italy, Armenia and the Dominican Republic in 2013 and in Spain and Brazil in 2014.

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

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

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

Our History

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

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

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

The Issuer and the Guarantors

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

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

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

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

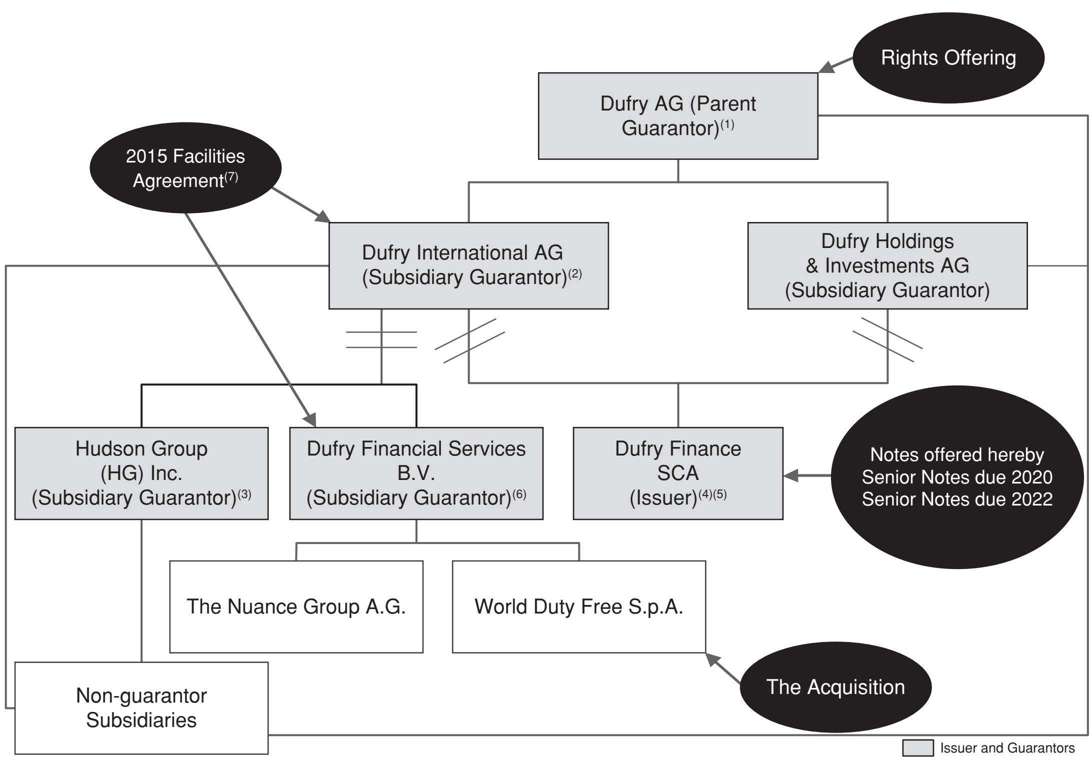
Our consolidated financial statements and the notes thereto contained elsewhere in this Offering Memorandum include both the Guarantors and our non-guarantor subsidiaries. Except as described in this Offering Memorandum, there has been no significant change in the Group's financial or trading position since March 31, 2015.

On a consolidated basis for the year ended and as of December 31, 2014, EBITDA (before other operational result) and net assets attributable to the Guarantors on a consolidated basis with their respective subsidiaries together represented 100% of our consolidated EBITDA (before other operational result) and net assets. For the year ended and as of December 31, 2014, EBITDA (before other operational result) and net assets attributable to Dufry AG on a consolidated basis with its subsidiaries were CHF 575.6 million and CHF 2,292.8 million, respectively, which represented 100% of our consolidated EBITDA (before other operational result) and net assets. For the year ended and as of December 31, 2014, EBITDA (before other operational result) and net assets attributable to Dufry International AG on a consolidated basis with its subsidiaries were CHF 562.1 million and CHF 1,395.8 million, respectively, which represented approximately 97.6% and 60.9% of our consolidated EBITDA (before other operational result) and net assets, respectively. For the year ended and as of December 31, 2014, EBITDA (before other operational result) and net assets attributable to

Dufry Financial Services B.V. on a consolidated basis with its subsidiaries were CHF 55.1 million and CHF 1,052.7 million, respectively, which represented approximately 9.6% and 45.9% of our consolidated EBITDA (before other operational result) and net assets, respectively. For the year ended and as of December 31, 2014, EBITDA (before other operational result) and net assets attributable to Dufry Holdings & Investments AG on a consolidated basis with its subsidiaries were CHF 22.7 million and CHF 335.2 million, respectively, which represented approximately 3.9% and 14.6% of our consolidated EBITDA (before other operational result) and net assets, respectively. For the year ended and as of December 31, 2014, EBITDA (before other operational result) and net assets attributable to Hudson Group (HG) Inc. on a consolidated basis with its subsidiaries were CHF 98.6 million and CHF 78.3 million, respectively, which represented approximately 17.1% and 3.4% of our consolidated EBITDA (before other operational result) and net assets, respectively. The Guarantors are holding companies with no independent business operations or significant assets other than investments in their subsidiaries and derive all or substantially all of their revenue and cash from their operating subsidiaries. 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."

Our Organization

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



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

(2) Dufry International AG is a borrower under our 2015 Facilities Agreement. Our 2015 Facilities Agreement is guaranteed by each other Guarantor of the Notes and is unsecured. For a summary of the terms of our 2015 Facilities Agreement, see "Description of Other Indebtedness."

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

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

(5) Each of the Issuer and the Guarantors is a holding company with no significant assets other than the shares in its direct subsidiaries. See "Risk Factors—Risks Relating to the Notes—The Issuer and the Guarantors are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively." As of March 31, 2015, after giving pro forma effect to the Acquisition and the related financings, including this Offering, the Expected Future Financing and the application of proceeds therefrom, we would have had CHF 4,606.1 million of total indebtedness. As of March 31, 2015, on a historical basis, the aggregate amount of indebtedness of the Parent Guarantor's subsidiaries other than the Issuer and the Guarantors was CHF 54.1 million. The Issuer and the Subsidiary Guarantors are either directly or indirectly 100% owned by the Parent Guarantor.

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

(7) Our 2015 Facilities Agreement is guaranteed by each other Guarantor of the Notes and is unsecured. For a summary of the terms of our 2015 Facilities Agreement, see "Description of Other Indebtedness."

THE OFFERING

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

Issuer	Dufry Finance SCA, a partnership limited by shares (*société en commandite par actions*) organized and established under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172144, acting by its General Partner (as defined below).
General Partner	Dufry Finance I S.à r.l., a private limited liability company (*société á responsabilité limitée*) organized and established under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 172120.
Parent Guarantor	Dufry AG, a Swiss stock corporation.
Subsidiary Guarantors	Dufry International AG, Dufry Financial Services B.V., Dufry Holdings & Investments AG and Hudson Group (HG), Inc., each a wholly-owned subsidiary of the Parent Guarantor.
Guarantors	The Parent Guarantor and the Subsidiary Guarantors. Each Guarantor is an obligor under our Senior Credit Facilities. See "Description of Other Indebtedness."
The Notes	€700,000,000 of 4.500% senior notes due 2023.
The Guarantees	The obligations of the Issuer under the Notes and the Indenture (as defined under "Description of Notes") governing the Notes will be, jointly and severally, fully and unconditionally guaranteed on a senior basis by the Guarantors, subject to certain limitations described under the caption "Description of Notes—Note Guarantees."
The Offering	The Notes are being offered and sold by the Initial Purchasers in the United States to QIBs in reliance on Rule 144A and outside the United States to persons other than U.S. persons as defined in and in reliance on Regulation S.
Issue Price	100.0% for the Notes, plus accrued interest, if any, from July 28, 2015.
Issue Date	July 28, 2015.
Maturity Date	August 1, 2023.
Interest	The Notes will bear interest from the Issue Date at the rate of 4.500 percent, per annum, payable semi-annually in arrears.

Interest Payment Dates	February 1 and August 1 of each year, commencing February 1, 2016 until the Maturity Date.
Ranking of the Notes	The Notes are: • direct, unsecured and unsubordinated obligations of the Issuer; • senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • equal in right of payment with all other direct, unsecured and unsubordinated obligations of the Issuer (except those obligations required to be preferred by law); • guaranteed by the Guarantors on a senior basis, subject to certain limitations described under the caption "Description of Notes—Note Guarantees;" and • effectively subordinated to all existing and future obligations of the Parent Guarantor's non-guarantor subsidiaries. See "Risk Factors—Risks Relating to the Notes."
Ranking of the Guarantees	The Guarantee of each Guarantor: • is a direct, unsecured and unsubordinated obligation of such Guarantor; • is effectively subordinated to secured obligations of such Guarantor, to the extent of the value of the assets serving as security therefor; • is structurally subordinated to all indebtedness and other liabilities (including trade payables) of the Parent Guarantor's subsidiaries other than the Issuer and the Subsidiary Guarantors; • is senior in right of payment to any existing and future obligations of such Guarantor expressly subordinated in right of payment to such Guarantor; and • equal in right of payment with all other direct, unsecured and unsubordinated obligations of such Guarantor (except those obligations required to be preferred by law). See "Risk Factors—Risks Relating to the Notes."
Use of Proceeds	We intend to use the net proceeds of this Offering along with the net proceeds from the Rights Offering, the New 2015 Term Loan and the Expected Future Financing to finance the Acquisition. We intend to use any remaining net proceeds for general corporate purposes. See "Summary—New and Expected Financings" and "Summary—Acquisition of World Duty Free."

	The proceeds will be used outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.
Special Mandatory Redemption	If the Initial Acquisition has not been completed on or prior to the Long Stop Date (as defined in, and extended as permitted, under the Acquisition Agreement) or, prior to the Long Stop Date, the Company certifies to the Trustee that the Acquisition Agreement has been terminated, the Issuer shall redeem the Notes (a "Special Mandatory Redemption") at 100% of the issue price of the Notes set forth on the cover page of this Offering Memorandum plus accrued and unpaid interest from the Issue Date to but not including the redemption date. The Long Stop Date is currently September 24, 2015. See "Description of Notes—Special Mandatory Redemption."
Change of Control Offer	Upon the occurrence of a Change of Control (as defined in the section entitled "Description of Notes"), we may be required to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest. See "Description of Notes—Change of Control."
Covenants	The Indenture, among other things, limits our ability and the ability of our restricted subsidiaries to: • incur additional indebtedness; • incur liens; and • consolidate, merge or sell all or substantially all of our assets. These covenants are subject to a number of important exceptions and qualifications. In addition, upon achievement of certain ratings, these covenants may be terminated. For more details, see "Description of Notes."
Events of Default	For a discussion of certain events that will permit acceleration of the Notes, see "Description of Notes—Events of Default."
Optional Redemption	We may redeem the Notes in whole or in part, at our option, at any time and from time to time at the applicable redemption prices set forth in the "Description of Notes." See "Description of Notes—Optional Redemption."

Optional Tax Redemption	The Notes may be redeemed in whole, but not in part, at our option, at a redemption price equal to 100% of the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date fixed for redemption, and all additional amounts, if any, due to certain changes in tax law as specified in the "Description of Notes." See "Description of Notes—Redemption for Changes in Taxes."
Additional Amounts	Subject to certain exceptions and limitations, we will pay such Additional Amounts (as defined in the section entitled "Description of Notes") on the Notes (or payments under the Guarantees in respect thereof) as may be necessary to ensure that the net amounts received by each holder of a Note after all withholding or deductions, if any, shall equal the amount of principal (and premium, if any) and interest which such holder would have received in respect of such Note (or payments under the Guarantees in respect thereof) in the absence of such withholding or deduction. See "Description of Notes—Additional Amounts."
Denomination, Form and Registration of Notes	The Notes will be issued only in fully registered form, without interest coupons and will be issued only in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. The Notes will not be issued in bearer form. The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. See "Description of Notes—Global Notes and Book-Entry System."
Further Issuances	The Issuer and the Guarantor may from time to time, without notice to or the consent of the holders of the Notes, create and issue further notes ranking equally in right of payment with and having identical terms and conditions to the Notes in all respects and such further Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. See "Description of Notes—Brief Description of the Notes and the Note Guarantees—Principal, Maturity and Interest."
Transfer Restrictions	The Notes have not been, and will not be, registered under the Securities Act or any other applicable securities laws. The Notes are subject to restrictions on transfer and, unless registered under the Securities Act, may only be offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Notice to Investors."

Absence of a Public Market for the Notes	The Notes are new securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for them. Certain of the Initial Purchasers have advised us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue any market making at any time at their sole discretion and without notice.
Listing	Application has been made to the ISE for the approval of this document as "Listing Particulars." Application has been made to the ISE for the Notes to be admitted to the official list and to trading on the GEM of the ISE. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. This Offering Memorandum constitutes listing particulars for admission to trading on the GEM.
Trustee	Wells Fargo Bank, National Association
Principal Paying Agent, Registrar and Transfer Agent	Société Générale Bank & Trust, a public limited liability company (*société anonyme*) organized and established under the laws of Luxembourg, having its registered office at 11 avenue Emile Reuter, L-2420 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B6061.
Irish Listing Agent	Arthur Cox Listing Services Limited
Governing Law	The Indenture and the Notes and all other transaction documents will be governed by, and construed in accordance with, the laws of the State of New York. Articles 86 to 94-8 of the Luxembourg law or commercial companies dated 10 August 1915, as amended, do not apply to the Notes.
Risk Factors	Investing in our Notes involves risks. Prior to investing in our Notes, prospective investors should consider, together with the other information set out in this Offering Memorandum, the factors and risks attaching to an investment in our Notes. See "Risk Factors."

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

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

The summary historical consolidated financial data as of December 31, 2014 and 2013 and for each of the fiscal years ended December 31, 2014, 2013 and 2012 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability" and Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum.

The summary historical consolidated financial data as of and for the three months ended March 31, 2015 and 2014 have been derived from our unaudited interim condensed consolidated financial information included elsewhere in this Offering Memorandum. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. See "Presentation of Financial and Other Data."

The summary unaudited condensed consolidated income statement for the twelve months ended March 31, 2015 has been calculated by subtracting the unaudited interim condensed consolidated income statement for the period ended March 31, 2014 from the condensed consolidated income statement for the year ended December 31, 2014, and then by adding the unaudited interim condensed consolidated income statement for the three months ended March 31, 2015.

The tables below set forth the unaudited summary pro forma combined financial information as of and for the three months ended March 31, 2015 and as of and for the year ended December 31, 2014. This financial information is presented to illustrate the effect of the Acquisition on our consolidated statement of financial position and our consolidated income statement by giving effect to the Acquisition and the associated financings. Please see "Pro Forma Combined Financial Information" for additional information on such pro forma financial information and a description of the assumptions used in creating such pro forma financial information. The adjustments made in order to present the unaudited pro forma combined financial information have been made based on available information and assumptions that our management believes are reasonable. The unaudited pro forma combined financial information is for informational purposes only and does not necessarily present what our results would have been had the Acquisition and the associated financings actually occurred on March 31, 2015, December 31, 2014 or January 1, 2014, as applicable, nor should it be used as the basis of projections of our results of operations or financial condition for any future period. The unaudited pro forma combined financial information has not been prepared in accordance with the rules or regulations of the SEC, and is not in compliance therewith or any other comprehensive basis of preparation. Any reliance you place on this information should fully take this into consideration.

The pro forma combined financial information includes the Nuance Acquisition (as defined herein) and its associated financings, except that the pro forma combined income statement for the year ended December 31, 2014 does not reflect a full year of results of Nuance or the financing incurred in connection with the Nuance Acquisition, since the Nuance Acquisition occurred in September 2014.

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

Consolidated Income Statement Data

	Historical Data						Pro Forma Data	
	Twelve months ended March 31, 2015	Three months ended March 31, 2015	Three months ended March 31, 2014	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012 (Restated)(1)	Three months ended March 31, 2015	For the year ended December 31, 2014
	(Unaudited)	(Unaudited)					(Unaudited)	
	(In millions of CHF)							
Net sales	4,297.9	983.1	748.3	4,063.1	3,465.0	3,062.1	1,551.5	6,590.1
Advertising income	142.6	35.8	26.7	133.5	106.7	91.5	45.6	166.9
Turnover	**4,440.5**	**1,018.9**	**775.0**	**4,196.6**	**3,571.7**	**3,153.6**	**1,597.1**	**6,757.0**
Cost of sales	(1,847.9)	(432.6)	(318.2)	(1,733.5)	(1,466.0)	(1,297.0)	(662.6)	(2,780,3)
Gross profit	**2,592.6**	**586.3**	**456.8**	**2,463.1**	**2,105.7**	**1,856.6**	**934.5**	**3,976.7**
Selling expenses	(1,100.8)	(264.3)	(187.2)	(1,023.7)	(826.0)	(694.2)	(496.9)	(1,867.3)
Personnel expenses	(647.9)	(166.0)	(127.8)	(609.7)	(538.1)	(474.4)	(253.4)	(908.2)
General expenses	(268.5)	(64.8)	(52.7)	(256.4)	(230.5)	(213.7)	(100.5)	(382.8)
Share of results of associates	3.1	0.8	—	2.3	—	—	0.8	2.3
EBITDA (before other operational result)(2)	**578.5**	**92.0**	**89.1**	**575.6**	**511.1**	**474.3**	**84.5**	**820.7**
Depreciation, amortization and impairment	(282.7)	(83.8)	(50.2)	(249.1)	(192.9)	(168.3)	(140.5)	(460.2)
Other operational result	(60.9)	(3.6)	(3.8)	(61.1)	(37.4)	(30.1)	(2.3)	(116.6)
Earnings (loss) before interest and taxes (EBIT)(2)	**234.9**	**4.6**	**35.1**	**265.4**	**280.8**	**275.9**	**(58.3)**	**243.9**
Interest expenses	(163.9)	(34.3)	(24.5)	(154.1)	(98.0)	(79.7)	(57.2)	(256.0)
Interest income	8.4	3.8	1.1	5.7	3.4	1.3	6.8	17.7
Foreign exchange gain/(loss)	7.9	19.1	0.1	(11.1)	(5.4)	(0.1)	17.8	(11.3)
Earnings (loss) before taxes (EBT)	**87.3**	**(6.8)**	**11.8**	**105.9**	**180.8**	**197.4**	**(90.9)**	**(5.7)**
Income taxes	(17.4)	1.0	(1.9)	(20.3)	(33.2)	(39.1)	4.6	(25.2)
Net Earnings (loss) from continuing operations	**69.9**	**(5.8)**	**9.9**	**85.6**	**147.6**	**158.3**	**(86.3)**	**(30.9)**
Net earnings from discontinued operations	(0.9)	(0.1)	—	(0.8)	—	—	(0.1)	(0.8)
Net Earnings (loss)	**69.0**	**(5.9)**	**9.9**	**84.8**	**147.6**	**158.3**	**(86.4)**	**(31.7)**
Attributable to:								
Equity holders of the parent	39.0	(9.0)	2.8	50.8	93.0	122.5	(91.1)	(72.7)
Non-controlling interests	30.0	3.1	7.1	34.0	54.6	35.8	4.7	41.0

Consolidated Statement of Financial Position Data

	Historical Data				Pro Forma Data	
	As of March 31, 2015	As of December 31, 2014	2013	2012 (Restated)(1)	As of March 31, 2015	As of December 31, 2014
	(Unaudited)				(Unaudited)	
	(In millions of CHF)					
Cash and cash equivalents	443.6	513.0	246.4	434.0	427.3	462.9
Current assets	1,448.9	1,611.1	973.5	1,043.3	1,803.6	1,887.8
Total assets	6,569.9	7,147.1	4,238.4	3,526.3	10,353.5	10,793.6
Current liabilities	973.7	1,312.7	947.8	594.6	1,467.1	1,746.9
Total liabilities	4,247.2	4,688.5	2,971.0	2,174.8	6,988.9	7,263.0
Total shareholders' equity	2,322.7	2,458.6	1,267.4	1,351.5	3,364.6	3,530.6
Total liabilities and shareholders' equity	6,569.9	7,147.1	4,238.4	3,526.3	10,353.5	10,793.6

Consolidated Statement of Cash Flows Data

	Three months ended March 31, 2015	2014	Year ended December 31, 2014	2013	2012 (Restated)(1)
	(Unaudited)				
	(In millions of CHF)				
Net cash flows from operating activities	11.3	69.8	391.5	435.1	382.5
Net cash flows used in investing activities	(143.9)	(49.1)	(1,317.1)	(459.5)	(157.5)
Net cash flows (used in)/from financing activities	26.1	34.0	1,229.3	(142.3)	24.4
Currency translation in cash	37.1	(0.2)	(37.1)	(20.9)	(14.5)
(Decrease)/Increase in cash and cash equivalents	(69.4)	54.5	266.6	(187.6)	234.9
Cash and cash equivalents at the beginning of the period	513.0	246.4	246.4	434.0	199.1
Cash and cash equivalents at the end of the period	443.6	300.9	513.0	246.4	434.0

Other Financial Data

	Twelve months ended March 31, 2015	Three months ended March 31, 2015	2014	Year ended December 31, 2014	2013	2012
	(In millions of CHF, unless otherwise indicated)					
Turnover(3)	4,440.5	1,018.9	775.0	4,196.6	3,571.7	3,153.7
EMEA & Asia	1,144.7	190.0	239.8	1,194.5	1,174.1	790.4
America I	784.5	196.2	174.7	763.0	768.5	778.3
America II	675.7	130.8	138.4	683.3	692.2	730.6
United States & Canada	988.2	230.1	205.0	963.1	876.1	809.4
The Nuance Business(4)	796.3	259.7	—	536.6	—	—
Distribution Centers(5)	51.1	12.1	17.1	56.1	60.8	51.0
EBITDA(2)(3)	578.5	92.0	89.1	575.6	511.1	474.3
EMEA & Asia	180.2	12.7	22.4	189.9	192.1	81.9
America I	57.2	13.6	13.4	57.0	46.2	57.2
America II	23.9	2.4	5.7	27.2	49.8	133.0
United States & Canada	124.7	20.6	17.7	121.8	103.7	90.3
The Nuance Business(4)	61.7	11.3	—	50.4	—	—
Distribution Centers(5)	130.8	31.4	29.9	129.3	119.3	111.9
Capital expenditures(6)	328.7	177.4	49.4	200.7	222.5	112.5
Changes in working capital(7)	(102.8)	(83.2)	(18.6)	(38.2)	(25.4)	(21.4)
Like-for-like growth(8)	n/a	(2.1)%	0.7%	1.1%	2.4%	1.5%
Gross margin(9)	58.4%	57.5%	58.9%	58.7%	59.0%	58.9%
EBITDA margin(10)	13.0%	9.0%	11.5%	13.7%	14.3%	15.0%

Pro Forma Data

	Year ended December 31, 2014
	(In millions of CHF, except percentages and ratios)
Pro Forma Adjusted EBITDA (before other operational result)(11)	925.7
Pro forma Adjusted EBITDA margin (before other operational result)(11)(12)	13.7%
Pro forma net debt / Pro forma Adjusted EBITDA (before other operational result)(11)(13)	4.44
Pro forma adjusted net interest expenses(14)	(258.1)
Pro forma Adjusted EBITDA (before other operational result) / Pro forma adjusted net interest expenses(11)(15)	3.58

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

(2) EBITDA (before other operational result) represents net earnings before income taxes, interest income, interest expenses, foreign exchange gain or loss, and depreciation, amortization and impairment, and other operating result, where other operating result includes non-recurring

income or expenses not directly involving sales activities, such as gain or loss on sale of fixed assets, gain or loss on sale of investments, costs of projects, litigation income or expenses and restructuring costs. EBIT represents net earnings before income taxes, interest income, interest expenses and foreign exchange gain or loss.

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

(4) Our acquisition of Nuance closed on September 9, 2014 and Nuance was consolidated from that date. If the Nuance Acquisition had occurred on January 1, 2014, Nuance would have generated a turnover of CHF 1,776.4 million and EBIT of approximately CHF 58 million. See Note 6.1 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(5) Reflects turnover and EBITDA, as applicable, with external customers only.

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

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

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

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

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

(11) Pro Forma Adjusted EBITDA (before other operational result) represents Pro Forma EBITDA (before other operational result) plus expected synergies from the Acquisition of approximately EUR 100 million annually by the end of 2017. Such synergies consist primarily of EUR 50 to 60 million per annum of total cost reductions from integrating the global operations of the enlarged company and EUR 40 to 50 million per annum through improved purchasing power, optimized pricing and promotion strategies. See "—Acquisition of World Duty Free—Attractive potential synergies with a run-rate of approximately EUR 100 million per annum" for additional detail on the expected synergies.

(12) Pro forma Adjusted EBITDA margin (before other operational result) represents pro forma Adjusted EBITDA (before other operational result) for the year ended December 31, 2014, divided by pro forma turnover for the year ended December 31, 2014. See "Pro Forma Combined Financial Information."

(13) Calculated as pro forma net debt for the year ended December 31, 2014 of CHF 4,108.3 million divided by pro forma Adjusted EBITDA for the year ended December 31, 2014 of CHF 925.7 million. Pro forma net debt represents pro forma total debt for the year ended December 31, 2014 of CHF 4,571.2 million less pro forma cash and cash equivalents for the year ended December 31, 2014 of CHF 462.9 million. See "Pro Forma Combined Financial Information."

(14) Pro forma adjusted net interest expenses represents pro forma interest expenses for the year ended December 31, 2014 of CHF 256.0 million, less pro forma interest income for the year ended December 31, 2014 of CHF 17.7 million excluding one-time effects of CHF 19.8 million. This does not give pro forma effect to the full year of financing for the Nuance Acquisition. Such interest expense is reflected herein only from the times such financing was incurred. See "Pro Forma Combined Financial Information" and "Description of Other Indebtedness."

(15) Calculated as pro forma Adjusted EBITDA (before other operational result) for the year ended December 31, 2014, divided by pro forma adjusted net interest expenses (as defined in note 14 above) for the year ended December 31, 2014. See "Pro Forma Combined Financial Information."

WORLD DUTY FREE SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth certain summary historical consolidated financial and other data of World Duty Free as of the dates and for each of the periods indicated. The data presented below is not necessarily indicative of results of future operations and should be read in conjunction with "World Duty Free" and the World Duty Free consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum.

The summary historical consolidated financial data as of and for the year ended December 31, 2014, which include the corresponding figures for the fiscal year 2013, were derived from World Duty Free's consolidated financial statements included elsewhere in this Offering Memorandum. World Duty Free's consolidated financial statements have been prepared in accordance with IFRS endorsed by the European Union.

The summary historical consolidated financial data as of and for the three-month period ended March 31, 2015 and 2014 have been derived from World Duty Free's unaudited condensed interim consolidated financial information included elsewhere in this Offering Memorandum. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. See "Presentation of Financial and Other Data."

The unaudited financial information for the twelve months ended March 31, 2015 has been calculated by subtracting the financial information for the period ended March 31, 2014 from the financial information for the year ended December 31, 2014 and then by adding the financial information for the three months ended March 31, 2015.

Income Statement Data

	Twelve months ended March 31, 2015	Three months ended March 31,		For the Year ended December 31,	
		2015	2014	2014	2013
	(Unaudited)	(Unaudited)			
	(In millions of EUR, unless otherwise indicated)				
Revenue	2,509.5	541.3	438.5	2,406.6	2,078.5
Other operating income	36.5	9.9	6.3	33.0	27.1
Total revenue and other operating income	**2,546.0**	**551.2**	**444.8**	**2,439.6**	**2,105.6**
Supplies and goods	(1,033.9)	(219.7)	(178.8)	(993.0)	(853.3)
Personnel expense	(306.3)	(83.0)	(59.2)	(282.5)	(220.8)
Concession fees	(833.3)	(210.3)	(135.5)	(758.4)	(639.7)
Other operating expense	(180.8)	(44.1)	(35.9)	(172.5)	(136.9)
Depreciation and amortization	(108.5)	(29.6)	(22.7)	(101.7)	(90.7)
Impairment losses on property, plant and equipment and intangible assets	(1.6)	—	—	(1.6)	(0.6)
Operating result	**81.6**	**(35.6)**	**12.7**	**129.9**	**163.6**
Financial income	11.5	2.9	2.9	11.5	10.8
Financial expense	(49.2)	(7.7)	(13.6)	(55.1)	(45.1)
Share of profit of associates	0.1	—	—	0.1	2.1
Net gain on the disposal of investments	10.5	—	—	10.5	—
Pre-tax result	**54.5**	**(40.4)**	**1.9**	**97.0**	**131.3**
Income tax	(62.4)	(6.5)	0.5	(55.5)	(20.5)
Net result attributable to	**(7.9)**	**(46.8)**	**2.4**	**41.5**	**110.9**
—controlling interest	(14.8)	(48.4)	1.3	34.9	105.8
—non-controlling interest	7.1	1.6	1.1	6.6	5.0

Consolidated Balance Sheet Data

	As of March 31, 2015	As of December 31, 2014	As of December 31, 2013
	(Unaudited)		
	(In millions of EUR)		
Cash and cash equivalents	62.9	53.1	22.8
Current assets	416.1	364.4	283.5
Total assets	2,149.8	2,017.2	1,923.2
Current liabilities	485.2	439.9	432.4
Total liabilities	1,676.8	1,531.0	1,504.1
Total shareholders' equity	473.0	486.1	419.1
Total liabilities and shareholders' equity	2,149.8	2,017.2	1,923.2

Consolidated Statement of Cash Flows Data

	Three months ended March 31,		Year ended December 31,	
	2015	2014	2014	2013
	(Unaudited)			
	(In millions of EUR)			
Net cash flows from / (used in) operating activities	44.5	(11.1)	163.1	(96.1)
Net cash flows used in investing activities	(37.6)	(15.6)	(63.0)	(151.7)
Net cash flows from/ (used in) financing activities	(5.7)	34.0	(77.0)	253.3
Effect of exchange rate fluctuation on net cash and cash equivalents and changes in Group consolidation scope	8.5	(0.1)	7.2	(1.4)
Net increase / (decrease) in cash and cash equivalents	1.2	7.3	23.1	5.5
Opening cash and cash equivalents	53.1	22.8	22.8	18.7
Closing cash and cash equivalents	62.9	30.0	53.1	22.8

Other Financial Data

	Twelve months ended March 31, 2015	Three months ended March 31, 2015	Three months ended March 31, 2014	Year ended December 31, 2014	Year ended December 31, 2013
	(In millions of EUR, unless otherwise indicated)				
Total revenue and other operating income(1)	2,546.0	551.2	444.8	2,439.6	2,105.6
United Kingdom	1,088.5	220.2	193.0	1,061.2	979.5
Rest of Europe	789.0	152.2	116.5	753.3	633.5
Americas	483.8	132.4	96.9	448.3	328.4
Asia and Middle East	184.7	46.5	38.5	176.7	164.2
Modified EBITDA(2)	258.5	33.9	35.6	260.5	255.8
Capital expenditures(3)	70.3	10.1	20.1	80.3	63.5
Working capital(4)	n/a	(115.2)	(71.7)	(99.8)	(106.5)
Modified EBITDA margin(5)	10.2%	6.2%	8.0%	10.7%	12.1%

(1) See Notes 6 and 2.6.15 to World Duty Free's consolidated financial statements as of and for the year ended December 31, 2014 and condensed interim consolidated financial statements as of March 31, 2015 and 2014, respectively, included elsewhere in this Offering Memorandum for further information regarding World Duty Free's reporting segments.

(2) Modified EBITDA as presented herein is defined as operational result excluding provision for risk and charges, net of releases, restructuring costs, linearization of concession fees and depreciation, amortization and impairment losses. The financial measure Modified EBITDA is a non-IFRS financial measure and is not presented in accordance with, or defined, by IFRS. We have presented these financial measures (i) as they are used by World Duty Free's management to monitor financial results and (ii) to represent similar measures that are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial performance. This non-IFRS financial measure 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. See Note 2 to "World Duty Free Selected Historical Consolidated Financial Data" for a reconciliation of net result to Modified EBITDA for the years ended December 31, 2013 and 2014 and the three months ended March 31, 2014 and 2015.

(3) Capital expenditures represents increases in property, plant and equipment and increases in other intangible assets (excluding Concessions which are acquired in business combinations).

(4) Working capital represents inventories plus trade receivables, other assets (current portion) and income tax assets, less trade payables (current portion), other liabilities, income tax liabilities, employee benefits (current portion) and provisions for risk and charges (current portion). The financial measure working capital is a non-IFRS financial measure and is not presented in accordance with, or defined by, IFRS. We have presented this financial measure (i) as it is used by World Duty Free's management to monitor financial results and (ii) to represent similar measures that are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial performance. This non-IFRS financial measure 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.

(5) Modified EBITDA margin is defined as Modified EBITDA divided by total revenue and other operating income.

RISK FACTORS

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

Risks Relating to our Business

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

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

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

General economic and market conditions may adversely affect our results.

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

The market to obtain concessions continues to be highly competitive.

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

Concession agreements increasingly provide for a minimum fee payable to the airport operator regardless of the amount of sales at the concession (a "MAG"). Currently, the majority of our concessions provide for a MAG that is either fixed, based upon the number of passengers using an airport or other travel channel, or based upon current budgets or past results or other 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. Annulment may be declared by the authorities or by courts in case the act granting the concession or its terms do not comply with the appropriate legal requirements, such as procurement, antitrust or similar regulations.

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

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

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

Our principal strategy is to continue to grow by enhancing and expanding our existing facilities and by seeking new concessions through tenders or private negotiations or through acquisition opportunities. In this regard, our future growth will depend upon a number of factors, some of which may not be within our control, such as the timing of any concession or acquisition opportunity, our ability to identify any such opportunities, structure a competitive proposal, obtain required financing or consummate an offer. As a result, there can be no assurance that this strategy will be successful. For example, on March 28, 2015, we signed an agreement to acquire World Duty Free. If we are unable to successfully close the transaction, we will not be able to realize the growth opportunities expected from the acquisition.

In addition, we may encounter difficulties integrating expanded or new concessions or any acquisitions, such as the recent acquisition of Nuance and the proposed acquisition of World Duty Free, into our existing operations. See, further, "—Risks Relating to the Acquisition." Such expansions, new concessions or acquisitions may not achieve anticipated revenue and earnings growth or synergies and cost savings. Delays in the start up of new projects and the refurbishment of shops affect our business. A failure to grow successfully may materially adversely affect our business, financial condition and results of operations.

We are dependent on our local partners.

Our global retail operations are carried on through approximately 170 operating companies in about 60 countries. Our local partners maintain ownership interests in several of these companies, some of which operate major concessions. Our participation in each of these operating companies differs from market to market. Our ability to withdraw funds, including dividends, from our participation in, and to exercise management control over, such subsidiaries may depend upon the consent of our local partners. While the precise terms of each relationship vary, disagreements with our local partners may affect our business, financial condition and results of operations.

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

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

We may be adversely impacted by 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, 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 9% of our net sales and constituted our fourth largest product category for the year ended December 31, 2014. As part of the campaign to highlight the negative effects of smoking, international health organizations and the anti-smoking lobby continue to seek restrictions on the duty-free sale of tobacco products. More generally, an increasing number of national and local governments have prohibited, or are proposing to prohibit, smoking in public places. If we were to lose our ability to sell duty-free tobacco products in our major markets or the increasing number of smoking prohibitions caused a reduction in our sales of tobacco products, our business, financial condition and results of operations could be materially adversely affected.

The retail business is highly competitive.

We also compete to attract retail customers and compete with other, non-airport retailers, such as traditional Main Street retailers. Some of our retail competitors may have greater financial resources, greater purchasing economies of scale or lower cost bases, any of which may give them a competitive advantage over us. If we were to lose market share to competitors, our revenues would be reduced and our business, financial condition and results of operations adversely affected.

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

We derive an important amount of our revenue from the sale of fashion-related, cosmetic and luxury products, which are subject to rapidly changing customer tastes. The availability of new products and changes in customer preferences has made it more difficult to predict sales demand for these types of products accurately. Our success depends in part on our ability to effectively predict and respond to quickly changing consumer demands and preferences, and to translate market trends into appropriate merchandise listings. Additionally, due to our limited sales space relative to other retailers, the selection of salable merchandise is an important factor in revenue generation. There can be no assurance that our product orders will match actual demand. If we are unable to successfully predict or respond to sales demand or to changing styles or trends or experience inventory shortfalls on popular merchandise, our revenue will be lower, which could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

We operate in several emerging markets, for example in Russia, and we are evaluating opportunities to expand operations in a number of additional emerging markets. Business climates in these markets expose us to greater political, economic, legal and social uncertainty than markets with more developed institutional structures. The risk of loss resulting from changes in law, economic disruptions, social upheaval and other factors may be substantial. For example, these factors could decrease tourism to countries where we operate, some of which 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. Similarly, the political or economic situation in Russia may deteriorate further, resulting in fewer Russians traveling abroad, which could affect our business in countries that traditionally are popular with Russian tourists. Furthermore, changes in tax regulations or enforcement mechanisms could substantially reduce or eliminate any turnover or profits derived from operations in these countries and could reduce significantly the value of assets related to such operations. We are also exposed to levels of foreign exchange translation risk and may not be able to effectively hedge our exposure. Another aspect of certain emerging markets is the potential inadequacy of the legal system and law enforcement mechanism, which leaves us exposed to the possibility of considerable loss as a result of abusive practices by competitors, parties with which we contract or others. If we expand our operations in emerging markets the foregoing risks will increase.

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

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

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

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

For instance, during recent years, global credit markets have tightened significantly, initially prompted by concerns over the United States sub-prime mortgage crisis and the valuation and liquidity of mortgage-backed securities and other financial instruments, such as asset-backed commercial paper, and later spreading to various other areas. In addition, the persistent doubts of the financial community on the capacity of European countries, such as Greece (including with respect to a possible "Grexit") or Spain, to refinance their public debts and on the increasing public debt of the United States might trigger a general market slowdown that may adversely impact our ability to borrow from banks or raise funds in the capital markets and may significantly increase the costs of such borrowing. If sufficient sources of financing are not available in the future for these or other reasons, we may be unable to meet our financial requirements, which could materially and adversely affect our business, results of operations and financial condition.

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

Our international operations are subject to one or more anti-corruption laws in various jurisdictions, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, the U.K. Bribery Act of 2010 and other anticorruption laws. The FCPA and these other laws generally prohibit employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in joint ventures and relationships with third parties whose actions could potentially subject us to liability under the FCPA. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the U.S. Department of Commerce's Bureau of Industry and Security, the U.S. Department of Treasury's Office of Foreign Asset Control, and various non-U.S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations, and transfer pricing regulations. We refer to these laws and regulations as "Trade Control laws." We have instituted policies, procedures and ongoing training of certain employees with regard to business ethics, designed to ensure that we and our employees comply with the FCPA, other anticorruption laws and Trade Control laws. However, there is no assurance that our efforts have been and will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA, or other legal requirements. If we are not in compliance with the FCPA, other anti-corruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA or other anti-corruption laws by U.S. or foreign authorities could also have an adverse impact on our business, financial condition and results of operations.

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

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.

Risks Relating to the Acquisition

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

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

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

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

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

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

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

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

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

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

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

Our unaudited pro forma financial information presented in this Offering Memorandum is based in part on certain assumptions regarding the Acquisition and the associated financings. We cannot assure you that our assumptions will prove to be accurate over time. Accordingly, the pro forma and other financial information included in this Offering Memorandum may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented, or what our results of operations and financial condition will be in the future. The pro forma combined financial information includes the Nuance Acquisition (as defined herein) and its associated financings, except that the pro forma combined income statement for the year ended December 31, 2014 does not reflect a full year of results of Nuance or the financing incurred in connection with the Nuance Acquisition, since the Nuance Acquisition occurred in September 2014.

We may not realize the full value of goodwill from the Acquisition.

Following the Acquisition, in accordance with IFRS 3 (revised) "Business Combinations" at the date of acquisition, which is defined as the date on which we will obtain control over World Duty Free, should the Acquisition be successful, we will recognize goodwill as the excess of the consideration transferred over the net of the acquisition date amounts of the fair value of all identifiable assets acquired and liabilities assumed as of the acquisition date. The purchase price allocation will be completed within twelve months from the acquisition date. The completion of the purchase price allocation in accordance with IFRS 3 (revised) will result in the recognition at the date of acquisition of all identifiable assets acquired and the liabilities or contingent liabilities assumed of World Duty Free at fair value. In subsequent years goodwill will be tested annually for impairment. The amount of any impairment must be expensed immediately as a charge to our income statement. Any impairment of goodwill may result in material reductions of our income and equity under IFRS.

The Initial Acquisition is subject to risks in respect of the antitrust approval process and other conditions precedent.

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

The Initial Acquisition is not conditioned upon receiving consents in respect of change of control provisions in material licenses.

The Initial Acquisition will constitute a change of control under agreements of World Duty Free with certain airport operators and suppliers which would entitle these airport operators and suppliers to terminate their agreements. Under the Acquisition Agreement, receiving consents in respect of change of control provisions in material licenses is not a condition to closing the Initial Acquisition, and we cannot exclude the possibility that some airport operators and suppliers may terminate such agreements with World Duty Free or opt to enter into agreements with our competitors as a consequence of the Initial Acquisition. The termination of such agreements with World Duty Free could have an adverse effect on our business, results of operations and financial condition following the Acquisition.

We do not currently control World Duty Free and its subsidiaries, and we will not control World Duty Free and its subsidiaries until the completion of the Initial Acquisition.

We will not obtain control of World Duty Free and its subsidiaries until completion of the Initial Acquisition. We cannot assure you that World Duty Free will operate its business during the interim period in the same way that we would. During the interim period (until the completion of the Initial Acquisition), the Acquisition Agreement provides that World Duty Free must operate its business in a manner consistent with its past practice, but it is not prohibited from approving or distributing dividends. Should it do so, we would not be entitled to such distributions or to any other compensation or price adjustment mechanism.

The information contained in this Offering Memorandum has been derived from public sources and, in the case of historical information relating to World Duty Free and its subsidiaries, has been provided to us by World Duty Free and its subsidiaries, and we have relied on such information supplied to us in its preparation. Furthermore, the Acquisition has required, and will likely continue to require, substantial amounts of management's time and focus, which could adversely affect their ability to operate the business. Likewise, other employees may be uncomfortable with the Acquisition or feel otherwise affected by it, which could have an impact on work quality and retention.

We may not be able to acquire 100% of the share capital of World Duty Free.

Pursuant to article 111 of the Italian Financial Act, we must acquire 95% or more of World Duty Free's shares through the Mandatory Offer to have the right to squeeze-out the remaining minority shareholders. We may not be able to acquire 100% of the share capital of World Duty Free or the acquisition by us of 100% of the share capital of World Duty Free may be delayed, or we may be required to make an additional offer or additional offers to these minority shareholders of World Duty Free. This could further limit our ability to integrate the World Duty Free business and to realize the anticipated benefits of the Acquisition.

World Duty Free faces certain risks due to the concentration of its turnover-generating activities in the U.K. and Spain.

World Duty Free faces potential geographic risks due to the concentration of its turnover-generating business in the U.K. and Spain. Adverse events or conditions in these areas, whether political, economic, environmental or of any other nature, could have a disproportionate impact on World Duty Free's business relative to industry peers due to its concentration of turnover-generating activity in those areas. For example, policies relating to the taxation of goods could change in the U.K. and Spain, or events outside our control that cause a reduction in airline or cruise line passenger traffic, including but not limited to terrorist attacks or natural disasters, could adversely affect World Duty Free's business in the U.K. or Spain which could have a material impact on World Duty Free's performance overall.

Changes to the regulations governing the duty-free sale of products may negatively impact World Duty Free's business.

World Duty Free believes that its ability to operate under the duty-free regime is a competitive advantage relative to operators who cannot take advantage of this regime. Governmental authorities of the countries where World Duty Free operates may amend or suppress the implementation of the duty-free regime for some categories of products, or modify the taxation regime applied to the products sold in traditional shops outside the airports, thus eliminating World Duty Free's competitive advantage. Furthermore, if the requirements for granting, maintaining or renewing certifications, licenses and authorizations to operate duty-free shops in airports are modified, and World Duty Free is not able to adapt to the new requirements, it may lose the authorization to operate under the duty-free regime, in general, in one of the markets where it operates or with respect to certain categories of products.

In this respect, World Duty Free is currently negotiating with the Jordanian authorities for the right to continue to operate as a "free zone company" in the Queen Alia International Airport in Amman and, as a result, to enjoy the tax benefits and exemptions associated with this status in exchange for certain fees that could total up to 9% of its sales in the Queen Alia International Airport, payable to the so-called "Free Zone Corporation." Revenues from this airport represented 3.4% of World Duty Free's total revenues in 2014. In the event that World Duty Free could not continue to operate as a "free zone company," it may lose the tax benefits and exemptions with a possible retroactive effect as from May 2012, and World Duty Free's Jordanian subsidiary would be subject to regular taxation on corporate income (at approximately 14%), a 16% sales tax and a 16% tax on the concession charges paid to the licensors, on the concession charges paid to the licensors and on the sales made in shops at arrivals. If any of the above mentioned risks were to occur, World Duty Free's financial condition and assets would be adversely affected.

World Duty Free's results may be affected if governmental authorities in Spain or the U.K. reject or reevaluate its transfer pricing policies.

Within the World Duty Free organization, there are recurrent exchanges of goods and services among companies that are tax resident in different countries. In 2012, World Duty Free centralized certain activities relating to the provision of services and the transfer of goods among companies in the group within its subsidiaries in Spain and the U.K. In connection with this reorganization, World Duty Free changed its policies to determine the transfer prices for the exchanges. The criteria established were submitted to the relevant authorities in Spain and the U.K. for approval. While approval from the relevant authorities has been pending, World Duty Free has begun to apply the new procedures to the services and to other intra-group transactions. Should these new policies not be approved in whole or in part by the authorities, given that they have already been implemented, the taxable income of World Duty Free companies could be reassessed in the framework of a tax audit. Any payment obligations, including penalties and interest, arising from any such reassessments may adversely affect the financial condition and assets of World Duty Free.

World Duty Free faces many of the same risks that are applicable to our business.

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

- events outside World Duty Free's control that cause a reduction in airline and cruise line passenger traffic, including but not limited to terrorist attacks and economic downturns;
- changes in general economic and market conditions;
- competition among participants in the travel retail market;
- loss of and competition to obtain concessions;
- dependence on local partners;
- changes in the taxation of goods or duty-free regulations in the markets in which World Duty Free operates;

- compliance and litigation matters;
- restrictions on the duty-free sale of tobacco products and on smoking in general that affect tobacco product sales;
- changes in customer preferences or demands;
- reliance on a limited number of suppliers;
- disruption in World Duty Free's supply chain; and
- political, economic, legal and social uncertainties in emerging markets.

Risks Relating to the Notes

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

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

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

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

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

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

The Notes will not be guaranteed by certain non-guarantor subsidiaries. Creditors, including trade creditors of non-guarantor subsidiaries and any holders of preferred shares in such entities, if any, would have a claim on the non-guarantor subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, the Issuer's payment obligations under the Notes and the Guarantors' obligations under the Guarantees will be effectively subordinated to all existing and future obligations of our non-guarantor subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our non-guarantor subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of March 31, 2015, after giving pro forma effect to the

Acquisition and the related financings, including this Offering, the Expected Future Financing and the application of proceeds therefrom, we would have had CHF 4,606.1 million of total indebtedness. As of March 31, 2015, on a historical basis, the aggregate amount of indebtedness of the Parent Guarantor's subsidiaries other than the Issuer and the Guarantors was CHF 54.1 million.

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

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

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

Our Senior Credit Facilities and the indentures governing our Senior Notes due 2020 and our Senior Notes due 2022 (each as defined herein) prohibit us from incurring additional indebtedness, subject to certain exceptions, unless we are able to satisfy certain financial ratios and certain other restrictions. Our ability to meet our financial ratios may be affected by events beyond our control, and we cannot assure you that we will be able to meet these ratios. These provisions may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in our business. Any of these could materially and adversely affect our ability to satisfy our obligations under the Parent Guarantee and other debt, the Issuer's ability to satisfy its obligations under the Notes and other obligations, and the Subsidiary Guarantors' ability to satisfy obligations under the Subsidiary Guarantees. For a discussion of our material long-term payment obligations or indebtedness other than the Notes, see "Description of Other Indebtedness."

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

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

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

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

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

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

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

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

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

If we do not complete the Initial Acquisition by September 24, 2015 (the "Long Stop Date"), or the Long Stop Date is not extended under the terms of the Acquisition Agreement, then we will redeem the Notes (a "Special Mandatory Redemption"). Subject to certain conditions, the Long Stop Date may be extended to October 24, 2015. Should such a Special Mandatory Redemption occur, we will redeem the Notes at a price equal to 100% of the issue price of the Notes set forth on the cover of this Offering Memorandum plus accrued and unpaid interest to, but excluding, the date of the Special Mandatory Redemption.

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

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

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

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

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

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

The Notes do not impose any limitations on our ability to make restricted payments or investments.

The indenture governing the notes will not contain certain covenant restrictions contained in our Senior Credit Facilities and the indentures governing our Senior Notes due 2020 and our Senior Notes due 2022, including limitations on asset sales or on paying dividends or making other restricted payments or investments.

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

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

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

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

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

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

- the relevant Guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or other person or to prefer one creditor over another or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or other person was insolvent when it issued the Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor;

- the Guarantor was insolvent, subsequently became insolvent or was rendered insolvent because of the Guarantee or security;
- the Guarantor was undercapitalized or became undercapitalized because of the Guarantee;
- the Guarantor intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity;
- the Guarantee was not in the best interests or for the benefit of the Guarantor; or
- the amount paid was in excess of the maximum amount permitted under applicable law.

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

Enforcement of the Guarantees across multiple jurisdictions may be difficult.

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

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

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

Luxembourg Insolvency Law Considerations

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

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

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

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

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

- certain amounts owed to the Luxembourg Revenue;

• value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;

• social security contributions; and

• remuneration owed to employees.

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

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

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

Swiss Insolvency Law Considerations

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

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

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

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

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

All assets at the time of the declaration of bankruptcy and all assets acquired or received subsequently form the bankrupt estate which, after deduction of costs and certain other expenses, is used to satisfy the creditors. Final distribution of non-secured claims is based on a ranking of creditors in three classes. The first and the second class, which are privileged, comprise claims under employment contracts, accident insurance, pension plans, employee social plans, family law and certain deposits under the Swiss banking act. Certain privileges can also be claimed by the government and its subdivisions based on specific provisions of federal law. All other creditors are treated equally in the third class. A secured party participates in the third class to the extent its claim is not covered by its collateral.

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

Swiss insolvency laws also provide for reorganization procedures by composition with the debtor's creditors. Reorganization is initiated by a request with the competent court for a temporary moratorium (provisorische Nachlassstundung) of a maximum duration of four months. During the moratorium, the debtor can seek to restructure and, if successful, ask the court to lift the moratorium without entering into a composition agreement. The moratorium can also result in a composition agreement which takes the form of (i) either an ordinary composition agreement (ordentlicher Nachlassvertrag) where the debtor's business continues and the contractual terms of its payment obligations are modified (Stundungsvergleich) or creditors receive a dividend (Dividendenvergleich) or (ii) a composition agreement providing for the assignment of assets (Nachlassvertrag mit Vermögensabtretung) where the debtor's assets are assigned to creditors in order to sell the debtor's (or part of it) or to liquidate the assets. The moratorium could also result in a composition agreement that may comprise the formation of a new company (Auffanggesellschaft) to receive part of the business of the debtor. During a moratorium, debt collection proceedings cannot be initiated and pending debt collection proceedings are stayed. In principle, interest ceases to accrue against the debtor for all unsecured claims. Furthermore, the debtor's power to dispose of its assets and to manage its affairs is restricted. The moratorium does not per se affect the agreed due dates of debts (contrary to bankruptcy, in which case all debts become immediately due upon adjudication). Any composition agreement needs to be approved by the creditors and confirmed by the competent court. With the judicial confirmation, the composition agreement becomes binding on all creditors, whereby secured claims are only subject to the composition agreement to the extent that the collateral proves to be insufficient to cover the secured claims.

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

Dutch Legal Considerations

General

Dufry Financial Services B.V. (one of the Subsidiary Guarantors) is incorporated under Dutch law and currently has its "centre of main interests" (as such term is used in Council Regulation (EC) no. 1346/2000 on insolvency proceedings, "EU Insolvency Regulation") in the Netherlands. Consequently, in the event of its insolvency, insolvency proceedings with respect to 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 a guarantee granted by a Dutch company not qualify as secured creditors under Dutch bankruptcy law.

Moratorium of payments

An application for a moratorium of payments can only be made by the debtor itself if it foresees its inability to continue to pay its debts as they fall due. Once the application for a moratorium of payments is filed, the Dutch court will immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). The debtor is only entitled to administer and dispose of his assets with the consent of the administrator. A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerp-akkoord*) is filed simultaneously with the application for moratorium of payments, the Dutch court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently ratified (*gehomologeerd*) by the Dutch court, the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or more than one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent or if there is no prospect that the debtor will in the future be able to pay its debts as they fall due (in which case the debtor will generally be declared bankrupt). The moratorium of payments only affects unsecured non-preferential creditors.

Under Dutch law, secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in moratorium of payments to satisfy their claims as if there were no moratorium of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, the Dutch court may order a "cooling off period" (*afkoelingsperiode*) for a maximum period of four months during which, *inter alia*, enforcement actions by secured or preferential creditors are barred. Also in a definitive moratorium of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is (i) approved by a simple majority of the meeting of the recognized and of the admitted creditors representing at least 50% of the amount of the recognized and of the admitted claims, and (ii) subsequently ratified (*gehomologeerd*) by the Dutch court. Upon request by the debtor or the administrator, the Dutch court or supervisory judge (*rechter-commissaris*) if appointed, can decide to adopt the proposed but rejected composition as if it were approved if (i) three-fourths the number of the creditors represented at the creditors' meeting approved the composition and (ii) the rejection of the composition is caused by one or more creditors such that, taking all circumstances into consideration, especially the percentage of the claim that such creditor(s) would receive in case the estate is liquidated and distributed, such creditor(s) reasonably could not have voted against the composition. Secured or preferential claims are not affected by a composition, unless such claims are submitted for verification (see definition below) to the administrator and not withdrawn prior to the vote on the composition plan, in which case security or preferential rights in respect of those claims will be lost. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the holders of Notes to effect a restructuring and could reduce the recovery of a holder of Notes in Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Bankruptcy

At the request of the debtor itself or one or more of its creditors, the Dutch court may open bankruptcy proceedings in respect of a debtor that has ceased to pay its debts. If bankruptcy is declared by the Dutch court, the court will appoint a receiver (*curator*) who is entrusted with the administration of the bankruptcy. The bankrupt debtor loses the right to administer and dispose of its assets. Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch bankruptcy law is the so-called *paritas creditorum* (principle of equal treatment) which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors, which may adversely affect the interests of (non-preferential) holders of Notes. For example, in a Dutch bankruptcy secured creditors may take recourse against the encumbered assets of a debtor to satisfy their claims as if there is no bankruptcy. Consequently, Dutch insolvency laws could reduce the potential recovery of a holder of Notes in Dutch bankruptcy proceedings.

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

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

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

Actio Pauliana

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

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

Limitations

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

In addition, if it is determined that there are no, or insufficient, commercial benefits from the transactions for the company that grants the guarantee, then such company (and any bankruptcy receiver) may contest the enforcement of the guarantee, and it is possible that such challenge would be successful. Such benefit may, according to Dutch case law, consist of an indirect benefit derived by the company as a consequence of the interdependence of such company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee, the continuity of such company would foreseeably be endangered by the granting of such guarantee. It remains possible that even if such strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee cannot serve the realization of the relevant company's objects.

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

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

In addition, a guarantee issued by a Dutch company may be suspended or avoided by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of the holder or holders of 10% or more of the shares in such company, as well as on the motion of a trade union and of other entities entitled thereto in the articles of association (*statuten*) of the relevant Dutch company. Likewise, the guarantee itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

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

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

USE OF PROCEEDS

We intend to use the net proceeds of this Offering along with the net proceeds from the Rights Offering, the New 2015 Term Loan and the Expected Future Financing to finance the Acquisition. We intend to use any remaining net proceeds for general corporate purposes. See "Summary—New and Expected Financings" and "Summary—Acquisition of World Duty Free."

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

CAPITALIZATION

The following table sets forth, on a consolidated basis, our cash and cash equivalents, long-term debt, shareholders' equity and capitalization as of March 31, 2015 in accordance with IFRS, on a historical basis and on a pro forma as adjusted basis to give effect to the Acquisition and the associated financings and the anticipated uses of proceeds therefrom.

The historical information has been derived from the unaudited interim condensed consolidated financial statements included elsewhere in this Offering Memorandum. You should read this table in conjunction with "Use of Proceeds," "Dufry Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Other Indebtedness" and our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. The unaudited capitalization data has been prepared for illustrative purposes only and, because of its nature, may not give an accurate picture of our capitalization as of March 31, 2015, adjusted as described in this section.

	As of March 31, 2015	
	Actual	**Pro Forma As Adjusted(1)**
	(Unaudited) (In millions of CHF)	
Cash and cash equivalents	443.6	427.3
Debt:		
Senior Notes due 2020	486.2	486.2
Senior Notes due 2022	525.0	525.0
Notes offered hereby	—	735.0
Expected Future Financing(1)	—	105.0
Mandatory Convertible Notes(2)	275.0	275.0
2014 Senior U.S. Dollar Term Loan Facility	982.2	982.2
2014 Senior Euro Term Loan Facility	525.0	525.0
2014 Revolving Credit Facility(3)	287.0	287.0
New 2015 Term Loan(4)	—	840.0
Other(5)	54.1	54.1
Total debt	**3,134.5**	**4,814.5**
Total shareholders' equity attributable to holders of the parent	2,165.8	3,198.0
Total capitalization(2)	**5,300.3**	**8,012.5**

(1) We expect to finance the remaining up to CHF 105 million that we believe will be necessary to fund the Mandatory Offer in full with a combination of cash on hand, ongoing internally generated cash flow and the incurrence of additional indebtedness. The pro forma as adjusted column assumes that the remaining CHF 105 million was funded with the incurrence of additional indebtedness. See "Pro Forma Combined Financial Information."

(2) On June 13, 2014, Dufry Financial Services B.V. issued Mandatory Convertible Notes convertible into registered shares from the conditional capital or existing shares of Dufry AG. Due to the conversion of all Mandatory Convertible Notes on or before June 18, 2015, the Company issued 1,809,188 shares out of its conditional capital, which registered shares have not been registered in the Commercial Register as of the date of this Offering Memorandum. The conversion of the Mandatory Convertible Notes is not reflected in the Pro Forma As Adjusted column above.

(3) Consists of an unsecured, multicurrency revolving credit facility for a total committed amount of the equivalent of approximately CHF 900 million. As of March 31, 2015, on an actual basis, we had approximately CHF 551.4 million of availability for additional credit extensions under our 2014 Revolving Credit Facility. For more information on the 2014 Revolving Credit Facility, please see "Description of Other Indebtedness—2014 Facilities Agreement."

(4) The 2015 Facilities Agreement governing our New 2015 Term Loan also includes a EUR 1,600 million term bridge facility and a EUR 1,200 million term bridge facility (the "New Bridge Facilities"). On July 6, 2015, the committed amount of the New Bridge Facilities was reduced to EUR 766 million upon receipt of the net proceeds from the Rights Offering described below, and we expect that the committed amount of the New Bridge Facilities will be further reduced upon receipt of the net proceeds from this Offering. For more information on the New Bridge Facilities, please see "Description of Other Indebtedness—New Credit Facilities."

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

DUFRY SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our selected historical consolidated financial and other data as of the dates and for each of the periods indicated. Our financial statements have been prepared in accordance with IFRS. The selected historical consolidated financial data as of December 31, 2014 and 2013 and for each of the fiscal years ended December 31, 2014, 2013 and 2012 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. Certain financial data as of December 31, 2012 and for the year ended December 31, 2012 has been restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability" and Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum.

The selected historical consolidated financial data as of and for the three months ended March 31, 2015 and 2014 have been derived from our unaudited interim condensed consolidated financial information included elsewhere in this Offering Memorandum. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. See "Presentation of Financial and Other Data."

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

Consolidated Income Statement Data

	Historical Data					
	Twelve months ended March 31, 2015	Three months ended March 31, 2015	Three months ended March 31, 2014	For the year ended December 31, 2014	2013	2012 (Restated)(1)
	(Unaudited)	(Unaudited)				
	(In millions of CHF)					
Net sales	4,297.9	983.1	748.3	4,063.1	3,465.0	3,062.1
Advertising income	142.6	35.8	26.7	133.5	106.7	91.5
Turnover	**4,440.5**	**1,018.9**	**775.0**	**4,196.6**	**3,571.7**	**3,153.6**
Cost of sales	(1,847.9)	(432.6)	(318.2)	(1,733.5)	(1,466.0)	(1,297.0)
Gross profit	**2,592.6**	**586.3**	**456.8**	**2,463.1**	**2,105.7**	**1,856.6**
Selling expenses	(1,100.8)	(264.3)	(187.2)	(1,023.7)	(826.0)	(694.2)
Personnel expenses	(647.9)	(166.0)	(127.8)	(609.7)	(538.1)	(474.4)
General expenses	(268.5)	(64.8)	(52.7)	(256.4)	(230.5)	(213.7)
Share of results of associates	3.1	0.8	—	2.3	—	—
EBITDA (before other operational result)(2)	**578.5**	**92.0**	**89.1**	**575.6**	**511.1**	**474.3**
Depreciation, amortization and impairment	(282.7)	(83.8)	(50.2)	(249.1)	(192.9)	(168.3)
Other operational result	(60.9)	(3.6)	(3.8)	(61.1)	(37.4)	(30.1)
Earnings (loss) before interest and taxes (EBIT)(2)	**234.9**	**4.6**	**35.1**	**265.4**	**280.8**	**275.9**
Interest expenses	(163.9)	(34.3)	(24.5)	(154.1)	(98.0)	(79.7)
Interest income	8.4	3.8	1.1	5.7	3.4	1.3
Foreign exchange gain/(loss)	7.9	19.1	0.1	(11.1)	(5.4)	(0.1)

	Historical Data					
	Twelve months ended March 31, 2015	Three months ended March 31,		For the year ended December 31,		
		2015	2014	2014	2013	2012 (Restated)(1)
	(Unaudited)	(Unaudited)				
	(In millions of CHF)					
Earnings (loss) before taxes (EBT)	**87.3**	**(6.8)**	**11.8**	**105.9**	**180.8**	**197.4**
Income taxes	(17.4)	1.0	(1.9)	(20.3)	(33.2)	(39.1)
Net Earnings (loss) from continuing operations	**69.9**	**(5.8)**	**9.9**	**85.6**	**147.6**	**158.3**
Net earnings from discontinued operations	(0.9)	(0.1)	—	(0.8)	—	—
Net Earnings (loss)	**69.0**	**(5.9)**	**9.9**	**84.8**	**147.6**	**158.3**
Attributable to:						
Equity holders of the parent	39.0	(9.0)	2.8	50.8	93.0	122.5
Non-controlling interests	30.0	3.1	7.1	34.0	54.6	35.8

Consolidated Statement of Financial Position Data

	Historical Data			
	As of March 31, 2015	As of December 31,		
		2014	2013	2012 (Restated)(1)
	(Unaudited)			
	(In millions of CHF)			
Cash and cash equivalents	443.6	513.0	246.4	434.0
Current assets	1,448.9	1,611.1	973.5	1,043.3
Total assets	6,569.9	7,147.1	4,238.4	3,526.3
Current liabilities	973.7	1,312.7	947.8	594.6
Total liabilities	4,247.2	4,688.5	2,971.0	2,174.8
Total shareholders' equity	2,322.7	2,458.6	1,267.4	1,351.5
Total liabilities and shareholders' equity	6,569.9	7,147.1	4,238.4	3,526.3

Consolidated Statement of Cash Flows Data

	Three months ended March 31,		Year ended December 31,		
	2015	2014	2014	2013	2012 (Restated)(1)
	(Unaudited)				
	(In millions of CHF)				
Net cash flows from operating activities	11.3	69.8	391.5	435.1	382.5
Net cash flows used in investing activities	(143.9)	(49.1)	(1,317.1)	(459.5)	(157.5)
Net cash flows (used in)/from financing activities	26.1	34.0	1,229.3	(142.3)	24.4
Currency translation in cash	37.1	(0.2)	(37.1)	(20.9)	(14.5)
(Decrease)/Increase in cash and cash equivalents	(69.4)	54.5	266.6	(187.6)	234.9
Cash and cash equivalents at the beginning of the period	513.0	246.4	246.4	434.0	199.1
Cash and cash equivalents at the end of the period	443.6	300.9	513.0	246.4	434.0

Other Financial Data

	Twelve months ended March 31, 2015	Three months ended March 31, 2015	Three months ended March 31, 2014	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
	(In millions of CHF, unless otherwise indicated)					
Turnover(3)	4,440.5	1,018.9	775.0	4,196.6	3,571.7	
EMEA & Asia	1,144.7	190.0	239.8	1,194.5	1,174.1	
America I	784.5	196.2	174.7	763.0	768.5	
America II	675.7	130.8	138.4	683.3	692.2	
United States & Canada	988.2	230.1	205.0	963.1	876.1	
The Nuance Business(4)	796.3	259.7	—	536.6	—	
Distribution Centers(5)	51.1	12.1	17.1	56.1	60.8	
EBITDA(2)(3)	578.5	92.0	89.1	575.6	511.1	
EMEA & Asia	180.2	12.7	22.4	189.9	192.1	
America I	57.2	13.6	13.4	57.0	46.2	
America II	23.9	2.4	5.7	27.2	49.8	
United States & Canada	124.7	20.6	17.7	121.8	103.7	
The Nuance Business(4)	61.7	11.3	—	50.4	—	
Distribution Centers(5)	130.8	31.4	29.9	129.3	119.3	
Capital expenditures(6)	328.7	177.4	49.4	200.7	222.5	112.5
Changes in working capital(7)	(102.8)	(83.2)	(18.6)	(38.2)	(25.4)	(21.4)
Like-for-like growth(8)	n/a	(2.1)%	0.7%	1.1%	2.4%	1.5%
Gross margin(9)	58.4%	57.5%	58.9%	58.7%	59.0%	58.9%
EBITDA margin(10)	13.0%	9.0%	11.5%	13.7%	14.3%	15.0%

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

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

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

(4) Our acquisition of Nuance closed on September 9, 2014 and Nuance was consolidated from that date. If the Nuance Acquisition had occurred on January 1, 2014, Nuance would have generated a turnover of CHF 1,776.4 million and EBIT of approximately CHF 58 million. See Note 6.1 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(5) Reflects turnover and EBITDA, as applicable, with external customers only.

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

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

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

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

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

WORLD DUTY FREE SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth certain selected historical consolidated financial and other data of World Duty Free as of the dates and for each of the periods indicated. The data presented below is not necessarily indicative of results of future operations and should be read in conjunction with "World Duty Free" and the World Duty Free consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum.

The selected historical consolidated financial data as of and for the year ended December 31, 2014, which include the corresponding figures for the fiscal year 2013, were derived from World Duty Free's consolidated financial statements included elsewhere in this Offering Memorandum. World Duty Free's consolidated financial statements have been prepared in accordance with IFRS endorsed by the European Union.

The selected historical consolidated financial data as of and for the three-month period ended March 31, 2015 and 2014 have been derived from World Duty Free's unaudited condensed interim consolidated financial information included elsewhere in this Offering Memorandum. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. See "Presentation of Financial and Other Data."

The unaudited financial information for the twelve months ended March 31, 2015 has been calculated by subtracting the financial information for the period ended March 31, 2014 from the financial information for the year ended December 31, 2014 and then by adding the financial information for the three months ended March 31, 2015.

Income Statement Data

	Twelve months ended March 31,	Three months ended March 31,		For the Year ended December 31,	
	2015	2015	2014	2014	2013
	(Unaudited)	(Unaudited)			
	(In millions of EUR, unless otherwise indicated)				
Revenue	2,509.5	541.3	438.5	2,406.6	2,078.5
Other operating income	36.5	9.9	6.3	33.0	27.1
Total revenue and other operating income	**2,546.0**	**551.2**	**444.8**	**2,439.6**	**2,105.6**
Supplies and goods	(1,033.9)	(219.7)	(178.8)	(993.0)	(853.3)
Personnel expense	(306.3)	(83.0)	(59.2)	(282.5)	(220.8)
Concession fees	(833.3)	(210.3)	(135.5)	(758.4)	(639.7)
Other operating expense	(180.8)	(44.1)	(35.9)	(172.5)	(136.9)
Depreciation and amortization	(108.5)	(29.6)	(22.7)	(101.7)	(90.7)
Impairment losses on property, plant and equipment and intangible assets	(1.6)	—	—	(1.6)	(0.6)
Operating result	**81.6**	**(35.6)**	**12.7**	**129.9**	**163.6**
Financial income	11.5	2.9	2.9	11.5	10.8
Financial expense	(49.2)	(7.7)	(13.6)	(55.1)	(45.1)
Share of profit of associates	0.1	—	—	0.1	2.1
Net gain on the disposal of investments	10.5	—	—	10.5	—
Pre-tax result	**54.5**	**(40.4)**	**1.9**	**97.0**	**131.3**
Income tax	(62.4)	(6.5)	0.5	(55.5)	(20.5)
Net result attributable to	**(7.9)**	**(46.8)**	**2.4**	**41.5**	**110.9**
—controlling interest	(14.8)	(48.4)	1.3	34.9	105.8
—non-controlling interest	7.1	1.6	1.1	6.6	5.0

Consolidated Balance Sheet Data

	As of March 31, 2015	As of December 31, 2014	As of December 31, 2013
	(Unaudited)		
	(In millions of EUR)		
Cash and cash equivalents	62.9	53.1	22.8
Current assets	416.1	364.4	283.5
Total assets	2,149.8	2,017.2	1,923.2
Current liabilities	485.2	439.9	432.4
Total liabilities	1,676.8	1,531.0	1,504.1
Total shareholders' equity	473.0	486.1	419.1
Total liabilities and shareholders' equity	2,149.8	2,017.2	1,923.2

Consolidated Statement of Cash Flows Data

	Three months ended March 31,		Year ended December 31,	
	2015	2014	2014	2013
	(Unaudited)			
	(In millions of EUR)			
Net cash flows from / (used in) operating activities	44.5	(11.1)	163.1	(96.1)
Net cash flows used in investing activities	(37.6)	(15.6)	(63.0)	(151.7)
Net cash flows from / (used in) financing activities	(5.7)	34.0	(77.0)	253.3
Effect of exchange rate fluctuation on net cash and cash equivalents and changes in Group consolidation scope	8.5	(0.1)	7.2	(1.4)
Net increase / (decrease) in cash and cash equivalents	1.2	7.3	23.1	5.5
Opening cash and cash equivalents	53.1	22.8	22.8	18.7
Closing cash and cash equivalents	62.9	30.0	53.1	22.8

Other Financial Data

	Twelve months ended March 31, 2015	Three months ended March 31, 2015	Three months ended March 31, 2014	Year ended December 31, 2014	Year ended December 31, 2013
	(In millions of EUR, unless otherwise indicated)				
Total revenue and other operating income(1)	2,546.0	551.2	444.8	2,439.6	2,105.6
United Kingdom	1,088.5	220.2	193.0	1,061.2	979.5
Rest of Europe	789.0	152.2	116.5	753.3	633.5
Americas	483.8	132.4	96.9	448.3	328.4
Asia and Middle East	184.7	46.5	38.5	176.7	164.2
Modified EBITDA(2)	258.5	33.9	35.6	260.5	255.8
Capital expenditures(3)	70.3	10.1	20.1	80.3	63.5
Working capital(4)	n/a	(115.2)	(71.7)	(99.8)	(106.5)
Modified EBITDA margin(5)	10.2%	6.2%	8.0%	10.7%	12.1%

(1) See Notes 6 and 2.6.15 to World Duty Free's consolidated financial statements as of and for the year ended December 31, 2014 and condensed interim consolidated financial statements as of March 31, 2015 and 2014, respectively, included elsewhere in this Offering Memorandum for further information regarding World Duty Free's reporting segments.

(2) Modified EBITDA as presented herein is defined as operational result excluding provision for risk and charges, net of releases, restructuring costs, linearization of concession fees and depreciation, amortization and impairment losses. The financial measure Modified EBITDA is a non-IFRS financial measures and is not presented in accordance with, or defined, by IFRS. We have presented these financial measures (i) as they are used by World Duty Free's management to monitor financial results and (ii) to represent similar measures that are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial performance. This non-IFRS financial measure 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.

Below is a reconciliation of net result to Modified EBITDA for the years ended December 31, 2013 and 2014 and the three months ended March 31, 2014 and 2015:

	Three months ended March 31,		For the Year ended December 31,	
	2015	**2014**	**2014**	**2013**
	(Unaudited) (In millions of EUR)			
Net result	**(46.8)**	**2.4**	**41.5**	**110.9**
Income tax	(6.5)	0.5	(55.5)	(20.5)
Financial income	2.9	2.9	11.5	10.8
Financial expense	(7.7)	(13.6)	(55.1)	(45.1)
Share of profit of associates	—	—	0.1	2.1
Net gain on the disposal of investments	—	—	10.5	—
Operating result (EBIT)	**(35.6)**	**12.7**	**129.9**	**163.6**
Provisions for risk and charges, net of releases	(1.8)	0.2	9.3	1.0
Restructuring costs	9.3	—	9.5	—
Linearization of concession fees	32.4	—	8.5	—
Depreciation, amortization and impairment losses	29.6	22.7	103.2	91.3
Modified EBITDA	**33.9**	**35.6**	**260.5**	**255.8**

(3) Capital expenditures represents increases in property, plant and equipment and increases in other intangible assets (excluding Concessions which are acquired in business combinations).

(4) Working capital represents inventories plus trade receivables, other assets and income tax assets, less trade payables (current portion), other liabilities, income tax liabilities, employee benefits (current portion) and provisions for risk and charges (current portion). The financial measure working capital is a non-IFRS financial measure and is not presented in accordance with, or defined by, IFRS. We have presented this financial measure (i) as it is used by World Duty Free's management to monitor financial results and (ii) to represent similar measures that are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial performance. This non-IFRS financial measure 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.

(5) Modified EBITDA margin is defined as Modified EBITDA divided by total revenue and other operating income.

PRO FORMA COMBINED FINANCIAL INFORMATION

Pro Forma Combined Income Statement

For the Year Ended December 31, 2014

(In millions of CHF)	Pro Forma 2014	Adjustments for: Acquisition & Financing	Adjustments for: One-time effects	Adjustments for: Purchase Price Allocation	WDF Group 2014	Dufry Group 2014
	a	b	c	d	e	f
Net sales	6,590.1	—	—	—	2,527.0	4,063.1
Advertising income	166.9	—	—	—	33.4	133.5
Turnover	**6,757.0**	**—**	**—**	**—**	**2,560.4**	**4,196.6**
Cost of sales	(2,780.3)	—	(7.4)	—	(1,039.4)	(1,733.5)
Gross profit	**3,976.7**	**—**	**(7.4)**	**—**	**1,521.0**	**2,463.1**
Selling expenses	(1,867.3)	—	—	—	(843.6)	(1,023.7)
Personnel expenses	(908.2)	—	—	—	(298.5)	(609.7)
General expenses	(382.8)	—	—	—	(126.4)	(256.4)
Share of result of associates	2.3	—	—	—	—	2.3
EBITDA	**820.7**	**—**	**(7.4)**	**—**	**252.5**	**575.6**
Depreciation, amortization and impairment	(460.2)	—	—	(102.7)	(108.4)	(249.1)
Other operational result	(116.6)	—	(59.3)	—	3.8	(61.1)
Earnings before interest and taxes (EBIT)	**243.9**	**—**	**(66.7)**	**(102.7)**	**147.9**	**265.4**
Interest expenses	(256.0)	(63.8)	19.7	—	(57.8)	(154.1)
Interest income	17.7	—	—	—	12.0	5.7
Foreign exchange gain/(loss)	(11.3)	—	0.1	—	(0.3)	(11.1)
Earnings before taxes (EBT)	**(5.7)**	**(63.8)**	**(46.9)**	**(102.7)**	**101.8**	**105.9**
Income taxes	(25.2)	15.9	11.7	25.7	(58.2)	(20.3)
Net earnings from continuing operations	**(30.9)**	**(47.9)**	**(35.2)**	**(77.0)**	**43.6**	**85.6**
Net earnings from discontinued operations	(0.8)	—	—	—	—	(0.8)
Net earnings	**(31.7)**	**(47.9)**	**(35.2)**	**(77.0)**	**43.6**	**84.8**
Attributable to:						
Equity holders of the parent	(72.7)	(47.9)	(35.2)	(77.0)	36.6	50.8
Non-controlling interests	41.0	—	—	—	7.0	34.0
Earnings per share attributable to equity holders of the parent						
Basic earnings per share	(1.48)				0.14	1.53
Diluted earnings per share	(1.48)				0.14	1.48
Weighted average number of outstanding shares in thousands	49,022	15,715			254,520	33,307

See explanatory notes on pages 61 to 64.

Pro Forma Combined Statement of Financial Position

At December 31, 2014

(In millions of CHF)	Pro Forma 2014	Adjustments for: Acquisition & Financing	Adjustments for: One-time effects	Adjustments for: Purchase Price Allocation	WDF Group 2014	Dufry Group 2014
	a	b	c	d	e	f
ASSETS						
Property, plant and equipment	618.5	—	—	—	183.1	435.4
Intangible assets	7,604.0	—	—	1,634.3	1,246.2	4,723.5
Investment property	5.9	—	—	—	5.9	—
Investments in associates	72.9	2,739.3	—	(2,739.3)	—	72.9
Deferred tax assets	207.5	—	—	—	11.6	195.9
Other non-current assets	395.2	—	—	—	288.6	106.6
Non-current assets	**8,904.0**	**2,739.3**	**—**	**(1,104.9)**	**1,735.4**	**5,534.2**
Inventories	935.8	—	(7.4)	7.4	194.5	741.3
Trade and credit card receivables	145.0	—	—	—	26.3	118.7
Other accounts receivable	321.0	—	—	—	93.8	227.2
Income tax receivables	23.2	—	—	—	12.2	11.0
Cash and cash equivalents	462.9	(70.4)	(35.5)	—	55.8	513.0
Current assets	**1,887.8**	**(70.4)**	**(42.9)**	**7.4**	**382.6**	**1,611.1**
Assets of discontinued operations held for sale	1.8	—	—	—	—	1.8
Total assets	**10,793.6**	**2,668.9**	**(42.9)**	**(1,097.6)**	**2,118.0**	**7,147.2**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Equity attributable to equity holders of the parent	3,356.3	2,074.4	(35.2)	(1,477,6)	501.9	2,292.8
Non-controlling interests	174.3	—	—	—	8.5	165.8
Total equity	**3,530.6**	**2,074.4**	**(35.2)**	**(1,447.6)**	**510.4**	**2,458.6**
Financial debt	4,480.2	610.5	4.1	—	1,043.7	2,821.9
Deferred tax liabilities	818.6	—	—	345.7	56.5	416.4
Provisions	142.9	—	—	34.3	12.0	96.6
Post-employment benefit obligations	62.4	—	—	—	24.7	37.7
Other non-current liabilities	12.2	—	—	—	8.9	3.3
Non-current liabilities	**5,516.1**	**610.5**	**4.1**	**380.0**	**1,145.7**	**3,375.8**
Trade payables	713.4	—	—	—	295.0	418.4
Financial debt	91.0	—	—	—	45.4	45.6
Income tax payables	23.8	(16.0)	(11.7)	—	17.7	33.8
Provisions	75.5	—	—	—	20.7	54.8
Other liabilities	843.2	—	—	—	83.0	760.2
Current liabilities	**1,746.9**	**(16.0)**	**(11.7)**	**—**	**461.9**	**1,312.7**
Total liabilities	**7,263.0**	**594.5**	**(7.7)**	**380.0**	**1,607.6**	**4,688.6**
Total liabilities and shareholders' equity	**10,793.6**	**2,668.9**	**(42.9)**	**(1,097.6)**	**2,118.0**	**7,147.2**

See explanatory notes on pages 61 to 64.

Pro Forma Combined Income Statement

For the Three Months Ended March 31, 2015

(In millions of CHF)	Pro Forma 3M 2015	Adjustments for: Acquisition & Financing	Adjustments for: One-time effects	Adjustments for: Purchase Price Allocation	WDF Group 3M 2015	Dufry Group 3M 2015
	a	b	c	d	e	f
Net sales	1,551.5	—	—	—	568.4	983.1
Advertising income	45.6	—	—	—	9.8	35.8
Turnover	**1,597.1**	**—**	**—**	**—**	**578.2**	**1,018.9**
Cost of sales	(662.6)	—	—	—	(230.0)	(432.6)
Gross profit	**934.5**	**—**	**—**	**—**	**348.2**	**586.3**
Selling expenses	(496.9)	—	—	—	(232.6)	(264.3)
Personnel expenses	(253.4)	—	—	—	(87.4)	(166.0)
General expenses	(100.5)	—	—	—	(35.7)	(64.8)
Share of result of associates	0.8	—	—	—	—	0.8
EBITDA	**84.5**	**—**	**—**	**—**	**(7.5)**	**92.0**
Depreciation, amortization and impairment	(140.5)	—	—	(25.7)	(31.0)	(83.8)
Other operational result	(2.3)	—	—	—	1.3	(3.6)
Earnings before interest and taxes (EBIT)	**(58.3)**	**—**	**—**	**(25.7)**	**(37.2)**	**4.6**
Interest expenses	(57.2)	(16.0)	—	—	(6.9)	(34.3)
Interest income	6.8	—	—	—	3.0	3.8
Foreign exchange gain/(loss)	17.8	—	—	—	(1.3)	19.1
Earnings before taxes (EBT)	**(90.9)**	**(16.0)**	**—**	**(25.7)**	**(42.4)**	**(6.8)**
Income taxes	4.6	4.0	—	6.4	(6.8)	1.0
Net earnings from continuing operations	**(86.3)**	**(12.0)**	**—**	**(19.3)**	**(49.2)**	**(5.8)**
Net earnings from discontinued operations	(0.1)	—	—	—	—	(0.1)
Net earnings	**(86.4)**	**(12.0)**	**—**	**(19.3)**	**(49.2)**	**(5.9)**
Attributable to:						
Equity holders of the parent	(91.1)	(12.0)	—	(19.3)	(50.8)	(9.0)
Non-controlling interests	4.7	—	—	—	1.6	3.1
Earnings per share attributable to equity holders of the parent						
Basic earnings per share	(1.77)				(0.20)	(0.25)
Diluted earnings per share	(1.77)				(0.20)	(0.25)
Weighted average number of outstanding shares in thousands	51,525				254,520	35,811

See explanatory notes on pages 61 to 64.

Pro Forma Combined Statement of Financial Position

At March 31, 2015

(In millions of CHF)	Pro Forma 3M 2015	Adjustments for: Acquisition & Financing	Adjustments for: One-time effects	Adjustments for: Purchase Price Allocation	WDF Group 3M 2015	Dufry Group 3M 2015
	a	b	c	d	e	f
ASSETS						
Property, plant and equipment	613.5	—	—	—	200.7	412.8
Intangible assets	7,310.1	(0.1)	—	1,608.7	1,312.5	4,389.0
Investment property	—	—	—	—	—	—
Investments in associates	40.8	2,739.3	—	(2,739.3)	—	40.8
Deferred tax assets	219.6	—	—	—	24.4	195.2
Other non-current assets	365.9	—	—	—	282.7	83.2
Non-current assets	**8,549.9**	**2,739.2**	**—**	**(1,130.6)**	**1,820.3**	**5,121.0**
Inventories	912.7	—	—	—	219.4	693.3
Trade and credit card receivables	122.7	—	—	—	51.1	71.6
Other accounts receivable	323.3	—	—	—	92.7	230.6
Income tax receivables	17.6	—	—	—	7.8	9.8
Cash and cash equivalents	427.3	(82.3)	—	—	66.0	443.6
Current assets	**1,803.6**	**(82.3)**	**—**	**—**	**437.0**	**1,448.9**
Assets of discontinued operations held for sale	—	—	—	—	—	—
Total assets	**10,353.5**	**2,656.9**	**—**	**(1,130.6)**	**2,257.3**	**6,569.9**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Equity attributable to equity holders of the parent	3,198.0	2,062.4	—	(1,517.0)	487.0	2,165.8
Non-controlling interests	166.6	—	—	—	9.6	156.9
Total equity	**3,364.6**	**2,062.4**	**—**	**(1,517.0)**	**496.6**	**2,322.7**
Financial debt	4,515.0	610.5	—	—	1,140.3	2,764.1
Deferred tax liabilities	799.7	—	—	352.1	66.7	380.9
Provisions	137.7	—	—	34.3	12.1	91.3
Post-employment benefit obligations	66.7	—	—	—	32.2	34.5
Other non-current liabilities	2.7	—	—	—	—	2.7
Non-current liabilities	**5,521.8**	**610.5**	**—**	**386.4**	**1,251.3**	**3,273.5**
Trade payables	687.9	—	—	—	355.0	332.9
Financial debt	91.1	—	—	—	43.7	47.4
Income tax payables	30.7	(16.0)	—	—	17.9	28.8
Provisions	75.2	—	—	—	21.9	53.3
Other liabilities	582.2	—	—	—	70.9	511.3
Current liabilities	**1,467.1**	**(16.0)**	**—**	**—**	**509.4**	**973.7**
Total liabilities	**6,988.9**	**594.5**	**—**	**386.4**	**1,760.7**	**4,247.2**
Total liabilities and shareholders' equity	**10,353.5**	**2,656.3**	**—**	**(1,130.6)**	**2,257.3**	**6,569.9**

See explanatory notes on pages 61 to 64.

Explanatory Notes to the Pro Forma Combined Financial Statements
As of and for the Year Ended December 31, 2014 and the Three Month Period Ended March 31, 2015

Dufry AG ("Dufry" or the "Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is a leading global travel retailer. At December 31, 2014 it operated over 1,650 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paulo.

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

1. GENERAL INFORMATION

The accompanying pro forma combined financial information is based on the Dufry Group historical consolidated financial statements and the historical consolidated financial statements of World Duty Free S.p.A. ("WDF"), each included in the F-pages of this offering memorandum, and adjusted to illustrate the effects of the WDF acquisition which is expected to take place during the third quarter 2015. It is not intended to comply with any EU nor US regulations on pro forma information.

The pro forma combined income statement for the three months ended March 31, 2015, the respective pro forma combined statement of financial position as of March 31, 2015, the pro forma combined income statement for the twelve months ended December 31, 2014 and the respective pro forma combined statement of financial position as of December 31, 2014 are presented to illustrate the effect of the Acquisition (as defined herein) on our consolidated statement of financial position and our consolidated income statement by giving effect to the Acquisition and the associated financings as if they occurred on January 1, 2014. For translation of the Euros values into Swiss Francs a rate of CHF 1.05 has been used, although the average exchange rate for Euro into CHF for the year ended December 31, 2014 and the three months ended March 31, 2015 were CHF 1.2144 and CHF 1.0728, respectively. The pro forma statement only includes the results of the last four months of the newly acquired operations of The Nuance Group, which took place in September 2014, as well as the respective transaction costs.

This pro forma combined financial information has been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position as of March 31, 2015 or December 31, 2014 or the actual results of operations for the three months ended March 31, 2015 or the twelve months ended December 31, 2014.

WDF is a public limited company incorporated on March 27, 2013, under the laws of the Italian Republic with registered office at Novara, Via Greppi 2 and with secondary offices located in Milan, Corso di Porta Vittoria 16. WDF operate shops in 20 countries, whereby the main activities are in the United Kingdom, Spain, Finland, Germany, Italy, Brazil, Canada, Chile, Mexico, Peru, USA, Jordan and Kuwait.

2. DESCRIPTION OF THE PRO FORMA COMBINED FINANCIAL STATEMENTS

Transaction

During the third quarter 2015 Dufry AG through its subsidiary Dufry Financial Services BV is expected to acquire 50.1% of the shares of WDF. Closing the acquisition of the majority stake in WDF will trigger a mandatory public tender offer for the remaining outstanding 49.9% of the shares of WDF. It has been assumed that all remaining outstanding shares will be acquired by Dufry AG in such tender.

Pro Forma Statements

Description of the Pro Forma Combined Financial Statements

The pro forma combined financial statements consist of the income statement, statement of financial position, as well as the respective explanatory notes as of and for the year ended December 31, 2014 and three months ended March 31, 2015.

This financial information is presented to illustrate the effect of the Acquisition (as defined herein) on our consolidated statement of financial position and our consolidated income statement by giving effect to the Acquisition and the associated financings as if they occurred on January 1, 2014. For this purpose the following information has been presented in columns:

- Dufry's audited consolidated financial position as of December 31, 2014 and results for the full year 2014 and Dufry's unaudited consolidated financial position as of March 31, 2015 and results for the three months ended March 31, 2015 before the acquisition (column f),
- The WDF Group audited consolidated financial position as of December 31, 2014 and results for the full year 2014, and the WDF Group's unaudited consolidated financial position as of March 31, 2015 and results for the three months ended March 31, 2015, translated at an exchange rate of 1 EUR = 1.05 CHF. This special exchange rate was used as to keep the actual financing position more realistic with the present reality. The actual exchange rate average for the year 2014 was 1.2144 CHF per EUR, whereas the actual exchange rate average for the first three month period of 2015 was 1.0728 CHF per EUR. (column e)
- the pro forma adjustments related to:
  - the acquisition and new financing (column b),
  - the one-time effects and (column c)
  - the preliminary purchase price allocation and eliminations from the consolidation (column d)
- the "Pro Forma 2014" figures represents the hypothetical situation assuming that Dufry had acquired and combined the WDF Group and incurred the related financing on January 1, 2014 (column a).

The 2014 pro forma combined statements of financial position and income statement have been prepared consistently using presentation criteria defined in IFRS or Dufry's accounting manual.

Detailed description of the Pro Forma Adjustments

The Acquisition & Financing (column b)

i. Acquisition

On March 30, 2015 Dufry AG, through its subsidiary Dufry Financial Services BV agreed to acquire 50.1% percent of the shares of WDF for total consideration of CHF 1,372.4 million (EUR 1,307.0 million). Closing the acquisition of a majority stake in WDF will trigger a mandatory public tender offer for the remaining 49.9% of the share capital of WDF for an additional consideration of up to CHF 1,366.9 million (EUR 1,301.8 million) assuming all of WDF's shareholders accept the offer.

ii. Financing

The transaction is planned to be financed with:

- A share issuance of CHF 2,200 million through a share capital increase of up to 31,428,572 ordinary shares of Dufry AG with a nominal value of up to CHF 157.1 million with pre-emptive rights for existing shareholders. The increase in share capital was approved by the ordinary General Meeting of Dufry AG on April 29, 2015
- We expect to issue CHF 735 million aggregate principal amount of senior notes in this Offering. We expect to finance the remaining up to CHF 105 million that we believe will be necessary to fund the Mandatory Offer in full with a combination of cash on hand, ongoing internally generated cash flow and the incurrence of additional indebtedness. The pro forma financial information assumes that the remaining CHF 105 million was funded with the incurrence of additional indebtedness.
- Dufry Financial Services BV expects to borrow from a syndicate of banks, with ING Bank N.V., London Branch acting as agent, a term loan in the aggregate principal amount of CHF 840.0 million (EUR 800 million).

The acquisition is accounted for in the pro forma information using the acquisition method. The expected gross proceeds from the share issuance of CHF 2.2 billion, (i.e. about 15.7 million new shares at a price of CHF 140 each) are presented as share capital and paid in capital in equity, net of related expenses. Such related expenses consist mainly of share issuing tax, bookrunning, underwriting, legal and advisory fees.

The proceeds from the senior notes issue of CHF 735 million plus the additional debt of up to CHF 105 million, resulting in an incurrence of CHF 840 million of debt in the aggregate, and the term loan of CHF 840 million are presented as non-current financial debt, net of related expenses and net of the existing financial debt of WDF Group. The assumed interest rate has been calculated using management estimates based on prevailing market rates. The transaction cost related with this step have been estimated in CHF 2.7 million through profit and loss of the period and CHF 22.7 million presented as deferred arrangement expenses to be amortized over the term of the debt, i.e. five or ten years respectively.

For pro forma purposes, it has been assumed that this transaction took place at January 1, 2014 and consequently, the existing bank debt at WDF Group of about CHF 1,040.6 million, the related accrued interest, the bank expense amortization and the non-amortized bank expenses presented in the financial statements of WDF Group for the year ended December 31, 2014 have been replaced or adjusted with the new financing and related financial charges.

The One-Time Effects (column c)

This column includes non-recurring transaction expenses like

- amortization of the inventory step up for CHF 7.4 million
- legal support, due diligence, fairness opinions, bridge facilities, which are related to the acquisition or the financing of the acquisition for approximately CHF 23.7 million, and
- the respective tax effect

Purchase price allocation (column d)

Based on the initial and limited quantity of information received from the seller or WDF about WDF Group, Dufry performed a preliminary purchase price allocation. Consequently, the fair value of the identifiable assets and liabilities of the acquired WDF Group at January 1, 2014 were as follows:

(In millions of CHF)	Fair Values at January 1, 2014
Concession rights	1,971.9
Other assets	914.8
Deferred tax liability	(427.9)
Contingent liabilities	(34.3)
Other liabilities	(1,551.1)
Identifiable net assets	873.5
Fair value of non-controlling interests	(8.5)
Net assets	865.0
First acquisition of 50.1% of WDF	
Dufry's 50.1% share in net assets	433.4
Goodwill	939.0
Total fair value consideration for acquisition of 50.1%	1,372.4
Bidding for non-controlling interests of WDF	
Net assets held by non-controlling interests 49.9%	431.6
Reduction of retained earnings (transactions with non-controlling interests)	935.3
Total fair value consideration for this acquisition step	1,366.9

Dufry identified about 15 cash generating units (CGU) giving rise to concession rights in countries like the United Kingdom, Spain, and other countries. The post-tax discount rates used varies between 10% and 11.3% depending on the specific countries the CGU are located. The useful lives have been estimated for each CGU individually based on the present concession agreement and expected renewals.

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

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

Finally, this column also includes the eliminations for consolidation.

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

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

The following discussion and analysis is based on our audited consolidated financial statements for the fiscal years ended December 31, 2014, 2013 and 2012 and unaudited interim condensed consolidated financial statements for the three month periods ended March 31, 2015 and 2014 included elsewhere in this Offering Memorandum, all of which have been prepared in accordance with IFRS. You should read the following discussion and analysis in conjunction with the sections entitled "Summary—Dufry Summary Historical Consolidated Financial and Other Data" and "Dufry Selected Historical Consolidated Financial and Other Data" along with our consolidated financial statements and the related notes and other financial information included elsewhere in this Offering Memorandum. This discussion includes forward-looking statements which, although based on assumptions we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. See "Forward-looking Statements" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions associated with these statements.

Business Overview

We are a leading global travel retailer with operations in 60 countries on four continents combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings. As of December 31, 2014, we operated more than 1,650 stores, with a total sales area of approximately 267,000 square meters, including approximately 1,410 stores located in airports, approximately 100 stores operating on cruise lines, ferries and seaports, approximately 120 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, brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to focus on profitable growth with an emphasis on emerging markets and tourist destinations. Emerging markets are expected to be a significant driver of global growth in air traffic over the next decade, and since 2004, we have increased our exposure to those growth markets. In 2014, we generated approximately 49% of our sales from emerging markets.

We generated turnover of CHF 4,196.6 million, net earnings of CHF 84.8 million and EBITDA of CHF 575.6 million for the year ended December 31, 2014 and turnover of CHF 1,018.9 million, net loss of CHF 5.9 million and EBITDA of CHF 92.0 million for the three months ended March 31, 2015. As of December 31, 2014, we had approximately 20,000 employees.

Recent Developments

Acquisition of World Duty Free

On March 28, 2015, we entered into the Acquisition Agreement with Edizione to acquire the 50.1% stake in World Duty Free, an Italian company with its registered office in Novara, owned by Edizione for EUR 10.25 per WDF share in cash, equivalent to consideration of EUR 1,307.0 million. Following completion of the transaction with Edizione, we will launch a mandatory tender offer for the remaining 49.9% outstanding WDF shares at a price of EUR 10.25 per WDF share in cash, equivalent to consideration of EUR 1,301.8 million. See "Summary—Acquisition of World Duty Free" for additional information.

We intend to use the net proceeds of this Offering along with the net proceeds from the Rights Offering, the New 2015 Term Loan and the Expected Future Financing to finance the Acquisition. See "Use of Proceeds" and "Summary—New Financings."

Factors Affecting Our Results of Operations

General

Our turnover is generated by travel-related retail sales and income from advertising, accounting for 96.8% and 3.2% of turnover for the year ended December 31, 2014, respectively. Apart from the cost of sales, our main operating expenses are concession fees, personnel costs and other expenses associated with our retail operations.

Sales

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

Organic Growth

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

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

- *Passenger Flows:* The number of passengers passing through in the locations where we operate is the most significant factor influencing sales. Globally, there were approximately 6.5 billion passengers in 2014. More importantly, the number of air passengers has been consistently growing in the last ten years at more than 4% per year, with growth expected to continue in the coming decade and to reach approximately 12 billion by 2031. Although passenger numbers can be affected by external shocks such as terrorist attacks, wars, epidemics and other calamities, passenger growth has proven resilient over the long term.
- *Product Pricing:* Traditionally, sales of duty- and tax-free beverages, tobacco, perfumes and cosmetics to international passengers have dominated the travel-related retail industry, with favorable pricing of duty-free products compared to the products of traditional Main Street retailers as a key competitive differentiation. In order to drive our organic growth, however, our pricing strategy reflects a positioning and continuous monitoring of prices, including the pricing policies of our suppliers, and targeted marketing of specific products in certain locations.
- *Turnover Productivity:* Productivity may be improved through penetration (i.e., the number of passengers who actually buy products compared to total passengers at the location) and average spend per customer. We may influence both measures to improve sales, and this can be achieved through infrastructure measures, such as improving the layout, location and accessibility of the shops, and marketing activities, such as signposting inside and outside the stores, product variety, active selling by the sales staff and customer service.

In addition to like-for-like growth, we may also increase sales by expanding existing facilities and adding new concessions to our portfolio. We enter into new markets, operate newly created retail space built by airport operators and replace other travel industry retailers at existing concessions as their contracts expire. During 2012, we expanded existing facilities in Tunisia, Martinique, Ecuador and Brazil. During 2013, we expanded our facilities in Spain, Basel-Mulhouse and Brazil. During 2014, we expanded our facilities in Brazil and in the United States.

Acquisitions

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

For example, on September 9, 2014, we completed our acquisition of all of the outstanding share capital of Nuance on a fully diluted basis for a purchase price of CHF 1.55 billion, on a debt- and cash-free basis. Nuance was consolidated in our results of operations from the date of the acquisition. If the Nuance Acquisition had occurred on January 1, 2014, Nuance would have generated a turnover of CHF 1,776.4 million and EBIT of approximately CHF 58 million. See Note 6.1 to our consolidated financial statements included elsewhere in this Offering Memorandum.

On March 28, 2015, we entered into the Acquisition Agreement with the Seller to acquire the 50.1% stake in WDF, an Italian company with its registered office in Novara, owned by the Seller for EUR 10.25 per WDF share in cash, equivalent to consideration of EUR 1,307.0 million. Following completion of the acquisition of the Seller's stake, we will launch the Mandatory Offer. The acquisition of the Seller's stake remains subject to the receipt of the Antitrust Clearances. See "Summary—Acquisition of World Duty Free."

Sales Per Square-Meter

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

Gross Margin and Advertising Income

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

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

Our relationships with our suppliers also generate advertising income. Advertising income represented 3.2% of turnover in 2014 compared to 3.0% for the prior year period, thereby positively affecting our gross margin. Our global presence and the large number of locations at which we operate allow us to offer attractive advertising opportunities for our suppliers.

Operating Expense Structure

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

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

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

Seasonality

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

Currency Fluctuations

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

Second, we are exposed to the exchange rate risk inherent to our operations. Although we operate in 60 countries, the pricing of our products is mostly done in Euros or U.S. dollars. When we receive local currencies from our customers, such currencies are converted at the exchange rate of the day. Sometimes our sales prices are denominated in local currencies, whereas the products are acquired in U.S. dollars or Euros. At those locations, currency exchange fluctuations in relation with U.S. dollars or Euros may positively or adversely affect our business, financial condition and results of operations.

We are further impacted by the exchange rate fluctuation of the customers' functional currency compared to the currency of our products. In Brazil, for example, prices for duty-free products are denominated and labeled in U.S. dollars. A depreciation of the Brazilian Real diminishes the purchase power of local customers, while an appreciation strengthens the purchasing power of customers in Brazil. Therefore, changes in the value of the Brazilian Real against the U.S. dollar have affected our business, financial condition and results of operations in Brazil. Similarly, a weakening of the Russian ruble has negatively affected our results in areas dependent on Russian tourism. We expect these trends to continue. However, in the first quarter of 2015, we nonetheless estimated that sales to Russian and Mexican customers increased on a global level in local currencies.

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

Depreciation, Amortization and Impairment

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

Financial Result

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

Income Tax

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

Non-Controlling Interests

Our business model contemplates the involvement of local partners in our operations in certain situations. In the case of a minority stake by the landlord, a local partnership allows us to align our interests with those of the landlord. We also have local partners that bring relevant expertise to operate in the local market and to manage relationships with the local community. For example, 40% of one of our major operating subsidiaries in Europe, Dufrital, belongs to the Milan airport operator, the Società Esercizi Aeroportuali SpA (SEA), 49% of our operating subsidiary Dufry Sharjah FZC, the operator of the duty-free shops at Sharjah Airport in the United Arab Emirates, belongs to the Sharjah Civil Aviation Authority and 40% of our subsidiary Duty Free Caribbean belongs to a local partner Cave Shepherd & Co, one of the oldest commercial companies established in Barbados. In addition, airport authorities in the United States frequently require us to partner with a Disadvantaged Business Enterprise (a for-profit small business concern that is at least 51% owned by one or more individuals who are both socially and economically disadvantaged) with whom we typically operate a concession through a joint-venture. The net earnings from these operating subsidiaries attributed to us are reduced accordingly.

Factors Affecting Comparability

IAS 19 "Employee Benefits" became effective beginning on January 1, 2013. The amendments to IAS 19 range from fundamental changes such as removing the corridor mechanism and replacing the concept of interest cost and expected return on plan assets with interest calculated on the net defined benefit asset or liability to simple clarifications and rewording. We changed our accounting policy in 2013 to recognize the measurements from actuarial gains or losses in other comprehensive income. The amended standard impacts the total pension expense as the expected return on plan assets is calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. As a consequence of the adoption of the revised standard, the previously published financial statements as of and for the year ended December 31, 2013 were restated to reflect adjustments to the financial data as of and for the year ended December 31, 2012 as disclosed in Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum.

On September 9, 2014, we acquired 100% of Nuance and Nuance became fully consolidated from such date. As a consequence, our results of operations for the year ended 2013 do not reflect the results of Nuance.

Critical Accounting Estimates

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

Concession Rights

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

Brands and Goodwill

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

Income Taxes

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

Deferred Tax Assets

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

Share-Based Payments

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

Pension and Other Post-Employment Benefit Obligations

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

EBITDA (Before Other Operational Result)

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

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

Use of Constant Exchange Rate

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

Segment Information

Our risks and returns are predominantly affected by the fact that we operate in different countries. Accordingly, we operate under four geographical segments (EMEA & Asia, Region America I, Region America II and United States & Canada) plus the Nuance Business and Distribution Centers as additional business units. We expect to integrate the Nuance Business and WDF into our four geographical segments in due course after the consummation of the Acquisition, which will affect comparability of segment information for periods following such integration in relation to periods prior to such integration.

Results of Operations

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

	Three months ended March 31,		For the year ended December 31,		
	2015	2014	2014	2013	2012(1)
			(%)		
Net sales	96.5	96.6	96.8	97.0	97.1
Advertising income	3.5	3.4	3.2	3.0	2.9
Turnover	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Cost of sales	(42.5)	(41.1)	(41.3)	(41.0)	(41.1)
Gross profit	**57.5**	**58.9**	**58.7**	**59.0**	**58.9**
Selling expenses	(25.9)	(24.2)	(24.4)	(23.1)	(22.0)
Personnel expenses	(16.3)	(16.5)	(14.5)	(15.1)	(15.0)
General expenses	(6.4)	(6.8)	(6.1)	(6.5)	(6.9)
Share of results of associates	0.1	0.0	0.1	(6.5)	(6.9)
EBITDA (before other operational result)	**9.0**	**11.5**	**13.7**	**14.3**	**15.0**
Depreciation, amortization and impairment	(8.2)	(6.5)	(5.9)	(5.4)	(5.3)
Other operational result	(0.4)	(0.5)	(1.5)	(1.0)	(1.0)
Earnings before interest and taxes (EBIT)	**0.5**	**4.5**	**6.3**	**7.9**	**8.7**
Financial results, net	(1.2)	(3.0)	(3.8)	(2.8)	(2.4)
Earnings (loss) before taxes (EBT)	**(0.7)**	**1.5**	**2.5**	**5.1**	**6.3**
Income taxes	0.1	(0.2)	(0.5)	(1.0)	(1.3)
Net Earnings (loss) from continued operations	**(0.6)**	**1.3**	**2.0**	**4.1**	**5.0**
Net earnings from discontinued operations	0.0	0.0	0.0	0.0	0.0
Net Earnings (loss)	**(0.6)**	**1.3**	**2.0**	**4.1**	**5.0**

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

Comparison between the Three Months Ended March 31, 2015 and March 31, 2014

The following summarizes changes in financial performance for the three months ended March 31, 2015, compared to the three months ended March 31, 2014:

	Three months ended March 31, 2015	Three months ended March 31, 2014	Percent Change
	(In millions of CHF)		(%)
Net sales	983.1	748.3	31.4
Advertising income	35.8	26.7	34.1
Turnover	**1,018.9**	**775.0**	**31.5**
Cost of sales	(432.6)	(318.2)	36.0
Gross profit	**586.3**	**456.8**	**28.3**
Selling expenses	(264.3)	(187.2)	41.2
Personnel expenses	(166.0)	(127.8)	29.9
General expenses	(64.8)	(52.7)	23.0
Share of results of associates	0.8	0.0	
EBITDA (before other operational result)	**92.0**	**89.1**	**3.3**
Depreciation, amortization and impairment	(83.8)	(50.2)	66.9
Other operational result	(3.6)	(3.8)	(5.3)
Earnings before interest and taxes (EBIT)	**4.6**	**35.1**	**(86.9)**
Financial results, net	(11.4)	(23.3)	(51.1)
Earnings (loss) before taxes (EBT)	**(6.8)**	**11.8**	**(157.6)**
Income taxes	1.0	(1.9)	(152.6)
Net Earnings (loss) from continued operations	**(5.8)**	**9.9**	**(158.6)**
Net earnings from discontinued operations	(0.1)	0.0	
Net Earnings (loss)	**(5.9)**	**9.9**	**(159.6)**

Turnover

Reported turnover increased by 31.5% to CHF 1,018.9 million for the first quarter of 2015 compared to CHF 775.0 million for the prior year period. On a CER basis, turnover increased by 30.1% in the first quarter of 2015. Foreign exchange fluctuations resulted in a positive translation effect of 2.7%. The change in turnover was due to the acquisition of Nuance in September 2014.

Performance by Segment

The following summarizes changes in turnover with external customers for the three months ended March 31, 2015, compared to the three months ended March 31, 2014 by segment:

	Three months ended March 31, 2015	Three months ended March 31, 2014	Percent Change
	(In millions of CHF)		%
Region EMEA & Asia	190.0	239.8	(20.8)
Region America I	196.2	174.7	12.3
Region America II	130.8	138.4	(5.5)
Region United States & Canada	230.1	205.0	12.2
The Nuance Business	259.5	—	n.m.
Global Distribution Centers	12.1	17.1	(29.2)

Region EMEA & Asia turnover decreased by 20.8% in the first quarter of 2015 and stood at CHF 190.0 million compared to CHF 239.8 million for the prior year period. On a CER basis, turnover decreased 15.3% for the period compared to the prior year period. In Europe, weaker performance for the first quarter of 2015 was due to the closure of our operations in the the Netherlands in the third quarter of 2014 due to poor performance as well as the closure of our main shop in the Canary Islands in the second quarter of 2014 due to loss of the concession. In Africa, we lost our concession in Tunisia in third quarter 2014 and our concession for Sharm-el-Sheikh International Airport in Egypt in second quarter 2014 as we were unable to renew these concessions. In the Middle East and Asia, we had a weaker performance in the United Arab Emirates due to lower rates of travel among Russian passengers. At the same time, our new location in South Korea, open as of April 2014, performed well, while our location in Indonesia, which had opened in late December 2013, showed solid growth compared to the prior year period.

Region America I turnover increased by 12.2% to CHF 196.2 million in the first quarter of 2015 compared to CHF 174.7 million for the prior year period and increased by 5.2% on a CER basis. The whole region performed well, due to stable business in Mexico and continuing momentum in Argentina, Puerto Rico and our location in the Dominican Republic, where we saw higher sales per passenger.

Region America II turnover decreased by 5.5% to CHF 130.8 million for the first quarter of 2015 compared to CHF 138.4 million for the prior year period. The performance in the region continued to be impacted by the devaluation of the Brazilian Real, which was more pronounced in this quarter with a devaluation of the Brazilian Real versus the US Dollar of 21.4%. This devaluation led to decreased consumer confidence and lower spending among passengers as our products became relatively more expensive. The Swiss Franc also strengthened against the Brazilian Real. On a CER basis, turnover decreased 11.1% period-over-period.

Turnover in Region United States & Canada increased by 12.2% in the first quarter of 2015, reflecting contributions from improvements in productivity and increased passenger numbers. Turnover amounted to CHF 230.1 million for the first quarter of 2015 compared to CHF 205.0 million for the prior year period. On a CER basis, turnover increased by 5.5%.

The Nuance Business generated a consolidated turnover of CHF 259.5 million in the first quarter of 2015. Nuance's operations in Switzerland, the United States, Canada and Hong Kong contributed most to sales.

Turnover with external customers in Global Distribution Centers decreased by 29.2% in the first quarter of 2015. Turnover amounted to CHF 12.1 million for the first quarter of 2015 compared to CHF 17.1 million for the prior year period. The turnover decline illustrates the decrease in our wholesale business, particularly in Mauritius.

Gross Profit

Gross profit reached CHF 586.3 million in the first quarter of 2015 from CHF 456.8 million in the prior year period. The gross profit margin decreased by 140 basis points to 57.5% in the first quarter of 2015 compared to 58.9% for the prior year period. This was due to Nuance's weaker gross profit margin relative to Dufry.

Selling Expenses

Selling expenses amounted to 25.9% of turnover for the three month period ended March 31, 2015, compared to 24.2% for the prior year period. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up 94.1% of the selling expenses for the three months ended March 31, 2015. In absolute terms, selling expenses reached CHF 264.3 million for the three months ended March 31, 2015, compared to CHF 187.2 million for the prior year period. Our selling expenses were higher in the three month period ended March 31, 2015 due to Nuance's higher concession fee ratio based on turnover compared to the rest of the Dufry business. Selling expenses are presented net of concession and rental income, commission income and commercial services and other selling expenses. Concession and rental income is generated by us when we sublet retail space at our shops to other retail operations. For the three months ended March 31, 2015, the concession and rental income amounted to approximately CHF 2.8 million compared to CHF 3.6 million for the prior year period.

Personnel Expenses

Personnel expenses increased to CHF 166.0 million from CHF 127.8 million in the first quarter of 2014. As a percentage of turnover, personnel expenses decreased to 16.3% as compared to 16.5%, primarily due to the acquisition of Nuance in September 2014, as Nuance had a relatively lower employee expense ratio as a percentage of turnover.

General Expenses

General expenses increased to CHF 64.8 million in the first quarter of 2015 compared to CHF 52.7 million in the prior year period primarily as a result of the acquisition of Nuance in September 2014. As a percentage of turnover, general expenses decreased to 6.4% compared to 6.8% in 2014, primarily as a result of the acquisition of Nuance in September 2014 due to Nuance's lower expense ratio.

EBITDA (before other operational result)

EBITDA (before other operational result) for the first quarter of 2015 increased by 3.3% to CHF 92.0 million compared to CHF 89.1 million for the prior year period. EBITDA (before other operational result) margin decreased by 250 basis points to 9.0% in the first quarter of 2015 compared to 11.5% for the prior year period due to the acquisition of Nuance, which had a lower EBITDA margin and impacted our overall EBITDA margin.

Depreciation and Amortization

Depreciation, amortization and impairment increased to CHF 83.8 million for the first quarter of 2015 compared to CHF 50.2 million for the prior year period. Depreciation and impairment reached CHF 26.6 million for the period, compared to CHF 18.3 million in the first quarter of 2014. Amortization and impairment increased to CHF 57.2 million in the first quarter of 2015 compared to CHF 31.9 million for the prior year period. The higher depreciation and amortization charge was primarily due to the acquisition of Nuance in September 2014, which increased our amortization of intangibles by realizing all of Nuance's concession fees which we then amortized over the respective lives of the concessions.

Other Operational Result

Other operational result decreased 5.3% for the three months ended March 31, 2015, compared to the prior year period, to CHF 3.6 million from CHF 3.8 million, respectively. The majority of these expenses related to start-up costs of new projects in the period.

Financial Results, Net

Financial results, net, decreased to CHF 11.4 million for the first quarter of 2015 compared to CHF 23.3 million for the first quarter of 2014 due to a foreign exchange gain of CHF 19.1 million for the first quarter of 2015 compared to a gain of CHF 0.1 million for the first quarter of 2014. The action of the Swiss Central Bank with respect to the Swiss Franc in January 2015 implied a foreign exchange gain which improved our financial result, net.

Income Tax Benefit / Expense

Income taxes for the first quarter of 2015 amounted to a benefit of CHF 1.0 million compared to an expense of CHF 1.9 million for the corresponding period of 2014. The effective tax rate, measured as a percentage of EBT, stood at 14.7% compared to 16.1% for the prior year period.

Net Earnings/Losses

We recorded net losses of CHF 5.9 million for the three months ended March 31, 2015, compared to net earnings of CHF 9.9 million for the prior year period.

Comparison between the Fiscal Years Ended December 31, 2014 and December 31, 2013

General

The following summarizes changes in financial performance for the year ended December 31, 2014, compared to the year ended December 31, 2013:

	For the year ended December 31,		Percent Change
	2014	**2013**	
	(In millions of CHF)		**(%)**
Net sales	4,063.1	3,465.0	17.3
Advertising income	133.5	106.7	25.1
Turnover	**4,196.6**	**3,571.7**	**17.5**
Cost of sales	(1,733.5)	(1,466.0)	18.2
Gross profit	**2,463.1**	**2,105.7**	**17.0**
Selling expenses	(1,023.7)	(826.0)	23.9
Personnel expenses	(609.7)	(538.1)	13.3
General expenses	(256.4)	(230.5)	11.2
Share of results of associates	2.3	—	n.m.
EBITDA (before other operational result)	**575.6**	**511.1**	**12.6**
Depreciation, amortization and impairment	(249.1)	(192.9)	29.1
Other operational result	(61.1)	(37.4)	63.4
Earnings before interest and taxes (EBIT)	**265.4**	**280.8**	**(5.5)**
Financial results, net	(159.5)	(100.0)	(59.5)
Earnings before taxes (EBT)	**105.9**	**180.8**	**(41.4)**
Income taxes	(20.3)	(33.2)	(38.9)
Net Earnings from continued operations	**85.6**	**147.6**	**(42.0)**
Net Earnings from discontinued operations	0.8	0.0	0.0
Net Earnings	**84.8**	**147.6**	**(42.5)**

Turnover

Reported turnover increased to CHF 4,196.6 million in 2014 from CHF 3,571.7 million in 2013. On a CER basis, turnover grew 18.9% in 2014 compared to 2013. Like-for-like growth contributed 1.1% to this growth and new concessions and acquisitions contributed 4.4% and 16.4%, respectively. Foreign exchange impact of translating into CHF was negative by 1.4%. On a CER basis, this increase corresponds to a turnover of CHF 4,247.5 million in 2014.

Performance by Segment

The following summarizes changes in turnover with external customers for the year ended December 31, 2014, compared to the year ended December 31, 2013 by segment:

	For the year ended December 31,		Percent Change
	2014	2013	
	(In millions of CHF)		(%)
Region EMEA & Asia	1,194.5	1,174.1	1.7
Region America I	763.0	768.5	(0.7)
Region America II	683.3	692.2	(1.3)
Region United States & Canada	963.1	876.1	9.9
The Nuance Business	536.6	—	n.m.
Distribution Centers	56.1	60.8	(7.7)

Turnover in Region EMEA & Asia increased by 1.7%, or by 3.2% on a CER basis, reaching CHF 1,194.5 million in 2014 compared to CHF 1,174.1 million in 2013. In Western Europe, performance was positive in France and Switzerland, with steady passenger growth and productivity improvements, and we also saw a strong development in selected Eastern European markets, such as the Czech Republic and Serbia. The devaluation of the Russian Ruble that started in January 2014 led to a change in buying behavior and a decline in the number of Russian passengers. These changes impacted several operations, most notably the business in Moscow and, to a lesser extent given its highly diversified passenger profile, the performance in Greece. Whereas Hellenic Duty Free Shops S.A. generated a positive consolidation effect in the first quarter of 2014, the discontinuation of operations in Spain in the second quarter of 2014 had a negative influence. Africa continued to be challenging throughout 2014. All Northern African locations were affected by political instability in the region, and we closed our operations in the Sharm-el-Sheikh International Airport in Egypt in the second quarter and our operations in Tunisia in October 2014 as we were unable to renew these concessions. In Asia, existing operations performed well, and the openings in China, Indonesia, Kazakhstan, South Korea and Sri Lanka positively contributed to the results.

Region America I's turnover fell to CHF 763.0 million in 2014 compared to CHF 768.5 million in 2013, driven by changes in foreign exchange rates, and was practically flat on a CER basis. Central American locations, including Mexico and the Caribbean, generally performed well, and the British Caribbean saw a positive momentum in recent quarters. In South America, Argentina performed well, especially when measured in its local currency, despite the ongoing devaluation of the Argentinean Peso. Results were also positive in Uruguay and Ecuador.

Turnover in Region America II was CHF 683.3 million in 2014 compared to CHF 692.2 million in 2013, due to lower rates of travel and passenger spending as a result of the weakened Brazilian Real as well as a decline in domestic travel within Brazil due to the World Cup. Turnover was flat on a CER basis due to the strengthening of the U.S. dollar against the Brazilian Real. After a short recovery, the Brazilian Real further weakened towards the end of the year, falling 12% in the fourth quarter, and impacting reported sales.

Region United States & Canada's turnover increased to CHF 963.1 million in 2014 compared to CHF 876.1 million in 2013. On a CER basis, turnover increased 11.7% in 2014 compared to the prior year period. Increased turnover in the region was a result of productivity improvements and the opening of over 5,000 square meters of additional retail space in 2014.

The Nuance Business generated a consolidated turnover of CHF 536.6 million from September 9, 2014 (when we acquired Nuance) to December 31, 2014. Nuance's operations in Canada, Hong Kong, Macau, Sweden, Switzerland and Turkey contributed most to sales.

Distribution Centers reported turnover with external customers decreased 7.7% to CHF 56.1 million in 2014 compared to CHF 60.8 million in 2013. The decrease was primarily due to decreased sales through our wholesale business in Mauritius.

Gross Profit

Gross profit reached CHF 2,463.1 million in 2014 from CHF 2,105.7 million for the prior year period. The gross profit margin decreased by 0.3 percentage points to 58.7% compared to 59.0% in 2013 due to our integration of Nuance.

Selling Expenses

Selling expenses amounted to 24.4% of turnover in 2014, compared to 23.1% in 2013. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up over 95% of the selling expenses in both 2014 and 2013. In absolute terms, selling expenses increased to CHF 1,023.7 million in 2014 from CHF 826.0 million in 2013. 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 2014, concession and rental income amounted to approximately CHF 14.1 million compared to CHF 15.4 million for the prior year period. The acquisition of Nuance was the main reason for the increase in concession fees.

Personnel Expenses

Personnel expenses reached CHF 609.7 million in 2014 compared to CHF 538.1 million in 2013. As a percentage of turnover, personnel expenses decreased at 14.5% compared to 15.1% for the prior year period. This decrease was primarily due to cost savings realized following the acquisition of Nuance, as Nuance had a relatively lower employee expense ratio as a percent of turnover.

General Expenses

General expenses amounted to 6.1% of turnover in 2014, compared to 6.5% in 2013. In absolute terms, general expenses increased to CHF 256.4 million in 2014 from CHF 230.5 million in 2013, primarily due to the acquisition of Nuance, and specifically due to acquisition-related costs such as bank fees, some of which had been booked as general expenses.

EBITDA (before other operational result)

On a CER basis, EBITDA (before other operational result) increased by 13.5% in 2014 compared to 2013 and reached CHF 580.2 million. As in the previous years, the geographic diversification of our business as well as our growth strategy played an important role for our performance in 2014. After translation effects on a non-CER basis, the increase was 12.6% to CHF 575.6 million in 2014 compared to CHF 511.1 million in 2013. The EBITDA (before other operational result) margin decreased by 60 basis points and amounted to 13.7%.

Depreciation and Amortization

Depreciation, amortization and impairment reached CHF 249.1 million in 2014 from CHF 192.9 million in 2013. Depreciation and impairment was higher at CHF 88.2 million in 2014 compared to CHF 71.1 million in 2013. Amortization and impairment increased by CHF 39.1 million to CHF 160.9 million in 2014. The higher depreciation and amortization charge was primarily due to the acquisition of Nuance in September 2014, which increased our amortization of intangibles by realizing all of Nuance's concession fees which we then amortized over the respective lives of the concessions.

Other Operational Result

Other operational result increased 63.4% to CHF 61.1 million in 2014 from CHF 37.4 million in 2013. This increase was primarily due to the costs of financing the acquisition of Nuance, specifically legal and underwriting fees.

Financial Results, Net

Financial results, net, increased to CHF 159.5 million in 2014 from CHF 100.0 million in 2013. The main reason for the increase was the financing of the acquisition of Nuance.

Income Tax Expense

In 2014, the effective consolidated tax rate across our operations was 19.2%. Income tax expense fell to CHF 20.3 million in 2014, compared to CHF 33.2 million in 2013. 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 84.8 million in 2014, compared to net earnings of CHF 147.6 million in 2013.

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

General

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

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

(1) Restated to reflect adjustments for IAS 19. For further information on the effect of IAS 19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—

Factors Affecting Comparability" and Note 34 to our consolidated financial statements as of and for the year ended December 31, 2013 included in this Offering Memorandum.

Turnover

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

Performance by Segment

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

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

Region EMEA & Asia reported turnover increased 48.5% to CHF 1,174.1 million in 2013 compared to CHF 790.4 million in 2012. On a CER basis, turnover increased 46.7% in 2013 compared to 2012. All major operations contributed to the growth, notably in Greece, which benefited from the acquisition of the retail operations of the Folli Follie Group, and in China, which showed the full-year effect of the Chengdu operations. France and Morocco also performed well. These strong performances were partially offset by Singapore, where our operations closed in December 2012. Performance in Russia suffered as a result of a temporary shutdown at a local warehouse, and Egypt was also weak as a result of the political crisis in second half of 2013.

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

Region America II reported turnover decreased 5.3% to CHF 692.2 million in 2013 compared to CHF 730.6 million in 2012. On a CER basis, the region reported a decline in turnover of 4.0% in 2013 compared to 2012. America II reported a decline in turnover of CHF 38.4 million in 2013, as it continued to be impacted by the economic slowdown in the country, the softening of the Brazilian Real against the U.S. Dollar, and capacity constraints in certain Brazilian airports that we saw in 2012.

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

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

Gross Profit

Gross profit reached CHF 2,105.7 million in 2013 from CHF 1,856.6 million for the prior year period. The gross profit margin improved by 0.1 percentage point to 59.0% compared to 58.9% in 2012. The benefits from our new logistics and procurement reorganization started to show in our annual results, and more than compensated for the consolidation impact from the travel retail operations acquired from the Folli Follie Group.

Selling Expenses

Selling expenses amounted to 23.1% of turnover in 2013, compared to 22.0% in 2012. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up over 95% of the selling expenses in both 2013 and 2012. In absolute terms, selling expenses increased to CHF 826.0 million in 2013 from CHF 694.2 million in 2012. For the year ended 2013, concession and rental income amounted to approximately CHF 15.4 million compared to CHF 14.3 million for the prior year period. The signing of several concession contracts in Brazil was the main reason for the increase of concession fees.

Personnel Expenses

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

General Expenses

General expenses amounted to 6.5% of turnover in 2013, compared to 6.8% in 2012. In absolute terms, general expenses increased to CHF 230.5 million in 2013 from CHF 213.7 million in 2012, primarily due to the travel retail operations of the Folli Follie Group consolidated in Greece during 2013.

EBITDA (before other operational result)

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

Depreciation and Amortization

Depreciation, amortization and impairment reached CHF 192.9 million in 2013 from CHF 168.3 million in 2012. Depreciation and impairment was higher at CHF 71.1 million in 2013 compared to CHF 65.1 million in 2012, with the acquisition of Hellenic Duty Free Shops S.A. affecting depreciation. Amortization and impairment increased by CHF 18.6 million to CHF 121.8 million in 2013 due to the additional amortization from the acquisitions in Greece.

Other Operational Result

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

Financial Results, Net

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

Income Tax Expense

In 2013, the effective consolidated tax rate across our operations was 18.4%. Income tax expense fell to CHF 33.2 million in 2013, compared to CHF 39.1 million in 2012. We are subject to a combination of different tax rates due to our operations in various countries.

Net Earnings

We recorded net earnings of CHF 147.6 million in 2013, compared to net earnings of CHF 158.3 million in 2012.

Liquidity and Capital Resources

General

Our principal source of liquidity has been and is expected to continue to be cash generated from operations together with our short- and long-term debt financing. Our principal liquidity requirements have been and are expected to be for acquisitions, capital expenditures, in particular the fitting out of new shops and the renovation of existing shops, and working capital for inventories. Management aims to maintain our leverage at levels that will permit us to access the same levels of debt financing that we may access currently.

Cash Flows from Operating Activities

Net cash flows from operating activities were CHF 11.3 million for the three months ended March 31, 2015, a decrease of CHF 58.5 million compared to the prior year period. The decrease in net cash flows provided from operating activities mainly resulted from higher interest expenses due to our new financing facilities and a decrease in trade payables.

Net cash flows from operating activities were CHF 391.5 million for the year ended December 31, 2014, a decrease of CHF 43.6 million compared to the prior year period. This decrease was primarily due to higher paid income taxes and a decrease in core working capital, which is comprised of trade receivables, credit card receivables, inventories and trade payables.

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

Cash Flows from Investment Activities/Our Investment Policy

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

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

Due to the high fragmentation of the travel retail industry, acquisitions are also one of our main sources of growth. We have, over the past years, played a key role in the consolidation of the industry and have executed several transactions. We benefit from economies of scale compared to local and regional operators. Our primary advantages are mainly in procurement, logistics and customer intelligence. These advantages enable us to generate synergies relatively quickly and turn acquisitions into an important driver of profitable growth. On March 28, 2015, we entered into the Acquisition Agreement with Edizione to acquire the 50.1% stake in World Duty Free, an Italian company with its registered office in Novara, owned by Edizione for EUR 10.25 per WDF share in cash, equivalent to a total consideration of EUR 1,307.0 million. Following completion of the transaction with Edizione, we will launch a mandatory tender offer for the remaining 49.9% outstanding WDF shares at a price of EUR 10.25 per WDF share.

Net cash used in investing activities decreased to CHF 143.9 million for the three months ended March 31, 2015, as compared to CHF 49.1 million for the prior year period.

Net cash used in investing activities increased to CHF 1,317.1 million for the year ended December 31, 2014 as compared to CHF 459.5 million for the prior year period. For 2014, capital expenditure was CHF 197.6 million, which includes investments made in Brazil and the United States during the period.

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

Cash Flows from Financing Activities

Net cash from financing activities decreased by CHF 7.9 million for the three months ended March 31, 2015, to CHF 26.1 million (net inflow) compared to cash flows from financing activities of CHF 34.0 million (net inflow) in the prior year period.

Net cash from financing activities reached CHF 1,229.3 million (net inflow) for the year ended December 31, 2014, compared to CHF 142.3 million (net outflow) from financing activities for the prior year period. This net inflow was primarily due to the financing of the acquisition of Nuance and the refinancing of our debt during 2014.

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

Capital Resources

Our principal source of liquidity has been and is expected to continue to be cash generated from operations together with our short- and long-term credit facilities. In addition, we have financed, and we may continue to finance, acquisitions with new equity issuances. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in this Offering Memorandum. See "Risk Factors."

As of March 31, 2015, we had total borrowings of CHF 2,811.5 million (compared with CHF 2,867.4 million and CHF 1,999.8 million as of December 31, 2014 and December 31, 2013, respectively). See "Description of Other Indebtedness."

We intend to use the net proceeds of this Offering along with the net proceeds from the Rights Offering, the New 2015 Term Loan and the Expected Future Financing to finance the Acquisition. See "Use of Proceeds."

Contractual Obligations

There are no capital expenditure commitments other than those incurred in the normal course of business as of December 31, 2014. The principal future investments that have already been firmly decided upon by the management bodies and for which legally binding undertakings have been entered into relate to expanding and refurbishing duty free shops at Athens International Airport, refurbishing duty free and duty paid shops at Milan Malpensa Airport, refurbishing a duty free shop at Luis Marin Munoz Airport in Puerto Rico and refurbishing duty paid shops at Chicago O'Hare International 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 March 31, 2015, as adjusted to give effect to the Acquisition and the associated financings and the uses of proceeds therefrom. See "Description of Other Indebtedness."

	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
	(In millions of CHF)				
Senior Notes due 2020	486.2	—	—	486.2	—
Senior Notes due 2022	525.0	—	—	—	525.0
Notes offered hereby	735.0	—	—	—	735.0
Expected Future Financing(1)	105.0	—	—	—	105.0
Mandatory Convertible Notes(2)	275.0	275.0	—	—	—
2014 Senior U.S. Dollar Term Loan Facility	982.2	—	—	982.2	—
2014 Senior Euro Term Loan Facility	525.0	—	—	525.0	—
2014 Revolving Credit Facility	287.0	287.0	—	—	—
New 2015 Term Loan	840.0	—	—	840.0	—
Other	54.1	54.1	—	—	—
Total	4,814.5	616.1	—	2,833.4	1,365.0

(1) We expect to finance the remaining up to CHF 105 million that we believe will be necessary to fund the Mandatory Offer in full with a combination of cash on hand, ongoing internally generated cash flow and the incurrence of additional indebtedness. The table above assumes that the remaining CHF 105 million was funded with the incurrence of additional indebtedness.

(2) On June 13, 2014, Dufry Financial Services B.V. issued Mandatory Convertible Notes convertible into registered shares from the conditional capital or existing shares of Dufry AG. Due to the conversion of Mandatory Convertible Notes on or before June 18, 2015, the Company issued

1,809,188 shares out of its conditional capital. The conversion of the Mandatory Convertible Notes is not reflected in the table above.

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

Off-Balance Sheet Arrangements

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

OUR INDUSTRY

The Travel Retail Market

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

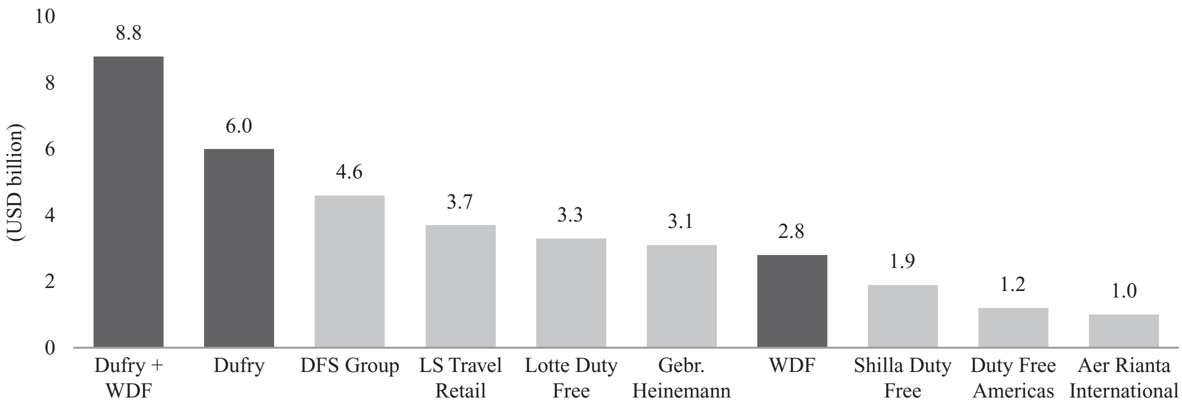
In travel retail, customers have access to duty-free or duty-paid shops, depending on their destination. In general terms, duty-free shops offer goods to international travelers that are exempt from import duties and excise and other taxes. Duty-free shops are located in airports, on-board aircrafts,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

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

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

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

The worldwide duty-free and travel retail market, comprising sales through channels principally aimed at travelers, such as shops in airports, ports and railway stations and sales on board aircrafts, ferries and cruise liners, recorded sales of approximately USD 60 billion for the year ended December 31, 2013 according to TRAVEL RETAIL BUSINESS. The top nine travel retailers had combined sales of approximately USD 27.6 billion in 2013, accounting for 46.0% of the global industry total. According to TRAVEL RETAIL BUSINESS, we were the largest player in the industry. Giving effect to the Acquisition, and based on the TRAVEL RETAIL BUSINESS data for 2013, we would have combined sales of USD 8.8 billion and would be the market leader in travel retail with a market share of approximately 15%.



Source: TRAVEL RETAIL BUSINESS data for 2013 (sales in USD billion).

Note: Dufry represents the sum of Dufry standalone and Nuance standalone. No further adjustments have been made.

Airport Retailing

General Characteristics and Market Overview

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

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

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

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

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

According to Verdict Research, global airport retailing, comprising the duty-free and the duty-paid sector, was an estimated USD 38.6 billion market in 2014. In addition, Verdict Research estimates airport retailing to expand by 8.4% in 2015, with growth fastest in the Middle East and Africa. The key drivers of growth over the next years are the increasing passenger numbers, increased average spending per customer, as well as the development of new and existing airports in Asia Pacific to cater for an increase in both business travelers and more affluent consumers.

The next five years are expected to see continued growth in Asia Pacific, Middle East and Africa and to a lesser extent in mature markets, such as Europe. Global airport retailing is predicted to remain a high growth sector enjoying high single digit / low double digit growth in each year to 2020. The forecasted compound annual growth rate ("CAGR") of 9.8% over the period 2015 to 2020 is slightly above the CAGR of 8.4% from 2011 to 2015.

The following table shows global airport retailing market size by region and worldwide from 2011 to 2015.

	For the year ended December 31,					CAGR
Region	**2011**	**2012**	**2013**	**2014**	**2015E**	**11 - 15E**
	(In millions of USD)					(Percent)
Europe	10,428	10,802	11,154	11,872	12,722	5.1
Asia Pacific	9,962	11,576	13,058	14,591	15,938	12.5
Middle East and Africa	3,356	3,693	3,992	4,331	4,809	9.4
Americas	6,570	6,974	7,298	7,835	8,418	6.4
Total	30,315	33,046	35,503	38,630	41,887	8.4

Source: Verdict Research.

The following table shows global airport retailing growth forecast from 2015 to 2020.

	2015F	**2016F**	**2017F**	**2018F**	**2019F**	**2020F**	**CAGR 15F - 20F**
				(%)			
Total	8.4	9.1	9.6	10.0	10.1	10.2	9.8

Source: Verdict Research.

Concessions and the Role of Airport Operators

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

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

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

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

Trends

Recent trends affecting the airport retailing sector include:

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

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

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

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

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

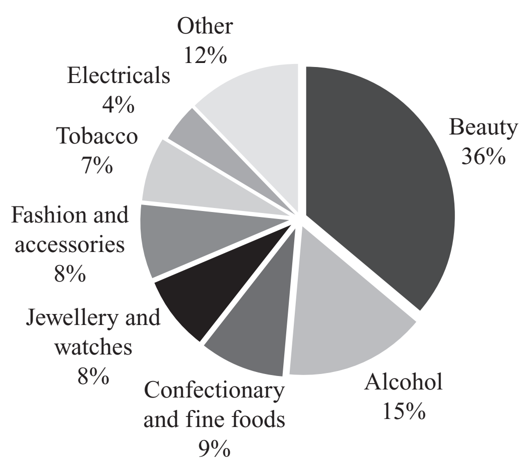
	2011	2012	2013	2014F	2015F	2016F	2021F	2031F	2011 - 2016	2011 - 2031
	(million)					(%)				
Africa	153	4.8	6.2	6.2	5.7	5.5	5.1	4.7	5.7	5.0
Asia Pacific	1,558	7.0	7.7	7.6	7.3	7.1	6.1	5.4	7.3	6.0
Europe	1,572	2.0	3.6	4.2	3.7	3.4	3.1	2.5	3.4	2.9
Latin America/Caribbean	410	5.3	6.8	6.4	6.0	5.5	5.2	4.8	6.0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

Source: Airports Council International.

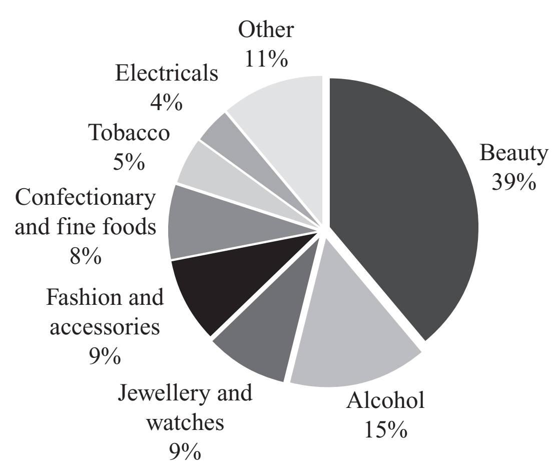
Changes in product mix. Traditionally, airport retail sales were dominated by products subject to high special taxes such as spirits and tobacco. Comparing 2014 product mix with the forecast for 2020, the largest growth is expected to happen in the areas of beauty products, jewelry and watches and fashion and accessories, while all other categories either maintain a stable share or lose share of global airport retail sales.

The following diagrams show the global airport retail sales in 2014 and 2020 by product categories (in %):

2014



2020



Source: Verdict Research.

Increasing spend per head. Over the past years, spend per head increased steadily according to industry analyst Verdict Research. From 2011 to 2014, global average increased by 10.2%. For the future, Verdict Research estimates that global average spend per head will rise by 29.3% (compared to 2014) to USD 7.94 in 2020.

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

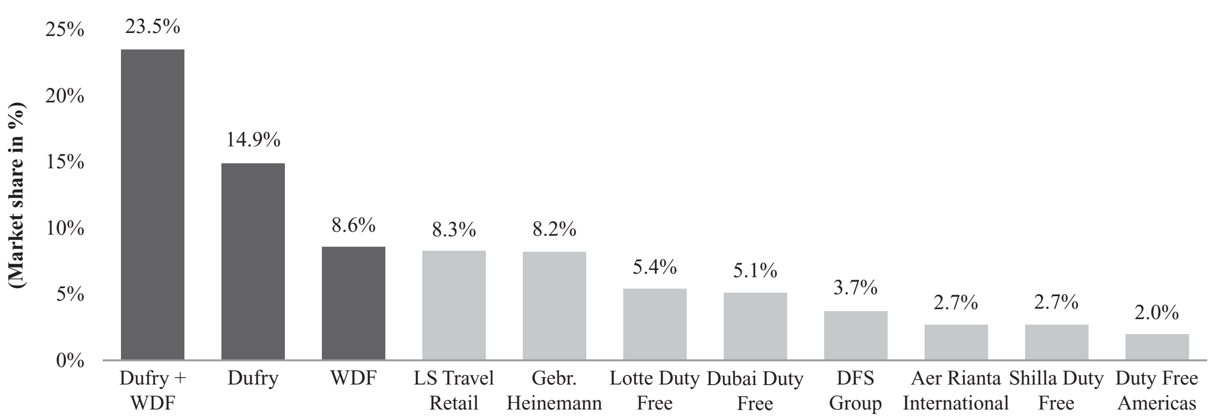
Multichannel in airport retailing. As technology has evolved and consumers look for more convenient ways to shop, retailers have created new multichannel strategies, including online shopping and other offerings to satisfy these changing needs. Nowadays, an increasing number of retailers offer innovative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

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

Low cost carriers. Budget airlines continue to grow with low cost carriers ("LCCs") accounting for between 9.9% and 38.6% of air traffic depending on the location. Typical passengers of low cost carriers are so called budget passengers and have little appetite for airport retailing or are not eligible for duty free. While this is a difficult issue to overcome at airports with a high percentage of LCCs, airport retailers may need to adapt their offering by a shift towards cheaper products that take less consideration and can be bought quickly and spontaneously.

Market shares of key airport retailers.

The following chart gives an overview of the leading airport retailers and their respective market shares based on sales. Giving effect to the Acquisition, and based on the Verdict research data for 2015, we would be the market leader in airport retail with a market share of 23.5%.



Source: Verdict Global Airport Retailing 2015.

BUSINESS

Our Company

We are a leading global travel retailer with operations in 60 countries on four continents combining strong positions in emerging markets with prime operations in developed markets.

Our outlets are located in a variety of travel retail settings. As of December 31, 2014, we operated more than 1,650 stores, with a total sales area of approximately 267,000 square meters, including approximately 1,410 stores located in airports, approximately 100 stores operating on cruise lines, ferries and seaports, approximately 120 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, brand boutiques, specialized shops, convenience stores and theme shops.

Our corporate strategy is to focus on profitable growth with an emphasis on emerging markets and tourist destinations. Emerging markets are expected to be a significant driver of global growth in air traffic over the next decade, and since 2004, we have increased our exposure to those growth markets. In 2014, we generated approximately 49% of our sales from emerging markets.

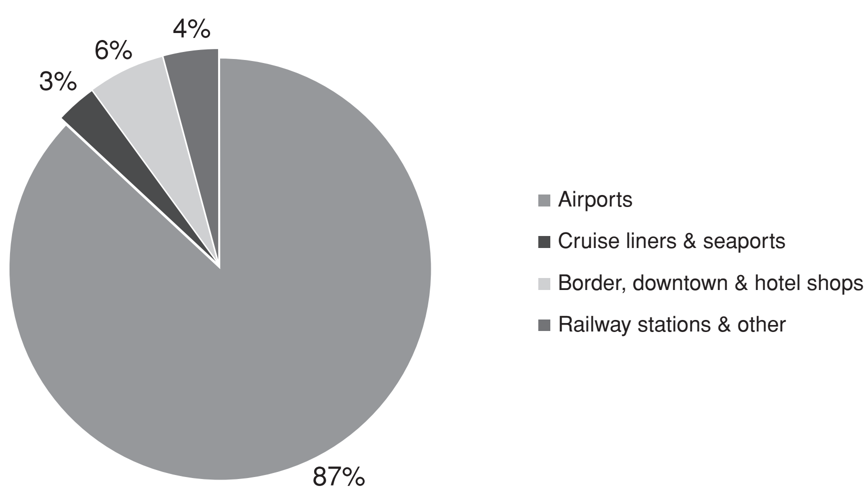
We generated turnover of CHF 4,196.6 million, net earnings of CHF 84.8 million and EBITDA of CHF 575.6 million for the year ended December 31, 2014. As of December 31, 2014, we had approximately 20,000 employees.

Our Strengths

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

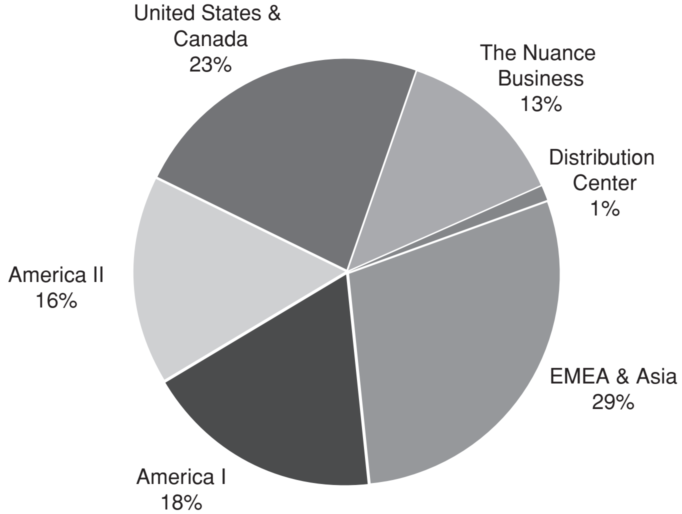
High-quality, diversified concession portfolio. We have assembled a high-quality and diversified portfolio of travel retail concessions with, in our view, relatively long contract terms, comparatively low concession fees and attractive locations. For the twelve months ended December 31, 2014, 41% of the sales were generated from concessions with a remaining term of nine or more years, and a further 13% of our sales were generated from concessions with a remaining term of between six and eight years. The long average residual duration of our concession portfolio provides us with a high degree of revenue visibility. See "Summary—Acquisition of World Duty Free."

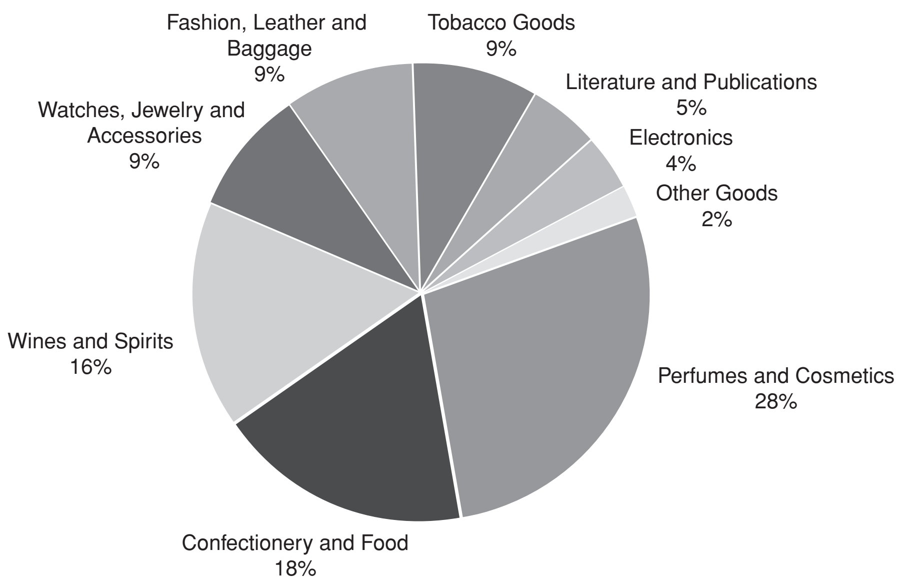
The following charts set forth our sales as of December 31, 2014 by sales channel:



Leading travel retailer with diverse operations. We operate more than 1,650 stores in 60 countries. According to industry research, we rank as one of the top airport retailers in the world with an estimated market share of 15%. We are a truly global business with geographically diverse operations across Europe, Africa, Asia, Central America and the Caribbean, South America and North America, combining high-growth emerging markets and prime operations in developed markets. Our operations are also diversified in terms of the products we sell. Our core product category is Perfumes and Cosmetics representing 28.7% of our net sales in 2014. Further, we operate both duty-free and duty-paid shops, catering to different segments of the travel retail market.

The following charts set forth our sales as of December 31, 2014, divided by segment and product categories:





Large operations provide benefits of scale. We have extensive knowhow in successfully operating global travel retail businesses. Moreover, we procure on a global basis, and our integrated procurement and logistics platform is a key competitive advantage for us as it allows us to extract the full benefits of our global scale and competitive position. Further, our global platform and experience in developing new retail facilities in diverse markets as well as the ability to introduce high-quality suppliers to new outlets is a competitive advantage for obtaining new concessions.

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

Experienced executive management team and a multinational workforce. We have assembled an experienced executive management team with an average 18 years of relevant experience and significant industry and technical knowledge. Our approximately 20,000 strong workforce includes over 70 nationalities, providing us with excellent local knowledge at all of our retail locations.

Our Strategy

Our strategy is to be the leading global travel retailer. Key elements of this strategy are:

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

Operate as a "true" retailer focused on customer needs. We focus on the specific needs of the traveler to best serve two customer constituencies: the airport operators and other travel landlords of facilities, and the travelers that use these facilities. We operate a "true" retail model, which means that we manage our operations directly and staff all of our stores with our employees. We have in-depth understanding of our customers, and we intend to use this understanding in our marketing efforts to increase customer spend and improve profitability. Our marketing strategy is focused on a number of factors, including product mix, pricing strategy, store layout and service while taking into account the changing needs of our customers in that particular location. For example, our stores at terminals with a high proportion of business travelers have a very different product offering, store layout and services level to stores located at terminals predominantly served by low cost carriers. To drive organic growth, we continuously evolve the range of products that we offer to our customers and focus on key product areas that demonstrate higher growth and margin potential, such as perfumes, cosmetics and foods. We also periodically reassess our various retail concepts and the opportunity to introduce leading edge concepts to drive organic growth. For example, with our acquisition of the Hudson Group in 2008, we expanded our business in duty-paid concepts. We are now expanding the Hudson News concept on a global basis, as demonstrated by our opening several Hudson News stores in Italy, Armenia and the Dominican Republic in 2013 and in Spain and Brazil in 2014.

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

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

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

Our History

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

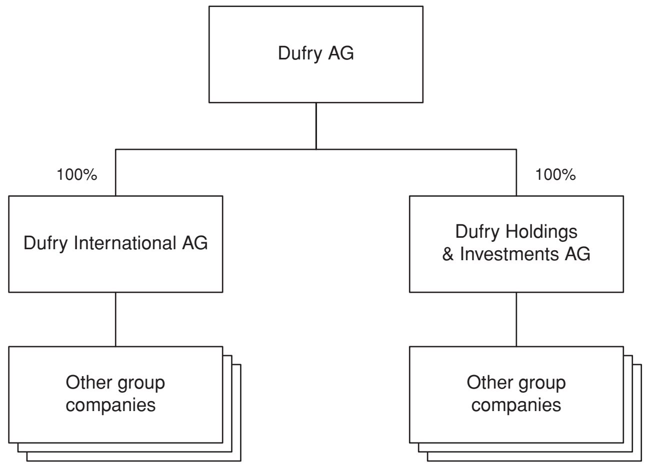
- In March 2004, a consortium of investors led by funds managed by private equity firm Advent International Corporation acquired a 75% interest in Weitnauer's travel retail business. In July 2005, the consortium acquired the remaining 25% of Weitnauer's retail business. On December 5, 2005 we became a public company and listed our shares on the SIX Swiss Exchange.
- In 2010, we listed our shares through a Level III BDR program on the BM&FBOVESPA in Brazil.
- In recent years we have increased our concession portfolio and expanded into new markets through a series of strategic acquisitions:
- In March 2006, we completed the acquisition of Brasif Duty Free Shop and its logistics platform Eurotrade for a total consideration of USD 503 million paid by us and Advent International Corporation;
- In October 2008, we completed the acquisition of the Hudson Group Holdings, Inc. (the "Hudson Group") in an exchange of shares of the Hudson Group for our shares and mandatory

convertible notes. The Hudson Group is one of the premier travel retailers in North America with duty-paid shops in 61 airports and 11 transportation terminals throughout the United States and Canada;

- In 2011, we acquired 100% of the shares of several companies in South America and Armenia for a total consideration of USD 987.2 million. As a result of the acquisitions, we achieved a leading position in the duty-free market in South America. The main companies we acquired are:
  - Interbaires SA, the exclusive retailer operating duty-free shops at both international airports of Buenos Aires plus the airports of Cordoba, Mendoza and other smaller destinations in Argentina;
  - Navinten SA and Blaicor SA, two Uruguayan retailers operating duty-free shops at the international airports of Montevideo and Punta del Este, respectively;
  - ADF Shops CJSC, an Armenian retailer exclusively operating the duty-free shops at the international airport of Yerevan;
  - Ecuador Duty Free SA, a retailer in Ecuador operating duty-free shops at the international airport of Guayaquil; and
  - International Operation & Services Corp, an Uruguayan distribution platform delivering duty-free products to the above mentioned retailers;
- In January 2012, we acquired 51% of the shares and obtained control of Dufry Staer Holding Group for a total consideration of CHF 44.7 million. Dufry Staer Holding Group's main subsidiary, Regstaer Ltd, is a travel retailer operating duty-free shops at the airport of Sheremetyevo in Moscow, Russia. As a result of the acquisition, we consolidated our leading position in the Russian travel retail market;
- In October 2012, we signed an agreement to acquire 51% of the travel retail operations of the Folli Follie Group, a leading travel retailer in Greece. We first acquired 51% of the business in April 2013 and were able to reach a new agreement with the Folli Follie Group to buy the remaining 49% of these operations in December 2013. Overall, we invested EUR 891.5 million to acquire the business, which generated a turnover of approximately EUR 300 million and an EBIT of EUR 77.8 million in 2012;
- In September 2014, we acquired 100% of Nuance, a leading travel retailer with operations in 19 countries and territories. In 2013, Nuance generated a turnover of CHF 2,094.9 million, net earnings of CHF 55.3 million and EBITDA of CHF 131.2 million; and
- On March 28, 2015, we entered into the Acquisition Agreement with the Seller to acquire the 50.1% stake in World Duty Free, an Italian company with its registered office in Novara, owned by Edizione for EUR 10.25 per WDF share in cash, equivalent to consideration of EUR 1,307.0 million. Following completion of the share purchase from the Seller, we will launch a mandatory tender offer for the remaining 49.9% outstanding WDF shares at a price of EUR 10.25 per WDF share, equivalent to consideration of EUR 1,301.8 million. In 2014, World Duty Free generated revenue of EUR 2,406.6 million, net earnings of EUR 41.5 million and Modified EBITDA of EUR 260.5 million. See "Summary—Acquisition of World Duty Free."

Corporate Structure

The chart below depicts our simplified corporate structure as of the date of this Offering Memorandum. The chart does not include all of our subsidiaries. For more information regarding our corporate structure and subsidiaries, see "Most Important Affiliated Companies" in the Notes to our consolidated financial statements as of and for the year ended December 31, 2014 included in this Offering Memorandum.



Operations

General

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

Our Retail Concepts

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

- ***General Travel Retail.*** Our general travel retail shops are typically located in central areas with high passenger flow, mostly in airports, but also in seaports. These can serve either as departure or arrival areas. Every aspect of a shop is tailored to provide travelers with a suitable shop lay out and product assortment in order to ensure attractiveness to the respective customer profiles and spending patterns. In the duty-free segment, the shops are operated under the Dufry brand or others including Nuance and Hellenic Duty Free. On the duty-paid side, we mostly operate under the brand Dufry Shopping. The shops offer a large selection of different products and cover a wide range of product categories, including perfumes & cosmetics, food & confectionary, wine & spirits, watches & jewelry, fashion & leather, tobacco goods, souvenirs, electronics and other accessories.
- ***Convenience Stores.*** Operated under the "Hudson" brand, our well-known convenience format offers a wide assortment of products ranging from soft drinks, confectionary, travel accessories, electronics, personal items or souvenirs, to classical publication items such as newspapers, magazines and books. Hudson is a duty-paid concept mainly located at the departure or arrival areas of airports, railway stations and other transit areas. We introduced the new Hudson format starting in 2013. The new concept focuses more on the convenience side of the business and less on publications. We currently operate 55 Hudson shops under this new format.
- ***Brand Boutiques.*** Our brand boutiques are a unique tool to enhance retail environments as they help to create a comprehensive shopping mall experience. We are a partner of choice for global brands to showcase their products in a singular retail space, mirroring the look and feel of the

high street shops of the respective brand. Depending on the location, we design these shops as stand-alone boutiques or integrate them as shop-in-shop concepts within our own general travel retail stores. They can be found in either duty-free or duty-paid areas. We operate brand boutiques for many prestigious brands including Armani, Burberry, Coach, Etro, Ferragamo, Gap, Hermès, Hugo Boss, Lacoste, L'Occitane, Michael Kors, Montblanc, Swarovski, Tumi, Versace, Victoria's Secret and Zegna.

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

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

Our Sales Channels

The following table sets forth the distribution of our shops by sales channel and the percentage of sales attributable to each sales channel on December 31, 2014, 2013 and 2012:

		Net Sales		
		For the year ended December 31,		
Sales channel	**Number of shops**	**2014**	**2013**	**2012**
		(as percentages)		
Airport	1,412	87	86	89
Cruise lines and seaports	103	3	4	3
Border, downtown and hotel shops	118	6	6	3
Railway stations and other	55	4	4	5
Total	**1,688**	**100**	**100**	**100**

Airport Shops

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

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

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

Cruise Line, Ferries and Seaport Stores

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

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

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

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

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

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

Concessions

We operated more than 1,650 retail stores in 60 countries as of December 31, 2014. We enter into concession arrangements with operators of airports, seaports, railway stations and other areas to lease and operate these shops. The concession providers granted our operations the right to sell a pre-defined assortment of products to travelers during the concession period as defined in the respective arrangements.

The arrangements typically define:

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

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

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

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 2014, the duty-free sales accounted for 67.0% of our net sales, while the duty-paid sales represented 33.0%.

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 2014, 2013 and 2012:

	Year ended December 31,			Year ended December 31,		
	2014	2013	2012	2014	2013	2012
	(as percentages)			(In millions of CHF)		
Perfumes and Cosmetics	28.7	27.5	27.1	1,164.5	952.0	831.2
Confectionery, Food and Catering	18.1	18.2	17.3	734.9	630.7	528.6
Wine and Spirits	15.6	16.0	16.8	634.4	553.7	514.9
Tobacco Goods	9.4	8.3	6.9	380.5	288.1	210.6
Watches, Jewelry and Accessories	8.8	9.3	9.4	355.9	323.1	288.1
Fashion, Leather and Baggage	8.6	7.7	8.0	350.3	268.4	245.3
Literature and Publications	4.7	5.8	7.7	190.6	199.9	235.1
Electronics	3.8	2.8	3.1	152.9	98.4	94.9
Other	2.3	4.3	3.7	99.1	150.7	113.4
Total	**100.0**	**100.0**	**100.0**	**4063.1**	**3,465.0**	**3,062.1**

We work with approximately 1,200 suppliers around the world, with 80% of our sales generated from products bought from 100 suppliers. Within each main product category, we maintain key relationships with main international suppliers. The following table sets forth our most important suppliers in 2014, by primary product category:

Product Category	Important Suppliers
Perfumes and Cosmetics	Produits Luxe International (L'Oreal) Estee Lauder Travel Retailing Antonio Puig Perfumes Procter & Gamble (Prestige Beauté) Chanel Parfums, France
Alcoholic Beverages	Diageo Pernod Ricard LVMH Moet-Hennessy Bacardi Martini Brown-Forman Beverages
Tobacco	Philip Morris BAT (British American Tobacco) Imperial Tobacco JTI (Japan Tobacco International) Karelia Tobacco
Watches and Jewelry	Luxottica Fossil Group LVMH Group Safilo Group Swarovski

Product Category	Important Suppliers
Food and Confectionary	Lindt Mondelez Nestlé Mars Ferrero
Fashion / Accessories	Hermés Armani Group Hugo Boss Limited Brands (Victoria's Secret) GAP
Literature and Publications	Hudson Manufacturers Anderson News Source Interlink Bookazine News Group

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

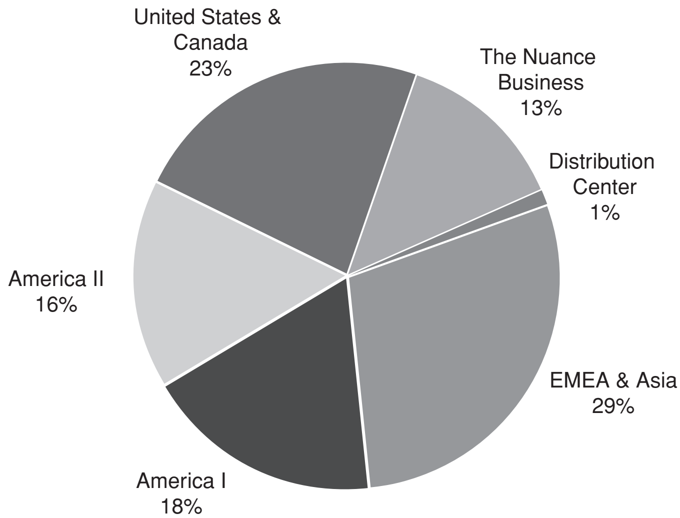
We centralized our logistics operation in two main platforms: one in Switzerland, serving Region EMEA & Asia, and another in Uruguay, serving the remaining regions.

Description of Operations by Segment

Our risks and returns are predominantly affected by the fact that we operate in different countries. Accordingly, we operate under four geographical segments (EMEA & Asia, Region America I, Region America II and United States & Canada) plus the Nuance Business and Distribution Centers as additional business units.

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

The following diagram shows the regional distribution of our net sales for the year ended December 31, 2014:



The following table shows certain statistical data on a regional basis as of December 31, 2014:

	Region EMEA & Asia	Region America I	Region America II	Region United States & Canada	The Nuance Business	Total
Total sales area (in square meters)	**67,239**	**59,834**	**26,006**	**62,881**	**51,346**	**267,306**
Total number of stores	**381**	**251**	**82**	**713**	**261**	**1,688**
Airport	309	135	75	663	230	1,412
Border, downtown and hotel shops	18	58	6	5	31	118
Cruise liners and seaports	45	58	—	—	—	103
Railway stations and others	9	—	1	45	—	55

In addition to the above, we expect to open approximately 22,500 square meters of additional retail space by the end of 2016, including several locations in EMEA & Asia, Brazil and a number of Hudson stores and brand boutiques in the United States. Moreover, we believe that we have a strong potential pipeline of new retail space projects of approximately 45,000 square meters, of which we expect 45% would be in Region EMEA & Asia, 17% would be in Region America I, 8% would be in Region America II and 30% would be in Region United States & Canada.

Region EMEA & Asia

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

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

Country	Store location
Algeria	Algiers Houari Boumediene International Airport
Armenia	Zvartnots International Airport
Cambodia	Phnom Penh International Airport Siem Reap International Airport

Country	Store location
China	Shanghai Hongqiao International Airport Beijing Capital International Airport Chengdu Shuangliu International Airport
Czech Republic	Prague-Vaclav Havel Airport
Egypt	Borg El Arab Airport Assiut Airport
France	Nice Côte d'Azur Airport Pointe-à-Pitre Guadeloupe International Airport Martinique
Ghana	Accra Kotoka Airport Accra Diplomatic Store (Downtown)
Greece	Athens International Airport Aktion National Airport Alexandroupolis International Airport Araxos National Airport Chania International Airport Corfu International Airport Heraklion International Airport Kalamata International Airport Karpathos Island National Airport Kavala International Airport Kefalonia Island International Airport Kos Island International Airport Lemnos International Airport Mykonos Island National Airport Mytilene International Airport Nea Aghialos National Airport Rhodes International Airport Samos International Airport Santorini Thira National Airport Skiathos Island National Airport Thessaloniki International Airport Zakynthos International Airport Corfu Seaport Igoumenitsa Seaport Kastellorizo Seaport Katakolo Seaport Mytilene Seaport Patras Seaport Piraeus Seaport Rhodes Seaport Samos Seaport Santorini Seaport Symi Seaport Doirani Border Station Evzonoi Border Station Kakavia Border Station

Country	Store location
	Kastanies Border Station Kipoi Border Station Kristalopigi Border Station Mertziani Border Station Niki Border Station Ormenio Border Station Promachonas Border Station Sagiada Border Station Anek Lines Ferries Attica Group Ferries
Indonesia	Ngurah Rai International Airport
Italy	Bergamo Airport Genoa Airport Milan-Malpensa Airport Milan-Linate Airport Milan Central Railway Station Rome-Fiumicino Airport Turin Central Railway Station Florence Central Railway Station Verona Airport Verona Railway Station Venezia Railway Station Genoa Railway Station Napoli Railway Station
Ivory Coast	Abidjan Félix Houphouët-Boigny Airport Abidjan Diplomatic Store (Downtown)
Kazakhstan	Astana International Airport
Morocco	Agadir Al Massira Airport Casablanca Mohammed V Airport Dakhla Airport Beni Mellal Airport Essaouira Mogador Airport Fes-Saïss Airport Marrakech Menera Airport Nador International Airport Rabat Salé Airport Oujda Angads Airport Tanger Ibn Battouta Boukhalef Airport
Russian Federation	Moscow Domodedovo Airport Moscow Sheremetyevo International Airport Pulkovo Airport
Serbia	Belgrade Nikola Tesla Airport Belgrade Diplomatic Store (Downtown)
South Korea	Busan Gimhae International Airport
Spain	Las Palmas Gran Canaria Airport

Country	Store location
	Fuerteventura El Matorral Airport Lanzarote Arrecife Airport Malaga Costa del Sol Airport Tenerife North Airport Tenerife South Airport
Sri Lanka	Mattala Rajapaksa International Airport
Switzerland	EuroAirport Basel Mulhouse Freiburg Samnaun (tax free zone)
United Arab Emirates	Sharjah International Airport

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

We also have significant operations in the Russian Federation, where we operate travel retail shops at two airports in Moscow, and Italy, where we operate travel retail shops at airports in Milan and Rome, among other cities. These operations do not include those that we obtained as part of our acquisition of Nuance.

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

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

In the Czech Republic, we operate nine duty-free and duty-paid stores at Vaclav Havel Airport in Prague, the primary international airport in the Czech Republic.

In Spain, we operate 13 stores. We opened nine Hudson stores there between July and December 2014. The main Tenerife shop closed in March 2014.

Our operations in Morocco include operations in the Rabat Salé Airport, Tanger Ibn Battouta Boukhalef Airport, Agadir Al Massira Airport, Casablanca Mohammed V Airport and Marrakech Airport. We also operate stores in airports in Fès, Dakhla, Nador, Oujda, Essaouira and, since August 2014, Beni. These concessions are operated pursuant to agreements with the Office National des Aéroports by Dufry Maroc SARL.

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

We opened concessions in Nigeria at Lagos Murtala Muhammed International Airport and Abuja Nnamdi Azikiwe International Airport in the second half of 2014 which will be operative in the third quarter of 2015.

In April 2014, in partnership with the South Korean company Thomas Julie & Co, we opened our new shop at Busan Gimhae International Airport in South Korea.

We signed a master concessionaire agreement to operate duty-free shops at Mattala Rajapaksa International Airport (MRIA) in Sri Lanka and started operating there in 2014.

We closed our operation in Sharm-el-Sheikh International Airport in Egypt when our concession contract ended in the second quarter of 2014. Our Tunisian operations closed on October 31, 2014, when our concession contract terminated.

Region America I

This region includes our operations in Argentina, Ecuador, Mexico, Nicaragua, Honduras, Uruguay, Puerto Rico, Dominican Republic and a number of Caribbean Islands. The region's headquarters is in Miami, Florida.

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

Country	Shop location
Antigua	Antigua Downtown V.C. Bird International Airport JW Cruise Heritage Bay Cruise
Argentina	Buenos Aires Ministro Pistarini International Airport Buenos Aires Aeroparque Jorge Newbery International Airport Mendoza El Plumerillo International Airport Cordoba Pajas Blancas International Airport
Aruba	Oranjestad Downtown Queen Beatrix International Airport
Barbados	Bridgetown Downtown Bridgetown Seaport Grantley Adams International Airport
Bahamas	Freeport Downtown Grand Bahama International Airport
Bonaire	Bonaire Downtown
Curaçao	Curaçao Downtown Curaçao International Airport
Dominican Republic	Puerto Plata Airport La Romana Airport La Romana Port Samana Airport Santiago Airport Santo Domingo Airport
Ecuador	Guayaquil Jose Joaquin de Olmedo International Airport
Grand Turk	Grand Turk Port
Grenada	St. Georges Downtown, Port and Airport
Honduras	Mahagony Bay Port Port of Roatan (Town Center)
Jamaica	Westmoreland Downtown and Falmouth Port

Country	Shop location
Mexico	Cancún Downtown Cancún International Airport Mexico City Benito Juarez International Airport San Jose de Los Cabos International Airport Cozumel (Punta Langosta Port) Cozumel (Puerto Maya Port) Puerto Vallarta Licenciado Gustavo Diaz Ordaz International Airport Monterrey General Mariano Escobedo International Airport Guadalajara Miguel Hidalgo y Costilla International Airport Laredo Border Progreso Border Reynosa Border Puerta Mazatlan Acapulco Ixtapa Leon
NCL	Norwegian Dawn Norwegian Gem Norwegian Jade Norwegian Jewel Norwegian Pearl Norwegian Sky Norwegian Spirit Norwegian Star Norwegian Sun
Nicaragua	El Espino Border Guasaule Border Las Manos Border Managua Airport Peñas Blancas Border
Puerto Rico	Luis Muñoz Marín Airport Ponce Airport
St. Lucía	Castries Downtown, Port and Airport
St. Maarten	St. Maarten Downtown St. Maarten Airport
St. Kitts	Basseterre Port Zante
St. Thomas	Charlotte Amalie Downtown
Trinidad	Port of Spain Piarco International Airport
Uruguay	Montevideo Carrasco International Airport Punta del Este Capitan de Corbeta Carlos A. Curbelo International Airport

Our largest operation in this region, by sales, is our subsidiary Interbaires SA in Argentina, which operates 13 duty-free shops in five airports. We acquired Interbaires SA in August 2011, along with other airport duty-free operations in emerging markets in South America. These include airport retail operations in Uruguay and Ecuador, as well as a logistics platform in South America. Besides the 13 duty-free shops in Argentina, there are three duty-free shops in Uruguay, two in Montevideo and one in Punta del Este, as well as three duty-free shops in Ecuador's Guayaquil International Airport.

All of these businesses are covered by long-term concession contracts, and we believe they complement our existing business in Latin America and strengthen our leading position in this region.

In July 2012, our operations in Argentina and Uruguay were affected by the bankruptcy of Pluna, the main airline in Uruguay. As a result, passenger numbers have decreased, which has affected sales and other main key performance indicators, such as sales per passenger. Our second largest country of operation is Mexico, where we operate duty-free shops and international boutiques in ten airports and two seaports. These shops are operated under agreements of varying duration and varying fee structures. Eighteen stores are located in Mexico City's Benito Juárez International Airport. These shops are operated under long-term agreements with the airport.

Duty Free Caribbean Holdings is another important component and business unit in our operations in this region. Duty Free Caribbean Holdings operates "Colombian Emeralds International" stores and duty-free and general merchandise stores on the islands of Antigua, Aruba, Bahamas, Barbados, Curacao, Grenada, Jamaica, St. Lucia, St. Maarten and Turks and Caicos. These shops offer a wide range of products, including core travel retail categories like jewelry and watches, perfumes and cosmetics, wine and spirits and tobacco, as well as sunglasses, leather, cameras, electronics, music, designer clothing, sports goods, souvenirs and t-shirts. We also operate shops on islands such as Grand Turk Island in Turks and Caicos, Jamaica, Trinidad, Aruba, Puerto Rico, Dominican Republic, Bonaire, St. Marteen, St. Tomas and St. Kitts.

Our operations in the Caribbean region are subject to occasional extreme weather events that typically occur between July and October. For example, in 2005, Hurricane Wilma destroyed the port shops at the Cozumel cruise line terminal and damaged some of our Cancun shops. In September 2008, Hurricane Ike caused major damage to the harbor infrastructure of the Turks and Caicos Islands. Also, as recently as September 2014, Hurricane Odile destroyed the Los Cabos sea-port shops. We have insurance policies that cover a range of harm, from business interruption to property and asset damage, and we believe these policies will compensate us for most of the damage caused by such events and help us avoid a decrease in profitability.

Region America II

This region includes our operations in Brazil and Bolivia.

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

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

As of December 31, 2014, Region America II consisted of 82 duty-free and duty-paid shops, most of them located in 18 major international or domestic airports in Brazil and Bolivia.

Dufry Brasil is the leading duty-free operator in Brazil, the largest travel retail market in South America. We also operate duty-paid shops in airports and other selected locations in Brazil, as well as duty-free shops in Bolivia. In 2011 and 2012 the São Gonçalo do Amarante International Airport in Natal, the Guarulhos International Airport in São Paulo, the Juscelino Kubitschek International Airport in Brasilia and Viracopos Airport in Campinas were privatized. Infraero, the government corporation that historically managed the airports, is currently a 49% shareholder in each of the private concessionaires except for the São Gonçalo do Amarante International Airport, where the concessionaire's only shareholder is Inframerica. Belo Horizonte Downtown and Rio de Janeiro Galeão Antonio Carlos Jobim International Airport went through a similar privatization process in 2013 and started to be privately operated in August 2014. The other airport concessions remain operated by Infraero, a Brazilian government corporation.

In Brazil, we have nearly doubled our retail space with openings and expansions in several locations, increasing the total amount of operated space from 15,000 square meters as of December 31, 2013 to approximately 25,000 square meters as of December 31, 2014. The main openings during 2014 included 18 shops with approximately 7,000 square meters at Guarulhos International Airport, including 14 brand boutiques and two general duty-free shops in Terminal 3, a duty-paid megastore with 1,600 square meters of space in the Brasília Airport and five Hudson News shops: one in Guarulhos Airport, three in Brasília and one in Natal Airport.

In 2014, we reinforced our presence in Brazil by signing a concession contract to operate duty-free retail at Tom Jobim International Airport in Rio de Janeiro. We believe the new agreement will allow us to double the current commercial area from 4,000 square meters to 8,000 square meters and consolidate our position as the leading company in this market.

Region United States & Canada

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

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

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

This region includes our duty-free and duty-paid convenience stores in North America. This region was created in 2008 through our integration of the Hudson Group. Our subsidiary Dufry North America employs more than 6,000 people and operates over 700 Hudson, Hudson News, Hudson Booksellers, cafes, specialty retail and duty-free shops in 70 airports and transportation terminals in the United States and Canada. Hudson's specialty retail portfolio includes international luxury brands such as Armani, Bulgari, Coach, Harley-Davidson, Hugo Boss, Juicy Couture, Lacoste, Michael Kors, Tumi and Victoria's Secret. Its café brands include Dunkin' Donuts as well as Euro Café. It currently operates with over 100 lease and concession agreements. Contracts recently won in this region include concessions at Los Angeles International Airport, Denver International Airport, Dulles International Airport, Charleston International Airport, and Reagan National Airport. We entered into several significant contracts in 2013 as well, including agreements to operate in Seattle International Airport, St. Louis International Airport, Chicago O'Hare International Airport, San Diego International Airport, DFW International Airport John Wayne Airport and Birmingham International Airport.

The Nuance Business

Nuance operates over 260 stores in 50 locations. Nuance operations are mainly located in airports.

The following table sets forth the locations of the Nuance Business as of March 31, 2015:

Country	Shop location
Bulgaria	Varna Airport Burgas Sarafovo Airport
Canada	Toronto Pearson International Airport
China	Zhuhai Jinwan Airport Hong Kong International Airport Macau International Airport Macau Downtown
France	Toulouse-Blagnac Airport
Germany	Düsseldorf Airport Hamburg Airport
India	Bangalore International Airport Mumbai Chhatrapati Shivaji International Airport
Malaysia	Kuala Lumpur International Airport
Malta	Malta International Airport
Singapore	Singapore Changi Airport
Sweden	Göteborg Landvetter Airport Jönköping Airport Kalmar Airport Karlstad Airport Luleå Airport Malmö Airport Norrköping Airport Skellefteå Airport Stockholm Arlanda Airport Stockholm Bromma Airport Sundsvall-Timrå Airport Umeå Airport Visby Airport Örnsköldsvik Airport Åre Östersund Airport
Switzerland	Geneva International Airport Zürich Kloten Airport
Turkey	Antalya Airport Kayseri Erkilet International Airport Airport Kutahya

Country	Shop location
United Kingdom	Cardiff Airport Glasgow Prestwick Airport London Heathrow Airport London Stansted Airport Manchester Airport Gatwick Airport East Midlands Airport Notthingham Downtown Center Parks Elveden Forest (Center Park) Longleat Forest (Center Park) Sherwood Forest (Center Park) Wobum Forest (Center Park) Whinfell Forest (Center Park) Glasgow Airport
United States of America	Fort Lauderdale-Hollywood International Airport Las Vegas McCarran International Airport Orlando International Airport
Australia	Melbourne Airport Perth Airport Canberra International Airport

We acquired Nuance on September 9, 2014. Nuance is a global travel retail brand and operates at March 31, 2015 close to 51,000 square meters of retail space in 50 locations across 15 countries in Europe, Asia and North America.

In Switzerland, Nuance opened a new Hugo Boss store and a timebox store, Nuance's concept store for watches and jewellery, at Zurich International Airport in September, 2014.

In Germany, Nuance partnered with Luxottica to open the first flagship Ray-Ban concept store at Hamburg Airport in July 2014.

In Singapore, Nuance closed all the Perfume & Cosmetic shops in October 2014 as the perfume and cosmetics concession ended.

In Australia, Nuance terminated the business at Sydney International Airport in February, 2015 as the concession ended. In Brisbane the business was closed during September 2014 as the concession ended.

In the United States, Nuance's concessions in the Houston George Bush International Airport and the Denver International Airport expired and the Chicago O'Hare International Airport concession was sold.

Distribution Centers

The Distribution Centers segment consists of the global distribution centers that deliver goods to our five segments.

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

Country	Center location
Switzerland	Basel
United States	Miami
Uruguay	Montevideo

Competition

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

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

The global travel retail market is highly fragmented with the top ten global retailers estimated to account for 46% of the worldwide market for sales to travelers in 2013. Furthermore, there are a number of regional and local market participants.

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

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

Regulation

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

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

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

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

Intellectual Property

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

Properties

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

During the first quarter of 2015, we merged the Dufry Region 1 headquarters in Zurich with the former headquarters of Nuance in Glattbrugg. We have moved all existing offices of our Zurich headquarters into Nuance's former headquarters building in Glattbrugg.

We do not own any significant real estate.

Employees

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

	As of December 31,		
	2014	**2013**	**2012**
Region EMEA	4,367	4,867	3,336
Region America I	3,564	3,604	3,667
Region America II	2,388	2,084	2,118
Region United States & Canada	5,669	5,586	4,955
The Nuance Business	3,654	NA	NA
Distribution Centers	220	205	207
Headquarters	84	77	78
Total	**19,946**	**16,423**	**14,361**

We believe that our employee relationships are good.

Legal Proceedings

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

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

Insurance

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

Interruption of Business

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

WORLD DUTY FREE

World Duty Free S.p.A. is one of the world's leading travel retailers, operating mainly in airports and with a broad geographical reach. As of March 31, 2015 it had operations in 20 countries through 108 locations with over 500 stores, from its heartland in Western Europe, to the Americas, the Middle East and Asia.

World Duty Free Group focuses on the customer and innovative marketing programs, including multi-channel digital and live in-store interactive promotions.

World Duty Free generated revenue of EUR 2,406.6 million, net earnings of EUR 41.5 million and Modified EBITDA of EUR 260.5 million for the year ended December 31, 2014 and revenue of EUR 541.3 million, net loss of EUR 46.8 million and Modified EBITDA of EUR 33.9 million for the three months ended March 31, 2015. As of December 31, 2014, World Duty Free had approximately 9,700 employees.

Results of Operations

Comparison between the Three Months Ended March 31, 2015 and March 31, 2014

Revenue increased by EUR 102.8 million or 23.4% to EUR 541.3 million in the first quarter of 2015 compared to EUR 438.5 million for the prior year period, partially driven by the positive impact from the operations in Rest of Europe and Americas, which in both cases was affected by additions to the scope of World Duty Free's operations. These additions primarily refer to operations in Helsinki which opened in late March 2014, the main store in Tenerife Sur (in the Canary Islands) which opened in April 2014, the acquisition in February 2015 of three new U.S. retail locations from HMS Host in the airports of Atlanta and Oakland and at the Empire State Building in New York, and the expansion of operations in Jamaica after the exit of a competitor. Excluding these additions, increased traffic in Madrid Airport and higher spending in Barcelona Airport also supported the results, along with growth in the Americas in Vancouver, Peru, Chile and Mexico. World Duty Free's revenue growth was also positively affected by the GBP and U.S. Dollar strengthening versus the Euro. On a CER basis, revenue increased by EUR 57.5 million, or 13.1%, in the first quarter of 2015 compared to the prior year period.

Modified EBITDA decreased by EUR 1.7 million or 4.8% in the first quarter of 2015 and was EUR 33.9 million compared to EUR 35.6 million in prior year period. Higher revenue volume was negatively offset mainly by higher contractual concession fees in the Spanish airports and, to a lesser extent, in Heathrow International Airport resulting from the extension of the contract that was agreed in October 2014. On a CER basis, the decrease was EUR 5.5 million, or 15.4%, to EUR 30.1 million in the first quarter of 2015, compared to EUR 35.6 million in the prior year period. Modified EBITDA margin decreased to 6.2% in the first quarter of 2015 compared to 8.0% in prior year period mainly due to the increase in the aforementioned contractual concession fees. See Note 2 to "World Duty Free Selected Historical Consolidated Financial Data" for a reconciliation of net result to Modified EBITDA for the three months ended March 31, 2014 and 2015.

Net earnings decreased by EUR 49.2 million, for a net loss of EUR 46.8 million in the first quarter of 2015 compared to net earnings of EUR 2.4 million in the prior year period, mainly driven by the provisions for restructuring charges related to employees exiting the corporate headquarters in the UK and Spain as part of the reorganization and integration announced on January 15, 2015, as well as the effect of the linearization of concession fees relating to the airports in the Iberian Penninsula, which derives from the recognition of the corresponding minimum annual guaranteed rents on a straight-line basis over the life of the concession.

Comparison between the Fiscal Years Ended December 31, 2014 and December 31, 2013

Revenue increased by EUR 328.1 million or 15.8% to EUR 2,406.6 million in 2014 from EUR 2,078.5 million in 2013, mainly driven by the positive impact from the operations in Rest of Europe and Americas, which in both cases was affected by additions to the scope of World Duty Free's operations. These additions primarily refer to the acquisition of multiple U.S. retail locations from HMS Host in September 2013 contributing additional EUR 104.0 million in 2014 compared to 2013, since they were consolidated on a full-year basis in 2014, while in 2013 only revenue for the fourth quarter was recorded. Furthermore, operations in Helsinki which opened in late March 2014, the main store in Tenerife Sur (in the Canary Islands) which opened in April 2014, and the expansion of operations in Jamaica after the exit of a competitor added revenues in 2014 compared to 2013. Excluding these additions, despite Madrid recording negative growth, revenue in Spain increased, supported by the good performance seen mainly in tourist-destination airports. Vancouver also contributed to higher revenue, recording double-digit growth at constant exchange rates. World Duty Free's revenue growth was also positively affected by the GBP strengthening versus the Euro. On a CER basis, revenue increased by EUR 285.7 million, or 13.7%, in 2014 from 2013.

Modified EBITDA increased by EUR 4.7 million or 1.8% to EUR 260.5 million in 2014 compared to EUR 255.8 million in 2013. Excluding the contribution from the aforementioned US Retail activities, Modified EBITDA in 2014 would have been higher by EUR 0.5 million compared to 2013. Higher revenue volume was negatively offset mainly by the higher contractual concession fees in the Spanish airports and, to a lesser extent, in Heathrow International Airport resulting from the extension of the contract that was agreed in October 2014. On a CER basis, the decrease was EUR 1.6 million, or 0.6%, to EUR 254.2 million in 2014, compared to EUR 255.8 million in 2013. Modified EBITDA margin decreased to 10.7% compared to 12.1% in 2013. See Note 2 to "World Duty Free Selected Historical Consolidated Financial Data" for a reconciliation of net result to Modified EBITDA for the years ended December 31, 2013 and 2014.

Net profit decreased by EUR 69.4 million or 62.6%, falling to EUR 41.5 million in 2014 from EUR 110.9 million for the prior year, mainly driven by higher provisions for risks and charges, and restructuring costs related to World Duty Free's reorganization and integration announced on January 15, 2015 (specifically expenses related to the consultancy services relating to the design of the reorganization and the business plan as well as related to the exit package of the former Chief Executive Officer and other employees), linearization of concession fees, higher borrowing costs and write off of tax credits and non-recognition of deferred tax assets on tax losses.

Retail Concepts

World Duty Free provides a large range of products, mainly comprised of the following categories: Food and Confectionery, Wine and Spirits, Tobacco, Beauty, Souvenirs and Other. World Duty Free offers its products in its stores, often paired with a selection of local products shelved in specific and easily identifiable areas. World Duty Free aims to create a "sense of place" in its stores, so that a client perceives that a purchase from one of WDF's stores is an extension of the travel experience. World Duty Free operates different retail concepts and presents a diversified offer in each of its stores in order to make use of the opportunities offered by each category of products in an effective manner.

General Travel Retail Stores

World Duty Free's general airport stores offer a wide range of traditional duty free and duty paid products. World Duty Free's "General travel retail" stores are designed to optimize the space granted under the concession but are also adapted to the natural flow of travelers. World Duty Free helped pioneer the "walkthrough store," which are stores located in the passenger flow from security to the lounge areas, with the result that passengers must walk through the store to get to their departure gate.

This concept typically delivers an uplift in sales wherever it has been implemented. Additionally, World Duty Free's "General travel retail" stores have clean spaces, trying to reduce barriers that might impede the travelers' flow and access to the stores.

Each of World Duty Free's "General travel retail" stores are divided into different clearly identifiable product zones. In addition, in line with World Duty Free's brand partners strategy, some of World Duty Free's "General travel retail" stores have special reserved and personalized areas for some of World Duty Free's brand partners and some feature enhanced premium areas (such as "beauty rooms").

Some of World Duty Free's airport stores take on some of the key characteristics of that location to create a true "sense of place" in the airport. These stores are especially designed to recreate, in a modern and fashionable manner and by using innovative architectonic concepts, the environment of the airport's location.

World Duty Free also operates "express" satellite stores located at departure gates and arrival halls to provide a core tax and duty free range of offerings to cater to passengers looking to make last minute purchases.

Specialist and Theme Stores

World Duty Free has also established several "Specialist and Theme Stores" for specific categories of products or products within the different categories. These "Specialist and Theme Stores" are specially designed for the type of product offered and have highly trained staff who are specialists in the products offered.

World Duty Free has developed specialist stores across its main categories, including Beauty, Wine and Spirits, Food and Confectionery and Tobacco.

Souvenir Stores

World Duty Free's souvenir stores offer a wide range of typical and original products: books, decorative items, food, reproductions of works of art, t-shirts, gifts, key rings, writing materials and accessories, etc.

Luxury Boutiques & Stores

These stores are designed to create a glamour, sophistication and luxury environment and offer an assortment of haute couture jewelry, watches, leather and clothing products. The availability of this kind of shops help reinforcing the commercial customer proposition and help delivering a strongest sense of luxury to the whole of the different product categories.

Convenience Stores

These are stores for essential reading and last-minute food and travel purchases. World Duty Free operates from a range of news stores that cater for international, regional and local readerships. These stores are currently located only in the airports included in the US Retail Division.

Other Sales Channels

World Duty Free also provides some additional types of services in channels different from airports, mainly:

(i) wholesale and logistic services to ship chandlers, embassies and diplomatic corps, ferry and cruise liner shops, on-board airline sales, other airport shops, sea-port shops, border shops and military bases.

(ii) souvenir stores in the United Kingdom and the United States of America.

In September 2014, WDF sold its subsidiary providing commercial and management services at cultural institutions and historical sites (such as cathedrals, museums or palaces) in Panama, Spain and Turkey.

Operations

World Duty Free operates duty free and duty paid stores, mainly located in airports, through a partnership concession model. Under the duty free regime, goods sold are exempt from import taxes, customs and other taxes while under the duty paid regime custom duties, import taxes and other taxes are applied to the goods sold. As regarding the operations in the European Union, in accordance with Directive 91/689/CEE of December 16, 1991 the duty paid regime applies if the passenger's final destination is domestic of a European Union member state, while the duty free regime applies if the passenger's final destination is outside of the European Union.

World Duty Free's largest market is Europe, with its primary presence in the United Kingdom and Spain; in December 2012, in this latter country, World Duty Free was awarded a seven-year contract in the Spanish Airports; the corresponding new contract was signed in February 2013. World Duty Free is also active in the Americas, Asia and Middle East. Particularly, 561 stores are located in 108 airports around the world and in some selected non-airport locations as of March 31, 2015.

Sales Channels

The following table sets forth the percentage of revenue attributable to each sales channel for the years ended December 31, 2014 and 2013:

	Revenue			
	For the year ended December 31,			
Sales channel	2014	2013	2014	2013
	(%)		(In millions of EUR)	
Airports	97.7%	97.8%	2,352.4	2,032.8
Other	2.3%	2.2%	54.2	45.7
Total	100.0	100.0	2,406.6	2,078.5

Concessions

The airport stores are typically operated pursuant to concession agreements entered into by the airport companies (as licensors) and the travel retail operators (as licensees). Since World Duty Free's main activity is the management of airport stores, concession agreements represent World Duty Free's key asset. Usually, the concessions are granted through a tender (open or closed, in the latter case by invitation) or following private negotiations. Typically, the licensor establishes the number and type of concessions to grant, together with the applicable terms and conditions (which sometimes can be negotiated). Typically, concessions may be awarded for generalist travel retail stores and/or themed stores and may grant the right to operate either in a specific area of the airport or in the whole airport. Concession agreements are typically for an initial fixed term period with somewhat standardized terms. However, terms and conditions may vary not only as a consequence of the aforementioned negotiations, but also according to the licensor's specific needs and the procedures in place in a specific airport. In addition to its duration, the typical provisions in a concession agreement include, without limitation:

i. *Charges*: the charges payable may be fixed or variable, typically on the basis of the volume of revenues generated in a specific airport, and sometimes on the basis of the type of product marketed and/or of the applicable tax regime. Concession agreements may sometimes require the licensee to pay guaranteed minimum annual charges. Below a certain revenue threshold, the guaranteed minimum annual charges may oblige the licensee to pay the charges to the licensor irrespective of the revenues actually generated.

ii. *Licensor rights*: generally, under concession agreements, the licensor has the right to unilaterally determine: a) the relocation of the stores within the airport areas; b) the termination of the concession for public interest reasons; or c) the adoption of additional measures that may affect the performance of the stores, such as, for example, a change in the flow of passengers within the airport.

iii. *Commercial and price policies*: concession agreements may, among other things, impose limits on the power of the licensee to determine the price policy to be applied or the range of the products to be offered for sale.

iv. *Change of control*: concession agreements may include provisions entitling the licensor to terminate the agreement if there is a change of control of the licensee occurring without the prior consent of the licensors or other parties to the change.

v. *Guarantees*: usually the licensee must provide guarantees (by means of bank guarantees, personal guarantees or security deposits) covering the entire length of the concession, to guarantee the licensee's performance of the contractual obligations.

vi. *Additional provisions*: concession agreements may include exclusivity clauses in favor of the licensee, provisions concerning the design of the store and the investments that the licensee will be required to make.

Products and Suppliers

World Duty Free's stores offer a range of products, from traditional tax and duty-free products such as perfumes and cosmetics, liquor and tobacco to confectionary. World Duty Free's gross margins are generally higher for sales of core products than sales of specialty products, particularly perfume and cosmetics, which represented 42.6% of World Duty Free's total revenue for the year ended December 31, 2014. Where certain products, such as wine, soft liquor and tobacco are sold to passengers traveling within the EU, they are offered on a duty-paid basis. The mix of products in any store or specific location is customized for that region or store, as determined by the customers' purchasing habits.

The following table sets forth the percentage distribution of World Duty Free's airport revenue by product category in 2014 and 2013.

	Year ended December 31,		Year ended December 31,	
	2014	**2013**	**2014**	**2013**
	(%)		**(In millions of EUR)**	
Food & Confectionery	11.1%	11.4%	261.1	230.9
Wine & Spirits	17.3%	17.9%	406.3	364.2
Tobacco	12.0%	12.1%	283.0	245.1
Beauty	42.6%	44.3%	1,002.8	901.0
Souvenirs	2.3%	2.6%	54.5	53.3
US Retail	6.3%	2.2%	148.8	44.8
Others	8.3%	9.5%	195.9	193.5
Total	100.0%	100.0%	2,352.4	2,032.8

The products sold in World Duty Free's stores are mainly supplied through an outright purchase system, which is based on specific supply orders (with previously agreed prices) and payments by World Duty Free made upon receipt of the products. In addition, as a secondary and minor procurement system regarding only very specific types of products, World Duty Free employs a consignment system. World Duty Free's supply chain and logistic strategy is based on an integrated and scalable approach, designed to increase efficiency and support the growth of World Duty Free. The supply chain's philosophy focuses on the client and on the maximization of the availability of shelf products through effective warehouse management. World Duty Free's logistics network consists of a global distribution center located in Barcelona and four national distribution centers (in London, Madrid, Amman, Jordan and Cancun, Mexico) directly managed by World Duty Free. Furthermore, World Duty Free also engages six international collection and sorting platforms run by third-party logistics services providers. To support the supply chain, World Duty Free uses forecasting and replenishment software applications in order to align supply and demand at a global level.

Operating Data by Geographic Segment

World Duty Free's global operations are segmented into four regions: United Kingdom, Rest of Europe, Americas, and Asia and Middle East.

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

	United Kingdom	Rest of Europe	Americas	Asia and Middle East	Total
Revenue (in millions of euro) for the year ended December 31, 2014	1,057.8	737.6	438.4	172.9	2,406.6
Revenue (in millions of euro) for the three months ended March 31, 2015	219.5	146.5	130.0	45.4	541.3
Total sales area (in square-meters, approximate) as of March 31, 2015	36,600	52,500	34,400	4,600	128,100
Total number of stores as of March 31, 2015	93	139	302	27	561

United Kingdom

The following table sets forth the locations of World Duty Free's stores in the United Kingdom region as of March 31, 2015.

Country	Store location
United Kingdom	London Heathrow Airport
	London Gatwick Airport
	London Stansted Airport
	London Luton Airport
	London Windsor Glorious Britain
	Folkestone Eurotunnel
	Doncaster Robin Hood Airport
	Belfast Belfast International Airport
	Birmingham Birmingham-West Midlands International Airports
	Bournemouth Bournemouth International Airport
	Bristol Bristol Airport
	Nottingham East Midlands Airport
	Exeter Exeter International Airport
	Southampton Southampton International Airport
	Humberside Humberside Airport
	Jersey Jersey Airport
	Aberdeen Aberdeen International Airport
	Edinburgh Edinburgh Airport
	Glasgow Glasgow Airport
	Leeds/Bradford Leeds/Bradford Airport
	Liverpool Liverpool John Lennon Airport
	Manchester Manchester Airport
	Newcastle Newcastle Airport

Rest of Europe

The following table sets forth the locations of World Duty Free's stores in the Rest of Europe region as of March 31, 2015.

Country	Store location
Finland	Helsinki Helsinki Airport
France	Coquelles Eurotunnel
Germany	Düsseldorf Düsseldorf Airport
Italy	Naples Aeroporto Internazionale di Napoli
Spain	Palma de Mallorca Aeropuerto de Palma de Mallorca Madrid Aeropuerto Adolfo Suárez Madrid-Barajas Barcelona Aeropuerto Barcelona-El Prat Alicante Aeropuerto de Alicante Las Palmas de Gran Canaria Aeropuerto de Gran Canaria Lanzarote Aeropuerto de Lanzarote Ibiza Aeropuerto de Ibiza Málaga Aeropuerto de Málaga-Costa del Sol Menorca Aeropuerto de Menorca Santiago de Compostela Aeropuerto de Santiago Reus Aeropuerto de Reus Gerona Aeropuerto de Girona-Costa Brava Valencia Aeropuerto de Valencia Almería Aeropuerto de Almería Jerez Aeropuerto de Jerez Bilbao Aeropuerto de Bilbao Sevilla Aeropuerto de Sevilla Tenerife Aeropuerto de Tenerife Sur Tenerife Aeropuerto de Tenerife Norte Fuerteventura Aeropuerto de Fuerteventura La Palma Aeropuerto de La Palma La Coruña Aeropuerto de A Coruña Oviedo Aeropuerto de Asturias Santander Aeropuerto de Seve Ballesteros-Santander Granada Aeropuerto de Granada-Jaén F.G.L. Murcia Aeropuerto de Murcia-San Javier

Americas

The following table sets forth the locations of World Duty Free's stores in the Americas region as of March 31, 2015.

Country	Store location
Brazil	Belem Val-de-Cans International Airport
Canada	Vancouver Vancouver International Airport
Chile	Santiago de Chile Aeropuerto Internacional de Santiago de Chile
Curaçao	Hato Curaçao International Airport
Jamaica	Montego Bay Sangster International Airport
Mexico	Cancún Aeropuerto Internacional de Cancún Cozumel Aeropuerto Internacional de Cozumel Cozumel Puerto Cozumel Los Cabos Aeropuerto Internacional de Cancún
Peru	Lima Aeropuerto Internacional Jorge Chávez
United States	Orlando Orlando Sanford International Airport Hebron Northern Kentucky International Airport Dallas Texas Love Field Airport Dallas Fort Worth International Airport Newark Newark Liberty International Airport Grand Rapids Michigan Gerald R. Ford International Airport Washington Washington Dulles International Airport Houston Houston George Bush International Airport Houston William P. Hobby Airport Houston Space Center Wichita Wichita Mid-Continent Airport Lubbock Preston Smith International Airport Little Rock Bill and Hillary Clinton National Airport Miami Miami International Airport Minneapolis St. Paul International Airport Ontario Ontario International Airport Portland Portland International Airport Phoenix Phoenix Sky Harbor International Airport San Antonio SAT International Airport Salt Lake City Salt Lake City International Airport Tampa Tampa International Airport San Francisco San Francisco International Airport San José Mineta San José International Airport Nashville Nashville International Airport Denver Denver International Airport Chicago Chicago Midway International Airport Chicago Chicago O'Hare International Airport Pittsburgh Pittsburgh International Airport Detroit Detroit Metropolitan Airport Corpus Christi Corpus Christi International Airport Los Ángeles Los Angeles International Airport Oakland Oakland International Airport New York Empire State Building Atlanta Atlanta International Airport

Asia and Middle East

The following table sets forth the locations of World Duty Free's stores in the Asia and Middle East region as of March 31, 2015.

Country	Store location
India	Cochin Cochin International Airport
Jordan	Amman Queen Alia International Airport Marka Amman Civil Airport Aqaba King Hussein International Airport
Kuwait	Kuwait City Kuwait International Airport
Cape Verde	Sal Amílcar Cabral International Airport Praia Nelson Mandela International Airport
Saudi Arabia	Damman King Fahd International Airport Jeddah King Abdulaziz International Airport Riyadh King Khalid International Airport
Sri Lanka	Colombo Bandaranayke International Airport

Properties

World Duty Free's head office is located in Milan, Italy, where it leases a 220 square-meter commercial building. World Duty Free also leases properties for its three headquarters, including a 12,667 square meter property in Spain and properties in the United Kingdom and the United States.

Employees

As of December 31, 2014, World Duty Free had approximately 9,700 full-time equivalent employees, with approximately 3,700 in the United Kingdom, 2,900 in the Rest of Europe, 2,500 in the Americas and 600 in Asia and the Middle East. World Duty Free estimates that approximately 2% of its employees are seasonal hires.

Legal Proceedings

World Duty Free has extensive global operations, and it is both a defendant and a plaintiff in a number of court, arbitration and administrative proceedings. The nature of World Duty Free's business results in it being involved, from time to time, in contentious matters with customs and tax authorities in the various jurisdictions in which it operates. In addition, World Duty Free is involved, from time to time, in discussions with authorities or airport operators in connection with the applicable regulatory framework or in relation to the interpretation of existing concession contracts. Except for the current discussions taking place with the Jordanian authorities, as described in "Risk Factors—Changes to the regulations governing the duty-free sale of products may negatively impact World Duty Free's business," the Company is not aware of any currently pending or threatened legal proceedings that it believes are likely, individually or in aggregate, to have a material adverse effect on its business, financial condition or results of operation.

MANAGEMENT

The Issuer

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

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

Name	Age	Position
Andreas Schneiter	45	Class A Manager
Christophe Gaul	37	Class B Manager

Andreas Schneiter has served as Dufry AG's CFO since July 1, 2012. Before holding the current position, Mr. Schneiter acted as Dufry AG's Head of Corporate Controlling in 2004 and assumed the position as Dufry AG's Head Group Treasury in 2005. He additionally has headed Dufry AG's Investor Relations function. Before joining Dufry AG in 2003, Mr. Schneiter worked at UBS Warburg in Zurich in the mergers and acquisitions area beginning in 1998. Mr. Schneiter holds a degree in Business Administration and specialization in Finance from the School of Economics and Business Administration in Berne.

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

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

Dufry AG

Board of Directors

Composition, Election and Term of Office

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

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

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

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

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

Powers and Duties

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

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

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

Members of the Board of Directors

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

Name	Age	Position
Juan Carlos Torres Carretero(1)	67	Chairman of the Board
Andrés Holzer Neumann(2)	66	Vice-Chairman of the Board
Jorge Born(1)(2)	54	Director
Xavier Bouton(2)	65	Director
Joaquín Moya-Angeler Cabrera(1)	66	Director
James S. Cohen(2)	57	Director
José Lucas Ferreira de Melo(1)	59	Director
Julián Díaz González	58	Director
George Koutsolioutsos	47	Director

(1) Audit Committee member.

(2) Nomination and Remuneration Committee member.

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

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

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

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

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

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

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

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

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

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

Definition of Areas of Responsibility

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

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

- ultimate direction of the business of the Company and the power to give the necessary directives;

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

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

Conviction and Proceedings

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

Committees of the Board of Directors

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

Audit Committee

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

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

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

The Audit Committee regularly reports to the Board of Directors on its decisions, assessments and findings and proposes appropriate actions. The Audit Committee generally meets on the same dates as the Board of Directors meetings, although the Chairman may call meetings as often as business requires. The Audit Committee held five meetings in fiscal year 2014, which typically lasted from two to three hours. The Company's independent auditor attended three meetings of the Audit Committee in 2014. Members of the Group Executive Committee attended meetings of the Audit Committee as follows: CEO, five meetings; and the CFO, who acts as Secretary of the Audit Committee, five meetings.

Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee currently consists of James S. Cohen (Chairman), Jorge Born, Xavier Bouton and Andrés Holzer Neumann.

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

The Nomination and Remuneration Committee meets as often as business requires. The four meetings held in the fiscal year 2014 lasted about approximately one to three hours. Members of the Group Executive Committee attended meetings of the Nomination and Remuneration Committee as follows: CEO, three meetings. External advisors attended three meetings of the Nomination and Remuneration Committee in 2014.

Group Executive Committee

As of the date of this Offering Memorandum, the Group Executive Committee comprises nine executives: the Chief Executive Officer ("CEO"); the Chief Financial Officer ("CFO"); the Global Chief Operating Officer ("GCOO"); the Chief Corporate Officer ("CCO"), the Group General Counsel ("GC") and four regional Chief Operating Officers ("COO"), responsible for the following regions: (i) EMEA & Asia: (ii) America I; (iii) America II; and (iv) United States & Canada. The Group Executive Committee conducts our operating management pursuant to the Board of Directors' regulations. The CEO reports to the Board of Directors on a regular basis.

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

Members of the Group Executive Committee

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

Name	Age	Position
Julián Díaz González	58	Chief Executive Officer (CEO)
Andreas Schneiter	45	Chief Financial Officer (CFO)
José Antonio Gea	52	Global Chief Operating Officer (GCOO)
Luis Marin	44	Chief Corporate Officer (CCO)
Pascal C. Duclos	48	Group General Counsel (GC)
René Riedi	55	Chief Operating Officer (COO) Region America I
José Carlos Costa da Silva Rosa	60	Chief Operating Officer (COO) Region America II
Joseph DiDomizio	45	Chief Operating Officer (COO) Region United States & Canada

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

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

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

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

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

Pascal C. Duclos has been our General Counsel since 2005. Before his current position with us, Mr. Duclos was a senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy from 2003 to 2004 and a financial planner at UBS AG in New York from 2001 to 2002. Prior to that, he was an associate at the New York law firm Kreindler & Kreindler from 1999 to 2001 and a senior associate at the Geneva law firm Davidoff & Partners from 1991 to 1997. From 1994 to 1997, Mr. Duclos was also academic assistant at the University of Geneva School of Law. Mr. Duclos received a license in law from Geneva University School of Law and an LL.M. from Duke University School of Law. He is licensed to practice law in Switzerland and is admitted to the New York Bar.

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

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

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

Conviction and Proceedings

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

Compensation of the Board of Directors and Group Executive Committee

Overview

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

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

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

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

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

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

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

The Compensation Ordinance also contains compensation disclosure rules. Pursuant to these rules, the Company is required to prepare an annual compensation report. The compensation report will, among other things, include the compensation of the members of the Board of Directors individually and for the members of the Group Executive Committee on an aggregate basis, as well as the amount for the highest paid member of the Group Executive Committee. Pursuant to the Corporate Governance Directive, the Company is required to disclose basic principles and elements of compensation and shareholding programs for both acting and former members of the Board of Directors and for senior management, as well as the authority and procedures for determining such compensation, in a separate section of our annual report. For further details see “Description of Share Capital and Shares—Compensation Ordinance—Compensation Report.”

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

The Compensation Ordinance generally prohibits certain types of compensation payments to members of the Board of Directors and Group Executive Committee, see "Description of Share Capital and Shares—Description of Shares—Compensation Ordinance—Severance Pay, Advance Payments and Transaction Bonuses."

Board of Directors

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

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

Group Executive Committee

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

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

The weighting of the criteria between cash bonus and the amount of the fixed basic salary are defined on a discretionary basis. The fixed basic salary is usually defined once at the end of the previous year period and is not changed during the reporting period (except in cases where the member of the Group Executive Committee assumes different responsibilities during a reporting period). The bonus is defined once per year and depends on the overall financial results of the Company and of specific subdivisions thereof, as well as on achieving defined goals by each individual person. Each member of the Group Executive Committee has its own bonus. The main part of the bonus is related to measures regarding financial results, both of the Company and of the pertinent region in the case of the Regional Chief Operating Officers. In 2014, such financial measures were weighted for the Chief Executive Officer, the Global Chief Operating Officer, the Chief Financial Officer, the General Counsel, the Chief Corporate Officer and 1 of the 4 Regional Chief Operating Officers as follows: 100% EBITDA; for 3 of the 4 Regional Chief Operating Officers 50% EBITDA (Fiscal Year 2013: 50% EBITDA targets for 2 of the 4 Regional Chief Operating Officers, 100% for the Chief Executive Officer, the Global Chief Operating Officer, the Chief Financial Officer, the General Counsel and 2 of the 4 Regional Chief Operating Officers). Non-financial oriented targets are also taken into account and are reflected with a weighting of 50% for 2 of the Regional Chief Operating Officers in form of individual and general performance of the business as evaluated by the CEO (fiscal year 2013: 50% in case of 2 of the 4 Regional Chief Operating Officers).

In 2014, the total compensation for the nine members of the Group Executive Committee including personal expenses and all short term employee benefits was CHF 24.1 million (2013: CHF 20.6 million). This amount includes a cash compensation of CHF 16.2 million (2013: CHF 9.7 million), employer's contribution to the pension and other post-employment benefits of CHF 1.9 million (2013: CHF 2.0 million) as well as 51,486 performance share units (PSUs) (2013: 42,957) and other benefits of CHF 0.7 million (2013: CHF 0.5 million).

During 2014, our Swiss entities made contributions to the Pension Fund Weitnauer in the amount of CHF 2.5 million, (2013: CHF 2.4 million) and have at December 31, 2014 outstanding balances of CHF 0.5 million (2013: CHF 0.4 million).

Equity-Linked Compensation

In 2013, the Company introduced a PSU plan for the members of the Group Executive Committee. The purpose of the plan is to provide the members of the Group Executive Committee with an increased incentive to make significant and extraordinary contributions to the long-term performance and growth of the Group, enhancing the value of the shares for the benefit of the shareholders of the Company and increasing the ability of the Group to attract and retain persons of exceptional skills.

Performance Share Units (PSU)

In 2013, the members of the Group Executive Committee were granted, in the aggregate, 42,957 PSU and the relevant PSU will vest in 2016. In 2014, the members of the Group Executive Committee were granted, in the aggregate, 51,486 PSU and the relevant PSU will vest in 2017. Vesting conditions of the PSUs are:

- the participant's ongoing contractual relationship on January 1 of the year in which the PSU vest; and
- the achievement of the performance target as described below.

The number of shares allocated for each PSU directly relates to the average growth rate reached by the Company's basic earnings per share ("EPS") adjusted for acquisition-related amortization and normalized for non-recurring effects. For the calculation of the relevant EPS growth for the PSU, the net earnings adjusted by amortization of acquisitions per share ("Core EPS") of the fiscal year preceding the grant date is used as a basis and is compared to the Core EPS of the year preceding the vesting date (final year Core EPS). The basis for the PSU Awards 2013 is the Core EPS of 2012, which will be compared to the respective metric in 2015. The basis for the PSU Awards 2014 is the Core EPS of 2013, which will be compared to the respective metric in 2016.

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

- Minimum threshold of average Core EPS growth of 3.5% per annum must be achieved; otherwise the PSU shall not vest and will become nil and void. The participant will not be allocated any shares from the PSU;
- For a Core EPS growth of 7% per annum (target), the participant shall be allocated one share for every PSU that has vested;
- For a Core EPS growth of 10.5% per annum or above (maximum threshold), the participant shall be allocated two shares for every PSU that has vested;
- For a Core EPS growth of between 3.5% and 7% per annum or between 7% and 10.5% per annum the number of shares allocated from vested PSUs is calculated on a linear basis; and

The maximum number of shares allocated is capped at two shares per vested PSU.

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

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

Ownership of Shares and Options

On December 31, 2014, the following members of the Board of Directors (including closely related parties) and of the Group Executive Committee held directly or indirectly shares or share options of the Company as follows:

	December 31, 2014			December 31, 2013		
	Shares	Share Options(1)	Participation	Shares	Share Options(1)	Participation
			In Thousands			
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	743.0	164.4	2.53%	540.0	—	1.75%
Andrés Holzer Neumann, Vice-Chairman	3,708.8	468.2	11.63%	3,294.6	—	10.66%
Jorge Born, Director	—	30.9	0.09%	—	—	0.00%
James S. Cohen, Director	2,089.0	93.4	6.08%	1,506.7	—	4.88%
Julián Díaz González, Director and CEO	286.9	43.8	0.92%	210.3	10.8	0.72%
George Koutsolioutsos, Director	1,536.1	272.3	5.04%	—	—	0.00%
Joaquín Moya-Angeler Cabrera, Director	6.0	—	0.02%	6.0	—	0.02
Total Board of Directors	**8,369.8**	**1,073.0**	**26.31%**	**5,557.6**	**10.8**	**18.02%**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz González, CEO	286.9	43.8	0.92%	210.3	10.8	0.72%
Andreas Schneiter, CFO	6.1	—	0.02%	3.6	2.5	0.02%
José Antonio Gea, GCOO	4.1	—	0.01%	3.0	6.5	0.03%
Pascal Duclos, General Counsel	—	—	0.00%	—	4.7	0.02%
Luis Marin, CCO	1.5		0.00%			0.00%
Xavier Rossinyol, Former COO Region EMEA & Asia	27.0	—	0.08%	20.4	6.6	0.09%
Rene Riedi, COO America I	—	—	0.00%	—	2.3	0.01%
José C. Rosa, COO America II	4.6	—	0.01%	—	2.2	0.01%
Joseph Didomizio, COO United States & Canada	9.5	—	0.03%	9.5	5.2	0.05%
Total Group Executive Committee	**339.7**	**43.8**	**1.07%**	**246.8**	**40.8**	**0.93%**

(1) Restricted stock units, see further details in Note 29 of the consolidated financial statements.

In addition to the above, the shareholders' group consisting of different legal entities controlled by Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd. held sale positions of 10.80% through options (3,877,480 voting rights).

All these participations are reported in accordance with the regulations of the Federal Act on Stock Exchanges and Securities Trading (SESTA), in force since December 1, 2007, showing the participation (including restricted stock units) as a percentage of the number of outstanding registered shares on December 31, 2014 and December 31, 2013, respectively.

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

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

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

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

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

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

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

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

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

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

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

Potential Conflicts of Interest

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

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

As reported in our annual report for 2014, our related party transactions and relationships that occurred or existed in 2014 and 2013 were the following:

During 2014, we purchased goods from the following related parties: Hudson Wholesale for CHF 18.9 (2013: CHF 21.2 million) and from Hudson RPM CHF 4.0 million (2013: CHF 4.4 million). The purchase prices used in these transactions were at arm's length. At December 31, 2014, we had open invoices with the following related parties: Hudson Wholesale CHF 2.2 million (2013: CHF 1.8 million) and with Hudson RPM CHF 0.4 million (2013: CHF 0.3 million).

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

Dufry Mexico SA de CV operated duty-free shops at the International Airport Benito Juarez in Mexico City based on a sub-concession provided by Inmobiliaria Fumisa SA de CV until 2013. During 2013, the local operations accrued concession fees of CHF 20.6 million. The concession fee payable at December 31, 2013 was CHF 2.5 million. Although we continue to operate the same shops in Mexico City, the concession is now provided by a third party.

Our subsidiary, Inversiones Tunc SA, operates shops at several airports in the Dominican Republic under concession agreements with Aeropuertos Dominicanos Siglo XXI, SA . According to these agreements, Inversiones Tunc SA accrued in 2014 concession fees of CHF 6.8 million (2013: CHF 6.5 million). The concession fee payable at December 31, 2014 amounted to CHF 0.9 million (2013: CHF 0.7 million).

On each of February 1, 2014 and on February 1, 2013, Transportes Aereos de Xalapa SA de CV, a subsidiary of Aeropuertos Dominicanos Siglo XXI, SA agreed to provide air transport services to us. During 2014, we received services for CHF 3.4 million (2013: CHF 3.8 million). The outstanding amount at December 31, 2014 amounted to CHF 1.3 million (2013: CHF 2.4 million).

Mr. George Koutsolioutsos, a member of our Board of Directors, is also CEO and shareholder of the Folli Follie Group. In the years ended December 31, 2013 and 2014, we had the following transactions with companies of this group:

	2014	2013
	In millions of CHF	
Purchase of goods from Folli Follie Group	4.9	4.2
Sales of goods to Folli Follie Group	0.7	0.3
Rent of building from Folli Follie Group	0.8	0.5
Amounts receivable at December 31	4.6	3.8
Amounts payable at December 31	5.3	7.0

SIGNIFICANT SHAREHOLDERS

The following table illustrates the shareholders of the Company holding more than three percent of the issued share capital of the Company as of July 17, 2015 as recorded in the Commercial Register, expressed in number of Shares and as a percentage of the issued share capital of the Company as recorded in the Commercial Register. Each Share carries one vote at a shareholders' meeting of the Company and, as such, the number of Shares held by each shareholder of the Company set forth below is equal to the number of voting rights held by such shareholder. The information contained in the table is based on information provided to the SIX Swiss Exchange and the Company in accordance with article 20 SESTA.

The Company's significant shareholders include(1):

Shareholder(2)	Number of registered Shares held	Registered Shares held in % of share capital	Number of purchase positions	Total number of registered Shares held and purchase positions	Registered Shares held and purchase positions in % of share capital	Number of sale positions	Sale positions in % of share capital
Group of shareholders consisting of various companies and legal entities including Travel Retail Investment S.C.A., Folli Follie Commercial Industrial and Technical S.A. and Hudson Media, Inc., such group representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd.(3)	10,671,432	20.5%	1,013,220	11,684,652	22.44%	4,589,120	8.86%
Morgan Stanley Group(4) .	666,257	1.28%	4,975,962	5,460,718	11.67%	1,821,720	3.5%
Group of shareholders consisting of Government of Singapore, Qatar Holding LLC and Temasek Holdings (Private) Limited(5)	6,413,073	12.32	—	6,413,073	12.32%	—	—
José Carlos Reis de Magalhães Neto(6)	1,882,695	3.62%	—	1,882,695	3.62%	—	—
BlackRock Group(7)	1,593,795	3.06%	6	1,593,801	3.06%	917,567	1.76%
Temasek Holdings (Private) Limited(8)	1,600,404	3.07%	—	1,600,404	3.07%	—	—

(1) The following information is based on the notification we received from the relevant shareholder (the "Notification") until July 17, 2015. The number of Shares held by the relevant shareholder may have changed since the date of Notification. Percentages have been calculated on the basis of the number of Shares

recorded in the Commercial Register as of the date of the relevant Notification (which may be different from the number of Shares recorded in the Commercial Register as of the date of this Offering Memorandum). The number of Shares recorded in the Commercial Register does not include the Shares issued and to be issued upon the conversion of the Mandatory Convertible Notes.

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

(3) Group of Shareholders: Mr. Andrés Holzer Neumann, Mr. Julián Díaz González, Mr. Juan Carlos Torres Carretero, Mr. James S. Cohen, James S. Cohen Family Dynasty Trust, Mr. Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd. form a group of shareholders and disclosed a participation of 29.7% of the share capital of Dufry AG and on November 26, 2014, due to extension of the shareholder group (by Nucleo Co-Investment Fund I Ltd. interests) and the crossing of the 25% threshold (purchase positions of 26.8% in registered shares, purchase position of 2.9% in several options and Mandatory Convertible Notes and sale position of 10.8% in several options). The holdings are held directly and indirectly (inter alia through Travel Retail Investment S.C.A., Petrus Pte. Ltd., Witherspoon Investments LLC, various companies of Grupo Industrial Omega, Hudson Media, Inc., Follie Follie Commercial Industrial and Technical S.A., and Cordial Worldwide Ltd). Travel Retail Investment S.C.A. is represented for the purposes hereof by Frederic Gardeur (412F, route d'Esch, 2086 Luxembourg, Grand Duchy of Luxembourg). Shares held by the Group are held through:

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

   1) Petrus Pte. Ltd. (8 Cross Street, #11-00-PWC Building, Singapore 048424, Singapore), which in turn is held by The Bingo Trust (New Zealand). Travel Retail S.á.r.l. (412f, ROUTE D'Esch, 2086 Luxembourg, Grand Duchy of Luxembourg) is the general partner and sole manager of Travel Retail Investment S.C.A. Petrus Pte. Ltd. holds the majority of the shares in Travel Retail Investment S.C.A. and Travel Retail S.á.r.l. Mr. Andrés Holzer Neumann (Campos Eliseos 345, Polanco, Mexico City, 11560, Mexico) is the settlor of The Bingo Trust and exercises indirect control over the trust.

   2) Witherspoon Investments LLC (1209 Orange Street, Wilmington, DE, 19801 USA), which is held directly by Mr. Juan Carlos Torres (Neue Bahnhofstrasse 148, 4132 Muttenz, Switzerland).

   3) Mr. Julián Díaz González (Heerstrasse 15, 8853 Lachen, Switzerland).

b) Mr. Julián Díaz González holds certain shares directly.

c) Mr. Juan Carlos Torres holds certain shares directly.

d) Petrus Pte. Ltd., Grupo Industrial Omega, S.A. de C.V. (Campos Eliseos No. 345, Piso 10, Mexico City, 11560, Mexico), various companies held directly by Grupo Industrial Omega, S.A. de C.V. (Campos Eliseos No. 345, Piso 10, Cuidad de Mexico, 11560, Mexico) and Consorcio Ann Taylor S.A. de C.V. (Campos Eliseos No. 345, Piso 10, Cuidad de Mexico, 11560, Mexico), all of which are controlled by Mr. Andrés Holzer Neumann.

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

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

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

h) Nucleo Capital Co-Investment Fund I Ltd (Maples Corporate Services Limited, Ugland House, Grand Cayman, KY1-1104 Cayman Islands), which holds the shares directly.

There are four shareholders' agreements in place: (i) a shareholders agreement among Petrus Pte., Ltd., Witherspoon Investment LLC, Mr. Julían Díaz González, Mr. Juan Carlos Torres and Travel Retail S.á.r.l.; (ii) a shareholders' agreement between Travel Retail Investment S.C.A. and Mr. James S. Cohen, James S. Cohen Family Dynasty Trust, and Hudson Media, Inc.; (iii) a shareholders' agreement between Travel Retail Investment S.C.A. and Folli Follie Commercial Industrial and Technical S.A. and (iv) a shareholders' agreement among Travel Retail Investment S.C.A., Mr. Juan Carlos Torres and Nucleo Capital Ltda. (as manager of Nucleo Capital Investment Fund I Ltd.).

Travel Retail S.C.A., Mr. Juan Carlos Torres, Nucleo, Nucleo Capital Ltda., Mr. James S. Cohen, James S. Cohen Family Trust, Hudson Media Inc., Folli Follie Commercial Industrial and Technical S.A. entered into an additional agreement that limits the number of equity securities (to prevent a mandatory offer threshold from being crossed) these parties and their affiliates may hold in Dufry AG, and provides for an automatic exclusion of shareholders from the group reported herein in case of a breach of such a limit. Under this additional agreement, Nucleo Capital Ltda. has to make sure that other funds for which it is the investment manager comply with such limit as well.

(4) The instruments are directly held/issued by the following four entities: Morgan Stanley & Co. International plc (25 Cabot Square, Canary Wharf, London E14 4QA), Morgan Stanley Uruguay Ltda. (de Herrera Avda. Dr. Luis Albe, 1248, unidad 12, Montevideo, Uruguay), Morgan Stanley & Co. LLC, The Corporation Trust Company (Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA), Morgan Stanley Corretora de Titulos e Valores Mobiliarios SA (3600 Avenida Brigadeiro Faria Lima, Floor 6 and Floor 7, Sao Paulo, 04538-132, Brazil) and their subsidiaries:

a) Morgan Stanley & Co. International plc (25 Cabot Square, Canary Wharf, London E14 4QA) is a direct holder and is a subsidiary of Morgan Stanley Investments (UK) (Bank Street, Canary Wharf, London E14 4AD), which is an indirect holder and is a subsidiary of Morgan Stanley UK Group (25 Cabot Square, Canary Wharf, London E14 4QA), which is an indirect holder and is a subsidiary of Morgan Stanley Group (Europe) (20 Bank Street, Canary Wharf, London E14 4AD), which is an indirect holder and is a subsidiary of Morgan Stanley International Limited (25 Cabot Square, Canary Wharf, London E14 4QA), which is an indirect holder and is a subsidiary of Morgan Stanley International Holdings Inc. (The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware DE 19801, USA), which is an indirect holder and is a subsidiary of the beneficial owner, Morgan Stanley.

b) Morgan Stanley Uruguay Ltda. (de Herrera Avda. Dr. Luis Albe, 1248, unidad 12, Montevideo, Uruguay) is a direct holder and is a subsidiary of Morgan Stanley Participações Ltda. (Avenida Brigadeiro Faria Lima, 3600, Floor 06, Sao Paulo, Brazil, 04538-132), which is an indirect holder and is a subsidiary of Morgan Stanley Latin America Incorporated (The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware DE 19801, USA), which is an indirect holder and is a subsidiary of Morgan Stanley International Incorporated (The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware DE 19801, USA), which is an indirect holder and is a subsidiary of the beneficial owner, Morgan Stanley.

c) Morgan Stanley & Co.LLC The Corporation Trust Company (Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware DE 19801, USA) is a direct holder and is a subsidiary of Morgan Stanley Domestic Holdings Inc. (The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware DE 19801, USA), which is an indirect holder and is a subsidiary of Morgan Stanley Capital Management LLC. (The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware DE 19801, USA), which is an indirect holder and is a subsidiary of the beneficial owner, Morgan Stanley.

d) Fundlogic SAS (61 Rue de Monceau, Paris 75008) is a direct holder and is a subsidiary of MSDW Offshore Equity Services Inc. (The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware DE 19801, USA) which is an indirect holder and is a subsidiary of the beneficial owner, Morgan Stanley.

(5) Group of shareholders: Government of Singapore (100 High Street, #10-01, The Treasury, Singapore 179434 Singapore), Qatar Holding LLC (8th Floor, Q-Tel Tower, Diplomatic Area Street, West Bay, Doha, P.O. Box 23224 Qatar) (which is owned by the Qatar Investment Authority, which in turn was founded and is owned by the State of Qatar) and Temasek Holdings (Private) Limited (60B Orchard Road, Tower 2 The

Atrium@Orchard #06-18, Singapore 238891 Singapore) (which is owned by the Minister for Finance of the Republic of Singapore). Shares held by the following members of the Group are held through the following entities:

a) Government of Singapore: Purple Green Investment Pte. Ltd., 168 Robinson Road, #37-01, Capital Tower, Singapore 068912 Singapore.

b) Temasek Holdings (Private) Limited: Kinder Investments Pte.Ltd., 60B Orchard Road, Tower 2 The Atrium@Orchard #06-18, Singapore 238891 Singapore.

Representatives for the group are:

a) Qi Feng, Purple Green Investment Pte. Ltd. 168 Robinson Road, #37-01, Capital Tower, Singapore 068912 Singapore (for Purple Green Investment Pte. Ltd.).

b) Dr Tariq Alsabbagh, Doha, Qatar (for Qatar Holding LLC).

c) Christina Choo, Singapore, Singapore (for Temasek Holdings (Private) Limited).

The members of this Group form a group by virtue of separate parallel lock-up undertakings towards the Company.

(6) Shares held through various Tarpon Funds (Breckenridge Lane Investments, L.P. (855 2nd Street S.W., Suite 3500, Calgary, Alberta, T2P4J8, Canada), Tokenhouse Fund, LLC (2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, USA), TP Partners Public Equities Fund. L.P. (2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, USA), TP Partners Fund, L.P. (199 Bay Street, Suite 4000, Toronto Ontario, M5L1A9, Canada), Bluefin II Fundo de Investimento Multimercado (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), FFB 1 Fundo de Investimento em Ações (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), Sul América Fundo de Investimento em Ações Luz (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), Fundo de Investimento em Ações Sul América Governança I (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), Fundo de Investimento de Ações Tarpon CFJ (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), Longfield Road Investments (LP, 855, 2nd Street S.W., T2P 4J8 Calgary, Alberta, Canada), TF Fund, LLC (1209 Orange Street, Wilmington, Delaware, 19805, USA), Marylebone Fund, LP (2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, USA), Tarpon CSHG Master FIA (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), Matrinxã Fundo de Investimento Multimercado CP (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), Tarpon Institucional FIA (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), Lavraki Fundo de Investimentos em Ações (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil)), which are investment funds managed at the discretion of Tarpon Gestora de Recursos S.A. (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil) as investment advisor. Tarpon Gestora de Recursos S.A. is a wholly-owned subsidiary of Tarpon Investimentos S.A. (Rua Iguatemi, 151, 23rd floor, São Paulo, SP, 01451-011, Brazil), a Brazilian publicly listed company, controlled by the following José Carlos Reis de Magalhães Neto.

(7) Black Rock, Inc., (55 East 52nd Street, New York, NY 10055 U.S.A.) holds the shares and financial instruments indirectly through BlackRock Australia Holdco Pty. Ltd. (Level 26, 101 Collins Street, Melbourne, 3000 VIC, Australia), BlackRock Delaware Holdings Inc. (400 Howard Street, San Francisco, CA 94105, U.S.A.), BlackRock Group Limited (12 Throgmorton Avenue, London, EC2N 2DL, U.K.), BlackRock Holdings Deutschland GmbH (Gerichtsstraße 2, 60313 Frankfurt am Main, Germany), BlackRock Investment Management Ireland Holdings Limited (JP Morgan House, International Financial Services, Centre Dublin 1, Ireland), BlackRock Capital Holdings, Inc. (100 Bellevue Parkway, Wilmington, DE 19809, U.S.A.), BlackRock Cayco Limited (c/o Walkers SPV Limited, P.O.Box 908GT, Walker House, Mary Street, George Town, British West Indies, Cayman Islands), BlackRock Holdco 2, Inc. (1209 Orange Street, Wilmington, DE 19809, U.S.A.), BlackRock Holdco 4, LLC (1209 Orange Street, Wilmington, DE 19809, U.S.A., BlackRock Holdco 6, LLC (1209 Orange Street, Wilmington, DE 19809, U.S.A.), BlackRock, Inc. (55 East 52nd Street, New York, NY 10055, U.S.A.), BlackRock International Holdings, Inc. (55 East 52nd Street, New York, NY 10055, U.S.A.), BlackRock Japan Holdings GK (Marunouchi Trust Tower Main, 1-8-3, Marunouchi Chiyoda-ku, Tokyo, 100-8217 Japan), BR Jersey International Holdings L.P. (13 Castle Street, St. Helier, JE4 5UT, Jersey), BlackRock Trident Holding Company Limited (Taney Hall, Eglington Terrace, Dundrum, Dublin 14, Ireland), BlackRock HK Holdco Limited (13th Floor, One Pacific Place, 88 Queensway, Hong Kong), BlackRock Luxembourg Holdco S.a r.l. (6D, Route de Treves, Senningerberg, L-2633, Luxembourg), Trident Merger, LLC (1 University Square Drive, Princeton, NJ 08540, U.S.A.) which hold the shares and financial instruments indirectly through BlackRock Advisors, LLC (100 Bellevue Parkway, Wilmington, DE 19809, U.S.A.), BlackRock Advisors (UK) Limited (12 Throgmorton Avenue, London, EC2N 2DL, U.K.),

BlackRock Asset Management Canada Limited (161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada), BlackRock Asset Management Deutschland AG (Max-Joseph-Straße 6, 80333 Munich, Germany), BlackRock Asset Management Ireland Limited (International Financial Services Centre, Dublin 1, Ireland), BlackRock Asset Management North Asia Limited (16/F, 2 Queen's Road, Cheung Kong Center, Hong Kong), BlackRock Asset Management Schweiz AG (Bahnhofstraße 54, 8001 Zurich, Switzerland), BlackRock Financial Management, Inc. (55 East 52nd Street, New York, NY 10055, U.S.A.), BlackRock Fund Advisors (400 Howard Street, San Francisco, CA 94105, U.S.A.), BlackRock Fund Managers Limited (12 Throgmorton Avenue, London, EC2N 2DL, U.K.), BlackRock Institutional Trust Company, National Association (400 Howard Street, San Francisco, CA 94105, U.S.A.), BlackRock International Limited (12 Throgmorton Avenue, London, EC2N 2DL, U.K.), BlackRock Investment Management, LLC (1 University Square Drive, Princeton, NJ 08540, U.S.A.), BlackRock Investment Management (Australia) Limited (Level 26, 101 Collins Street, Melbourne, VIC 3000, Australia), BlackRock Investment Management (UK) Limited (12 Throgmorton Avenue, London, EC2N 2DL, U.K.), BlackRock Japan Co., Ltd. (Marunouchi Trust Tower Main, 1-8-3, Marunouchi Chiyoda-ku, Tokyo 100-8217, Japan), BlackRock Life Limited (12 Throgmorton Avenue, London, EC2N 2DL, U.K.), BlackRock (Luxembourg) S.A. (6D, Route de Treves, Senningerberg, L-2633, Luxembourg), BlackRock (Netherlands) B.V. (Rembrandt Tower, 17th floor, Amstelplein, Amsterdam, Netherlands), iShares (DE) I Investmentaktiengesellschaft mit Teilvermogen (Max-Joseph-Straße 6, 80333 Munich, Germany)

(8) Temasek Holdings (Private) Limited (60B Orchard Road, Tower 2 The Atrium@Orchard #06-18, Singapore 238891, Singapore), which is owned by the Minister for Finance of the Republic of Singapore, holds the shares indirectly through Kinder Investments Pte. Ltd. (60B Orchard Road, Tower 2 The Atrium@Orchard #06-18, Singapore 238891, Singapore) which is wholly owned by Tembusu Capital Pte. Ltd., which in turn is wholly owned by Temasek Holdings (Private) Limited.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Credit Facilities

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

2014 Facilities Agreement

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

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

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

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

2014 Letter of Credit Facility Agreement

On September 9, 2014, Dufry International AG (together with certain other members of the Dufry Group) and a group of financial institutions entered into a EUR 250 million letter of credit and bank guarantee facility agreement (the "LC Facility Agreement"). The LC Facility Agreement was entered into primarily for the purpose of (i) refinancing letters of credit or bank guarantees previously issued on behalf of Nuance by the issuing bank (the "Nuance Issuing Bank") under its existing facility and (ii) the issue of new letters of credit and bank guarantees by the Dufry Group.

Letters of credit previously issued by the Nuance Issuing Bank on behalf of Nuance have been refinanced either by way of either delivery to the Nuance Issuing Bank a counter guarantee under the LC Facility Agreement or the provision of cash cover to the Nuance Issuing Bank. Where cash cover has been provided it has been by way of cash deposit into bank accounts of Nuance held with the Nuance Issuing Bank, the balance of which accounts have been secured in favor of the Nuance Issuing Bank.

The obligations of Dufry International AG as borrower under the LC Facility Agreement are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry Financial Services B.V., Dufry Holdings & Investments AG and Hudson Group (HG), Inc.. For letters of credit or bank guarantees issued under the LC Facility Agreement, Dufry International AG pays a fee equal to the higher of (i) EUR 500.00 per annum and (ii) a daily fee on the face amount of each letter of credit or bank guarantee at a rate of 1.255% per annum for the first three months and thereafter between 2.15% and 0.75% per annum as determined by reference to the credit ratings. Each letter of credit or bank guarantee will expire on the date given on its face. The LC Facility Agreement will terminate on September 9, 2019.

New Credit Facilities

On March 27, 2015, Dufry International AG and Dufry Financial Services B.V. (together with certain other members of the Dufry Group) and a group of financial institutions entered into an unsecured multicurrency term facilities agreement (the "2015 Facilities Agreement") consisting of, prior to reallocation, a EUR 1,600 million and EUR 1,500 million bridge facilities (the "New Bridge Facilities") and a EUR 500 million term facility (the "New 2015 Term Loan," and together with the New Bridge Facilities, the "New Credit Facilities"). The 2015 Facilities Agreement contains an option to reallocate up to EUR 300 million from the EUR 1,500 million bridge facility to the New 2015 Term Loan, increasing the New 2015 Term Loan from EUR 500 million to EUR 800 million. We exercised this option on May 8, 2015. The 2015 Facilities Agreement was entered into primarily for the purpose of (i) financing the acquisition of World Duty Free (ii) the repayment or prepayment of the existing debt of World Duty Free and (iii) the payment of fees, costs and expenses incurred by Dufry International AG (or other members of the Dufry Group) in connection with the acquisition of World Duty Free. We expect to draw down on the New 2015 Term Loan in connection with this offering. On July 6, 2015, the committed amount of the New Bridge Facilities was reduced to EUR 766 million upon receipt of the net proceeds from the Rights Offering described below, and we expect that the committed amount of the New Bridge Facilities will be further reduced upon receipt of the net proceeds from this Offering.

The obligations of Dufry International AG and Dufry Financial Services B.V. as borrowers under the 2015 Facilities Agreement are irrevocably and unconditionally and jointly and severally guaranteed by Dufry AG, Dufry International AG, Dufry Financial Services B.V., Dufry Holdings & Investments AG and Hudson Group (HG), Inc.. The New Credit Facilities bear interest, paid at periods selected by the borrower, at a floating rate (LIBOR, in relation to any currency other than Euro, or EURIBOR, in relation to any loan in Euro) plus a margin. On the New Bridge Facilities, the margin ranges from 1.75% to 4.00%, as determined by a margin ratchet over the period of the facility. On the New 2015 Term Loan, the margin ranges from 1.25% to 3.00%, as determined by reference to the credit ratings of Dufry AG. The EUR 1,600 million bridge facility matures six months after the closing date of the Acquisition. The EUR 1,500 million bridge facility matures 12 months after its first utilization, with an extension option (at the option of Dufry International AG) for an additional 6 months. The New 2015 Term Loan matures on July 31, 2019.

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

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

Senior Unsecured Notes

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

Senior Notes due 2020

On October 26, 2012, Dufry Finance SCA, issued unsecured, publicly listed senior notes due on October 15, 2020 in an aggregate principal amount of USD 500 million (the "Senior Notes due 2020") for the purpose of refinancing existing debt. Dufry Finance SCA's obligation under the Senior Notes due 2020 are irrevocably and unconditionally and jointly and severally guaranteed by Dufry International AG, Dufry Holdings & Investments AG and Hudson Group (HG), Inc. and Dufry AG. The notes bear interest, paid semi-annually in arrears, at a fixed rate of 5.50%, on April 15 and October 15 of each year.

The indenture governing the Senior Notes due 2020 also contains other terms, including affirmative and negative covenants that affect our ability, among other things, to incur indebtedness, pay dividends or make other distributions or repurchase or redeem our capital stock, make loans and investments, incur liens and consolidate, merge or sell all or substantially all of our assets, and require us to make certain financial information available to the noteholders. Events of default under the indenture governing the Senior Notes due 2020 include, among other things, payment and covenant breaches and insolvency.

As of March 31, 2015, we estimate that we would have been permitted to distribute no less than CHF 4 billion under the cumulative "builder basket" (measured using 50% of consolidated net income, proceeds from certain equity issuances, and other components, in each case since October 1, 2012) of the restricted payments covenant under the indenture governing the Senior Notes due 2020.

Senior Notes due 2022

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

The indenture governing the Senior Notes due 2022 also contains other terms, including affirmative and negative covenants that affect our ability, among other things, to incur indebtedness, pay dividends or make other distributions or repurchase or redeem our capital stock, make loans and investments, incur liens and consolidate, merge or sell all or substantially all of our assets, and require us to make certain financial information available to the noteholders. Events of default under the indenture governing the Senior Notes due 2022 include, among other things, payment and covenant breaches and insolvency.

As of March 31, 2015, we estimate that we would have been permitted to distribute no less than CHF 3 billion under the cumulative "builder basket" (measured using 50% of consolidated net income, proceeds from certain equity issuances, and other components, in each case since October 1, 2012) of the restricted payments covenant under the indenture governing the Senior Notes due 2022.

Mandatory Convertible Notes

On June 13, 2014, Dufry Financial Services B.V. issued CHF 275 million 2% mandatory convertible notes due on June 18, 2015, convertible into registered shares from the conditional capital or existing shares of Dufry AG. Due to the conversion of all Mandatory Convertible Notes on or before June 18, 2015, the Company issued 1,809,188 registered shares out of its conditional capital, which registered shares have not been registered in the Commercial Register as of the date of this Offering Memorandum.

Other Subsidiary Indebtedness

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

World Duty Free Facilities

As of March 31, 2015, World Duty Free had EUR 1,041 million of debt outstanding under a EUR 1,250 million unsecured multicurrency credit facility that consisted of a EUR 725 million revolving credit facility and a senior unsecured term loan. See the Interim Condensed Consolidated Statement of Financial Position for World Duty Free S.p.A. and the notes to World Duty Free's consolidated financial statements included elsewhere in this Offering Memorandum. Dufry expects to repay the amounts outstanding under and terminate the World Duty Free credit facility following the closing of the Initial Acquisition.

DESCRIPTION OF NOTES

The Issuer will issue €700.0 million aggregate principal amount of senior notes due 2023 denominated in euro (the "Notes") under an indenture (the "Indenture"), to be dated as of July 28, 2015, among the Issuer, the Guarantors, Wells Fargo Bank, National Association, as trustee (the "Trustee") and Société Générale Bank & Trust as Principal Paying Agent, Registrar and Transfer Agent (each as defined below). For purposes of this section, the word "Issuer" refers only to Dufry Finance SCA, a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg ("Luxembourg"), having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B172144, acting by Dufry Finance I S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 7, rue Robert Stümper, L-2557 Luxembourg, having a share capital of USD 16,200 (sixteen thousand and two hundred United States Dollars) and registered with the Luxembourg Trade and Companies under number B172120, the word "Company" refers only to Dufry AG and not to any of its subsidiaries, and the terms "we," "our" and "us" each refer to the Company and its consolidated subsidiaries. Any reference to a "Holder" or a "Noteholder" in this "Description of Notes" refers to the registered holders of the Notes. The terms of the Notes include those expressly set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

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

Brief Description of the Notes and the Note Guarantees

The Notes will be:

- unsecured Senior Indebtedness of the Issuer;
- equal in right of payment with all existing and future Senior Indebtedness of the Issuer (including the Existing Notes); and
- senior in right of payment to all existing and future Subordinated Obligations of the Issuer.

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

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

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

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

As of March 31, 2015, on a historical basis, the aggregate amount of indebtedness of the Parent Guarantor's subsidiaries other than the Issuer and the Guarantors was CHF 54.1 million.

Principal, Maturity and Interest

The Notes will mature on August 1, 2023. Each Note will bear interest at a rate of 4.500% per annum from July 28, 2015, or from the most recent date to which interest thereon has been paid or provided for. Interest will be payable semi-annually in cash to Holders of record at the close of business on the January 15 and July 15 immediately preceding the relevant interest payment date on February 1 and August 1 of each year, commencing February 1, 2016. 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 €700 million. Additional Notes having the same terms in all respects as the Notes, or in all respects except with respect interest paid or payable on or prior to the first interest payment date after the issuance of such Notes, may be issued under the Indenture ("Additional Notes"), subject to the limitations set forth under "—Certain Covenants—Limitation on Indebtedness." The Notes and the Additional Notes that are actually issued will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. If the Additional Notes are not fungible with the original Notes for U.S. federal income tax purposes, the Additional Notes will have a CUSIP, ISIN or other identifying number that is different from that of the original Notes. Unless the context otherwise requires, the term "Notes" is used herein to refer to both the Notes and the Additional Notes.

Other Terms

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

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

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

Paying Agent, Registrar and Transfer Agent for the Notes

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

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

Additional Amounts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note Guarantees

On the Issue Date, the Notes will be fully and unconditionally Guaranteed (collectively, the "Note Guarantees") on a senior basis by the Company and certain of the Company's Restricted Subsidiaries organized under the laws of Switzerland, the Netherlands and Delaware, each of which is an obligor of the Existing Notes, the 2014 Credit Facilities and the New Credit Facilities. From and after the Issue Date, to the extent required by the covenant described under the heading "—Certain Covenants—Future Subsidiary Guarantors," the Company will cause each Subsidiary that guarantees payment by the Company of any Bank Indebtedness or Public Debt of the Company or its Subsidiaries in excess of the De Minimis Guaranteed Amount to execute and deliver to the Trustee a supplemental indenture or other instrument pursuant to which such Subsidiary will guarantee payment of the Notes, whereupon such Subsidiary will become a Guarantor for all purposes under the Indenture. In addition, the Company may cause any Subsidiary that is not a Guarantor so to guarantee payment of the Notes and become a Guarantor. The Note Guarantees will be joint and several obligations of the Guarantors.

Not all of the Company's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

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

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

Release of Note Guarantees

The Note Guarantee of a Subsidiary Guarantor will be released:

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

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

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

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

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

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

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

(8) upon the release or discharge of the Guarantee by such Subsidiary Guarantor of each of the Existing Notes, the 2014 Credit Facilities and the New Credit Facilities or, in the case of a Note Guarantee granted pursuant to the covenant described under the caption "—Certain Covenants—Future Subsidiary Guarantors," the Guarantee which resulted in the creation of such Note Guarantee, except in each case a discharge or release by or as a result of payment under such Guarantee.

The Note Guarantee of the Company will be released:

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

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

Mandatory Redemption

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

Special Mandatory Redemption

If the Initial Acquisition has not been completed on or prior to the Long Stop Date (as defined in, and extended as permitted, under the Acquisition Agreement) or, prior to the Long Stop Date, the Company certifies to the Trustee that the Acquisition Agreement has been terminated, the Issuer shall redeem the Notes (a "Special Mandatory Redemption") at 100% of the issue price of the Notes set forth on the cover page of this Offering Memorandum plus accrued and unpaid interest from the Issue Date to but not including the redemption date. The Long Stop Date is currently September 24, 2015.

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

Optional Redemption

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

The Notes will be redeemable, at the Issuer's option, in whole or in part, at any time and from time to time on and after August 1, 2018 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 August 1 of the years set forth below:

Period	Redemption Price
2018	103.375%
2019	102.250%
2020	101.125%
2021 and thereafter	100.000%

In addition, the Indenture provides that at any time and from time to time on or prior to August 1, 2018, 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 104.500%, 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 August 1, 2018, the Notes may also be redeemed or purchased (by the Issuer or any other Person) in whole or in part, at the Issuer's option, at a price (the "Redemption Price") equal to 100% of the principal amount thereof plus the Applicable Premium (as defined below) as of, and accrued but unpaid interest and Additional Amounts, if any, to, the date of redemption or purchase (the "Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

"*Applicable Premium*" means, with respect to a Note at any Redemption Date, the greater of (i) 1.0% of the principal amount of such Note and (ii) the excess of (A) the present value at such Redemption Date of (1) the redemption price of such Note on August 1, 2018 (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 August 1, 2018 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 August 1, 2018; *provided*, *however*, that if the period from the Redemption Date to such date is not equal to the constant maturity of a German Bundesanleihe security selected by such Reference German Bund Dealer, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of German Bundesanleihe securities for which such yields are given, except that if the period from the Redemption Date to such date is less than one year, a fixed maturity of one year shall be used. "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Issuer.

Redemption for Changes in Taxes

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

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

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

Change of Control

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

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

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

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

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

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

Notes repurchased by the Issuer or the Company pursuant to a Change of Control Offer will have the status of Notes issued but not outstanding or will be retired and cancelled at the option of the

Issuer or the Company, as applicable. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

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

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

In the event a Change of Control occurs at a time when the Issuer or Company are prohibited, by the terms of any Indebtedness, from purchasing the Notes, the Issuer and Company may seek the consent of the holders of such Indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If the Issuer or Company do not obtain such a consent or repay such borrowings, the Issuer and Company would remain prohibited from purchasing the Notes. In such case, the Issuer or Company's failure to offer to purchase the Notes would constitute a default under the Indenture. For the avoidance of doubt, the Indenture will provide that the Issuer or Company's failure to offer to purchase the Notes would constitute a default under clause (iv) and not clause (i) under the caption "—Events of Default." Indebtedness incurred in the future may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require the repurchase of such Indebtedness upon a Change of Control. Moreover, the exercise by the Holders of Notes of their right to require the Issuer or Company to repurchase their Notes could cause a default under such Indebtedness, even if the change of control itself does not, due to the financial effect of such repurchase on us. Finally, the ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by the Issuer or Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "Risk Factors—Risks Relating to the Notes—We may be unable to repurchase the Notes upon a change of control."

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

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

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to

any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than the Company or one of its Restricted Subsidiaries;

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

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

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

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

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

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

Selection and Notice

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

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

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

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

Effectiveness of Covenants

The Indenture will provide that, if on any day following the Issue Date (a) the Notes have been rated Investment Grade from all three of the Rating Agencies (*provided* that if only two of the Rating Agencies continue to rate the Notes, then the Notes have been rated Investment Grade from two of the Rating Agencies), and (b) no Default or Event of Default has occurred and is continuing under the Indenture, then, beginning on that day (the "Termination Date"), subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this "Description of Notes" section of this Offering Memorandum (collectively, the "Terminated Covenants") will be terminated:

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

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

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

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

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

Certain Covenants

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

Limitation on Indebtedness

The Indenture will provide as follows:

(a) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness; *provided, however*, that the Company or any Restricted Subsidiary may Incur

Indebtedness if on the date of the Incurrence of such Indebtedness, after giving effect to the Incurrence thereof, the Consolidated Coverage Ratio would be not less than 2.00:1.00.

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

(i) Indebtedness Incurred pursuant to any Credit Facility (including but not limited to in respect of letters of credit or bankers' acceptances issued or created thereunder) and Indebtedness Incurred other than pursuant to any Credit Facility, in a maximum principal amount at any time outstanding not exceeding in the aggregate the amount equal to the sum of CHF 900.0 million, *plus* $1,010.0 million, *plus* €1,650.0 million;

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

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

(iv) Purchase Money Obligations and Capitalized Lease Obligations, and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of $200.0 million and 2.0% of Consolidated Total Assets;

(v) Indebtedness consisting of (A) accommodation guarantees or other trade credit to or for the benefit of Subsidiaries, customers and suppliers of the Company or any of its Restricted Subsidiaries in the ordinary course of business, (B) bid proposals to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations in the ordinary course of business or (C) upfront, key money or similar payments made to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations in the ordinary course of business;

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

(vii) Indebtedness of the Company or any Restricted Subsidiary (A) arising from the honoring of a check, draft or similar instrument of such Person drawn against insufficient funds, *provided* that such Indebtedness is extinguished within five Business Days of its Incurrence, (B) arising from cash management activities (including but not limited to liability positions related to notional or other cash pooling activities), or (C) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person;

(viii) Indebtedness of the Company or any Restricted Subsidiary in respect of (A) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to, or for the benefit of, customs authorities or to governmental entities in connection with self-insurance under applicable workers' compensation statutes), or (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business (including performance guarantees, guarantee deposits or other forms of Indebtedness that have the effect of a guarantee in respect of the payment of concession or other fees to, or for the benefit of, airport authorities, landlords or other grantors of concessions or leases for retail operations), or (C) Hedging Obligations, entered into for bona fide hedging purposes, or (D) Management Advances, or (E) the financing of insurance premiums in the ordinary course of business, or (F) netting, overdraft protection and other arrangements arising under standard business terms of any bank at which the Company or any Restricted Subsidiary maintains an overdraft, cash pooling or other similar facility or arrangement;

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

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

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

(xii) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of $400.0 million and 4.0% of Consolidated Total Assets.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this covenant) arising under any Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraph (b) above or is entitled to be incurred pursuant to paragraph (a) above, the Company, in its sole discretion, will be entitled to classify and later reclassify (based on the circumstances existing on the date of such reclassification) such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of such clauses in paragraphs (a) or (b) above (including in part under one such clause and in part under another such clause in paragraphs (a) or (b) above) (*provided* that all Indebtedness outstanding under the 2014 Credit Facilities and New Credit Facilities on the Issue Date will be treated as incurred on the Issue Date under clause (i) of paragraph (b) and may not be later reclassified); and (iii) the amount of any Indebtedness outstanding as of any date shall be (A) the accreted value thereof in the case of any Indebtedness issued with original discount and (B) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

(d) For purposes of determining compliance with any Dollar-denominated restriction on the Incurrence of Indebtedness denominated in a foreign currency, the Dollar-equivalent principal amount of such Indebtedness Incurred pursuant thereto will be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; *provided* that (x) the Dollar-equivalent principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date, (y) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being Incurred), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced *plus* (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing and (z) the Dollar-equivalent principal amount of Indebtedness denominated in a foreign currency and Incurred pursuant to any of the 2014 Credit Facilities or the New Credit Facilities shall be calculated based on the relevant currency exchange rate in effect on, at the Company's option, (i) the Issue Date, (ii) any date on which any of the respective commitments under such Credit Facility shall be reallocated between or among facilities or subfacilities thereunder, or on which such rate is otherwise calculated for any purpose thereunder, or (iii) the date of such Incurrence. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Issuer's Activities and Ownership

For so long as the Notes are outstanding:

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

Successor Company) on substantially the same terms as such Indebtedness and activities incidental thereto; and

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

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

Limitation on Liens

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

Future Subsidiary Guarantors

The Indenture will provide that from and after the Issue Date the Company will cause each Restricted Subsidiary that guarantees payment by the Company or its Restricted Subsidiaries of any Bank Indebtedness or Public Debt of the Company or any of its Restricted Subsidiaries in excess of the De Minimis Guaranteed Amount to execute and deliver to the Trustee a supplemental indenture or other instrument pursuant to which such Restricted Subsidiary will guarantee payment of the Notes, whereupon such Restricted Subsidiary will become a Subsidiary Guarantor for all purposes under the Indenture. The Company will also have the right to cause any other Subsidiary so to guarantee payment of the Notes. The Note Guarantees will be subject to release and discharge under certain circumstances prior to payment in full of the Notes. See "—Note Guarantees."

Notwithstanding the foregoing:

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

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

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

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

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

Designation of Restricted and Unrestricted Subsidiaries

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

Reports

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

(1) within 120 days after the end of the Company's fiscal year (commencing with the fiscal year ending December 31, 2015) (A) the Company's annual report and accounts (including audited year-end financial statements prepared in accordance with IFRS and an explanatory statement) prepared in accordance with the rules of the SIX Swiss Exchange and (B) to the extent not already provided under clause (A), (i) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies, (ii) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments (unless such contractual arrangements were described in a previous annual or quarterly report, in which case the Company need describe only any material changes), (iii) material risk factors relating to the business of the Company and material recent developments, (iv) pro forma income statement and balance sheet information, together with explanatory footnotes for any Material Acquisitions that have occurred since the beginning of the most recently completed fiscal year (*provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, and to the extent not available without unreasonable expense, the Company will provide, in the case of a Material Acquisition, acquired company

financials), and (v) audited consolidated statements of income, statements of cash flow and balance sheets of the Company as of and for the most recent two fiscal years (including appropriate footnotes and the report of the independent auditors on such financial statements);

(2) within 60 days following the end of the first semi-annual period of the Company's financial year (commencing with the semi-annual period ending June 30, 2015) (A) an interim report (including a condensed set of semi-annual interim financial statements prepared in accordance with IFRS and an explanatory statement) prepared in accordance with requirements of the rules of the SIX Swiss Exchange or a half-yearly report and (B) to the extent not already provided under clause (A), (i) an unaudited condensed consolidated balance sheet as of the end of such semi-annual period and an unaudited condensed statement of income and statement of cash flow for the period from the beginning of the then-current fiscal year until the end of such semi-annual period, and the comparable prior year periods (together with condensed footnote disclosure), (ii) an operating and financial review of the unaudited financial statements, in a level of detail comparable in all material respects to the operating and financial review of the Company contained in its semi-annual report as of and for the six month period ended June 30, 2014 and (iii) material recent developments;

(3) within 60 days following the end of the first and third quarterly period of the Company's financial year (commencing with the quarterly period ending September 30, 2015) (i) an unaudited condensed consolidated balance sheet as of the end of such quarter and an unaudited condensed statement of income and statement of cash flow for the period from the beginning of the then-current fiscal year until the end of such quarter, and the comparable prior year periods (together with condensed footnote disclosure), (ii) a financial review of the unaudited financial statements, in a level of detail comparable in all material respects to the financial review of the Company contained in its quarterly report as of and for the three month period ended March 31, 2015 and (iii) material recent developments; and

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

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

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

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

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

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

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

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

Merger and Consolidation

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

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

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

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

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

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

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

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

Maintenance of Listing

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

Open Market and Negotiated Purchases

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

Events of Default

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

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

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

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

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

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

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

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

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

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

(x) the failure of any Note Guarantee by the Company or a Subsidiary Guarantor that is a Significant Subsidiary to be in full force and effect (except as contemplated by the terms thereof or of the Indenture) or the denial or disaffirmation in writing by the Company or any Subsidiary Guarantor that is a Significant Subsidiary of its obligations under the Indenture or its Note Guarantee, if such Default continues for 10 days.

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

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

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

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

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

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

Amendments and Waivers

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

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

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

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

Defeasance

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

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

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

Satisfaction and Discharge

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

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

No past, present or future director, officer, employee, incorporator or stockholder of the Company, the Issuer, any Subsidiary Guarantor or any Subsidiary of any thereof shall have any liability for any obligation of the Company, the Issuer, or any Subsidiary Guarantor under the Indenture, the Notes or any Note Guarantee, or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Concerning the Trustee

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

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

Judgment Currency

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

Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder, Principal Paying Agent or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Transfer and Exchange

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

Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and to trading on the Global Exchange Market of the Irish Stock Exchange. There can be no assurance that the application to list the Notes on the Irish Stock Exchange and to admit the Notes on the Global Exchange Market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

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

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

Governing Law

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

Consent to Jurisdiction and Service of Process

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

Enforceability of Judgments

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

Certain Definitions

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

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

"*2020 Notes*" means the Issuer's Senior Notes due 2020, issued pursuant to that certain Indenture dated as of October 26, 2012.

"*2022 Notes*" means the Issuer's Senior Notes due 2022, issued pursuant to that certain Indenture dated as of July 17, 2014.

"*Acquisition Agreement*" means the definitive acquisition agreement between the Seller and the Company, dated as of March 28, 2015, in relation to the Acquisition as amended from time to time.

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

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

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

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

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

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

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

"*Cash Equivalents*" means any of the following: (a) securities issued or fully guaranteed or insured by the United States of America, a member state of the European Union, Switzerland, Brazil, Uruguay or Argentina or any agency or instrumentality of any thereof, (b) time deposits, certificates of deposit or bankers' acceptances of (i) any lender under any of the 2014 Credit Agreement or the New Credit Agreement or any affiliate thereof or (ii) any commercial bank having capital and surplus in excess of $500,000,000 and the commercial paper of the holding company of which is rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (c) money market instruments, commercial paper or other short-term obligations rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (d) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act of 1940, as amended, and (e) investments similar to any of the foregoing denominated in foreign currencies approved by the Board of Directors.

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

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

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

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

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

(3) if since the beginning of such period the Company or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business (any such disposition, a "*Sale*"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to (A) the Consolidated Interest Expense attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Sale for such period (including but not limited to through the assumption of such Indebtedness by another Person) plus (B) if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale; *provided* that if such Sale constitutes "*discontinued operations*" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period,

(4) if since the beginning of such period the Company or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets

constituting an operating unit of a business, including any such Investment or acquisition contemplated in connection with a transaction causing a calculation to be made hereunder (any such Investment or acquisition, a "*Purchase*"), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period, and

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

For purposes of this definition, whenever pro forma effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the pro forma calculations in respect thereof (including without limitation in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction which cost savings or synergies shall consist solely of operating expense reductions and other operating improvements or synergies reasonably expected to result from such Sale, Purchase or other transaction to the extent reasonably anticipated to be realized and supportable in the good faith judgment of the Company and actions necessary for realization thereof have been taken or are to be taken within 18 months of the applicable Sale, Purchase or other transaction and to the extent such actions shall not have been taken within such period, such cost savings and synergies shall not be given further effect) shall be as determined in good faith by the Chief Financial Officer or an authorized Officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness). If any Indebtedness bears, at the option of the Company or a Restricted Subsidiary, a rate of interest based on a prime or similar rate, a eurocurrency interbank offered rate or other fixed or floating rate, and such Indebtedness is being given pro forma effect, the interest expense on such Indebtedness shall be calculated by applying such optional rate as the Company or such Restricted Subsidiary may designate. If any Indebtedness that is being given pro forma effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate determined in good faith by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

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

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

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

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

Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (ii) below) and (B) the Company's equity in the net loss of such Person shall be included to the extent of the aggregate Investment of the Company or any of its Restricted Subsidiaries in such Person,

(ii) [reserved],

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

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

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

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

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

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

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

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

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

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

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

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

In the case of any unusual or nonrecurring gain, loss or charge not included in Consolidated Net Income pursuant to clause (iv) above in any determination thereof, the Company will deliver an

Officer's Certificate to the Trustee promptly after the date on which Consolidated Net Income is so determined, setting forth the nature and amount of such unusual or nonrecurring gain, loss or charge.

"*Consolidated Total Assets*" means, as of any date of determination, the total assets on the consolidated balance sheet of the Company and its Restricted Subsidiaries as at the end of the most recently ended fiscal quarter of the Company for which such a balance sheet is available, determined on a Consolidated basis in accordance with IFRS (and, in the case of any determination relating to any Incurrence of Indebtedness or any Investment, on a pro forma basis including any property or assets being acquired in connection therewith).

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

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

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

"*De Minimis Guaranteed Amount*" means a principal amount of Indebtedness or Public Debt that does not exceed $50.0 million.

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

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

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

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

"*Existing Notes*" means collectively, the 2020 Notes and the 2022 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 or any of its successors or assigns.

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

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

"*Guarantor Subordinated Obligations*" means, with respect to a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is expressly subordinated in right of payment to the obligations of such Guarantor under its Note Guarantee pursuant to a written agreement.

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

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

"*IFRS*" means International Financial Reporting Standards as in effect on the Issue Date.

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

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

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

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

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

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

(v) all Capitalized Lease Obligations of such Person,

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

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

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

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

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

"*Initial Acquisition*" means the acquisition of all of the equity interests of the Target held by Schematrentaquattro S.p.A. pursuant to the Acquisition Agreement.

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

"*Investment*" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, airport authorities or other grantors of concessions for retail operations, landlords, dealers, licensees, franchisees, suppliers, service providers, directors, officers or employees of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others, other than to customers, airport authorities or other grantors of concessions for retail operations, landlords, dealers, licensees, franchisees, suppliers, service providers, directors, officers or employees of any Person in the ordinary course of business) to, or any purchase (other than to customers, airport authorities or other grantors of concessions for retail operations, landlords, dealers, licensees, franchisees, suppliers, service providers, directors, officers or employees of any Person in the ordinary course of business) or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

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

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

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

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

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

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

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

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

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

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

"*New Credit Facilities*" means the collective reference to the New Credit Agreement, any Finance Documents (as defined therein), any notes issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original New Credit Agreement or one or more other credit agreements, indentures (including the Indenture) or financing agreements or otherwise). Without limiting the generality of the foregoing, the term "New Credit 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.

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

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

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

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

"*Permitted Liens*" means:

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

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

(iii) pledges, deposits or Liens in connection with workers' compensation, unemployment insurance and other social security and other similar legislation or other insurance-related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(iv) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, or for the payment of rent, and other obligations of a like nature incurred in the ordinary course of business;

(v) survey exceptions, easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Company and its Subsidiaries, taken as a whole;

(vi) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or (in the case of any such Liens securing Indebtedness of the Company or any of its Subsidiaries existing or arising under written arrangements existing on the Issue Date) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(vii) (1) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar agreements relating thereto and (2) any condemnation or eminent domain proceedings affecting any real property;

(viii) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Hedging Obligations, Purchase Money Obligations or Capitalized Lease Obligations Incurred in compliance with the covenant described under "—Certain Covenants—Limitation on Indebtedness";

(ix) Liens arising out of judgments, decrees, orders or awards in respect of which the Company shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;

(x) leases, subleases, licenses or sublicenses of property, including intellectual property, to third parties;

(xi) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of (1) Indebtedness Incurred in compliance with clause (b)(iv), (b)(v), (b)(vii), (b)(viii), (b)(ix) or (b)(xii) of the covenant described under "—Certain Covenants—Limitation on Indebtedness," or clause (b)(iii) thereof (other than the Notes, the Existing Notes and Refinancing Indebtedness Incurred in respect of Indebtedness described in paragraph (a) thereof), (2) Indebtedness Incurred in compliance with clause (b)(i) of the covenant described under "—Certain Covenants—Limitation on Indebtedness" in an aggregate principal amount not to exceed the greater of (x) CHF 1,200 million and (y) an amount equal to two times the Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which financial statements are available, with such pro forma adjustments to Consolidated EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Consolidated Coverage Ratio", (3) the Notes, (4) Indebtedness of any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor, (5) Indebtedness or other obligations of any Special Purpose Entity, or

(6) obligations in respect of Management Advances; in each case including Liens securing any Guarantee of any thereof;

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

(xiii) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(xiv) any encumbrance or restriction (including, but not limited to, put and call agreements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(xv) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, *provided* that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;

(xvi) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (2) on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (3) on receivables (including related rights), (4) on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (5) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, (6) in favor of the Company or any Restricted Subsidiary (other than Liens on property or assets of the Issuer, the Company or any Subsidiary Guarantor in favor of any Restricted Subsidiary that is not a Subsidiary Guarantor), (7) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (8) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (9) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business, (10) arising in connection with repurchase agreements permitted under the covenant described under "—Certain Covenants—Limitation on Indebtedness," on assets that are the subject of such repurchase agreements, (11) in favor of any Special Purpose Entity in connection with any Financing Disposition, (12) securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds thereof, (13) on assets pursuant to merger agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets, (14) on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or trade letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods or (15) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business; and

(xvii) other Liens securing obligations incurred in the ordinary course of business, which obligations do not exceed $200.0 million at any time outstanding.

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

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

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities that are capable of being listed, quoted or traded on an organized securities exchange or similar trading platform.

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

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

"*Receivable*" means a right to receive payment pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with IFRS.

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

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary that is Incurred to refinance any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture including Indebtedness that refinances Refinancing Indebtedness; *provided* that (1) if the Indebtedness being refinanced is Subordinated Obligations or Guarantor Subordinated Obligations, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the final Stated Maturity of the Indebtedness being refinanced (or if shorter, the Notes), (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness and (3) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor that refinances Indebtedness of the Company, the Issuer or a Subsidiary Guarantor that could not have been initially Incurred by such Restricted Subsidiary pursuant to the covenant described under "—Certain Covenants—Limitation on Indebtedness" or (y) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

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

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

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

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

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

"*Special Purpose Financing Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Special Purpose Financing.

"*Special Purpose Financing Undertakings*" means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Company or any of its Restricted Subsidiaries that the Company determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; *provided* that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes or (ii) Hedging Obligations, or other obligations relating to Interest Rate Agreements, Currency Agreements or Commodities Agreements entered into by the Company or any Restricted Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Company or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

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

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

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

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

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

"*Subsidiary Note Guarantee*" means any Note Guarantee that may from time to time be entered into by a Restricted Subsidiary of the Company on the Issue Date or after the Issue Date pursuant to the covenant described under "—Certain Covenants—Future Subsidiary Guarantors." As used in the Indenture, "Subsidiary Note Guarantee" refers to a Subsidiary Note Guarantee of the Notes.

"*Subsidiary Guarantor*" means any Restricted Subsidiary of the Company that enters into a Subsidiary Note Guarantee. As used in the Indenture, "Subsidiary Guarantor" refers to a Subsidiary Guarantor of the Notes.

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

"*Target*" means World Duty Free S.p.A.

"*Tax*" means any tax, duty, import, assessment or other governmental charge (including penalties, interest and any additions thereto, and, for the avoidance of doubt, including any withholding or reduction for or on account thereof). "Taxes" shall be construed to have the corresponding meaning.

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

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

"*Unrestricted Subsidiary*" means (i) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company but excluding the Issuer) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Restricted Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; *provided* that (A) such designation was made at or prior to the Issue Date, or (B) the Subsidiary to be so designated has total consolidated assets of $1,000 or less. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (x) the Company could Incur at least $1.00 of additional Indebtedness under paragraph (a) in the covenant described under "—Certain Covenants—Limitation on Indebtedness" or (y) the Consolidated Coverage Ratio would be greater than it was immediately prior to giving effect to such designation or (z) such Subsidiary shall be a Special Purpose Subsidiary with no Indebtedness outstanding other than Indebtedness that can be

Incurred (and upon such designation shall be deemed to be Incurred and outstanding) pursuant to paragraph (b) of the covenant described under "—Certain Covenants—Limitation on Indebtedness." Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Company's Board of Directors giving effect to such designation and an Officer's Certificate of the Company certifying that such designation complied with the foregoing provisions.

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

Global Notes and Book-Entry System

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

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

Euroclear and Clearstream have advised us as follows:

Euroclear and Clearstream hold securities for participants. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to indirect participants that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

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

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

Clearstream to immediately credit the accounts of the relevant Participants with such payments, in amounts proportionate to their respective beneficial interests in the relevant security as shown on the records Euroclear and Clearstream, as the case may be. Payments by the depositary's participants and the depositary's indirect participants to the beneficial owners of the Notes will be governed by standing instructions and customary practice and will be the responsibility of the depositary's participants or the depositary's indirect participants.

Notes in definitive, fully registered form will be issued and delivered to each person that the depositary identifies as a beneficial owner of the related Note only if (1) if Euroclear or Clearstream notifies us in writing that it is no longer willing or able to act as a depositary, and we are unable to locate a qualified successor within 90 days or (2) we, at our option, notify the Trustee in writing that we elect to cause the issuance of the Notes in definitive form under the Indenture.

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

CERTAIN TAXATION CONSIDERATIONS

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

Luxembourg Tax Considerations

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax and net wealth tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu). Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

Non-resident investors in the Notes ("Noteholders")

Under Luxembourg general tax laws currently in force and subject to the laws of June 21, 2005 (the "Laws") there is no withholding tax on payments of principal, premium or interest made under the Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes to the benefit of non-resident Noteholders, other than payments to certain related or interested Noteholders that would not be made at market conditions.

Resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "Law"), mentioned below, there is no withholding tax on payments of principal, premium or interest made to the benefit of Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of the Notes nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes to the benefit of Luxembourg resident Noteholders.

In accordance with the Law, payments of interest or similar income made or deemed to be made by a paying agent (within the meaning of the Law) established in Luxembourg (i) to or for the benefit of an individual resident of Luxembourg who is not a tax resident of another state and who is the beneficial owner of such payment or (ii) to a residual entity within the meaning of the laws of 21 June 2005 implementing Council Directive (EC) 2003/48 of 3 June 2003 (as amended) (i.e. an entity without legal personality and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, an undertaking for collective investment in transferrable securities or UCITS recognized in accordance with Council Directive 85/611/EEC as repealed and replaced) that have not opted for the exchange of information for the purpose of the application of Council Directive (EC) 2003/48 of 3 June 2003 (as amended) and that receive interest or similar income for the benefit of an individual resident of Luxembourg who is not a tax resident of another state, are subject to a final withholding tax of 10%. Responsibility for the withholding and payment of the tax will be assumed by the Luxembourg Paying Agent.

An individual beneficial owner of interest or similar income (within the meaning of the Law) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt in accordance with the Law for a final tax of 10% when he receives or is deemed to receive such interest or similar income from a paying agent established in another Member State of the E.U., in a member state of the European Economic Area which is not a member state of the E.U. or in a state which has concluded a treaty directly in connection with the European Union Savings Directive. In such case, the 10% levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10% final levy must cover all payments of interest or similar income made by the paying agents to the Luxembourg resident beneficial owner or, under certain circumstances, to a Residual Entity established in another Member State of the E.U., during the entire year. The individual resident that is the beneficial owner of interest is responsible for the declaration and the payment of the 10% final tax.

Income Taxation

Non-resident Noteholders

Non-resident Noteholders, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income thereon are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discounts, under the Notes nor on capital gains realized on the disposal or redemption of the Notes. Non-residents holders who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the notes and on any gains realized upon the sale or disposal of the Notes.

Resident Noteholders

Individuals

A resident Noteholder, acting in the course of the management of his private wealth, is subject to Luxembourg income tax in respect of interest or similar income received, redemption premiums or issue discounts, under the Notes, except if tax has been levied on such payments in accordance with the Law.

A gain realized by an individual Noteholder, acting in the course of the management of his private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

Corporations

A corporate resident Noteholder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A Noteholder that is governed by the law of May 11, 2007, on family estate management companies (as amended), or by the law of December 17, 2010, on undertakings for collective investment (as amended), or the law of February 13, 2007 on specialized investment funds (as amended) is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

Net Wealth Taxation

A Luxembourg resident corporate Noteholder as well as a non-Luxembourg resident Noteholder which maintains a permanent establishment, fixed place of business or a permanent representative in Luxembourg to which such Notes or income thereon are attributable, are subject to Luxembourg wealth tax on such Notes, except if the Noteholder is a family estate management company (société de gestion de patrimoine familial) introduced by the law of May 11, 2007 (as amended), an undertaking for collective investment governed by the law of December 17, 2010 (as amended), a securitization vehicle governed by and compliant with the law of March 22, 2004 on securitization (as amended), a company governed by and compliant with the law of June 15, 2004 (as amended) on venture capital vehicles, or a specialized investment fund governed by the law of February 13, 2007 on specialized investment funds (as amended).

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

Neither the issuance nor the transfer of Notes will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties, provided that the relevant issue or transfer agreement is not submitted to registration in Luxembourg which is not mandatory.

Where a Noteholder is a resident of Luxembourg for tax purposes at the time of his death, the Notes are included in his taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.

Switzerland Tax Considerations

The following discussion is a summary of certain material Swiss tax considerations and describes certain taxes withheld by Switzerland for foreign countries based on the legislation as of the date of this Offering Memorandum. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes in light of their particular circumstances.

Swiss Federal Withholding Tax

Payments by the Issuer, of interest on, and repayment of principal of, the Notes, and payments by Dufry AG or the other Swiss Guarantors to the holders of Notes under the Guarantees will not be subject to Swiss federal withholding tax, provided that the Issuer is at all times resident and managed outside Switzerland and will receive, and will use, the proceeds from the offering and sale of the Notes at all times while any Notes are outstanding, outside of Switzerland.

Swiss Federal Stamp Taxes

The issue and redemption of Notes by the Issuer are not subject to Swiss federal stamp duty on the issue of securities.

Purchases or sales of Notes where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss federal stamp duty act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss federal stamp duty on dealings in securities at a rate of up to 0.3% of the purchase price of the Notes. Where both the seller and the purchaser of the Notes are non-residents of Switzerland or the Principality of Liechtenstein, no Swiss federal stamp duty on dealing in securities is payable.

Income Taxation on Principal or Interest

Notes Held by Non-Swiss Holders

Payments by the Issuer or the Guarantors of interest and repayment of principal to, and gain realized on the sale or redemption of Notes by, a holder of Notes who is not a resident of Switzerland and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Notes are attributable and who is not subject to income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax.

Notes Held by Swiss Holders as Private Assets

An individual who resides in Switzerland and privately holds a Note is required to include all payments of interest received on such Note as well as a potential issue discount in his or her personal income tax return for the relevant tax period and is taxable on the net taxable income (including the payment of interest on the Note) for such tax period at the then prevailing tax rates.

Capital gains and losses

Swiss resident individuals who sell or otherwise dispose of privately held Notes realize either a tax-free private capital gain or a non-tax-deductible capital loss. See "Notes Held as Swiss Business Assets" below for a summary on the tax treatment of individuals classified as "professional securities dealers."

Notes Held as Swiss Business Assets

Individuals who hold Notes as part of a business in Switzerland and Swiss-resident corporate taxpayers and corporate taxpayers residing abroad holding Notes as part of a permanent establishment or fixed place of business in Switzerland are required to recognize the payments of interest and any capital gain or loss realized on the sale or other disposition of such Notes in their income statement for the respective tax period and will be taxable on any net taxable earnings for such tax period. The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealings and leveraged transactions in securities.

Taxes withheld by Switzerland for other countries

European Savings Tax

On October 26, 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland will adopt measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (the "EU Savings Tax Directive"). The agreement came into force as of July 1, 2005.

In accordance with this agreement under the Swiss law, Swiss paying agents have to withhold tax at a rate of 35% on interest payments made under the Notes to a beneficial owner who is an individual and resident of an EU member state, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding.

On March 24, 2014, the Council of the European Union adopted an EU Council Directive amending and broadening the scope of the EU Savings Tax Directive. Therefore, the agreement between the European Community and Switzerland may be amended accordingly. Negotiations between the European Community and Switzerland in this respect are currently ongoing.

Foreign Final Withholding Tax

On January 1, 2013 treaties on final withholding taxes of Switzerland with the United Kingdom and Austria entered into force (each a "Contracting State"). The treaties, among other things, require a Swiss paying agent, as defined in the treaties, to levy a flat-rate final withholding tax at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties), deriving from assets, including the Notes, as applicable, held in accounts or deposits with a Swiss paying agent by (i) an individual resident in a Contracting State or, (ii) if certain requirements are met, by a domiciliary company, an insurance company in connection with a so-called insurance wrapper or other individuals, if the beneficial owner is an individual resident in a Contracting State. The final withholding tax substitutes the ordinary income tax on the respective capital gains and income items in the Contracting States where the individual is tax resident. The individual may, however, in lieu of the final withholding tax make voluntary disclosure of the respective capital gains and income items to the tax authority of the Contracting State where it is tax resident. Switzerland may conclude similar treaties with other European countries. Holders of Notes who might be within the scope of the abovementioned treaties should consult their own tax adviser as to the tax consequences relating to their particular circumstances.

Dutch Tax Considerations

General

The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or a prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their tax advisers with regards to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands tax legislation and published regulations, whereby The Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Withholding tax

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

Taxes on income and capital gains

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

(i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in the Issuer, Dufry Financial Services B.V. or any of the other Guarantors under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

(ii) pension funds, investment institutions (*fiscale beleggingsinstelingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and

(iii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001).

Residents of the Netherlands

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

If a holder of Notes is an individual, resident or deemed to be resident of The Netherlands for Netherlands income tax purposes, any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

(i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or

(ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed income of 4% of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on January 1 of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are not subject to Netherlands income tax.

Non-residents of The Netherlands

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

(i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in The Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and

(ii) in the event the holder is an individual, such holder does not carry out any activities in The Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in The Netherlands.

Gift and inheritance taxes

Residents of the Netherlands

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

Non-residents of The Netherlands

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

(i) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be a resident in The Netherlands; or

(ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands.

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

Value added tax (VAT)

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

Other taxes and duties

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

Certain U.S. Federal Income Tax Considerations

This disclosure is limited to the U.S. federal income tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal income tax treatment of the Notes. Prospective investors should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a description of certain U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of Notes, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to your decision to acquire the Notes. This discussion applies only to initial U.S. Holders that (i) purchase Notes in this offering at their "issue price," which will be the first price at which a substantial amount of Notes is sold to the public and (ii) hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax consequences and differing tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers or certain traders in securities;
- persons holding Notes as part of a hedge, "straddle" or integrated transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- certain U.S. expatriates;
- tax-exempt entities; or
- persons holding Notes in connection with a trade or business conducted outside of the United States.

If you are an entity that is classified as a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of your partners and your activities. Partnerships considering the purchase of Notes and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences to them of owning and disposing of the Notes.

This discussion is based on the Internal Revenue Code of 1986 (the "Code"), as amended, administrative pronouncements, judicial decisions, and Treasury Regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. This discussion does not address any aspect of state, local or non-U.S. taxation, or any aspect of U.S. federal taxes other than income taxes (e.g., estate or gift taxes), or the potential application of the Medicare contribution tax. If you are considering the purchase of Notes, you should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

You are a U.S. Holder if, for U.S. federal income tax purposes, you are a beneficial owner of a Note that is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Possible Alternative Treatments of the Notes

We intend to treat the Notes as debt obligations for U.S. federal income tax purposes. However, such treatment of the Notes is not binding on the Internal Revenue Service (the "IRS") or the courts, and there is no guarantee that the IRS will not challenge such treatment. If the IRS were to successfully challenge such treatment, the timing, amount and character of income inclusions on the Notes may be affected.

In certain circumstances (e.g., as described under "Description of Notes—Change of Control"), we might be required to make payments on a Note that would increase the yield of the Note. We do not intend to treat the Notes as "contingent payment debt instruments" for U.S. federal income tax purposes as a result of the possibility of such payments. If the IRS were to take a contrary position, you could be required to accrue interest income based upon a "comparable yield" (as defined in the applicable Treasury Regulations) and any income on the sale, exchange, redemption, retirement or other taxable disposition of the Notes could be treated as ordinary income rather than as capital gain.

Prospective purchasers of Notes should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Notes (including under any alternative characterization). The remainder of this discussion assumes that for U.S. federal income tax purposes the Notes are debt obligations that are not "contingent payment debt instruments."

Payments of Interest

Interest on a Note will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes. If, however, the Notes' principal amount exceeds the issue price by at least a de minimis amount, as determined under applicable Treasury Regulations, you will be required to include such excess (as determined in euro) in income as original issue discount, as it accrues, in accordance with a constant-yield method based on a compounding of interest before the receipt of cash payments attributable to such original issue discount. Interest on the Notes, including any original issue discount, will be foreign-source for purposes of computing your foreign tax credit limitation.

If you use the cash method of accounting, you will be required to include in income the U.S. dollar value of a euro interest payment determined based on the spot exchange rate on the date the payment is received, regardless of whether the payment is in fact converted into U.S. dollars at that time. You generally will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest payments. If you are an accrual method taxpayer, you will accrue interest income on the Notes in euro and translate that amount into U.S. dollars at the average exchange rate in effect during the interest accrual period (or with respect to an accrual period that spans two taxable years, at the average rate for the partial period within your taxable year). Alternatively, if you are an accrual method taxpayer, you may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot exchange rate on the last day of the accrual period (or the last day of the taxable year in the case of a partial accrual period), or at the spot exchange rate on the date the payment is received, if that date is within five business days of the last day of the accrual period. If you are an accrual method taxpayer, you will recognize foreign currency exchange gain or loss in an amount equal to the difference between the U.S. dollar value of a euro interest payment received in respect of an accrual period (determined based on a spot rate on the date of receipt) and the U.S. dollar value of interest income that has accrued during that period (as determined above), regardless of whether the payment is in fact converted into U.S. dollars at such time. This foreign currency exchange gain or loss will generally be treated as U.S.-source ordinary income or loss.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a Note (including a redemption or retirement), you will recognize taxable gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and your tax basis in the Note, each determined in U.S. dollars. For these purposes, the amount realized does not include any amount attributable to accrued interest, which is treated as described under "Payments of Interest" above.

Your tax basis in a Note will generally be the U.S. dollar value of the euro purchase price on the date of purchase, calculated at the spot exchange rate in effect on that date. If the Notes are traded on an established securities market, and you are a cash-method taxpayer (or an electing accrual-method taxpayer), you will determine the U.S. dollar value of the euro purchase price of the Note at the spot exchange rate on the settlement date of the purchase, and you will determine the U.S. dollar value of the amount realized on a sale or other taxable disposition of a Note by translating that amount at the spot exchange rate on the settlement date of the disposition. An electing accrual-method taxpayer must apply this election consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. If you are an accrual method taxpayer that does not make this election, you will determine the U.S. dollar equivalent of the amount realized by translating that amount at the spot exchange rate on the date of the sale or other taxable disposition.

Subject to the discussion in the next paragraph, gain or loss realized on the sale or other taxable disposition of a Note will generally be capital gain or loss and will be long-term capital gain or loss if, at the time of the sale or other taxable disposition, the Note has been held for more than one year. Long-term capital gains recognized by non-corporate taxpayers are subject to reduced tax rates. The deductibility of capital losses is subject to limitations.

Upon the sale or other taxable disposition of a Note, you will recognize foreign currency exchange gain or loss, which will generally constitute U.S.-source ordinary income or loss, on the principal amount of the Note generally equal to the difference between (i) the U.S. dollar value of your euro purchase price for the Note determined at the spot rate on the date principal is received from us or the Note is disposed of and (ii) the U.S. dollar value of your euro purchase price for the Note determined at the spot rate on the date you acquired the Note. However, you will recognize foreign currency exchange gain or loss only to the extent of the total gain or loss realized on the sale or other taxable disposition of the Note.

Potential Loss Reporting Requirement

If you recognize a loss upon the sale or other taxable disposition of a Note in excess of certain thresholds, you may be required to file a reportable transaction disclosure statement with the IRS. If you recognize a loss with respect to a Note, you should consult your tax adviser regarding this reporting obligation.

Backup Withholding and Information Reporting

Information returns may be required to be filed with the IRS in connection with payments on the Notes and proceeds received from a sale or other disposition of the Notes unless you are an exempt recipient. You may also be subject to backup withholding on these reportable payments in respect of your Notes unless you provide the payor with your taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules, or you provide proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

EU Savings Directive

Under the European Union Directive on the taxation of savings income (Council Directive 2003/48/EC, the “EU Savings Directive”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information arrangements or transitional withholding arrangements with certain of those dependent or associated territories in relation payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

On March 24, 2014, the EU Savings Directive has been amended by the Council Directive 2014/48/EU (the "Amending Directive"). The Amending Directive broadens the scope of the requirements described above. Member States have until January 1, 2016 to adopt the national legislation necessary to comply with the Amending Directive. The Amending Directive will apply from January 1, 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the EU Savings Directive from January 1, 2017, in the case of Austria and from January 1, 2016, in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

The Proposed Financial Transactions Tax

On February 14, 2013 the European Commission published a proposal for a Directive for a common financial transactions tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The proposed FTT has very broad scope and could, if introduced in the form proposed on 14 February 2013, apply to certain transactions relating to the Notes (including secondary market transactions) in certain circumstances.

Under the 14 February 2013 proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the Notes where at least one party is a financial institution (acting either for its own account or for the account of another person, or acting in the name of a party to the transaction), and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Further, the legality of the FTT proposal is at present uncertain. Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. It may, however, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the notes are advised to seek their own professional advice in relation to the FTT.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement"), dated as of the date hereof, by and among the Issuer, the Guarantors and each of Merrill Lynch International, as representative (the "Representative") for itself and Banco Bilbao Vizcaya Argentaria, S.A., ING Bank N.V., London Branch, Banco Santander, S.A., UniCredit Bank AG, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International, HSBC Bank plc, Raiffeisen Bank International AG, The Royal Bank of Scotland plc and UBS Limited (collectively, the "Initial Purchasers"), the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of €700 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. Sales of Notes in the United States may be made through certain affiliates of the Initial Purchasers. One or more of the Initial Purchasers may use affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which such Initial Purchasers are not otherwise permitted.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer and each Guarantor will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, and to cause our subsidiaries to not, without having received the prior written consent of the Initial Purchasers 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 have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (A) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and (B) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Guarantors or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes.

We have also agreed that we will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbor of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes will constitute a new class of securities with no established trading market. Application has been made to the Irish Stock Exchange plc for the Notes to be admitted to the official list and to trading on the Global Exchange Market of the Irish Stock Exchange plc. However, there can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "Risk Factors— Risks Relating to the Notes—There is no active public trading market for the Notes and therefore your ability to transfer them will be limited."

In connection with the issue of the Notes, the Stabilizing Manager or persons acting on its behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager or persons acting on its behalf will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in future perform, various financial advisory and investment banking services for the Company and its subsidiaries, for which they received or will receive customary fees and expenses. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company and its affiliates. The Initial Purchasers and their affiliates may receive allocations of the Notes. Certain of the Initial Purchasers or their respective affiliates are also agents, lenders and/or letter of credit issuers under the 2014 Facilities Agreement, the LC Facility Agreement and/or the New 2015 Term Loan. Additionally, certain of the Initial Purchasers or their respective affiliates have made commitments to us with respect to the New Bridge Facilities to finance a portion of the Acquisition. On July 6, 2015, the committed amount of the New Bridge Facilities was reduced to EUR 766 million upon receipt of the net proceeds from the Rights Offering described below, and we expect that the committed amount of the New Bridge Facilities will be further reduced upon receipt of the net proceeds from this Offering.

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 have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or
- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offering of the Notes, other than the information contained in this Offering Memorandum. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from us.

(4) You represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(a) to us;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act;

(e) to an institutional accredited investor (within the meaning of Rule 501(a)(l), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of $250,000; or

(f) under any other available exemption from the registration requirements of the Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;
- if a holder of Notes proposes to resell or transfer Notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act;
- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (c), (d), (e) and (f) above the delivery of an opinion of counsel, certifications or other information satisfactory to us and the Trustee; and
- each Note will contain a legend substantially to the following effect:

  THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF

REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C), (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

EACH PURCHASER OR TRANSFEREE OF A NOTE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (I) NO PORTION OF THE ASSETS USED BY SUCH PURCHASER OR TRANSFEREE TO PURCHASE AND HOLD A NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("CODE") OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (II) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF A NOTE BY SUCH PURCHASER OR TRANSFEREE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAW.

(5) You represent that either (1) no portion of the assets used by you to acquire and hold the Notes constitutes assets of (i) any employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) any plan, individual retirement account, or other arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended ("Code") or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Laws") or (iii) any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement, or (2) the purchase, holding and subsequent disposition of the Notes by you will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any provision of Similar Law.

(6) You acknowledge that we, the Initial Purchasers, and others will rely upon the truth and accuracy of the above acknowledgments, representations, and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the initial purchases. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

LEGAL MATTERS

The validity of the Notes offered by this Offering Memorandum and certain U.S. legal matters will be passed upon for us by Davis Polk & Wardwell LLP, our U.S. counsel. Certain Swiss legal matters will be passed upon for us by Homburger AG, our Swiss counsel and certain Luxembourg and Dutch legal matters will be passed upon for us by NautaDutilh Avocats Luxembourg S.à r.l. and NautaDutilh N.V., respectively. Certain U.S. legal matters in connection with the Notes will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP, U.S. counsel for the Initial Purchasers. Certain Swiss legal matters will be passed upon for the Initial Purchasers by Niederer Kraft & Frey AG, Swiss counsel for the Initial Purchasers.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2014 and 2013 included elsewhere in this Offering Memorandum, have been audited by Ernst & Young Ltd, Basel, Member of the Swiss Institute of Certified Accountants and Tax Consultants, our independent auditors, as stated in their reports appearing therein. Our consolidated financial statements as of and for the year ended December 31, 2012 were included as the comparative period in the consolidated financial statements as of and for the year ended December 31, 2013.

World Duty Free's consolidated financial statements as of and for the year ended December 31, 2014 included elsewhere in this Offering Memorandum, have been audited by KPMG S.p.A., as stated in their report appearing therein.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is organized under the laws of Luxembourg and the Guarantors are organized under the laws Switzerland, the Netherlands and the United States. The manager of the Issuer is not a resident of the United States, and many of the officers and other executives of the Issuer and the Guarantors are neither residents nor citizens of the United States. All or a substantial portion of the Issuer's and the Guarantors' assets and the assets of the Issuer's and the Guarantors' non-U.S. resident directors and officers are located outside the United States. As a result, it may not be possible for investors to effect service of process in the United States upon the Issuer or the Guarantors or such persons in courts in jurisdictions inside the United States, in each case, in any action, including any actions predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States. In addition, there is doubt as to the enforceability, in original actions brought in courts in jurisdictions located outside the United States, of liabilities predicated upon securities laws of the United States or of any state or territory within the United States. Awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Luxembourg, the Netherlands or Switzerland.

Luxembourg

It may be possible for investors to effect service of process upon the Issuer within Luxembourg provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

A valid judgment with respect to the Notes, obtained against a company organized and established in Luxembourg from a court of competent jurisdiction in the United States, remains in full force and effect after all available appeals in the relevant State or Federal jurisdiction in compliance with the enforcement (exequatur) procedures set out at Articles 678 et seq. of the Luxembourg New Code of Civil Procedure (Nouveau Code de Procedure Civile), being:

- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. court order or judgment must not result from an evasion of Luxembourg law (fraude àla loi);
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is enforceable in the jurisdiction where the decision has been rendered;
- the judgment was granted following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defense; and
- the considerations of the foreign order as well as the judgment do not contravene international public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, a court of competent jurisdiction may refuse to apply the designated law if its application contravenes Luxembourg's international public policy and, if such action is brought on the basis of U.S. Federal or State securities laws, may not have the requisite power to grant the remedies sought.

Switzerland

There is doubt as to the enforceability in Switzerland of civil liabilities based on the securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. The United States and Switzerland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, may not be enforceable in Switzerland.

However, if a person has obtained a final and conclusive judgment rendered by a U.S. court which is enforceable in the United States and files a claim with the competent Swiss court, the Swiss court may be expected to acknowledge the judgment rendered by the U.S. court, provided that such judgment has not been rendered in violation of elementary principles of fair trial and is not contrary to the public policy of Switzerland and has been rendered by a court which has established its jurisdiction vis-à-vis the relevant party on the basis of a valid submission by such party to the jurisdiction of such U.S. court.

In particular, a Swiss court or authority will refuse recognition and enforcement for the following reasons only and may not otherwise review the non-Swiss judgment, including a U.S. judgment, as to its merits: (i) if recognition and enforcement would be irreconcilable with Swiss public policy; or (ii) if a party proves that: it was not duly summoned pursuant to the law of its domicile or ordinary residence unless it made an appearance in the proceedings without objecting to jurisdiction; or (iii) the decision was rendered in violation of fundamental principles of Swiss procedural law, in particular the right to be heard; or (iv) a proceeding between the same parties in the same subject matter was first brought or adjudicated in Switzerland, or that it was earlier adjudicated in a third country and such decision is recognizable in Switzerland.

Further, valid submission to the jurisdiction of the U.S. court or authority is established (i) if a provision of the Swiss Federal Act on Private International Law (Bundesgesetz vom 18. Dezember 1987 über das Internationale Privatrecht) so provides or, in the absence of such provision the defendant had his legal domicile in the country in which the decision was rendered; or (ii) if the parties, in a pecuniary dispute, entered into an agreement valid under the Swiss Federal Act on Private International Law submitting their dispute to the jurisdiction of the court or authority which rendered the judgment; or (iii) if the defendant, in a pecuniary dispute, proceeded on the merits without objecting to jurisdiction; or (iv) if, in the event of a counterclaim, the court or authority which rendered the decision had jurisdiction over the principal claim and if there is a factual connection between the principal claim and the counterclaim. It is uncertain whether this practice extends to default judgments as well. Swiss courts may deny the recognition and enforcement of punitive damages or other awards.

Moreover, a Swiss court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in Switzerland are solely governed by the provisions of the Swiss Civil Procedure Code.

Swiss civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Swiss law.

The Netherlands

It may be possible for investors to effect service of process within the Netherlands upon those persons that are resident in or citizen of the Netherlands or Dufry Financial Services B.V. provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with. In addition, there is doubt as to the enforceability in original actions in the Netherlands of civil liabilities predicated upon the U.S. federal securities laws.

In the absence of an enforcement treaty between the Netherlands and the United States, a judgment of a United States court cannot be enforced in the Netherlands. In order to obtain a judgment that can be enforced in the Netherlands against the Dutch Subsidiary Guarantor, the dispute will have to be re-litigated before the competent Netherlands court. The basic premise is that a final judgment for payment given by a court in the United States will in principle be acknowledged in the Netherlands if (i) the jurisdiction of the U.S. court is based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*), (iii) acknowledgement of the judgment of the U.S. court is not contrary to Dutch public policy (*openbare orde*), and (iv) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in the Netherlands. Moreover, even if a judgment by a U.S. court satisfies the above requirements, the Dutch court may still deny a claim for a judgment if such U.S. court judgment is not, not yet or no longer formally enforceable according to the relevant U.S. State- and Federal laws. Dutch courts may deny the recognition and enforcement of punitive damages or other similar awards. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. In addition, there is doubt as to whether a Dutch court would impose civil liability on the Dutch Subsidiary

Guarantor, its officers or directors or certain experts named herein in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in the Netherlands against the Dutch Subsidiary Guarantor or such directors or experts, respectively.

The Netherlands and the United States are signatories to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. Arbitration awards in other signatory countries are enforceable in the Netherlands subject to this convention and certain other limitations (including applicable provisions of Netherlands law). In addition, enforcement of arbitration awards in the Netherlands is subject to selected provisions of the Netherlands Code of Civil Procedure.

GENERAL INFORMATION

The issue of the Notes and their sale were authorized by a resolution of the General Partner of the Issuer dated July 23, 2015 and approved by the board of managers of the General Partner on July 23, 2015. The Notes have been accepted for clearance and settlement through Euroclear and Clearstream. The Common Code and ISIN numbers for the Rule 144A Notes are as follows: 126659270 and XS1266592705. The Common Code and ISIN numbers for the Regulation S Notes are as follows: 126659245 and XS1266592457.

The expenses in relation to the admission of the Notes to trading on the GEM of the ISE will be approximately €4,600.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the GEM of the ISE.

If and for so long as the Notes are listed on the ISE and the rules of such stock exchange require, electronic copies of the of our consolidated financial statements as of and for the years ended December 31, 2014, 2013 and 2012, the Indenture, specimen Global Notes, as well as copies of the Issuer's and our articles of association may be inspected and obtained free of charge during the normal business hours on any business day at the office of the Trustee.

DEFINITIONS

Acquisition	the acquisition of World Duty Free by the Company
Acquisition Agreement	the agreement between the Company and the Seller to acquire the 50.1% stake in World Duty Free owned by the Seller
Antitrust Clearance	the receipt of approval, clearance or exemption by any antitrust authorities of competent jurisdiction
Articles	the Company's articles of incorporation dated July 8, 2014
Board of Directors	all members of the board of directors of the Company, including Juan Carlos Torres Carretero, Andrés Holzer Neumann, Jorge Born, Xavier Bouton, Joaquín Moya-Angeler Cabrera, James S. Cohen, José Lucas Ferreira de Melo, Julián Díaz González and George Koutsolioutsos
CER	constant exchange rate
CHF	the lawful currency of Switzerland
Clearstream	Clearstream Banking SA
Closing Date	July 28, 2015
Commercial Register	commercial register of the Canton of Basel-Stadt, Switzerland
Company	Dufry AG
Corporate Governance Directive	the Directive on Information relating to Corporate Governance of October 29, 2008 (as amended) of SIX Swiss Exchange
EEA	the European Union and its 28 member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom), as well as three European Free Trade Association (EFTA) countries, Norway, Iceland and Liechtenstein
EMEA	Europe, the Middle East and Africa
EU	the European Union
EUR, euro or €	the lawful currency of the member states of the European Monetary Union
Euroclear	Euroclear Bank SA/NV
Exchange Act	United States Securities Exchange Act of 1934, as amended
FAOA	the Federal Audit Oversight Authority of Switzerland
FFI	foreign financial institution
FINMA	the Swiss Financial Market Supervisory Authority

FINRA	the United States Financial Industry Regulatory Authority
FISA	Federal Intermediated Securities Act of October 3, 2008, as amended
FSMA	the Financial Services and Markets Act 2000, United Kingdom
Group Executive Committee	all members of the group executive committee of the Company, including Julián Díaz González, Andreas Schneiter, José Antonio Gea, Luis Marin, Pascal C. Duclos, René Riedi, José Carlos Costa da Silva Rosa and Joseph DiDomizio
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Initial Acquisition	The Acquisition Agreement with the Seller to acquire the Seller's 50.1% stake in World Duty Free for EUR 10.25 per World Duty Free share, payable in cash, equivalent to consideration of EUR 1,307.0 million. The purchase price of EUR 10.25 may be adjusted under certain circumstances pursuant to the Acquisition Agreement.
Initial Purchasers	the Joint Global Coordinators and Joint Bookrunners
IRS	Internal Revenue Service
ISE	Irish Stock Exchange plc
Issuer	Dufry Finance SCA
Joint Bookrunners	Merrill Lynch International, Banco Bilbao Vizcaya Argentaria, S.A., ING Bank N.V., London Branch, Banco Santander, S.A., UniCredit Bank AG, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International, HSBC Bank plc, Raiffeisen Bank International AG, The Royal Bank of Scotland plc and UBS Limited
Joint Global Coordinators	Merrill Lynch International, Banco Bilbao Vizcaya Argentaria, S.A., ING Bank N.V., London Branch, Banco Santander, S.A. and UniCredit Bank AG
Main Street	traditional retail locations situated outside airports and passenger terminals
Mandatory Convertible Notes	the Company's mandatory convertible notes due 2015 issued on June 13, 2014
Nuance	The Nuance Group AG
Offering	the offering of up to €700 million in 4.500% Senior Notes due 2023 of the Issuer
Offering Memorandum	the offering memorandum (inclusive of any financial statements therein) issued by the Company in respect of the Notes together with any supplements or amendments thereto

Order	Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)
Prospectus Directive	Directive 2003/71/EC of the European Union
QIB	Qualified Institutional Buyer
Relevant Member State	each Member State of the European Economic Area which has implemented the Prospectus Directive
Representative	Merrill Lynch International
Rights Offering	the offering of 16,157,463 registered shares with a nominal value of CHF 5 each of the Company
RS&D	Retail Services and Distribution
Rule 144A	Rule 144A under the U.S. Securities Act
Securities Act	U.S. Securities Act of 1933, as amended
Seller	Edizione S.r.l. and its subsidiary Schematrentaquattro S.p.A., the seller of 50.1% of the shares in World Duty Free
SESTA	Federal Act on Stock Exchanges and Securities Trading of March 24, 1995, as amended
SESTO	Federal Ordinance on Stock Exchanges and Securities Trading of December 2, 1996, as amended
SESTO-FINMA	Federal Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading of October 25, 2008, as amended
SNB	Swiss National Bank (*Schweizerische Nationalbank*)
Stabilization Manager	Merrill Lynch International
Swiss Code of Obligations	Swiss Code of Obligations of March 30, 1911, as amended
Swiss Federal Tax Administration	Federal tax administration of Switzerland (*Eidgenössische Steuerverwaltung*)
Swiss Francs	the lawful currency of Switzerland
Treaty	the income tax treaty between Switzerland and the United States
U.K. or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
U.S. or United States or U.S.A.	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. dollars or USD	the lawful currency of the United States
U.S. GAAP	generally accepted accounting principles in the United States of America
U.S. Securities Act	the U.S. Securities Act of 1933, as amended
Withholding Tax	has the meaning given to it in the section headed "Taxation"
World Duty Free	World Duty Free S.p.A.
2010 PD Amending Directive	Directive 2010/73/EU of the European Union

INDEX TO FINANCIAL INFORMATION

Dufry AG (consolidated)

As of December 31, 2014 and for the three-month periods ended March 31, 2015 and 2014

As of and for the years ended December 31, 2014 and 2013

As of and for the years ended December 31, 2013 and 2012

Dufry AG (statutory)

As of and for the years ended December 31, 2014 and 2013

World Duty Free S.p.A. (consolidated)

As of and for the three-month periods ended March 31, 2015 and 2014

As of and for the year ended December 31, 2014

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2015

Interim Consolidated Income Statement

	Note	Unaudited 3M 2015	Unaudited 3M 2014
		(in millions of CHF)	
Continuing operations			
Net sales		983.1	748.3
Advertising income		35.8	26.7
Turnover		**1,018.9**	**775.0**
Cost of sales		(432.6)	(318.2)
Gross profit		**586.3**	**456.8**
Selling expenses		(264.3)	(187.2)
Personnel expenses		(166.0)	(127.8)
General expenses		(64.8)	(52.7)
Share of result of associates		0.8	—
EBITDA(1)		**92.0**	**89.1**
Depreciation, amortization and impairment		(83.8)	(50.2)
Other operational result		(3.6)	(3.8)
Earnings before interest and taxes (EBIT)		**4.6**	**35.1**
Interest expenses		(34.3)	(24.5)
Interest income		3.8	1.1
Foreign exchange gain / (loss)		19.1	0.1
Earnings before taxes (EBT)		**(6.8)**	**11.8**
Income tax	6	1.0	(1.9)
Net earnings / (loss) from continuing operations		**(5.8)**	**9.9**
Discontinued operations			
Net loss from discontinued operations		(0.1)	—
Net earnings / (loss)		**(5.9)**	**9.9**
Attributable to:			
Equity holders of the parent		(9.0)	2.8
Non-controlling interests		3.1	7.1
Earnings per share attributable to equity holders of the parent			
Basic earnings per share		(0.25)	0.09
Diluted earnings per share		(0.25)	0.09
Weighted average number of outstanding shares in thousands		35,811	30,901
Earnings per share for continuing operations			
Basic earnings per share attributable to equity holders of the parent		(0.25)	0.09
Diluted earnings per share attributable to equity holders of the parent		(0.25)	0.09

(1) EBITDA before other operational result

Interim Consolidated Statement of Comprehensive Income

	Note	Unaudited 3M 2015	Unaudited 3M 2014
		(in millions of CHF)	
Net earnings / (loss)		**(5.9)**	**9.9**
Other comprehensive income			
Actuarial gains / (losses) on defined benefit plans		1.7	0.5
Income tax		(0.2)	
Items not being reclassified to net income in subsequent periods, net of tax		**1.5**	**0.5**
Exchange differences on translating foreign operations		(138.8)	(11.3)
Net gain / (loss) on hedge of net investment in foreign operations		10.8	4.1
Items to be reclassified to net income in subsequent periods, net of tax		**(128.0)**	**(7.2)**
Total other comprehensive income / (loss), net of tax		**(126.5)**	**(6.7)**
Total comprehensive income / (loss), net of tax		**(132.4)**	**3.2**
Attributable to:			
Equity holders of the parent		(128.1)	(2.5)
Non-controlling interests		(4.3)	5.7
Total comprehensive income / (loss) attributable to equity holders of the parent		**(128.1)**	**(2.5)**
Attributable to:			
Continuing operations		(127.9)	(2.5)
Discontinued operations		(0.2)	

Interim Consolidated Statement of Financial Position

	Note	Unaudited 31.03.2015	Audited 31.12.2014
		(in millions of CHF)	
ASSETS			
Property, plant and equipment		412.8	435.4
Intangible assets		4,389.0	4,723.4
Investments in associates	8	40.8	72.9
Deferred tax assets		195.2	195.9
Other non-current assets		83.2	106.6
Non-current assets		**5,121.0**	**5,534.2**
Inventories		693.3	741.2
Trade and credit card receivables		71.6	118.7
Other accounts receivable		230.6	227.2
Income tax receivables		9.8	11.0
Cash and cash equivalents		443.6	513.0
Current assets		**1,448.9**	**1,611.1**
Assets of discontinued operations held for sale		—	1.8
Total assets		**6,569.9**	**7,147.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		2,165.8	2,292.8
Non-controlling interests		156.9	165.8
Total equity		**2,322.7**	**2,458.6**
Financial debt		2,764.1	2,821.8
Deferred tax liabilities		380.9	416.4
Provisions		91.3	96.6
Post-employment benefit obligations		34.5	37.7
Other non-current liabilities		2.7	3.3
Non-current liabilities		**3,273.5**	**3,375.8**
Trade payables		332.9	418.3
Financial debt		47.4	45.6
Income tax payable		28.8	33.8
Provisions		53.3	54.8
Other liabilities	9	511.3	760.2
Current liabilities		**973.7**	**1,312.7**
Total liabilities		**4,247.2**	**4,688.5**
Total liabilities and shareholders' equity		**6,569.9**	**7,147.1**

Interim Consolidated Statement of Changes in Equity

Unaudited 3M 2015	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
		SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CAPITAL RESERVE FOR MANDATORY CONVERTIBLE NOTES	EMPLOYEE BENEFIT RESERVE	TRANSLATION RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		(in millions of CHF)									
Balance at January 1, 2015		**179.5**	**1,964.7**	**(14.3)**	**262.8**	**(32.9)**	**(112.3)**	**45.3**	**2,292.8**	**165.8**	**2,458.6**
Net earnings/ (loss)		—	—	—	—	—	—	(9.0)	(9.0)	3.1	(5.9)
Other comprehensive income/(loss) . .		—	—	—	—	1.5	(120.6)	—	(119.1)	(7.4)	(126.5)
Total comprehensive income/loss) for the period . . .		**—**	**—**	**—**	**—**	**1.5**	**(120.6)**	**(9.0)**	**(128.1)**	**(4.3)**	**(132.4)**
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(5.1)	(5.1)
Share-based payment		—	—	—	—	—	—	1.1	1.1	—	1.1
Total transactions with or distributions to owners		**—**	**—**	**—**	**—**	**—**	**—**	**1.1**	**1.1**	**(5.1)**	**(4.0)**
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests		—	—	—	—	—	—	—	—	0.5	0.5
Balance at March 31, 2015		**179.5**	**1,964.7**	**(14.3)**	**262.8**	**(31.4)**	**(232.9)**	**37.4**	**2,165.8**	**156.9**	**2,322.7**

Interim Consolidated Statement of Changes in Equity (Continued)

Unaudited 3M 2014		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
	NOTE	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CAPITAL RESERVE FOR MANDATORY CONVERTIBLE NOTES	EMPLOYEE BENEFIT RESERVE	TRANSLATION RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
						(in millions of CHF)					
Balance at January 1, 2014		**154.5**	**1,207.0**	**(18.1)**	**—**	**0.3**	**(224.5)**	**18.3**	**1,137.5**	**129.9**	**1,267.4**
Net earnings/(loss)		—	—	—	—	—	—	2.8	2.8	7.1	9.9
Other comprehensive income/(loss) . .		—	—	—	—	0.5	(5.8)	—	(5.3)	(1.4)	(6.7)
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**0.5**	**(5.8)**	**2.8**	**(2.5)**	**5.7**	**3.2**
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(3.2)	(3.2)
Assignment of treasury shares .		—	—	17.6	—	—	—	(17.6)	—	—	—
Share-based payment		—	—	—	—	—	—	0.6	0.6	—	0.6
Total transactions with or distributions to owners		**—**	**—**	**17.6**	**—**	**—**	**—**	**(17.0)**	**0.6**	**(3.2)**	**(2.6)**
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests		—	—	—	—	—	—	—	—	40.1	40.1
Balance at March 31, 2014		**154.5**	**1,207.0**	**(0.5)**	**—**	**0.8**	**(230.3)**	**4.1**	**1,135.6**	**172.5**	**1,308.1**

Interim Consolidated Statement of Cash Flows

	NOTE	UNAUDITED 3M 2015	UNAUDITED 3M 2014
		(in millions of CHF)	
Cash flows from operating activities			
Earnings before taxes (EBT)		(6.8)	11.8
Net loss from discontinued operations		(0.1)	—
Total earnings before taxes (EBT)		**(6.9)**	**11.8**
Adjustments for:			
Depreciation, amortization and impairment		83.8	50.2
Loss / (gain) on sale of non-current assets		0.2	0.1
Increase / (decrease) in allowances and provisions		6.6	7.2
Loss / (gain) on unrealized foreign exchange differences		(11.2)	0.3
Other non-cash items		1.1	0.6
Share of result of associates		(0.3)	—
Interest expense		34.3	24.5
Interest income		(3.8)	(1.1)
Cash flow before working capital changes		**103.8**	**93.6**
Decrease / (increase) in trade and other accounts receivable		31.7	(29.6)
Decrease / (increase) in inventories		8.0	(33.1)
Increase / (decrease) in trade and other accounts payable		(123.7)	44.1
Dividends received from associates		0.8	—
Cash generated from operations		**20.6**	**75.0**
Income taxes paid		(9.3)	(5.2)
Net cash flows from operating activities		**11.3**	**69.8**
Cash flow from investing activities			
Purchase of property, plant and equipment		(26.0)	(31.5)
Purchase of intangible assets	9	(151.4)	(17.9)
Proceeds from sale of property, plant and equipment		3.4	0.1
Interest received		2.0	0.9
Business combinations, net of cash		—	(0.9)
Proceeds from sale of interests in subsidiaries and associates	8	28.1	0.2
Net cash flows used in investing activities		**(143.9)**	**(49.1)**
Cash flow from financing activities			
Transaction costs paid for issuance of financial instruments		(0.1)	(0.5)
Proceeds from bank loans		114.2	37.7
Repayment of bank loans		(58.6)	—
Proceeds from / (repayment of) 3rd party loans		1.9	(1.8)
Dividends paid to non-controlling interest		(5.1)	(3.2)
Net contributions from / (purchase of) non-controlling interests		—	18.1
Interest paid		(26.2)	(16.3)
Net cash flows (used in) / from financing activities		**26.1**	**34.0**
Currency translation on cash		37.1	(0.2)
(Decrease) / increase in cash and cash equivalents		**(69.4)**	**54.5**
Cash and cash equivalents at the			
—beginning of the period		513.0	246.4
—end of the period		443.6	300.9

Notes to the Interim Consolidated Financial Statements

1. Corporate information

Dufry AG ("Dufry" or "the Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates over 1,650 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paulo.

The interim consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the period ended March 31, 2015 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated April 29, 2015.

2. Basis of preparation and changes to the accounting policies

Basis of preparation

The interim consolidated financial statements for the period ended March 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2014.

New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2014, except for the new or revised Standards and Interpretations (effective January 1, 2015) adopted in these financial statements. Their adoption did not have a significant impact on the amounts reported in these financial statements or disclosures therein.

Annual improvements 2010-2012—issued December 2013

- **IFRS 2 Share-based payment** Definition of vesting condition by separately defining a 'performance condition' and a 'service condition'.
- **IFRS 3 Business combinations** Accounting for contingent consideration in a business combination that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in either profit or loss or other comprehensive income.
- **IFRS 8 Operating segments** Aggregation of operating segments requires the disclosure of those factors that are used to identify the entity's reportable segments.
- **IAS 24 Related party disclosures** An entity providing key management personnel services to the reporting entity is a related party of the reporting entity.

3. Principal foreign exchange rates applied for valuation and translation

	Average rates	Closing rates	
	3M 2015	31.03.2015	
1 USD	0.9528	0.9728	
1 EUR	1.0728	1.0437	
	3M 2014	31.03.2014	31.12.2014
1 USD	0.8925	0.8842	0.9939
1 EUR	1.2231	1.2177	1.2027

4. Seasonality

Dufry has its strongest month of turnover and EBITDA between July and September corresponding to the summer time in the northern hemisphere, whereas the first quarter is the weakest. These seasonality effects are stronger on results than in turnover.

5. Segment information

The Group's risks and returns are predominantly affected by the fact that Dufry operates in different countries. Therefore, Dufry presents the segment information as it does internally to the Group Executive Committee, using 4 geographical areas plus the Nuance business and the distribution centers as additional business units.

Segment information 3M

3M 2015	Turnover			
	with external customers	with other segments	Total	EBITDA(1)
		(in millions of CHF)		
EMEA & Asia	190.0	—	190.0	12.7
America I	196.2	—	196.2	13.6
America II	130.8	—	130.8	2.4
United States & Canada	230.1	—	230.1	20.6
The Nuance Business	259.7	—	259.7	11.3
Distribution Centers	12.1	186.6	198.7	31.4
Total segments	**1,018.9**	**186.6**	**1,205.5**	**92.0**
Eliminations	—	(186.6)	(186.6)	—
Dufry Group	**1,018.9**	**—**	**1,018.9**	**92.0**

3M 2014	Turnover with external customers	Turnover with other segments	Turnover Total	EBITDA(1)
	(in millions of CHF)			
EMEA & Asia	239.8	—	239.8	22.4
America I	174.7	—	174.7	13.4
America II	138.4	—	138.4	5.7
United States & Canada	205.0	—	205.0	17.7
The Nuance Business	—	—	—	—
Distribution Centers	17.1	213.5	230.6	29.9
Total segments	**775.0**	**213.5**	**988.5**	**89.1**
Eliminations	—	(213.5)	(213.5)	—
Dufry Group	**775.0**	**—**	**775.0**	**89.1**

(1) EBITDA before other operational result

Segment assets and liabilities

	31.03.2015 Total assets	31.03.2015 Total liabilities	31.12.2014 Total assets	31.12.2014 Total liabilities
	(in millions of CHF)			
EMEA & Asia	1,299.6	307.0	1,391.1	343.8
America I	1,385.1	186.2	1,324.1	208.1
America II(2)	372.6	109.4	560.6	293.6
United States & Canada	658.2	147.0	729.5	132.8
The Nuance Business	2,023.8	495.7	2,367.7	597.7
Distribution Centers	495.1	148.5	402.4	189.4
Total segments	**6,234.4**	**1,393.8**	**6,775.3**	**1,765.4**
Unallocated positions	335.5	2,853.4	371.8	2,923.1
Dufry Group	**6,569.9**	**4,247.2**	**7,147.1**	**4,688.5**

(2) Mainly due to a payment of CHF 147.2 million (see note 9)

6. Income taxes

	Unaudited 3M 2015	Unaudited 3M 2011
	(in millions of CHF)	
Current income tax	(6.7)	(4.1)
Deferred income tax	7.7	4.2
TOTAL INCOME TAXES	**1.0**	**(1.9)**

7. Acquisition of the Nuance Group in 2014

The fair value of the identifiable assets and liabilities at the date of the acquisition are still considered to be preliminary and unchanged from the disclosure in the Group's annual financial statements as of December 31, 2014.

8. Investments in associates

Dufry's interests in Nuance Group (Orlando) LLC and Broward Duty Free LLC were sold during Q1 at book value of CHF 27.4 million to a non-controlling shareholder after having purchased these investments during the Nuance transaction in September 2014.

9. Agreement with a local partner to operate in Brazil

Dufry paid CHF 147.2 (USD 163.2) million during Q1 to acquire an additional 20% of the equity of Dufry Lojas Francas Ltd (DLF). After the exercise of the option, Dufry holds 80% of DLF.

10. Important transaction

On March 30, 2015, Dufry announced the signing of an agreement to acquire 50.1% stake in World Duty Free S.p.A. (WDF) for EUR 10.25 per share in cash. Following the completion of the transaction, Dufry will launch a mandatory tender offer for the remaining 49.9% outstanding WDF shares (EUR 10.25 per share in cash). The closing date of the transaction is expected to be during Q3.

WDF is one of the top global travel retailers and in 2014 generated turnover of EUR 2,439.6 million. WDF has operations in 20 countries through 105 locations with over 500 shops, from its heartland in Western Europe, to the Americas, the middle East and Asia and an average of about 9,400 full time equivalent.

Dufry expects to generate significant cost synergies through the integration by cost reductions and gross profit improvements. WDF will further enhance Dufry's global position in the travel retail market industry.

For the financing of the transaction and the refinancing of WDF's debt, Dufry has secured via a fully committed debt bridge facility of CHF 3,800 (EUR 3,600) million, of which about CHF 2,200 million will be refinanced through equity and up to CHF 1,600 (EUR 1,500) million through debt instruments. The capital increase is fully secured by a combination of the underwriting by a bank consortium as well as commitments by the investors Singapore's Sovereign Wealth Fund, the Qatar Investment Authority and Temasek, which have all committed to invest up to CHF 450 million each in equity.

Dufry held a General Meeting on April 29, 2015, to approve the equity financing, in form of an at market rights issue, targeting at least CHF 2,200 million from an ordinary capital increase.

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To the Board of Directors of
Dufry AG, Basel

Basel, 29 April 2015

Report on the review of interim condensed consolidated financial statements

Introduction

We have reviewed the interim condensed consolidated financial statements of Dufry AG as of 31 March 2015, comprising of the interim consolidated statement of financial position as of 31 March 2015 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes (Pages 3 to 10). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with international Standard on Review Engagements 2410 "Review of Interim Financial information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard FAS 34 "Interim Financial Reporting".

Ernst & Young Ltd

/s/ Bruno Chiomento	/s/ Christian Krämer
Bruno Chiomento	Christian Krämer
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

DUFRY FINANCIAL STATEMENTS
2014

CONSOLIDATED INCOME STATEMENT

For The Year Ended December 31, 2014

	NOTE	2014	2013
		(in millions of CHF)	
Continuing Operations			
Net sales	7	4,063.1	3,465.0
Advertising income		133.5	106.7
Turnover		**4,196.6**	**3,571.7**
Cost of sales		(1,733.5)	(1,466.0)
Gross profit		**2,463.1**	**2,105.7**
Selling expenses	8	(1,023.7)	(826.0)
Personnel expenses	9	(609.7)	(538.1)
General expenses	10	(256.4)	(230.5)
Share of result of associates	11	2.3	—
EBITDA(1)		**575.6**	**511.1**
Depreciation, amortization and impairment	12	(249.1)	(192.9)
Other operational result	13	(61.1)	(37.4)
Earnings before interest and taxes (EBIT)		**265.4**	**280.8**
Interest expenses	14	(154.1)	(98.0)
Interest income	14	5.7	3.4
Foreign exchange gain / (loss)		(11.1)	(5.4)
Earnings before taxes (EBT)		**105.9**	**180.8**
Income tax	15	(20.3)	(33.2)
Net earnings from continuing operations		**85.6**	**147.6**
Discontinued Operations			
Net earnings from discontinued operations		(0.8)	
Net earnings		**84.8**	**147.6**
Attributable to:			
Equity holders of the parent		50.8	93.0
Non-controlling interests		34.0	54.6
Earnings Per Share Attributable to Equity Holders of the Parent			
Basic earnings per share	17	1.53	3.13
Diluted earnings per share	17	1.48	3.12
Weighted average number of outstanding shares in thousands		33,307	29,720
Earnings Per Share for Continuing Operations			
Basic earnings per share attributable to equity holders of the parent	17	1.55	3.13
Diluted earnings per share attributable to equity holders of the parent	17	1.50	3.12

(1) EBITDA is earnings before interest, taxes, depreciation, amortization and other operational result

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2014

	NOTE	2014	2013
		(in millions of CHF)	
Net earnings		**84.8**	**147.6**
Other Comprehensive Income			
Actuarial gains / (losses) on defined benefit plans	18	(37.9)	17.4
Income tax	15, 18	4.5	(1.3)
Items not being reclassified to net income in subsequent periods, net of tax		**(33.4)**	**16.1**
Exchange differences on translating foreign operations	18	223.9	(50.2)
Net gain / (loss) on hedge of net investment in foreign operations	18	(102.4)	24.4
Income tax on above positions	15, 18	3.2	—
Items to be reclassified to net income in subsequent periods, net of tax		**124.7**	**(25.8)**
Total other comprehensive income, net of tax		**91.3**	**(9.7)**
Total comprehensive income, net of tax		**176.1**	**137.9**
Attributable to:			
Equity holders of the parent		129.9	84.5
Non-controlling interests		46.2	53.4
Total comprehensive income attributable to equity holders of the parent		**129.9**	**84.5**
Attributable to:			
Continuing operations		130.7	84.5
Discontinued operations		(0.8)	—

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	NOTE	31.12.2014	31.12.2013
		(in millions of CHF)	
Assets			
Property, plant and equipment	19	435.4	313.9
Intangible assets	21	4,723.4	2,734.0
Investments in associates	11	72.9	—
Deferred tax assets	23	195.9	154.9
Other non-current assets	24	106.6	62.1
Non-current assets		**5,534.2**	**3,264.9**
Inventories	25	741.2	524.7
Trade and credit card receivables	26	118.7	42.8
Other accounts receivable	27	227.2	149.7
Income tax receivables		11.0	9.9
Cash and cash equivalents		513.0	246.4
Current assets		**1,611.1**	**973.5**
Assets of discontinued operations held for sale	16	1.8	—
Total assets		**7,147.1**	**4,238.4**
Liabilities and Shareholders' Equity			
Equity attributable to equity holders of the parent	28	2,292.8	1,137.5
Non-controlling interests	30, 31	165.8	129.9
Total equity		**2,458.6**	**1,267.4**
Financial debt	32	2,821.8	1,693.6
Deferred tax liabilities	23	416.4	261.7
Provisions	33	96.6	51.3
Post-employment benefit obligations	34	37.7	11.5
Other non-current liabilities	35	3.3	5.1
Non-current liabilities		**3,375.8**	**2,023.2**
Trade payables		418.3	277.9
Financial debt	32	45.6	306.2
Income tax payables		33.8	30.5
Provisions	33	54.8	10.1
Other liabilities	35	760.2	323.1
Current liabilities		**1,312.7**	**947.8**
Total liabilities		**4,688.5**	**2,971.0**
Total liabilities and shareholders' equity		**7,147.1**	**4,238.4**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2014

2014	Note	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total Equity
		Attributable to Equity Holders of the Parent									
						(in millions of CHF)					
Balance at January 1, 2014		**154.5**	**1,207.0**	**(18.1)**	**—**	**0.3**	**(224.5)**	**18.3**	**1,137.5**	**129.9**	**1,267.4**
Net earnings		—	—	—	—	—	—	50.8	50.8	34.0	84.8
Other comprehensive income (loss)		—	—	—	—	(33.2)	112.3	—	79.1	12.2	91.3
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**(33.2)**	**112.3**	**50.8**	**129.9**	**46.2**	**176.1**
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(39.5)	(39.5)
Issuance of equity instruments	28	25.0	785.0	—	269.6	—	—	—	1,079.6	—	1,079.6
Transactions costs for equity instruments	28	—	(27.3)	—	(6.8)	—	—	—	(34.1)	—	(34.1)
Net purchase of treasury shares	29.4	—	—	(13.8)	—	—	—	—	(13.8)	—	(13.8)
Assignment of treasury shares	29.4	—	—	17.6	—	—	—	(17.6)	—	—	—
Share-based payment	29	—	—	—	—	—	—	2.4	2.4	—	2.4
Tax effect on equity transactions	15	—	—	—	—	—	—	0.1	0.1	—	0.1
Total transactions with or distributions to owners		**25.0**	**757.7**	**3.8**	**262.8**	**—**	**—**	**(15.1)**	**1,034.6**	**(39.5)**	**994.7**
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests	30	—	—	—	—	—	—	(8.8)	(8.8)	29.2	20.4
Balance at December 31, 2014		**179.5**	**1,964.7**	**(14.3)**	**262.8**	**(32.9)**	**(112.2)**	**45.2**	**2,292.8**	**165.8**	**2,458.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2013

		Attributable to Equity Holders of the Parent									
2013	Note	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total Equity
						(in millions of CHF)					
Balance at January 1, 2013		**148.4**	**1,2070.0**	**(41.6)**	**—**	**—**	**(199.9)**	**124.9**	**1,238.8**	**128.4**	**1,367.2**
Restatement		—	—	—	—	(15.8	—	0.1	(15.7)	—	(15.7)
Balance at January 1, 2013 (restated)		**148.4**	**1,207.0**	**(41.6)**	**—**	**(15.8)**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**
Net earnings		—	—	—	—	—	—	93.0	93.0	54.6	147.6
Other comprehensive income (loss)		—	—	—	—	16.1	(24.6)	—	(8.5)	(1.2)	(9.7)
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**16.1**	**(24.6)**	**93.0**	**84.5**	**53.4**	**137.9**
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(39.4)	(39.4)
Issuance of share capital	28	6.1	—	—	—	—	—	—	6.1	—	6.1
Net purchase of treasury shares	29.4	—	—	(17.7)	—	—	—	—	(17.7)	—	(17.7)
Assignment of treasury shares	29.4	—	—	41.2	—	—	—	(41.2)	—	—	—
Share-based payment	29	—	—	—	—	—	—	10.7	10.7	—	10.7
Tax effect on equity transactions	15	—	—	—	—	—	—	1.4	1.4	—	1.4
Total transactions with or distributions to owners		**6.1**	**—**	**23.5**	**—**	**—**	**—**	**(29.1)**	**0.5**	**(39.4)**	**(38.9**
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests		—	—	—	—	—	—	(170.6)	(170.6)	(12.5)	(183.1)
Balance at December 31, 2013		**154.5**	**1,207.0**	**(18.1)**	**—**	**0.3**	**(224.5)**	**18.3**	**1,137.5**	**129.9**	**1,267.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

	NOTE	2014	2013
		(in millions of CHF)	
Cash Flows From Operating Activities			
Earnings before taxes (EBT)		105.9	180.8
Net earnings from discontinued operations	16	(0.8)	—
Earnings before taxes (EBT) Total		**105.1**	**180.8**
Adjustments for:			
Depreciation, amortization and impairment	12	249.1	192.9
Loss / (gain) on sale of non-current assets		(0.9)	—
Increase / (decrease) in allowances and provisions		(16.0)	(2.0)
Loss / (gain) on unrealized foreign exchange differences		9.1	7.9
Other non-cash items		2.4	10.7
Share of result of associates	11	(2.3)	—
Interest expense	14	154.1	98.0
Interest income	14	(5.7)	(3.4)
Cash flow before working capital changes		**494.9**	**484.9**
Decrease / (increase) in trade and other accounts receivable		(32.0)	(1.2)
Decrease / (increase) in inventories	25	36.5	(32.8)
Increase / (decrease) in trade and other accounts payable		(43.1)	8.6
Dividends received from associates	11	0.4	—
Cash generated from operations		**456.7**	**459.5**
Income taxes paid	15	(65.2)	(24.4)
Net cash flows from operating activities		**391.5**	**435.1**
Cash Flow From Investing Activities			
Purchase of property, plant and equipment	19, 20	(143.7)	(108.1)
Purchase of intangible assets	21, 22	(57.0)	(114.4)
Proceeds from sale of property, plant and equipment		3.1	2.8
Interest received		4.9	2.9
Business combinations, net of cash	6	(1,124.6)	(243.6)
Proceed from sale of interest in subsidiaries, net of cash		0.2	0.9
Net cash flows used in investing activities		**(1,317.1)**	**(459.5)**
Cash Flow From Financing Activities			
Transaction costs for issuance of financial instruments		(75.9)	(21.3)
Proceeds from issue of new shares	28	810.0	—
Proceeds from mandatory convertible notes	28	275.0	—
Proceeds from bank loans	32	2,177.6	663.0
Repayment of bank loans	32	(1,821.7)	(412.0)
Repayment of 3rd party loans	32	(5.7)	(8.1)
Dividends paid to non-controlling interest	30	(39.5)	(39.4)
Net purchase of treasury shares	29	(13.8)	(17.7)
Net contributions from / (purchase of) non-controlling interests		31.1	(213.9)
Interest paid		(107.8)	(92.9)
Net cash flows (used in) / from financing activities		**1,229.3**	**(142.3)**
Currency translation on cash		(37.1)	(20.9)
(Decrease) / increase in cash and cash equivalents		**266.6**	**(187.6)**
Cash and Cash Equivalents at The			
beginning of the period		246.4	434.0
end of the period		513.0	246.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

1. Corporate Information

Dufry AG ("Dufry" or "the Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates over 1,650 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paulo.

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2014 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 4, 2015.

2. Accounting Policies

2.1 Basis of Preparation

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

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

The consolidated financial statements are presented in Swiss francs and all values are rounded to the nearest one hundred thousand, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Dufry AG and entities controlled by Dufry (its subsidiaries) as at December 31, 2014 and the respective comparative information.

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

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

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity
- recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the consolidated income statement and

2. Accounting Policies (Continued)

- reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

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

2.3 Summary of Significant Accounting Policies

a) Business combinations and goodwill

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

Any contingent consideration to be transferred by the buyer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Differences arising by the final settlement are accounted for within equity. In instances where the contingent consideration is not a financial instrument, it is measured in accordance with the appropriate IFRS.

The Group measures goodwill at the acquisition date as:

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

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

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

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

2. Accounting Policies (Continued)

b) Turnover

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

c) Cost of sales

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

d) Foreign currency translation

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

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

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

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

Principal Foreign Exchange Rates Applied for Valuation and Translation:

	Average Rates		Closing Rates		Rates at Acquisition Date
	2014	2013	31.12.2014	31.12.2013	09.09.2014
			(in CHF)		
1 USD	0.9155	0.9268	0.9939	0.8886	0.9342
1 EUR	1.2144	1.2306	1.2027	1.2250	1.2067

2. Accounting Policies (Continued)

e) Equity instruments

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

f) Share capital

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

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

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

g) Compound financial instruments

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

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

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

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

h) Pension and other post-employment benefit obligations—Pension obligations

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

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

2. Accounting Policies (Continued)

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

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes restructuring related costs

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

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements under “Personnel expenses”
- Net interest expense or income under “Interest expenses or income”

i) Share-based payments

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

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

j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

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

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

2. Accounting Policies (Continued)

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax-credits or tax-losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

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

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

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

k) Property, plant and equipment

These are stated at cost less accumulated depreciation and any impairment in fair value. Depreciation is computed on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

The useful lives applied are as follows:

- Real estate (buildings) 20 to 40 years

2. Accounting Policies (Continued)

- Leasehold improvements the shorter of 10 years or the remaining lease term
- Furniture and fixtures the shorter of 5 years or the remaining lease term
- Motor vehicles the shorter of 5 years or the remaining lease term
- Computer hardware the shorter of 5 years or the remaining lease term

l) Intangible assets

Intangible assets acquired (separately or from a business combination)

These assets mainly comprise of concession rights, brands and goodwill (for goodwill see 2.3a). Intangible assets acquired separately are capitalized at cost and those from a business acquisition are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. intangible assets with finite lives are amortized over the useful economic life. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. if not, any changes are made on a prospective basis.

m) Impairment of non-financial assets

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

n) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations

The Group classifies non-current assets or disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use and measures these at the lower of their carrying amount or fair value less costs to sell or to distribute.

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

A disposal group qualifies as discontinued operation if it is:

- A major line of business or major geographical area;
- Part of a single coordinated plan for disposal; or
- A subsidiary acquired exclusively with a view to resale

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

2. Accounting Policies (Continued)

Additional disclosures are provided in Note 16. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

o) Associates

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to net earnings where appropriate.

The Group's share of post-acquisition net earnings is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in the consolidated statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

p) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand or current bank accounts as well as short-term deposits at banks with initial maturity below 91 days. Short-term investments are included in this position if they are highly liquid, readily convertible into known amounts of cash and subject to insignificant risk of changes in value. Bullet bonds amounting to CHF 23.9 (2013: CHF nil) million, due within 90 days are disclosed here.

Cash and cash equivalents at the end of the reporting period include CHF 54.9 (2013: CHF 22.6) million held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

2. Accounting Policies (Continued)

q) Inventories

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

r) Provisions

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

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

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

Contingent liabilities acquired in a business combination

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

Onerous contracts

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

Restructurings

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

2. Accounting Policies (Continued)

s) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

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

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

t) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, available-for-sale (AFS) financial assets and loans and receivables. The categorization depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular purchases or sales of financial assets are those that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL (fair value through profit or loss)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

2. Accounting Policies (Continued)

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any dividend or interest earned on the financial asset and is included in the other operating result line item in the consolidated income statement. Fair value is determined in the manner described in note 39.

Trade and other accounts receivable

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Certain categories of financial assets, such as trade receivables, are assessed for impairment individually.

Subsequent recoveries of amounts previously written off are credited against the allowance accounts for these categories. Changes in the carrying amount of the allowance account are recognized in the consolidated income statement in the lines selling expenses or other operational result.

Derecognition of financial assets

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

2. Accounting Policies (Continued)

u) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

These financial liabilities are either held for trading or have been designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Other financial liabilities, not held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed together and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any interest paid on the financial liability and is included in the financial result in the consolidated income statement. Fair value is determined in the manner described in note 39.

Other financial liabilities

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

Derecognition of financial liabilities

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

2. Accounting Policies (Continued)

v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously (see Note 39.10).

w) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate or foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 39.

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

Embedded derivatives

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

x) Hedge accounting

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

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

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the hedging and

2. Accounting Policies (Continued)

revaluation reserves. The gain or loss relating to the ineffective portion is recognized in the consolidated income statement, and is included in the interest expenses / income line item. The Group did not utilize cash flow hedges during 2013 and 2014.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of translation reserves. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement, and is included in the foreign exchange gains / loss line item (see note 32.2).

2.4 Changes in Accounting Policy and Disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations listed below. Dufry did not adopt any Standards and Interpretations significantly affecting the reported financial performance and / or financial position and / or the disclosure during the current reporting period.

Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period

IAS 32
Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32

(effective January 1, 2014)

These amendments should clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The adoption of the standard did not have a significant impact from the current point of view.

IAS 39
Novation of Derivatives and Continuation of Hedge Accounting—Amendments to IAS 39

(effective January 1, 2014)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

IFRIC 21
Levies

(effective January 1, 2014)

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The Group is currently not subject to significant levies.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

Key Sources of Estimation Uncertainty

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

Concession rights

Concession rights acquired in a business combination are measured at fair value as at the date of acquisition. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group annually tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.1.2.

Onerous contracts

Some of the long-term concession agreements described above, include clauses to prevent early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement. The conditions for an onerous contract will be met, when such a contract presents a non-profitable outlook. In this event, a provision based on the present value of the unavoidable future negative cash flows expected by the management is established. The unavoidable costs are the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. Further details are given in note 33.

Brands and goodwill

The Group tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.1.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. The Group recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such assessment is made. Further details are given in notes 15/23.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 23.

Provisions

Management makes assumptions in relation to the expected outcome and cash outflows based on the development of each individual case. Further details are given in note 33.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which depends on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life probability that the triggering clause will be met, volatility and final quantity of shares to be assigned and making assumptions about them. The assumptions and models used are disclosed in note 29.

Pension and other post-employment benefit obligations

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates (long term return on assets), future salary / pension increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 34.

Purchase price allocation

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

Consolidation of entities where the Group has control, but holding only minority voting rights

The Group considers to control certain entities, even when it holds less than the majority of the voting rights, when it is exposed to or has the rights to variable returns from the involvements with the investee and has the ability to affect those returns through its power over the entity. These indicators are evaluated at the time of first consolidation and reviewed when there are changes in the statutes or composition of the executive board of these entities. Further details on non-controlling interests are disclosed in note 31 and the annex "Most important subsidiaries".

4. New and Revised Standards and Interpretations Issued But Not Yet Adopted / Effective

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

IFRS 9
Financial Instruments

(effective January 1, 2018)

Phase 1: Classification and measurement—determines how financial assets and financial liabilities are accounted for and measured on an ongoing basis.

Phase 2: Impairment—a new single expected loss impairment model is introduced that will require more timely recognition of expected credit losses.

Phase 3: Hedge accounting—the new model aligns the accounting treatment with risk management activities, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not impact the financial liabilities. Phase 2 is not expected to significantly impact on the financial statements and Phase 3 is expected to effect the disclosure requirements from a current point of view.

IFRS 15
Revenue from contracts with customers

(effective January 1, 2017)

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

The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The Group is assessing the impact of IFRS 15.

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(Proposed amendments to IFRS 10 and IAS 28)
(effective January 1, 2016)

The gain or loss resulting from the sale to or contribution from an associate of assets that constitute a business as defined in IFRS 3 is recognized in full. The gain or loss resulting from the sale to or contribution from a subsidiary that does not constitute a business as defined in IFRS 3 (i.e. not a group of assets conforming a business) to an associate is recognized only to the extent of unrelated investors' interests in the associate.

4. New and Revised Standards and Interpretations Issued But Not Yet Adopted / Effective (Continued)

Annual Improvements 2010-2012—issued December 2013

(effective January 1, 2015)

- IFRS 2 Share-based Payment:
  Definition of vesting condition by separately defining a "performance condition" and a "service condition".
- IFRS 3 Business Combination:
  Accounting for contingent consideration in a business combination that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in either profit or loss or other comprehensive income.
- IFRS 8 Operating Segments:
  Aggregation of operating segments requires the disclosure of those factors that are used to identify the entity's reportable segments.
- IAS 24 Related Party Disclosures:
  An entity providing key management personnel services to the reporting entity is a related party of the reporting entity.

Annual Improvements 2012-2014—issued September 2014

(effective January 1, 2016)

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal are clarified, i.e. whether such a change in a disposal method would qualify as a change to a plan of sale.
- IAS 34 Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report" is clarified and requires the inclusion of a cross-reference from the interim financial statements to the location of this information.

5. Segment Information

The Group's risks and returns are predominantly affected by the fact that Dufry operates in different countries. Therefore, the Group presents the segment information as it does internally to the

5. Segment Information (Continued)

Group Executive Committee, using 4 geographical areas plus the Nuance business and the distribution centers as additional business units.

	Turnover				
	With External Customers	With Other Segments	Total	EBITDA(2)	Full Time Equivalents
	(in millions of CHF)				
2014					
EMEA & Asia	1,194.5	—	1,194.5	189.9	4,367
America I	763.0	—	763.0	57.0	3,565
America II	683.3	—	683.3	27.2	2,388
United States & Canada	963.1	—	963.1	121.8	5,669
The Nuance Business(1)	536.6	—	536.6	50.4	3,654
Distribution Centers	56.1	882.5	938.6	129.3	303
Total segments	**4,196.6**	**882.5**	**5,079.1**	**575.6**	**19,946**
Eliminations	—	(882.5)	(882.5)		
Dufry Group	**4,196.6**	**—**	**4,196.6**	**575.6**	**19,946**
2013					
EMEA & Asia	1,174.1	—	1,174.1	192.1	4,867
America I	768.5	—	768.5	46.2	3,604
America II	692.2	—	692.2	49.8	2,084
united states & Canada	876.1	—	876.1	103.7	5,586
The Nuance Business(1)	—	—	—	—	—
Distribution Centers	60.8	858.6	919.4	119.3	282
Total segments	**3,571.7**	**858.6**	**4,430.3**	**511.1**	**16,423**
Eliminations	—	(858.6)	(858.6)	—	—
Dufry Group	**3,571.7**	**—**	**3,571.7**	**511.1**	**16,423**

(1) Includes the share of result of associates (see note 11)

(2) EBITDA before other operational result

The Group generated 4.9% (2013: 1.0%) of the turnover with external customers in Switzerland (domicile).

5. Segment Information (Continued)

Financial Position and other disclosures

	Total Assets	Total Liabilities	Income Tax Expense	Capital Expenditure Paid	Depreciation & Amortization	Other Non-Cash Items
			(in millions of CHF)			
31.12.2014						
EMEA & Asia	1,391.1	343.8	(20.5)	(44.6)	(52.1)	1.4
America I	1,324.1	208.1	(1.6)	(12.3)	(61.3)	(1.6)
America II	560.6	293.6	6.1	(78.0)	(37.1)	3.7
United States & Canada	729.5	132.8	(0.2)	(54.8)	(49.3)	(0.1)
The Nuance Business(1)	2,367.7	597.7	4.5	(6.5)	(34.3)	(2.7)
Distribution Centers	402.4	189.4	(4.2)	(0.9)	(1.1)	(1.3)
Total segments	**6,775.3**	**1,765.4**	**(15.9)**	**(197.1)**	**(235.2)**	**(0.6)**
Unallocated positions	371.8	2,923.1	(4.4)	(3.6)	(13.9)	(5.5)
Dufry Group	**7,147.1**	**4,688.5**	**(20.3)**	**(200.7)**	**(249.1)**	**(6.1)**
31.12.2013						
EMEA & Asia	1,435.1	386.8	(24.8)	(50.1)	(50.4)	2.0
America I	1,228.2	184.6	(5.4)	(9.4)	(64.9)	0.9
America II	361.0	106.1	0.6	(80.1)	(28.1)	1.5
United States & Canada	576.5	109.4	2.3	(70.8)	(44.6)	0.4
The Nuance Business	—	—	—	—	—	—
Distribution Centers	246.8	177.9	(2.1)	(3.1)	(1.3)	(1.2)
Total segments	**3,847.6**	**964.8**	**(29.4)**	**(213.5)**	**(189.3)**	**3.6**
Unallocated positions	390.8	2,006.2	(3.8)	(9.0)	(3.6)	13.0
Dufry Group	**4,238.4**	**2,971.0**	**(33.2)**	**(222.5)**	**(192.9)**	**16.6**

(1) Includes associates (see note 11)

Reconciliation of the earnings

	2014	2013
	(in millions of CHF)	
Segment EBITDA	**575.6**	**511.1**
Depreciation, amortization and impairment	(249.1)	(192.9)
Other operational result	(61.1)	(37.4)
Interest expenses	(154.1)	(98.0)
Interest income	5.7	3.4
Foreign exchange gain / (loss)	(11.1)	(5.4)
Earnings before tax	**105.9**	**180.8**

5. Segment Information (Continued)

Reconciliation of assets

	31.12.2014	31.12.2013
	(in millions of CHF)	
Segment operating assets	**6,775.3**	**3,847.6**
Current assets of Headquarter companies	93.1	101.4
Non-current assets of Headquarter companies	278.7	289.4
Total assets	**7,147.1**	**4,238.4**

Reconciliation of liabilities

	31.12.2014	31.12.2013
	in millions of CHF	
Segment operating liabilities	1,765.4	964.8
Financial debt of Headquarter companies, short-term	0.5	267.6
Financial debt of Headquarter companies, long-term	2,815.5	1,692.4
Other non-segment liabilities	107.1	46.2
Total liabilities	**4,688.5**	**2,971.0**

6. Acquisitions of Businesses

2014 Transactions

6.1 Acquisition of the Nuance Group, Switzerland

On September 9, 2014, Dufry acquired 100% of The Nuance Group (TNG) for a net consideration of CHF 1,312.2 million. The acquisition has been accounted for using the acquisition method. The related transaction costs of CHF 11.4 million have been presented in other operational result in the consolidated income statement.

TNG is one of the top global travel retailers with headquarters in Switzerland. In 2013, TNG reached a turnover of CHF 2,094.9 million (of which CHF 481.2 million from operations in Australia). Overall at acquisition date, TNG operated about 270 shops in 15 countries and employed approximately 3,900 full time equivalents (FTE's). Among the main locations operated by TNG are airports in Toronto in Canada, Hong Kong and downtown stores in Macau, China, Stockholm in Sweden, Zurich and Geneva in Switzerland, Antalya in Turkey and Heathrow in UK.

This geographical presence of TNG complements the one of Dufry very well. Dufry expects to expand this business and to generate significant cost synergies through the integration of TNG into its marketing model and supply chain as well as through the combination of the global and regional organizations and support functions, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill is not amortized, is not tax deductible and will be subject to annual impairment testing.

The consideration paid for the acquisition, together with the refinancing of TNG's debt and related transaction expenses, was financed through the issuance of (gross proceeds):

- Mandatory convertible notes of CHF 275.0 million on June 18, 2014 (see note 28.3.2)

6. Acquisitions of Businesses (Continued)

- Share capital of CHF 810.0 million on July 8, 2014 (see note 28.2)
- Senior Notes of CHF 607.1 million on July 17, 2014 (see note 32)

The transaction costs in relation with the equity component of the mandatory convertible notes and the share capital increase have been accounted through equity, whereas the costs related with the senior notes will be amortized over the term of the debt.

The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined preliminarily as the Company is in the process of verifying the valuation of these net assets identified as follows:

	Preliminary Fair Value 09. 09. 2014 (in millions of CHF)
Trade and credit card receivables	54.8
Inventories	211.1
Other current assets	246.2
Property, plant and equipment	45.6
Concession rights	1,091.0
Other intangible assets	19.5
Investments in associates	67.6
Other non current assets	20.5
Deferred tax assets	12.4
Trade payables	(144.3)
Financial debt	(449.7)
Provisions	(96.8)
Contingent liabilities	(1.0)
Other liabilities	(256.4)
Deferred tax liabilities	(175.2)
Identifiable net assets	**645.3**
Fair value of non-controlling interests	(2.6)
Dufry's share in the net assets	642.7
Goodwill	669.5
Total consideration	**1,312.2**

From the date when Dufry took control of the TNG operations in September 2014 until December 2014 these operations contributed CHF 536.6 million in turnover and CHF 14.0 million in EBIT to the consolidated income statement of the Group.

If the business combination would have occurred as of the beginning of 2014, TNG would have generated a turnover of CHF 1,776.4 million and an EBIT of approximately CHF 58 million.

6. Acquisitions of Businesses (Continued)

6.2 Reconciliation of Cash Flows 2014

Cash flows used for Business Combinations, net of cash

	Total Consideration	Net Cash Acquired	Subtotal	Changes in Accounts Payable	Net Cash Flow
	(in millions of CHF)				
2014					
The Nuance Group, Switzerland	(1,312.2)	188.5	(1,123.7)	—	(1,123.7)
Alliance, Puerto Rico	—	—	—	(0.9)	(0.9)
Total	**(1,312.2)**	**188.5**	**(1,123.7)**	**(0.9)**	**(1,124.6)**

2013 Transactions

6.3 Acquisition of Hellenic Duty Free Shops, Greece

Hellenic Duty Free Shops SA (HDFS) is the leading duty-free operator in Greece, which generated in 2013 a turnover of CHF 400.4 million with duty-free and duty-paid retail shops in 47 locations, of which 25 are at airports, 11 at seaports and 11 at border shops. During 2013 the company reached an EBIT of CHF 106.9 million.

On April 22, 2013, Dufry acquired 51% of shares of HDFS, a newly founded company taking over the carved-out travel retail business from Folli Follie Group for a total consideration of CHF 244.7 (EUR 200.5) million. The acquisition was accounted for using the acquisition method. The transaction costs in relation to this acquisition step amounted to CHF 13.9 million, whereof CHF 7.4 million was included in other operational result of 2013 in the consolidated income statement. The non-controlling interest, resulting from the transaction was measured at the proportionate share in the identifiable net assets.

With this transaction, Dufry significantly increased its presence in the travel retail market in the Mediterranean area. HDFS has agreements granting the rights to operate long-term duty-free concessions in Greece. Dufry integrated the HDFS business into the overall group and generated significant synergies, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill was not amortized, was not tax deductible and is subject to annual impairment testing.

Dufry signed a separate four year agreement with certain representatives ensuring their future continuous assistance developing the business and avoiding direct competition for a fee of CHF 35.1 (EUR 28.0) million. Dufry deferred this fee over the lifetime of the agreement.

These transactions were financed with a capital increase in October 2012. On April 22, 2013, Hellenic Duty Free Shops received from a syndicate of Greek banks a nonrecourse bank facility of CHF 408.9 (EUR 335.0) million.

6. Acquisitions of Businesses (Continued)

The fair value of the identifiable assets and liabilities of HDFS at the date of acquisition are considered to be final and unchanged from the disclosure in the Group's annual financial statements as of December 31, 2013.

	Final fair value 22.04.2013
	(in millions of CHF)
Trade and credit card receivables	5.5
Inventories	80.2
Other assets	10.7
Property, plant and equipment	36.1
Intangible assets, mainly concession rights	511.7
Trade payables	(35.4)
Other liabilities	(36.3)
Financial debt	(408.9)
Provisions and contingent liabilities	(13.8)
Deferred tax liability	(103.4)
Identifiable net assets	**46.4**
Less: Fair value of the non-controlling interests	(22.7)
Dufry's share in the net assets (51%)	23.7
Fair value of total consideration (paid in cash)	244.7
Goodwill	**221.0**

6.4 Transaction with Non-Controlling Interests in Hellenic Duty Free Shops

On December 11, 2013, Dufry acquired the remaining 49% of the voting equity interest of HDFS for a total consideration of CHF 400.7 (EUR 328.0) million. The transaction costs of CHF 1.0 million have been included in other operational result in the income statement 2013. Additionally, the Company has refinanced the HDFS Group, so that existing bank arrangement fees of CHF 4.7 million had been expensed.

From the date when Dufry took control of these operations in April 2013 until December 2013 these operations contributed CHF 349.1 million in turnover and CHF 103.3 million in EBIT to the consolidated income statement of the Group.

	31.12.2013
	(in millions of CHF)
Consideration paid in cash	213.8
Consideration of 1,231,233 Dufry shares at CHF 151.9 each(1)	186.9
Total consideration	400.7
Carrying value of the non-controlling interest in HDFS	(49.3)
Share premium implied in transferred shares	(180.8)
Difference recognized in retained earnings within equity (note 28)	**170.6**

(1) The share issuance costs have been considered in equity

6. Acquisitions of Businesses (Continued)

6.5 Reconciliation of Cash Flows 2013

Cash flows used for Business Combinations, net of cash

	Total Consideration	Net Cash Acquired	Subtotal	Changes in Accounts Payable	Net Cash Flow
		(in millions of CHF)			
2013					
HDFS, Athens—Greece	(244.7)	2.0	(242.7)	—	(242.7)
Alliance, San Juan—Puerto	—	—	—	(0.9)	(0.9)
Total	**(244.7)**	**2.0**	**(242.7)**	**(0.9)**	**(243.6)**

Purchase of non-controlling interest

	2013
	(in millions of CHF)
HDFS, Athens—Greece	(213.8)
Other	(0.1)
Total	**(213.9)**

7. Net Sales

Net sales by product categories:

	2014	2013
	(in millions of CHF)	
Perfumes and Cosmetics	1,164.5	952.0
Confectionery, Food and Catering	734.9	630.7
Wine and Spirits	634.4	553.7
Watches, Jewelry and Accessories	355.9	323.1
Tobacco goods	380.5	288.1
Fashion, Leather and Baggage	350.3	268.4
Literature and Publications	190.6	199.9
Electronics	152.9	98.4
Toys, Souvenirs and other goods	99.1	150.7
Total	**4,063.1**	**3,465.0**

Net sales by market sector:

	2014	2013
	(in millions of CHF)	
Duty-free	2,712.4	2,317.4
Duty-paid	1,350.7	1,147.6
Total	**4,063.1**	**3,465.0**

7. Net Sales (Continued)

Net sales by channel:

	2014	2013
	(in millions of CHF)	
Airports	3,539.0	3,005.9
Border, downtown & hotel shops	242.1	192.5
Cruise liners and seaports	121.6	121.8
Railway stations and other	160.4	144.8
Total	**4,063.1**	**3,465.0**

8. Selling Expenses

	2014	2013
	(in millions of CHF)	
Concession fees and rents	(980.1)	(787.3)
Credit card commissions	(46.1)	(40.8)
Advertising and commission expenses	(24.7)	(21.8)
Packaging materials	(10.8)	(10.2)
Other selling expenses	(18.7)	(13.8)
Selling expenses	**(1,080.4)**	**(873.9)**
Concession and rental income	14.1	15.4
Commission income	7.7	7.5
Commercial services and other selling income	34.9	25.0
Selling income	**56.7**	**47.9**
Total	**(1,023.7)**	**(826.0)**

9. Personnel Expenses

	2014	2013
	(in millions of CHF)	
Salaries and wages	(475.7)	(408.9)
Social security expenses	(85.5)	(77.3)
Retirement benefits (defined contribution plans)	(5.3)	(3.3)
Retirement benefits (defined benefit plans)	8.2	(2.4)
Other personnel expenses	(51.4)	(46.2)
Total	**(609.7)**	**(538.1)**

10. General Expenses

	2014	2013
	(in millions of CHF)	
Repairs, maintenance and utilities	(48.2)	(44.1)
Legal, consulting and audit fees	(41.6)	(40.6)
Premises	(38.2)	(30.6)
EDP and IT expenses	(25.4)	(21.4)
Office and administration	(21.2)	(18.9)
Travel, car, entertainment and representation	(21.2)	(18.6)
Franchise fees and commercial services	(20.2)	(18.5)
Taxes, other than income taxes	(14.9)	(14.3)
PR and advertising	(10.2)	(9.6)
Bank expenses	(7.3)	(7.1)
Insurances	(8.0)	(6.8)
Total	**(256.4)**	**(230.5)**

11. Investment in Associates

Set out below are the material associates of the Group. These associates have share capital held by Dufry AG or one of its affiliates consisting solely of ordinary shares. The country of incorporation or registration is also their principal place of business. During 2013, Dufry had no investments in associates.

Nature of investment in associates

Lojas Francas de Portugal SA operates duty-free shops in the airports of Lisbon and 3 other locations in Portugal. The company is a strategic partnership, providing access to new customers and markets in this country. Lojas Francas de Portugal is a non-quoted private company of which Dufry holds 49%.

Nuance Group (Chicago), LLC. operates a duty-free shop at the O'Hare International Airport of Chicago in Illinois, USA. This company is a non-quoted private company of which Dufry holds 35%.

Nuance Group (Orlando), LLC. operates a duty-free shop at the Orlando International Airport in Florida, USA. This company is a non-quoted private company of which Dufry holds 37.5% (see note 40).

There are no contingent liabilities relating to the Group's interest in these associates.

Summarized financial information for associates

Set out below are the summarized financial information for Lojas Francas de Portugal SA, Nuance Group (Chicago), LLC and Nuance Group (Orlando), LLC which are accounted for using the equity method.

11. Investment in Associates (Continued)

Summarized statement of financial position

	Lojas Francas de Portugal SA	Nuance Group (Chicago) LLC	Nuance Group (Orlando) LLC	Other Associates	31.12.2014	31.12.2013
			(in millions of CHF)			
Cash and cash equivalents	1.6	2.7	3.5	0.9	8.7	—
Other current assets	25.7	4.1	3.6	1.5	34.9	—
Non-current assets	53.5	30.0	47.7	26.5	157.7	—
Other current liabilities	(17.7)	(1.9)	(1.7)	(0.6)	(21.9)	—
Equity	**63.1**	**34.9**	**53.1**	**28.3**	**179.4**	**—**
Proportion of the Group's ownership	49%	35%	37.5%			
Group's share of the equity	**30.9**	**12.2**	**19.9**	**9.9**	**72.9**	**—**

Summarized statement of comprehensive income

	Lojas Francas de Portugal SA	Nuance Group (Chicago) LLC	Nuance Group (Orlando) LLC	Other Associates	2014	2013
			(in millions of CHF)			
Turnover	78.3	8.1	6.8	4.2	97.4	—
Depreciation, amortization and impairment	(0.7)	(0.1)	(0.2)	(0.1)	(1.1)	—
Income tax	(1.1)	—	—	(0.1)	(1.2)	—
Net earnings for the year (continuing operations)	**3.6**	**0.9**	**1.2**	**(2.6)**	**3.1**	**—**
Group's share of the profit for the year*	**1.7**	**0.3**	**0.3**	**—**	**2.3**	**—**
OTHER COMPREHENSIVE INCOME						
Exchange differences on translating foreign operations	0.1	—	—	0.1	0.2	—
Items to be reclassified to net income in subsequent periods	**0.1**	**—**	**—**	**0.1**	**0.2**	**—**
Total comprehensive income	**1.8**	**0.3**	**0.3**	**0.1**	**2.5**	**—**

* Period from September 9, 2014 to December 31, 2014

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

11. Investment in Associates (Continued)

Reconciliation of the carrying amount of its interest in associates

	Lojas Francas de Portugal SA	Nuance Group (Chicago) LLC	Nuance Group (Orlando) LLC	Other Associates	Total
		(in millions of CHF)			
Business combinations September 9, 2014	**28.4**	**11.2**	**18.7**	**9.3**	**67.6**
Net earnings for the period	1.7	0.3	0.3	—	2.3
Dividends received	—	(0.1)	(0.3)	—	(0.4)
Other comprehensive income	0.1	—	—	0.1	0.2
Foreign exchange differences	0.7	0.8	1.2	0.5	3.2
Carrying value December 31, 2014	**30.9**	**12.2**	**19.9**	**9.9**	**72.9**

12. Depreciation, Amortization and Impairment

	2014	2013
	(in millions of CHF)	
Depreciation	(86.8)	(71.1)
Impairment	(1.4)	—
Subtotal (note 19)	**(88.2)**	**(71.1)**
Amortization	(159.3)	(121.8)
Impairment	(1.6)	—
Subtotal (note 21)	**(160.9)**	**(121.8)**
Total	**(249.1)**	**(192.9)**

13. Other Operational Result

Other operational expenses and other operational income include non-recurring transactions, impairments of financial assets and changes in provisions.

	2014	2013
	(in millions of CHF)	
Closing or rebranding of shops / restructuring of operations	(24.3)	(5.6)
Consulting fees, expenses related to projects and start-up expenses	(16.4)	(13.0)
Acquisition-related costs	(13.1)	(8.8)
Impairment of financial assets	(2.9)	(2.0)
Losses on sale of non-current assets	(1.3)	(0.1)
Tax litigations	—	(4.7)
Other operating expenses	(9.8)	(7.3)
Subtotal other operational expenses	**(67.8)**	**(41.5)**

13. Other Operational Result (Continued)

	2014	2013
	(in millions of CHF)	
Gain on sale of non-current assets	2.2	0.2
Recovery of write offs / release of allowances	—	0.9
Insurance—compensation for losses	0.4	0.3
Other income	4.1	2.7
Subtotal other operational income	**6.7**	**4.1**

	2014	2013
	(in millions of CHF)	
Other operational expenses	(67.8)	(41.5)
Other operational income	6.7	4.1
Other operational result	**(61.1)**	**(37.4)**

14. Interest

	2014	2013
	(in millions of CHF)	
Interest income on short-term deposits	4.3	3.0
Other finance income	0.4	0.4
Interest income on financial assets	**4.7**	**3.4**
Interest on non-financial instruments	1.0	—
Total interest income	**5.7**	**3.4**
Interest expense	(119.7)	(81.4)
Amortization / write off of arrangement fees	(20.1)	(11.8)
Interest on discounted financial liabilities	—	(0.1)
Other finance expenses(1)	(11.5)	(2.9)
Interest expense on financial liabilities	**(151.3)**	**(96.2)**
Interest on non-financial instruments	(2.8)	(1.8)
Total interest expense	**(154.1)**	**(98.0)**

(1) In 2014 this position mainly includes financial costs related to the acquisition of the Nuance Group.

15. Income Taxes

Income Tax Recognized in the Consolidated Income Statement

	2014	2013
	(in millions of CHF)	
Current income taxes	(57.6)	(43.7)
of which corresponding to the current period	(57.1)	(43.4)
of which adjustments recognized in relation to prior years	(0.5)	(0.3)
Deferred income taxes	37.3	10.5
of which related to the origination or reversal of temporary differences	37.3	11.5
of which adjustments due to change in tax rates	—	(1.0)
Total	**(20.3)**	**(33.2)**

	2014	2013
	(in millions of CHF)	
Consolidated earnings before income tax (EBT)	105.9	180.8
Expected tax rate in %	16.0%	16.0%
Tax at the expected rate	(16.9)	(28.9)
Effect of:		
Income not subject to income tax	7.5	4.3
Different tax rates for subsidiaries in other jurisdictions	12.9	5.9
Non deductible expenses	(4.1)	(2.8)
Current year tax loss carry-forwards not recognized	(12.7)	(4.5)
Non recoverable withholding taxes	(7.1)	(6.5)
Adjustments recognized in relation to prior year	(0.5)	(0.3)
Other items	0.6	(0.4)
Total	**(20.3)**	**(33.2)**

The expected tax rate approximates the average of the income tax rates of the countries where Dufry is active, weighted by the EBT of the respective operations. In 2014, there have been no significant changes in the income tax rates applicable to those countries where Dufry is active.

15. Income Taxes (Continued)

Deferred Income Tax Recognized in Other Comprehensive Income / Equity

	2014	2013
	(in millions of CHF)	
Recognized in Other Comprehensive Income:		
Actuarial gains / (losses) on defined benefit plans	4.5	(1.3)
Net gain / (loss) on hedge of net investment	3.2	—
Total	**7.7**	**(1.3)**
Recognized in Equity:		
Tax effect on share-based payments	0.1	1.4
Total	**0.1**	**1.4**

16. Assets of Discontinued Operations Held for Sale

As part of the Nuance acquisition, Dufry acquired the operations in Sydney exclusively with the view to its subsequent disposal. These assets are presented as held for sale following the approval of the Group's management on September 9, 2014 to sell this operation. The transaction was completed by end of February, 2015.

a) Assets of discontinued operations

	31.12.2014	31.12.2013
	(in millions of CHF)	
Operational assets in Sydney	1.8	—

In accordance with IFRS 5, the assets held for sale were written down to the value agreed with the buyer and no further costs to sell are expected.

b) Cash flows

	2014	2013
	(in millions of CHF)	
Operating cash flows	(1.9)	—
Financing cash flows	1.8	—
Currency translation differences	0.1	—
Total cash flows	**—**	**—**

There are no items recognized in equity relating to the assets of discontinued operations classified as held-for-sale.

17. Earnings Per Share

Earnings Per Share Attributable to Equity Holders of the Parent

Basic

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

	2014	2013
	(in millions of CHF / Quantity)	
Net earnings attributable to equity holders of the parent	50.8	93.0
Weighted average number of ordinary shares outstanding	33,307	29,720
Basic earnings per share in CHF	**1.53**	**3.13**

Diluted

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

	2014	2013
	(in millions of CHF / Quantity)	
Net earnings attributable to equity holders of the parent	50.8	93.0
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	34,303	29,837
Diluted earnings per share in CHF	**1.48**	**3.12**

Earnings Per Share for Continuing Operations

Basic

	2014	2013
	(in millions of CHF / Quantity)	
Net earnings attributable to equity holders of the parent from continuing operations	51.6	93.0
Weighted average number of ordinary shares outstanding	33,307	29,720
Basic earnings per share in CHF	**1.55**	**3.13**

17. Earnings Per Share (Continued)

Diluted

	2014	2013
	(in millions of CHF / Quantity)	
Net earnings attributable to equity holders of the parent from continuing operations	51.6	93.0
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	34,303	29,837
Diluted earnings per share in CHF	**1.50**	**3.12**

Earnings Per Share Adjusted for Amortization (Cash EPS)

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

	2014	2013
	(in millions of CHF / Quantity)	
Net earnings attributable to equity holders of the parent	50.8	93.0
Adjusted for:		
Dufry's share of the amortization in respect of acquisitions	122.8	94.5
Adjusted net earnings	**173.6**	**187.5**
Weighted average number of ordinary shares outstanding	33,307	29,720
EPS adjusted for amortization (cash EPS) in CHF	**5.21**	**6.31**

Weighted Average Number of Ordinary Shares

	2014	2013
	(in thousands)	
Outstanding shares	33,316	29,735
Less treasury shares	(8.7)	(15.0)
Used for calculation of basic earnings per share	**33,307**	**29,720**
Effect of Dilution:		
Share options	—	117.0
275 million mandatory convertible notes at conversion price of 152	996.0	—
Used for calculation of earnings per share adjusted for the effect of dilution	**34,303**	**29,837**

For movements in shares see note 28—Equity, note 29—Share-based payment and Treasury shares.

18. Components of Other Comprehensive Income

2014	Attributable to Equity Holders of the Parent: Employee Benefit Reserve	Translation Reserves	Total	Non-Controlling Interests	Total Equity
	(in millions of CHF)				
Exchange differences on translating foreign operations	—	211.5	211.5	12.4	223.9
Net gain / (loss) on hedge of net investment in foreign operations	—	(102.4)	(102.4)		(102.4)
Income tax effect	—	3.2	3.2	—	3.2
Subtotal	**—**	**(99.2)**	**(99.2)**	**—**	**(99.2)**
Actuarial gains / (losses) on defined benefit plans	(37.7)	—	(37.7)	(0.2)	(37.9)
Income tax effect	4.5	—	4.5	—	4.5
Subtotal	**(33.2)**	**—**	**(33.2)**	**(0.2)**	**(33.4)**
Other comprehensive income	**(33.2)**	**112.3**	**79.1**	**12.2**	**91.3**

2013	Attributable to Equity Holders of the Parent: Employee Benefit Reserve	Translation Reserves	Total	Non-Controlling Interests	Total Equity
	(in millions of CHF)				
Exchange differences on translating foreign operations	—	(49.0)	(49.0)	(1.2)	(50.2)
Net gain / (loss) on hedge of net investment in foreign operations	—	24.4	24.4	—	24.4
Subtotal	**—**	**24.4**	**24.4**	**—**	**24.4**
Actuarial gains / (losses) on defined benefit plans	17.4	—	17.4	—	17.4
Income tax effect	(1.3)	—	(1.3)	—	(1.3)
Subtotal	**16.1**	**—**	**16.1**	**—**	**16.1**
Other comprehensive income	**16.1**	**(24.6)**	**(8.5)**	**(1.2)**	**(9.7)**

19. Property, Plant and Equipment

2014	Leasehold Improvements	Furniture Fixture	Computer Hardware	Vehicles	Work In Progress	Total
			(in millions of CHF)			
At Cost						
Balance at January 1, 2014	316.5	226.1	59.6	8.8	29.4	640.4
Business combinations (note 6)	34.7	5.2	2.9	0.3	2.5	45.6
Additions (note 20)	21.8	17.0	6.7	1.2	87.0	133.7
Disposals	(38.0)	(10.6)	(2.6)	(1.2)	—	(52.4)
Reclassification within classes	42.8	31.7	1.2	—	(75.7)	—
Currency translation adjustments	27.2	19.7	4.8	0.7	5.1	57.5
Balance at December 31, 2014	**405.0**	**289.1**	**72.6**	**9.8**	**48.3**	**824.8**
Accumulated Depreciation						
Balance at January 1, 2014	(142.7)	(130.7)	(42.4)	(6.0)	—	(321.8)
Additions (note 12)	(48.8)	(29.4)	(7.6)	(1.0)	—	(86.8)
Disposals	36.9	9.6	2.1	1.2	—	49.8
Currency translation adjustments	(12.2)	(9.7)	(3.2)	(0.5)	—	(25.6)
Balance at December 31, 2014	**(166.8)**	**(160.2)**	**(51.1)**	**(6.3)**	**—**	**(384.4)**
Impairment						
Balance at January 1, 2014	(2.6)	(1.7)	(0.4)	—	—	(4.7)
Impairment (note 12)	(1.4)	—	—	—	—	(1.4)
Disposals	0.9	—	0.4	—	—	1.3
Currency translation adjustments	(0.1)	(0.1)	—	—	—	(0.2)
Balance at December 31, 2014	**(3.2)**	**(1.8)**	**—**	**—**	**—**	**(5.0)**

19. Property, Plant and Equipment (Continued)

2013	Leasehold Improvements	Furniture Fixture	Computer Hardware	Vehicles	Work In Progress	Total
			(in millions of CHF)			
At Cost						
Balance at January 1, 2013	267.1	187.5	55.2	7.9	33.0	550.7
Business combinations (note 6)	28.5	6.4	0.5	0.2	0.5	36.1
Additions (note 20)	16.6	13.8	7.6	1.2	80.6	119.8
Disposals	(19.9)	(6.3)	(3.4)	(0.3)	(0.5)	(30.4)
Reclassification within classes	46.8	31.3	1.0	—	(79.1)	—
Reclassification to intangible assets(1)	(16.6)	—	—	—	(3.6)	(20.2)
Currency translation adjustments	(6.0)	(6.6)	(1.3)	(0.2)	(1.5)	(15.6)
Balance at December 31, 2013	**316.5**	**226.1**	**59.6**	**8.8**	**29.4**	**640.4**
Accumulated Depreciation						
Balance at January 1, 2013	(126.3)	(114.3)	(39.0)	(5.4)	—	(285.0)
Additions (note 12)	(37.4)	(25.4)	(7.4)	(0.9)	—	(71.1)
Disposals	18.0	5.2	3.1	0.2	—	26.5
Currency translation adjustments	3.0	3.8	0.9	0.1	—	7.8
Balance at December 31, 2013	**(142.7)**	**(130.7)**	**(42.4)**	**(6.0)**	**—**	**(321.8)**
Impairment						
Balance at January 1, 2013	(3.5)	(1.8)	(0.6)	—	—	(5.9)
Disposals	0.9	—	0.2	—	—	1.1
Currency translation adjustments	—	0.1	—	—	—	0.1
Balance at December 31, 2013	**(2.6)**	**(1.7)**	**(0.4)**	**—**	**—**	**(4.7)**
Carrying Amount						
At December 31, 2014	**235.0**	**127.1**	**21.5**	**3.5**	**48.3**	**435.4**
At December 31, 2013	**171.2**	**93.7**	**16.8**	**2.8**	**29.4**	**313.9**

(1) Based on a review of the investments done in previous years, Dufry reclassified certain investments presented as leasehold improvements to concession rights.

20. Cash Flow Used for Purchase of Property, Plant and Equipment

	2014	2013
	(in millions of CHF)	
Payables for capital expenditure at the beginning of the period	(23.8)	(12.4)
Additions of property, plant and equipment (note 19)	(133.7)	(119.8)
Payables for capital expenditure at the end of the period	13.7	23.8
Currency translation adjustments	0.1	0.3
Total Cash Flow	**(143.7)**	**(108.1)**

21. Intangible Assets

	Concession Rights					
2014	Indefinite Lives	Finite Lives	Brands	Goodwill	Other	Total
			(in millions of CHF)			
At Cost						
Balance at January 1, 2014	60.8	1,921.4	158.6	912.8	163.2	3,216.8
Business combinations (note 6)	—	1,091.0	15.0	669.5	4.5	1,780.0
Additions (note 22)	—	182.2	—	—	17.4	199.6
Disposals	(0.4)	(1.3)	—	—	(0.7)	(2.4)
Currency translation adjustments	0.8	134.1	0.7	66.3	8.8	210.7
Balance at December 31, 2014	**61.2**	**3,327.4**	**174.3**	**1,648.6**	**193.2**	**5,404.7**
Accumulated Amortization						
Balance at January 1, 2014	—	(410.1)	—	—	(72.5)	(482.6)
Additions (note 12)	—	(132.6)	(1.0)	—	(25.7)	(159.3)
Disposals	—	0.7	—	—	0.6	1.3
Reclassification	—	0.4	—	—	(0.4)	—
Currency translation adjustments	—	(34.8)	—	—	(4.5)	(39.3)
Balance at December 31, 2014	**—**	**(576.4)**	**(1.0)**	**—**	**(102.5)**	**(679.9)**
Impairment						
Balance at January 1, 2014	—	(0.2)	—	—	—	(0.2)
Impairment (note 12)	—	(0.6)	—	(1.0)	—	(1.6)
Disposals	—	0.3	—	—	—	0.3
Currency translation adjustments	—	0.1	—	—	—	0.1
Balance at December 31, 2014	**—**	**(0.4)**	**—**	**(1.0)**	**—**	**(1.4)**

21. Intangible Assets (Continued)

2013	Concession Rights Indefinite Lives	Concession Rights Finite Lives	Brands	Goodwill	Other	Total
	(in millions of CHF)					
At Cost						
Balance at January 1, 2013	60.4	1,376.5	158.8	707.4	99.6	2,402.7
Business combinations (note 6)	—	510.9	—	221.0	0.8	732.7
Additions (note 20)	—	53.4	—	—	59.0	112.4
Disposals	—	(0.5)	—	—	(0.2)	(0.7)
Other adjustments	—	—	—	—	2.6	2.6
Reclassification to property, plant and equipment(1)	—	16.6	—	—	3.6	20.2
Currency translation adjustments	0.4	(35.5)	(0.2)	(15.6)	(2.2)	(53.1)
Balance at December 31, 2013	**60.8**	**1,921.4**	**158.6**	**912.8**	**163.2**	**3,216.8**
Accumulated Depreciation						
Balance at January 1, 2013	—	(318.5)	—	—	(51.3)	(369.8)
Additions (note 12)	—	(102.0)	—	—	(19.8)	(121.8)
Other adjustments	—	—	—	—	(2.6)	(2.6)
Currency translation adjustments	—	10.4	—	—	1.2	11.6
Balance at December 31, 2013	**—**	**(410.1)**	**—**	**—**	**(72.5)**	**(482.6)**
Impairment						
Balance at January 1, 2013	—	(0.3)	—	—	—	(0.3)
Disposals	—	0.1	—	—	—	0.1
Balance at December 31, 2013	**—**	**(0.2)**	**—**	**—**	**—**	**(0.2)**
Carrying Amount						
At December 31, 2014	**61.2**	**2,750.6**	**173.3**	**1,647.6**	**90.7**	**4,723.4**
At December 31, 2013	**60.8**	**1,511.1**	**158.6**	**912.8**	**90.7**	**2,734.0**

(1) Based on a review of the investments done in previous years, Dufry reclassified certain investments presented as leasehold improvements to concession rights.

21.1 Impairment Test

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

21. Intangible Assets (Continued)

21.1.1 Impairment test of goodwill

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

	31.12.2014	31.12.2013
	(in millions of CHF)	
EMEA & Asia	318.5	321.2
America I	430.5	382.9
America II	149.8	134.3
United States & Canada	78.3	74.4
The Nuance Business	670.5	—
Total carrying amount of goodwill	**1,647.6**	**912.8**

The recoverable amounts of goodwill for each of the above group of CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for regional specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and the value assigned. Net sales projections are based on actual net sales achieved in the year 2014 and latest estimations for the projected years. The intersegment results of the global distribution centers have been assigned / allocated to the respective geographical segments.

	Post Tax Discount Rates		Pre Tax Discount Rates		Growth Rates for Net Sales	
Goodwill	2014	2013	2014	2013	2014	2013
				(in %)		
EMEA & Asia	10.37	10.74	11.90	12.56	4.2 - 8.4	4.5 - 17.7
America I	10.38	9.04	11.67	10.38	5.1 - 11.1	4.6 - 9.8
America II	7.98	7.49	8.79	9.76	5.8 - 16.6	6.6 - 22.3
United States & Canada	5.65	5.73	7.05	7.48	4.3 - 7.3	3.9 - 13.8
The Nuance Group Segment	6.15	—	7.62	—	5.2 - 5.9	—

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from past 5 year average of prime 10-year bonds rates): CHF 0.62%, EUR 1.56%, USD 2.13% (2013: CHF 0.99%, EUR 2.10%, USD 2.47%).

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

	2014	2013
Beta factor	0.57	0.88

21. Intangible Assets (Continued)

Sensitivity to changes in assumptions

Management believes that any reasonably possible change (+/− 1%) in the key assumptions, on which the recoverable amounts are based, would not cause the respective carrying amount to exceed its recoverable amount. The key assumptions used for the determination of the value-in-use are the same as the ones described below for concession rights.

21.1.2 Impairment test of concession rights with indefinite useful lives

Concession rights are tested for impairment purposes at company level, which represents the cash generating unit. For presentation purposes the CGU's are grouped into business units. A business unit is a part of Dufry's business segments. The following table illustrates the existing business units with concession rights with indefinite useful life:

	31.12.2014	31.12.2013
	(in millions of CHF)	
Italy	48.2	49.1
Middle East and India	13.0	11.7
Total carrying amount of concession rights	**61.2**	**60.8**

The recoverable amounts for each of the CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for local specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in year 2014 and latest estimations for the years thereafter.

The key assumptions used for determining the recoverable amounts for these business units are:

	Post Tax Discount Rates		Pre Tax Discount Rates(1)		Growth Rates for Net Sales	
Concession Rights	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
			(in %)			
Italy	7.43	7.15	8.77	8.29	2.8 - 3.1	2.7 - 4.1
Middle East and India	6.50	6.56	6.50	6.56	7.2 - 8.1	6.3 - 7.4

(1) Based on the country in which the concession is located

Sensitivity to changes in assumptions

The actual recoverable amount for the CGU subject to impairment testing exceeds its carrying amount by CHF 675.8 (2013: CHF 464.3) million. With regard to the assessment of value-in-use of the CGU, the management believes that no reasonably possible change (+/− 1%) in any of the above key

21. Intangible Assets (Continued)

assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

21.1.3 Key assumptions used for value-in-use calculations

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

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

Sales growth

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

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2015. These values are maintained over the planning period or where specific actions are planned. These values have been increased or decreased by up to 1% over the 5 year planning horizon compared to the historical data. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced, as well as data relating to specific commodities during the months before the budget.

Concession fee levels

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

Discount rates

Several factors affect the discount rates:

- For the financial debt part, the rate is based on the average yield of the past 5 years of the respective ten-year government bond and is increased by the company's effective bank margin and adjusted by the effective blended tax rate and country risk of the respective CGU.

21. Intangible Assets (Continued)

- For the equity part, a 5% equity risk premium is added to the base rate commented above and adjusted by the Beta of Dufry's peer group.

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

The Group has used a growth rate of 1.6% - 2.1% (2013: 2.0%) to extrapolate the cash flow projections beyond the period covered by the most recent forecasts.

Certain concessions were granted by the non-controlling interest holder. Consequently these concession rights are assessed as having an indefinite useful life.

21.1.4 Brands

The brand name Dufry is allocated to the segment EMEA & Asia, America I and America II for impairment testing purpose. The brand name Hudson is allocated to the CGU's of United States & Canada. The management believes that the synergies from the brands reflecting the economic reality are in accordance with these groupings.

The recoverable amount is determined based on the Relief of Royalty method that considers a steady royalty cash flows of 0.34% post tax of the net sales projected of EMEA & Asia, America i and America ii, and a steady royalty cash flow of 0.91% post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2015-2019) with year on year growth rates between 4.3% and 9.3% for Dufry (2013: 4.7%-16.4%) and 4.3% and 7.3% for Hudson (2013: 3.9%-13.8%). These growth rates do not exceed the long-term average growth rate for the respective businesses. The discount rate of 7.04% (2013: 7.54%) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 289.5 (2013: CHF 270.2) million.

22. Cash Flows Used for Purchase of Intangible Assets

	2014	2013
	(in millions of CHF)	
Payables for capital expenditure at January 1	(1.4)	(4.4)
Additions of intangible assets (note 21)	(199.6)	(112.4)
Payables for capital expenditure at December 31	166.5	1.4
Currency translation adjustments	(22.5)	1.0
Total Cash Flow	**(57.0)**	**(114.4)**

23. Deferred Tax Assets and Liabilities

Temporary differences arise from the following positions:

	31.12.2014	31.12.2013
	(in millions of CHF)	
Deferred Tax Assets		
Property, plant and equipment	10.0	9.9
Intangible assets	73.2	71.9
Provisions and other payables	65.2	37.1
Tax loss carry-forward	77.1	44.3
Other	30.0	21.3
Total	**255.5**	**184.5**
Deferred Tax Liabilities		
Property, plant and equipment	(24.0)	(14.6)
Intangible assets	(433.8)	(263.4)
Provisions and other payables	(2.9)	(7.7)
Other	(15.3)	(5.6)
Total	**(476.0)**	**(291.3)**
Deferred tax liabilities net	**(220.5)**	**(106.8)**

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

	31.12.2014	31.12.2013
	(in millions of CHF)	
Deferred tax assets	195.9	154.9
Deferred tax liabilities	(416.4)	(261.7)
Balance at the end of the period	**(220.5)**	**(106.8)**

Reconciliation of movements to the deferred taxes:

	31.12.2014	31.12.2013
	(in millions of CHF)	
Changes in deferred tax assets	41.0	0.8
Changes in deferred tax liabilities	(154.7)	(96.7)
Business combinations (notes 6)	162.8	103.4
Currency translation adjustments	(4.0)	3.1
Deferred tax income (expense) at the end of the period	**45.1**	**10.6**
Thereof recognized in the income statement	37.3	10.5
Thereof recognized in equity	0.1	1.4
Thereof recognized in OCI	7.7	(1.3)

23. Deferred Tax Assets and Liabilities (Continued)

Tax loss carry-forwards

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

Deferred tax assets relating to tax loss carry-forwards or temporary differences are recognized when it is probable that such tax credits can be utilized in the future in accordance with the budget 2015 approved by the Board of Directors and the projections prepared by the management for these entities.

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

	31.12.2014	31.12.2013
	(in millions of CHF)	
Expiring within 1 to 3 years	75.4	4.4
Expiring within 4 to 7 years	153.1	75.2
Expiring after 7 years	67.9	70.8
With no expiration limit	41.8	19.3
Total(1)	**338.2**	**169.7**

(1) This amount includes in 2014 CHF 32.0 million added through business combination

24. Other Non-Current Assets

	31.12.2014	31.12.2013
	(in millions of CHF)	
Guarantee deposits	38.7	30.7
Loans and contractual receivables	35.9	24.2
Prepaid concession fees	16.5	—
Other	16.8	8.9
Subtotal	**107.9**	**63.8**
Allowances	(1.3)	(1.7)
Total	**106.6**	**62.1**

Movement in Allowances

	2014	2013
	(in millions of CHF)	
Balance at the beginning of the period	(1.7)	(1.8)
Utilization	0.5	—
Currency translation adjustments	(0.1)	0.1
Balance at the end of the period	**(1.3)**	**(1.7)**

25. Inventories

	31.12.2014	31.12.2013
	(in millions of CHF)	
Purchased inventories at cost	758.0	540.5
Inventory allowances(1)	(16.8)	(15.8)
Total	**741.2**	**524.7**

(1) The inventory impaired has a book value of CHF 55.2 (2013: 17.6) million

Cash Flow Used for Increase / From Decrease in Inventories

	2014	2013
	(in millions of CHF)	
Balance at the beginning of the period	540.5	441.5
Balance at the end of the period	758.0	540.5
Gross change—at cost	**(217.5)**	**(99.0)**
Business combinations (note 6)	211.1	80.2
Transfer to discontinued operations (note 16)	(1.8)	—
Change in unrealized profit on inventory	0.9	(2.1)
Currency translation adjustments	43.8	(11.9)
Cash Flow—(Increase) /decrease in inventories	**36.5**	**(32.8)**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 19.1 (2013: CHF 16.6) million.

26. Trade and Credit Card Receivables

	31.12.2014	31.12.2013
	(in millions of CHF)	
Trade receivables	74.4	21.5
Credit card receivables	44.5	21.4
Gross	**118.9**	**42.9**
Allowances	(0.2)	(0.1)
Net	**118.7**	**42.8**

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

26. Trade and Credit Card Receivables (Continued)

Aging Analysis of Trade Receivables

	31.12.2014	31.12.2013
	(in millions of CHF)	
Not due	47.0	9.1
Overdue:		
Up to 30 days	19.2	11.1
31 to 60 days	3.4	0.6
61 to 90 days	1.4	—
More than 90 days	3.4	0.7
Total overdue	27.4	12.4
Trade receivables, gross	**74.4**	**21.5**

Movement in Allowances

	2014	2013
	(in millions of CHF)	
Balance at the beginning of the period	(0.1)	(0.9)
Creation	(0.2)	(0.1)
Release	0.1	0.1
Utilized	—	0.7
Currency translation adjustments	—	0.1
Balance at the end of the period	**(0.2)**	**(0.1)**

27. Other Accounts Receivable

	2014	2013
	(in millions of CHF)	
Sales tax and other tax credits	74.0	42.8
Receivables for refund from suppliers	47.0	37.6
Prepayments	29.8	22.3
Receivables from subtenants and business partners	24.2	13.0
Guarantee deposits	15.1	13.4
Accrued concession fees and rental income	12.0	10.3
Personnel receivables	4.8	1.8
Accrued income	4.2	1.3
Loans receivable	3.2	0.5
Derivative financial assets	0.6	1.5
Other	16.5	8.6
Total	**231.4**	**153.1**
Allowances	(4.2)	(3.4)
Total	**227.2**	**149.7**

Movement in Allowances

	2014	2013
	(in millions of CHF)	
Balance at the beginning of the period	(3.4)	(6.3)
Creation	(1.6)	(0.6)
Release	0.1	0.1
Utilized	0.6	3.4
Currency translation adjustments	0.1	—
Balance at the end of the period	**(4.2)**	**(3.4)**

28. Equity

28.1 Issued Capital

	31.12.2014	31.12.2013
	(in millions of CHF)	
Share capital	179.5	154.5
Share premium	1,964.7	1,207.0
Total	**2,144.2**	**1,361.5**

28. Equity (Continued)

28.1.1 Fully paid ordinary shares

	Number of Shares	Share Capital	Share Premium
		(in millions of CHF)	
Balance at January 1, 2013	29,673,823	148.4	1,207.0
Issue of shares	1,231,233	6.1	0.0
Balance at December 31, 2013	**30,905,056**	**154.5**	**1,207.0**
Issue of shares	5,000,000	25.0	785.0
Share issuance costs	—	—	(27.3)
Balance at December 31, 2014	**35,905,056**	**179.5**	**1,964.7**

28.2 Authorized and Conditional Share Capital

Authorized Share Capital	Number Of Shares	In Thousands of CHF
Balance at January 1, 2013	2,697,620	13,488
Utilization December 13, 2013	(1,231,233)	(6,156)
Balance at December 31, 2013	**1,466,387**	**7,332**
Expiration May 2, 2014	(1,466,387)	(7,332)
Balance at December 31, 2014	**—**	**—**

Conditional Share Capital	Number of Shares	In Thousands of CHF
Balance at January 1, 2013	2,697,620	13,488
Balance at December 31, 2013	2,697,620	13,488
Balance at December 31, 2014	**2,697,620**	**13,488**

Share capital increase

2014

The Extraordinary General Meeting held on June 26, 2014, approved the increase of the share capital of Dufry AG from currently CHF 154,525,280 by up to CHF 27,269,160 to a maximum amount of up to CHF 181,794,440 through the issuance of fully paid-in new registered shares with a par value of CHF 5 each.

On July 8, 2014, Dufry AG issued 5,000,000 new registered shares representing 14% additional shares. After this share issuance, the share capital of the company amounts to CHF 179,525,280 million. The offer price for the rights offering as well as the public offering was set at CHF 162.00 per new share. In the rights offering, 3,623,976 new shares were subscribed for by existing shareholders, while 1,376,024 new shares were purchased by investors in the international offering, resulting in gross proceeds of CHF 810.0 million. The trading of the offered shares on the SIX Swiss Exchange commenced on July 9, 2014. The share issuance costs related with this transaction amounted to CHF 27.3 million and is presented in equity.

28. Equity (Continued)

2013

On December 13, 2013, Dufry AG utilized part of its authorized share capital and placed 1,231,233 new registered shares representing 3.98% of the total shares. After this share issuance, the share capital of the company amounts to CHF 154,525,280. The shares were issued to Folli Follie Group as part of the payment for the 49% acquisition of HDFS. The share issuance costs related with this transaction amount to CHF 0.06 million and have been presented in equity.

28.3 Reserves

	31.12.2014	31.12.2013
	(in millions of CHF)	
Employee benefit reserve	(32.9)	0.3
Capital reserve for mandatory convertible notes	262.8	—
Translation reserves	(112.2)	(224.5)
Retained earnings	45.2	18.3
Balance at the end of the year	**162.9**	**(205.9)**

28.3.1 Employee benefit reserve

	31.12.2014	31.12.2013
	(in millions of CHF)	
Balance at the beginning of the year	0.3	(15.8)
Actuarial gains (losses) on defined benefit plans	(37.7)	17.4
Income tax relating to components of other comprehensive income	4.5	(1.3)
Balance at the end of the year	**(32.9)**	**0.3**

28.3.2 Capital reserve for mandatory convertible notes

	31.12.2014	31.12.2013
	(in millions of CHF)	
Balance at the beginning of the year	—	—
Issuance of equity instruments	269.6	—
Transactions costs for equity instruments	(6.8)	—
Balance at the end of the year	**262.8**	**—**

Dufry issued CHF 275.0 million Mandatory Convertible Notes (MCN) due June 18, 2015 convertible into ordinary registered shares of Dufry. The notes were issued by Dufry Financial Services B.V. Dufry will issue the shares out of the existing conditional share capital.

The Mandatory Convertible Notes were issued at 100% of the principal amount in denominations of CHF 200,000 per note. The MCN will be convertible into fully paid ordinary shares of Dufry at maturity unless earlier converted at the option of the MCN holders or the issuer or upon the occurrence of specified special events in accordance with the terms and conditions of the MCN. The

28. Equity (Continued)

MCN pay a coupon of 2.0% per annum and the conversion price is set at CHF 152, corresponding to 1,809,210 shares. The issuance costs related with this transaction are CHF 6.8 million and are presented in equity.

The transaction is presented as follows in the statement of financial position at the reporting date:

- The discounted interest payments of CHF 5.4 million are included in the line other liabilities after set-off of transaction costs of CHF 0.1 million. The transaction costs are amortized over 12 months and included in the line interest expenses
- The remaining part of the net proceeds are disclosed in equity in the column MCN amounting to CHF 262.8 million, after set-off of transaction expenses of CHF 6.8 million

28.3.3 Translation reserves

	31.12.2014	31.12.2013
	(in millions of CHF)	
Balance at the beginning of the year	(224.5)	(199.9)
Exchange differences arising on translating the foreign operations (attributed to equity holders of parent)	211.5	(49.0)
Net gain / (loss) on hedge of net investments in foreign operations (note 32)	(102.4)	24.4
Income tax related to net gains / (losses) on hedge of net investments of foreign operations	3.2	—
Balance at the end of the year	**(112.2)**	**(224.5)**

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

29. Share-Based Payments

Restricted Stock Unit Plan (RSU)

Up to 2013 Dufry had in place specific restricted stock unit (RSU) plans for members of the Group Executive Committee (GEC) and selected members of the Senior management. These RSU Awards were stock options with an exercise price of nil from an economic point of view. Each RSU represented the right to receive one share if the vesting conditions are met. In 2013, Dufry implemented a long-term incentive plan for the members of the GEC called Performance Share Unit Plan (PSU).

29.1 RSU Plan of Dufry AG

There was no RSU Award 2014.

Under the RSU Award 2013 the members of the GEC and selected members of the Senior management had been granted the right to receive on January 1, 2014, free of charge, 117,104 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX)

29. Share-Based Payments (Continued)

on July 29, 2013 (the RSU Awards 2013). The RSU Awards 2013 contained two vesting conditions to be met:

a) the participants had to be employed by the Company from January 1, 2013 until January 1, 2014 and

b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2014 had to be 1% higher than at January 1, 2013. On January 1, 2014 the relevant average share price prior to vesting was CHF 155.44, so that the participants of the RSU award 2013 received 117,104 Dufry shares.

The fair value of the RSU Awards 2013 was estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 1.0%, an expected volatility of 32.4% and the market condition noted above) upon which the awards were granted. The contractual life of the Awards 2013 was five months. The expected volatility reflects assumptions, that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. There are no cash settlement alternatives. Up to December 2013, the expense recognized for employee services received during the period was CHF 9.8 million and was recorded against equity, based on a fair value of CHF 83.93 per RSU.

29.2 PSU Plan of Dufry AG

On October 1, 2014 Dufry granted 51,486 PSU's Award 2014 to the members of the GEC. One PSU gives the right to receive in 2017, free of charge, a variable quantity of shares, based on the performance achieved by the Group. This performance will be measured as the average yearly growth rate reached by the earnings per share adjusted for amortization of intangible assets identified during business combinations and non-recurrent effects (Cash EPS) of the Group in 2016. The basis for the award 2014 is the Cash EPS of 2013. if the targeted average yearly growth of 7% is achieved, one share will be granted for each PSU, whereas for an average yearly growth rate of 3.5% or less, no shares are granted and an average growth rate of 10.5% or higher will result in two shares per PSU (maximum) with a linear interpolation. The PSU Awards 2014 contain two vesting conditions to be met:

a) the respective participant being employed by the Company from January 1, 2014 until January 1, 2017

b) the minimum targeted average yearly growth rate must be higher than 3.5% on the Cash EPS.

With the PSU Award 2013 Dufry granted to the members of the GEC 42,957 PSU's. One PSU gives the right to receive in 2016, free of charge, a variable quantity of shares, based on the performance achieved by the Group. For the PSU Awards 2013, the performance will be measured as the average yearly growth rate reached by the earnings per share adjusted for amortization of intangible assets identified during business combinations and non-recurrent effects (Cash EPS) of the Group in 2015. The basis for the award 2013 is the Cash EPS of 2012. If the targeted average yearly growth of 7% is achieved, one share will be granted for each PSU, whereas for an average yearly growth rate of 3.5% or less, no shares are granted and an average growth rate of 10.5% or higher will

29. Share-Based Payments (Continued)

result in two shares per PSU (maximum) with a linear interpolation. The PSU Awards 2013 contain two vesting conditions to be met:

a) the respective participant must be employed by the Company from January 1, 2013 until January 1, 2016

b) in case the minimum targeted average yearly growth rate is below 3.5% on the Cash EPS, the respective award does not vest.

At grant date the fair value of the PSU Awards 2014 represents the market value for one Dufry share i.e. CHF 143.1 (2013: 124.1). At closing 2014 a probability of 73% (2013: 90%) was determined by taking into account the historic development of Dufry's EPS adjusted by amortization of acquisitions and exceptional and one-off events, as well as these EPS for budgeted financials and compared these with the targeted goal. The contractual life of the PSU Awards 2014 is 27 months. There are no cash settlement alternatives for the employees. The related expense in 2014 is made of the accrued cost of PSU Award 2014 plus the PSU Award 2013 totalizing CHF 2.4 (2013: 0.8) million, which has been recorded against equity.

29.3 Agreement With a Local Partner to Operate in Brazil

in August 2013, Dufry agreed with a Brazilian partner to strengthen the development of the Brazilian duty-free business. The agreement contemplated the assistance of the partner to re-new existing duty-free concession agreements as well as to be awarded with the new duty-free agreements in Brazil with the key contract being the 10-year contract for Terminal 3 at Guarulhos Airport in Sao Paulo.

The renewed and new concessions are operated by Dufry Lojas Francas Ltda (DLF), in which Dufry initially holds 60% and the partner participated with 40% as the provision of signing the contract agreement of the above mentioned contract for Terminal 3 was met. The partner made their respective contributions in cash and Dufry contributed existing net assets to the operations. DLF initiated its activities in December 2014.

Dufry entered a call/put option structure with the Brazilian partner, whereby the partner had the right to sell, and Dufry had the right to buy, 20% of the equity of Dufry Lojas Francas Ltda (DLF) until February 2015 for a value of CHF 162.2 million. This value was based on a formula, which considered the additional performance expected which these operations will contribute in the future as the new and renewed concession agreements consider a significant increase in retail space and was determined at USD 163.2 million. Dufry expects that sales will increase due to the significant additional retail space granted by the new and renewed concessions.

29. Share-Based Payments (Continued)

29.4 Treasury Shares

Treasury shares are valued at historical cost.

	Number of Shares	In Millions of CHF
At January 1, 2013	**338,116**	**41.6**
Assigned to holders of RSU—awards 2011	(334,953)	(41.2)
Share purchases	117,106	17.7
At December 31, 2013	**120,269**	**18.1**
Assigned to holders of RSU—awards 2013	(117,104)	(17.6)
Net share purchases	91,000	13.8
At December 31, 2014	**94,165**	**14.3**

30. Breakdown of Transactions With Non-Controlling Interests

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

	2014	2013
	(in millions of CHF)	
The Nuance Group acquisition through business combination (note 6.1)	2.6	—
Dufry Lojas Francas Ltd 40%	36.6	—
Dufry Lojas Francas Ltd. 20% Call option	(19.8)	
Dufry France S.A. 30% Guadeloupe business	1.7	—
Hellenic Duty Free Shops S.A. Group acquisition through business combination (note 6.3)	—	22.7
Hellenic Duty Free Shops S.A. Group 49% option (note 6.4)	—	(49.3)
Hudson Group, increase in share capital of several subsidiaries	7.2	14.3
Other	0.9	(0.2)
Total	**29.2**	**(12.5)**

31. Information on Companies With Non-Controlling Interests

The non-controlling interests (NCI) comprise the portion of equity of subsidiaries that are not owned by Dufry. Although net earnings attributable to non-controlling interests make 40.1% (2013: 37%) of total net earnings, Dufry management carefully assessed the significance of each company with non-controlling interests and concluded that none of them is individually material for the Group.

In 2014, the major part of the net earnings attributable to non-controlling interests of CHF 20.0 million (2013: CHF 15.7 million) relates to several legal entities with different non-controlling interest holders within Hudson Group. The remaining CHF 14.0 million belongs to various other subsidiaries of Dufry Group.

31. Information on Companies With Non-Controlling Interests (Continued)

In 2013, the major part of the net earnings attributable to non-controlling interests related to Hellenic Duty Free Shops SA (CHF 26.8 million). This company had non-controlling interests throughout the year 2013 but is fully owned by Dufry since December 2013.

32. Financial Debt

	31.12.2014	31.12.2013
	(in millions of CHF)	
Bank debt (overdrafts)	13.7	21.8
Bank debt (loans)	28.7	280.5
3rd party loans	3.2	3.9
Financial debt, short-term	**45.6**	**306.2**
Bank debt (loans)	1,738.3	1,253.5
Senior Notes	1,074.9	435.9
3rd party loans	8.6	4.2
Financial debt, long-term	**2,821.8**	**1,693.6**
Total	**2,867.4**	**1,999.8**
of which are:		
Bank debt	1,780.7	1,555.8
Senior Notes	1,074.9	435.9
Loans payable	11.8	8.1

Bank Debt

	31.12.2014	31.12.2013
	(in millions of CHF)	
Bank Debt Denominated in:		
US Dollar	1,066.5	896.6
Swiss Franc	110.4	61.3
Euro	602.7	601.6
Other currencies	25.4	15.8
Subtotal	**1,805.0**	**1,575.3**
Deferred bank arrangement fees	(24.3)	(19.5)
Total	**1,780.7**	**1,555.8**

32. Financial Debt (Continued)

Senior Notes

	31.12.2014	31.12.2013
	(in millions of CHF)	
Senior Notes Denominated In:		
US Dollar	496.9	444.3
Euro	601.4	—
Subtotal	**1,098.3**	**444.3**
Deferred arrangement fees	(23.4)	(8.4)
Total	**1,074.9**	**435.9**

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

Main Bank Credit Facilities In Millions of	31.12.2014 Foreign Currency	31.12.2014 CHF	31.12.2013 Foreign Currency	31.12.2013 CHF
Committed 5-year term loan in EUR	500.0	601.4	500.0	612.5
Committed 5-year term loan in USD	1,010.0	1,003.8	1,000.0	888.6
5-year revolving credit facility in CHF		900.0		650.0
Total		**2,505.2**		**2,151.1**
Drawn amount		1,762.6		1,542.6

Senior Notes in Millions of	31.12.2014 Foreign Currency	31.12.2014 CHF	31.12.2013 Foreign Currency	31.12.2013 CHF
Senior notes in USD	500.0	496.9	500.0	444.3
Senior notes in EUR	500.0	601.4	—	—
Total		**1,098.3**		**444.3**

Guarantee Facility In Millions of	31.12.2014 Foreign Currency	31.12.2014 CHF	31.12.2013 Foreign Currency	31.12.2013 CHF
Committed 5-year term guarantee in EUR	250.0	300.7	—	—
Total		**300.7**		**—**
Drawn amount		278.5		

Main Bank Credit Facilities

On June 3, 2014, a syndicate of banks with the London Branch of ING N.V. acting as agent, granted Dufry a committed 5-year term loan of USD 1,010.0 million, EUR 500.0 million and a revolving credit facility (RCF) of CHF 900.0 million which was used to refinance existing debts.

32. Financial Debt (Continued)

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. At December 31, 2014, the overall weighted average interest rate was 2.6% (2013: 2.5%), consisting of USD borrowings at 2.7% (2013: 2.6%), EUR borrowings at 2.4% (2013: 2.4%) and CHF borrowings at 1.8% (2013: 1.9%).

Senior Notes

On July 17, 2014, Dufry placed denominated Senior Notes of EUR 500 (CHF 607.1) million with a maturity of eight years with qualified institutional investors in Switzerland and abroad. The Notes are listed on the Dublin stock exchange. The notes carry a coupon of 4.5% per annum which will be payable semi-annually in arrears. Dufry used the proceeds to finance the acquisition of The Nuance Group.

On October 26, 2012, Dufry placed denominated Senior Notes of USD 500 (CHF 466.1) million with a maturity of eight years with qualified institutional investors in Switzerland and abroad. The Notes are listed on the Dublin stock exchange. The notes carry a coupon of 5.5% per annum which will be payable semi-annually in arrears. Dufry used the proceeds to refinance term loans expiring in August 2013.

Bank Guarantee Facility

On September 9, 2014, a syndicate of banks with Unicredit AG acting as agent granted Dufry a committed 5-year guarantee facility of EUR 250.0 (CHF 300.7) million which was used to refinance existing guarantee lines of The Nuance Group.

The bank credit agreements and the bank guarantee facility contain covenants and conditions customary to this type of financing. During 2014 Dufry complied with the financial covenants and conditions contained in the bank credit agreements.

32.1 Hedge of Net Investments in Foreign Operations

At December 31, 2014, an amount of USD 947.2 (2013: USD 947.2) / CHF 941.4 (2013: CHF 841.7) million included in the financial debt has been designated as hedge in net investment held in Dufry do Brasil, Alliance Inc., Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services Corp., Duty Free Ecuador SA and Regstaer Ltd. in accordance with IAS 39, paragraph 102.

32.2 Net Investment in Foreign Operations

Dufry granted long-term loans amounting to USD 19.6 (2013: USD 20.4) / CHF 19.5 (2013: CHF 18.1) million to its subsidiary, Dufry America Holding Inc. and a loan of AUD 121.8 (CHF 98.9) million granted to the subsidiary, Nuance Group (Australia) Pty Ltd. Both loans are considered as part of Dufry's net investment in foreign operations in accordance with IAS 21, paragraph 15, as settlement is neither planned nor likely to occur in the foreseeable future.

33. Provisions

	Contingent Liabilities	Onerous Contracts	Close-Down	Law Suits and Duties	Dispute on Contracts	Labor Disputes	Other	Total
				(in millions of CHF)				
Balance at January 1, 2014	**38.7**	**—**	**1.2**	**15.9**	**—**	**2.4**	**3.2**	**61.4**
Business combinations (note 6)	1.0	80.8	4.1	—	—	—	11.9	97.8
Charge for the year	—	—	0.1	—	—	0.5	6.3	6.9
Utilized	—	(8.3)	(0.8)	(0.1)	—	—	(0.5)	(9.7)
Unused amounts reversed	(1.2)	—	(1.2)	(7.3)	—	—	(1.3)	(11.0)
Interest discounted		2.5	—	—	—	—	—	2.5
Currency translation adjustment	3.6	(0.4)	0.2	—	—	0.3	(0.2)	3.5
Balance at December 31, 2014	**42.1**	**74.6**	**3.6**	**8.5**	**—**	**3.2**	**19.4**	**151.4**
Thereof:								
—current	—	27.8	3.6	8.5	—	0.2	14.7	54.8
—non-current	42.1	46.8	—	—	—	3.0	4.7	96.6

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

Contingent Liabilities

In 2014, the contingent liabilities increased by CHF 1.0 million based on findings in Europe, Asia and Australia recognized during the due diligence process made for the acquisition of The Nuance Group. In 2013 during the due diligence process made for the acquisition of companies in South America, Central America and Asia contingent liabilities with a fair value of CHF 38.7 million were determined.

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

Onerous Contracts

Concession agreements usually fix the fee for the locations as a percentage on net sales. Some of these long-term concession agreements, which Dufry has entered into, include clauses to ensure a minimal concession fee during the full term of the agreement. However, in certain circumstances the economic environment around an activity deteriorates thereafter in such a way, that it doesn't allow the operation to foresee becoming profitable during the remaining concession duration. In such cases Dufry does impair the assets subject to amortization or depreciation and creates a provision for onerous contracts. This provision reflects the present value of the unavoidable cost (losses) of meeting the contractual obligation. At balance sheet date, an amount of CHF 74.6 million has been provided in relation to operations in Australia, Asia and Europe.

33. Provisions (Continued)

Close Down

The provision of CHF 3.6 (2013: CHF 1.2) million relates to the closing of operations in Australia, Asia and Europe.

Labor Disputes

The provision of CHF 3.2 (2013: CHF 2.4) million relates mainly to claims presented by sales staff based on disputes related to the termination of temporary labor contracts in Brazil.

Law Suits and Duties

These provisions of CHF 8.5 (2013: CHF 15.9) million cover uncertainties dependent on the outcome of law suits in relation to taxes, duties or other claims in Brazil, Greece and Italy.

The decrease in 2014 are reversals of provisions built for legal dispute with custom authorities in Greece, after a positive resolution of the court in favor of the Company.

The increase in 2013 mainly related to a litigation process against the Italian tax and custom authorities that allege that the Company used incorrectly the VAT ceiling to compensate the tax credit in the years 2000 and 2001. Although in previous sentences for similar disputes the Italian Corte di Cassazione ruled in favor of Dufry, at the end of 2013 the Corte ruled against the Company, imposing the payment of the VAT, interest and a fine, whereby the fine could amount up to the same sum alleged as the incorrectly compensated VAT, estimated at CHF 7.1 million. The management of the Company is of the opinion that the amount of the fine is excessive and cannot be justified to be proportional to the damage caused, as required by the Italian legislation. However, according to the wording of the ruling, it can be understood that the tax authority has been enacted to claim such a fine. The Company has created an allowance of CHF 2.3 million on a first fine already paid and has raised an additional provision of CHF 2.4 million.

The expected timing of the related cash outflows of non-current provisions as of December 31, 2014 is currently projected as follows:

	Expected Cash Outflow (in millions of CHF)
2016	10.6
2017	46.0
2018	10.8
2019+	29.2
Total non-current	**96.6**

34. Post-Employment Benefit Obligations

The Group provides retirement benefits through a variety of arrangements comprised principally of stand-alone defined benefit and defined contribution plans or state administered plans that cover most of the employees in accordance with local regulations and practices. The most significant plans in terms of the benefits accrued to date by participants are cash balance and final salary plans, and around 94%

34. Post-Employment Benefit Obligations (Continued)

(2013: 83%) of the total defined benefit obligation and 100% (2013: 100%) of the plan assets refer to two pension funds in Switzerland.

	2014			2013		
	Funded	Unfunded	Total	Funded	Unfunded	Total
			(in millions of CHF)			
Switzerland:						
Fair value of plan assets	181.1		181.1	63.8		63.8
Present value of defined benefit obligation	205.3		205.3	62.7		62.7
Financial (deficit) surplus	**(24.2)**	**—**	**(24.2)**	**1.1**	**—**	**1.1**
GREECE:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	6.2	6.2	—	5.5	5.5
Financial (deficit) surplus	**—**	**(6.2)**	**(6.2)**	**—**	**(5.5)**	**(5.5)**
Italy:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	4.6	4.6	—	4.4	4.4
Financial (deficit) surplus	**—**	**(4.6)**	**(4.6)**	**—**	**(4.4)**	**(4.4)**
Other Plans:						
Fair value of plan assets	—		—			—
Present value of defined benefit obligation	—	2.7	2.7		2.6	2.6
Financial (deficit) surplus	**—**	**(2.7)**	**(2.7)**	**—**	**(2.6)**	**(2.6)**
Total:						
Fair value of plan assets	181.1	—	181.1	63.8	—	63.8
Present value of defined benefit obligation	205.3	13.5	218.8	62.7	12.6	75.3
Total net book value employee benefits	**(24.2)**	**(13.5)**	**(37.7)**	**1.1**	**(12.6)**	**(11.5)**

34. Post-Employment Benefit Obligations (Continued)

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

34.1 Switzerland

Reconciliation to the Swiss Pension Obligation

	2014	2013
	(in millions of CHF)	
Net defined asset / (obligation) at January 1	1.1	(16.4)
Net defined asset / (obligation) of acquired companies	0.5	—
Pension expense through income statement	8.2	(2.6)
Remeasurements through other comprehensive income	(29.7)	17.7
Allocation of the "Altrentner"	(8.0)	—
Contributions paid by employer	3.7	2.4
Net defined asset / (obligation) at December 31	**(24.2)**	**1.1**

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

All actuarial risks are borne by the Pension funds PKW or PVN. These risks consist of demographic risks, primarily life expectancy and financial risks, the discount rate, future increases in salaries / wages, and the return on plan assets. These risks are regularly assessed by the Board of Trustees. in addition, two annual actuarial reports are drawn up, one in accordance with the requirements of the BVG, the other in accordance with IFRS requirements.

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

34. Post-Employment Benefit Obligations (Continued)

several external specialized and independent asset managers in accordance with the investment strategy, whereby the investments in properties are directly managed by the fund.

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

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

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

- There has been a final allocation of the "Altrentner", i.e. retirement pensioners of the Pension Fund Weitnauer (PKW) with pension starting before May 31, 2003, as of December 31, 2014. This final allocation is included in the census data of current year disclosure which resulted in a transfer of CHF 17.5 million in assets and CHF 25.5 million in liabilities.
- In September 2014, the PKW decided to change its plan from a defined benefit plan (Leistungsprimat) to a cash balance plan (Beitragsprimat) starting on January 1, 2015. The new plan intends to keep the benefits granted at levels similar to the previous plan. Where this was not possible a one-time compensation was granted from the reserves of the pension fund. From this change of plan a net gain of CHF 12.3 million resulted, presented in the line pension expenses in the income statement.
- Through the acquisition of The Nuance Group, the Group added the Pension Fund Nuance (PVN) to its financial positions in 2014. PKW and PVN have been measured using the same actuarial assumptions. The net defined benefit obligation at the acquisition date was an asset of CHF 0.5 million and the total assets represented CHF 89.9 million.
- In 2013, there was no amendment in the main Swiss plan.

The following table summarizes the components of pension expenses recognized in the consolidated income statement:

Cost of defined benefit plans

	2014	2013
	(in millions of CHF)	
Service Costs:		
Current service costs	(3.7)	(3.1)
Change to cash balance plan	12.3	—
Transfers	—	1.0
Fund administration	(0.3)	(0.3)
Net interest	(0.1)	(0.2)
Total pension expenses recognized in the income statement	**8.2**	**(2.6)**

34. Post-Employment Benefit Obligations (Continued)

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

Remeasurements employee benefits

	2014	2013
	(in millions of CHF)	
Actuarial gains (losses)—experience	(1.2)	(0.3)
Actuarial gains (losses)—financial assumptions	(33.2)	14.2
Return on plan assets exceeding expected interest	4.7	3.8
Total remeasurements recorded in other comprehensive income	**(29.7)**	**17.7**

Remeasurements recorded in other comprehensive income for the current financial year is an expense of CHF 29.7 (2013: CHF 17.7) million for pension plans in Switzerland, an allocation of the "Altrentner" of CHF 8.0 million and an expense of CHF 0.2 (2013: CHF 0.3) million for pension plans of other countries.

In view of the latest tendency regarding long-term interest rates development, a lower discount rate was used in the measurement of the defined benefit obligation in 2014, resulting in a negative adjustment.

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

Change in the fair value of plan assets

	2014	2013
	(in millions of CHF)	
Fair value of plan assets at beginning of period	63.8	43.0
Interest income	2.1	0.8
Return on plan assets (excluding interest based on discount rate)	4.7	3.8
Contributions paid by employer	3.7	2.4
Contributions paid by employees	2.1	1.4
Benefits paid	(2.7)	(1.0)
Allocation of the "Altrentner"	17.5	13.4
Transfer from PVN	89.9	—
Fair value of plan assets at end of period	**181.1**	**63.8**

34. Post-Employment Benefit Obligations (Continued)

Change in present value of defined benefit obligation

	2014 Funded	2013 Funded
	(in millions of CHF)	
Defined benefit obligation-beginning	62.7	59.4
Current service costs	3.7	3.1
Interest costs	2.1	1.0
Contributions paid by employees	2.1	1.4
Accrual of expected future administration costs	0.3	0.3
Actuarial losses (gains)—experience	1.2	0.3
Actuarial losses (gains)—financial assumptions	33.2	(14.2)
Benefits paid	(2.7)	(1.0)
Past service cost—plan amendments	(12.2)	—
Allocation of the "Altrentner"	25.5	12.4
Transfer from PVN	89.4	—
Defined benefit obligation-end	**205.3**	**62.7**
Net defined benefit asset / (obligation)	**(24.2)**	**1.1**

Actuarial assumptions

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

	2014	2013
	(in %)	
Discount rates	1.25	2.50
interest on net defined benefit asset/ obligation	1.25	2.50
Future salary increases	1.50	1.00
Future pension increases	0.50	0.50
Average retirement age (in years)	63 - 64	64
Mortality table (generational tables)	2010	2010

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

34. Post-Employment Benefit Obligations (Continued)

Plan asset structure

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

	2014	2013	2012	2011
		(in %)		
Shares	30.1	26.8	24.0	25.0
Bonds	33.3	39.6	43.0	44.0
Rented properties	23.5	22.9	25.0	25.0
Other(1)	13.1	10.7	8.0	6.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes liquid positions, alternative investments as well as the assets of the management plan

All assets held by the PKW and PVN are fair-value-level 1 (quoted prices in active markets), except directly held rented properties which are fair-value-level 2 (significant observable inputs) representing 23.5% of the total assets (2013: 22.9%).

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

Plan participants

	2014	2013
	(in thousands of CHF)	
Active participants		
Number at closing (persons)	1,015	242
Average annual plan salary	59.9	93
Average age (years)	40.2	39.4
Average benefit service (years)	8.8	8.6
Benefit receiving participants		
Number (persons)	123	19
Average annual plan rent	26.2	19.0

34. Post-Employment Benefit Obligations (Continued)

	2015 (in millions of CHF)
Expected contributions for the period ending December	
Employer	3.6
Employee	2.0
Weighted average duration of defined benefit obligation (years)	19.9
Maturity profile of defined benefit obligation	
expected payments in 2015	7.5
expected payments in 2016	7.8
expected payments in 2017	7.9
expected payments in 2018	8.0
expected payments in 2019	7.8
expected payments in 2020 up to 2024	41.6

Sensitivities of significant actuarial assumptions

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

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

	Increase (in millions of CHF)	Decrease (in millions of CHF)
A Change of 0.5% in the Following Assumptions Would Imply		
Discount rate	(13.2)	14.4
Salary increase rate	2.8	(2.8)

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

Expected costs

	2015 (in millions of CHF)
Current service cost	8.9
Fund administration exp.	0.7
Net interest expense	0.2
Cost to be recognized in income statement	**9.8**

35. Other Liabilities

	31.12.2014	31.12.2013
	(in millions of CHF)	
Payables for capital expenditure(1)	180.2	25.2
Other service related vendors	173.1	69.2
Concession fee payables	136.0	83.2
Personnel payables	134.4	75.3
Sales tax and other tax liabilities	47.7	29.6
Interest payables	27.6	14.5
Payables for projects	18.1	—
Accrued liabilities	15.9	15.5
Payables to local business partners	6.3	5.7
Payables for acquisitions	—	0.9
Financial derivative liabilities	0.1	0.7
Other payables	24.1	8.4
Total	**763.5**	**328.2**
Thereof:		
—current liabilities	760.2	323.1
—non-current liabilities	3.3	5.1
Total	**763.5**	**328.2**

(1) Includes in 2014 CHF 162.2 million related to the Put option (see note 29.3)

36. Related Parties and Related Party Transactions

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

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

Dufry Group purchased during 2014 goods from the following related parties: Hudson Wholesale for CHF 18.9 (2013: CHF 21.2) million and from Hudson RPM CHF 4.0 (2013: CHF 4.4) million. The purchase prices used in these transactions were at arm's length. At December 31, 2014, the Dufry Group had open invoices with the following related parties: Hudson Wholesale CHF 2.2 (2013: CHF 1.8) million and with Hudson RPM CHF 0.4 (2013: CHF 0.3) million.

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

Dufry Mexico SA de CV operated duty-free shops at the International Airport Benito Juarez in Mexico City based on a sub-concession provided by Inmobiliaria Fumisa SA de CV until 2013. During

36. Related Parties and Related Party Transactions (Continued)

2013, the local operations accrued concession fees of CHF 20.6 million. The concession fee payable at December 2013 was CHF 2.5 million. Although Dufry is operating in 2014 the same shops in Mexico City, the concession is now provided by a third party.

Dufry's subsidiary, Inversiones Tunc SA, operates shops at several airports in the Dominican Republic under concession agreements with Aeropuertos Dominicanos Siglo XXI, SA. According to these agreements, Inversiones Tunc SA accrued in 2014 concession fees of CHF 6.8 (2013: CHF 6.5) million. The concession fee payable at the closing date amounted to CHF 0.9 (2013: CHF 0.7) million.

On February 1, 2014 and on February 1, 2013, Transportes Aereos de Xalapa SA de CV, a subsidiary of Aeropuertos Dominicanos SigLo XXI, SA agreed to provide air transport services to Dufry. During 2014, Dufry received services for CHF 3.4 (2013: CHF 3.8) million. The outstanding amount at the closing date amounted to CHF 1.3 (2013: CHF 2.4) million.

Mr. George Koutsolioutsos, member of the Board of Directors of the Group is also CEO and shareholder of the Folli Follie Group. Dufry had the following transactions with companies of this group:

	2014	2013
	(in millions of CHF)	
Purchase of goods from Folli Follie Group	4.9	4.2
Sales of goods to Folli Follie Group	0.7	0.3
Rent of building from Folli Follie Group	0.8	0.5
Amounts receivable at December 31	4.6	3.8
Amounts payable at December 31	5.3	7.0

During 2014, the Swiss entities of Dufry made contributions to the Pension Fund Weitnauer (PKW) in the amount of CHF 2.5 (2013: CHF 2.4) million and have at December 31, 2014 outstanding balances of CHF 0.5 (2013: CHF 0.4) million.

From the acquisition up to December 2014, the Nuance Group AG made contributions to the Pension Fund Nuance (PVN) in the amount of CHF 1.2 million, and has at December 31, 2014 outstanding balances of CHF 0.6 million.

36. Related Parties and Related Party Transactions (Continued)

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

	2014	2013
	(in millions of CHF)	
Board of Directors		
Number of directors	9	8
Short-term employee benefits(1)	4.9	4.6
Post-employment benefits	0.3	0.2
Share-based payments	—	—
Total compensation	**5.2**	**4.8**
Group Executive Committee		
Number of members	9	8
Short-term employee benefits	16.9	10.2
Post-employment benefits	1.9	2.0
Share-based payments	2.4	4.3
Total compensation	**21.2**	**16.5**

(1) The short-term employee benefit of the Board of Directors includes a compensation for the strategic consulting service provided by Mr. Bouton of CHF 0.3 (2013: CHF 0.3) million. This service agreement was terminated on December 31, 2014.

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

37. Commitments and Contingencies

Guarantee Commitments

Some long-term concession agreements, which Dufry has entered into, include obligations to fulfill minimal fee payments during the full term of the agreement. Some of these commitments have been backed with guarantees provided by Dufry or a financial institution. As at December 31, 2014 and December 31, 2013, no party has exercised their right to call upon such guarantees.

38. Fair Value Measurement

Fair Value of Financial Instruments Carried at Amortized Cost

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

38. Fair Value Measurement (Continued)

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities, that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures fair value measurement hierarchy for assets

		Fair Value Measurement Using				
December 31, 2014	**Date of Valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Book Values**
			(in millions of CHF)			
Assets Measured at Fair Value:						
Derivative financial assets (Note 39.5.2)						
Foreign exchange forward contracts—USD	31.12.2014	0.6		0.6		0.6
Financial assets valued at FVTPL (Note 39.2)						
Short-term deposits	31.12.2014	23.9	23.9	—		23.9
Assets for Which Fair Values are Disclosed:						
Loans and receivables						
Credit card receivables	31.12.2014	43.7		43.7		44.5

		Fair Value Measurement Using				
December 31, 2013	**Date of Valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Book Values**
			(in millions of CHF)			
Assets Measured at Fair Value:						
Derivative financial assets (Note 39.5.2)						
Foreign exchange forward contracts—USD	31.12.2013	1.5		1.5		1.5
Assets for Which Fair Values are Disclosed:						
Loans and receivables						
Credit card receivables	31.12.2013	21.1		21.1		21.4

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

38. Fair Value Measurement (Continued)

Quantitative disclosures fair value measurement hierarchy for liabilities

December 31, 2014	Date of Valuation	Total	Fair Value Measurement Using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Book Values
			(in millions of CHF)			
Liabilities Measured at Fair Value:						
Derivative financial liabilities (Note 39.5.2)						
Foreign exchange forward contracts—USD	31.12.2014	0.1		0.1		0.1
Liabilities for Which Fair Values are Disclosed:						
At amortized cost						
Senior Notes USD	31.12.2014	518.4	518.4			489.0
Senior Notes EUR	31.12.2014	642.7	642.7			585.9
Floating rate borrowings USD	31.12.2014	1,068.4		1,068.4		1,053.5
Floating rate borrowings EUR	31.12.2014	652.5		652.5		601.4
Floating rate borrowings CHF	31.12.2014	112.2		112.2		110.0

December 31, 2013	Date of Valuation	Total	Fair Value Measurement Using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Book Values
			(in millions of CHF)			
Liabilities Measured at Fair Value:						
Derivative financial liabilities (Note 39.5.2)						
Foreign exchange forward contracts—USD	31.12.2013	0.7		0.7		0.7
Liabilities for Which Fair Values are Disclosed:						
At amortized cost						
Senior Notes USD	31.12.2013	458.7	458.7			458.7
Floating rate borrowings USD	31.12.2013	878.9		878.9		883.1
Floating rate borrowings EUR	31.12.2013	596.7		596.7		599.5
Floating rate borrowings CHF	31.12.2013	59.9		59.9		60.0

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

39. Financial Instruments

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

39.1 Capital Risk Management

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

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

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

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

39.1.1 Gearing ratio

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

	31.12.2014	31.12.2013
	(in millions of CHF)	
Cash and cash equivalents	(513.0)	(246.4)
Financial debt, short-term	45.6	306.2
Financial debt, long-term	2,821.8	1,693.6
Net debt	**2,354.4**	**1,753.4**
Equity attributable to equity holders of the parent	2,292.8	1,137.5
Adjusted for:		
Accumulated hedged gains / (losses)	42.0	(57.3)
Effects from transactions with non-controlling interests(1)	692.6	683.8
Total capital(2)	**3,027.4**	**1,764.0**
Gearing ratio	**43.7%**	**49.8%**

(1) Represents the excess paid (received) above fair value of non-controlling interests on shares acquired (sold) as long as there is no change in control (IFRS10.23)

(2) Includes all capital and reserves of the Group that are managed as capital

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

39. Financial Instruments (Continued)

39.2 Categories of Financial Instruments

At December 31, 2014	Financial Assets				
	Loans and receivables	at FVTPL(1)	Subtotal	Non-Financial Assets(2)	Total
	(in millions of CHF)				
Cash and cash equivalents	489.1	23.9	513.0	—	513.0
Trade and credit card receivables	118.7	—	118.7	—	118.7
Other accounts receivable	109.7	0.6	110.3	116.9	227.2
Other non-current assets	73.6	—	73.6	33.0	106.6
Total	**791.1**	**24.5**	**815.6**		

	Financial Liabilities				
	At amortized cost	at FVTPL(1)	Subtotal	Non-Financial Liabilities(2)	Total
	(in millions of CHF)				
Trade payables	418.3	—	418.3	—	418.3
Financial debt short-term	45.6	—	45.6	—	45.6
Other liabilities	695.9	0.1	696.0	64.2	760.2
Financial debt long-term	2,821.8	—	2,821.8	—	2,821.8
Other non-current liabilities	3.3	—	3.3	—	3.3
Total	**3,984.9**	**0.1**	**3,985.0**		

At December 31, 2013	Financial Assets				
	Loans and receivables	at FVTPL(1)	Subtotal	Non-Financial Assets(2)	Total
	(in millions of CHF)				
Cash and cash equivalents	246.4	—	246.4	—	246.4
Trade and credit card receivables	42.8	—	42.8	—	42.8
Other accounts receivable	72.3	1.5	73.8	75.9	149.7
Other non-current assets	54.0	—	54.0	8.1	62.1
Total	**415.5**	**1.5**	**417.0**		

39. Financial Instruments (Continued)

	Financial Liabilities				
	At amortized cost	at FVTPL(1)	Subtotal	Non-Financial Liabilities(2)	Total
	(in millions of CHF)				
Trade payables	277.9	—	277.9	—	277.9
Financial debt short-term	306.2	—	306.2	—	306.2
Other liabilities	276.5	0.7	277.2	45.9	323.1
Financial debt long-term	1,693.6	—	1,693.6	—	1,693.6
Other non-current liabilities	4.8	—	4.8	0.3	5.1
Total	**2,559.0**	**0.7**	**2,559.7**		

(1) Financial assets and liabilities at fair value through consolidated income statement

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

39.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2014

	Loans And Receivables	At FVTPL	Total
	(in millions of CHF)		
Interest income	4.3		4.3
Other finance income	0.4	—	0.4
From interest	**4.7**	**—**	**4.7**
Fair values gain (loss)	—	4.8	4.8
Foreign exchange gain (loss)(1)	137.8	—	137.8
Impairments / allowances(2)	(2.9)	—	(2.9)
Total—from subsequent valuation	**134.9**	**4.8**	**139.7**
Net income	**139.6**	**4.8**	**144.4**

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

(2) This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

39. Financial Instruments (Continued)

Financial Liabilities at December 31, 2014

	At Amortized Cost	At FVTPL	Total
	(in millions of CHF)		
Interest expenses	(139.8)	—	(139.8)
Other finance expenses	(11.5)	—	(11.5)
From interest	**(151.3)**	**—**	**(151.3)**
Fair values gain (loss)	—	(1.0)	(1.0)
Foreign exchange gain (loss)(1)	(139.9)	—	(139.9)
Impairments / allowances(2)	—	—	—
Total—from subsequent valuation	**(139.9)**	**(1.0)**	**(140.9)**
Net expense	**(291.2)**	**(1.0)**	**(292.2)**

Financial Assets at December 31, 2013

	Loans and Receivables	At FVTPL	Total
	(in millions of CHF)		
Interest income	3.0		3.0
Other finance income	0.4	—	0.4
From interest	**3.4**	**—**	**3.4**
Fair values gain (loss)	—	1.5	1.5
Foreign exchange gain (loss)(1)	(11.2)	—	(11.2)
Impairments / allowances(2)	(1.2)	—	(1.2)
Total—from subsequent valuation	**(12.4)**	**1.5**	**(10.9)**
Net income	**(9.0)**	**1.5**	**(7.5)**

39. Financial Instruments (Continued)

Financial Liabilities at December 31, 2013

	At Amortized Cost	At FVTPL	Total
	(in millions of CHF)		
Interest expenses	(93.3)	—	(93.3)
Other finance expenses	(2.9)	—	(2.9)
From interest	**(96.2)**	**—**	**(96.2)**
Fair values gain (loss)	—	(1.0)	(1.0)
Foreign exchange gain (loss)(1)	5.3	—	5.3
Impairments / allowances(2)	—	—	—
Total—from subsequent valuation	**5.3**	**(1.0)**	**4.3**
Net expense	**(90.9)**	**(1.0)**	**(91.9)**

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

(2) This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

39.3 Financial Risk Management Objectives

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

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

39.4 Market Risk

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

39. Financial Instruments (Continued)

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

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

39.5 Foreign Currency Risk Management

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

39.5.1 Foreign currency sensitivity analysis

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

Foreign Currency Exposure:

	USD	EURO	BRL	Other	Total
		(in millions of CHF)			
December 31, 2014					
Monetary assets	1,253.6	1,427.7	44.3	275.5	3,001.1
Monetary liabilities	2,317.8	1,562.3	72.2	163.4	4,115.7
Net exposure before hedging	**(1,064.2)**	**(134.6)**	**(27.9)**	**112.1**	**(1,114.6)**
Hedging	922.0	—	—	(79.1)	842.9
Net exposure after hedging	**(142.2)**	**(134.6)**	**(27.9)**	**33.0**	**(271.7)**
December 31, 2013					
Monetary assets	191.5	698.6	18.2	69.2	977.5
Monetary liabilities	989.4	723.7	43.4	92.9	1,849.4
Net exposure before hedging	**(797.9)**	**(25.1)**	**(25.2)**	**(23.7)**	**(871.9)**
Hedging	824.3	—	—	—	824.3
Net exposure after hedging	**26.4**	**(25.1)**	**(25.2)**	**(23.7)**	**(47.6)**

The sensitivity analysis includes all monetary assets and liabilities irrespective of whether the positions are third party or intercompany. Dufry has considered some intercompany long-term loans as net investment in foreign operations (IAS 21, paragraph 15). Consequently, the related exchange differences are presented in other comprehensive income and thereafter as translation reserve in equity.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Group entities at December 31 of the respective year. The values and risk disclosed

39. Financial Instruments (Continued)

here are the hedged and not hedged positions assuming a 5% appreciation of the CHF against all other currencies.

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

	31.12.2014	31.12.2013
	(in millions of CHF)	
Effect on the Income Statement—profit (loss) of USD	7.2	(1.3)
Other comprehensive income—profit (loss) of USD	46.0	41.2
Effect on the Income Statement—profit (loss) of EUR	6.7	1.3

Reconciliation to categories of financial instruments:

	31.12.2014	31.12.2013
	(in millions of CHF)	
Financial Assets		
Total financial assets held in foreign currencies (see above)	3,001.1	977.5
less intercompany financial assets in foreign currencies	(2,758.6)	(882.9)
Third party financial assets held in foreign currencies	242.5	94.6
Third party financial assets held in reporting currencies	573.1	322.4
Total third party financial assets(1)	**815.6**	**417.0**
Financial Liabilities		
Total financial liabilities held in foreign currencies (see above)	4,115.7	1,849.4
less intercompany financial liabilities in foreign currencies	(2,057.9)	(124.9)
Third party financial liabilities held in foreign currencies	2,057.8	1,724.5
Third party financial liabilities held in reporting currencies	1,927.2	835.2
Total third party financial liabilities(1)	**3,985.0**	**2,559.7**

(1) See note 39.2 Categories of financial instruments

39.5.2 Forward foreign exchange contracts and foreign exchange options at fair value

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

39. Financial Instruments (Continued)

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31 of each year.

	Contract or Underlying Principal Amount	Positive Fair Values	Negative Fair Values
	(in millions of CHF)		
December 31, 2014	13.1	0.6	0.1
December 31, 2013	59.5	1.5	0.7

39.6 Interest Rate Risk Management

The Group manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters. The Group did not utilize interest rate swap contracts during 2013 or 2014.

39.6.1 Interest rate sensitivity analysis

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

If interest rates had been 100 basis points higher whereas all other variables were held constant, the Group's net earnings for the year 2014 would decrease by CHF 15.9 (2013: CHF 10.1) million.

39. Financial Instruments (Continued)

39.6.2 Allocation of financial assets and liabilities to interest classes

At December 31, 2014	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	Total
	(in %)		(in millions of CHF)				
Cash and cash equivalents	0.0%	0.3%	400.4	41.5	441.9	71.1	513.0
Trade and credit card receivables			—	—	—	118.7	118.7
Other accounts receivable	0.0%		10.1	—	10.1	100.2	110.3
Other non-current assets	3.2%	1.1%	8.4	25.8	34.2	39.4	73.6
Financial assets			**418.9**	**67.3**	**486.2**	**329.4**	**815.6**
Trade payables			—	—	—	418.4	418.4
Financial debt, short-term	3.0%	3.0%	40.5	4.7	45.2	0.4	45.6
Other liabilities		1.8%	—	0.1	0.1	695.9	696.0
Financial debt, long-term	2.1%	5.0%	1,738.2	1,083.5	2,821.7	—	2,821.7
Other non-current liabilities			—	—	—	3.3	3.3
Financial liabilities			**1,778.7**	**1,088.3**	**2,867.0**	**1,118.0**	**3,985.0**
Net financial liabilities			**1,359.8**	**1,021.0**	**2,380.8**	**788.6**	**3,169.4**

At December 31, 2013	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	Total
	(in %)		(in millions of CHF)				
Cash and cash equivalents	1.9%	0.5%	204.1	0.5	204.6	41.8	246.4
Trade and credit card receivables			—	—	—	42.8	42.8
Other accounts receivable			—	—	—	73.8	73.8
Other non-current assets	5.7%	0.5%	13.3	0.8	14.1	39.9	54.0
Financial assets			**217.4**	**1.3**	**218.7**	**198.3**	**417.0**
Trade payables			—	—	—	277.9	277.9
Financial debt, short-term	3.1%	5.7%	301.4	3.5	304.9	1.3	306.2
Other liabilities			—	—	—	277.2	277.2
Financial debt, long-term	3.0%	5.5%	1,253.4	440.2	1,693.6	—	1,693.6
Other non-current liabilities			—	—	—	4.8	4.8
Financial liabilities			**1,554.8**	**443.7**	**1,998.5**	**561.2**	**2,559.7**
Net financial liabilities			**1,337.4**	**442.4**	**1,779.8**	**362.9**	**2,142.7**

39.7 Credit Risk Management

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

Almost all Groups' sales are retail sales made against cash or internationally recognized credit / debit cards. Dufry has policies in place to ensure that other sales are only made to customers with an

39. Financial Instruments (Continued)

appropriate credit history or that the credit risk is insured adequately. The remaining credit risk is in relation to taxes, refunds from suppliers and guarantee deposits.

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

39.7.1 Maximum credit risk

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

39.8 Liquidity Risk Management

The Group evaluates this risk as the ability to settle its financial liabilities on time and at a reasonable price. Beside its capability to generate cash through its operations, Dufry mitigates liquidity risk by keeping unused credit facilities with financial institutions (see note 32).

39.8.1 Remaining maturities for non-derivative financial assets and liabilities

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

At December 31, 2014	1 - 6 Months	6 - 12 Months	1 - 2 Years	More Than 2 Years	Total
		(in millions of CHF)			
Cash and cash equivalents	513.6	—	—	—	513.6
Trade and credit card receivables	117.8	0.9	—	—	118.7
Other accounts receivable	109.6	0.1	—	—	109.7
Other non-current assets	0.8	0.9	4.5	76.6	82.8
Total cash inflows	**741.7**	**1.9**	**4.5**	**76.6**	**824.8**
Trade payables	418.1	0.2	—	—	418.3
Financial debt, short-term	47.1	2.3	—	—	49.4
Other liabilities	695.0	0.9	—	—	695.9
Financial debt, long-term	46.9	46.3	152.4	3,195.0	3,440.6
Other non-current liabilities	—	—	—	3.3	3.3
Total cash outflows	**1,207.1**	**49.7**	**152.4**	**3,198.3**	**4,607.5**

39. Financial Instruments (Continued)

At December 31, 2013	1 - 6 Months	6 - 12 Months	1 - 2 Years	More Than 2 Years	Total
		(in millions of CHF)			
Cash and cash equivalents	246.4	—	—	—	246.4
Trade and credit card receivables	42.7	0.1	—	—	42.8
Other accounts receivable	72.1	0.3	—	—	72.4
Other non-current assets	—	0.5	—	54.0	54.5
Total cash inflows	**361.2**	**0.9**	**—**	**54.0**	**416.1**
Trade payables	278.0	—	—	—	278.0
Financial debt, short-term	47.4	271.3	—	—	318.7
Other liabilities	273.7	1.2	—	0.1	275.0
Financial debt, long-term	80.1	19.9	308.6	1,520.6	1,929.2
Other non-current liabilities	—	—	—	4.8	4.8
Total cash outflows	**679.2**	**292.4**	**308.6**	**1,525.5**	**2,805.7**

39.8.2 Remaining maturities for derivative financial instruments

The Group has derivative financial instruments at year-end of net CHF 0.5 million with maturities below 6 month.

39.9 Other Financial Assets and Liabilities

In 2014, Dufry acquired 6% of the shares of Dufry Cyprus (II) Ltd, the holding company of Hellenic Duty Free Shops SA, after the execution of a third party call option on these shares. The transaction was structured as a net cash settlement deal.

39.10 Offsetting Financial Assets and Financial Liabilities

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

	Balance Before Global Pooling	Set-Off	Net Balance
	(in millions of CHF)		
31.12.2014			
Cash and cash equivalents	848.5	(335.5)	513.0
Financial debt, short-term	381.1	(335.5)	45.6
31.12.2013			
Cash and cash equivalents	525.8	(279.4)	246.4
Financial debt, short-term	585.6	(279.4)	306.2

40. Events After Reporting Date

In connection with the acquisition of The Nuance Group, Dufry made a sale / purchase offer to partners of affiliated companies in the United States of America based on change of control clauses of the respective bylaws. On December 12, 2014, such partners informed Dufry of their intention to buy the shares of Nuance Group (Orlando) LLC, as well as the shares of Broward Duty Free LLC for a total consideration for both transactions of USD 30.0 million. The transactions are expected to be completed in the first quarter of 2015 (see note 11).

On December 17, 2014, Dufry signed an extension on the call / put option to buy 20% of the equity of Dufry Lojas Francas (DLF) in Brazil until February 2015. This option was finally exercised on January 28, 2015. For further information about this option see note 29.3.

MOST IMPORTANT SUBSIDIARIES

H = HOLDING R = RETAIL D = DISTRIBUTION CENTER

AS OF DECEMBER 31, 2014	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
Headquarters						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Management AG	Basel	Switzerland	H	100	100	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Financial Services B.V.	Amsterdam	Netherlands	H	100	0	EUR
EMEA & Asia						
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co., Ltd	Shanghai	China	R	100	19,497	CNY
Dufry CE sro	Prague	Czech Republic	R	51	21,370	CZK
Sovenex SAS	Fort-de-France	France	R	100	40	EUR
Dufry France SA	Nice	France	R	100	5,800	EUR
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	EUR
RT Dufrindo International	Bali	Indonesia	R	100	62	USD
Dufrital SpA	Milan	Italy	R	60	258	EUR
Dufry Maroc SARL	Casablanca	Morocco	R	80	2,500	MAD
Dufry East OOO	Moscow	Russia	R	100	712	USD
Regstaer Ltd	Moscow	Russia	R	51	3,991	EUR
Dufry Moscow Sheremetyevo	Moscow	Russia	R	90	420	USD
Dufry D.O.O.	Belgrade	Serbia	R	100	693,078	RSD
Dufry Thomas Julie Korea Co. Ltd	Busan	South Korea	R	70	100,000	KRW
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Dufry Sharjah FZC	Sharjah	U. Arab. Emirates	R	51	2,054	AED
America I						
Interbaires SA	Buenos Aires	Argentina	R	100	306	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
DFC Ltd—Barbados	Barbados	Barbados	R	60	5,000	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Inversiones Pánamo, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Dufry Yucatan SA de CV	Mexico City	Mexico	R	100	1,141	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Colombian Emeralds Int. Ltd	Castries	St. Lucia	R	100	50	USD
Dufry Trinidad Ltd	Port of Spain	Trinidad and Tobago	R	60	392	USD
Navinten SA	Montevideo	Uruguay	R	100	126	USD
Flagship Retail Services Inc	Miami	USA	R	100	0	USD
America II						
Dufry Brasil Duty Free Shop Ltda	Rio de Janeiro	Brazil	R	100	3,175	USD
Dufry Lojas Francas Ltda	Sao Paulo	Brazil	R	60	99,745	USD
Hudson Group Canada Inc	Vancouver	Canada	R	100	0	CAD
Dufry O'Hare T5 JV	Chicago	USA	R	80	0	USD
Hudson-JRE Midway JV	Chicago	USA	R	70	0	USD
HG-Multiplex-Regali Dallas JV	Dallas	USA	R	75	0	USD
National Air Ventures	Dallas	USA	R	70	0	USD
HG Denver JV	Denver	USA	R	76	0	USD
AMS of South Florida JV	Fort Lauderdale	USA	R	62	0	USD
Dufry Houston Duty Free and Retail Partnership	Houston	USA	R	100	1	USD
AMS Hudson Las Vegas JV	Las Vegas	USA	R	73	0	USD
HG Magic Concourse TBIT	Los Angeles	USA	R	70	0	USD
Hudson-Magic Johnson Ent. CV LLC	Los Angeles	USA	R	91	0	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	80	0	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	82	0	USD
AMS-Olympic Nashville JV	Nashville	USA	R	83	0	USD
Hudson Group (HG) Retail, LLC	New Jersey	USA	H/R	100	0	USD
New Orleans Air Ventures II	New Orleans	USA	R	85	0	USD

AS OF DECEMBER 31, 2014	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
Airport Management Services LLC	New York	USA	H/R	100	0	USD
JFK Air Ventures II JV	New York	USA	R	80	0	USD
HG-KCGI-TEI JFK T8 JV	New York	USA	R	85	0	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	0	USD
Hudson-Retail NEU LaGuardia JV	New York	USA	R	80	0	USD
Hudson-Keelee JFK 7 JV	New York	USA	R	83	0	USD
Dufry Newark Inc	Newark	USA	R	100	1,501	USD
AMS-BW Newark JV	Newark	USA	R	70	0	USD
Seattle Air Ventures	Olympia	USA	R	75	0	USD
Dufry Seattle JV	Seattle	USA	R	88	0	USD
Hudson News O'Hare JV	Springfield	USA	R	70	0	USD
HG St Louis JV	St. Louis	USA	R	70	0	USD
HG National JV	Washington	USA	R	70	0	USD
Nuance Business						
Nuance Group (Canada) Inc.	Toronto	Canada	R	100	13,260	CAD
Nuance Group (HK) Ltd	Hong Kong	China	R	100	0	HKD
Nuance-Watson (Macau) Ltd	Macau	China	R	100	49	HKD
Nuance Group (India) Pvt. Ltd	Bangalore	India	R	50	828,200	INR
Nuance Group Fashion & Luxury Duty Free Pvt. Ltd	Mumbai	India	R	50	100	INR
Nuance Group (Malta) Ltd	Malta	Malta	R	52	2,796	EUR
Lenrianta CSJC	St. Petersburg	Russia	R	80	315	EUR
Nuance Group (Sverige) AB	Stockholm	Sweden	R	100	100	SEK
Nuance Group AG	Zurich	Switzerland	H/R	100	89,100	CHF
Net Magaza Isletm. ve Ticaret A.S.	Antalya	Turkey	R	100	3,886	EUR
Nuance Group (UK) Ltd	Southampton	United Kingdom	R	100	50	GBP
Nuance Group Las Vegas Partnership	Las Vegas	USA	R	73	850	USD
Nuance Group (Australia) Pty Ltd	Sydney	Australia	R	100	210,000	AUD
Global Distribution Centers						
Dufry Travel Retail AG	Basel	Switzerland	D	100	5,000	CHF
International Operation & Services Corp.	Montevideo	Uruguay	D	100	50	USD
Dufry America Services, Inc.	Miami	USA	D	100	398	USD

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To the General Meeting of
Dufry AG, Basel

Basel, 4 March 2015

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dufry AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes (pages 68 to 143), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Patrick Fawer
Patrick Fawer
Licensed audit expert
(Auditor in charge)

/s/ Olaf Reich
Olaf Reich
Licensed audit expert

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
Net sales	7	3,465.0	3,062.1
Advertising income		106.7	91.5
Turnover		**3,571.7**	**3,153.6**
Cost of sales		(1,466.0)	(1,297.0)
Gross profit		**2,105.7**	**1,856.6**
Selling expenses	9	(826.0)	(694.2)
Personnel expenses	10	(538.1)	(474.4)
General expenses	11	(230.5)	(213.7)
EBITDA(1)		**511.1**	**474.3**
Depreciation, amortization and impairment	12	(192.9)	(168.3)
Other operational result	13	(37.4)	(30.1)
Earnings before interest and taxes (EBIT)		**280.8**	**275.9**
Interest expenses	14	(98.0)	(79.7)
Interest income	14	3.4	1.3
Foreign exchange gain/(loss)		(5.4)	(0.1)
Earnings before taxes (EBT)		**180.8**	**197.4**
Income taxes	15	(33.2)	(39.1)
Net earnings		**147.6**	**158.3**
ATTRIBUTABLE TO:			
Equity holders of the parent		93.0	122.5
Non-controlling interests		54.6	35.8
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share	16	3.13	4.46
Diluted earnings per share	16	3.12	4.41
Weighted average number of outstanding shares in thousands		29,720	27,447

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

(1) EBITDA is earnings before interest, taxes, depreciation, amortization and other operational result

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
Net earnings		**147.6**	**158.3**
OTHER COMPREHENSIVE INCOME			
Actuarial gains/(losses) on defined benefit plans	17, 33, 34	17.4	(8.7)
Income tax	15, 17	(1.3)	0.7
Items not being reclassified to net income in subsequent periods, net of tax		**16.1**	**(8.0)**
Exchange differences on translating foreign operations	17	(50.2)	(31.1)
Net gain/(loss) on hedge of net investment in foreign operations	17	24.4	6.3
Changes in the fair value of interest rate swaps held as cash flow hedges	17	—	1.0
Income tax on above positions	15, 17	—	(0.9)
Items to be reclassified to net income in subsequent periods, net of tax		**(25.8)**	**(24.7)**
Total other comprehensive income for the period, net of tax		**(9.7)**	**(32.7)**
Total comprehensive income for the period, net of tax		**137.9**	**125.6**
ATTRIBUTABLE TO:			
Equity holders of the parent		84.5	92.1
Non-controlling interests		53.4	33.5

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	31.12.2013	31.12.2012 (restated)*	01.01.2012 (restated)*
ASSETS				
Property, plant and equipment	18	313.9	259.8	246.1
Intangible assets	20	2,734.0	2,032.6	2,078.6
Deferred tax assets	22	154.9	154.1	147.0
Other non-current assets	23	62.1	36.5	36.9
Non-current assets		**3,264.9**	**2,483.0**	**2,508.6**
Inventories	24	524.7	421.1	432.0
Trade and credit card receivables	25	42.8	59.5	47.0
Other accounts receivable	26	149.7	120.4	127.3
Income tax receivables		9.9	8.3	3.4
Cash and cash equivalents		246.4	434.0	199.1
Current assets		**973.5**	**1,043.3**	**808.8**
Total assets		**4,238.4**	**3,526.3**	**3,317.4**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Equity attributable to equity holders of the parent		1,137.5	1,223.1	862.2
Non-controlling interests		129.9	128.4	84.1
Total equity		**1,267.4**	**1,351.5**	**946.3**
Financial debt		1,693.6	1,345.4	1,529.8
Deferred tax liabilities	22	261.7	165.0	168.5
Provisions	32	51.3	39.0	39.5
Post-employment benefit obligations	33, 34	11.5	22.5	13.4
Other non-current liabilities	35	5.1	8.3	11.3
Non-current liabilities		**2,023.2**	**1,580.2**	**1,762.5**
Trade payables		277.9	247.8	301.1
Financial debt		306.2	39.9	30.6
Income tax payables		30.5	10.8	14.2
Provisions	32	10.1	11.2	7.1
Other liabilities	35	323.1	284.9	255.6
Current liabilities		**947.8**	**594.6**	**608.6**
Total liabilities		**2,971.0**	**2,174.8**	**2,371.1**
Total liabilities and shareholders' equity		**4,238.4**	**3,526.3**	**3,317.4**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

2013 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2013		**148.4**	**1,207.0**	**(41.6)**	**—**	**—**	**(199.9)**	**124.9**	**1,238.8**	**128.4**	**1,367.2**
Restatement	34	—	—	—	(15.8)	—	—	0.1	(15.7)	—	(15.7)
Balance at January 1, 2013 (restated)*		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**—**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**
Net earnings		—	—	—	—	—	—	93.0	93.0	54.6	147.6
Other comprehensive income (loss)	17	—	—	—	16.1	—	(24.6)	—	(8.5)	(1.2)	(9.7)
Total comprehensive income for the period		**—**	**—**	**—**	**16.1**	**—**	**(24.6)**	**93.0**	**84.5**	**53.4**	**137.9**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(39.4)	(39.4)
Issuance of share capital	27	6.1	—	—	—	—	—	—	6.1	—	6.1
Purchase of treasury shares	28.4	—	—	(17.7)	—	—	—	—	(17.7)	—	(17.7)
Distribution of treasury shares	28.4	—	—	41.2	—	—	—	(41.2)	—	—	—
Share-based payment	28	—	—	—	—	—	—	10.7	10.7	—	10.7
Tax effect on equity transactions	15	—	—	—	—	—	—	1.4	1.4	—	1.4
Total transactions with or distributions to owners		**6.1**	**—**	**23.5**	**—**	**—**	**—**	**(29.1)**	**0.5**	**(39.4)**	**(38.9)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:											
Changes in particpiation of non-controlling interests	29	—	—	—	—	—	—	(170.6)	(170.6)	(12.5)	(183.1)
Balance at December 31, 2013		**154.5**	**1,207.0**	**(18.1)**	**0.3**	**—**	**(224.5)**	**18.3**	**1,137.5**	**129.9**	**1,267.4**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012 (RESTATED)*

2012 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								NON-CONTROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	Total		
Balance at January 1, 2012		**134.9**	**934.5**	**(13.5)**	**—**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**
Restatement	34	—	—	—	(7.8)	—	—	—	(7.8)	—	(7.8)
Balance at January 1, 2012 (restated)*		**134.9**	**934.5**	**(13.5)**	**(7.8)**	**(0.9)**	**(176.6)**	**(8.4)**	**862.2**	**84.1**	**946.3**
Net earnings		—	—	—	—	—	—	122.5	122.5	35.8	158.3
Other comprehensive income (loss)	17	—	—	—	(8.0)	0.9	(23.3)	—	(30.4)	(2.3)	(32.7)
Total comprehensive income for the period		**—**	**—**	**—**	**(8.0)**	**0.9**	**(23.3)**	**122.5**	**92.1**	**33.5**	**125.6**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(29.9)	(29.9)
Net proceeds from issue of shares	27	13.5	272.5	—	—	—	—	—	286.0	—	286.0
Purchase of treasury shares	28.4	—	—	(28.1)	—	—	—	—	(28.1)	—	(28.1)
Share-based payment	28	—	—	—	—	—	—	8.8	8.8	—	8.8
Tax effect on equity transactions	15	—	—	—	—	—	—	2.1	2.1	—	2.1
Total transactions with or distributions to owners		**13.5**	**272.5**	**(28.1)**	**—**	**—**	**—**	**10.9**	**268.8**	**(29.9)**	**238.9**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:											
Changes in particpiation of non-controlling interests	29	—	—	—	—	—	—	—	—	40.7	40.7
Balance at December 31, 2012 (restated)*		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**—**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes (EBT)		**180.8**	**197.4**
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	12	192.9	168.3
Increase / (decrease) in allowances and provisions		(2.0)	13.2
Loss / (gain) on unrealized foreign exchange differences		7.9	7.4
Other non-cash items		10.7	8.8
Interest expense	14	98.0	79.7
Interest income	14	(3.4)	(1.3)
Cash flow before working capital changes		**484.9**	**473.5**
Decrease / (increase) in trade and other accounts receivable		(1.2)	(4.5)
Decrease / (increase) in inventories	24	(32.8)	2.6
Increase / (decrease) in trade and other accounts payable		8.6	(19.5)
Cash generated from operations		**459.5**	**452.1**
Income tax paid		(24.4)	(69.6)
Net cash flows from operating activities		**435.1**	**382.5**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19	(108.1)	(83.9)
Purchase of intangible assets	21	(114.4)	(28.6)
Proceeds from sale of property, plant and equipment		2.8	0.7
Interest received		2.9	1.1
Business combinations, net of cash	6	(243.6)	(47.7)
Proceed from sale of interest in subsidiaries, net of cash		0.9	0.9
Net cash flows used in investing activities		**(459.5)**	**(157.5)**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares	27	—	294.0
Share issuance costs paid		—	(8.0)
Proceeds from issuance of Senior Notes		—	466.1
Proceeds from bank loans		663.0	8.3
Repayment of bank loans		(412.0)	(608.3)
Proceeds from / (repayment of) 3rd party loans		(8.1)	1.7
Dividends paid to non-controlling interest		(39.4)	(29.9)
Purchase of treasury shares	28.4	(17.7)	(28.1)
Contributions from / (repayment of) non-controlling interest holders	6	(213.9)	0.7
Arrangement fees paid		(21.3)	(11.3)
Interest paid		(92.9)	(60.8)
Net cash flows (used in) / from financing activities		**(142.3)**	**24.4**
Currency translation on cash		(20.9)	(14.5)
(Decrease) / Increase in cash and cash equivalents		**(187.6)**	**234.9**
CASH AND CASH EQUIVALENTS AT THE			
—beginning of the period		434.0	199.1
—end of the period		246.4	434.0

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. CORPORATE INFORMATION

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

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2013 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 5, 2014.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

The consolidated financial statements are presented in Swiss francs and all values are rounded to the nearest one hundred thousand, except when otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Dufry AG and entities controlled by Dufry (its subsidiaries) as at December 31, 2013 and the respective comparative information.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity
- recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the consolidated income statement and

2. ACCOUNTING POLICIES (Continued)

- reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the other operational result. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the buyer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Differences arising by the final settlement are accounted for within equity. In instances where the contingent consideration is not a financial instrument, it is measured in accordance with the appropriate IFRS.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred;
- plus the recognized amount of any non-controlling interests in the acquiree;
- plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree;
- less the net recognized amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless there are specific allocations.

2. ACCOUNTING POLICIES (Continued)

b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes or duties.

Net sales

Sales are recognized when significant risks and rewards of ownership of the products have been transferred to the customer. Retail sales are settled in cash or by credit card.

Advertising income

Advertising income is recognized when the services have been rendered.

c) Cost of sales

Cost of sales are recognized when the Company sells a product and comprise the purchase price and the cost incurred until the product arrives at the warehouse, i.e. import duties, transport, inventory valuation adjustments and inventory differences.

d) Foreign currency translation

The consolidated financial statements are expressed in Swiss francs (CHF). Each company in the Group uses its corresponding functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are remeasured to its fair value in the functional currency using the exchange rate at the reporting date. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the consolidated income statement, except where the hedges on net investments allow the recognition in the other comprehensive income, until the respective investments are disposed of. In this case any related deferred taxes are also accounted for in the other comprehensive income. Non-monetary items that are measured at historical cost in the respective functional currency are translated using the exchange rates as at the dates of the initial transactions.

At the reporting date, the assets and liabilities of all subsidiaries reporting in foreign currency are translated into the presentation currency of Dufry (Swiss francs) using the exchange rate at the reporting date. The consolidated income statement is translated using the average exchange rates of the respective month in which the transactions occurred. The net translation differences are recognized in the other comprehensive income. On disposal of a foreign entity or when control is lost, the deferred cumulative translation difference recognized within equity relating to that particular operation is recognized in the consolidated income statement as gain or loss on sale of subsidiaries.

Intangible assets and fair value adjustments identified on the acquisition of a new business (purchase price allocation) are treated as assets and liabilities of such operation in the respective functional currency.

2. ACCOUNTING POLICIES (Continued)

Principal foreign exchange rates applied for valuation and translation:

IN CHF	AVERAGE RATES 2013	AVERAGE RATES 2012	CLOSING RATES 31.12.2013	CLOSING RATES 31.12.2012
1 USD	0.9268	0.9377	0.8886	0.9146
1 EUR	1.2306	1.2052	1.2250	1.2069

e) Pension and other post-employment benefit obligations—Pension obligations

The employees of the subsidiaries are eligible for retirement, invalidity and death benefits under local social security schemes prevailing in the countries concerned and defined benefit or defined contribution plans provided through separate funds, insurance plans, or unfunded arrangements. The pension plans are either funded through regular contributions made by the employer and the employee and through the income generated by the capital investments or unfunded.

The cost of providing benefits under defined benefit plans is determined using the projected unit credit method.

Re-measurements, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit obligation (asset). The Group recognizes the following changes in the net defined benefit obligation in the consolidated income statement:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements under "Personnel expenses"
- Net interest expense or income under "Interest expenses or income".

f) Share-based payments

Equity-settled share-based payments to employees and others third parties providing services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated income statement such that the cumulative expense reflects the revised estimate.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification,

2. ACCOUNTING POLICIES (Continued)

which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the holder of the option as measured at the date of modification.

g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized in other comprehensive income is recognized in the same statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax-credits or tax-losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized.

2. ACCOUNTING POLICIES (Continued)

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax positions not relating to items recognized in the consolidated income statement, are recognized in correlation to the underlying transaction either in other comprehensive income or equity.

h) Property, plant and equipment

These are stated at cost less accumulated depreciation and any impairment in fair value. Depreciation is computed on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

The useful lives applied are as follows:

- Real estate (buildings) 20 to 40 years
- Leasehold improvements the shorter of 10 years or the remaining lease term
- Furniture and fixtures the shorter of 5 years or the remaining lease term
- Motor vehicles the shorter of 5 years or the remaining lease term
- Computer hardware the shorter of 5 years or the remaining lease term

i) Intangible assets

Intangible assets acquired (separately or from a business combination)

These assets mainly comprise of concession rights, brands and goodwill (for goodwill see 2.3.a). Intangible assets acquired separately are capitalized at cost and those from a business acquisition are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis. Brands have been assessed to have indefinite useful lives and are therefore not amortized.

Certain concession rights are granted by the non-controlling interest holder for periods. Consequently these concession rights are assessed as having an indefinite useful life.

j) Impairment of non-financial assets

Intangible assets with indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal

2. ACCOUNTING POLICIES (Continued)

to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and banks as well as short-term deposits at banks with initial maturity below 91 days.

Cash and cash equivalents at the end of the reporting period include CHF 22.6 million (2012: CHF 20.8 million) held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

l) Inventories

Inventories are valued at the lower of historical cost or net realizable value. The historical costs are determined using the FIFO method. Historical cost includes all expenses incurred in bringing the inventories to their present location and condition. This includes mainly import duties and transport cost. Purchase discounts and rebates are deducted in determining the cost of inventories. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory allowances are set up in the case of slow-moving and obsolete stock. Expired items are fully written off.

m) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate at the end of the reporting period of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist if the Group has a contract under which the unavoidable costs

2. ACCOUNTING POLICIES (Continued)

of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

n) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated income statement.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

o) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, available-for-sale (AFS) financial assets and loans and receivables. The categorization depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL (fair value through profit or loss)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

2. ACCOUNTING POLICIES (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any dividend or interest earned on the financial asset and is included in the other operating result line item in the consolidated income statement. Fair value is determined in the manner described in note 39.

Trade and other accounts receivable

Trade and other receivables (including credit cards receivables, other accounts receivable, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Certain categories of financial assets, such as trade receivables, are assessed for impairment individually.

Subsequent recoveries of amounts previously written off are credited against the allowance accounts for these categories. Changes in the carrying amount of the allowance account are recognized in the consolidated income statement in the lines selling expenses or other operational result.

2. ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the consolidated income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

q) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

These financial liabilities are either held for trading or have been designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Other financial liabilities, not held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed together and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

2. ACCOUNTING POLICIES (Continued)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any interest paid on the financial liability and is included in the financial result in the consolidated income statement. Fair value is determined in the manner described in note 39.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method (see n).

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated income statement.

r) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously (see Note 39.10).

s) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate or foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 39.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated income statement depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

t) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or

2. ACCOUNTING POLICIES (Continued)

hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time, is recognized when the underlying hedged item is ultimately de-recognized in the consolidated income statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. The gain or loss relating to the ineffective portion is recognized in the consolidated income statement, and is included in the interest expenses / income line item. The Group did not utilize cash flow hedges during 2013.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of translation reserves. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement, and is included in the foreign exchange gains/ loss line item (see note 31.1).

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations:

Standards and Interpretations affecting the reported financial performance and / or financial position

IAS 19
Employee Benefits (Revised)
(effective January 1, 2013)

The amendments to IAS 19 range from fundamental changes such as removing the corridor mechanism and replacing the concept of interest cost and expected return on plan assets with interest calculated on the net defined benefit asset or liability to simple clarifications and rewording. The Group has changed its accounting policy in 2013 to recognize the remeasurements from actuarial gains or losses in other comprehensive income. The amended standard impacts the total pension expense as

2. ACCOUNTING POLICIES (Continued)

the expected return on plan assets is calculated using the same interest rate as applied for the purpose of discounting the benefit obligation.

As a consequence of the adoption of the revised standard, the previously published financial statements were restated as disclosed in Note 34. The effect on diluted earnings per share related to the restatement in 2012 was less than CHF 0.01.

IAS 19
Employee Benefits amendments—entitled Defined Benefit Plans: Employee Contributions
(effective July 1, 2014 - early adopted)

The amendment of IAS 19 introduces a practical expedient for some defined benefit plans. The amendment allows a choice on how to account for employee contributions if certain criteria were met. In addition to the requirements of IAS 19R employee contributions can alternatively be recognized as a reduction of the service cost of the perspective period. The Group has early adopted these amendments to IAS 19 in the current period.

Standards and Interpretations affecting presentation and disclosure only

IAS 1
Presentation of Items of Other Comprehensive Income—Amendments to IAS 1
(effective July 1, 2012)

The amendments to IAS 1 changed the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 1
Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at January 1, 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at January 1, 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment, resulting from the annual improvements 2009-2011, clarifies that the third balance sheet is only required for material adjustments.

2. ACCOUNTING POLICIES (Continued)

IAS 36
Recoverable Amount Disclosures for Non-Financial Assets—Amendments to IAS 36 Impairment of Assets
(effective January 1, 2014 - early adopted)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted these amendments to IAS 36 in the current period since the amended / additional disclosures provide useful information as intended by the IASB. Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in Note 20. These amendments would continue to be considered for future disclosures.

IFRS 12
Disclosure of Interests in Other Entities
(effective January 1, 2013)

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required for the year-end reporting, but has no impact on the Group financial position or performance (see note 30).

IFRS 7
Disclosures—Offsetting Financial Assets and Financial Liabilities—Amendments to IFRS 7
(effective January 1, 2013)

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32 (see note 39.10).

Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period (but could eventually have an impact in future periods)

IAS 28
Investments in Associates and Joint Ventures (as revised in 2011)
(effective January 1, 2013)

As a consequence of the new IFRS 11, and IFRS 12, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and this new standard describes the application of the equity method to investments in joint ventures in addition to associates.

2. ACCOUNTING POLICIES (Continued)

IFRS 10
Consolidated Financial Statements, IAS 27 Separate Financial Statements
(effective January 1, 2013)

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

IFRS 11
Joint Arrangements
(effective January 1, 2013)

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

IFRS 13
Fair Value Measurement
(effective January 1, 2013)

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation include uncertainties at the reporting date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods, are discussed below.

Concession rights

Concession rights acquired in a business combination are measured at fair value as at the date of acquisition. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group annually tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.2.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Brands and Goodwill

The Group tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.4.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. The Group recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such assessment is made. Further details are given in note 15.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 22.

Provisions

Management makes assumptions in relation to the expected outcome and cash outflows based on the development of each individual case. Further details are given in note 32.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which depends on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 28.

Pension and other post-employment benefit obligations

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 33.

Purchase price allocation

The determination of the fair values of the identifiable assets (especially the concession rights) and the assumed liabilities (especially the contingent liabilities recognized as provisions), resulting from business combinations, is based on valuation techniques such as the discounted cash flow model. Some

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

of the inputs to this model are partially based on assumptions and judgments and any changes thereof would affect the reported values (see note 6).

Consolidation of entities in which the Group holds less than majority of the share capital rights

The Group considers that it controls certain entities even though it owns less than 50% of the share capital rights. The reason for this varies from case to case and is reviewed at the time of business combination, founding or when there are changes in the statutes of these entities. Further details on non-controlling interests are disclosed in note 30 and 40.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED / EFFECTIVE

The standards and interpretations are expected to have an impact on the Group's financial position, performance, and / or disclosures are described below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9
Financial Instruments: Classification and Measurement
[effective date not defined]

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to a not yet defined date. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39
[effective date not defined]

The IASB issued the second part of the new standards IFRS for financial instruments. This part addresses hedge accounting. Dufry is currently analyzing the consequences of the application of IFRS 9 hedge accounting for the consolidated financial statements. Dufry has not early adopted this new standard.

IAS 32
Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32
[effective January 1, 2014]

These amendments should clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The adoption of the standard is not expected to have a significant impact from the current point of view.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED / EFFECTIVE (Continued)

IAS 39
Novation of Derivatives and Continuation of Hedge Accounting—Amendments to IAS 39
[effective January 1, 2014]

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRIC 21
Levies
[effective January 1, 2014]

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The group is not currently subject to significant levies.

Improvements to IFRSs—December 2013
[effective July 1, 2014]

The IASB issued annual improvements containing 11 changes to nine standards: IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40. Dufry will adopt the changes when they become effective. These amendments are considered to be insignificant from a current point of view, but in future they might become relevant.

5. SEGMENT INFORMATION

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group presents the segment information as it does internally to the Group Executive Committee, using 4 geographical areas and the distribution centers as segments.

	TURNOVER				
2013 IN MILLIONS OF CHF	with external customers	with other segments	Total	EBITDA(1)	FULL TIME EQUIVALENTS
EMEA & Asia	1,174.1	—	1,174.1	192.1	4,867
America I	768.5	—	768.5	46.2	3,604
America II	692.2	—	692.2	49.8	2,084
United States & Canada	876.1	—	876.1	103.7	5,586
Global Distribution Centers	60.8	858.6	919.4	119.3	282
Total segments	**3,571.7**	**858.6**	**4,430.3**	**511.1**	**16,423**
Eliminations	—	(858.6)	(858.6)	—	—
Dufry Group	**3,571.7**	**—**	**3,571.7**	**511.1**	**16,423**

5. SEGMENT INFORMATION (Continued)

2012 (restated)* IN MILLIONS OF CHF	TURNOVER with external customers	TURNOVER with other segments	TURNOVER Total	EBITDA(1)	FULL TIME EQUIVALENTS
EMEA & Asia	790.4	—	790.4	81.9	3,336
America I	778.3	—	778.3	57.2	3,667
America II	730.6	—	730.6	133.0	2,118
United States & Canada	809.3	—	809.3	90.3	4,955
Global Distribution Centers	45.0	757.8	802.8	111.9	285
Total segments	**3,153.6**	**757.8**	**3,911.4**	**474.3**	**14,361**
Eliminations	—	(757.8)	(757.8)	—	—
Dufry Group	**3,153.6**	**—**	**3,153.6**	**474.3**	**14,361**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

(1) EBITDA before other operational result

The Group generated 1.0% (2012: 1.1%) of the total turnover with external customers in Switzerland (domicile).

31.12. 2013 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	1,435.1	386.8	(24.8)	(50.1)	(50.4)	2.0
America I	1,228.2	184.6	(5.4)	(9.4)	(64.9)	0.9
America II	361.0	106.1	0.6	(80.1)	(28.1)	1.5
United States & Canada	576.5	109.4	2.3	(70.8)	(44.6)	0.4
Global Distribution Centers	246.8	177.9	(2.1)	(3.1)	(1.3)	(1.2)
Total segments	**3,847.6**	**964.8**	**(29.4)**	**(213.5)**	**(189.3)**	**3.6**
Unallocated positions	390.8	2,006.2	(3.8)	(9.0)	(3.6)	13.0
Dufry Group	**4,238.4**	**2,971.0**	**(33.2)**	**(222.5)**	**(192.9)**	**16.6**

5. SEGMENT INFORMATION (Continued)

31.12.2012 (restated)* IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	578.4	208.0	(2.1)	(17.3)	(34.3)	15.3
America I	1,323.9	247.2	(6.5)	(20.3)	(66.0)	3.3
America II	401.7	142.0	(27.0)	(21.0)	(21.4)	4.3
United States & Canada	517.3	120.7	(0.2)	(48.6)	(41.4)	0.1
Global Distribution Centers	203.3	51.0	(2.4)	(0.9)	(1.3)	2.3
Total segments	**3,024.6**	**768.9**	**(38.2)**	**(108.1)**	**(164.4)**	**25.3**
Unallocated positions	501.7	1,405.9	(0.9)	(4.4)	(3.9)	6.2
Dufry Group	**3,526.3**	**2,174.8**	**(39.1)**	**(112.5)**	**(168.3)**	**31.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Reconciliation of the earnings

IN MILLIONS OF CHF	2013	2012
Segment EBITDA	**511.1**	**474.3**
Depreciation, amortization and impairment	(192.9)	(168.3)
Other operational result	(37.4)	(30.1)
Interest expenses	(98.0)	(79.7)
Interest income	3.4	1.3
Foreign exchange gain/(loss)	(5.4)	(0.1)
Earnings before tax	**180.8**	**197.4**

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Segment operating assets	**3,847.7**	**3,024.6**
Current assets of Headquarter companies	101.4	247.3
Non-current assets of Headquarter companies	289.4	254.4
Total assets	**4,238.4**	**3,526.3**

5. SEGMENT INFORMATION (Continued)

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Segment operating liabilities	**964.8**	**768.9**
Financial debt of Headquarter companies, short-term	267.6	39.9
Financial debt of Headquarter companies, long-term	1,692.4	1,345.4
Other non-segment liabilities	46.2	20.6
Total liabilities	**2,971.0**	**2,174.8**

6. ACQUISITIONS OF BUSINESSES

2013 TRANSACTIONS

6.1 ACQUISITION OF HELLENIC DUTY FREE SHOPS, GREECE

Hellenic Duty Free Shops SA (HDFS) is the leading duty free operator in Greece, generating in 2013 turnover of CHF 400.4 million with Duty Free and Duty paid retail shops in 47 locations, of which 25 are at airports, 11 at seaports and 11 at border shops. During 2013 the company reached an EBIT of CHF 106.9 million.

On April 22, 2013 Dufry acquired 51% of shares of HDFS, a newly founded company taking over the carved-out travel retail business from Folli Follie Group for a total consideration of CHF 244.7 million (EUR 200.5 million). The acquisition has been accounted for using the acquisition method. The transaction costs in relation to this acquisition step amount to CHF 13.9 million, whereof CHF 7.4 million are included in other operational result in the current consolidated income statement. The non-controlling interest, resulting from the transaction was measured at the proportionate share in the identifiable net assets.

With this transaction, Dufry expects to increase significantly its presence in the travel retail market in the Mediterranean area. HDFS has agreements granting the rights to operate long term duty free concessions in Greece. Dufry expects that the integration of the HDFS into the overall group will generate significant synergies, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill is not amortized, is not tax deductible and will be subject to annual impairment testing. Dufry signed a separate four year agreement with certain representatives ensuring their future continuous assistance developing the business and avoiding direct competition for a fee of CHF 35.1 million (EUR 28.0 million). Dufry will defer this fee over the lifetime of the agreement. These transactions were financed with a capital increase in October 2012 (see note 27.2). On April 22, 2013, Hellenic Duty Free Shops received from a syndicate of Greek banks a non-recourse bank facility of CHF 408.9 million (EUR 335.0 million).

6. ACQUISITIONS OF BUSINESSES (Continued)

The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined preliminarily as the company is in the process of verifying the valuation of these net assets identified as follows:

Hellenic Duty Free Shops S.A. Group

APRIL 22, 2013	PRELIMINARY FAIR VALUE IN MILLIONS OF CHF	PRELIMINARY FAIR VALUE IN MILLIONS OF EUR
Trade and credit card receivables	5.5	4.5
Inventories	80.2	65.7
Other assets	10.7	8.7
Property, plant and equipment	36.1	29.6
Intangible assets, mainly concession rights	511.7	419.3
Trade payables	(35.4)	(29.0)
Other liabilities	(36.3)	(29.7)
Financial debt	(408.9)	(335.0)
Provisions and contingent liabilities	(13.8)	(11.3)
Deferred tax liability	(103.4)	(84.7)
Identifiable net assets	**46.4**	**38.1**
less: Fair value of the non-controlling interests	(22.7)	(18.7)
Dufry's share in the net assets (51%)	23.7	19.4
Fair value of total consideration (paid in cash)	244.7	200.5
Goodwill	**221.0**	**181.1**

6.2 TRANSACTION WITH NON-CONTROLLING INTEREST IN HELLENIC DUTY FREE SHOPS

On December 11, 2013 Dufry acquired the remaining 49% of the voting equity interest of HDFS for a total consideration of CHF 400.7 million (EUR 328.0 million). The company estimated the transaction costs in CHF 1.0 million for this transaction step and included these in other operational

6. ACQUISITIONS OF BUSINESSES (Continued)

result in the current consolidated income statement. Additionally, the company has refinanced the HDFS Group, so that existing bank arrangement fees of CHF 4.7 million had been expensed.

DECEMBER 13, 2013	IN MILLIONS OF CHF	IN MILLIONS OF EUR
Consideration paid in cash	213.8	175.0
Consideration of 1,231,233 Dufry shares at CHF 151.9 each(1)	186.9	153.0
Total consideration	**400.7**	**328.0**
Carrying value of the non-controlling interest in HDFS	(49.3)	(40.2)
Share premium implied in transferred shares	180.8	148.2
Difference recognized in retained earnings within equity (note 29)	**170.6**	**139.6**

(1) The share issuance costs have been considered in equity.

From the date when Dufry took control of these operations in April 2013 until December 31, 2013 these operations contributed CHF 349.1 million in turnover and CHF 103.3 million in EBIT to the consolidated income statement of the Group.

6.3 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

2013 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
HDFS, Athens—Greece	(244.7)	2.0	(242.7)	—	(242.7)
Alliance, San Juan—Puerto Rico	—	—	—	(0.9)	(0.9)
Total	**(244.7)**	**2.0**	**(242.7)**	**(0.9)**	**(243.6)**

Contributions from / (repayment of) non-controlling interest holders

IN MILLIONS OF CHF	2013	2012
Purchase of non-controlling interest HDFS	(213.8)	—
Other	(0.1)	0.7
TOTAL	**(213.9)**	**0.7**

6. ACQUISITIONS OF BUSINESSES (Continued)

2012 TRANSACTIONS

6.4 ACQUISITION OF REGSTAER LLC, RUSSIA

On January 10, 2012, Dufry took control by acquiring 51% of the shares of Dufry Staer Holding Group (DSH) for a total consideration of CHF 44.7 million. Its main subsidiary, Regstaer LLC, is a travel retailer operating Duty Free Shops at the Muscovite airport of Sheremetyevo in Russia. The acquired business complements Dufry's existing operations on site by adding 1,200 square meters in nine duty free shops across several terminals.

Synergies are expected to be achieved among others when Dufry integrates the 200 Regstaer employees into its local organization, introduces its corporate procedures and integrates its logistics into its global supply chain.

The acquisition has been accounted for using the acquisition method. The total transaction costs in relation to this acquisition amount to CHF 1.0 million, whereof CHF 0.2 million are included in the other operational result of the current period 2012. The non-controlling interests resulting were measured at the proportionate share of the identifiable net assets.

These financial statements include the results of Dufry Staer Holding and its subsidiaries as of January, 2012. In the period (full year) ended December 31, 2012 these operations contributed CHF 51.2 million in turnover and CHF 10.6 million in EBIT to the consolidated income statement of the Group. The non-controlling interests have been valued at the proportionate share in the acquiree's identifiable net assets.

The resulting goodwill is not amortized, is not deductible for tax purposes and is subject to annual impairment testing. The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined as follows:

JANUARY 10, 2012	FINAL FAIR VALUE IN MILLIONS OF CHF	FINAL FAIR VALUE IN MILLIONS OF EUR
Inventories	7.7	6.4
Other current assets	2.8	2.3
Property, plant and equipment	6.4	5.3
Other non current assets	1.1	0.9
Concession rights	64.8	53.4
Deferred tax liability	(13.2)	(10.8)
Other liabilities	(1.6)	(1.3)
Identifiable net assets	**68.0**	**56.2**
Dufry's share in the net assets (51%)	34.7	28.7
Goodwill	10.0	8.2
Total consideration	**44.7**	**36.9**

6. ACQUISITIONS OF BUSINESSES (Continued)

6.5 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

2012 IN MILLIONS OF CHF	COST OF THE ACQUISITION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
Regstaer, Moscow—Russia	(44.7)	0.8	(43.9)	—	(43.9)
Sovenex SAS, Martinique—France	—	—	—	(2.3)	(2.3)
Alliance, San Juan—Puerto Rico	—	—	—	(0.9)	(0.9)
Other	—	—	—	(0.6)	(0.6)
Total	**(44.7)**	**0.8**	**(43.9)**	**(3.8)**	**(47.7)**

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2013	2012
Perfumes and Cosmetics	952.0	831.2
Confectionery, Food and Catering	630.7	528.6
Wine and Spirits	553.7	514.9
Watches, Jewelry and Accessories	323.1	288.1
Tobacco goods	288.1	210.6
Fashion, Leather and Baggage	268.4	245.3
Literature and Publications	199.9	235.1
Electronics	98.4	94.9
Toys, Souvenirs and other goods	150.7	113.4
Total	**3,465.0**	**3,062.1**

Net sales by market sector:

IN MILLIONS OF CHF	2013	2012
Duty free	2,317.4	2,107.0
Duty paid	1,147.6	955.1
Total	**3,465.0**	**3,062.1**

Net sales by channel:

IN MILLIONS OF CHF	2013	2012
Airports	3,005.9	2,724.7
Border, downtown & hotel shops	192.5	94.3
Cruise liners and seaports	121.8	103.7
Railway stations and other	144.8	139.4
Total	**3,465.0**	**3,062.1**

8. NUMBER OF RETAIL SHOP CONCESSIONS

Dufry Group operates more than 1,350 retail shops in 47 countries at the reporting date. Dufry has entered into concession arrangements with operators of airports, seaports, railway stations etc. to operate these retail shops. The concession fees are usually variable based on sales level or number of passengers.

The concession providers grant the right to sell a pre-defined assortment of products to travelers during the concession period as defined in the respective arrangements.

The arrangements typically define among other aspects:

- duration
- nature of remuneration
- product categories to be sold
- location of the shops
- normal fee and minimal concession fee.

They may comprise one or several shops and are awarded in a public or private tender or in a negotiated transaction.

9. SELLING EXPENSES

IN MILLIONS OF CHF	2013	2012
Concession fees and rents	(787.3)	(659.9)
Credit card commissions	(40.8)	(38.3)
Advertising and commission expenses	(21.8)	(18.2)
Packaging materials	(10.2)	(10.2)
Other selling expenses	(13.8)	(12.7)
Selling expenses	**(873.9)**	**(739.3)**
Concession and rental income	15.4	14.3
Commission income	7.5	1.8
Commercial services and other selling income	25.0	29.0
Selling income	**47.9**	**45.1**
Total	**(826.0)**	**(694.2)**

10. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2013	2012 (restated)*
Salaries and wages	(408.9)	(358.9)
Social security expenses	(77.3)	(69.2)
Retirement benefits (defined contribution plans)*	(3.3)	(3.1)
Retirement benefits (defined benefit plans)*	(2.4)	(2.2)
Other personnel expenses	(46.2)	(41.0)
Total	**(538.1)**	**(474.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

11. GENERAL EXPENSES

IN MILLIONS OF CHF	2013	2012
Repairs, maintenance and utilities	(44.1)	(40.6)
Legal, consulting and audit fees	(40.6)	(40.0)
Premises	(30.6)	(25.0)
EDP and IT expenses	(21.4)	(19.6)
Office and administration	(18.9)	(17.7)
Travel, car, entertainment and representation	(18.6)	(17.0)
Franchise fees and commercial services	(18.5)	(13.0)
Taxes, other than income taxes	(14.3)	(18.5)
PR and advertising	(9.6)	(9.5)
Bank expenses	(7.1)	(6.7)
Insurances	(6.8)	(6.1)
Total	**(230.5)**	**(213.7)**

12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2013	2012
Depreciation	(71.1)	(62.3)
Impairment	—	(2.8)
Subtotal (note 18)	**(71.1)**	**(65.1)**
Amortization	(121.8)	(103.2)
Impairment	—	—
Subtotal (note 20)	**(121.8)**	**(103.2)**
Total	**(192.9)**	**(168.3)**

13. OTHER OPERATIONAL RESULT

Other operational expenses and other operational income include non-recurring transactions, impairments of financial assets and changes in provisions.

IN MILLIONS OF CHF	2013	2012
Consulting fees, expenses related to projects and start-up expenses	(13.0)	(9.1)
Acquisition-related costs	(8.8)	(6.7)
Closing or rebranding of shops / restructuring of operations	(5.6)	(6.4)
Tax litigations	(4.7)	—
Impairment of financial assets	(2.0)	(5.3)
Losses on sale of non-current assets	(0.1)	(0.1)
Other expenses	(7.3)	(5.9)
Subtotal other operational expenses	**(41.5)**	**(33.5)**

IN MILLIONS OF CHF	2013	2012
Gain on sale of non-current assets	0.2	0.1
Recovery of write offs / release of allowances	0.9	0.2
Litigation income	—	1.2
Insurance—compensation for losses	0.3	0.1
Other income	2.7	1.8
Subtotal other operational income	**4.1**	**3.4**

IN MILLIONS OF CHF	2013	2012
Other operational expenses	(41.5)	(33.5)
Other operational income	4.1	3.4
Other operational result	**(37.4)**	**(30.1)**

14. INTEREST

IN MILLIONS OF CHF	2013	2012 (restated)*
Interest income on short-term deposits	3.0	1.1
Other finance income	0.4	0.2
Interest income on financial assets	**3.4**	**1.3**
Interest on non-financial instruments	—	—
Total interest income	**3.4**	**1.3**
Interest expense	(81.4)	(64.3)
Amortization of arrangement fees(1)	(11.8)	(13.4)
Interest on discounted financial liabilities	(0.1)	(0.1)
Other finance expenses	(2.9)	(1.2)
Interest expense on financial liabilities	**(96.2)**	**(79.0)**
Interest on non-financial instruments	(1.8)	(0.7)
Total interest expense	**(98.0)**	**(79.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

(1) This position includes the amortization of capitalized bank arrangement fees and the write-off of the residual value when refinanced.

15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF CHF	2013	2012 (restated)*
Current income taxes	(43.7)	(61.2)
of which corresponding to the current period	(43.4)	(61.6)
of which adjustments recognized in relation to prior years	(0.3)	0.4
Deferred income taxes	10.5	22.1
of which related to the origination or reversal of temporary differences	11.5	23.1
of which adjustments recognized in relation to prior years	—	—
of which adjustments due to change in tax rates	(1.0)	(1.0)
Total	**(33.2)**	**(39.1)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

15. INCOME TAXES (Continued)

IN MILLIONS OF CHF	2013	2012 (restated)*
Consolidated earnings before income tax (EBT)	180.8	197.4
Expected tax rate in %	16.0%	16.2%
Tax at the expected rate	(28.9)	(31.9)
EFFECT OF:		
Income not subject to income tax	4.3	8.6
Different tax rates for subsidiaries in other jurisdictions	5.9	7.7
Different tax regime for sale of subsidiaries	—	0.1
Non deductible expenses	(2.8)	(6.5)
Current year tax loss carry-forwards not recognized	(4.5)	(8.9)
Non recoverable withholding taxes	(6.5)	(6.7)
Adjustments recognized in relation to prior year	(0.3)	0.4
Other items	(0.4)	(1.9)
Total	**(33.2)**	**(39.1)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The expected tax rate approximates the average of the income tax rates of the countries where Dufry is active, weighted by the EBT of the respective operations. In 2013, there have been no significant changes in the income tax rates applicable those countries where Dufry is active.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME/EQUITY

IN MILLIONS OF CHF	2013	2012 (restated)*
RECOGNIZED IN OTHER COMPREHENSIVE INCOME:		
Actuarial gains / (losses) on defined benefit plans	(1.3)	0.7
Net gain / (loss) on hedge of net investment	—	(0.8)
Cash flow hedges	—	(0.1)
Total	**(1.3)**	**(0.2)**
RECOGNIZED IN EQUITY:		
Tax effect on share based payments	1.4	2.1
Total	**1.4**	**2.1**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

16. EARNINGS PER SHARE

BASIC

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of shares outstanding during the year.

IN MILLIONS OF CHF / QUANTITY	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
Weighted average number of ordinary shares outstanding	29,720	27,447
Basic earnings per share in CHF	**3.13**	**4.46**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

DILUTED

Diluted earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

IN MILLIONS OF CHF / QUANTITY	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	29,837	27,782
Diluted earnings per share in CHF	**3.12**	**4.41**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

Cash EPS are calculated by dividing net earnings attributable to equity holders of the parent, adjusted by the amortization effect generated by the intangible assets identified during the purchase price allocations of past acquisitions through weighted average number of ordinary shares outstanding.

16. EARNINGS PER SHARE (Continued)

With this Cash EPS, Dufry aims to facilitate the comparison at EPS level with other companies not having performed such acquisition activities.

IN MILLIONS OF CHF / QUANTITY	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
ADJUSTED FOR:		
Dufry's share of the amortization in respect of acquisitions	94.5	82.8
Adjusted net earnings	**187.5**	**205.3**
Weighted average number of ordinary shares outstanding	29,720	27,447
EPS adjusted for amortization (cash EPS) in CHF	**6.31**	**7.48**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

IN THOUSANDS	2013	2012 (restated)*
Outstanding shares	29,735	27,573
Less treasury shares	(15)	(126)
Used for calculation of basic earnings per share	**29,720**	**27,447**
EFFECT OF DILUTION:		
Share options	117	335
Used for calculation of earnings per share adjusted for the effect of dilution	**29,837**	**27,782**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

For movements in shares see note 27 Equity, note 28 Share-based payment and Treasury shares.

17. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2013 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	Employee benefit reserve	Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**—**	**—**	**(49.0)**	**(49.0)**	**(1.2)**	**(50.2)**
Net gain/(loss) on hedge of net investment in foreign operations	—	—	24.4	24.4	—	24.4
Income tax effect	—	—	—	—	—	—
Subtotal	**—**	**—**	**24.4**	**24.4**	**—**	**24.4**
Actuarial gains/(losses) on defined benefit plans	17.4	—	—	17.4	—	17.4
Income tax effect	(1.3)	—	—	(1.3)	—	(1.3)
Subtotal	**16.1**	**—**	**—**	**16.1**	**—**	**16.1**
Other comprehensive income	**16.1**	**—**	**(24.6)**	**(8.5)**	**(1.2)**	**(9.7)**

2012 (restated)* IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	Employee benefit reserve	Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**—**	**—**	**(28.8)**	**(28.8)**	**(2.3)**	**(31.1)**
Net gain/(loss) on hedge of net investment in foreign operations	—	—	6.3	6.3	—	6.3
Income tax effect	—	—	(0.8)	(0.8)	—	(0.8)
Subtotal	**—**	**—**	**5.5**	**5.5**	**—**	**5.5**
Changes in the fair value of interest rate swaps held as cash flow hedges	—	1.0	—	1.0	—	1.0
Income tax effect	—	(0.1)	—	(0.1)	—	(0.1)
Subtotal	**—**	**0.9**	**—**	**0.9**	**—**	**0.9**
Actuarial gains/(losses) on defined benefit plans	(8.7)	—	—	(8.7)	—	(8.7)
Income tax effect	0.7	—	—	0.7	—	0.7
Subtotal	**(8.0)**	**—**	**—**	**(8.0)**	**—**	**(8.0)**
Other comprehensive income	**(8.0)**	**0.9**	**(23.3)**	**(30.4)**	**(2.3)**	**(32.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

18. PROPERTY, PLANT AND EQUIPMENT

2013 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2013	267.1	187.5	55.2	7.9	33.0	550.7
Business combinations (note 6)	28.5	6.4	0.5	0.2	0.5	36.1
Additions (note 19)	16.6	13.8	7.6	1.2	80.6	119.8
Disposals	(19.9)	(6.3)	(3.4)	(0.3)	(0.5)	(30.4)
Reclassification within classes	46.8	31.3	1.0	—	(79.1)	—
Reclassification to intangible assets *	(16.6)	—	—	—	(3.6)	(20.2)
Currency translation adjustment	(6.0)	(6.6)	(1.3)	(0.2)	(1.5)	(15.6)
Balance at December 31, 2013	**316.5**	**226.1**	**59.6**	**8.8**	**29.4**	**640.4**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2013	(126.3)	(114.3)	(39.0)	(5.4)	—	(285.0)
Additions (note 12)	(37.4)	(25.4)	(7.4)	(0.9)	—	(71.1)
Disposals	18.0	5.2	3.1	0.2	—	26.5
Currency translation adjustment	3.0	3.8	0.9	0.1	—	7.8
Balance at December 31, 2013	**(142.7)**	**(130.7)**	**(42.4)**	**(6.0)**	**—**	**(321.8)**
IMPAIRMENT						
Balance at January 1, 2013	(3.5)	(1.8)	(0.6)	—	—	(5.9)
Impairment (note 12)	—	—	—	—	—	—
Disposals	0.9	—	0.2	—	—	1.1
Currency translation adjustments	—	0.1	—	—	—	0.1
Balance at December 31, 2013	**(2.6)**	**(1.7)**	**(0.4)**	**—**	**—**	**(4.7)**

* Based on a review of the investments done in previous years Dufry reclassified certain investments presented as leasehold improvements to concession rights.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

2012 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2012	233.6	172.7	51.4	7.4	29.3	494.4
Business combinations (note 6)	5.3	0.5	0.4	0.2	—	6.4
Additions (note 19)	17.0	9.3	5.5	0.9	47.3	80.0
Disposals	(8.0)	(7.5)	(1.4)	(0.5)	(0.1)	(17.5)
Reclassification within classes	24.6	18.2	0.4	0.1	(43.3)	—
Reclassification to intangible assets	(0.4)	—	—	—	—	(0.4)
Currency translation adjustment	(5.0)	(5.7)	(1.1)	(0.2)	(0.2)	(12.2)
Balance at December 31, 2012	**267.1**	**187.5**	**55.2**	**7.9**	**33.0**	**550.7**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2012	(101.8)	(101.3)	(34.9)	(5.1)	—	(243.1)
Additions (note 12)	(31.4)	(23.9)	(6.2)	(0.8)	—	(62.3)
Disposals	5.8	7.0	1.4	0.5	—	14.7
Currency translation adjustment	1.1	3.9	0.7	—	—	5.7
Balance at December 31, 2012	**(126.3)**	**(114.3)**	**(39.0)**	**(5.4)**	**—**	**(285.0)**
IMPAIRMENT						
Balance at January 1, 2012	(3.0)	(1.2)	(0.6)	—	(0.4)	(5.2)
Impairment (note 12)	(2.0)	(1.2)	—	—	0.4	(2.8)
Disposals	1.5	0.3	—	—	—	1.8
Currency translation adjustment	—	0.3	—	—	—	0.3
Balance at December 31, 2012	**(3.5)**	**(1.8)**	**(0.6)**	**—**	**—**	**(5.9)**
CARRYING AMOUNT:						
At December 31, 2013	**171.2**	**93.7**	**16.8**	**2.8**	**29.4**	**313.9**
At December 31, 2012	**137.3**	**71.4**	**15.6**	**2.5**	**33.0**	**259.8**

18.1 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The impairment loss in 2012 relates mainly to certain shops in Italy (CHF 1.1 million) and USA (CHF 1.3 million).

19. CASH FLOW USED FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

IN MILLIONS OF CHF	2013	2012
Payables for capital expenditure at the beginning of the period	(12.4)	(15.0)
Additions of property, plant and equipment (note 18)	(119.8)	(80.0)
Payables for capital expenditure at the end of the period	23.8	12.4
Currency translation adjustment	0.3	(1.3)
Total Cash Flow	**(108.1)**	**(83.9)**

20. INTANGIBLE ASSETS

2013	CONCESSION RIGHTS					
IN MILLIONS OF CHF	Indefinite Lives	Finite Lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2013	60.4	1,376.5	158.8	707.4	99.6	2,402.7
Business combinations (note 6)	—	510.9	—	221.0	0.8	732.7
Additions	—	53.4	—	—	59.0	112.4
Disposals	—	(0.5)	—	—	(0.2)	(0.7)
Other adjustments	—	—	—	—	2.6	2.6
Reclassifications from property, plant and equipment*	—	16.6	—	—	3.6	20.2
Currency translation adjustment	0.4	(35.5)	(0.2)	(15.6)	(2.2)	(53.1)
Balance at December 31, 2013	**60.8**	**1,921.4**	**158.6**	**912.8**	**163.2**	**3,216.8**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2013	—	(318.5)	—	—	(51.3)	(369.8)
Additions (note 12)	—	(102.0)	—	—	(19.8)	(121.8)
Other adjustments	—	—	—	—	(2.6)	(2.6)
Currency translation adjustment	—	10.4	—	—	1.2	11.6
Balance at December 31, 2013	**—**	**(410.1)**	**—**	**—**	**(72.5)**	**(482.6)**
IMPAIRMENT						
Balance at January 1, 2013	—	(0.3)	—	—	—	(0.3)
Disposals	—	0.1	—	—	—	0.1
Currency translation adjustment	—	—	—	—	—	—
Balance at December 31, 2013	**—**	**(0.2)**	**—**	**—**	**—**	**(0.2)**

* Based on a review of the investments done in previous years Dufry reclassified certain investments presented as leasehold improvements to concession rights.

20. INTANGIBLE ASSETS (Continued)

2012 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite Lives	 Finite Lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2012	61.2	1,337.2	158.9	715.3	81.5	2,354.1
Business combinations (note 6)	—	64.8	—	10.0	—	74.8
Additions (note 21)	—	7.0	—	—	19.2	26.2
Disposals	—	—	—	(0.8)	(0.1)	(0.9)
Reclassification	—	(0.1)	—	—	0.5	0.4
Currency translation adjustment	(0.8)	(32.4)	(0.1)	(17.1)	(1.5)	(51.9)
Balance at December 31, 2012	**60.4**	**1,376.5**	**158.8**	**707.4**	**99.6**	**2,402.7**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2012	—	(234.6)	—	—	(39.7)	(274.3)
Additions (note 12)	—	(90.6)	—	—	(12.6)	(103.2)
Disposals	—	—	—	—	—	—
Currency translation adjustment	—	6.7	—	—	1.0	7.7
Balance at December 31, 2012	**—**	**(318.5)**	**—**	**—**	**(51.3)**	**(369.8)**
IMPAIRMENT						
Balance at January 1, 2012	—	(0.4)	—	(0.8)	—	(1.2)
Additions (note 12)	—	—	—	0.8	—	0.8
Disposals	—	—	—	—	—	—
Currency translation adjustment	—	0.1	—	—	—	0.1
Balance at December 31, 2012	**—**	**(0.3)**	**—**	**—**	**—**	**(0.3)**
CARRYING AMOUNT						
At December 31, 2013	**60.8**	**1,511.1**	**158.6**	**912.8**	**90.7**	**2,734.0**
At December 31, 2012	**60.4**	**1,057.7**	**158.8**	**707.4**	**48.3**	**2,032.6**

ADDITIONS THROUGH BUSINESS COMBINATIONS

IN MILLIONS OF CHF	GOODWILL	CONCESSION RIGHTS	OTHER	TOTAL
HDFS, Athens—Greece (note 6.1)	221.0	510.9	0.8	732.7
Regstaer, Moscow—Russia (note 6.3)	10.0	64.8	—	74.8

20.1 IMPAIRMENT TEST

Concession rights with indefinite useful lives, as well as brands and goodwill are subject to impairment testing each year. Concession rights with finite useful lives are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

20. INTANGIBLE ASSETS (Continued)

20.1.1 Impairment test of goodwill

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to the following cash generating units (CGU's). These groups also reflect the reportable segments that are expected to benefit from the synergies of the business combinations:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
EMEA & Asia	321.2	99.6
America I	382.9	394.1
America II	134.3	138.3
United States & Canada	74.4	75.4
Total carrying amount of goodwill	**912.8**	**707.4**

The recoverable amounts of goodwill for each of the above group of CGU's have been determined based on value-in use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for regional specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and the value assigned. Net sales projections are based on actual net sales achieved in the year 2013 and latest estimations for the projected years. The intersegment results of the global distribution centers have been assigned / allocated to the respective geographical segments.

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
GOODWILL	2013	2012	2013	2012	2013	2012
EMEA & Asia	10.74%	7.17%	12.56%	7.82%	4.5 - 17.7%	1.9 - 9.6%
America I	9.04%	8.38%	10.38%	9.40%	4.6 - 9.8%	3.8 - 9.4%
America II	7.49%	7.67%	9.76%	9.22%	6.6 - 22.3%	2.0 - 18.8%
United States & Canada	5.73%	5.45%	7.48%	6.89%	3.9 - 13.8%	2.6 - 13.1%

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from past 5 year average of prime 10-year bonds rates): CHF 0.99%, EUR 2.10%, USD 2.47% (2012: CHF 1.23%, EUR 2.32%, USD 2.32%).

For the calculation of the discount rates and WACC (weighted average cost of capital), the company used the following relevered beta:

	2013	2012
Beta factor	0.88	0.64

20. INTANGIBLE ASSETS (Continued)

Sensitivity to changes in assumptions

Management believes that any reasonably possible change (+/−1%) in the key assumptions, on which the recoverable amounts are based, would not cause the respective carrying amount to exceed its recoverable amount. The key assumptions used for the determination of the value-in-use are the same as the ones described below for concession rights.

20.1.2 Impairment test of concession rights with indefinite useful lives

Concession rights are tested for impairment purposes at company level, which represents the cash generating unit. For presentation purposes the CGU's are grouped into business units. A business unit is a part of Dufry's business segments. The following table illustrates the existing business units with concession rights with indefinite useful life:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Italy	49.1	48.4
Middle East and India	11.7	12.0
Total carrying amount of concession rights	**60.8**	**60.4**

The recoverable amounts for each of the CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for local specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in year 2013 and latest estimations for the years thereafter.

The key assumptions used for determining the recoverable amounts for these business units are:

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES(1)		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS	2013	2012	2013	2012	2013	2012
Italy	7.15%	7.56%	8.29%	8.85%	2.7 - 4.1%	3.0 - 5.2%
Middle East and India	6.56%	6.39%	6.56%	6.39%	6.3 - 7.4%	3.0 - 5.3%

(1) Based on the country in which the concession is located

Sensitivity to changes in assumptions

The actual recoverable amount for the CGU subject to impairment testing exceeds its carrying amount by CHF 464.3 million (2012: CHF 509.7 million). With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change (+/−1%) in any of the above key assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

20. INTANGIBLE ASSETS (Continued)

20.1.3 Key assumptions used for value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Sales growth
- Gross margin and suppliers prices
- Concession fee levels
- Discount rates
- Growth rate used to extrapolate

Sales growth

Sales growth is estimated based on several factors. First management takes into consideration statistics published by external experts, such as Air4cast or ACI (Airports Council International) to estimate the development of international passenger traffic per airport or country where Dufry is active. Management also takes into consideration specific price inflation factors of the country, cross currency effect and the expected potential to capture clients (penetration) per business segment.

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2014. These values are maintained over the planning period or where specific actions are planned, these values have been increased or decreased by up to 1% over the 5 year planning horizon compared to the historical data. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced, as well as data relating to specific commodities during the months before the reporting date.

Concession fee levels

These assumptions are important because, as well as using specific economic sector data for growth rates (as noted below), management assesses how the position of the CGU, relative to its competitors, might change over the projected period. For the CGU's subject to a value-in-use calculation, management expects the competitive position to remain stable over the budget period.

Discount rates

Several factors affect the discount rates:

- For the financial debt part, the rate is based on the average yield of the past 5 years of the respective ten-year government bond and is increased by the company's effective bank margin and adjusted by the effective blended tax rate of the respective CGU
- For the equity part, a 5% equity risk premium is added to the base rate commented above and adjusted by the Beta of Dufry's peer group.

20. INTANGIBLE ASSETS (Continued)

The same methodology is used by management to determine the discount rate used in discounted cash flow (DCF) valuations, which are a key instrument to assess business potential of new or additional investment proposals.

The group has used a growth rate of 2.0% (2012: 2.0%) to extrapolate the cash flow projections beyond the period covered by the most recent forecasts.

20.1.4 Brands

The brand name Dufry is not allocated to any specific CGU for impairment testing purpose, but to a group of CGU's. The brand name Hudson is allocated only to the CGU's of Hudson. Management believes that the synergies from the brands reflecting the economic reality are in accordance with these two groupings.

The recoverable amount is determined based on the Relief of Royalty method that considers a steady royalty stream of 0.3% post tax of the net sales projected of Dufry (without Hudson) and a steady royalty stream of 0.9% post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2014-2018) with year on year growth rates between 16.4% and 4.7% for Dufry (2012: 12.6%-2.9%) and 13.8% and 3.9% for Hudson (2012: 13.1%-2.6%). These growth rates do not exceed the long-term average growth rate for Dufry Group. The discount rate of 7.54% (2012: 5.9%) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 270.2 million (2012: CHF 265.7 million).

21. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF CHF	2013	2012
Payables for capital expenditure at January 1	(4.4)	(6.9)
Additions of intangible assets (note 20)	(112.4)	(26.2)
Payables for capital expenditure at December 31	1.4	4.4
Currency translation adjustment	1.0	0.1
Total Cash Flow	**(114.4)**	**(28.6)**

22. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
DEFERRED TAX ASSETS		
Property, plant and equipment	9.9	8.1
Intangible assets	71.9	76.4
Provisions and other payables	37.1	29.1
Tax loss carry-forward	44.3	34.7
Other	21.3	18.1
Total	**184.5**	**166.4**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(14.6)	(5.4)
Intangible assets	(263.4)	(165.2)
Provisions and other payables	(7.7)	(0.9)
Other	(5.6)	(5.8)
Total	**(291.3)**	**(177.3)**
Deferred tax liabilities net	**(106.8)**	**(10.9)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Deferred tax balances are presented in the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Deferred tax assets	154.9	154.1
Deferred tax liabilities	(261.7)	(165.0)
Balance at the end of the period	**(106.8)**	**(10.9)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

22. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Changes in deferred tax assets	0.8	7.1
Changes in deferred tax liabilities	(96.7)	3.5
Business combinations (notes 6.1-6.4)	103.4	13.2
Currency translation adjustment	3.1	0.2
Deferred tax income (expense) at the end of the period	**10.6**	**24.0**
Thereof recognized in the income statement	10.5	22.1
Thereof recognized in equity	1.4	2.1
Thereof recognized in OCI	(1.3)	(0.2)

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Tax loss carry-forwards

Certain subsidiaries incurred tax losses, which according to the local tax legislation gives rise to a tax credit usable in future tax periods. However, the use of this tax benefit can be limited in time (expiration) and by the ability of the respective subsidiary to generate enough taxable profits in future.

Deferred tax assets relating to tax loss carry-forwards or temporary differences are recognized when it is probable that such tax credits can be utilized in the future in accordance with the budget 2014 approved by the Board of Directors and the projections prepared by management for these entities.

The unrecognized tax loss carry-forwards by expiry date are as follows:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Expiring within 1 to 3 years	4.4	3.4
Expiring within 4 to 7 years	75.2	41.8
Expiring after 7 years	70.8	95.2
With no expiration limit	19.3	15.2
Total	**169.7**	**155.6**

23. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Guarantee deposits	30.7	14.0
Loans and contractual receivables	24.2	15.9
Other	8.9	8.4
Subtotal	**63.8**	**38.3**
Allowances	(1.7)	(1.8)
Total	**62.1**	**36.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

MOVEMENT IN ALLOWANCES:

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(1.8)	(1.9)
Creation	—	(0.1)
Utilization	—	0.1
Unused amounts reversed	—	0.1
Currency translation adjustment	0.1	—
Balance at the end of the period	**(1.7)**	**(1.8)**

24. INVENTORIES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Purchased inventories at cost	540.5	441.5
Inventory allowances(1)	(15.8)	(20.4)
Total	**524.7**	**421.1**

(1) The inventory impaired has a book value of CHF 17.6 million (2012: 23.4 million)

CASH FLOW USED FOR INCREASE / FROM DECREASE IN INVENTORIES:

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	441.5	453.8
Balance at the end of the period	540.5	441.5
Gross change—at cost	**(99.0)**	**12.3**
Business combinations before allowances	80.2	7.7
Non-cash transactions in gross change	(2.1)	(4.2)
Currency translation adjustment	(11.9)	(13.2)
Cash Flow—(Increase) / decrease in inventories	**(32.8)**	**2.6**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 16.6 million (2012: CHF 15.6 million).

25. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Trade receivables	21.5	15.3
Credit card receivables	21.4	45.1
Gross	**42.9**	**60.4**
Allowances	(0.1)	(0.9)
Net	**42.8**	**59.5**

Trade receivables and credit card receivables are stated at their nominal value less allowances for doubtful amounts. These allowances are established based on an individual evaluation when collection appears to be no longer probable.

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Not due	9.1	9.6
OVERDUE:		
Up to 30 days	11.1	1.9
31 to 60 days	0.6	0.3
61 to 90 days	—	2.6
More than 90 days	0.7	0.9
Total overdue	**12.4**	**5.7**
Trade receivables, gross	**21.5**	**15.3**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(0.9)	(0.8)
Creation	(0.1)	(0.1)
Release	0.1	—
Utilized	0.7	—
Currency translation adjustment	0.1	—
Balance at the end of the period	**(0.1)**	**(0.9)**

26. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Sales tax and other tax credits	42.8	35.9
Receivables for refund from suppliers	37.6	33.3
Prepayments	18.6	12.4
Guarantee deposits	13.4	6.9
Receivables from subtenants and local business partners	13.0	16.2
Accrued concession fees and rental income	10.3	8.0
Personnel receivables	1.8	1.5
Derivative financial assets(1)	1.5	0.5
Accrued income	1.3	1.3
Loans receivable	0.5	0.2
Other	12.3	10.5
Total	**153.1**	**126.7**
Allowances	(3.4)	(6.3)
Total	**149.7**	**120.4**

(1) See note 39 Financial instruments.

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(6.3)	(3.9)
Creation	(0.6)	(2.5)
Release	0.1	0.1
Utilized	3.4	0.1
Currency translation adjustment	—	(0.1)
Balance at the end of the period	**(3.4)**	**(6.3)**

27. EQUITY

27.1 ISSUED CAPITAL

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Share capital	154.5	148.4
Share premium	1,207.0	1,207.0
Total	**1,361.5**	**1,355.4**

27. EQUITY (Continued)

27.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2012	26,976,203	134.9	934.5
Issue of shares	2,697,620	13.5	272.5
Balance at December 31, 2012	29,673,823	148.4	1,207.0
Issue of shares	1,231,233	6.1	—
Balance at December 31, 2013	**30,905,056**	**154.5**	**1,207.0**

27.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2012	—	—
Increase of authorized share capital	5,395,241	26,976
Utilized October 11, 2012	(2,697,620)	(13,488)
Balance at December 31, 2012	2,697,621	13,488
Utilization December 13, 2013	(1,231,233)	(6,156)
Balance at December 31, 2013	**1,466,388**	**7,332**

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2012	567,296	2,836
Increase of conditional share capital	2,130,324	10,652
Balance at December 31, 2012	2,697,620	13,488
Balance at December 31, 2013	**2,697,620**	**13,488**

Share capital increase

2013

On December 13, 2013, Dufry AG utilized part of its authorized share capital and placed 1,231,233 new registered shares representing 3.98% of the total shares. After this share issuance, the share capital of the company amounts to CHF 154,525,280. The shares were issued to Folli Follie Group as part of the payment for the 49% acquisition of HDFS. The share issuance costs related with this transaction amount to CHF 0.06 million and have been presented in equity.

2012

On October 11, 2012, Dufry AG utilized part of its authorized share capital and placed 2,697,620 new registered shares representing 9.99% of the total shares. After this share issuance, the share capital of the company amounts to CHF 148,369,115. Using an accelerated book building procedure the company offered the new shares as a private placement in Switzerland and to certain qualifying institutional investors outside of Switzerland. Dufry received for this offering a price of CHF 109 per

27. EQUITY (Continued)

share, resulting in gross proceeds of CHF 294 million, which were used to finance the acquisition of the 51% of HDFS (see note 6.1). The trading of the offered shares on the SIX Swiss Exchange commenced on October 15, 2012. The share issuance costs related with this transaction amount to CHF 8.0 million and were presented in equity.

27.3 RESERVES

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Employee benefit reserve	0.3	(15.8)
Hedging and revaluation reserves	—	—
Translation reserves	(224.5)	(199.9)
Retained earnings	18.3	125.0
Balance at the end of the year	**(205.9)**	**(90.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

27.3.1 Employee benefit reserve

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	(15.8)	(7.8)
Actuarial gains (losses) on defined benefit plans	17.4	(8.7)
Income tax relating to components of other comprehensive income	(1.3)	0.7
Balance at the end of the year	**0.3**	**(15.8)**

27.3.2 Hedging and revaluation reserves

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	—	(0.9)
Gain / (loss) arising on changes in fair value of financial instruments:		
—Interest rate swaps entered for as cash flow hedges	—	1.0
Related income tax	—	(0.1)
Balance at the end of the year	**—**	**—**

There were no gains or losses arising on changes in fair value of hedging instruments reclassified from equity into consolidated income statement during 2013.

27. EQUITY (Continued)

27.3.3 Translation reserves

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	(199.9)	(176.6)
Exchange differences arising on translating the foreign operations (attributed to equity holders of parent)	(49.0)	(28.8)
Net gain / (loss) on hedge of net investments in foreign operations (note 31)	24.4	6.3
Income tax related to net gains / (losses) on hedge of net investments of foreign operations	—	(0.8)
Balance at the end of the year	**(224.5)**	**(199.9)**

Foreign exchange gains and losses on financing instruments that are designated as hedging instruments for net investments in foreign operations are included in the translation reserves.

28. SHARE-BASED PAYMENTS

RESTRICTED STOCK UNIT PLAN (RSU)

Dufry has implemented specific restricted stock unit ("RSU") plans for members of the Group Executive Committee (GEC) and selected members of the Senior management. These RSU Awards are from economic point of view stock options with an exercise price of nil. Each RSU represents the right to receive one share if the vesting conditions are met. Additionally Dufry implemented a long term incentive plan for the members of the GEC called Performance Share Unit Plan ("PSU").

28.1 RSU PLANS OF DUFRY AG

Under the RSU award 2013 the members of the GEC and selected members of the Senior management have been granted the right to receive on January 1, 2014, free of charge, 117,104 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX) on July 29, 2013 ("the RSU Awards 2013"). The RSU Awards 2013 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2013 until January 1, 2014 and

b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2014 must be 1% higher than at January 1, 2013.

On January 1, 2014 the relevant average share price prior to vesting was CHF 155.44, so that the participants of the RSU award 2013 received 117,104 Dufry shares.

The fair value of the RSU Awards 2013 has been estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 1.0%, an expected volatility of 31.4% and the market condition noted above) upon which the awards were granted. The contractual life of the awards 2013 is five months. The expected volatility reflects assumptions, that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. There are no cash settlement alternatives. Up to December 2013, the expense

28. SHARE-BASED PAYMENTS (Continued)

recognized for employee services received during the period based on a fair value of CHF 83.93 per RSU is CHF 9.8 million and has been recorded against equity.

There was no RSU award 2012.

28.2 PSU PLANS OF DUFRY AG

With the PSU award 2013 Dufry granted for the first time to the members of the GEC 42,957 PSU's. One PSU gives the right to receive in 2016, free of charge, a variable quantity of shares, based on the performance achieved by the Group. This performance will be measured as the average yearly growth rate reached by the earnings per share adjusted for amortization and non-recurrent effects (Cash EPS) of the Group in 2015. The basis for the award 2013 is the Cash EPS of 2012. If the targeted average yearly growth of 7% is achieved, one share will be granted for each PSU, whereas for an average yearly growth rate of 3.5% or less, no shares are granted and an average growth rate of 10.5% or higher will result in two shares per PSU (maximum) with a linear interpolation. The PSU Awards 2013 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2013 until January 1, 2016 and

b) the minimum targeted average yearly growth rate must be higher than 3.5% on the Cash EPS.

At grant date the fair value of the PSU Awards 2013 represents the market value for one Dufry share i.e. CHF 124.10. At closing 2013 a probability of 86% was determined by an independent professional who took into account the historic development of Dufry's EPS adjusted by amortization of acquisitions and exceptional and one-off events, as well as these EPS for budgeted financials and compared these with the targeted goal. The contractual life of the PSU awards 2013 is two years and five months. There are no cash settlement alternatives for the employees. In 2013, the expense recognized for employee services received during the year was of CHF 111.69 per PSU and CHF 0.8 million in total, which has been recorded against equity.

28.3 AGREEMENT WITH A LOCAL PARTNER TO OPERATE IN BRAZIL

In August 2013, Dufry agreed with a Brazilian partner to strengthen the development of the Brazilian duty free business. The agreement foresees the assistance of the partner to re-new existing duty free concession agreements as well as to win new duty free agreements in Brazil with the key contract being the 10-year contract for Terminal 3 at Guarulhos Airport in São Paulo.

The renewed and new concessions will be operated by a newly established company. Dufry Lojas Francas Ltda ("DLF"), in which Dufry initially holds 60% and the partner can participate with 40% as the provision of signing the contract agreement of the above mentioned contract for Terminal 3 was met. The partner will make their respective contribution cash and Dufry will contribute existing net assets of the operations.

Dufry also entered a call / put option structure with the partner, whereby the partner has the right to sell, and Dufry has the right to buy, 20% of the equity of DLF until December 15, 2014, for an estimated value of CHF 150 million. This value is based on a formula, which considers the additional performance these operations will contribute in the future as the new and renewed concession agreements consider a significant increase in retail space. Dufry expects that sales per passenger will increase due to the significant additional retail space granted by the new and renewed concessions.

28. SHARE-BASED PAYMENTS (Continued)

28.4 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
At January 1, 2012	**108,116**	**13.5**
Share purchases	230,000	28.1
At December 31, 2012	**338,116**	**41.6**
Assigned to holders of RSU-awards 2011	(334,953)	(41.2)
Share purchases	117,106	17.7
At December 31, 2013	**120,269**	**18.1**

29. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Recognized in equity attributable to non-controlling interests at fair value:

IN MILLIONS OF CHF	2013	2012
49% of Hellenic Duty Free Shops S.A. Group at date of business combination (note 6.1)	22.7	—
Transaction with non-controlling interest related to 49% Hellenic Duty Free Shops S.A. Group (note 6.2)	(49.3)	—
49% of Regstaer LLC at date of business combination (note 6)	—	33.3
Hudson Group, increase in share capital of several subsidiaries	14.3	6.7
Other	(0.2)	0.7
Total	**(12.5)**	**40.7**

30. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

The non-controlling interests comprise the portion of equity of subsidiaries that are not owned by Dufry. Although net earnings attributable to non-controlling interests make 37% of total net earnings Dufry management carefully assessed the significance of each company with non-controlling interests and concluded that none of them is individually material for the Group.

The major part of the net earnings attributable to non-controlling interests relates to Hellenic Duty Free Shops SA (CHF 26.8 million). This company had non-controlling interests throughout the year 2013 but is fully owned by Dufry since December 2013.

31. FINANCIAL DEBT

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Bank debt (overdrafts)	21.8	25.3
Bank debt (loans)	280.5	11.5
3rd party loans	3.9	3.1
Financial debt, short-term	**306.2**	**39.9**
Bank debt (loans)	1,253.5	894.4
Senior Notes	435.9	447.4
3rd party loans	4.2	3.6
Financial debt, long-term	**1,693.6**	**1,345.4**
Total	**1,999.8**	**1,385.3**
of which are:		
Bank debt	1,555.8	931.2
Senior Notes	435.9	447.4
Loans payable	8.1	6.7

BANK DEBT

IN MILLIONS OF CHF	31.12.2013	31.12.2012
BANK DEBT (LOANS AND OVERDRAFTS) DENOMINATED IN:		
US Dollar	896.6	921.6
Swiss Franc	61.3	0.7
Euro	601.6	5.6
Other currencies	15.8	19.3
Subtotal	**1,575.3**	**947.2**
Deferred bank arrangement fees	(19.5)	(16.0)
Total	**1,555.8**	**931.2**

The Group centrally negotiates and manages its key credit facilities. Minor credit lines at local level are kept for practical reasons.

MAIN BANK CREDIT FACILITIES

The main bank credit facilities, of which CHF 1.523.0 million (2012: CHF 892.9 million) was drawn, are granted by three bank syndicates with the London Branch of ING N.V. acting as agent for all bank financings. The facilities consist of:

- A term loan of USD 1,000.0 million (CHF 888.6, 2012: 914.6) which includes an amortization schedule with repayments scheduled between 2014 and 2016
- A committed 5-year revolving credit facility (RCF) of CHF 650.0 million

31. FINANCIAL DEBT (Continued)

- On December 10, 2013, a syndicate of banks granted Dufry a committed 5-year term loan of EUR 500.0 million (CHF 612.5 million) which was used to finance part of the acquisition in Greece and to repay existing debt of HDFS.

The agreements contain covenants and conditions customary to this type of financing. During 2013 and 2012, Dufry complied with the financial covenants and conditions contained in the bank credit agreements.

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. At December 31, 2013 the overall weighted average interest rate was 2.5% (2012: 3.2%), consisting of USD borrowings at 2.6% (2012: 3.2%), EUR borrowings at 2.4% (2012: 3.4%) and CHF borrowings at 1.9% (2012: 2.2%).

SENIOR NOTES

On October 26, 2012, Dufry placed USD 500 million (CHF 466.1 million) Senior Notes denominated in USD with a maturity of eight years with qualified institutional investors in Switzerland and abroad. The Notes are listed on the Dublin stock exchange. The notes carry a coupon of 5.5% per annum which will be payable semi-annually in arrears. Dufry used the proceeds to refinance term loans expiring in August 2013.

31.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

At December 31, 2013 an amount of USD 947.2 million (December 31, 2012: USD 947.2 million) included in the financial debt has been designated as hedge in net investment held in Dufry do Brasil, Alliance Inc., Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services Corp., Duty Free Ecuador SA and Regstaer Ltd. in accordance with IAS 39, paragraph 102.

31.2 NET INVESTMENT IN FOREIGN OPERATIONS

Additionally, Dufry granted long-term loans amounting to USD 19.6 million (2012: USD 20.4 million) to its subsidiary, Dufry America Holding Inc., which are considered as part of Dufry's net investment in foreign operations in accordance with IAS21, paragraph 15, as settlement is neither planned nor likely to occur in the foreseeable future.

32. PROVISIONS

IN MILLIONS OF CHF	CONTINGENT LIABILITIES	CLOSEDOWN	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2013	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Business combinations	4.6	—	9.2	—	—	—	13.8
Charge for the year	—	1.2	2.4	0.1	—	0.3	4.0
Utilized	—	—	(0.2)	(0.5)	(0.1)	(0.5)	(1.3)
Unused amounts reversed	—	(1.0)	(2.0)	—	(0.9)	(0.4)	(4.3)
Currency translation adjustment	(0.9)	—	(0.2)	—	—	0.1	(1.0)
Balance at December 31, 2013	**38.7**	**1.2**	**15.9**	**—**	**2.4**	**3.2**	**61.4**
Thereof:							
—current	—	1.2	6.7	—	0.2	2.0	10.1
—non-current	38.7	—	9.2	—	2.2	1.2	51.3
Balance at January 1, 2012	**36.7**	**—**	**4.9**	**—**	**3.0**	**2.0**	**46.6**
Charge for the year	—	1.0	2.2	0.4	0.5	1.3	5.4
Utilized	—	—	(0.2)	—	—	(0.2)	(0.4)
Unused amounts reversed	—	—	(0.2)	—	—	(0.1)	(0.3)
Currency translation adjustment	(1.7)	—	—	—	(0.1)	0.7	(1.1)
Balance at December 31, 2012	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Thereof:							
—current	—	1.0	6.7	0.4	0.2	2.9	11.2
—non-current	35.0	—	—	—	3.2	0.8	39.0

Management believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities, areas described below, actual costs may vary from the amounts provisioned.

CONTINGENT LIABILITIES

Several contingent liabilities with a fair value of CHF 38.7 million (2012: CHF 35.0 million) were determined during the due diligence process made for the acquisition of the companies in South America, Central America and Europe. IFRS 3 Business combinations requires to reflect these liabilities with uncertain amounts in the statement of financial position although the risk exposure for some of these positions has been regarded as medium or low. The identified risks include a variety of potential liabilities from past periods, mainly related to the import and sale of merchandise by entities under common control or regarding contributions owed based on the contractual situation of employees.

32. PROVISIONS (Continued)

As the identified risks implied in these contingent liabilities are subject to interpretations and uncertainties in the respective regulations, the management made an estimation of the fair value.

CLOSE DOWN

The provision of CHF 1.2 million (2012: CHF 1.0 million) relates to the closing of an operation in Asia.

LABOR DISPUTES

The provision of CHF 2.4 million (2012: CHF 3.4 million) relates mainly to claims presented by sales staff based on disputes related to the termination of temporary labor contracts in Brazil.

LAW SUITS AND DUTIES

These provisions of CHF 15.9 million (2012: CHF 6.7 million) cover uncertainties dependent on the outcome of law suits in relation to taxes, duties or other claims in Brazil, Tunisia, Puerto Rico, Greece and Italy.

The increase in 2013 mainly relates beside the business combinations, to a litigation process against the Italian tax and custom authorities that allege that the company used incorrectly the VAT ceiling to compensate the tax credit in the years 2000 and 2001. Although in previous sentences for similar disputes the Italian Corte di Cassazione ruled in favor of Dufry, at the end of 2013 the Corte ruled against the company, imposing the payment of the VAT, interest and a fine, whereby the fine could amount up to the same sum alleged as the incorrectly compensated VAT, estimated at CHF 7.1 million. The management of the company is of the opinion that the amount of the fine is excessive and cannot be justified to be proportional to the damage caused, as required by the Italian legislation. However, according to the wording of the ruling, it can be understood that the tax authority has been enacted to claim such a fine. The company has created an allowance of CHF 2.3 million on a first fine already paid and has raised an additional provision of CHF 2.4 million.

The expected timing of the related cash outflows of noncurrent provisions as of December 31, 2013 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2015	20.9
2016	29.5
2017+	0.9
Total non-current	**51.3**

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The employees of the subsidiaries are insured against the risk of old age and disablement in accordance with the local laws and regulations prevailing in the countries concerned. The largest defined benefit pension plan is in Switzerland, accounting for 83% (2012: 91%) of the total defined benefit obligation and 100% (2012: 100%) of the plan assets.

	2013			2012 (restated)*		
IN MILLIONS OF CHF	Funded	Unfunded	Total	Funded	Unfunded	Total
SWITZERLAND:						
Fair value of plan assets	63.8		63.8	43.0	—	43.0
Present value of defined benefit obligation	62.7		62.7	59.4	—	59.4
Financial (deficit) surplus	**1.1**	**—**	**1.1**	**(16.4)**	**—**	**(16.4)**
GREECE:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	5.5	5.5	—	—	—
Financial (deficit) surplus	**—**	**(5.5)**	**(5.5)**	**—**	**—**	**—**
ITALY:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	4.4	4.4	—	4.3	4.3
Financial (deficit) surplus	**—**	**(4.4)**	**(4.4)**	**—**	**(4.3)**	**(4.3)**
OTHER PLANS:						
Fair value of plan assets	—	—	—	—	—	—
Present value of defined benefit obligation	—	2.6	2.6	—	1.8	1.8
Financial (deficit) surplus	**—**	**(2.6)**	**(2.6)**	**—**	**(1.8)**	**(1.8)**
TOTAL:						
Fair value of plan assets	63.8	—	63.8	43.0	—	43.0
Present value of defined benefit obligation	62.7	12.6	75.3	59.4	6.1	65.5
Total net book value employee benefits	**1.1**	**(12.6)**	**(11.5)**	**(16.4)**	**(6.1)**	**(22.5)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

A description of the significant retirement benefit plans is as follows:

33.1 SWITZERLAND

Reconciliation to the Swiss Pension Obligation

IN MILLIONS OF CHF	2013	2012 (restated)*
Net defined obligation at January 1	(16.4)	(7.4)
Pension expense through income statement	(2.6)	(2.4)
Remeasurements through other comprehensive income	17.7	(8.7)
Contributions paid by employer	2.4	2.1
Net defined asset / obligation at December 31	**1.1**	**(16.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The subsidiaries of Dufry in Switzerland have a defined benefit pension plan, which is based on the actual salary of each employee and covers substantially all its employees. The plan requires contributions to be made to a separate legal entity, the foundation Pensionskasse Weitnauer (PKW). This pension fund does not hold assets related to the Group.

Pension plans in Switzerland are governed by the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are reviewed by a regulator as well as by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives. The various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. In case of an underfunding, various measures can be taken such as the adjustment of the pension benefits, by altering the actuarial assumptions or increasing future contributions. The employer can also make additional restructuring contributions. The BVG prescribes how employees and employer have to jointly fund potential restructurings.

All actuarial risks are borne by the PKW. These risks consist of demographic risks, primarily life expectancy and financial risks, primarily the discount rate, future increases in salaries/wages, and the return on plan assets. These risks are regularly assessed by the Board of Trustees. In addition, two annual actuarial reports are drawn up, one in accordance with the requirements of the BVG, the other in accordance with IFRS requirements.

The investment strategy is defined in form of a long-term target asset- , currency- and risk-structure (investment policy), which takes into account requirements from BVG, and aim to obtain a high long term return on plan assets. The Board of Trustees is responsible for the investment of the assets, reviewing the investment portfolio as often as necessary—especially in the case of significant changes in the expectations of market developments and at least once a year. When reviewing the investment portfolio, it takes into account the limitations set in the strategy. The Board of Trustees delegates the implementation of the investment policy—in accordance with the investment strategy as

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

well as various principles and objectives—to an Investment Committee, which consists of two members of the Board of Trustees. They supervise the entire investment process. The plan assets are managed by two external specialized and independent asset managers in accordance with the investment strategy, whereby the real-estate asset category is managed by the PKW.

The following table summarizes the components of pension expenses recognized in the consolidated income statement:

Cost of defined benefit plans

IN MILLIONS OF CHF	2013	2012 (restated)*
SERVICE COSTS:		
Current service costs	(3.1)	(1.9)
Transfers	1.0	—
Fund administration	(0.3)	(0.3)
Net interest	(0.2)	(0.2)
Total pension expenses recognized in the profit and loss	**(2.6)**	**(2.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The current service costs and costs of funds administration of the Group are included in personnel expenses (see note 10 retirement benefits).

Remeasurements employee benefits

IN MILLIONS OF CHF	2013	2012 (restated)*
Actuarial gains (losses)—experience	(0.3)	(1.7)
Actuarial gains (losses)—demographic assumptions	—	(2.3)
Actuarial gains (losses)—financial assumptions	14.2	(8.0)
Return on plan assets exceeding expected interest	3.8	3.3
Total remeasurements recorded in other comprehensive income	**17.7**	**(8.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Remeasurements recorded in other comprehensive income for the current financial year totaled CHF 17.7 million (previous year: expense of CHF 8.7 million) for pension plans in Switzerland and an expense of CHF 0.3 million (previous year: CHF 0.0 million) for pension plans of entities in other countries.

In view of the latest tendency regarding long term interest rates development, a higher discount rate was used in the measurement of the defined benefit obligation in 2013, resulting in a positive adjustment.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

The following tables summarize the components of the funded status and amounts recognized in the consolidated statement of financial position for the plan:

Change in the fair value of plan assets

IN MILLIONS OF CHF	2013	2012 (restated)*
Fair value of plan assets at beginning of period	43.0	36.1
Interest income	0.8	0.8
Return on plan assets (excluding interest based on discount rate)	3.8	3.3
Contributions paid by employer	2.4	2.1
Contributions paid by employees	1.4	1.3
Benefits paid	(1.0)	(0.6)
Transfer payment	13.4	—
Fair value of plan assets at end of period	**63.8**	**43.0**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Change in present value of defined benefit obligation

	2013			2012 (restated)*		
IN MILLIONS OF CHF	Funded	Unfunded	Total	Funded	Unfunded	Total
Defined benefit obligation—beginning	59.4	—	59.4	43.5	—	43.5
Current service costs	3.1	—	3.1	1.9	—	1.9
Interest costs	1.0	—	1.0	1.0	—	1.0
Contributions paid by employees	1.4	—	1.4	1.3	—	1.3
Accrual of expected future administration costs	0.3	—	0.3	0.3	—	0.3
Actuarial losses (gains)—experience	0.3	—	0.3	1.7	—	1.7
Actuarial losses (gains)—demographic assumptions	—	—	—	2.3	—	2.3
Actuarial losses (gains)—financial assumptions	(14.2)	—	(14.2)	8.0	—	8.0
Benefits paid	(1.0)	—	(1.0)	(0.6)	—	(0.6)
Transfers	12.4	—	12.4	—	—	—
Defined benefit obligation—end	**62.7**	**—**	**62.7**	**59.4**	**—**	**59.4**
Net defined benefit asset / obligation			**1.1**			**(16.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Actuarial assumptions

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. The main actuarial assumptions used are:

IN %	2013	2012
Discount rates	2.50%	1.75%
Interest on net defined benefit asset / obligation	2.50%	1.75%
Future salary increases	1.00%	2.00%
Future pension increases	0.50%	1.00%
Average retirement age (in years)	64.0	64.0
Mortality table	2010	2010

The mortality table takes into account changes in the life expectancy. Since 2012 the Group uses for the IAS 19 valuation purposes generation tables.

Plan asset structure

The categories of plan assets in percentage of the fair value are as follows:

IN %	2013	2012	2011	2010
Shares	26.8%	24.0%	25.0%	24.0%
Bonds	39.6%	43.0%	44.0%	46.0%
Rented properties	22.9%	25.0%	25.0%	26.0%
Other(1)	10.7%	8.0%	6.0%	4.0%
Total	**100%**	**100%**	**100%**	**100%**

(1) Includes liquid positions, alternative investments as well as the assets of the management plan (2013: 4% of total)

All assets held by the PKW are fair-value-level 1 (quoted prices in active markets), except certain real estates which are fair-value-level 2 (significant observable inputs) representing 13.9% of the total assets (2012: 13.6%).

The net outflow of funds due to pension payments can be planned reliably. Contributions are paid regularly to the funded pension plans in Switzerland. Furthermore, the respective investment strategies take account of the need to guarantee the liquidity of the plan at all times. The group does not make use of any assets held by pension plans.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Plan participants

IN MILLIONS OF CHF	2013	2012
Active participants		
Number at closing	242	238
Average annual plan salary	93	94
Average age	39.4	39.1
Average benefit service	8.6	8.5
Benefit receiving participants		
Number(1)	19	17
Average annual plan salary	19	19

(1) As of December 2013, the Swiss pension fund will integrate 65 participants receiving benefits (Altrentner) with an average annual benefit of CHF 25 thousand.

IN MILLIONS OF CHF	2013
Expected contributions for the period ending December 2014	
Employer	2.1
Employee	1.2
Weighted average duration of defined benefit obligation (years)	23.5
Maturity profile of defined benefit obligation	
expected payments in 2014	2.5
expected payments in 2015	2.4
expected payments in 2016	2.5
expected payments in 2017	2.4
expected payments in 2018	2.5
expected payments in 2019 up to 2023	12.7

Sensitivities of significant actuarial assumptions

The discount rate and the future salary increase were identified as significant actuarial assumptions.

The following impacts on the defined benefit obligation are to be expected:

IN MILLIONS OF CHF	INCREASE	DECREASE
A CHANGE OF 0.5% IN THE FOLLOWING ASSUMPTIONS WOULD IMPLY		
Discount rate	(5.3)	6.1
Salary increase rate	2.1	(2.1)

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Expected costs for 2014

IN MILLIONS OF CHF	
Current service costs	(2.2)
Fund adminstration exp.	(0.3)
Interest income	0.1
Cost recognized in income statement	**(2.4)**

34. ADOPTION OF IAS 19R—EMPLOYMENT BENEFITS

The impacts from the adoption of IAS 19R on the relevant positions in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the consolidated statement of cash flows are shown below:

Consolidated income statement—2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Personnel expenses	(474.7)	0.3	(474.4)
Interest expenses	(79.5)	(0.2)	(79.7)
Income taxes	(39.1)	—	(39.1)

Consolidated statement of comprehensive income—2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Actuarial gains / (losses) on defined benefit plans	—	(8.7)	(8.7)
Income tax relating to actuarial gains / (losses) on defined benefit plans	—	0.7	0.7

Consolidated statement of financial position

IN MILLIONS OF CHF	PUBLISHED 01.01.2012	RESTATED	RESTATED 01.01.2012
ASSETS			
Deferred tax assets	146.5	0.5	147.0
Other non-current assets	37.8	(0.9)	36.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	870.0	(7.8)	862.2
Post-employment benefit obligations	6.0	7.4	13.4

34. ADOPTION OF IAS 19R—EMPLOYMENT BENEFITS (Continued)

IN MILLIONS OF CHF	PUBLISHED 31.12.2012	RESTATED	RESTATED 31.12.2012
ASSETS			
Deferred tax assets	153.0	1.1	154.1
Other non-current assets	36.9	(0.4)	36.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	1,238.8	(15.7)	1,223.1
Post-employment benefit obligations	6.1	16.4	22.5

Consolidated statement of cash flows—2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Earnings before taxes (EBT)	**197.3**	**0.1**	**197.4**
Increase / (decrease) in allowances and provisions	13.5	(0.3)	13.2
Interest expense	79.5	0.2	79.7
Other adjustments	183.2	—	183.2
Cash flow before working capital changes	**473.5**	**—**	**473.5**

35. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Concession fee payables	83.2	83.5
Personnel payables	75.3	64.5
Other service related vendors	69.2	66.7
Sales tax and other tax liabilities	29.6	23.6
Payables for capital expenditure (notes 19 / 21)	25.2	16.8
Accrued liabilities	15.5	5.4
Interest payables	14.5	19.0
Payables to local business partners	5.7	5.1
Payables for acquisitions	0.9	1.7
Financial derivative liabilities	0.7	0.3
Other payables	8.4	6.6
Total	**328.2**	**293.2**
Thereof:		
—current liabilities	323.1	284.9
—non-current liabilities	5.1	8.3
Total	**328.2**	**293.2**

36. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to the Group if the party directly or indirectly controls, is controlled by, or is under common control with Dufry, has an interest in the Group that gives it significant influence over the Group, has joint control over the Group or is an associate or a joint venture of the Group. In addition, members of the key management personnel of Dufry or close members of the family are also considered related parties as well as post-employment benefit plans for the benefit of employees of the Group. Transactions with related parties are conducted on an at-arm's-length basis.

The related party transactions and relationships for the Dufry Group are the following:

Dufry Group purchased during 2013 goods from the following related parties: Hudson Wholesale for CHF 21.2 million (2012: CHF 23.1 million) and from Hudson RPM CHF 4.4 million (2012: CHF 4.5 million). The purchase prices used in these transactions were at arm's length. At December 31, 2013 the Dufry Group had open invoices with the following related parties: Hudson Wholesale CHF 1.8 million (2012: CHF 1.9 million) and with Hudson RPM CHF 0.3 million (2012: CHF 0.4 million).

Two members of the Group's Board of Directors are also members of the Board of Directors of Latin American Airport Holding Ltd. Latin American Airport Holding Ltd controls Inmobiliaria Fumisa SA de CV and Aeropuertos Dominicanos Siglo XXI, SA.

Dufry Mexico SA de CV operates duty free shops at the International Airport Benito Juarez in Mexico City a sub-concession provided by Inmobiliaria Fumisa SA de CV. During 2013 the local operations accrued concession fees of CHF 20.6 million (2012: CHF 19.3 million). The concession fee payable at the closing date amounted to CHF 2.5 million (2012: CHF 2.3 million).

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aeropuertos Dominicanos Siglo XXI, SA. According to these agreements, Inversiones Tunc SA accrued in 2013 concession fees of CHF 0.7 million (2012: CHF 0.6 million). The concession fee payable at the closing date amounted to CHF 0.7 million (2012: CHF 0.6 million).

On February 1, 2013 and on February 1, 2012 Transportes Aereos de Xalapa SA de CV, a subsidiary of Aeropuertos Dominicanos Siglo XXI, SA agreed to provide air transport services to Dufry. During 2013 Dufry received services for CHF 3.8 million (2012: CHF 3.5 million). The outstanding amount at the closing date amounted to CHF 6.1 million (2012: CHF 0.8 million).

During 2013, Dufry's Swiss entities made contributions to the Pension Fund Weitnauer in the amount of CHF 2.4 million, (2012: CHF 2.1 million) and have at December 31, 2013 outstanding balances of CHF 0.4 million (2012: CHF 0.3 million).

In 2013 the remuneration for the Board members was CHF 3.3 million (2012: CHF 1.7 million), including Mr. Xavier Bouton (Director) compensation for strategic consulting services provided to the Group CHF 0.3 million (2012: CHF 0.3 million).

In 2013 the total compensation for the 8 members (2012: 8 members) of the Group Executive Committee recognized in the personal expenses and including all short term employee benefits was CHF 15.6 million (2012: CHF 14.4 million). This amount includes a cash compensation of CHF 8.7 million (2012: CHF 8.4 million), contributions in kind CHF 0.6 million (2012: CHF 0.6 million), employer's contribution to the pension and other post-employment benefits of CHF 2.0 million (2012: CHF 1.0 million) and 40,854 stock options (RSU's) of the award 2013 (2012: none) as well as 42,957 performance share units of the award 2013 (2012: nil PSU) of Dufry AG. The

36. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

expenses accrued in relation to the restricted stock unit plan and performance share units plan during 2013 was CHF 4.3 million (2012: CHF 4.3 million) and is included in the short-term employee benefits.

The legally required disclosure of the participations and compensations of the members of the Board of Directors and the Group Executive Committee of Dufry are explained in the respective notes 8 and 9 to the statutory financial statements of Dufry AG.

37. COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

The Group enters into long-term agreements with airport authorities, seaport authorities and other landlords. The concessionaires used to require a minimum annual guarantee, which can be based on sales, number of passengers or other indicators of operational activity to guarantee the performance of Dufry's obligations. In case of an early termination, the operation can be required to compensate the concessionaire for lost earnings. The Group or their subsidiaries have granted these guarantees regarding the performance of the above mentioned long-term contracts directly or through third parties. As at December 31, 2013 and December 31, 2012, no party has exercised their right to call upon these guarantees.

Some of these long-term concession agreements, which Dufry has entered into, include clauses to prevent early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement. The conditions for an onerous contract will be met, when such operation presents a non-profitable outlook. In this event, a provision based on the present value of the future net cash is established. At the reporting date of 2013 and 2012, no such onerous concession exists.

38. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

Except as detailed in table "Fair value measurement" below, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities, that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

38. FAIR VALUE MEASUREMENT (Continued)

Quantitative disclosures fair value measurement hierarchy for assets

DECEMBER, 31, 2013 IN MILLIONS OF CHF	DATE OF VALUATION	FAIR VALUE MEASUREMENT USING Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
ASSETS MEASURED AT FAIR VALUE:						
Derivative financial assets (Note 39.5.2)						
Foreign exchange forward contracts—USD	Dec. 31, 2013	1.5		1.5		1.5
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:						
Loans and receivables						
Credit card receivables	Dec. 31, 2013	21.1		21.1		21.4

There were no transfers between the Level 1 and 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities

DECEMBER, 31, 2013 IN MILLIONS OF CHF	DATE OF VALUATION	FAIR VALUE MEASUREMENT USING Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
LIABILITIES MEASURED AT FAIR VALUE:						
Derivative financial liabilities (Note 39.5.2)						
Foreign exchange forward contracts—USD	Dec. 31, 2013	0.7		0.7		0.7
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:						
At amortized cost						
Senior Notes USD	Dec. 31, 2013	458.7	458.7			435.9
Floating rate borrowings USD	Dec. 31, 2013	878.9		878.9		883.1
Floating rate borrowings EUR	Dec. 31, 2013	596.7		596.7		599.5
Floating rate borrowings CHF	Dec. 31, 2013	59.9		59.9		60.0

There were no transfers between the Level 1 and 2 during the period.

38. FAIR VALUE MEASUREMENT (Continued)

Fair value hierarchy for financial instruments measured at fair value at December 31, 2012

IN MILLIONS OF CHF	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS MEASURED AT FAIR VALUE:				
Derivative financial assets (Note 39.9.2)				
Foreign exchange forward contracts	0.5		0.5	
LIABILITIES MEASURED AT FAIR VALUE:				
Derivative financial liabilities (Note 39.9.2)				
Foreign exchange forward contracts	0.3		0.3	

39. FINANCIAL INSTRUMENTS

Significant accounting policies are described in note 2.3 o) and followings.

39.1 CAPITAL RISK MANAGEMENT

Capital comprises equity attributable to the equity holders of the parent less hedging and revaluation reserves for unrealized gains or losses on net investment, plus other equity-linked or equity-like instruments attributable to the parent.

The primary objective of the Group's capital management is to ensure that it maintains an adequate credit rating and sustainable capital ratios in order to support its business and maximize shareholder value.

The Group manages its financing structure and makes adjustments to it in light of its strategy and the long-term opportunities and costs of each financing source. To maintain or adjust the financing structure, the Group may adjust dividend payments to shareholders, return capital to shareholders, issue new shares or issue equity-linked instruments or equity-like instruments.

The Group monitors financing structure using a combination of ratios, including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing ratio the Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

39. FINANCIAL INSTRUMENTS (Continued)

39.1.1 Gearing ratio

The following ratio compares owner's equity to borrowed funds:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Cash and cash equivalents	(246.4)	(434.0)
Financial debt, short-term	306.2	39.9
Financial debt, long-term	1,693.6	1,345.4
Net debt	**1,753.4**	**951.3**
Equity attributable to equity holders of the parent	1,137.5	1,223.1
ADJUSTED FOR:		
Accumulated hedged gains / (losses)	(57.3)	(32.9)
Effects from transactions with non-controlling interests(2)	683.8	513.2
Total capital(1)	**1,764.0**	**1,703.4**
Total net debt and capital	**3,517.4**	**2,654.7**
Gearing ratio	**49.8%**	**35.8%**

(1) Includes all capital and reserves of the Group that are managed as capital.

(2) In accordance with IFRS 10.23 transactions with non-controlling interests, which do not result in losing control of the subsidiary, are equity transactions. Therefore the excess paid above the fair value of the net assets acquired from non-controlling interests of Hellenic Duty Free in 2013 and Dufry South America in 2010 were debited to equity. For the calculation of the gearing ratio such effects are adjusted.

The Group did not hold collateral of any kind at the reporting dates.

39.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	FINANCIAL ASSETS				
AT DECEMBER 31, 2013 IN MILLIONS OF CHF	Loans and receivables	at FVTPL(1)	Subtotal	NON-FINANCIAL ASSETS(2)	TOTAL
Cash and cash equivalents	246.4	—	246.4	—	246.4
Trade and credit card receivables	42.8	—	42.8	—	42.8
Other accounts receivable	72.3	1.5	73.8	75.9	149.7
Other non-current assets	54.0	—	54.0	8.1	62.1
Total	**415.5**	**1.5**	**417.0**		

39. FINANCIAL INSTRUMENTS (Continued)

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVTPL(1)	Subtotal	NON-FINANCIAL LIABILITIES(2)	TOTAL
Trade payables	277.9	—	277.9	—	277.9
Financial debt short-term	306.2	—	306.2	—	306.2
Other liabilities	276.5	0.7	277.2	45.9	323.1
Financial debt long-term	1,693.6	—	1,693.6	—	1,693.6
Other non-current liabilities	4.8	—	4.8	0.3	5.1
Total	**2,559.0**	**0.7**	**2,559.7**		

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL(1)	Subtotal	NON-FINANCIAL ASSETS(2)	TOTAL
Cash and cash equivalents	434.0	—	434.0	—	434.0
Trade and credit card receivables	59.5	—	59.5	—	59.5
Other accounts receivable	53.8	0.5	54.3	66.1	120.4
Other non-current assets	31.6	—	31.6	5.3	36.9
Total	**578.9**	**0.5**	**579.4**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVTPL(1)	Subtotal	NON-FINANCIAL LIABILITIES(2)	TOTAL
Trade payables	247.8	—	247.8	—	247.8
Financial debt short-term	39.9	—	39.9	—	39.9
Other liabilities	254.9	0.3	255.2	29.7	284.9
Financial debt long-term	1,345.4	—	1,345.4	—	1,345.4
Other non-current liabilities	7.8	—	7.8	0.5	8.3
Total	**1,895.8**	**0.3**	**1,896.1**		

(1) Financial assets and liabilities at fair value through consolidated income statement

(2) Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as sales tax and other tax positions

39. FINANCIAL INSTRUMENTS (Continued)

39.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2013

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income (expenses)	3.0	—	3.0
Other finance income (expenses)	0.4	—	0.4
From interest	**3.4**	**—**	**3.4**
Fair values gain (loss)	—	1.5	1.5
Foreign exchange gain (loss)(1)	(11.2)	—	(11.2)
Impairments / allowances(2)	(1.2)	—	(1.2)
Total—from subsequent valuation	**(12.4)**	**1.5**	**(10.9)**
Net income	**(9.0)**	**1.5**	**(7.5)**

Financial Liabilities at December 31, 2013

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest income (expenses)	(93.3)	—	(93.3)
Other finance income (expenses)	(2.9)	—	(2.9)
From interest	**(96.2)**	**—**	**(96.2)**
Fair values gain (loss)	—	(1.0)	(1.0)
Foreign exchange gain (loss)(1)	5.3	—	5.3
Impairments / allowances(2)	—	—	—
Total—from subsequent valuation	**5.3**	**(1.0)**	**4.3**
Net income	**(90.9)**	**(1.0)**	**(91.9)**

Financial Assets at December 31, 2012

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income (expenses)	1.3	—	1.3
Other finance income (expenses)	—	—	—
From interest	**1.3**	**—**	**1.3**
Fair values gain (loss)	—	1.3	1.3
Foreign exchange gain (loss)(1)	(21.3)	—	(21.3)
Impairments / allowances(2)	(0.7)	—	(0.7)
Total—from subsequent valuation	**(22.0)**	**1.3**	**(20.7)**
Net income	**(20.7)**	**1.3**	**(19.4)**

39. FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities at December 31, 2012

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest income (expenses)	(77.8)	—	(77.8)
Other finance income (expenses)	(1.2)	—	(1.2)
From interest	**(79.0)**	**—**	**(79.0)**
Fair values gain (loss)	—	(0.8)	(0.8)
Foreign exchange gain (loss)(1)	21.2	—	21.2
Impairments / allowances(2)	—	—	—
Total—from subsequent valuation	**21.2**	**(0.8)**	**20.4**
Net income	**(57.8)**	**(0.8)**	**(58.6)**

(1) This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets and liabilities through consolidated income statement.

(2) This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs.

39.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

As a global retailer, Dufry has worldwide activities which need to be financed in different currencies and are consequently affected by fluctuations of foreign exchange and interest rates. The Group treasury manages the financing of the operations through centralized credit facilities as to ensure an adequate allocation of these resources and simultaneously minimize the potential currency financial risk impacts.

Dufry continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. The Group seeks to minimize the currency exposure and interest rates risk using appropriate transaction structures or alternatively, using derivative financial instruments to hedge the exposure to these risks. The treasury policy forbids entering or trading financial instruments for speculative purposes.

39.4 MARKET RISK

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. The Group's objective is to minimize the consolidated income statement impact and to reduce fluctuations in cash flows through structuring the respective transactions to minimize market risks. In cases, where the associated risk cannot be hedged appropriately through a transaction structure, and the evaluation of market risks indicates a material exposure, the Group may use financial instruments to hedge the respective exposure.

The Group may enter into a variety of financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts, currency swaps and over the counter plain vanilla options.

39. FINANCIAL INSTRUMENTS (Continued)

During the current financial year the Group utilized foreign currency forward contracts and options for hedging purposes.

39.5 FOREIGN CURRENCY RISK MANAGEMENT

Dufry manages the cash flow surplus or deficits in foreign currency of the operations through FX-transactions in the respective local currency. Major imbalances in foreign currencies at Group level are hedged through foreign exchange forwards contracts. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions.

39.5.1 Foreign currency sensitivity analysis

Among various methodologies to analyze and manage risk, Dufry utilizes a system based on sensitivity analysis. This tool enables Group Treasury to identify the level of risk of each entity. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions.

Foreign Currency Exposure:

IN MILLIONS OF CHF	USD	EURO	BRL	OTHER	TOTAL
DECEMBER 31, 2013					
Monetary assets	191.5	698.6	18.2	69.2	977.5
Monetary liabilities	989.4	723.7	43.4	92.9	1,849.4
Net exposure before hedging	**(797.9)**	**(25.1)**	**(25.2)**	**(23.7)**	**(871.9)**
Hedging	824.3	—	—	—	824.3
Net exposure after hedging	**26.4**	**(25.1)**	**(25.2)**	**(23.7)**	**(47.6)**
DECEMBER 31, 2012					
Monetary assets	131.3	114.0	49.5	56.5	351.3
Monetary liabilities	984.3	136.8	50.6	65.5	1,237.2
Net exposure before hedging	**(853.0)**	**(22.8)**	**(1.1)**	**(9.0)**	**(885.9)**
Hedging	847.6	—	—	—	847.6
Net exposure after hedging	**(5.4)**	**(22.8)**	**(1.1)**	**(9.0)**	**(38.3)**

The sensitivity analysis includes all monetary assets and liabilities irrespective of whether the positions are third party or intercompany. Dufry has considered some intercompany long-term loans, which are not likely to be settled in the foreseeable future as being part of the net investment in such subsidiary. Consequently, the related exchange differences are recognized in other comprehensive income and presented within translation reserve in equity.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Group entities. The values and risk disclosed here are the hedged and not hedged positions assuming a 5% appreciation of the CHF against all other currencies.

39. FINANCIAL INSTRUMENTS (Continued)

A positive result indicates a profit (before tax) in the consolidated income statement or in the hedging and revaluation reserves when the CHF strengthens against the relevant currency.

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Effect on the Income Statement (profit/loss) of USD	(1.3)	11.5
Other comprehensive income—profit (loss) of USD	41.2	31.0
Effect on the Income Statement (profit/loss) of EUR	1.3	1.1
Other comprehensive income—profit (loss) of EUR	—	—

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	977.5	351.3
less intercompany financial assets in foreign currencies	(882.9)	(220.8)
Third party financial assets held in foreign currencies	94.6	130.5
Third party financial assets held in reporting currencies	322.4	448.9
Total third party financial assets(1)	**417.0**	**579.4**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	1,849.4	1,237.2
less intercompany financial liabilities in foreign currencies	(124.9)	(95.0)
Third party financial liabilities held in foreign currencies	1,724.5	1,142.2
Third party financial liabilities held in reporting currencies	835.2	753.9
Total third party financial liabilities(1)	**2,559.7**	**1,896.1**

(1) see note 39.2 Categories of financial instruments.

39.5.2 Forward foreign exchange contracts and foreign exchange options at fair value

As the management of the company actively pursues to naturally hedge the positions in each operation, the policy of the Group is to enter into foreign exchange forward and options contracts only where needed.

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31 of each year.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
December 31, 2012	268.6	0.5	0.3
December 31, 2013	59.5	1.5	0.7

39. FINANCIAL INSTRUMENTS (Continued)

39.6 INTEREST RATE RISK MANAGEMENT

The Group manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters. The Group did not utilize interest rate swap contracts during 2013.

39.6.1 Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates derivatives and non-derivative instruments at the reporting date. The risk analysis provided here assumes a simultaneous increase of 100 basis points of the interest rate of all interest bearing financial positions.

If interest rates had been 100 basis points higher whereas all other variables were held constant, the Group's net earnings for the year 2013 would decrease by CHF 10.1 million (2012: decrease by CHF 13.5 million).

39.6.2 Allocation of financial assets and liabilities to interest classes

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2013	average variable interest rate	average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	Total
Cash and cash equivalents	1.9%	0.5%	204.1	0.5	204.6	41.8	246.4
Trade and credit card receivables			—	—	—	42.8	42.8
Other accounts receivable			—	—	—	73.8	73.8
Other non-current assets	5.7%	0.5%	13.3	0.8	14.1	39.9	54.0
Financial assets			**217.4**	**1.3**	**218.7**	**198.3**	**417.0**
Trade payables			—	—	—	278.0	278.0
Financial debt, short-term	3.1%	5.7%	301.4	3.5	304.9	1.3	306.2
Other liabilities			—	—	—	277.2	277.2
Financial debt, long-term	3.0%	5.5%	1,253.4	440.2	1,693.6	—	1,693.6
Other non-current liabilities			—	—	—	4.7	4.7
Financial liabilities			**1,554.8**	**443.7**	**1,998.5**	**561.2**	**2,559.7**
Net financial liability			**1,337.4**	**442.4**	**1,779.8**	**362.9**	**2,142.7**

39. FINANCIAL INSTRUMENTS (Continued)

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2012	average variable interest rate	average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	Total
Cash and cash equivalents	0.8%	0.5%	400.5	1.6	402.1	31.9	434.0
Trade and credit card receivables			—	—	—	59.5	59.5
Other accounts receivable			—	—	—	54.3	54.3
Other non-current assets	3.7%	0.5%	5.0	0.8	5.8	25.8	31.6
Financial assets			**405.5**	**2.4**	**407.9**	**171.5**	**579.4**
Trade payables			—	—	—	247.8	247.8
Financial debt, short-term	5.5%	0.0%	36.7	3.2	39.9	—	39.9
Other liabilities			—	—	—	255.2	255.2
Financial debt, long-term	2.0%	5.5%	894.4	451.0	1,345.4	—	1,345.4
Other non-current liabilities			—	—	—	7.8	7.8
Financial liabilities			**931.1**	**454.2**	**1,385.3**	**510.8**	**1,896.1**
Net financial liability			**525.6**	**451.8**	**977.4**	**339.3**	**1,316.7**

39.7 CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group.

Almost all Groups' sales are retail sales made against cash or internationally recognized credit / debit cards. Dufry has policies in place to ensure that other sales are only made to customers with an appropriate credit history or that the credit risk is insured adequately. The remaining credit risk is in relation to taxes, refunds from suppliers and guarantee deposits.

The credit risk on cash deposits or derivative financial instruments relates to banks or financial institutions. The Group monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

39.7.1 Maximum credit risk

The carrying amount of financial assets recorded in the financial statements, after deduction of any allowances for losses, represents the Group's maximum exposure to credit risk.

39.8 LIQUIDITY RISK MANAGEMENT

The group evaluates this risk as the ability to settle its financial liabilities on time and at a reasonable price. Beside its capability to generate cash through its operations, Dufry mitigates liquidity risk by keeping unused credit facilities with financial institutions (see note 31).

39. FINANCIAL INSTRUMENTS (Continued)

39.8.1 Remaining maturities for non-derivative financial assets and liabilities

The following tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities (based on the earliest date on which the Group can receive or be required to pay). The tables include principal and interest cash flows.

AT DECEMBER 31, 2013 IN MILLIONS OF CHF	1 - 6 MONTHS	6 - 12 MONTHS	1 - 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	246.4	—	—	—	246.4
Trade and credit card receivables	42.7	0.1	—	—	42.8
Other accounts receivable	72.1	0.3	—	—	72.4
Other non-current assets	—	0.5	—	54.0	54.5
Total cash inflows	**361.2**	**0.9**	**—**	**54.0**	**416.1**
Trade payables	278.0	—	—	—	278.0
Financial debt, short-term	47.4	271.3	—	—	318.7
Other liabilities	273.7	1.2	—	0.1	275.0
Financial debt, long-term	80.1	19.9	308.6	1,520.6	1,929.2
Other non-current liabilities	—	—	—	4.8	4.8
Total cash outflows	**679.2**	**292.4**	**308.6**	**1,525.5**	**2,805.7**

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	1 - 6 MONTHS	6 - 12 MONTHS	1 - 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	434.8	—	—	—	434.8
Trade and credit card receivables	59.5	—	—	—	59.5
Other accounts receivable	53.7	0.1	—	—	53.8
Other non-current assets	—	—	—	31.6	31.6
Total cash inflows	**548.0**	**0.1**	**—**	**31.6**	**579.7**
Trade payables	247.9	—	—	—	247.9
Financial debt, short-term	40.0	0.2	—	—	40.2
Other liabilities	254.9	0.1	—	—	255.0
Financial debt, long-term	14.7	12.0	23.7	1,443.3	1,493.7
Other non-current liabilities	—	—	—	7.8	7.8
Total cash outflows	**557.5**	**12.3**	**23.7**	**1,451.1**	**2,044.6**

39.8.2 Remaining maturities for derivative financial instruments

The Group had no significant derivative financial instruments at year-end and the expected cash flows are negligible.

39.9 OTHER FINANCIAL ASSETS AND LIABILITIES

Dufry granted to a 3rd party an option to purchase up to 6% of the shares of the Holding Company, which holds 51% of Hellenic Duty Free Shops SA in exchange for consideration based on the amount Dufry has paid for the acquisition of 51% of Hellenic Duty Free Shops SA increased by

39. FINANCIAL INSTRUMENTS (Continued)

the shareholders structuring costs and the transaction expenses incurred by Dufry. At December 31, 2013 the 3rd party has not yet exercised this right.

39.10 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Dufry's notional cash pool is operated by a major finance institute. The respective balances at the end of the period have been set-off as follows, based on enforceable master netting agreement:

IN MILLIONS OF CHF	BALANCE BEFORE GLOBAL POOLING	SET-OFF	NET BALANCE
31.12.2013			
Cash and cash equivalents	525.8	(279.4)	246.4
Financial debt, short-term	585.6	(279.4)	306.2
31.12.2012			
Cash and cash equivalents	667.9	(233.9)	434.0
Financial debt, short-term	273.8	(233.9)	39.9

MOST IMPORTANT AFFILIATED COMPANIES

H = HOLDING R = RETAIL D = DISTRIBUTION CENTER

AS OF DECEMBER 31, 2013	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
HEADQUARTERS						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Management AG	Basel	Switzerland	H	100	100	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
EMEA & ASIA						
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Dufry Samnaun AG	Samnaun	Switzerland	R	100	100	CHF
Dufrital SpA	Milan	Italy	R	60	258	EUR
Dufry Italia SpA	Milan	Italy	R	100	251	EUR
Network Italia Edicole	Milan	Italy	R	100	20	EUR
Dufry Islas Canarias SL	Tenerife	Spain	R	100	333	EUR
Dufry France SA	Nice	France	R	100	3,491	EUR
Sovenex SAS	Fort-de-France	France	R	100	40	EUR
Dufry CE sro	Prague	Czech Republic	R	51	21,370	CZK
Food Village BV	Amsterdam	Netherlands	R	100	681	EUR
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	EUR
Dufry Tunisie SA	Tunis	Tunisia	R	100	2,300	EUR
Dufry Maroc Sarl	Casablanca	Morocco	R	80	2,500	MAD
Dufry Egypt LLC	Sharm-el-Sheikh	Egypt	R	80	450	USD
Dufry Aeroport d'Alger Sarl	Alger	Algeria	R	80	20,000	DZD
Dufry East OOO	Moscow	Russia	R	100	712	USD
Dufry Moscow Sheremetyevo	Moscow	Russia	R	69	420	USD
Regstaer Ltd	Moscow	Russia	R	51	3,991	EUR
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co. Ltd.	Shanghai	China	R	100	19,497	CNY
Shanghai Huaihai—Dufry Trading Co. Ltd	Chengdu	China	R	50	20,000	CNY
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
Dufry Sharjah Fzc	Sharjah	U. Arab Emirates	R	51	2,054	AED
Dufry d.o.o.	Belgrade	Serbia	R	100	693,078	RSD
AMERICA I						
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Dufry Yucatan SA de CV	Mexico City	Mexico	R	100	1,141	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Puerto Libre Int. SA	Managua	Nicaragua	R	30	59	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
Dufry Trinidad Ltd	San Juan	Puerto Rico	R	60	392	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Inversiones Pánamo, S.A.	Santo Domingo	Dominican Republic	R	100	0	USD
Duty Free Caribbean (Holdings) Ltd	Bridgetown	Barbados	H	60	27,000	USD
Colombian Emeralds Int. Ltd	Castries	St. Lucia	R	60	7,000	USD
Flagship Retail Services Inc.	Delaware	USA	R	100	0	USD
Interbaires S.A.	Buenos Aires	Argentina	R	100	306	USD
Navinten S.A.	Montevideo	Uruguay	R	100	126	USD
Duty Free Ecuador S.A.	Guayaquil	Ecuador	R	100	401	USD
Dufry America, Inc.	Miami	USA	H	100	5	USD
AMERICA II						
Dufry do Brasil Duty Free Shop Ltda.	Rio de Janeiro	Brazil	R	100	4,146	USD
Dufry Bolivia	Santa Cruz	Bolivia	R	100	356	USD

AS OF DECEMBER 31, 2013	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
UNITED STATES & CANADA						
Hudson News Company Inc.	East Rutherford	USA	H / R	100	0	USD
Dufry Newark, Inc.	Newark	USA	R	100	1,501	USD
Dufry Houston Duty Free and Retail Partnership	Houston	USA	R	75	1	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	0	USD
Airport Management Services, LLC	New York	USA	H / R	100	0	USD
AMS-Olympic Nashville, JV	Nashville	USA	R	83	0	USD
AMS-SJC JV	San Jose	USA	R	91	0	USD
AMS-BW Newark JV	Newark	USA	R	70	0	USD
Barbara's Bookstore O'Hare JV	Chicago	USA	R	35	0	USD
Hudson Cleveland JV	Cleveland	USA	R	80	0	USD
Hudson News O'Hare, JV	Springfield	USA	R	70	0	USD
Hudson Retail-Neu News JV	New York	USA	R	80	0	USD
Hudson-Hobby JV	Houston	USA	R	63	0	USD
Hudson-JRE Midway JV	Chicago	USA	R	70	0	USD
Hudson-Keelee JFK 7 JV	New York	USA	R	83	0	USD
Hudson-NEU Logan JV	Boston	USA	R	80	0	USD
Hudson-NEU Newark C JV	Newark	USA	R	80	0	USD
National Air Ventures JV	Dallas	USA	R	70	0	USD
Seattle Air Ventures JV	Olympia	USA	R	75	0	USD
AMS-TEI Miami, JV	Miami	USA	R	70	0	USD
AMS Hudson Las Vegas, JV	Las Vegas	USA	R	73	0	USD
Hudson Newburn AS2 JV	Orlando	USA	R	65	0	USD
John Wayne NG-AC JV	Santa Ana	USA	R	81	0	USD
Hudson-Magic Johnson Ent. CV LLC	Los Angeles	USA	R	100	0	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	72.8	0	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	74.6	0	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	0	USD
Hudson-BW Logan C, JV	Boston	USA	R	85	0	USD
HG Denver JV	Denver	USA	R	76	0	USD
New Orleans Air Ventures II	New Orleans	USA	R	85	0	USD
HG St Louis JV	St. Louis	USA	R	70	0	USD
Dufry Seattle JV	Seattle	USA	R	88	0	USD
JFK Air Ventures II JV	New York	USA	R	80	0	USD
AMS Canada	Vancouver	Canada	R	100	0	CAD
Hudson Group Canada, Inc.	Vancouver	Canada	R	100	0	CAD
GLOBAL DISTRIBUTION CENTERS						
Dufry Travel Retail AG	Basel	Switzerland	D	100	5,000	CHF
International Operation & Services Corp.	Montevideo	Uruguay	D	100	50	USD
Dufry America Services, Inc.	Miami	USA	D	100	398	USD

Building a better
working world

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To the General Meeting of
Dufry AG, Basel

Basel, 5 March 2014

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dufry AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes (pages 58 to 129), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligation (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Patrick Fawer Licensed audit expert (Auditor in charge)	Olaf Reich Licensed audit expert

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	(in thousands of CHF)	
Dividend income	30,000	34,150
Financial income	9,795	7,073
Management and franchise fee income	8,867	11,000
Total income	**48,662**	**52,223**
Personnel expenses	7,731	17,690
General and administrative expenses	4,039	3,531
Management and franchise fee expenses	13,704	11,064
Amortization of intangibles	5,755	5,755
Financial expenses	421	607
Expenses related with capital increase	29,297	—
Taxes	3,181	775
Total expenses	**64,128**	**39,422**
Net result (loss)	**(15,466)**	**12,801**

STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2014

	NOTE	31.12.2014	31.12.2013
		(in thousands of CHF)	
ASSETS			
Cash and cash equivalents		730	23,866
Marketable securities	4	14,100	18,444
Accounts receivables, intercompany		1,748	41,086
Accounts receivables, third party		118	46
Loan receivables Dufry International AG		373,000	320,000
Other accounts receivables		14	—
Current assets		**389,710**	**403,442**
Investments	1	1,892,671	1,082,671
Intangible assets		87,761	93,515
Non-current assets		**1,980,432**	**1,176,186**
Total assets		**2,370,142**	**1,579,628**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payables, intercompany		10,665	9,203
Accounts payables, related party		746	647
Accounts payables, third party		942	522
Bank debt		6,811	517
Other accounts payable		11,093	23,388
Current liabilities		**30,257**	**34,277**
Total liabilities		**30,257**	**34,277**
Share Capital	3	179,525	154,525
Legal reserves:			
Share premium (capital contribution reserves)	3	2,030,305	1,245,305
General reserves		5,927	5,927
Reserve for treasury shares		14,276	18,108
Available earnings	10	109,852	121,486
Shareholders' equity		**2,339,885**	**1,545,351**
Total liabilities and shareholders' equity		**2,370,142**	**1,579,628**

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Investments

Subsidiary	Participation	Book Value 2014	Book Value 2013	Share Capital 2014	Share Capital 2013
		(in thousands of CHF)			
Dufry international AG, Switzerland	100%	1,162,896	352,896	1,000	1,000
Dufry Management AG, Switzerland	100%	100	100	100	100
Dufry Corporate AG, Switzerland	100%	100	100	100	100
Dufry Holdings & investments AG, Switzerland	100%	729,575	729,575	1,000	1,000
Total		**1,892,671**	**1,082,671**		

2. Significant Shareholders' Participation

	31.12.2014	31.12.2013
	(in %)	
Group of shareholders consisting of various companies and legal entities representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, Dimitrios Koutsolioutsos, James S. Cohen, Nucleo Capital Co-Investment Fund I Ltd. and James S. Cohen Family Dynasty Trust	26.80%	22.24%
Credit Suisse Group	7.10%	
Group of shareholders represented by Tarpon Gestora de Recursos S.A.	3.13%	4.81%
T. Rowe Price Associates, Inc.	3.01%	
Franklin Resources, Inc.		5.08%
Norges Bank (the Central Bank of Norway)		3.01%

3. Share Capital

3.1. Ordinary Shares

	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM(1)
		(in thousands of CHF)	
Balance at January 1, 2013	29,673,823	148,369	1,245,305
Issue of shares	1,231,233	6,156	0
Balance at December 31, 2013	**30,905,056**	**154,525**	**1,245,305**
Issue of shares	5,000,000	25,000	785,000
Balance at December 31, 2014	**35,905,056**	**179,525**	**2,030,305**

(1) The amount of the share premium (capital contribution reserve) is subject to a formal confirmation by the Swiss tax authorities. As of December 2014, CHF 1,245,305 of the total amount disclosed are recognized by the Swiss federal tax authorities (2013: CHF 1,243,305). Once the capital contribution reserves are authorized by the Swiss tax authorities, any dividend distribution made out of the recognized part of the capital contribution reserve is neither subject to Swiss withholding tax nor subject to income tax on individual shareholders resident in Switzerland.

3. Share Capital (Continued)

On June 26, 2014 the Extraordinary General Meeting approved the increase of the share capital of Dufry from CHF 154,525,280 by up to CHF 27,269,160 to a maximum amount of up to CHF 181,794,440 through the issuance of fully paid-in new registered shares with a par value of CHF 5 each.

On July 8, 2014, Dufry AG issued 5,000,000 new registered shares representing 14% additional shares. The price obtained during the public offering was CHF 162.00 per share. During the rights offering, 3,623,976 shares were subscribed by existing shareholders, while 1,376,024 shares were purchased by third party investors resulting in a gross proceeds of CHF 810.0 million. The trading of the shares commenced on July 9, 2014. The share issuance costs related with this transaction of CHF 29.3 million have been expensed.

3.2. Authorized Share Capital

	SHARES	CHF
	(in thousands of)	
Balance at January 1, 2013	2,697.6	13,488
Utilization December 13, 2013	(1,231.2)	(6,156)
Balance at December 31, 2013	**1,466.4**	**7,332**
Expiration May 2, 2014	(1,466.4)	(7,332)
Balance at December 31, 2014	**—**	**—**

On December 13, 2013, Dufry AG utilized part of its authorized share capital and placed 1,231,233 new registered shares representing 3.98% of the total shares. The shares were issued as partial payment for the acquisition of the remaining 49% of Hellenic Duty Free Shops. The share issuance costs related with this transaction of CHF 0.1 million have been expensed.

3.3. Conditional Share Capital

	SHARES	CHF
	(in thousands of)	
Balance at January 1, 2013	2.697.6	13.488
Balance at December 31,2013	2.697.6	13.488
Balance at December 31, 2014	2.697.6	13.488

Dufry issue CHF 275.0 million Mandatory Convertible Notes (MCN) due June 18, 2015 convertible into ordinary registered shares of Dufry. The notes were issued by Dufry Financial Services B.V. Dufry will issue the shares out of the conditional share capital.

The Mandatory Convertible Notes were issued at 100% of the principal amount in denominations of CHF 200,000 per note. The MCN will be convertible into fully paid ordinary shares of Dufry at maturity unless earlier converted at the option of the MCN holders or the issuer or upon the occurrence of specified special events in accordance with the terms and conditions of the MCN. The MCN pay a coupon of 2.0% per annum and the conversion price is set at CHF 152, corresponding to 1,809,210 shares. The net proceeds from the MCN issue amounted to CHF 268.3 million after deducting transactions expenses of CHF 6.7 million.

4. Treasury Shares

	SHARES	CHF
	(in thousands of)	
At January 1, 2013	**338.1**	**40,537**
Assigned to holders of RSU- awards 2012	(334.9)	(40,261)
Share purchases	117.1	17,721
Revaluation	—	447
At December 31, 2013	**120.3**	**18,444**
Assigned to holders of RSU- awards 2013	(117.1)	(18,327)
Share purchases	340.1	54,102
Share sales	(249.1)	(40,303)
Revaluation	—	183
At December 31, 2014	94.2	14,100

5. Enterprise Risk Management

In accordance with the article 663b of the Swiss Code of Obligations, the Board of Directors of Dufry AG reviewed and assessed the risk areas of the Group and where necessary, updated the key controls performed to ensure an adequate risk monitoring.

6. Pledged Assets

In 2014 and 2013, Dufry AG had no pledged assets.

7. Guarantee Commitment Regarding Swiss Value Added Tax (VAT)

The following companies form a tax group for the Swiss Federal Tax Administration—Main division VAT:

- DUFRY International AG
- DUFRY Travel Retail AG
- DUFRY Samnaun AG
- DUFRY Participations AG
- DUFRY Russia Holding AG
- DUFRY Trading AG
- DUFRY Basel Mulhouse AG
- DUFRY Management AG
- DUFRY Corporate AG
- DUFRY Holdings & Investments AG
- DUFRY AG
- DUFRY Altay AG

8. Contingent Liabilities

Dufry AG jointly and severally with Dufry Holdings & Investments AG, Dufry International AG and Hudson Group (HG), Inc., guaranteed the following credit facilities:

	31.12.14		31.12.13	
	FOREIGN CURRENCY	CHF	FOREIGN CURRENCY	CHF
	(in millions)			
Committed 5-year term loan in EUR	500.0	601.4	500.0	612.5
Committed 5-year term loan in USD	1,010.0	1,003.8	1,000.0	888.6
5-year revolving credit facility in CHF	—	900.0	—	650.0
Senior notes in USD	500.0	497.0	500.0	444.3
Total	**—**	**3,002.2**	**—**	**2,595.4**

Dufry AG jointly and severally with Dufry Holdings & Investments AG, Dufry International AG, Hudson Group (HG), Inc. and Dufry Financial Services B.V. guaranteed the following credit facility:

	31.12.14		31.12.13	
	FOREIGN CURRENCY	CHF	FOREIGN CURRENCY	CHF
	(in millions)			
Senior notes in EUR	500.0	601.4	—	—
Committed 5-year term guarantee in EUR	250.0	300.7	—	—
Total	**—**	**902.2**	**—**	**—**

From the above mentioned contingent liabilities of CHF 3,904.3 (2013: 2,595.4) million, the participating companies have drawn as of December 31, 2014 CHF 2,041.1 (2012: 1,542.6) million in form of cash.

9. Participations of the Members of the Board of Directors and the Group Executive Committee in Dufry AG

The following members of the Board of Directors or of the Group Executive Committee of Dufry AG (including related parties) hold directly or indirectly shares or share options of the Company as at December 31, 2014 or December 31, 2013:

	December 31, 2014			December 31, 2013		
In Thousands	Shares	Financial instruments(1)	Particip.	shares	Financial instruments(1)	Particip.
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	743.0	164.4	2.53%	540.0	—	1.75%
Andrés Holzer Neumann, Vice-Chairman	3,708.8	468.2	11.63%	3,294.6	—	10.66%
Jorge Born, Director	—	30.9(2)	0.09%	—	—	0.00%
James S. Cohen, Director	2,089.0	93.4	6.08%	1,506.7	—	4.88%
Julian Diaz Gonzalez, Director and CEO	286.9	43.8	0.92%	210.3	10.8	0.72%
George Koutsolioutsos, Director(3)	1,536.1	272.3	5.04%	—	—	0.00%
Joaquin Moya-Angeler Cabrera, Director	6.0	—	0.02%	6.0	—	0.02%
Total Board of Directors	**8,369.8**	**1,073.0**	**26.31%**	**5,557.6**	**10.8**	**18.02%**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz Gonzalez, CEO	286.9	43.8	0.92%	210.3	10.8	0.72%
Andreas Schneiter, CFO	6.1	—	0.02%	3.6	2.5	0.02%
Jose Antonio Gea, GCOO	4.1	—	0.01%	3.0	6.5	0.03%
Pascal Duclos, General Counsel	—	—	0.00%	—	4.7	0.02%
Luis Marin, CCO(4)	1.5	—	0.00%	—	—	0.00%
Xavier Rossinyol, COO Region EMEA & Asia	27.0	—	0.08%	20.4	6.6	0.09%
Rene Riedi, COO America I	—	—	0.00%	—	2.3	0.01%
Jose C. Rosa, COO America II	4.6(5)	—	0.01%	—	2.2	0.01%
Joseph Didomizio, COO United States & Canada	9.5	—	0.03%	9.5	5.2	0.05%
Total Group Executive Committee	**339.7**	**43.8**	**1.07%**	**246.8**	**40.8**	**0.93%**

(1) The detailed terms of the various financial instruments disclosed below are as disclosed to the SIX Swiss Exchange and published on November 26, 2014.

(2) European Capped Calls on 30.940 shares of Dufry AG. The transaction is divided into 5 tranches of 6,188 shares each, which expire on 29.07.2019, 30.07.2019, 31.07.2019, 04.08.2019, and 05.08.2019, respectively. Each tranche is automatically exercised, and the differences are to be cash settled. The strike price for each option is CHF 160, and the cap is CHF 260 per option.

(3) Director as of April 29, 2014.

(4) Member as of January 1, 2014.

(5) Includes 4.5 shares and 0.1 BDRs.

In addition to the above, the shareholders' group consisting of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julian Díaz González, James S. Cohen, James S. Cohen Family Dynasty Trust and Dimitrios Koutsolioutsos holds sale positions of 10.80% through options (3,877,480 voting rights).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on November 26, 2014.

9. Participations of the Members of the Board of Directors and the Group Executive Committee in Dufry AG (Continued)

Disclosure notices are available on the SIX Swiss Exchange website:

http://www.SIX-swiss-exchange.com/shares/companies/major_shareholders_de.html

10. Appropriation of Available Earnings

	2014	2013
	(in thousands of CHF)	
Retained earnings	121,486	77,207
Movement in reserves for treasury shares	3,832	23,497
Reclassification from share premium	—	7,981
Net result (loss) for the year	(15,466)	12,801
Available earnings at December 31	**109,852**	**121,486**
To be carried forward	**109,852**	**121,486**

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Building a better working world

To the General Meeting of
Dufry AG, Basel

Basel, 4 March 2015

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, which comprise the balance sheet, income statement and notes (pages 146 to 153), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Patrick Fawer	/s/ Olaf Reich
Patrick Fawer	Olaf Reich
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND MARCH 31, 2014

2.1 STATEMENT OF FINANCIAL POSITION

	Notes	AS OF MARCH 31 2015	AS OF DECEMBER 31 2014	AS OF MARCH 31 2014	AS OF DECEMBER 31 2013
		(in thousands of Euro)			
Assets					
Current assets		**416,143**	**364,400**	**295,831**	**283,450**
Cash and cash equivalents		62,858	53,096	30,044	22,772
Other financial assets		24,928	15,155	16,341	12,994
Income tax assets		7,390	11,642	9,382	13,019
Other assets		63,393	51,130	47,332	41,595
Trade receivables		48,627	48,134	40,557	38,659
Inventories	2.6.4	208,947	185,243	152,175	154,411
Non-current assets		**1,733,664**	**1,652,776**	**1,640,513**	**1,639,759**
Property, plant and equipment	2.6.5	191,106	174,397	142,737	131,100
Investment property		5,563	5,636	6,463	6,556
Goodwill	2.6.6	707,384	659,236	620,096	617,234
Other intangible assets	2.6.7	537,068	527,668	538,482	550,478
Equity investments		—	—	8,822	8,822
Other financial assets		35,910	35,501	33,581	32,228
Deferred tax assets		23,259	11,025	32,955	29,100
Other assets		233,374	239,313	257,377	264,241
Total Assets		**2,149,807**	**2,017,176**	**1,936,344**	**1,923,209**
Liabilities and Equity					
Liabilities		**1,676,842**	**1,531,035**	**1,514,119**	**1,504,074**
Current liabilities		**485,169**	**439,890**	**412,488**	**432,352**
Trade payables	2.6.8	338,071	280,950	203,197	235,493
Income tax liabilities		17,083	16,896	14,666	18,351
Other liabilities		37,930	45,900	68,006	63,663
Other financial liabilities	2.6.9	16,445	3,943	6,619	4,663
Bank loans and borrowings		25,158	40,000	84,759	73,530
Employee benefits	2.6.10	29,611	32,479	22,941	24,709
Provisions for risks and charges		20,871	19,722	12,300	11,943
Non-current liabilities		**1,191,673**	**1,091,145**	**1,101,631**	**1,071,722**
Other financial liabilities		3,964	2,927	2,695	1,751
Loans, net of current portion		1,040,825	991,032	1,015,350	982,519
Deferred tax liabilities		63,566	53,818	60,542	63,939
Employee benefits	2.6.10	30,681	23,490	14,707	15,232
Provisions for risks and charges		11,534	11,399	8,337	8,281
Trade payables		41,103	8,479	—	—
Equity		**472,965**	**486,141**	**422,225**	**419,135**
attributable to owners of the parent		463,811	478,071	413,207	410,983
attributable to non-controlling interests		9,154	8,070	9,018	8,152
Total Liabilities and Equity		**2,149,807**	**2,017,176**	**1,936,344**	**1,923,209**

2.2 INCOME STATEMENT

	NOTES	FOR THE THREE MONTHS PERIOD ENDED MARCH 31 2015	2014
		(in thousands of Euro)	
Revenue		541,316	438,471
Other operating income		9,895	6,343
Total revenue and other operating income		**551,211**	**444,814**
Supplies and goods		(219,731)	(178,820)
Personnel expense		(83,042)	(59,218)
Concession fees	2.6.11	(210,348)	(135,531)
Contractual fees		(177,979)	(135,531)
Linearization		(32,369)	—
Other operating expense		(44,085)	(35,863)
Depreciation and amortization		(29,558)	(22,728)
Operating profit / (loss)		**(35,553)**	**12,654**
Financial income		2,882	2,903
Financial expenses		(7,714)	(13,632)
Net gain on the disposal of investments		—	15
Pre-tax profit / (loss)		**(40,385)**	**1,940**
Income tax		(6,454)	499
Profit / (Loss) for the period		**(46,839)**	**2,439**
Attributable to:			
owners of the parent		(48,427)	1,324
non-controlling interest		1,588	1,115
Earnings per share (in € cents)	2.6.12		
basic		(19.03)	0.52
diluted		(19.03)	0.52

2.3 STATEMENT OF COMPREHENSIVE INCOME

	FOR THE THREE MONTHS PERIOD ENDED MARCH 31	
	2015	2014
	(in thousands of Euro)	
Profit / (loss) for the period	**(46,839)**	**2,439**
Comprehensive income items that will not be subsequently reclassified to profit or loss		
Net actuarial losses on defined benefit plans	—	—
Income tax on comprehensive income items that will not be subsequently reclassified to profit or loss	—	—
Total comprehensive income items that will not be subsequently reclassified to profit or loss	—	—
Comprehensive income items that will be reclassified subsequently to profit or loss		
Effective portion of fair value change in cash flow hedges	(102)	(151)
Foreign currency translation differences for foreign operations	57,724	1,860
Gains (losses) on net investment hedge	(21,859)	(1,912)
Income tax on comprehensive income items that will be subsequently reclassified to profit or loss	6,147	619
Total comprehensive income items that will be subsequently reclassified to profit or loss	**41,910**	**416**
Total comprehensive income / (expense) for the period	**(4,929)**	**2,855**
attributable to owners of the parent	(6,245)	1,736
attributable to non-controlling interests	1,316	1,119

2.4 STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	LEGAL RESERVE	HEDGING RESERVE	TRANSLATION RESERVE	OTHER RESERVES	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EQUITY
				(in thousands of Euro)				
Balance as of January 1, 2015	**63,720**	**12,720**	**(1,859)**	**(9,234)**	**412,724**	**478,071**	**8,070**	**486,141**
Comprehensive income / (expense) for the period								
Loss for the period	—	—	—	—	(48,427)	(48,427)	1,588	(46,839)
Effective portion of fair value change in cash flow hedges, net of tax effect	—	—	(74)	—	—	(74)	—	(74)
Translation differences on foreign investments	—	—	—	57,991	—	57,991	(267)	57,724
Gains (losses) on net investment hedge, net of tax effect	—	—	—	(15,735)	—	(15,735)	(5)	(15,740)
Total comprehensive income / (expenses) for the period	—		**(74)**	**42,256**	**(48,427)**	**(6,245)**	**1,316**	**(4,929)**
Contributions by and distributions to owners of the parent								
Dividend distribution	—	—	—	—	—	—	(2,000)	(2,000)
Changes in Group consolidation scope and others movements	—	—	—	—	(8,015)	(8 ,015)	1,768	(6,247)
Total contributions by and distributions to owners of the parent	**—**	**—**	**—**	**—**	**(8,015)**	**(8,015)**	**(232)**	**(8,247)**
Balance as of 31, March 2015	**63,720**	**12,720**	**(1,933)**	**33,022**	**356,282**	**463,811**	**9,154**	**472,965**
Balance as of January 1, 2014	**63,720**	**12,720**	**(999)**	**(44,903)**	**380,445**	**410,983**	**8,152**	**419,135**
Comprehensive income for the period								
Profit for the period	—	—	—	—	1,324	1,324	1,115	2,439
Effective portion of fair value change in cash flow hedges, net of tax effect	—	—	(106)	—	—	(106)	—	(106)
Translation differences on foreign investments	—	—	—	1,856	—	1,856	4	1,860
Gains (losses) on net investment hedge, net of tax effect	—	—	—	(1,338)	—	(1,338)	—	(1,338)
Total comprehensive income for the period	**—**	**—**	**(106)**	**518**	**1,324**	**1,736**	**1,119**	**2,855**
Contributions by and distributions to owners of the parent								
Changes in Group consolidation scope and other movements	—	—	—	—	488	488	(253)	235
Total contributions by and distributions to owners of the parent	**—**	**—**	**—**	**—**	**488**	**488**	**(253)**	**235**
Balance as of March 31, 2014	**63,720**	**12,720**	**(1,105)**	**(44,385)**	**382,257**	**413,207**	**9,018**	**422,225**

2.5 STATEMENT OF CASH FLOWS

	FOR THE THREE MONTHS PERIOD ENDED MARCH 31	
	2015	2014
	(in thousands of Euro)	
Cash and cash equivalents at the beginning of the period	**53,096**	**22,772**
Pre-tax profit / (loss) and net financial expense for the period	(35,553)	12,669
Amortization, depreciation and impairment losses on non-current assets, net of reversals	29,558	22,728
Impairment losses and (gains)/losses on disposal of financial assets	—	(15)
(Gains)/losses on disposal of non-current assets	—	(6)
Change in working capital	14,774	(37,874)
Linearization of concession fees	32,369	—
AENA Advances (Increase)/Decrease	8,947	7,453
Net change in non-current non-financial assets and liabilities	5,310	1,678
Cash flows from operating activities	**55,405**	**6,633**
Net taxes paid	(5,257)	(6,683)
Net interest paid	(5,649)	(11,056)
Net cash flows from / (used in) operating activities	**44,499**	**(11,106)**
Acquisition of the US Retail Division	(16,782)	—
Acquisition of property, plant equipment and intangible assets	(20,835)	(14,338)
Proceeds from sale of property, plant and equipment	1	61
Net change in non-current financial assets	38	(1,291)
Net cash flows used in investing activities	**(37,578)**	**(15,568)**
Opening of new non-current loans	18,777	29,074
Repayments of current loans, net of new loans	(14,908)	11,152
Dividends paid	(2,000)	—
Transaction costs for the issue and listing of the shares	—	(2,535)
Other cash flows	(7,569)	(3,683)
Net cash flows from / (used in) financing activities	**(5,700)**	**34,008**
Net increase in cash and cash equivalents	**1,221**	**7,334**
Changes in Group consolidation scope	179	
Effect of exchange rate fluctuation on net cash and cash equivalents	8,362	(62)
Cash and cash equivalents at the end of the period	**62,858**	**30,044**

2.6 NOTES TO THE CONDENSED INTERIM CONSOLIDATED ANNUAL STATEMENT

Group operations

World Duty Free S.p.A. (hereafter also referred to as "WDF S.p.A.") is a public limited company incorporated under the laws of the Italian Republic. WDF S.p.A.'s registered office is located in Novara, Via Greppi 2. The secondary office is located in Milan, Corso di Porta Vittoria, 16.

The company is a subsidiary of Schematrentaquattro S.p.A., which holds, as of March 31, 2015 and March 31, 2014 50.1% of its share capital. Schematrentraquattro S.p.A. is fully owned by Edizione S.r.l.

WDF S.p.A. and its subsidiaries (together, the "WDF Group" or the "Group") are engaged, almost exclusively at airport locations, selling fragrances and cosmetics, spirits, tobacco products and other items with "*duty free*" and "*duty paid*" tax status.

The WDF Group operates stores throughout the world in the following geographical areas: (i) United Kingdom; (ii) Rest of Europe (mainly Spain, but also Italy, Germany and Finland); (iii) Americas (mainly Brazil, Canada, Chile, Curaçao, Jamaica, Mexico, Peru and the United States of America); and (iv) Asia and the Middle East (mainly Jordan, Kuwait, India and Sri Lanka).

2.6.1. ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION

General Standards

The condensed interim consolidated financial statements as of and for the three-month periods ended March 31, 2015 and March 31, 2014 have been prepared in accordance with IAS 34 "Interim financial reporting". They do not include all the information and disclosures required by IFRS in the annual financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements as of and for the years ended December 31, 2014 and December 31, 2013, which have been prepared in accordance with IFRS endorsed by the European Union.

The condensed interim consolidated financial statements as of March 31, 2015 and March 31, 2014 were prepared on a going concern basis using the Euro as the presentation currency.

The condensed interim consolidated financial statements as of 31 March 2015 and as of 31 March 2014 has been voluntarily prepared following a request from Dufry A.G. to cover their financial reporting requirements in the context of the agreement for the acquisition by Dufry A.G. of the 50.1% of the WDF S.p.a. shares held by Schematrentaquattro S.p.A. (please refer to paragraph 2.6.3 for additional details). Please note that the preparation of these interim reports do not qualify as a change in the accounting policy choice made by WDF S.p.A. to utilize the semester as interim reporting period according to IAS 34. The accounting policies adopted in the preparation of the condensed interim consolidated financial statements for the three-month periods ended March 31, 2015 and March 31, 2014 are consistent, except for the issues described below, with those followed in the preparation of the Group's annual consolidated financial statements as of and for the years ended December 31, 2014 and December 31, 2013.

Below are described the nature of the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union which were adopted as of January 1, 2015:

- Annual Improvements to IFRS 2010-2012 cycle:
    - IFRS 2 Share-based payment. Definition of vesting condition by separately defining a 'performance condition' and a 'service condition'.
    - IFRS 3 Business combinations Accounting for contingent consideration in a business combination that is a financial asset or financial liability can only be measured at fair value,

with changes in fair value being presented in either profit or loss or other comprehensive income.

- IFRS 8 Operating segments Aggregation of operating segments requires the disclosure of those factors that are used to identify the entity's reportable segments
- IAS 24 Related party disclosures An entity providing key management personnel services to the reporting entity is a related party of the reporting entity

- Annual Improvements to IFRS 2011-2013 cycle:
  - IFRS 3 Business combinations. It clarifies the scope for the formation of joint arrangements
  - IFRS 13 Financial instruments. It clarifies the scope of portfolio exceptions for measuring financial assets and liabilities without discounting
  - IAS 40 Investment property. It clarifies that an entity should assess whether an acquired property is an investment property and should perform a separate assessment under IFRS 3 to determine if it constitutes a business combination.
- *Defined Benefit Plans:* employee contributions (amendments to IAS 19). It clarifies how service-linked contributions from employees or third parties should be included in determining net current service cost and the defined benefit obligation.
- *IFRIC 21 Levies.* It clarifies that a levy is not recognized until the obligating event in the legislation occurs, even if there is no realistic opportunity to avoid the obligation.

The application of the new standards and amendments above described had no significant impact on the condensed interim consolidated financial statements as of and for the three-month period ended March 31, 2015.

Below are described the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union which were adopted as of January 1, 2014:

- *IFRS 10, 'Consolidated financial statements':* establishes the principles for the preparation and presentation of the consolidated financial statements, introducing a new and comprehensive control framework.
- *IFRS 11, 'Joint arrangements':* establishes the principles to be followed in classifying joint arrangements and the related accounting treatment in the consolidated and separate financial statements.
- *IFRS 12, 'Disclosure of interests in other entities':* sets out the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates and consolidated and unconsolidated structured entities.
- *IAS 28 "Investments in associates and joint ventures":* establishes the principles to identify instances of significant influence over an associate. It also introduces the criteria for the application of the equity method with reference to associates and joint ventures.
- *Amendments to IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities": Transition guidance and amendments to IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities", IAS 27 "Separate financial statements" and IAS 28 "Investments in associates and joint ventures"*: these amendments clarify certain implementation issues and the criteria to be followed in the accounting of subsidiaries, associates and joint venture when the parent is an investment entity.

- *Recoverable Amount Disclosures for Non-Financial Assets—Amendments to IAS 36:* these amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units (CGUs) for which an impairment loss has been recognized or reversed during the period.
- *Novation of Derivatives and continuation of Hedge Accounting—Amendments to IAS 39:* these amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.
- *Offsetting financial assets and financial liabilities—Amendments to IAS 32:* these amendments clarify the offsetting criteria in IAS 32.

The application of the new standards and amendments above described had no significant impact on the condensed interim consolidated financial statements for the three-month period ended March 31, 2014.

New standards and interpretations not yet applicable

The table below lists the IFRS, interpretations, amendments to existing standards and interpretations or specific provisions contained in standards or interpretations approved by the IASB, showing those that were endorsed and not endorsed by the European Union as of the date of the preparation of these consolidated financial statements.

Description	Endorsed by the EU at the reporting date	IASB Effective date
IFRS 9 Financial Instruments	NO	January 1, 2018
IFRS 14 Regulatory deferral accounts	NO	January 1, 2016
IFRS 15 Revenue from contracts with customers	NO	January 1, 2017
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities Applying the consolidation exception	NO	January 1, 2016
Amendments to IAS 1: Disclosure Initiative	NO	January 1, 2016
Annual Improvements to IFRSs 2012—2014 Cycle	NO	January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NO	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	NO	January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	NO	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	NO	January 1, 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	NO	January 1, 2016

The WDF Group is in the process of assessing the impact that the adoption of these standards could have on its financial statements. However, based on a preliminary analysis, no significant effects should arise from the application of the above mentioned accounting standards.

Structure, format and content of the condensed interim consolidated financial statements

The WDF Group made the following choices regarding the presentation format and content of the condensed interim consolidated financial statements:

(i) in the statement of financial position, current and non-current assets and liabilities are shown separately;

(ii) in the income statement, costs and revenue are classified by nature;

(iii) the statement of comprehensive income is presented separately;

(iv) the statement of cash flows is presented using the indirect method.

The presentation formats used, as described above, are those most suitable to present the results of operations, financial position and cash flows of the WDF Group.

These condensed interim consolidated financial statements are presented in thousands of Euros, unless otherwise indicated.

Estimates

For the preparation of the condensed interim consolidated financial statements, the significant judgments made by management in application of the group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied during the course of the preparation of the consolidated financial statements as of and for the year ended December 31, 2014, to which reference should be made for additional information.

It should be noted that WDF Group has in place a number of contracts that include change of control clauses which may be activated as a result of the acquisition announced by Dufry as indicated in paragraph 2.6.3. In particular, the change of control clauses relate to certain concession agreement, the financing agreement and the Phantom Stock Option plan. The potential income statement and statement of financial position effects, which cannot be quantified at this stage, resulting from the application of the change of control clauses included in the concession contracts and the financing agreement, were not taken into consideration for the purpose of the preparation of the interim condensed consolidated financial statements as of and for the three-month periods ended March 31, 2015 and March 31, 2014 considering that the acquisition was not yet finalized at the reporting date and the drafting date of the financial statements. The valuation of the fair value of the Phantom Stock Option plan has instead implied the identification of a target price to be determined under the scenario of a change of control, assuming, as such, that the change of control will likely occur.

Translation of the financial statements of foreign entities

Below are the main exchange rates used to translate the financial statements of the main subsidiaries with a functional currency other than the Euro:

	2015		2014			2013
	Rate on March 31	Average rate for the first three months	Rate on December 31	Rate on March 31	Average rate for the first three months	Rate on December 31
US dollar	1.0759	1.1261	1.2141	1.3788	1.3696	1.3791
British pound	0.7273	0.7434	0.7789	0.8282	0.8279	0.8337
Canadian dollar	1.3738	1.3957	1.4063	1.5225	1.5107	1.4671
Mexican peso	16.4233	16.8333	17.8975	18.0001	18.1224	18.0446

2.6.2. SCOPE OF CONSOLIDATION

The consolidation scope during the first quarter of 2014 included Palacios y Museos S.L.U and its subsidiaries, sold in September 2014, and did not include the effects of the acquisition in October 2014 of the Finnair stores acquired by the subsidiary WDFG Helsinky Oy. These changes in the consolidation scope did not have any significant effect for comparison purposes.

There were no changes in the consolidation scope during the three-month period ended March 31, 2015 compared to December 31, 2014, except for the acquisition of the US Retail additional stores, as better described below:

The acquisition of Atlanta, Oakland and Empire State

In July 2013, World Duty Free Group US Inc (a subsidiary of WDF S.p.A.) and WDFG SAU (also a subsidiary of WDF S.p.A.) entered into a purchase agreement with HMS Host Corporation and its subsidiary Host International Inc (both subsidiaries of Autogrill S.p.A., a related party of the Group) in relation to the sale of 248 convenience stores located in 29 US airports (the "US Retail Division"). The agreement considered the payment of the purchase price plus a potential adjustment based on the Net Working Capital ("NWC") of the business activities at the transfer date. Most of the business activities were transferred in September 2013. In the first quarter of 2014, the Group made a payment of Euro 12.3 million in connection with the adjustment based on the NWC of the business activities transferred in 2013, reducing therefore the cash flow level from operations, since this balance was included in the caption "Trade Payables" of the consolidated statement of financial position as of December 31, 2013.

Some business activities under the agreement were transferred to the WDF Group in subsequent closings once the necessary authorizations were granted by the landlords. In February 2015, the Board of Directors of WDF S.p.A. approved the acquisition of the business activities which had still not been transferred. The purchase price agreed was USD 19 million plus a potential adjustment in connection with the NWC of the business activities transferred at the acquisition date amounting to USD 8.0 million. This transfer became effective as of February 28, 2015. The payment of the purchase price and the potential NWC adjustment are subject to a 5% retention guarantee. The payment of the purchase price (net of the 5% retention guarantee) was made in March 2015. The estimated liability in relation with the NWC is included as "Trade payables" in the statement of financial position as of March 31, 2015.

The acquisition in 2015 of the new business activities of the US Retail Division is a business combination under common control. The difference between the consideration paid and the net assets transferred has been recorded at the acquisition date as a decrease in equity for an amount of USD 8.7 million (Euro 8.0 million).

The table that follows summarizes the assets and liabilities of the US Retail Division transferred on February 28, 2015.

	Assets and liabilities acquired (in thousands of USD)
Property, plant and equipment	9,593
Intangible assets	3,173
A) Non-current assets	**12,766**
Cash and cash equivalents	192
Inventories	5,053
Trade receivables and other assets	4,673
Trade payables and other liabilities	(1,868)
B) Net working capital	**8,050**
C) Other non current non financial assets and liabilities	**(482)**
D) Net invested capital (A+B+C)	**20,334**
Equity attributable to the owners of the parent	18,400
Equity attributable to non-controlling interests	1,934
E) Equity	**20,334**
Acquisition cost	27,050
Effect on consolidated Equity	(8,650)

2.6.3. BINDING AGREEMENT FOR THE SALE TO DUFRY OF THE STAKE HELD BY EDIZIONE IN WORLD DUTY FREE S.P.A.

On March 28, 2015, Edizione S.r.l. ("Edizione"), Schematrentaquattro S.p.A. ("Schema34")—a company entirely controlled by Edizione—and Dufry A.G. ("Dufry") announced that they had entered into a binding agreement for the acquisition by Dufry of the entire interest of Schema34 in WDF S.p.A., equal to 50.1% of its share capital. The price agreed was Euro 10.25 per share.

The closing of the transaction is subject to the approval by Dufry's shareholders' for a capital increase aimed at partially financing the transaction and to the approval by the different competent antitrust authorities.

On April 29, 2015, Dufry announced that its shareholders' meeting had approved the aforementioned capital increase. Following the closing of the acquisition of the 50.1% interest held by Schema34, Dufry will launch a mandatory tender offer for the remaining 49.9% outstanding WDF shares.

The closing of the transaction will trigger a change of control clause included in some concession contracts that may give landlords the right to terminate the concessions when certain conditions occur.

In addition, the financing agreement for Euro 1,250 million signed by the WDF Group and a syndicate of banks in November 2014 establishes that, should a change of control occur, the lenders shall negotiate with the borrower for a period not exceeding 30 days from the "Change of Control" date to determine whether the facilities under the loan agreement can continue. At the end of the 30-day period, any lender not agreeing to continue the facility may require the borrower to repay early and cancel the corresponding portion of the credit line.

Dufry has announced that it intends to initially fund the acquisition of the Company and refinance its debt via a fully committed debt bridge facility of Euro 3.6 billion underwritten by a banking syndicate, of which at least Euro 2.1 billion will be refinanced through the capital increase approved at Dufry's Shareholders' Meeting on April 29, 2015, and up to Euro 1.5 billion through long-term debt instruments.

2.6.4. Inventories

Inventories as of March 31, 2015 are Euro 208,947 thousand compared to Euro 185,243 thousand as of December 31, 2014. This increase is mainly due to the trend of the exchange rates, the incorporation of the new business activities in Atlanta, Oakland and the Empire State Building and the higher stock levels required to cover the Easter season that this year took place at the end of March and beginning of April.

Inventories as of March 31, 2014 were Euro 152,175 thousand compared to Euro 154,411 thousand as of December 31, 2013. This decrease was basically due to the trend of the exchange rates. As opposed to 2015, stocks levels at the end of March 2014 were not so affected by the Easter season since it took place in mid April 2014.

2.6.5. Property, plant and equipment

Property, plant and equipment is Euro 191,106 thousand as of March 31, 2015 compared to Euro 174,397 thousand as of December 31, 2014. This increase was mainly due to the trend of the exchange rates and the contribution of the new activities acquired in Atlanta, Oakland and the Empire State Building. Increases due to new investments were basically offset by the depreciation recorded in the first quarter of 2015.

Property, plant and equipment was Euro 142,737 thousand as of March 31, 2014 compared to Euro 131,100 thousand as of December 31, 2013. This increase was mainly due to the investments made in that period primarily in Spain, partially offset by the depreciation recorded in the first quarter of 2014.

2.6.6. Goodwill

Goodwill as of March 31, 2015 is Euro 707,384 thousand compared to Euro 659,236 thousand as of December 31, 2014. This increase was due mainly to the trend of exchange rates and to the recognition of goodwill amounting to Euro 2,601 thousand, allocated by the common parent company to the business activities acquired in Atlanta, Oakland and the Empire State Building. In that sense, the amount of goodwill relating to such under common control acquisition is equal to the amount that was included in the consolidated financial statements of the ultimate parent company.

Goodwill as of March 31, 2014 was Euro 620,096 thousand compared to Euro 617,234 thousand as of December 31, 2013. This increase was due to the trend of exchange rates.

The economic and financial trends noted during the first half of 2015 and the updated forecasts of future macroeconomic trends are consistent with the assumptions used to test the recoverability of goodwill in the preparation of the annual report at December 31, 2014. Therefore, no indicators of potential impairment have been identified and no specific impairment tests have been run with regard to this item.

2.6.7. Other intangible assets

Other intangible assets (composed of Concessions and Licenses and Trademarks, mainly) are Euro 537,068 thousand as of March 31, 2015 compared to Euro 527,668 thousand as of December 31, 2014. This increase was mainly due to the trend of the exchange rates, partially offset by the amortization recorded in the first quarter of 2015.

Other intangible assets were Euro 538,482 thousand as of March 31, 2014 compared to Euro 550,478 thousand as of December 31, 2013. This decrease was mainly due to the amortization recorded in the first quarter of 2014.

2.6.8. Trade payables

Trade payables as of March 31, 2015 are Euro 338,071 thousand compared to Euro 280,950 thousand as of December 31, 2014. This increase is mainly due to the trend of the exchange rates, the consideration of the net working capital adjustment derived from the acquisition of the new business activities in the U.S. (see note 2.6.2 for further details) and the impact of a higher level of inventory as a result of the early Easter season that this year took place at the end of March and beginning of April.

Trade payables as of March 31, 2014 were Euro 203,197 thousand compared to Euro 235,493 thousand as of December 31, 2013. This decrease was mainly due to the payment made in connection with the net working capital adjustment (shown in trade payables as of December 31, 2013) derived from the acquisition in 2013 of the business activities in the U.S. (see note 2.6.2. for further details). Excluding this effect, trade payables dropped further following the usual pattern when the Easter season, differently from 2015, does not take place at the beginning of April

2.6.9. Other financial liabilities

The current portion of other financial liabilities as of March 31, 2015 is Euro 16,445 thousand compared to Euro 3,943 thousand as of December 31, 2014. This increase is basically due to fair value gains on exchange rate derivatives.

2.6.10. Employee benefits

"Phantom Stock Option Plan 2014"

In order to implement the incentive plan based on phantom stock options named "2014 Phantom Stock Option Plan" (the "Plan"), which was approved by the Shareholders' Meeting of WDF S.p.A. on May 14, 2014, the Board of Directors of WDF S.p.A., in separate meetings held on February 18, 2015 and February 27, 2015, upon proposal from the Human Resources committee, resolved to proceed with the implementation of the second wave of the Plan, allocating a total of 1,792,929 and 1,077,663 options, respectively, and identifying beneficiaries among employees and executive directors holding key roles in the Company and its subsidiaries pursuant to art. 2359 cc of the Italian Civil Code (the "Subsidiaries") which are strategically important or part of the management of the company and its subsidiaries from the point of view of value creation.

In accordance with the criteria established by the regulation of the Plan, the assignment value of each option for the second wave was determined by the Board of Directors in the aforementioned dates at Euro 9.22 and Euro 9.62, respectively, corresponding to the arithmetic average of the closing prices of the Company's shares on the electronic stock exchange organized and managed by Borsa Italiana S.p.A., in the trading days between January 17, 2015 and February 17, 2015 (in the first case) and between January 26, 2015 and February 26, 2015 (in the second case).

The Options thus granted will vest and therefore become exercisable upon the achievement of a minimum share price performance target for the three-year vesting period and under conditions specified in the 2014 Phantom SOP rules.

As described in the accounting policies of the 2014 annual consolidated financial statements, the liability for the plan is measured at each reporting date and at the settlement date based on the fair value of the share appreciation rights. The measurement is carried out by external independent experts. Due to the acquisition announcement made by Dufry (refer to note 2.6.3 for more information), the valuation of the liability has been made based on the target price of the options to be considered under the hypothesis of change of control, in accordance with the regulation of the stock option plan.

The Group recorded personnel expenses of Euro 1.5 million in the First Quarter of 2015 in connection with the Plan.

Defined benefit plans

These condensed interim consolidated financial statements use, unless circumstances require an update, the actuarial estimates made upon preparation of the previous year's annual consolidated financial statements. As of march 31, 2015 and March 31, 2014 it has not been considered necessary to perform an update of the actuarial valuations used in the preparation of the annual consolidated financial statements as of December 31, 2014 and December 31, 2013.

Reorganisation and restructuring plan

Following the guidelines set in the three-year budget approved by the Board of Directors in January 2015, the Group is carrying out a reorganisation and restructuring process with the purpose of integrating its corporate structures in the UK and Spain.

In this respect, the consultation process with employees and trade union representatives has been initiated and substantially completed in both countries.

The Group has recorded liabilities amounting to Euro 8.8 million in the first quarter of 2015 in connection with the process described above. Of this amount, Euro 4.7 million (corresponding to the indemnities to be paid directly to the employees in UK and Spain at the leaving date) and Euro 0.6 million payable to the Spanish Social Security Institute are included under "current employee benefits" in the statement of financial Position as of March 31, 2015. Additionally, Euro 3.5 million payable to Public Treasury in accordance with Spanish legislation on collective redundancies have been included as "non-current employee benefits" in the statement of financial position as of March 31, 2015.

2.6.11. Concession fees

The income statement line item "Concession fees—contractual fees" includes: i) the variable concession fees for the period and ii) if any, the portion of minimum guaranteed fees payable for the whole year calculated proportionally to the variable fees of the period as compared to the variable fees expected for the whole year.

The income statement line item "Concession fees—linearization" included in the income statement for the period ended March 31, 2015 includes, as already extensively disclosed in the consolidated financial statements as of and for the year ended December 31, 2014, the difference between the average minimum guaranteed amounts relating to Lots 1 and 2 of the AENA agreements, for the period from December 1, 2014 to the expiration of the contracts (October 31, 2020), and the amounts recognized during the period for such contracts in the line item "Concession fees—contractual fees".

2.6.12. Basic and diluted earnings per share

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the period, excluding treasury shares from the denominator.

Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, as defined above, to account for the effects of all potentially dilutive ordinary shares.

As of March 31, 2015 and 2014, WDF S.p.A. has no potentially dilutable ordinary shares.

The computation details are provided below:

	For the three-month period ended March 31	
	2015	2014
Profit/(loss) for the period attributable to owners of the parent (in thousands of Euro)	(48,427)	1,324
Number of shares (in units)	254,520,000	254,520,000
Basic and Diluted earnings per share (in Euro cents)	(19.03)	0.52

2.6.13. Net financial position

Consistent with the ESMA/2011/81 Recommendation, a breakdown of net financial position as of March 31, 2015; December 31, 2014; March 31, 2014 and December 31, 2013 is provided below:

	3/31/2015	12/31/2014	3/31/2014	12/31/2013
	(in thousands of Euro)			
A) Cash on hand	3,490	3,104	2,965	2,674
B) Cash equivalents	59,368	49,992	27,079	20,098
D) Cash and cash equivalents (A+B)	**62,858**	**53,096**	**30,044**	**22,772**
E) Current financial assets	**24,928**	**15,155**	**16,361**	**12,994**
F) Bank loans and borrowings, current	(25,158)	(40,000)	(84,759)	(73,530)
H) Other financial liabilities	(16,445)	(3,943)	(6,619)	(4,663)
I) Current financial position (F+H)	**(41,603)**	**(43,943)**	**(91,378)**	**(78,193)**
J) Net current financial position (I+E+D)	**46,183**	**24,308**	**(44,973)**	**(42,427)**
K) Bank loans and borrowings, non current	(1,040,825)	(991,032)	(1,015,350)	(982,519)
M) Other financial liabilities, non current	(3,964)	(2,927)	(2,695)	(1,751)
N) Non-current financial position (K+M)	**(1,044,789)**	**(993,959)**	**(1,018,045)**	**(984,270)**
O) Net financial position (J+N)	**(998,606)**	**(969,651)**	**(1,063,018)**	**(1,026,697)**
P) Non-current financial assets	(2)	125	3	40
Net financial position (O+P)	**(998,608)**	**(969,526)**	**(1,063,015)**	**(1,026,657)**

2.6.14. Fair value estimation

For financial reporting purposes, fair value measurements are categorized into levels based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2—inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (prices) or indirectly (derived from prices);

Level 3—inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

There were no changes in measurement techniques during the periods. These techniques are described in the 2014 and 2013 Annual Reports.

There was no transfer between the different fair value levels of hierarchy during 2014. In 2015, the AENA advance payments and security deposits have been transferred from level 2 to level 3 since in the first quarter of 2015, AENA became a listed entity in the Spanish Stock Market; previously, AENA was a state fully-owned entity and the credit rating of Spain was used as a reference. Since AENA was listed, no public reference of its credit rating is available.

The following tables provide a breakdown of those financial instruments showing their carrying amounts and their fair values.

	Carrying amount		Fair value			
			3/31/2015		12/31/2014	
	3/31/2015	12/31/2014	Level 2	Level 3	Level 2	Level 3
			(in thousands of Euro)			
Other financial assets						
AENA advance payment, current and non current	246,112	252,632	—	260,306	259,768	—
Security deposits, non current	23,085	22,910	—	23,236	22,139	—
Exchange rate derivatives, current	3,520	1,901	3,520	—	1,901	—
Bank loans and borrowings						
Syndicated loan	1,037,571	988,235	—	1,041,389	—	987,856
Other financial liabilities						
Exchange rate derivatives, current	15,562	3,943	15,562		3,943	—
Interest rate derivatives, non current	3,964	2,927	3,964		2,927	—

	Carrying amount		Fair value			
			3/31/2014		12/31/2013	
	3/31/2014	12/31/2013	Level 2	Level 3	Level 2	Level 3
			(in thousands of Euro)			
Other financial assets						
AENA advance payment, current and non current	266,712	271,553	288,554	—	271,553	—
Security deposits, non current	22,400	22,230	23,236	—	22,230	—
Exchange rate derivatives, current	276	51	276	—	51	—
Bank loans and borrowings						
Syndicated loan	1,067,023	1,034,110	—	1,127,788	—	1,034,110
Other financial liabilities						
Exchange rate derivatives, current	2,425	474	2,425	—	474	—
Interest rate derivatives, non current	2,695	1,751	2,695	—	1,751	—

The carrying amount of all the other financial instruments not shown in the tables above is considered to be a reasonable approximation of their fair value.

The Group has not recognized financial instruments that should be classified in level 1 and, except for those included in the table above and classified in level 3, all the financial assets and liabilities of the Group are classified in level 2.

(a) Financial instruments in level 2

Excluding derivatives, level 2 financial instruments are measured at amortized cost.

The fair value of the interest rate swaps is calculated as the present value of the estimated future cash-flows based on observable market yield curves. The credit value adjustment is based, as far as possible, on directly observable market credit spreads for the respective counterparts. The debit value adjustment is determined by estimating the Group´s own credit rating based on several representative financial ratios as well as on benchmarking analyses. Adjustments for both own credit risk and counterpart credit risk can be considered as not significant as of March 31, 2015 and March 31, 2014.

The fair value of the AENA upfront payment and guarantee deposits as of December 31, 2014, March 31, 2014 and December 31, 2013 are calculated as the present value of the estimated future cash flows based on observable market yields for the counterparty.

(b) Financial instruments in level 3

The fair value of the syndicated loan has been estimated by discounting the future cash flows using observable risk free market interest rates plus a spread for the Group´s own credit risk. The own credit risk spread is obtained by estimating the Group´s own credit rating based on several representative financial ratios as well as on benchmarking analyses.

The fair value of the AENA advance payment and security deposits as of March 31, 2015 is calculated by discounting the future cash flows using the credit-risk-adjusted interest rate curve. The credit risk is obtained by estimating the counterparty´s credit rating based on several financial ratios as well as on benchmarking analyses. As of March 31, 2015 the fair value of these assets is above the carrying amount. This is mainly due to the decrease in market interest rates since initial recognition.

2.6.15. Segment reporting

The table below provides information about the Group's operating segments as of March 31, 2015 and March 31, 2014.

The WDF Group operates in four geographical segments: United Kingdom, Rest of Europe, Americas and Asia and Middle East, which coincide with the operating segments.

2.6 NOTES TO THE CONDENSED INTERIM CONSOLIDATED ANNUAL STATEMENT (Continued)

The tables below present the relevant disclosure concerning the four geographical segments during the reporting periods presented in these condensed interim consolidated financial statements.

	For the three-month period ended March 31									
	United Kingdom		Rest of Europe		Americas		Asia and Middle East		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(in thousands of Euro)									
Revenue	219,468	192,388	146,470	112,010	130,003	95,903	45,375	38,170	541,316	438,471
Other operating income	731	581	5,698	4,453	2,347	991	1,119	318	9,895	6,343
Total revenue and other operating income	**220,199**	**192,969**	**152,168**	**116,463**	**132,350**	**96,894**	**46,494**	**38,488**	**551,211**	**444,814**
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(10,167)	(8,548)	(12,168)	(8,646)	(4,651)	(3,407)	(2,572)	(2,127)	(29,558)	(22,728)
Operating profit/(loss)	**9,606**	**13,837**	**(51,367)**	**(5,457)**	**2,908**	**1,643**	**3,300**	**2,631**	**(35,553)**	**12,654**

	3/31/2015						12/31/2014					
	United Kingdom	Rest of Europe	Americas	Asia and Middle East	Not allocated	Total	United Kingdom	Rest of Europe	Americas	Asia and Middle East	Not allocated	Total
	(in thousands of Euro)											
Goodwill	489,494	82,258	81,093	54,539	—	707,384	455,490	82,242	72,017	49,487	—	659,236
Other intangible assets	323,769	158,222	22,290	32,787	—	537,068	308,116	166,024	21,669	31,859	—	527,668
Property, plant and equipment	64,004	70,680	50,900	5,523	—	191,107	57,599	72,311	39,672	4,815	—	174,397
Investment property	—	5,554	—	9	—	5,563	—	5,628	—	8	—	5,636
Financial assets	903	29,246	21	5,740	—	35,910	843	29,261	243	5,030	—	35,377
Non-current assets	**878,170**	**345,960**	**154,304**	**98,598**	**—**	**1,477,032**	**822,048**	**355,466**	**133,601**	**91,199**	**—**	**1,402,314**
Net working capital	**(90,997)**	**(27,544)**	**11,466**	**(9,184)**	**—**	**(116,259)**	**(97,370)**	**(17,800)**	**19,500**	**(5,171)**	**—**	**(100,841)**
Other non-current non-financial assets and liabilities	(26,506)	165,723	801	11,088	(40,308)	110,798	(25,189)	211,073	1,129	9,972	(42,793)	154,192
Net invested capital	**760,667**	**484,139**	**166,571**	**100,502**	**(40,308)**	**1,471,571**	**699,489**	**548,739**	**154,230**	**96,000**	**(42,793)**	**1,455,665**

	3/31/2014						12/31/2013					
	United Kingdom	Rest of Europe	Americas	Asia and Middle East	Not allocated	Total	United Kingdom	Rest of Europe	Americas	Asia and Middle East	Not allocated	Total
	(in thousands of Euro)											
Goodwill	426,959	82,311	66,106	44,720	—	620,096	423,985	82,243	66,225	44,781	—	617,234
Other intangible assets	306,520	174,398	23,618	33,946	—	538,482	309,943	178,053	25,238	37,244	—	550,478
Property, plant and equipment	36,047	68,730	33,617	4,343	—	142,737	37,908	56,157	32,525	4,510	—	131,100
Investment property	—	6,463	—	—	—	6,463	—	6,556	—	—	—	6,556
Financial assets	1,535	39,063	135	1,647	—	42,380	1,517	37,734	157	1,601	—	41,009
Non-current assets	**771,061**	**370,965**	**123,476**	**84,656**	**—**	**1,350,158**	**773,353**	**360,743**	**124,145**	**88,136**	**—**	**1,346,377**
Net working capital	**(60,779)**	**(32,224)**	**18,214**	**2,540**	**—**	**(72,249)**	**(82,452)**	**(37,521)**	**8,965**	**3,958**	**—**	**(107,050)**
Other non-current non-financial assets and liabilities	(20,027)	244,565	1,209	9,172	(27,587)	207,332	(19,799)	250,474	1,330	9,300	(34,839)	206,466
Net invested capital	**690,255**	**583,306**	**142,899**	**96,368**	**(27,587)**	**1,485,241**	**671,102**	**573,696**	**134,440**	**101,394**	**(34,839)**	**1,445,793**

2.6.16. Seasonal pattern

WDF Group's revenues are closely related to the flow of travelers, which is highly seasonal in some locations. A breakdown of 2014 results by quarter is as follows:

	1st quarter 2014	1st semester 2014	1st nine months 2014	Full year 2014
		(in millions of Euro)		
Revenue	438.5	1,047.0	1,773.6	2,406.6
% on full year	*18.2%*	*43.5%*	*73.7%*	*100.0%*
Operating profit	12.7	58.7	118.9	129.9
% on full year	*9.8%*	*45.2%*	*91.5%*	*100.0%*
Pre-tax profit	1.9	38.2	99.8	97.0
% on full year	*2.0%*	*39.4%*	*102.9%*	*100.0%*
Profit attributable to the owners of the parent	1.3	25.3	68.9	34.9
% on full year	*3.7%*	*72.5%*	*197.4%*	*100.0%*

Due to the seasonal nature of the flow of travelers in some airports, different levels of revenue and operating profit are usually expected in the different quarters.

The above figures are merely indicative and they cannot be used to predict results.

2.6.17. Contingent liabilities

In March 2015 and in the context of the tax audit mentioned in the 2014 annual consolidated financial statements, to which reference is made, the subsidiary World Duty Free Group, S.A. (as legal successor due to the merger, of Word Duty Free Group, S.A.U.) reached an agreement with the Spanish Tax Authorities to adjust the corporate income tax returns of WDFG, S.A.U. for the years 2008 and 2009.

No outflow of resources from the Group was derived from this agreement, but the amount of tax credits available to the Group was reduced by Euro 5.9 million. This reduction had no impact on the condensed interim consolidated income statement as of and for the first three months of 2015, since none of those tax credits were capitalized as of December 31, 2014.

Should a similar agreement be reached by WDFG SA for the 2010 period, to which this matter may be applicable, the remaining amount of tax credits could be further reduced, again with no impact on the consolidated income statement.

2.6.18. Events after the reporting period

No events have occurred after the date of the condensed interim consolidated financial statements as of and for the three months ended March 31, 2015 which would have required an adjustment to the amounts reported or that would have required additional disclosures in these notes.

Please note that the financial information included in the interim condensed consolidated financial statements as of and for the three months ended March 31, 2014 are consistent with the quarterly financial information released to the public on May 14, 2014. The condensed interim consolidated financial statements as of and for the three months ended March 31, 2014 do not reflect the effects of events known after May 14, 2014.

2.6.19. Authorization for publication

The Board of Directors authorized the publication of these condensed interim consolidated financial statements during the meeting held on May 22, 2015.

The Executive responsible for the preparation of the accounting documents—David Jiménez-Blanco—with reference to the Italian legislation clause 2, art. 154 bis DL 58/1998 hereby confirms that the data reported in this interim condensed consolidated financial statements as of March 31, 2015 and March 31, 2014 has been reviewed according to the rules.

KPMG S.p.A.
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Auditors' report on review of condensed interim consolidated financial statements

To the board of directors of
World Duty Free S.p.A.

and

To the board of directors of
Dufry A.G.

Introduction

We have reviewed the condensed interim consolidated financial statements of the World Duty Free Group, comprising the statement of financial position as at 31 March 2015 and 31 March 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three-months periods then ended and notes thereto. The directors of World Duty Free S.p.A. are responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the World Duty Free Group as at and for the three-month periods ended 31 March 2015 and 31 March 2014 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 25 May 2015

KPMG S.p.A.

/s/ STEFANO AZZOLARI

Stefano Azzolari
Director

WORLD DUTY FREE S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

CONSOLIDATED FINANCIAL STATEMENTS

1.1 STATEMENT OF FINANCIAL POSITION

	Note	As of December 31 2014	of which related parties	As of December 31 2013	of which related parties
		In thousands of Euro			
ASSETS					
Current Assets		**364,400**		**283,450**	
Cash and cash equivalent	2.4.1	53,096	—	22,772	—
Other financial assets	2.4.2	15,155	—	12,994	—
Income tax assets	2.5.9	11,642	—	13,019	—
Other assets	2.4.3	51,130	52	41,595	2,013
Trade receivables	2.4.4	48,134	38	38,659	18
Inventories	2.4.5	185,243	—	154,411	—
Non-current assets		**1,652,776**		**1,639,759**	
Property, plant and equipment	2.4.6	174,397	—	131,100	—
Investment property	2.4.7	5,636	—	6,556	—
Goodwill	2.4.8	659,236	—	617,234	—
Other intangible assets	2.4.9	527,668	—	550,478	—
Equity investments	2.4.10	—	—	8,822	—
Other financial assets	2.4.11	35,501	—	32,228	—
Deferred tax assets	2.5.9	11,025	—	29,100	—
Other assets	2.4.3	239,313	—	264,241	—
TOTAL ASSETS		**2,017,176**		**1,923,209**	
LIABILITIES AND EQUITY					
LIABILITIES		**1,531,035**		**1,504,074**	
Current liabilities		**439,890**		**432,352**	
Trade payables	2.4.12	280,950	191	235,493	15,529
Income tax liabilities	2.5.9	16,896	—	18,351	—
Other liabilities	2.4.13	45,900	2,477	63,663	2,287
Other financial liabilities	2.4.14	3,943	—	4,663	3,855
Bank loans and borrowings	2.4.16	40,000	—	73,530	—
Employee benefits	2.4.17	32,479	608	24,709	—
Provisions for risks and charges	2.4.18	19,722	—	11,943	—
Non-current liabilities		**1,091,145**		**1,071,722**	
Other financial liabilities	2.4.15	2,927	—	1,751	—
Loans, net of current portion	2.4.16	991,032	—	982,519	—
Deferred tax liabilities	2.5.9	53,818	—	63,939	—
Employee benefits	2.4.17	23,490	—	15,232	—
Provisions for risks and charges	2.4.18	11,399	—	8,281	—
Trade payables	2.4.19	8,479	—	—	—
EQUITY		**486,141**		**419,135**	
—attributable to owners of the parent	2.4.20	478,071		410,983	
—attributable to non-controlling interests	2.4.20	8,070		8,152	
TOTAL LIABILITIES AND EQUITY		**2,017,176**		**1,923,209**	

1.2 INCOME STATEMENT

	Notes	As of December 31 2014	of which related parties	As of December 31 2013*	of which related parties
		In thousands of Euro			
Revenue	2.5.1	2,406,640	—	2,078,477	24
Other operating income	2.5.2	32,967	—	27,099	319
Total revenue and other operating income		**2,439,607**		**2,105,576**	
Supplies and goods	2.5.3	(992,959)	—	(853,290)	—
Personnel expense	2.5.4	(282,508)	(4,364)	(220,810)	610
Concession fees	2.5.5	(758,448	—	(639,742)	—
Contractual fees		(749,969)	—	(639,742)	—
Linearization		(8,479)	—	—	—
Other operating expense	2.5.6	(172,536)	(1,682)	(136,895)	(4,267)
Depreciation and amortization		(101,661)	—	(90,708)	—
Impairment losses on property, plant and equipment and intangible assets		(1,554)	—	(569)	—
Operating profit		**129,941**		**163,562**	
Financial income	2.5.7	11,502	—	10,801	—
Financial expense	2.5.7	(55,095)	—	(45,060)	—
Share of profit of associates	2.4.10	120	—	2,058	—
Net gain on the disposal of investments	2.5.8	10,520	—	(17)	—
Pre-tax profit		**96,988**		**131,344**	
Income tax	2.5.9	(55,492)	—	(20,469)	—
Profit for the year		**41,496**		**110,875**	
Attributable to:					
Owners of the parent		34,902		105,826	
Non-controlling interest		6,594		5,049	
Earnings per share (in € cents)	2.5.10				
Basic		13.71		41.58	
Diluted		13.71		41.58	

* The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1 "Accounting policies, basis of preparation and consolidation".

1.3 STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the twelve months period ended 31 December 2014	2013*
		In thousands of EURO	
Profit for the year		**41,496**	**110,875**
Comprehensive income items that will not be subsequently reclassified to profit or loss			
Net actuarial losses on defined benefit plans	2.4.17	(12,007)	(11,980)
Income tax on comprehensive income items that will not be subsequently reclassified to profit or loss	2.4.17	1,724	2,253
Total comprehensive income items that will not be subsequently reclassified to profit or loss		**(10,283)**	**(9,727)**
Comprehensive income items that will be reclassified subsequently to profit or loss			
Effective portion of fair value change in cash flow hedges	2.4.20	(1,156)	4,658
Foreign currency translation differences for foreign operations	2.4.20	57,724	(23,308)
Gains (losses) on net investment hedge	2.4.20	(20,246)	6,208
Income tax on comprehensive income items that will be subsequently reclassified to profit or loss	2.4.20	5,964	(3,260)
Total comprehensive income items that will be subsequently reclassified to profit or loss		**42,286**	**(15,702)**
Total comprehensive income for the year		**73,499**	**85,446**
Attributable to owners of the parent		67,508	80,268
Attributable to non-controlling interests		5,991	5,178

* The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1 "Accounting policies, basis of preparation and consolidation".

1.4 STATEMENT OF CHANGES IN EQUITY (NOTE 2.4.20)

	Share Capital	Legal Reserve	Hedging Reserve	Translation reserve	Other reserves	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Equity
				In thousands of EURO				
Balance as of January, 1, 2014	**63,720**	**12,720**	**(999)**	**(44,903)**	**380,445**	**410,983**	**8,152**	**419,496**
Comprehensive income for the year								
Profit for the year	—	—	—	—	34,902	34,902	6,594	41,496
Effective portion of fair value change in cash flow hedges, net of tax effect	—	—	(860)	—	—	(860)	—	(860)
Translation differences on foreign investments	—	—	—	50,253	8,073	58,326	(602)	57,724
Gains (losses) on net investment hedge, net of tax effect	—	—	—	(14,584)	—	(14,584)	7	(14,577)
Net actuarial losses on defined employee benefit plans, net of the tax effect	—	—	—	—	(10,276)	(10,276)	(8)	(10,284)
Total comprehensive income for the year	**—**	**—**	**(860)**	**35,669**	**32,699**	**67,508**	**5,991**	**73,499**
Contributions by and distributions to owners of the parent								
Dividend distribution	—	—	—	—	—	—	(7,388)	(7,388)
Changes in Group consolidation scope	—	—	—	—	(363)	(363)	1,315	952
Share-based payments	—	—	—	—	(57)	(57)	—	(57)
Total contributions by and distributions to owners of the parent	**—**	**—**	**—**	**—**	**(420)**	**(420)**	**(6,073)**	**(6,493)**
Balance as of December 31, 2014	**63,720**	**12,720**	**(1,859)**	**(9,234)**	**412,724**	**478,071**	**8,070**	**486,141**
Balance as of January, 1, 2013	**—**	**—**	**(4,258)**	**(28,683)**	**628,482**	**595,541**	**2,657**	**598,198**
Comprehensive income for the year								
Profit for the year	—	—	—	—	105,826	105,826	5,049	110,875
Effective portion of fair value change in cash flow hedges, net of tax effect	—	—	3,259	—	—	3,259	—	3,259
Translation differences on foreign investments	—	—	—	(20,567)	(2,870)	(23,437)	129	(23,308)
Gains (losses) on net investment hedge, net of tax effect	—	—	—	4,347	—	4,347	—	4,347
Net actuarial losses on defined employee benefit plans, net of the tax effect	—	—	—	—	(9,727)	(9,727)	—	(9,727)
Total comprehensive income for the year	**—**	**—**	**3,259**	**(16,220)**	**93,229**	**80,268**	**5,178**	**85,446**
Contributions by and distributions to owners of the parent								
Incorporation of WDF SpA (March 27, 2013	120	—	—	—	10	130	—	130
Demerger effect	63,600	12,720	—	—	(76,320)	—	—	—
Transaction costs for the issuance and the listing of the shares	—	—	—	—	(8,956)	(8,956)	—	(8,956)
Dividend distribution	—	—	—	—	(220,000)	(220,000)	(1,080)	(221,080)
Changes in Group consolidation scope	—	—	—	—	(35,962)	(35,962)	1,397	(34,565)
Share-based payments	—	—	—	—	(38)	(38)	—	(38)
Total contributions by and distribution to owners of the parent	**63,720**	**12,720**	**—**	**—**	**(341,266)**	**(264,826)**	**317**	**(264,509)**
Balance as of December 31, 2013	**63,720**	**12,720**	**(999)**	**(44,903)**	**380,445**	**410,983**	**8,152**	**419,135**

* The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1 "Accounting policies, basis of preparation and consolidation".

1.5 STATEMENT OF CASH FLOWS

	Note	2014	of which related parties	2013*	of which related parties
		For the twelve months period ended 31 December			
			In thousands of EURO		
Cash and cash equivalents at the beginning of the year	2.4.1	**22,772**	**—**	**18,684**	**—**
Pre-tax profit and net financial expense for the year		140,581	(6,163)	165,603	(4,006)
Amortization, depreciation and impairment losses on non-current assets, net of reversals		103,215	—	91,277	—
Impairment losses and (gains)/losses on disposal of financial assets	2.5.8	(10,639)	—	(2,041)	—
(Gains)/Losses on disposal of non-current assets		(238)	—	488	—
Change in working capital		(31,126)	(13,284)	(20,159)	302
Linearization of concession fees		8,479	—	—	—
AENA Advances (increase)/Decrease	2.4.3	29,237	—	(261,925)	—
Net change in non-current non-financial assets and liabilities		15,436	—	13,087	—
Cash flows from/(used in) operating activities		**254,945**	**—**	**(13,670)**	**—**
Net taxes paid		(49,070)	—	(50,800)	—
Net interest paid		(42,764)	(128)	(31,582)	(637)
Net cash flows from/(used in) operating activities		**163,111**		**(96,052)**	**—**
Acquisition of the US Retail Division		(13,237)	—	(76,124)	—
Acquisition of property, plant and equipment	2.4.6 - 9	(72,926)	—	(49,689)	—
Proceeds from sale of property, plant and equipment		3,220	—	152	—
Proceeds from the sale of associates		22,540	—	—	—
Proceeds from the sale of subsidiaries		950	—	—	—
Net change in non-current financial assets		(3,581)	—	(26,077)	—
Net cash flows used in investing activities	2.2.2	**(63,034)**		**(151,738)**	
Opening of new non-current loans	2.4.16	921,864	—	1,124,922	—
Repayment of non-current loans	2.4.16	(979,134)	—	(645,111)	(70,000)
Repayments of current loans, net of new loans	2.4.16	(14,381)	(4,379)	5,973	—
Dividends paid	2.4.20	(4,106)	—	(220,080)	(220,000)
Transaction costs for the issue and listing of the shares		(2,775)	(1,716)	(5,681)	1,789
Incorporation of World Duty Free, SpA	2.4.20	—	—	130	—
Other cash flows		1,558	—	(6,834)	—
Net cash flows from/(used in) financing activities		**(76,974)**		**253,319**	
Net increase/(decrease) in cash and cash equivalents		**23,103**		**5,529**	
Effect of exchange rate fluctuation on net cash and cash equivalent		7,221		(1,441)	
Cash and cash equivalents at the end of the year	2.4.1	**53,096**		**22,772**	

* The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1 "Accounting policies, basis of preparation and consolidation".

Group Operations

About the Group

World Duty Free S.p.A. (hereafter also referred to as "WDF S.p.A.") is a public limited com pany incorporated on March 27, 2013 under the laws of the Italian Republic. The duration of the company is fixed at December 31, 2070. WDF S.p.A.'s registered office is located in Novara, Via Greppi 2. The secondary office is located in Milan, Corso di Porta Vittoria, 16.

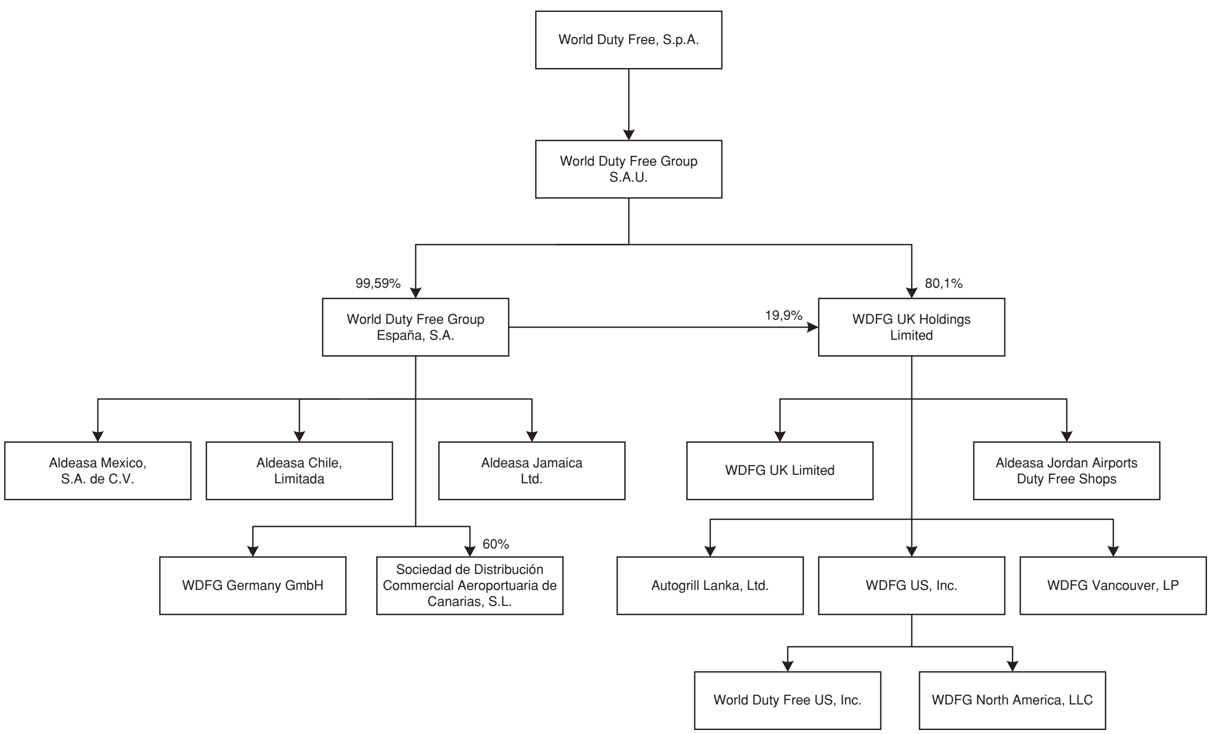
The company is a subsidiary of Schematrentaquattro S.p.A., which holds, as of December 31, 2014 50.1% of its share capital. Schematrentraquattro S.p.A. is fully owned by Edizione S.r.l..

WDF S.p.A. and its subsidiaries (the "WDF Group", "WDFG" or the "Group") are engaged, almost exclusively at airport venues, in the sale of fragrances and cosmetics, spirits, tobacco products and other items with "duty free" and "duty paid" tax status.

The WDF Group operates stores throughout the world in the following geographical regions: (i) United Kingdom; (ii) rest of Europe (mainly Spain, but also Finland, Germany and Italy); (iii) Americas (mainly Brazil, Canada, Chile, Curaçao, Jamaica, Mexico, Peru and the United States of America); and (iv) Asia and Middle East (mainly India, Jordan, Kuwait, and Sri Lanka).

Group structure

The Group's main companies are shown in the chart below:



On June 18, 2014, the Board of Directors of World Duty Free S.p.A approved the project to streamline and optimise the Group's organisational structure by merging World Duty Free Group S.A.U. and World Duty Free Group España S.A.. The General Meetings of the respective companies, held on December 15, 2014, approved the merger, which became effective in January 2015 when the relevant public deed was filed. The resulting entity is called World Duty Free Group, S.A..

For a complete list of the WDF Group's subsidiaries at December 31, 2014, please see Annex 1.

The Group holds the majority of the voting rights in all its subsidiaries. There are no individually significant non-controlling interests. The subsidiaries with non-controlling interests are:

- Sociedad de Distribución Comercial Aeroportuaria de Canarias, S.A..This company operates stores in the airports of the Canary Islands (Spain), most of them included in the concession agreement entered into with AENA for Lot 3 as described below;
- World Duty Free Group North America, LLC and its subsidiaries. This subgroup is composed of 27 companies. As detailed in Annex 1, the Group holds the majority of the shares or quotas in said companies. Indeed, local laws require that operations carried out with public entities, such as airport companies, involve "accredited disadvantaged business enterprises" (for instance, ethnic minorities). There are no individually significant non-controlling interests.

The competitive scenario

The WDF Group runs its activities under the duty free and the duty paid regimes. In particular, under the duty free regime, goods sold are exempt from import taxes, customs and other taxes while under the duty paid regime, import taxes and other taxes are applied to the goods sold. As regarding the stores managed in the European Union, in accordance with Directive 91/680/CEE of December 16, 1991 (superseded by Directive 2006/112/CEE) the duty paid regime applies if the passenger's final destination is domestic or a European Union member state, while the duty free regime applies if the passenger's final destination is outside of the European Union.

The airport stores are typically operated pursuant to so called concession agreements entered into by the airport authorities (as licensors) and the group (as licensee). The conditions, duration and fees payable are set in each of the concession agreements and they may differ significantly from one agreement to the other. The most significant agreements are those signed with the former BAA Airports Limited and with AENA in the case of the United Kingdom and Spain, respectively.

The UK Framework agreement

In May 2008, the Group and the UK Airports Operators[1], all belonging to BAA Group at that date, entered into a Framework Agreement, which provides the terms and conditions under which WDFG manages certain retail shops located in the commercial areas of the London Heathrow, Gatwick and Stansted airports and of the Southampton, Edinburgh, Glasgow and Aberdeen airports for the sale of certain categories of goods (e.g. "Beauty", "Tobacco", "certain Food" and "Liquor" categories). The framework agreement is supplemented by specific attachments entered into at a later stage as a result of transfers of ownership of some of the UK Airports Operators. However, the contents of the individual agreements reflect the original framework agreement.

The Framework Agreement will expire upon either expiration or termination of all concession agreements with the individual airports. The individual concession agreements will expire on May 21, 2020, and WDFG may benefit from a three-year extension subject to certain conditions being met. Furthermore, on October 2, 2014, the Group and Heathrow Airports Ltd agreed a six years and six months extension of its concession agreements to operate at Heathrow. The extension applies to stores

[1] Heathrow Airport Ltd, Gatwick Airport Ltd, Stansted Airport Ltd, Southampton International Airport Ltd, Edinburgh Airport Ltd, Glasgow Airport Ltd and Aberdeen Airport Ltd

currently operated by WDFG in all Heathrow terminals, postponing the expiration of the agreement from 2020 to 2026.

The fees WDFG shall pay under each concession agreement are equal to the greater of: (i) a variable fee that is calculated by applying to the revenue a percentage provided under each individual concession agreement for every category of product and tax regime; and (ii) a yearly minimum guaranteed fee provided under each Individual Concession Agreement. The minimum guaranteed fees are calculated in relation to the number of outgoing international passengers.

The AENA agreements in Spain

On June 29, 2012, AENA, in accordance with the principles foreseen in the Spanish Law 31/2007 for negotiation procedures, issued a public call to tender for the “Travel Retail” activity under the “Duty Free” and “Duty Paid” systems in premises allocated by AENA Aeropuertos, S.A. for this business for the period 2013-2020.

The tender was grouped in three different lots of airports:

i. Lot 1, composed of 11 airports, Madrid being the main one

ii. Lot 2, composed of 9 airports, Barcelona being the main one

iii. Lot 3, composed of 6 airports, all of them located in the Canary Islands.

On December 18, 2012, AENA’s Directors agreed to award the new contracts for the three airport Lots to the WDF Group.

In February 2013, WDF subsidiaries World Duty Free Group España S.A. (in connection with Lots 1 and 2) and Sociedad de Distribución Comercial Aeroportuaria de Canarias S.L. (in connection with Lot 3) and AENA executed the corresponding agreements (the “AENA Agreements”).

The three Lots are governed by separate agreements, with a rent which is the higher of i) a variable percentage of sales and ii) a Minimum Annual Guarantee (MAG). Variable percentages of sales and MAG differ by Lot.

The agreed rents are based on the long-term traffic forecasts issued by AENA at the time of the tender in 2012. The MAGs for the lots over the contract term are shown in the table below:

Year	Lots 1 and 2	Lot 3
	In thousands of EURO	
2013	97,620	2,638
2014	152,872	25,740
2015	206,106	42,305
2016	229,119	48,422
2017	247,531	54,937
2018	263,270	57,731
2019	280,898	60,410
2020	266,809	52,305
Total	**1,744,225**	**344,488**

In February 2013, the Group paid to AENA, as set out in the AENA Agreements: (i) the sum of Euro 278,933 thousand (plus VAT amounting to Euro 58,576 thousand) as advance payment of a portion of the concession fees payable over the duration of the contracts; and (ii) Euro 27,318 thousand as a security deposit. The advance payment is to be gradually recovered by means of deductions from the concession fees payable over the duration of the AENA Agreements (see Note 2.4.3) based on a calendar agreed between the parties. The security deposit will be reimbursed in full at the end of the concession agreement provided that the Group's contractual obligations under the AENA Agreements are satisfied. (see Note 2.4.11).

Pursuant to the terms of the AENA Agreements, three bank guarantees (one per Lot) were provided to the Spanish airport company on behalf of the WDF Group to cover its contractual obligations under the Agreements. For additional details, please see the more comprehensive information provided in note 8 "Guarantees provided, commitments and contingent liabilities."

Apart from the payment of the concession fees described above, the company shall pay an additional rent for the support spaces as well as fulfil investment commitments of Euro 94 million throughout the life of the agreements.

In addition to the contracts for Lots 1, 2 and 3, the Group operates other stores in the Spanish airports awarded in different tenders. The operations of these stores are governed by agreements separate from the AENA agreements and represent less than 1.5% of the consolidated revenue of the Group in 2014.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION

The main measurement criteria and significant accounting policies adopted in the preparation of these consolidated financial statements are described below.

General standards

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (International Accounting Standards—IAS and International Financial Reporting Standards—IFRS) issued by the International Financial Reporting Standards Board and endorsed by the European Union (EU-IFRS), supplemented by the respective interpretations (Standing Interpretations Committee—SIC and International Financial Reporting Interpretations Committee—IFRIC) (all of the abovementioned standards and interpretations are being hereinafter referred to as the "IFRS").

Moreover, please note that the IFRS have been applied consistently for all of the periods presented in these consolidated financial statements.

For a better understanding of the financial statements, the Group reclassified a number of line items compared with the information for the previous year. These changes had no impact on equity and the result for the previous year. The main reclassifications are set out below:

- Advance to suppliers of merchandise, amounting to Euro 2,182 thousand, have been reclassified from "Inventories" to "Trade receivables".
- Employee benefit liabilities are presented in separate lines of the statement of financial position. Current liabilities include Euro 25,285 thousand that were presented as at December 31, 2013 under 'Other payables', while the amount recognized under non-current liabilities is Euro 15,232 thousand and includes Euro 2,752 thousand presented as "Other non-current payables" as well as Euro 11,904 thousand classified as "Defined benefit plans" as at December 31, 2013.
- Accrued interest, amounting to Euro 1,615 thousand, has been reclassified from "Other financial liabilities, current" to "Bank loans and borrowings, current"

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

- The fees earned on credit card collections, amounting to Euro 1,083 thousand, have been reclassified from “Other operating expense” to “Other operating income”.
- Transport costs, amounting to Euro 5,579 thousand, have been reclassified from “Other operating expense” to “Cost of supplies and goods”
- Costs for leases, rents, concessions and royalties have been reclassified as follows: fees were reclassified to “Concession fees” and rents, totaling Euro 17,717, to “Other operating expense”.

The Consolidated Financial Statements have been prepared in accordance with the resolutions regarding the financial statement presentation format adopted by CONSOB in implementation of Article 9 of Legislative Decree No. 38/2005 and other CONSOB regulations and resolutions concerning financial statements.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for the items that, in accordance with IFRS, are measured at fair value, as specified in the individual accounting policies below, and in accordance with the going concern assumption. They have been prepared with clarity and give a true and fair view of the financial position, results of operations and cash flows of the WDF Group.

Below are described the nature and impact of the accounting standards and amendments issued by the IASB and endorsed by the European Union which were adopted for the first time in these financial statements:

- **IFRS 10, ‘Consolidated financial statements’:** establishes the principles for the preparation and presentation of the consolidated financial statements, introducing a new and comprehensive control framework.
- **IFRS 11, ‘Joint arrangements’:** establishes the principles to be followed in classifying joint arrangements and the related accounting treatment in the consolidated and separate financial statements.
- **IFRS 12, ‘Disclosure of interests in other entities’:** sets out the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates and consolidated and unconsolidated structured entities.
- **IAS 28 “Investments in associates and joint ventures”:** establishes the principles to identify instances of significant influence over an associate. It also introduces the criteria for the application of the equity method with reference to associates and joint ventures.
- Amendments to IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosure of interests in other entities: Transition guidance and amendments to IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities, IAS 27 Separate financial statements and IAS 28 Investments in associates and joint ventures: investment entities: these amendments clarify certain implementation issues and the criteria to be followed in the accounting of subsidiaries, associates and joint venture when the parent is an investment entity.
- **Recoverable Amount Disclosures for Non-Financial Assets—Amendments to IAS 36:** these amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

disclosure of the recoverable amounts for the assets or cash generating units (CGUs) for which an impairment loss has been recognized or reversed during the period.

- **Novation of Derivatives and continuation of Hedge Accounting—Amendments to IAS 39:** these amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.
- Offsetting financial assets and financial liabilities—Amendments to IAS 32: these amendments clarify the offsetting criteria in IAS 32.

The application of new standards and amendments had no significant impact on the Group's consolidated financial statements, except for additional disclosure requirements concerning non-controlling interests.

The WDF Group did not adopt early the standards or interpretations reported below, which are mandatory for annual periods beginning on or after 1 January 2015.

New standards and interpretations not yet applicable

The table below lists the IFRS, interpretations, amendments to existing standards and interpretations or specific provisions contained in standards or interpretations approved by the IASB, showing those that were endorsed and not endorsed by the European Union as of the date of the preparation of these consolidated financial statements.

Description	Endorsed by the EU at the date of the financial statements	IASB Effective date
IFRS 9 Financial Instruments	No	January 1, 2018
IFRS 14 Regulatory deferral accounts	No	January 1, 2016
IFRS 15 Revenue from contracts with customers	No	January 1, 2017
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities:		
Applying the consolidatin exception	No	January 1, 2016
Amendments to IAS 1: Disclosure Initiative	No	January 1, 2016
Annual Improvements to IFRSs 2012-2014 Cyde	No	January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	No	January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	No	January 1, 2016
Amendmentst to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	No	January 1, 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	No	January 1, 2016
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	Yes	July 1, 2014
Annual Improvements to IFRSs 2010-2012 Cyde	Yes	July 1, 2014
Annual Improvements to IFRSs 2011-2013 Cyde	Yes	July 1, 2014
IFRIC 21 Levies	Yes	January 1, 2014

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

The WDF Group is assessing the potential impact on the consolidated financial statements resulting from the application of these standards. However, based on a preliminary analysis, no significant effects should arise from the application of the above mentioned accounting standards.

Basis of preparation of the comparative figures

Demerger of Autogrill S.p.A. in favor of World Duty Free S.p.A. and basis of presentation of the comparative figures

On October 1, 2013, the partial proportional demerger of Autogrill S.p.A. in favor of WDF S.p.A. (the "Demerger") became effective, following the resolutions of the respective shareholders' meetings on June 6, 2013.

Under the Demerger, Autogrill S.p.A. transferred to WDF S.p.A. its investment in World Duty Free Group S.A.U. ("WDFG SAU"), a parent of a group operating in the Travel Retail & Duty Free sector ("Group WDFG SAU"). The Demerger was considered a "business combination involving entities or businesses under common control". It was therefore excluded from the application of IFRS 3 and IFRIC 17 (International Financial Reporting Committee) and was recognized applying the continuity of values principle.

For the purpose of the Demerger, WDF S.p.A. prepared and issued on September 26, 2013 the information document, pursuant to Article 57, paragraph 1, letter d) of the Issuers Regulation (the "Information Document") for the admission to trading on the Mercato Telematico Azionario (MTA) of its shares, in order to make available information deemed by CONSOB equivalent to the information contained in a listing prospectus.

Consistently with the approach already followed in the consolidated financial statements of the Group as of and for the year ended December 31, 2013, the comparative figures from 2013 concerning the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement included in these Consolidated Financial Statements represent the combined financial position and results of operations of the WDF Group for the annual period ended December 31, 2013, irrespective of the Demerger's effective date (October 1, 2013). Therefore, the comparative figures represent the combined financial position and results of operations of WDF S.p.A. for the period from March 27, 2013 (date of incorporation) to December 31, 2013 and the consolidated results of the WDFG SAU Group for the twelve month period ended December 31, 2013.

For further information about the Demerger and the basis of preparation of the Group's comparative financial information, please refer to the consolidated financial statements of the WDF Group as of and for the year ended December 31, 2013.

Structure, format and content of the Consolidated Financial Statements

The WDF Group made the following choices regarding the presentation format and content of the Consolidated Financial Statements:

(i) in the statement of financial position, current and non-current assets and liabilities are shown separately;

(ii) in the income statement, costs and revenue are classified by nature;

(iii) the statement of comprehensive income is presented separately;

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

(iv) the statement of cash flows is presented using the indirect method.

The presentation formats used, as described above, are those most suitable to present the results of operations, financial position and cash flows of the WDF Group.

The WDF Group's financial statements are presented in Euro, which is the Group's presentation currency. The amounts in the statements as well as the tables in the notes are in thousands of Euros, unless otherwise indicated.

Consolidation scope and criteria

Consolidation scope

There were no changes in the consolidation scope during 2014 compared to 31 December 2013, except for the sale of the equity investment in the wholly-owned subsidiary Palacios y Museos S.L.U, completed in September 2014, and the acquisition of Finnair's stores in Helsinki airport by the subsidiary WDFG Helsinky Oy. Please refer to note 2.2 for more information.

In 2014, Palacios y Museos S.L.U. contributed Euro 8,065 thousand to the Group's consolidated revenue.

Subsidiaries

Subsidiaries are entities the Group either controls or is exposed to variable returns from its involvement with the entity, or has rights to them, and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

In the event control is lost, the Group derecognizes the assets and liabilities of the former subsidiary, as well as any non-controlling interests and the other components of equity related to subsidiaries. Any gain or loss associated with the loss of control is recognized in profit/(loss) for the year. Any investment retained in the former subsidiary is initially recognized at its fair value when control is lost.

Below is the basis of consolidation:

(i) *Accounting and timing standardization*

The financial statements of each company in the scope of consolidation are prepared following the local policies and adjusted, if needed, to follow the Group accounting policies, based on EU-IFRS.

If one entity closes its financial statements on a date other than that of the consolidated financial statements, its consolidation takes into account interim financial statements for the same date and period of time of the consolidated financial statements.

World Duty Free Group North America, LLC and its subsidiaries close their financial year on the Friday closest to December 31 and divide it into 13 four-week periods, which in turn are grouped into 12-week quarters with the exception of the last, which is a 16-week quarter. As a result, the relevant accounting data included in the 2014 consolidated financial statements cover the period from January 5, 2014 to January 2, 2015.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

(ii) *Translation of the financial statements of foreign entities*

The financial statements of each company in the scope of consolidation are prepared in its functional currency. For the purpose of the consolidated financial statements, the asset and the liabilities of subsidiaries with a functional currency other than the Euro (including goodwill and fair value adjustments generated by the acquisition of a foreign business) are translated at the year-end rates. Income and expense are converted at the average exchange rates for the year, which approximate those at the date of the transactions. Exchange rate differences are recognized in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity.

Below are the main exchange rates used to translate the financial statements of the main subsidiaries with a functional currency other than the Euro:

	2014		2013	
	Rate on December 31	Average rate for the year	Rate on December, 31	Average rate for the year
US Dollar	1.2141	1.3285	1.3791	1.3281
British pound	0.7789	0.8061	0.8337	0.8493
Canadian dollar	1.4063	1.4661	1.4671	1.3684
Mexican peso	17.8975	17.6733	18.0446	16.9646

(iii) the assets and liabilities, revenue and costs of the subsidiaries are consolidated line by line and the proportionate share of equity and profit (loss) is allocated to non-controlling interests where applicable; equity and profit (loss) attributable to non-controlling interests are reported separately in equity, the income statement and the statement of comprehensive income;

(iv) significant gains and losses, with the related tax effects, arising from transactions between consolidated companies, and not yet realized with third parties, are eliminated, unless the transaction provides evidence of impairment of the asset transferred. Intragroup payables and receivables, expenses and revenue, and financial income and expenses are also eliminated if significant.

Interests in equity-accounted investees

Interests in equity-accounted investees are represented by associates.

Associates are companies over whose financial and operational policies the WDF Group has a significant influence, but not control or joint control. According to the equity method, they are initially recognized at cost. Subsequently, the Group recognizes its share of the profit or loss and other comprehensive income of the investee until the date on which significant influence ceases or the investment is classified as held for sale.

The amount by which the acquisition cost exceeds the Group's share of the fair value of the associate's assets, liabilities and contingent liabilities identifiable on acquisition is recognized as goodwill.

Business combinations

The WDF Group applies the acquisition method to business combinations except for those under common control. Under the acquisition method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

and of the liabilities assumed by the WDF Group on the date of acquisition and the equity instruments issued in exchange for control of the company acquired. Costs incidental to the acquisition are recorded in the statement of comprehensive income as incurred.

The identifiable assets acquired and the liabilities assumed are recognized at fair value on the acquisition date, except for the following items which are recognized in accordance with their relevant accounting policy:

- Deferred tax assets and liabilities;
- Employee benefit assets and liabilities;
- Liabilities or equity instruments relating to share-based payments of the company acquired or to payments based on the shares of the WDF Group, issued to replace contracts of the company acquired;
- Assets held for sale and discontinued operations.

Goodwill acquired in a business combination is allocated to the cash-generating units expected to benefit from the synergies of the combination.

For each business combination, any non-controlling interest in the acquiree is measured at fair value or in proportion to the non-controlling interests in the acquiree's net identifiable assets. Goodwill arising from the acquisition is recognized as an asset and is initially measured as the excess between the consideration transferred and the net value at the acquisition date of the identifiable assets acquired and the identifiable liabilities assumed. In case of a business combination achieved in stages, the interest previously held in the acquiree is re-measured at its acquisition-date fair value and any resulting gain or loss is recognized in profit or loss.

Business combinations under common control

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and such control is not transitory, are considered business combinations involving entities "under common control". Business combinations under common control are excluded from the scope of IFRS 3 "Business Combinations", which governs the accounting for business combinations, and from other IFRS. In the absence of an applicable accounting standard, such transactions should be accounted for considering the requirements of IAS 8, ensuring the reliable and faithful representation of the transaction. The accounting principles chosen to account for business combinations under common control should reflect the economic substance of the transaction, independent of the legal form. The key driver when considering the accounting treatment is the economic effect of the transaction, which should make reference to an increase in value which should be realized as a significant variation in cash flows of the net assets transferred.

In relation to the accounting treatment of the transaction, the Group also follows the current guiding principles and interpretations, in particular the guidance set out by OPI 1 (Assirevi preliminary guidelines regarding IFRS) "Business combinations of entities under common control in separate and consolidated financial statements".

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

The WDF Group recognises net assets transferred in a business combination under common control based on the pre-acquisition carrying amount as presented in the consolidated financial statements of the common parent and recognizes the difference between the consideration amount and the net asset value of the assets transferred as an adjustment to the consolidated equity reserves attributable to the WDF Group.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Group's company at the exchange rates ruling at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency based on the exchange rate ruling at the reporting date. Exchange rate differences are recognized in profit or loss.

Cash and cash equivalents

"Cash and cash equivalents" include cash and current accounts with banks and post offices, as well as demand deposits and other highly liquid short-term financial investments (maturity of three months or less on the acquisition date) that are immediately convertible to cash; they are stated at face value as they are subject to no significant risk of impairment.

Trade and other current and non-current assets

"Trade receivables" and "Other assets" are initially recognized at fair value, and subsequently at amortized cost using the effective interest method. They are reduced by estimated impairment losses.

In accordance with IAS 39, factored receivables are derecognized if the contract entails the full transfer of the associated risks and rewards (contractual rights to receive cash flows from the asset). The difference between the carrying amount of the asset transferred and the amount received is recognized in the income statement.

Other financial assets

"Other financial assets" are recognized or derecognized on the transaction date and are initially measured at fair value, including direct acquisition costs.

Subsequently, the financial assets that the Group has the intention and capacity to hold to maturity (held to maturity investment) are measured at amortized cost net of impairment losses. Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each reporting date at fair value. If the financial assets are held for trading, gains and losses arising from changes in fair value are recognized in that year's income statement. Fair value gains and losses on other financial assets available for sale are recognized directly in comprehensive income and presented under equity until they are sold or impaired. In this case, total gains or losses previously recognized in equity are tak en to the income statement.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. If the amount of

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

impairment loss subsequently decreases after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Inventories

Inventories are recognized at the lower of purchase cost and market value. Purchase cost includes directly attributable expenses, net of discounts, calculated using the average cost method. When the carrying amount of inventories is higher than their net realizable value, they are written down and an impairment loss is recognised in the income statement. The recoverability of inventories is tested at the end of each year. If the reasons for the impairment loss cease to apply, they are reversed to an amount not exceeding purchase or production cost.

Property, plant and equipment and investment property

"Property, plant and equipment" and "Investment property" are recognized when it is probable that use of the asset will generate future benefits and when the cost of the asset can be reliably determined. They are stated at purchase price or production cost, including ancillary charges and direct or indirect costs to the extent that can reasonably be attributed to the asset. Cost includes reasonably estimated expenses (if compatible with IAS 37) that are likely to be incurred on expiry of the relevant contract to restore the asset to the contractually agreed condition, assuming that maintenance will continue to be carried out properly and with the usual frequency.

Components of significant value or with a significantly different useful life to that of the asset to which the component belongs are considered separately when determining depreciation.

Costs incurred to enhance and maintain an asset that produce a material and tangible increase in its productivity or safety or extend its useful life are capitalized and increase the carrying amount of the asset. Routine maintenance costs are taken directly to the income statement.

Leasehold improvements are included in "Property, plant and equipment" on the basis of the type of cost incurred. They are depreciated over the asset's residual useful life or the term of the contract, whichever is shorter.

"Property, plant and equipment" and "Investment property" are systematically depreciated on a straight-line basis at rates deemed to reflect their estimated useful lives. The WDF Group reviews the useful life of property, plant and equipment and investment property annually.

The depreciation periods used are as follows:

	Estimated useful life
Buildings and investment property	25 - 50 years
Plant and machinery	3 - 15 years
Other equipment	4 years
Furniture	4 - 10 years
Electronic machinery	4 - 10 years
Motor vehicles	6 years
Other	4 - 10 years

Land is not depreciated.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

An asset's useful life is reviewed annually and is changed when maintenance work during the year has involved enhancements or replacements that materially change its useful life.

Regardless of depreciation already recognized, if there are impairment losses (determined as described under "Impairment losses on non financial assets"), the asset is written down accordingly.

The gain or loss from the sale of property, plant or equipment or investment property is the difference between the net proceeds of the sale and the asset's carrying amount, and is recognized under "Other operating income" or "Other operating expense".

Goodwill

Goodwill arising from the acquisition of subsidiaries is shown separately in the statement of financial position.

Goodwill is not amortized, but is subject to impairment testing on a yearly basis or when specific events or changed circumstances indicate the possibility of a loss in value. After its initial recognition, goodwill is measured at cost net of any accumulated impairment losses. For more details please refer to the following paragraph "Impairment losses on non-financial assets".

Upon the sale of a company or part of a company whose previous acquisition gave rise to goodwill, the residual value of the goodwill is taken into consideration in order to determine gain or loss from the sale.

Other intangible assets

"Other intangible assets" are recognized at purchase price or production cost, including ancillary charges, and amortized on a systematic basis over their useful life when it is likely that use of the asset will generate future economic benefits.

The WDF Group reviews the estimated useful life and amortization method of these assets annually and whenever there is evidence of possible impairment losses. If impairment losses arise—determined in accordance with the section "Impairment losses on non-financial assets"—the asset is impaired accordingly.

The following are the amortization periods used for the various kinds of intangible assets:

	Estimated useful life
Concessions	7 - 20 years
Licenses and trademarks	5 - 20 years
Software	3 years
Other	Term of the right

Concessions

The Group operates a significant number of stores worldwide, located mainly in airports. The concessions granted by the airport authorities may comprise one or several stores and are awarded either in a public or in a private tender or as a result of private negotiations.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

The airport authorities grant the right to sell a pre-defined assortment of products to travelers during the concession period as defined in the concession agreements, which typically define, among other aspects:

- concession fees;
- investment commitments;
- positioning of the stores.

The concession fees may be:

- fixed;
- variable:
  - based, for instance, on the space allocated, sales, or the number of passengers;
  - they may include a minimum guaranteed amount, either fixed or increasing over time, calculated on the basis of the space allocated, sales, the number of passengers, average spending per passenger, or a combination of these factors.

The Group analyzes the various contractual provisions in order to assess whether or not the agreements qualify as operating leases. Often, the agreements include provisions that may suggest they are operating leases, and other elements that may lead to different conclusions.

As the IFRSs do not include specific references to the accounting for concession agreements, the Group refers to IAS 17 and the relevant interpretations also in accounting for those concession agreements that do not immediately qualify as operating leases.

Fixed concession fees that remain constant over time are accounted for based on contractual provisions. Fixed concession fees that may increase or decrease over time are accounted for on a straight-line basis over the term of the agreement, except if there are other contractual provisions concerning the allocation of the overall expense, recognizing a liability or an asset through profit or loss in a specific line item called "concession fees—linearization" for the excess/shortfall over/under the contractual amount for the individual year.

Entirely variable concession fees are accounted for using the accrual basis of accounting according to contractual provisions.

For concession agreements providing for variable fees as well as minimum guaranteed fees, the Group's management carries out an analysis at the time they are entered into to assess the likelihood the minimum guaranteed amounts will be paid on a recurring basis over the term of the agreement. This analysis considers a series of factors, including the existence of mechanisms to adjust the minimum guaranteed amounts in the future, together with the Group's management assessment of the likelihood that these adjustments will occur, as well as the probability that the variable fees, calculated based on sales estimates for the term of the agreement, will exceed the minimum guaranteed amounts. Therefore, if the assessment suggests that concession fees will be essentially variable, the Group will recognize them to the extent of the variable fee established in the agreement; conversely, if concession fees are likely to correspond to the minimum guaranteed amounts, they will be recognized as described above concerning fixed concession fees, on a straight line basis through the linearization of the cost over the term of the contract. In the event the circumstances change, the Group's management revises its previous assessments concerning the likelihood the minimum guaranteed amounts will be paid; the

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

change in estimates and the relevant accounting effects are recognized prospectively over the remaining contractual term of the concession agreement.

Leases

Lease contracts are classified as finance leases if the terms of the contract are such to transfer all risks and benefits of ownership to the lessee. All other lease contracts are treated as operating leases.

Assets acquired under finance leases are recognized at fair value as of the commencement date of the contract less ancillary charges and any expenses for replacing another party in the lease, or, if lower, at the present value of the minimum payments due under the contract. The corresponding liability to the lessor is charged to "Other financial liabilities". Lease payments are split into principal and interest, using a constant interest rate over the life of the contract. Financial expense is recognized in the income statement.

Operating lease payments are recognized using the method above described for Concessions, to which reference should be made.

Impairment losses on non-financial assets

Annually, or when specific events or changed circumstances indicate the possibility of a loss in value, the WDF Group evaluates whether there is internal or external evidence of impairment of its property, plant and equipment or intangible assets with definite useful life. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the WDF Group estimates the recoverable amount of the cash-generating unit to which the asset belongs; a cash-generating unit (CGU) is a group of assets that generates cash flows largely independent from other assets or groups of assets. With regard to property, plant and equipment used in the sales network, this minimum aggregation unit is the sales outlet or sales outlets covered by a single concession agreement.

Goodwill and indefinite life intangible assets are tested for impairment at each reporting date and any time there is evidence of possible impairment. The cash-generating units to which goodwill has been allocated are grouped so that the level of detection of impairment reflects the lowest level at which goodwill is monitored for internal reporting purposes, though reflecting the maximum level of this aggregation represented by the operating segment.

Group management performs impairment testing as follows: i) the recoverable amount is calculated for each cash-generating unit, although in the case of property, plant and equipment, whenever possible, impairment is calculated for each individual item; ii) the recoverable amount is the higher of fair value less costs to sel l and value in use. In determining value in use, the estimated future cash flows are discounted to their current value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Every year senior management prepares a five-year business plan, by market and activity, for each CGU. The main components of this plan are profit and loss projections and investment and working capital projections. Other factors which affect the calculation of recoverable amount are: i) the discount rate to be applied, understood to be the average cost of capital, considering the specific risks of the assets; and ii) the cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets and forecasts; iii) the estimated probability that the concessions will be renewed.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

The projections are prepared on the basis of past experience and the best estimates available, which are consistent with external sources of information.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, it is reduced to the recoverable amount. Impairment losses are recognized in the income statement.

Impairment losses on cash-generating units are first deducted from the carrying amount of any goodwill attributed to the unit; any remaining amount is deducted from the other assets of the unit (or group of units) in proportion to their carrying amount.

If the reason for the impairment no longer exists, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the carrying amount net of depreciation/amortization that the asset would have had if the impairment loss had not been recognized. The reversal of impairment losses is taken to the income statement.

Based on the Group's organizational structure and activities, the cash-generating units are essentially the same as the geographical areas.

Trade payables

Trade payables are initially recognized at fair value (normally the same as face value) net of discounts, returns or billing adjustments, and of all directly attributable ancillary costs, and subsequently at amortized cost, if the financial effect of payment deferral is material.

Loans and borrowings

Interest-bearing loans, bank loans and current account overdrafts are initially recognized at fair value taking account of the amounts received, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, if the financial effect of payment deferral is material.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is rendered. The WDF Group recognizes a liability for the amount expected to be paid if it has a present, legal or constructive obligation to make such payments as a result of past events and the obligation can be estimated reliably.

Share-based payment transactions

The grant-date fair value of equity settled share-based payment bonuses granted to employees is recognized under expenses, with a corresponding increase in equity, over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of equity instruments for which the related service and non-market performance conditions are met, such that the amount ultimately recognized as an expense is based on the number of equity instruments that satisfy those conditions at the vesting date. For share-based payment bonuses with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions. Concerning

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

non-vesting conditions, any differences between the assumptions made at the grant date and the actual outcome have no accounting impact.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to payment. The liability is measured at each reporting date and at the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognized in the income statement.

Defined contribution plans

Contributions to be paid to defined-contribution plans are expensed as employees render their service; the contributions paid in advance are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined benefit plans

The WDF Group's net obligations is respect of its defined benefit plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted and the fair value of any plan assets is deducted from liabilities.

An independent actuary calculates the obligation using the projected unit credit method. If the calculation generates a contingent asset for the Group, the carrying amount of said asset is limited to the present value of economic benefits available in the form of cash refunds from the plan or reductions in future contributions to the plan. To establish the present value of these economic benefits, the minimum funding requirements applicable to any Group plan are considered.

Actuarial gains and losses, the returns on plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) arising from the re-measurement of the net liability for defined benefit plans are immediately recognized in other comprehensive income. Net interest for the period on the net defined benefit liability/(asset) is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net liability/(asset), accounting for any changes in the net defined benefit liability/(asset) occurred during the period as a result of the contributions received and the benefits paid. Net interest and the other costs relating to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit relating to past service by employees or the gain or loss on curtailment is recognised in profit or loss when the plan amendment or curtailment occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted. Remeasurements are recognized in profit or loss in the period in which they arise.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

Post-employment benefits

Post-employment benefits are recognized as an expense when the Group is demonstrably committed without possibility of withdrawal to provide them or, if earlier, when the Group recognizes the restructuring costs. Termination benefits that fall due more than twelve months after the reporting period are discounted.

Provisions for risks and charges

Provisions are recognized when the WDF Group has a present obligation as a result of a past event and will likely have to use resources in order to produce economic benefits that satisfy that obligation, and when the amount of the obligation can be reliably determined.

Provisions are based on the best estimate of the cost of fulfilling the obligation as of the reporting date, and when the effect is material, are discounted to their present value.

An onerous contract provision is recognized when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. The provision is measured at the present value of the lower of the cost of terminating the contract and the net cost of continuing with the contract. Before a provision is established, the WDF Group recognizes any impairment losses on the assets associated with the contract.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced.

Equity

Share capital

The share capital is composed wholly of ordinary shares.

Costs for equity transactions

Transaction costs directly attributable to equity transactions are accounted for and deducted from equity.

Recognition of revenue and costs

Purchases and sales of goods are recognized at fair value, i.e., the price paid or received net of returns, rebates, sales discounts and year-end bonuses.

Revenue is recognized when the risks and the rewards connected to ownership of the goods are transferred to the buyer, recovery of the consideration is probable, the associated costs or possible return of the goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of the revenue can be accurately measured. If it is probable that discounts will be granted and the amount can be measured reliably, the discount is charged as a reduction of revenue when the sale is recognized.

The transfer of the risks and rewards varies with the type of sale made. In the case of a retail sale, the transfer generally takes place when the goods are delivered and the consumer has paid the consideration asked. In the case of wholesale transactions, the transfer usually coincides with the arrival of the products in the client's warehouse.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

Service revenue and costs are recognized according to the stage of completion at year end. Stage of completion is determined according to measurements of the work performed.

When the services covered under a single contract are provided in different years, the consideration will be broken down by service provided on the basis of the relative fair value.

Recoveries of costs borne on behalf of third parties are recognized as a deduction from the related cost.

Recognition of financial income and expense

Financial income includes interest on invested liquidity (including available-for-sale financial assets), dividends received, proceeds from the transfer of available-for-sale financial assets, fair value changes in financial assets recognized in profit or loss, income arising from a business combination due to the re- measurement at fair value of the interest already held, gains on hedging instruments recognized in profit or loss, and the reclassification of net gains previously recognized in other comprehensive income.

Interest income is recognized on an accruals basis using the effective interest method. Dividends are recognized when the WDF Group's right to receive them is established.

Financial expense includes interest on loans, discounting on provisions and deferred income, losses from the sale of available-for-sale financial assets, fair value changes in financial assets at fair value through profit or loss and in contingent consideration, impairment losses on financial assets (other than trade receivables), losses on hedging instruments recognized in profit or loss, and the reclassification of net losses previously recognized in other comprehensive income.

Borrowing costs that are not directly attributable to the purchase, construction or production cost of an asset that justifies capitalization are recognized in profit or loss for the year using the effective interest method.

Net exchange rate gains or losses on financial assets/liabilities are shown under financial income and expense on the basis of the net gain or loss produced by foreign currency transactions.

Income tax

The tax expense for the year is the sum of current and deferred taxes recognized in the profit or loss for the year, with the exception of those relating to business combinations or items recognized directly in equity or in other comprehensive income.

Current tax is calculated on taxable income for the year. The taxable profit differs from the result reported in the income statement because it excludes costs and income that will be deducted or taxed in other years, as well as items that will never be deducted or taxed and tax assets. Current tax liabilities are determined using the enacted tax rates in effect (on an official or de facto basis) on the reporting date in the countries where the WDF Group operates.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that future taxable profit is likely to be earned allowing use of the deductible temporary differences. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to a future taxable profit.

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or, for transactions other than business combinations, of other assets or liabilities in transactions that have no influence either on accounting profit or on taxable profit. Deferred tax liabilities are recognized on taxable temporary differences relating to equity investments in subsidiaries, associates or joint ventures, unless the WDF Group is able to monitor the reversal of the temporary differences and they are unlikely to be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rate expected to apply at the time the asset is realized or the liability is settled, taking account of the tax rates enacted at the reporting date or approved and not yet in force.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax receivables and payables and when they pertain to the same tax authorities.

WDF S.p.A and WDFG Italia S.r.l. (formerly Alpha Retail Italia S.r.l.) agreed to be included in the national tax consolidation scheme of Edizione S.r.l., for the three-year period from 2013 to 2015, in accordance with provisions of the Consolidated Income Tax Act. The contract signed by the parties provides for payment in full of the amount corresponding to the transferred losses or profits times the IRES (corporate tax) rate, as well as the transfer of any tax assets. Tax losses are reimbursed when Edizione S.r.l. uses them within the tax consolidation scheme.

Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of WDF S.p.A. by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Derivative financial instruments and hedge accounting

The WDF Group's liabilities are exposed primarily to financial risks due to changes in interest and exchange rates. To manage these risks, the Group uses financial derivatives, mainly in the form of interest rate swap, forward rate agreements, and combination of these. The use of derivatives is governed by Group policies approved by the WDF S.p.A.'s Board of Directors, which establish precise written procedures concerning the use of derivatives in accordance with the Group's risk management strategies. Derivative contracts have been entered into with counterparties deemed to be financially solid, with the aim of reducing default risk to a minimum. Group companies do not use derivatives for purely trading purposes, but rather to hedge identified risks. Please refer to the policy described in note 4 "Financial risk management".

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if: (i) at the inception of the hedge there is formal designation and documentation of the hedging relationship, and the hedge is assumed to be effective; (ii) effectiveness can be reliably measured (the actual effectiveness is within a range of 80%-125%); (iii) the hedge is effective throughout the reporting periods for which it was designated.

All derivative financial instruments are initially measured at fair value, with the related transaction costs recognized in profit or loss when incurred. They are subsequently carried at fair value. More

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

specifically, the fair value of forward exchange contracts is based on the listed market price, where available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current spot rate for the residual maturity of the contract using a risk-free interest rate (based on government securities).

For interest rate swaps, fair value is determined using the cash flows estimated on the basis of the conditions and remaining life of each contract, and according to the year-end market interest rates of comparable instruments.

Fair value changes are measured as described below.

When financial instruments qualify for hedge accounting, the following rules apply:

(i) Fair value hedge: if a derivative financial instrument is designated as a hedge against changes in the fair value of a recognized asset or liability attributable to a particular risk that may affect profit or loss, the gain or loss arising from subsequent fair value measurement of the hedge is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts its carrying amount and is recognized in profit or loss;

(ii) Cash flow hedge: if a financial instrument is designated as a hedge against exposure to variations in the future cash flows of a recognized asset or liability or a forecast transaction that is highly probable and could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognized in comprehensive income and presented in the "hedging reserve" under equity. The cumulative gain or loss is reclassified from comprehensive income and recognized in profit or loss in the same year in which the hedged transaction is recognized. Fair value gains and losses associated with a hedge (or part of a hedge) which has become ineffective are recognized in the income statement immediately. If a hedge or a hedging relationship is terminated, but the hedged transaction has not yet taken place, the gains or losses accrued up to that time in the statement of comprehensive income are reclassified to profit or loss as soon as the transaction occurs. If the transaction is no longer expected to take place, the gains or losses not yet realized that have been included in comprehensive income are reclassified immediately to profit or loss;

(iii) Hedge of net investment: if a derivative is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediary holding company, the effective portion of the gain or loss on the hedge is recognized in comprehensive income and presented in the "translation reserve" under equity, while the ineffective portion is taken to profit or loss. On disposal of the foreign operation, the gain or loss on the effective portion of the hedge that has been cumulatively recognized in the translation reserve is also taken to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the financial derivative are immediately recognized in the income statement.

Use of estimates

The preparation of the consolidated financial statements and notes requires Group management, on the basis of the IFRS requirements, to make estimates and assumptions that affect the carrying amounts of assets, liabilities, costs and income and the disclosure about contingent assets and liabilities at the reporting dates. Actual results may differ. Estimates are used to determine the effects of

2.1 ACCOUNTING POLICIES, BASIS OF PREPARATION AND CONSOLIDATION (Continued)

business combinations, asset impairment, the fair value of derivatives, allowances for impairment, concession contracts accounting, leases and allowance for inventory write down, amortization and depreciation, employee benefits, tax and other provisions. Estimates and assumptions are periodically reviewed and the effect of any change is taken to the income statement of the year in which the change in estimates occurs and future years.

2.2 BUSINESS COMBINATIONS

The acquisition of Finnair's Travel Retail operations

On October 1, 2014, World Duty Free Group completed the acquisition of Finnair´s Travel Retail operations in the Helsinki airport. The acquisition comprised two stores in the Helsinki airport and, following the acquisition, World Duty Free Group is the only Duty Free operator in the Helsinki airport.

The table that follows summarizes the assets and liabilities transferred at the acquisition date:

	Assets and liabilities transferred	Fair Value adjustment	Assets and liabilities acquired
	In thousands of euro		
Property, plant and equipment	22		22
Intangible assets (concessions)	—	13,200	13,200
Non-current assets	22	13,200	13,222
Inventories	1,612		1,612
Trade and other liabilities	(680)		(680)
Net working capital	932	—	932
Net invested capital	954	13,200	14,154
Acquisition cost			14,154

The acquisition of the US Retail Division

In July 2013, World Duty Free Group US Inc (a subsidiary of WDF S.p.A.) and WDFG SAU entered into a purchase agreement with HMS Host Corporation and its subsidiary Host International Inc (both subsidiaries of Autogrill S.p.A.) in relation to the sale of 248 convenience stores located in 29 US airports (the "US Retail Division").

On September 6, 2013 the Group acquired from HMS Host Corporation, a company under common control of Edizione S.r.l., WDFG North America LLC and its subsidiaries (US Retail Division). The initial consideration (USD 105 million) relating to the business activities transferred in 2013 was increased by USD 18 million based on the net working capital at the acquisition date of the business activities transferred. The payment (net of the 5% guarantee) in connection with the increase based on the net working capital was made in February 2014. Both the initial consideration and the subsequent increase were subject to a 5% retention as a guarantee under the scope of the agreement. These amounts were paid to HMS Host Corporation in July 2014.

Some business activities under the agreement were transferred to the World Duty Free Group in subsequent closings once the necessary authorization was granted by the lessors. In February 2015, the Board of Directors of WDF S.p.A. approved the acquisition of the business activities that remained not transferred. The purchase price agreed was USD 19 million plus a potential adjustment in connection

2.2 BUSINESS COMBINATIONS (Continued)

with the net working capital of the business activities transferred at the acquisition date. This transfer is effective as of February 28, 2015. The payment of the purchase price and the potential net working capital adjustment are subject to a 5% retention guarantee.

The acquisition of the US Retail Division is a business combination under common control and it was accounted for in accordance with the accounting principles reported in the section above. Therefore, the assets and the liabilities of the acquired entity are reflected at their carrying amount in the WDF Group consolidated financial statements. The difference between the consideration paid and the net assets transferred by December 31, 2014 was recorded at the acquisition date as a decrease in equity for an amount of Euro 35.9 million.

The table that follows summarizes the assets and liabilities of the US Retail Division at the acquisition date:

	September 7, 2013
	In thousands of USD
Property and equipment, net	26,476
Goodwill and intangible assets	33,241
A) Non-current assets	**59,717**
Inventories	16,814
Other current assets	10,246
Trade and other current liabilities	(10,634)
B) Working capital	**16,426**
C) Other non-current non-financial assets and liabilities	**(1,689)**
D) Net invested capital	**74,454**
Equity attributable to owners of the parent	73,270
Equity attributable to non-controlling interests	2,720
E) Equity	**75,990**
F) Net financial position	**(1,536)**
G) Total as in D)	**74,454**
Acquisition cost	123,279
Effect on consolidated equity	50,009

The acquisition has generated tax assets not recognized, amounting to about Euro 14.5 million.

The revenue and the operating loss included in the consolidated income statement in 2014 contributed by the US Retail Division was, respectively, Euro 148.8 million and Euro −1.8 million.

The revenue and the operating loss included in the consolidated income statement between September 6, 2013 and December 31, 2013, contributed by the US Retail Division were, respectively Euro 44.8 million and Euro −2.5 million.

2.3 OTHER SIGNIFICANT EVENTS

Approval of the new Business Plan

In January 2015, the Board of Directors approved the 2015-2017 three-year budget, focused on maximizing the value of the portfolio of existing concessions, continuing the integration of the European platforms, and expanding the US business.

2.3 OTHER SIGNIFICANT EVENTS (Continued)

Extension of contract with London Heathrow Airport

On October 2, 2014, the Board of Directors of WDF S.p.A. agreed a six year and six month extension of its concession agreement for all the stores operated by the Group at London Heathrow, taking its expiration from 2020 to 2026.

The renegotiation of the concession agreement entails higher concession fees, additional investments, and an upfront payment of GBP 3.9 million, already made.

New Contracts

The WDF Group was the highest bidder in the Kuwait International Airport tender, where World Duty Free Group, together with its local partner, That Es-Salasil, is the incumbent operator since 2006. The new concession is for five years, starting in March 2015, with the option for an additional year. The final agreement was signed in February 2015.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

2.4.1 Cash and cash equivalents

The following table shows a breakdown of “Cash and cash equivalents”:

	31.12.2014	31.12.2013	Change
	In thousands of EURO		
Bank and cash deposits	49,992	20,098	29,894
Cash and cash equivalents to hand	3,104	2,674	430
Total	**53,096**	**22,772**	**30,324**

“**Bank and cash deposits**” mainly consists of bank current accounts.

“**Cash and cash equivalents on hand**” includes cash floats at the stores and the amounts in the process of being credited to the bank accounts. The amount may vary substantially, depending on the frequency of cash receipt pickups at the stores, generally handled by specialized carriers.

2.4.2 Other financial assets

The following table shows a breakdown of ‘Other financial assets’

	31.12.2014	31.12.2013	Change
	In thousands of EURO		
Receivables from credit card companies	10,846	12,886	(2,040)
Market value of hedging derivatives	1,901	51	1,850
Receivable from joint venture partners	1,382	—	1,382
Other financial assets	1,026	57	969
Total	**15,155**	**12,994**	**2,161**

The “Market value of hedging derivatives” corresponds to the fair value of exchange rate swaps.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

2.4.3 Other assets

The table below shows a breakdown of "Other assets":

	31.12.2014	31.12.2013	Change
	In thousands of EURO		
Concession advance payment—AENA	27,969	18,921	9,048
Other concession advance payments	8,608	8,129	479
Inland revenue and government agencies	10,621	8,378	2,243
Other	3,932	6,167	(2,235)
Total current	**51,130**	**41,595**	**9,535**
Concession advance payment—AENA	226,236	252,632	(26,396)
Other concession advance payments	13,077	10,672	2,405
Other	—	937	(937)
Total non-current	**239,313**	**264,241**	**(24,928)**

"**Concession and lease advance payments—AENA**" refers to amounts paid in advance to AENA, which are initially recognized at fair value and subsequently measured at amortized cost.

"**Other concession and lease payments**" refers to agreements entered into with airport authorities in Jordan and Mexico, and as of December 31, 2014 includes the consideration paid to renew the concession agreements for Heathrow airport.

"**Inland revenue and government agencies**" refers mainly to indirect tax assets.

2.4.4 Trade receivables

A breakdown of "Trade receivables" is provided below:

	31.12.2014	31.12.2013	Change
	In thousands of EURO		
Trade receivables—suppliers	31,639	28,207	3,432
Advance to suppliers	2,256	2,182	74
Trade receivables—customers	16,325	10,309	6,016
Allowance for impairment	(2,086)	(2,039)	(47)
Total	**48,134**	**38,659**	**9,475**

"**Trade receivables—suppliers**" consist mainly of promotional contributions receivables and discounts on purchases.

"**Trade receivables—customers**" reflects primarily receivables for the wholesale business and marketing services to suppliers.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

The following table shows the changes that occurred in the "Allowance for impairment":

	2014	2013
	In thousands of EURO	
Opening balance as of January 1	2,039	2,204
Increases, net of releases	360	78
Utilizations	(8)	(232)
Changes in consolidation scope	(333)	105
Exchange rate differences	28	(116)
Closing balance as of December 31	**2,086**	**2,039**

Refer to note 4 for further information about the risk profile of receivables.

2.4.5 Inventories

A breakdown of "Inventories" is provided below:

	31.12.2014	31.12.2013	Change
	In thousands of EURO		
Finished goods	188,615	158,364	30,251
Allowance for inventory write-down	(3,372)	(3,953)	581
Total	**185,243**	**154,411**	**30,832**

The increase in inventories registered in 2014 is mainly due to increased sales areas in Spain and UK, and the new openings in Helsinki airport (Finland).

The WDF Group is the holder of several insurance policies aimed at covering risks for existing inventories due to extraordinary events (earthquakes, floods, etc.). The WDF Group believes that these policies are sufficient to cover the carrying amount of the inventories.

The following changes took place in the "Allowance for inventory write down"

	2014	2013
	In thousands of EURO	
Opening balance as of January 1	**3,953**	**3,385**
Increases, net of releases	311	5,799
Utilizations	(682)	(5,857)
Changes in consolidation scope	(415)	675
Exchange rate differences	205	(49)
Closing balance as of December 31	**3,372**	**3,953**

Please note that, on the reference dates, the inventories were not encumbered by any type of guarantee provided to third parties.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

NON-CURRENT ASSETS

2.4.6 Property, plant and equipment

The tables that follow report the change in "Property, plant and equipment":

	As of December 31, 2013	Increases	Decreases	Reclassification	Changes in Consolidation scope	Impairment Losses	Exchange rate differences	As of December 31, 2014
				In thousands of EURO				
Historical cost								
Buildings	10,861	84	(93)	(83)	(84)	—	525	11,210
Plant and machinery	93,122	21,185	(10,392)	5,080	(234)	—	2,264	111,025
Other equipment	15,031	3,711	(43)	345	—	—	1,636	20,680
Furniture	168,002	14,946	(6,274)	23,857	(534)	—	10,980	210,977
Electronic machinery	30,790	1,664	(1,186)	1,779	(458)	—	1,827	34,416
Motor vehicles	1,747	131	(28)	44	(19)	—	146	2,021
Other	1,584	20	(56)	(9)	(606)	—	52	985
Assets under construction	26,062	37,153	(2,194)	(31,510)	(5)	—	1,073	30,579
Total historical cost	**347,199**	**78,894**	**(20,266)**	**(497)**	**(1,940)**		**18,503**	**421,893**
Accumulated depreciation and impairment losses								
Buildings	6,316	557	(93)	(32)	(18)	—	297	7,027
Plant and machinery	50,808	10,911	(10,078)	41	(213)	688	1,531	53,688
Other equipment	3,741	3,532	(35)	345	—	—	478	8,061
Furniture	125,966	18,798	(5,810)	145	(379)	303	8,679	147,702
Electronic machinery	26,891	1,015	(1,186)	819	(316)	9	1,633	28,865
Motor vehicles	1,312	151	(28)	(8)	(7)	—	113	1,533
Other	1,065	116	(54)	(18)	(535)	—	46	620
Total accumulated depreciation and impairment losses	**216,099**	**35,080**	**(17,284)**	**1,292**	**(1,468)**	**1,000**	**12,777**	**247,496**
Carrying amount	**131,100**	**43,814**	**(2,982)**	**(1,789)**	**(472)**	**(1,000)**	**5,726**	**174,397**

	As of December 31, 2012	Increases	Decreases	Reclassifications	Changes in Consolidation scope	Impairment losses	Exchange rate differences	As of December 31, 2013
				In thousands of EURO				
Cost								
Buildings	12,628	73	(1,593)	—	—	—	(247)	10,861
Plant and machinery	78,394	29,661	(15,053)	1,898	—	—	(1,778)	93,122
Other equipment	3,066	561	(48)	745	10,710	—	(3)	15,031
Furniture	164,539	8,548	(10,013)	3,912	4,811	—	(3,795)	168,002
Electronic machinery	30,350	1,146	(767)	735	—	—	(674)	30,790
Motor vehicles	1,566	102	(145)	95	184	—	(55)	1,747
Other	1,462	326	(126)	(26)	—	—	(52)	1,584
Assets under construction	7,674	22,309	(55)	(7,377)	3,756	—	(245)	26,062
Total historical cost	**299,679**	**62,726**	**(27,800)**	**(18)**	**19,461**	**—**	**(6,849)**	**347,199**
Accumulated depreciation and impairment								
Buildings	7,558	513	(1,593)	—	—	—	(162)	6,316
Plant and machinery	59,864	6,565	(14,882)	2	—	352	(1,093)	50,808
Other equipment	2,297	1,450	(40)	79	—	—	(45)	3,741
Furniture	120,493	17,414	(9,615)	2	—	217	(2,545)	125,966
Electronic machinery	26,934	1,307	(764)	—	—	—	(586)	26,891
Motor vehicles	1,193	124	(144)	36	148	—	(45)	1,312
Other	985	135	(127)	112	—	—	(40)	1,065
Total accumulated depreciation and impairment losses	**219,324**	**27,508**	**(27,165)**	**231**	**148**	**569**	**(4,516)**	**216,099**
Carrying amount	**80,355**	**35,218**	**(635)**	**(249)**	**19,313**	**(569)**	**(2,333)**	**131,100**

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

In 2014, the most significant additions correspond to the increase of sales areas in the Spanish airports, the openings at the Helsinki airport (Finland) and the new stores in the terminal T2 of Heathrow airport (United Kingdom). Other changes are related to new walkthrough stores in México and Jordan and the new terminal in Santiago de Chile (Chile).

The changes in the consolidation scope refer mainly to the sale of Palacios y Museos, S.L. and its subsidiaries.

In 2014, the decreases correspond mainly to the disposal of fixed assets at the stores in the airport of Los Cabos (Mexico), due to the damage caused by a hurricane, to some stores in Spain that were refurbished during the year, and the closure of the warehouse in Barcelona following the opening of a new logistic hub in the city.

In 2013, increases referred to development of new sales spaces in airports in relation to new or extended concessions, mainly in Spain (Madrid, Barcelona, Palma de Mallorca and the Canary Islands), Germany (Dusseldorf) and Santiago de Chile (Chile) and the change in consolidation scope relates in full to the US Retail acquisition.

In 2013, disposals of furniture and technical equipment mainly comprise those derived from the renewal of sales spaces in Spanish airports due to new contracts with AENA, the closing of the old terminal of Amman airport in Jordan and the ceasing of operations in Orlando (United States).

The impairment loss recognised in 2014 refers to the stores in Los Cabos (Mexico), which were damaged by a hurricane.

As of December 31, 2014, no operating assets were encumbered by any type of guarantee provided to third parties and there were no non-current assets held under finance leases.

The cost of fully depreciated property, plant and equipment and investment property which are in use as of December 31, 2014 and 2013 is as follows:

	As of December 31		
	2014	**2013**	**Change**
	In thousands of EURO		
Building	4,135	2,750	1,385
Machinery and equipment	27,576	28,828	(1,252)
Furniture and fixtures	95,455	77,263	18,192
Other	43,218	8,688	34,530
Total	**170,384**	**117,529**	**52,855**

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

2.4.7 Investment Property

Here below is a breakdown of "Investment property":

	31.12.2014	31.12.2013	Change
	In thousands of EURO		
Historical cost	11,777	11,765	12
Accumulated depreciation	(5,585)	(5,209)	(376)
Impairment losses	(556)	—	(556)
Total	**5,636**	**6,556**	**(920)**

Details of income and expenses from investment property are as follows:

	As of December 31		
	2014	2013	Change
	In thousands of EURO		
Rental income	596	502	94
Depreciation charge on investment property	(376)	(376)	—
Operating expense	(965)	(806)	(159)

Investment property includes a warehouse building in Madrid leased to third parties under leases that expire in 2017 and 2018.

Future minimum lease payments receivable under the operating lease are as follows:

	As of December 31		
	2014	2013	Change
	In thousands of EURO		
Less than one year	569	500	69
Between one and five years	498	1,529	(1,031)
Over 5 years	—	—	—
Total	**1,067**	**2,029**	**(962)**

The WDF Group has contracted some insurance policies to cover the risks of damages to its property, plant and equipment and investment property. The insurance policies purchased are considered sufficient to cover these risks.

2.4.8 Goodwill

Goodwill was generated by the acquisitions of World Duty Free Group España, S.A. (formerly Aldeasa S.A.), completed in two stages (50% in 2005 and the remaining 50% in 2008), Autogrill Holdings UK Plc. (formerly Alpha Group Plc.) in 2007 and World Duty Free Group UK Holdings, Ltd. (formerly World Duty Free Europe Ltd.) in 2008.

The cash-generating units (CGUs) are determined on the basis of the geographical segments, being not larger than the operating segments. They are also consistent with the way in which the goodwill is monitored for internal management purposes.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

The carrying amounts of goodwill attributed to the CGUs are as follows:

	31.12.2014	31.12.2013	Change
	In thousands of EURO		
United Kingdom	455,490	423,985	31,505
Rest of Europe	82,243	82,243	—
Americas	72,017	66,225	5,792
Asia and Middle East	49,486	44,781	4,705
Total	**659,236**	**617,234**	**42,002**

The changes in goodwill on the reporting dates are attributable to the change in exchange rates.

The recoverability of the goodwill allocated to each CGU is tested by estimating their value in use, defined as the present value of estimated future cash flows discounted at a rate reflecting the time value of money (differentiated by currency area) and specific risks of the individual CGUs at the measurement date.

The discount rate was determined using as a reference the Capital Assets Pricing Model, based as much as possible on indicators and parameters observable in the market.

Future cash flows were estimated based on the 2015 budget and the forecasts in the 2016-2019 Business Plan.

Cash flows beyond the period covered by the plan were estimated by extrapolating plan information and applying nominal growth rates (“g rate”), which do not exceed the long-term growth estimates for the sector and the country in which each CGU operates and by using the perpetuity method to calculate the terminal value. The “g rate” used is consistent with that observed in the financial estimates of analysts who follow the company

The table below shows the main underlying assumptions used for impairment testing purposes:

	Forecast nominal growth rate “g”	Discount rate 2014		Discount rate 2013	
		Post tax	Pre tax	Post tax	Pre tax
United Kingdom	2.00%	6.18%	6.51%	6.61%	6.91%
Rest of Europe	2.00%	4.76% - 6.29%	5.23% - 6.83%	5.63% - 8.33%	6.20% - 9.14%
Americas	2.00%	5.45% - 18.45%	6.25% - 19.78%	6.07% - 13.61%	6.83% - 14.95%
Asia and Middle East	2.00%	7.01% - 12.90%	7.21% - 13.82%	7.41% - 14.49%	7.57% - 16.32%

The main assumptions used to estimate cash flows for impairment test purposes are reported below:

- United Kingdom: as a mature market, small growth rates in terms of passengers and spends have been projected for the period 2015-2019; profitability in line with recent past years.
- Rest of Europe: significant revenue growth rates have been projected for the period 2015-2019 given the contribution of new operations (Helsinki) and full contribution of Dusseldorf and Spain (Madrid, Barcelona, Palma de Mallorca and Canary Islands). Slight dilution in terms of profitability is assumed affected by the first years of the new operations and by the higher rental costs related to the new contracts in Spain.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

- Americas: moderate growth rates have been assumed on a like-for-like basis considering the impact of the full year consolidation of the US Retail Division; profitability diluted compared to historical, due to the contribution of the US Retail Division, although the Group expects a slight improvement at constant perimeter.
- Asia and Middle East: although overall positive revenue growth rate is assumed for the period 20152019, rates differ from country to country. Profitability is assumed to be slightly below the historical.

Based on the above assumptions, the amount of goodwill attributed to each cash-generating unit was found to be fully recoverable.

The following table shows the levels at which, for the most significant assumptions used in the impairment tests, there would no longer be a gap between the CGU's value in use and its carrying amount.

	2014	
	Discount rate, net of tax effect	g
United Kingdom	20.86%	(93.20)%
Rest of Europe	12.17%	(9.20)%
Americas	20.11%	(52.90)%
Asia and Middle East	19.91%	(26.20)%

Furthermore, additional sensitivity analysis have been performed, considering:

- a reduction in the "g rate" of 1 percentage point and an increase in the discount rate by 2 percentage points;
- a significant reduction in the rate of renewal of concessions implicit in the terminal value used in the determination of value in use;
- variations in specific assumptions used in the business plan.

In addition, we have analyzed the changes in the calculation of the value in use between 2014 and 2013 and an analysis of the reasonableness of the discount rate developed analytically was carried out, in order to determine the value in use, with the discount rate used by financial analysts.

The above mentioned analysis has also confirmed full recoverability of goodwill and the reasonableness of the assumptions used.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

2.4.9 Other intangible assets

The movement of "Other intangible assets" is reported below:

	As of December 31, 2013	Increases	Decreases	Reclassifications	Changes in Consolidation scope	Exchange rate differences	As of December 31, 2014
				In thousands of Euro			
Cost							
Concessions	849,323	13,200	—	(2,076)	—	41,024	901,471
Licences and trademarks	126,407	—	(9)	—	—	8,893	135,291
Software	36,660	1,353	(270)	3,619	(342)	1,933	42,953
Assets under development	2,405	12	—	(2,405)	(12)	—	—
Other	2,856	—	—	—	—	—	2,856
Total historical cost	1,017,651	14,565	(279)	(862)	(354)	51,850	1,082,571
Accumulated amortization							
Concessions	394,651	57,942	—	(2,076)	—	19,941	470,458
Licences and trademarks	36,152	6,590	(9)	—	—	2,774	45,507
Software	35,379	1,530	(270)	(563)	(202)	1,929	37,803
Other	991	144	—	—	—	—	1,135
Total accumulated depreciation and impairment losses	467,173	66,206	(279)	(2,639)	(202)	24,644	554,903
Carrying amount	550,478	(51,641)	—	1,777	(152)	27,206	527,668

	As of December 31, 2012	Increases	Decreases	Reclassifications	Changes in Consolidation scope	Exchange rate differences	As of December 31, 2013
				In thousands of Euro			
Cost							
Concessions	860,840	—	—	—	1,899	(13,416)	849,323
Licences and trademarks	129,108	—	(79)	—	103	(2,725)	126,407
Software	36,488	557	(22)	249	—	(612)	36,660
Assets under development	2,237	168	—	—	—	—	2,405
Other	2,856	—	—	—	—	—	2,856
Total historical cost	1,031,529	725	(101)	249	2,002	(16,753)	1,017,651
Accumulated amortization							
Concessions	341,979	55,861	—	—	1,828	(5,017)	394,651
Licences and trademarks	30,415	6,241	(77)	—	98	(525)	36,152
Software	35,413	578	(22)	—	—	(590)	35,379
Other	848	143	—	—	—	—	991
Total accumulated depreciation and impairment losses	408,655	62,823	(99)	—	1,926	(6,132)	467,173
Carrying amount	622,874	(62,098)	(2)	249	76	(10,621)	550,478

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

"Concessions" represents mainly the carrying amount of the contract rights deriving from the fair value measurement (Purchase Price Allocation) of the acquired assets and liabilities of World Duty Free Group UK Holding Ltd. (formerly World Duty Free Europe Ltd.) and World Duty Free Group España, S.A. (formerly Aldeasa S.A.). The increase in 2014 refers to the contract right recognized as part of the acquisition of the new stores in the Helsinki airport.

"Licenses and trademarks" consist mainly of the amount assigned to the WDF trademark as part of the above mentioned measurement process.

A breakdown of concessions by geographical segment at December 31, 2014 and 2013 is provided below:

	31.12.2014	31.12.2013	Change
	In thousands of Euro		
United Kingdom	217,944	219,169	(1,225)
Rest of Europe	159,599	173,053	(13,454)
Americas	21,616	25,221	(3,605)
Asia and Middle East	31,854	37,229	(5,375)
Total	**431,013**	**454,672**	**(23,659)**

The cost of fully amortized intangible assets in use as at 31 December 2014 is as follows:

	As of December 31		
	2014	2013	Change
	In thousands of Euro		
Computer software	19,520	18,450	1,070
Other	35	3	32
Total	**19,555**	**18,453**	**1,102**

2.4.10 Interests in equity-accounted investees

At December 31, 2013, this item included the 23% investment in Creuers del Port de Barcelona S.A.,which was sold in 2014 to Global Ports Holding—the port operating unit of Turkish Global Yatirim Holding—for Euro 20,427 thousand. The sale generated a capital gain of Euro 13,198 thousand.

The gains from the application of the equity method amounted to Euro 120 thousand (Euro 205 thousand at December 31, 2013).

In 2014, the WDF Group did not receive dividends from Creuers del Port de Barcelona S.A. (Euro 1,904 thousand at December 31, 2013).

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

2.4.11 Other financial assets

"Other financial assets" include:

	31.12.2014	31.12.2013	Change
	In thousands of Euro		
Interest-bearing deposits with third parties	26,466	26,520	(54)
Guarantee deposits	8,910	5,668	3,242
Receivable from joint venture partners	125	—	125
Other financial assets from third parties	—	40	(40)
Total	**35,501**	**32,228**	**3,273**

"Interest-bearing deposits with third parties" refers mainly to the amortized cost of AENA deposits. These deposits were registered at inception at their present value considering the implicit rate of interest. The difference between that amount and the amount paid is expensed over the term of the contract.

"Guarantee deposits" are measured at amortized cost and were provided in relation with various legal proceedings. The increase refers mainly to the deposits required by the Court of competent jurisdiction in relation to the outstanding litigation in India (see note 2.4.18).

2.4.12 Trade payables

"Trade payables" classified under current liabilities amount to Euro 280,950 thousand (Euro 235,493 thousand as of December 31, 2013) and mainly include the purchase of goods for resale and the payables to airport authorities for concession fees. The increase with respect to the prior year is mainly related to the higher volumes of activity and the acquisition in Finland.

The "non-current trade payables" include the amount due to the accounting using the straight line method of minimum guaranteed fees due to AENA as further discussed in notes 2.4.19 and 2.5.5.

2.4.13 Other liabilities, current

A breakdown of "Other liabilities" at December 31, 2014 and December 31, 2013 is provided below:

	31.12.2014	31.12.2013	Change
	In thousands of Euro		
Indirect taxes	12,605	11,560	1,045
Withholding taxes	3,231	5,505	(2,274)
Suppliers for investments	22,630	19,305	3,325
Other	7,434	27,293	(19,859)
Total	**45,900**	**63,663**	**(17,763)**

"Indirect taxes" refers to withholding taxes, excise duties and other indirect taxes.

"Suppliers for investments" corresponds to the payable due to suppliers for investments concerning mainly new and refurbished stores in Spain, the United Kingdom and the United States.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

2.4.14 Other financial liabilities, current

	31.12.2014	31.12.2013	Change
	In thousands of Euro		
Fair value of currency hedging derivatives	3,943	474	3,469
Other financial liabilities	—	4,189	(4,189)
Total	**3,943**	**4,663**	**(720)**

At December 31, 2014, this item includes the fair value of currency derivatives.

The balance as of December 31, 2013 mainly included Euro 3,955 thousand, which is 5% of the consideration due for the acquisition of US Retail Division, withheld by the WDF Group as a guarantee and settled in July 2014.

2.4.15 Other financial liabilities, non-current

The balance as of December 31, 2014 includes the fair value of interest rate hedging derivatives for an amount of Euro 2,927 thousand (Euro 1,751 thousand as of December 31, 2013).

2.4.16 Bank loans and borrowings

The table below provides a breakdown both for "Bank loans and borrowings" and "Loans, net of current portion" at December 31, 2014 and December 31, 2013:

	31.12.2014	31.12.2013	Change
	In thousands of Euro		
Credit lines	39,302	21,915	17,387
Unsecured bank loans	—	50,000	(50,000)
Accrued interest	698	1,615	(917)
Total current	40,000	73,530	(33,530)
Unsecured bank loans	994,917	995,094	(177)
Commissions on loans	(3,885)	(12,575)	8,690
Total non-current	991,032	982,519	8,513
Total	**1,031,032**	**1,056,049**	**(25,017)**

The Group was granted short-term credit lines amounting to Euro 70 million, on which it had drawn Euro 40 million at December 31, 2014. These credit lines are renewable annually at maturity and entail no specific covenants, guarantees or other restrictions.

On November 14, 2014, the Group finalized an agreement to restructure the bank loan entered into on May 30, 2013, totaling Euro 1,250 million. Under the new deal, the Group extends maturity of the facilities until November 2019 and improves the economic conditions, benefiting from the current favorable market conditions.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

At December 31, 2014, WDFG SAU, WDFG España S.A., WDFG UK Holdings Ltd and WDFG UK Ltd had drawn down the followings amounts under the new agreement:

Tranches	Currency	Type	Total available (in millions)	Draw down as of December 31, 2014	Duration
Tranche A	Euro/GBP/USD	amortizing term loan	525	525	5 years
Tranche B	Euro/GBP/USD	credit revolving facility	725	467	5 years
Total			**1,250**	**992**	

The amount available for the Tranche A is amortised by Euro 50 million after one year from the signing date, and by Euro 100 million in each subsequent year until the fourth year.

This loan provides for an interest rate linked to Euribor or Libor, depending on the currency used for the loan, in addition to a market spread. The spread is applied for both tranches and determined every six months by reference to the Leverage Ratio.

The new loan includes the obligation to maintain certain financial ratios based on the consolidated financial statements of Group WDFG SAU, breach of which might entail the prepayment of the loan. These ratios have to be tested at June 30 and December 31 every year during the remaining term of the loan. The financial ratios refer to: i) the "Leverage Ratio" which is calculated as the ratio between the "Adjusted consolidated Total Net Debt" and the "Adjusted EBITDA" and must not exceed a threshold decreasing from 4.25 to 3.50 during the tenor of the Loan and ii) the "Interest Cover Ratio" which is the ratio between the "Adjusted EBITDA" and the "Adjusted Consolidated net financial expense", which shall be no less than 4.00 in each verification period until December 31, 2015 and not lower than 4.50 for each verification period thereafter. For the calculation of these ratios, the Adjusted consolidated total net debt, the "Adjusted EBITDA" and the adjusted consolidated net financial expense are measured in accordance with the contractual definition and therefore could differ from the amounts valid for financial statements purposes. Thus, the final ratios are not readily apparent from the consolidated financial statements.

As of December 31, 2014, all of the above financial covenants were satisfied.

The agreement considers the possibility of an early repayment and cancellation of all or part of the loan in case of material disposals, any capital markets issuance, other circumstances usually provided for in these agreements, and the occurrence of "Change of Control" events, as defined in the loan agreement. The loan agreement provides that the lenders shall negotiate for a period not exceeding 30 days from the "Change of Control" date, to determine whether the facilities under the loan agreement can continue and on what basis. At the end of the 30-day period, any lender not agreeing to continue the facility may require the borrower to repay early and cancel the portion of the credit line it granted by serving 10 days' prior notice in writing.

The loan also provides certain limits upon the disposal of assets, assumption of additional financial indebtedness and issuance of guarantees or other securities, distribution of dividends and carrying out extraordinary transactions. Non-compliance with these limitations or with the covenants would entitle the lenders to draw stop, cancel and/or accelerate the loan.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

2.4.17 Employee benefits

The breakdown of "Employee benefits" is as follows:

	31.12.2014	31.12.2013	Change
	In thousands of Euro		
Personnel	20,332	14,455	5,877
Social Security institutions	4,237	4,344	(107)
Stock options	—	376	(376)
Long-term employee incentive plans and other	7,034	4,968	2,066
Defined contribution plans	876	566	310
Total current	**32,479**	**24,709**	**7,770**
Defined benefit plans	21,810	11,904	9,906
Defined contribution plans	1,041	576	465
Stock options	634	—	634
Long-term employee incentive plans	—	2,752	(2,752)
Other	5	—	5
Total non-current	**23,490**	**15,232**	**8,258**

"Personnel" includes, among others, the liability for short-term employee incentive plans payable in the following year.

In the past, the Group offered a Long-Term Incentive Plan (LTIP) to key management personnel. The plan involves financial targets and its purpose was to reduce the turnover of key management personnel. The liability for this plan is recognized under "Employee incentive plans and other" and will be settled in April 2015.

Defined contribution plans

"Defined contribution plans" refer to mandatory contribution plans as well as contributions to employee's pension plans. The WDF Group sponsors defined contribution plans in Spain, the United Kingdom, the United States, and Germany.

Defined benefit plans

The WDF Group operates defined benefit pension plans mainly in the UK under specific regulatory frameworks. The pension plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the UK plans, pensions in payment are generally updated in line with the retail price index. The majority of benefit payments are from trustee administered funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations, as is the nature of the relationship between the Group and the trustees (or equivalent) and their composition.

Responsibility for governance of the plans—including investment decisions and contribution schedules—lies jointly with the company and the board of trustees. The board of trustees must be

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

composed of representatives of the company and plan participants in accordance with the plans' regulations.

"Defined benefit plans" are shown in the financial statements net of the fair value of the related plan assets.

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognized at December 31, 2014 and 2013:

	As of December 31		
	2014	2013	Change
	In thousands of Euro		
Present value of funded plans	(187,342)	(156,681)	(30,661)
Fair value of plan assets	165,532	144,777	20,755
	(21,810)	(11,904)	(9,906)
Present value of unfunded obligations	—	—	—
Total deficit of defined benefit pension plans	(21,810)	(11,904)	(9,906)
Impact of minimum funding requirement/asset ceiling	—	—	—
Defined pension benefits	(21,810)	(11,904)	(9,906)

The actuarial assumptions used to calculate the defined benefit plans are summarized in the following table:

	As of December 31	
	2014	2013
Actuarial assumptions		
Discount rate	3.70%	4.45%
Inflation rate (RPI)	3.20%	3.65%
Salary increase rate	4.20%	4.65%
Pension increase rate	2.10%	2.20%

The discount rates were determined based on the yield of high grade corporate bonds at the reporting date.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Impact on defined benefit obligation	
	Change in assumption	Increase in Liability
	In thousands of Euro	
Discount rate	Decrease by 0.25%	6,944
Inflation rate (RPI)	Increase by 0.25%	5,282
Life expectancy	Increase by 1 year	3,835

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

The change in the present value of the defined benefit obligation is as follows:

	2014	2013
	In thousands of Euro	
As of January 1,	**156,681**	**151,009**
Current service cost (recognized in the income statement)	211	201
Interest expense (recognized in the income statement)	7,083	6,431
Employees' share of contributions	110	105
Remeasurement—(Gain)/loss from change in demographic assumptions	(538)	(101)
Remeasurement—(Gain)/loss from change in financial assumptions	14,681	6,513
Remeasurement—(Gain)/loss from experience	4,057	311
Net benefits paid out	(6,223)	(4,737)
Net Exchange rate gains (losses)	11,280	(3,051)
As of December 31	**187,342**	**156,681**

Interest expense is recognized under "Financial expense" net of the expected yield on plan assets, while the current service cost is recognized under "Personnel expense".

The weighted average duration of the defined benefit obligation is 20 years.

The movement in the plan assets is as follows:

	2014	2013
	In thousands of Euro	
As of January 1,	**144,777**	**140,787**
Interest income on plan assets (recognized in the income statement)	6,538	6,064
Remeasurement—(Gain)/loss return on plan assets	6,188	8,903
Initial actuarial gain/(loss) on annuity policy	—	(14,160)
Employees' share of contributions	110	104
Group's share of contributions	3,727	10,080
Net benefits paid out	(6,223)	(4,142)
Net Exchange rate gains (losses)	10,415	(2,859)
As of December 31	**165,532**	**144,777**

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

The main categories of plan assets are:

	As of December 31, 2014				As of December 31, 2013			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	In thousands of Euro							
Equity instruments	45,116	—	45,116	27%	38,618	—	38,618	27%
Bonds	22,228	—	22,228	13%	17,437	—	17,437	12%
Qualifying insurance policies*	—	60,494	60,494	37%	—	49,178	49,178	34%
Investment funds	36,985	—	36,985	22%	37,708	—	37,708	26%
Cash and cash equivalents	709	—	709	0%	1,836	—	1,836	1%
Total	**105,038**	**60,494**	**165,532**	**100%**	**95,599**	**49,178**	**144,777**	**100%**

* The buy-in annuity policy is the only asset class that is not quoted on an active market.

Phantom Stock Option Plan

- The 2014 Phantom Stock Option Plan ("Phantom SOP"), approved by the Board of Directors on May 14, 2014, is designed to serve as an incentive and to retain managers and other employees within the Group who perform important functions for the achievement of business objectives by providing incentives to create value for the shareholders and at the same time a system to promote retention.
- The 2014 Phantom SOP provides for the free-of-charge grant to the beneficiaries of Phantom Stock Options (the "Options") conferring entitlement to the payment of a gross cash amount (the "Bonus") calculated on the basis of the possible increase in the value of the Company's ordinary shares (the "Shares") including dividend payouts in the reference period. There is a maximum amount (the "Cap") established by the Board of Directors for each beneficiary and for each cycle.

The plan, in its entirety, will expire in 2020. The number of Options granted to each beneficiary is established by the Board of Directors with regard to the position held by each beneficiary in the Group. In June 2014, 2,791,480 options were granted to selected employees and directors of the WDF Group under the new Phantom SOP.

- The Options granted will vest and therefore become exercisable depending on achievement of a minimum share price performance target for the three-year vesting period and under conditions specified in the 2014 Phantom SOP Rules.
- The plan will be cash settled. The Phantom Stock Option Plan incorporates an initial vesting period whereby the beneficiary must retain 20% of the total allocated shares for a one-year "lock up" period. This lock-up period for the first wave expires on June 18, 2018, when the remaining 20% of options allocated can be exercised; all options allocated in the first wave expire in June 2020.
- An independent external advisor has been engaged to calculate the fair value of the stock options, based on the value of shares on the grant date, estimated dividend payments, the term of the plan and the risk free rate of return. The calculation was performed using the binomial method. The cost recognized by WDF Group in 2014 amounts to Euro 634 thousand.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

2.4.18 Provision for risks and charges

A breakdown of this item at December 31, 2014 and 2013 with the current and non-current portions shown separately is provided below:

	As of December 31, 2013	Provisions, net of releases	Utilizations	Exchange rate differences	Changes in Consolidation scope	Reclassifications	As of December 31, 2014
	In thousands of Euro						
Provision for tax	11,937	519	—	1,664	—	—	14,120
Provision for onerous contracts	—	3,471	—	—	—	—	3,471
Other provisions	6	1,966	(7)	166	—	—	2,131
Total current provisions for risks and charges	**11,943**	**5,956**	**(7)**	**1,830**	**—**	**—**	**19,722**
Provision for the refurbishment of third-party assets	7,564	125	(441)	532	—	—	7,780
Provision for onerous contracts	—	2,889	(28)	3	—	—	2,864
Other provisions	717	37	—	1	—	—	755
Total non-current provisions for risks and charges	**8,281**	**3,051**	**(469)**	**536**	**—**	**—**	**11,399**

	As of December 31, 2012	Provisions, net of releases	Utilizations	Exchange rate differences	Changes in Consolidation	Reclassifications	As of December 31, 2013
	In thousands of Euro						
Provision for tax	12,403	551	—	(958)	—	(59)	11,937
Other provisions	—	364	(345)	(13)	—	—	6
Total current provisions for risks and charges	**12,403**	**915**	**(345)**	**(971)**	—	**(59)**	**11,943**
Provision for legal disputes	21	—	—	—	—	(21)	—
Provision for the refurbishment of third-party assets	6,833	865	(6)	(128)	—	—	7,564
Other provisions	—	—	(6)	—	30	693	717
Total non-current provisions for risks and charges	**6,854**	**865**	**(12)**	**(128)**	**30**	**672**	**8,281**

"Provision for taxes", amounting to Euro 14,123 thousand (Euro 11,937 thousand as of December 31, 2013), represents the amount expected to be paid as a result of lawsuits underway in India in relation to indirect taxes and customs duty. The change mainly is due to exchange rate differences. In 2014, the Group provided a guarantee deposit amounting to nearly Euro 3.2 million in relation to this dispute.

The "provision for onerous contracts" corresponds to the concession agreement for the stores in Dusseldorf airport. This amount is the lower of the minimum cost for fulfilling the contract and the non-performance penalty.

The "provision for the refurbishment of third-party assets", amounting to Euro 7,780 thousand as of December 31, 2014 (Euro 7,564 thousand as at December 31, 2013), includes the costs the Group expects to incur to return the commercial areas of the airports to their original condition at the end of the a number of concessions in the United Kingdom.

2.4.19 Trade payables, non-current

"Trade payables" corresponds to the difference between the concession fees calculated on a straight-line basis over the remaining term of the agreement and the corresponding minimum

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

guaranteed payments. This amount refers exclusively to Lots 1 and 2 of the AEAN agreement. It will increase in the following years and be reverted through profit or loss as the minimum guaranteed amounts are gradually settled (see Note 2.5.5 for more information). The liability will be recognized and subsequently reversed as follows, assuming that in the following years the Group will continue to consider as due only the minimum guaranteed amounts for lots 1 and 2 of the AENA agreements:

	2015	2016 - 2019	2020
	In thousands of Euro		
Increase / (decrease)	48,509	(2,357)	(54,631)

2.4.20 Equity

The changes in equity are shown in the relevant schedule of these financial statements. A description of the content of the main components of equity is provided below, together with some details about the main changes for the year.

Share capital

The share capital of WDF S.p.A., fully subscribed and paid in, amounts to Euro 63,720 thousand and consists of 254,520,000 ordinary shares with no par value.

On the date of incorporation (March 27, 2013), the share capital amounted to Euro 120 thousand, consisting of 120,000 shares with no par value. As a result of the Demerger from Autogrill completed on October 1, 2013, the share capital of WDF S.p.A. increased by Euro 63,600 thousand, by issuing 254,400,000 new ordinary shares.

Legal reserve

The item includes the portion of the parent's net income to an extent from a minimum of 5% to 20% of the share capital, as stated by art. 2430 of the Italian Civil Code. As of December 31, 2014 and 2013, this item amounts to Euro 12,720 thousand.

Hedging reserve

The "Hedging reserve", amounting to a negative Euro 447 thousand, includes the effective component of the fair value of derivatives designated as cash flow hedges.

Translation reserve

Translation differences arise on the translation of the financial statements of companies with a functional currency other than the Euro.

Other reserves and retained earnings

This item includes retained earnings and the amount set aside in connection with the recognized costs of the stock options plans.

The changes in these reserves in 2013 included, among other things: i) Euro 220 million in dividends paid to Autogrill S.p.A. on April 30, 2013 as the sole shareholder in WDFG SAU; ii) Euro 35.9 million as movements related to changes in consolidation scope due to the acquisition of the US Retail Division (please refer to note 2.2 for further information).

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

Non-controlling interests in equity

Non-controlling interests in equity amount to Euro 8,070 thousand (Euro 8,152 thousand at December 31, 2013). The change is mainly due to the profit for the year achieved by the group companies where minorities exist, net of dividends paid.

The following table summarizes the information relating to subsidiaries with non-controlling interests in 2014, before intra-group eliminations.

	Sociedad de distribución comercial aeroporturaria de Canarias, S.A.	World Duty Free North America LLC Subgroup
	In thousands of Euro	
NCI percentage	**40%**	**10% - 49%**
Non-current assets	15,353	48,501
Current assets	29,149	20,558
Non-current liabilities	1,214	243
Current liabilities	25,855	12,465
Net assets	**17,433**	**56,351**
Current amount of NCI	6,973	1,665
Revenue	114,281	150,274
Profit for the year	11,919	(3,112)
Total comprehensive income	**11,919**	**(3,112)**
Profit allocated to NCI	4,768	1,733
OCI allocated to NCI	—	—
Cash flows from operating activities	12,666	5,790
Cash flows from investing activities	(4,630)	(4,951)
Cash flows from financing activities	(7,959)	(3,182)
Net increase/decrease in cash and cash equivalents	**77**	**(2,343)**
Dividends to NCI	**(4,184)**	**(3,182)**

Treasury shares

World Duty Free S.p.A has launched a share buy-back program for up to 12,726,000 shares, representing 5% of its share capital, in accordance with the authorization granted by the shareholders in their meeting held on May 14, 2014. The buy-back program may be implemented in one or more tranches within 18 months of the date of the aforementioned shareholders' resolution, i.e. by November 14, 2015. As at December 31, 2014 the company does not own any treasury shares.

2.4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (Continued)

Other comprehensive income

The following table shows the components of other comprehensive income and the relative tax effect:

	As of December 31, 2014			As of December 31, 2013		
	Gross amount	Tax income/ (expense)	Carrying amount	Gross amount	Tax income/ (expense)	Carrying amount
	In thousands of Euro					
Remeasurement of the defined liability (asset)	(12,007)	1,724	(10,283)	(11,980)	2,253	(9,727)
Effective portion of fair value change in cash flow hedges	(1,156)	295	(861)	4,658	(1,398)	3,260
Foreign currency translation differences for foreign operations	57,724	—	57,724	(23,308)	—	(23,308)
Gains (losses) on net investment hedge	(20,246)	5,669	(14,577)	6,208	(1,862)	4,346
Total other comprehensive income	**24,315**	**7,688**	**32,003**	**(24,422)**	**(1,007)**	**(25,429)**

WDF S.p.A. operates as the holding company of the WDF Group and therefore its ability to distribute dividends to its shareholders depends on the amount of dividends distributed by the subsidiary WDFG SAU.

In this regard, the new bank facility contract signed by the subsidiaries in November 2014 allows WDFG SAU to make dividend distributions if the leverage ratio (calculated according to the contractual definitions, which also consider the effect of dividend distributions, as described in Note 2.4.16) does not exceed the contractually set limits.

2.5 NOTES TO THE INCOME STATEMENT

2.5.1 Revenue

Revenue for the year ended December 31, 2014 amounted to Euro 2,406,640 thousand, an increase of Euro 328,163 thousand with respect to the Euro 2,078,477 thousand for the year ended December 31, 2013. The increase is mainly due to the full-year contribution of US Retail Division to the 2014 performance, whereas in 2013 it contributed only to the last quarter. Furthermore, in 2014, revenue includes the contribution of the stores in Helsinki airport and the full-year contribution of the stores in the Spanish airports.

2.5.2 Other operating income

The table below shows a breakdown of “Other operating income”:

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Marketing promotional contributions	21,298	18,019
Other income	11,669	9,080
Total	**32,967**	**27,099**

2.5 NOTES TO THE INCOME STATEMENT (Continued)

2.5.3 Supplies and goods

The table below shows a breakdown of "Supplies and goods":

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Purchases	1,015,826	861,467
Change in inventories	(22,867)	(8,177)
Total	**992,959**	**853,290**

2.5.4 Personnel expense

Below is the breakdown of "Personnel expense":

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Wages and salaries	211,370	176,382
Social security contributions	31,660	27,563
Emoluments to the Board of Directors	983	187
Defined benefit and defined contribution plans	5,830	2,589
Post-employment benefits	3,532	—
Other costs	29,133	14,089
Total	**282,508**	**220,810**

The caption includes the directors remuneration detailed at 9.1.

The increase in "Wages and salaries" is mainly due to the change in the scope of consolidation and the new openings (US Retail Division and Helsinki).

"Post-employment benefits" include restructuring costs in relation with the reorganization of the Group in progress amounting to Euro 3,532 thousand. A significant portion of this amount corresponds to the indemnity of the outgoing CEO (see note 9.1)

The average headcount, expressed in terms of full-time equivalent employees, has risen to 9,406 (8,376 for 2013).

Other costs mainly refer to the cost of temporary personnel used in the summer period to meet the higher volume of passenger traffic, and therefore sales.

2.5 NOTES TO THE INCOME STATEMENT (Continued)

2.5.5 Concession fees

The table below shows a breakdown of “Concession fees”:

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Contractual fees	749,969	639,742
Linearization	8,479	—
Total	**758,448**	**639,742**

The increase in “Contractual fees” is due to the growth in sales revenue, the higher rent cost incurred as a result of the new contracts, and the contribution of the new entities consolidated in 2014, including the US Retail Division and Helsinki.

A breakdown by maturity of the minimum future payments for existing concessions at December 31, 2014 is as follows:

	Total future minimum concession payments	Total sub-concession future minimum payments	Net future concession payments
	In thousands of Euro		
Year			
2015	266,903	3,295	263,608
2016	275,083	1,112	273,971
2017	290,097	1,094	289,003
2018	298,707	993	297,714
2019	313,799	945	312,854
After 2019	391,348	1,271	390,077
Total	**1,835,937**	**8,710**	**1,827,227**

It should be noted that at the inception date, the Group evaluated the substantial aspects of the AENA agreements and concluded that the minimum guaranteed amounts contained therein were contingent in substance based on several factors, one of the most relevant being that the projections available at that time showed a low likelihood for the level of sales to be below the threshold for minimum guaranteed amounts to be triggered. During the fourth quarter of 2014, the Group reconsidered the substantial aspects of the AENA agreements and, by early December 2014, concluded that, although the results of the analysis made at inception date were still applicable in the case of Lot 3, some circumstances had changed (mainly, the likelihood for the level of sales to trigger the minimum guaranteed amounts recurrently throughout the life of the contract is now deemed to be high based on the latest projections available) in the case of Lot 1 and 2, which led to the conclusion to consider fixed the minimum guaranteed amounts relating these two Lots.

Therefore, concession fees relating to Lots 1 and 2 of the AENA agreements are recognized on a straight-line basis prospectively starting December 1, 2014. The relevant accounting effects are represented in the line item “Linearization” of the income statement.

2.5 NOTES TO THE INCOME STATEMENT (Continued)

The line item "Linearization" was determined as the difference between the cost calculated on a straight-line basis of the minimum guaranteed fees for Lots 1 and 2 starting from December 1, 2014 and throughout the remaining term of the concession, and the minimum concession fees due for December 2014.

2.5.6 Other operating expense

A breakdown of "Other operating expense" is provided below:

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Consulting and professional services	28,148	18,559
Maintenance	19,108	14,336
Commission on credit card payments	18,037	13,701
Advertising and market research	15,030	10,634
Operating lease instalments	17,770	17,075
Royalties	1,638	642
Utilities	11,279	9,865
Travel expenses	12,742	10,477
Storage and transport	2,178	1,585
Surveillance	5,542	4,723
Insurance	2,974	1,973
Cleaning	2,786	2,681
Telephone and postal charges	3,829	3,031
Banking services	3,029	3,685
Other services	10,240	13,405
Costs for materials and services	**154,330**	**126,372**
Impairment losses on receivables	**411**	**77**
Provisions for risks, net of releases	**8,960**	**916**
Other operating expense	**8,835**	**9,530**
Total	**172,536**	**136,895**

2.5 NOTES TO THE INCOME STATEMENT (Continued)

A breakdown by maturity of the future payments in relation to operating leases at December 31, 2014 is as follows:

	Total future lease payments
	In thousands of Euro
Year	
2015	31,987
2016	19,269
2017	18,216
2018	16,588
2019	14,486
After 2019	30,183
Total	**130,729**

"Consulting and professional services" include consulting services in 2014 amounting to Euro 5,964 in relation to the restructuring of the Group.

The increase in "other operating expense" is mainly due to the US Retail Division and Helsinki airport.

Regarding the allocations to the provision for risks, see note 2.4.18 for further information.

2.5.7 Financial income and expense

A breakdown of "Financial income" and "Financial expense" is provided below:

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Interest income	283	213
Exchange rate gains	83	—
Other financial income	11,136	10,588
Total	**11,502**	**10,801**

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Interest expense	41,649	34,184
Exchange rate losses	—	959
Other financial expense	13,446	9,917
Total	**55,095**	**45,060**

2.5 NOTES TO THE INCOME STATEMENT (Continued)

"Other financial income" includes mainly the effect of measuring at amortized cost the AENA advance payment (see note 2.4.3).

"Interest expense" has increased largely because of the higher average indebtedness in 2014 compared to 2013.

"Other financial expense" in 2014 includes the derecognition of Euro 8.5 million of costs incidental to the loan reimbursed in November 2014, as already described in note 2.4.16. In 2013, the item included the effect related to the derecognition of Euro 4.9 million of costs incidental to the Multi currency Revolving Facility, which was settled in May 2013, and the fees for the reimbursement of a medium term credit facility amounting to Euro 1.2 billion.

2.5.8 Net gain on the disposal of equity investments and others

Net capital gains of Euro 10.7 million were recorded in 2014 (compared to Euro 2.0 million in the previous year). They derived from the sale of the Group's investment in Creuers del Port de Barcelona S.A. and the subsidiary Palacios y Museos S.L.U.

2.5.9 Income tax

A breakdown of "Income tax" is provided below:

	For the twelve months period ended 31 December	
	2014	2013
	In thousands of Euro	
Current income tax	45,634	46,091
Deferred income taxes	9,858	(25,622)
Total	**55,492**	**20,469**

The following table provides a reconciliation of the income tax expense recognized in the condensed consolidated interim financial statements with the theoretical tax liability, which was

2.5 NOTES TO THE INCOME STATEMENT (Continued)

determined by applying the applicable theoretical rate to the pre-tax profit generated in each jurisdiction.

	For the twelve months period ended 31 December	
	2014	**2013**
	In thousands of Euro	
Pre-tax profit	96,988	131,344
Theoretical income tax	21,740	33,789
Non-deductible expenses	4,728	6,298
Exempt income	(6,700)	(5,473)
Increase/utilization of deferred tax assets on losses carried forward	25,416	(5,996)
Effect of tax rate differences	476	(8,516)
Other adjustments	9,832	367
Income tax	**55,492**	**20,469**

In 2014, the WDF Group's theoretical tax rate was 22.4%, compared to 25.7% in 2013. This change mainly relates to the tax rate reduction in the UK along with different levels of profitability in the jurisdictions with higher tax rates where the Group operates.

In 2014, income tax was Euro 55.5 million (Euro 20.5 million in the same period of 2013), affected by the derecognition in the fourth quarter of a number of tax assets and deferred tax assets arising from tax losses totaling Euro 19.4 million. The derecognition was deemed appropriate considering the taxable profits expected to be generated over the timeframe of the plan approved by the Board of Directors on January 15, 2015.

Furthermore, in light of the above considerations, the Group did not recognize in the consolidated income Statement the benefits associated with the tax losses and tax assets generated in 2014. This unrecognized benefit totaled Euro 15.4 million.

In addition, income tax in 2013 benefited from the positive effect (Euro 8.5 million) of the reversal of deferred taxes in the UK due to the lowering of tax rates.

2.5 NOTES TO THE INCOME STATEMENT (Continued)

Deferred tax assets and deferred tax liabilities at December 31, 2014 and 2013 are broken down as follows:

	As of December 31 2014		As of December 31 2013	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	In thousands of Euro			
Trade receivables	(413)	(124)	(459)	(43)
Employee benefits	13,721	5,203	17,961	4,154
Property, plants and equipment	13,203	4,603	21,000	4,536
Other intangible assets	239	72	114	34
Investment property	174	52	103	31
Inventories	1,346	516	212	43
Other payables	1,506	452	358	21
Other financial liabilities	2,409	723	1,425	428
Other receivables	(2,825)	(1,044)	(459)	(43)
Trade payables	250	85	—	—
Deferred tax assets arising from tax losses and tax assets	2,433	486	64,759	19,939
Total deferred tax assets	**32,044**	**11,025**	**105,013**	**29,100**
Investment property	415	124	580	174
Goodwill	17,870	3,844	20,072	4,103
Other intangible assets	206,102	48,637	283,755	54,700
Investments	3,633	1,090	3,032	910
Provision for risks	161	48	161	48
Others	248	74	13,344	4,004
Total deferred tax liabilities	**228,428**	**53,818**	**320,944**	**63,939**
Total net deferred taxes		**(42,793)**		**(34,839)**

Deferred taxes regarding other intangible assets refer mainly to the World Duty Free trademark.

The WDF Group has deferred tax assets arising from unused tax losses and tax credits amounting to Euro 55.6 million as of December 31, 2014 (Euro 56.2 million as of December 31, 2013), of which Euro 0.5 million recognized as deferred tax assets as of December 31, 2014 (Euro 19.9 million as of December 31, 2013).

The deferred tax assets arising from unused tax losses and tax assets refer mainly to WDF S.p.A. and the Spanish companies of the Group. In particular, deferred tax assets and tax credits related to countries where taxable income is not expected to be generated in future years have been derecognized, based on the three-year budget approved by the Board of Directors on January 15, 2015.

"Income tax liabilities" amount to Euro 16,896 thousand as at December 31, 2014 (Euro 18,351 thousand as at December 31, 2013) and refers to the amount payable due to corporate income tax for the year, net of off-settable tax assets.

2.5 NOTES TO THE INCOME STATEMENT (Continued)

"Income tax assets" amounts to Euro 11,642 thousand as at December 31, 2014 (Euro 13,019 thousand as at December 31, 2013) and refers to advance payments made to tax authorities and tax credits for corporate income tax.

2.5.10 Basic and diluted earnings per share

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, as defined above, to account for the effects of all dilutive potential ordinary shares.

As of December 31, 2014 and December 31, 2013, the WDF Group has no potentially dilutable ordinary shares.

The computation details are provided below:

	For the twelve months period ended 31 December	
	2014	2013
Profit for the year attributable to owners of the parent (in thousands of Euro)	34,902	105,826
Number of shares (in units)	254,520,000	254,520,000
Basic and Diluted earnings per share (in Euro cents)	13.71	41.58

3. NET FINANCIAL POSITION

In accordance with the requirements of the CONSOB Communication of July 28, 2006 and consistent with the ESMA/2011/81 Recommendation, a breakdown of net financial position at December 31, 2014 and 2013 is provided below:

	Notes	31.12.2014	of which related parties	31.12.2013	of which related parties	Change
		In thousands of Euro				
A) Cash on hand	2.4.1	3,104	—	2,674	—	430
B) Cash equivalents	2.4.1	49,992	—	20,098	—	29,894
D) Cash and cash equivalents (A + B)		53,096	—	22,772	—	30,324
E) Current financial assets	2.4.2	15,155	—	12,994	—	2,161
F) Bank loans and borrowings, current	2.4.16	(40,000)	—	(73,530)	—	33,530
H) Other financial liabilities	2.4.14	(3,943)	—	(4,663)	(3,855)	720
I) Current financial position (F + H)		(43,943)	—	(78,193)	(3,855)	34,250
J) Net current financial indebtedness (I + E + D)		24,308	—	(42,427)	(3,855)	66,735
K) Bank loans and borrowings, non-current	2.4.16	(991,032)	—	(982,519)	—	(8,513)
M) Other financial liabilities, non-current	2.4.15	(2,927)	—	(1,751)	—	(1,176)
N) Non-current financial indebtedness (K + M)		(993,959)	—	(984,270)	—	(9,689)
O) Net financial indetedness (J + N)(*)		(969,651)	—	(1,026,697)	(3,855)	57,046
P) Non-current financial assets	2.4.11	125	—	40	—	85
Net financial position (O + P)		(969,526)	—	(1,026,657)	(3,855)	57,131

(*) As defined by CONSOB communication of July 28, 2006 and ESMA/2011/81 Recommendations

For further comments, see the Notes indicated above for each item.

4. FINANCIAL RISK MANAGEMENT

WDF Group is exposed to the following risks:

- market risk;
- credit risk;
- liquidity risk.

The WDF Group adopted a financial risk management procedure that sets forth the organization, the segregation of responsibilities, a risk assessment system and the principles that govern the implementation of the policies and criteria for the recording of transactions in the accounting records.

Information about the WDF Group's exposure to each of the above mentioned risks, the objectives, policies and processes to manage those risks, and the methods used to assess them is provided in this section of the notes.

4. FINANCIAL RISK MANAGEMENT (Continued)

Market risk

The market risk is the risk that the fair value or future cash flows from a financial instrument may fluctuate due to changes in exchange rates, interest rates or equity instrument prices.

The aim of market risk management is to monitor, manage and control, within acceptable levels, the exposure of the WDF Group to these risks and the resulting impact on the Group's income statement, financial position and cash flow.

The WDF Group's financial policy places special emphasis on the control and management of market risk, specifically with regard to interest rates and exchange rates, given the extent of the borrowings of the WDF Group and its international footprint.

Interest rate risk

The aim of interest rate risk management is to mitigate and/or reduce financial expense volatility. This entails predetermining a portion of financial expense over a timeframe consistent with the structure of the indebtedness, which, in turn, must be in line with the capital structure and future cash flows. When the desired risk profile cannot be obtained in the capital markets or through bank facilities, it is achieved by using derivatives for amounts and maturities in line with those of the liabilities that they hedge. The derivatives used are interest rate swaps (IRS).

At December 31, 2014, most of the indebtedness of the WDF Group paid a floating rate. At December 31, 2014 the ratio of fixed rate debt to net debt is 24.1% (26.0% at December, 31, 2013).

The purpose of using derivatives is to make financial expense predictable for a portion of the debt, having established sustainable fixed rates. Hedging instruments are allocated to companies with significant exposure to interest rate risk where there are borrowings subject to floating rates (thus exposing the WDF Group to higher finance costs if interest rate rises) or a fixed rate (which means that lower interest rates do not bring about a reduction in financial expense).

The Group contracted a number of interest rate swaps as hedging instruments on August 9, 2011 with an overall notional amount of GBP 200 million, maturity on July 21, 2016, and interest rates between 1.31% and 1.35%. These instruments were effective as at December 31, 2014 and December 31, 2013. Their fair value amounted to Euro 2,926 thousand at December 31, 2014 (Euro 1,751 thousand at December 31, 2013).

The fair value of derivatives is measured in accordance with techniques that use reference parameters observable in the market, other than prices quoted on active markets for the assets and liabilities that are being measured. Consequently, in the fair value hierarchical ranking they are classifiable at level 2 of the ranking.

A hypothetical unfavorable change of 1% in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at December 31, 2014 would increase net financial expense by Euro 7,832 thousand (Euro 6,707 thousand as of December 31, 2013).

Currency risk

Because it operates in international markets and uses different currencies, the WDF Group is exposed to currency risk.

4. FINANCIAL RISK MANAGEMENT (Continued)

Fluctuations in exchange rates affect the results of the WDF Group in several ways. A significant impact is represented by the translation effect, which emerges when the financial statements of foreign subsidiaries are translated into euro. In addition, because a portion of the revenue and expense of the WDF Group are denominated in currencies other than the euro, increases or decreases in the value of the euro versus those currencies can have an impact on the Consolidated Financial Statements of the WDF Group.

However, because within each country revenue and expense are usually denominated in the same currency, the WDF Group benefits to a significant extent from a natural hedging effect.

The aim of currency risk management is to neutralize in part this risk on foreign currency payables and receivables that are not denominated in Euro.

The following tables show for the main currencies the exposure of the equity and profit for the year of the WDF Group to currency risk at December 31, 2013 and 2014:

2014

	CAD	GBP	USD	MXP
	In thousands			
Equity	21,853	316,727	314,474	159,450
Profit for the year	12,114	81,641	20,297	58,623

2013

	CAD	GBP	USD	MXP
	In thousands			
Equity	16,740	333,099	303,833	171,202
Profit for the year	9,179	77,180	21,519	72,755

A 10% increase or depreciation of the Euro versus the currencies listed below would have caused, at December 31, 2013 and 2014, the effects on equity and profit shown in the table below, stated in thousands of Euro:

	CAD		GBP		USD		MXP		Total	
	+ 10%	− 10%	+ 10%	− 10%	+ 10%	− 10%	+ 10%	− 10%	+ 10%	− 10%
	In thousands of Euro									
2014										
Equity	1,783	(2,180)	(5,906)	7,219	(1,262)	1,542	680	(831)	(4,705)	5,751
Profit for the year	692	(846)	7,183	(8,780)	860	(1,052)	140	(171)	8,875	(10,848)

	CAD		GBP		USD		MXP		Total	
	+ 10%	− 10%	+ 10%	− 10%	+ 10%	− 10%	+ 10%	− 10%	+ 10%	− 10%
	In thousands of Euro									
2013										
Equity	1,445	(1,766)	(8,439)	10,314	(942)	1,152	773	(945)	(7,163)	8,755
Profit for the year	549	(672)	7,874	(9,624)	948	(1,158)	248	(303)	9,619	(11,757)

This analysis was performed assuming that all other variables, interest rates in particular, remained constant.

4. FINANCIAL RISK MANAGEMENT (Continued)

The WDF Group uses derivatives to hedge currency risk primarily in connection with the exposure arising from intra-group transactions.

Hedging instruments are allocated to companies with significant exposure to currency risk in terms of translation risk (i.e., the risk related to conversion into Euro in the parent's or its subsidiaries' financial statements of equity investments in foreign currency) or financial assets or liabilities in a currency other than the reporting currency. These transactions are recognized at fair value under financial assets or liabilities.

In the case of financial instruments that hedge financial receivables and payables in a currency other than the reporting currency, any change in fair value and the corresponding change in the carrying value of the hedged assets and liabilities is recognized in profit or loss.

In the case of financial instruments that hedge the translation risk and, consequently, are designated as hedges of net investments, the effective component of fair value is recognized in comprehensive income and classified in equity in the "Translation reserve".

For the purposes of containing the net total exposure to the British pound, which is related to the presence of the WDF Group in the United Kingdom, a portion of the indebtedness denominated in British pounds was designated as a hedge of net investment.

Credit risk

The credit risk is the risk that a customer or a financial instrument counterparty may cause a financial loss by defaulting on an obligation. It arises principally in relation to the trade receivables and financial investments of the WDF Group.

At December 31, 2013 and 2014, the carrying amount of the financial assets represents the maximum exposure of the WDF Group to the credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties as shown below:

	As of December 31		
	2014	2013	Change
	In thousands of Euro		
Bank and cash deposits	49,992	20,098	29,894
Other financial assets—current portion	15,155	12,994	2,161
Trade receivables	48,134	38,659	9,475
Other assets—current portion	51,130	41,595	9,535
Other financial assets—non-current portion	35,501	32,228	3,273
Other assets—non-current portion	239,313	264,241	(24,928)
Total	**439,225**	**409,815**	**29,410**

Because of the business model of the WDF Group, centered on the relationship with the end consumer, the credit risk on trade receivables is not high relative to the total financial assets, as the consideration due for sales in the stores is generally settled in cash or with credit cards (included under 'other financial assets).

Trade receivables consist of promotional contributions and bonuses on purchases from suppliers and receivables from customers for wholesale transactions.

4. FINANCIAL RISK MANAGEMENT (Continued)

Other assets consist mainly of prepaid rent and advances for services, commercial investments made on behalf of concession grantors as well as amounts due from the tax authorities and the public administration and amounts due from credit card issuers, all of which entail a limited credit risk. The amounts corresponding to guarantee deposits and advance payments are contractually covered.

Other financial assets are recognized net of impairment losses computed to reflect the risk of default by counterparties. Impairment is determined in accordance with local procedures, which may require both impairment of individual positions, if individually material, when there is evidence of an objective condition of uncollectability of all or part of the amount due, and collective impairment calculated on the basis of historical and statistical data.

The table that follows shows the age of trade receivables at December 31, 2014 and 2013:

	Not expired	Overdue not impaired				Total
		1 - 3 months	3 - 6 months	6 months - 1 year	Over 1 year	
	In thousands of Euro and percentage of trade receivables					
Trade receivables as of December 31, 2014	18,576	25,884	2,864	810	—	48,134
percentage of total trade receivables	*39%*	*54%*	*6%*	*2%*	*0%*	*100%*
Trade receivables as of December 31, 2013	12,476	21,824	1,687	2,432	240	38,659
percentage of total trade receivables	*32%*	*56%*	*4%*	*6%*	*1%*	*100%*

There is no significant concentration of credit risk.

Liquidity risk

The liquidity risk arises when it proves difficult to meet the obligations relating to financial liabilities. The element that make up the WDF Group's liquidity are the resources generated or absorbed by operating and investing activities, the characteristics of its debt, the liquidity of its financial investments, and financial market conditions.

4. FINANCIAL RISK MANAGEMENT (Continued)

The tables that follow show an analysis of the maturities of derivative and non-derivative financial liabilities at December 31, 2013 and 2014:

	As of December 31, 2014							
			Maturity					
	Carrying amount	Total	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	Over 5 years
	In thousands of Euro							
Non derivative financial liabilities								
Amounts drawn on credit lines	40,000	40,000	—	—	40,000	—	—	—
Unsecured bank loans	994,917	994,917	—	—	—	—	994,917	—
Trade payables	280,950	280,950	280,950	—	—	—	—	—
Due to suppliers for investments	22,630	22,630	22,630	—	—	—	—	—
Other liabilities	6,501	6,501	6,501	—	—	—	—	—
Total	**1,344,998**	**1,344,998**	**310,081**	**—**	**40,000**	**—**	**994,917**	**—**

	As of December 31 2014							
			Maturity					
	Carrying amount	Total	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	Over 5 years
	In thousands of Euro							
Derivative financial liabilities								
Currency derivatives	3,943	3,943	3,943					
Interest rate swaps	2,927	2,927	—	—	—	2,927	—	—
Total	6,870	6,870	3,943	—	—	2,927	—	—

4. FINANCIAL RISK MANAGEMENT (Continued)

	As of December 31, 2013							
	Maturity							
	Carrying amount	Total	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	Over 5 years
	In thousands of Euro							
Non-derivative financial liabilities								
Amounts drawn on credit lines	11,915	11,915	—	—	11,915	—	—	—
Unsecured bank loans	1,055,094	1,055,094	—	—	60,000	104,987	890,107	—
Other financial liabilities	4,189	4,189	4,189	—	—	—	—	—
Trade payables	235,493	235,493	235,493	—	—	—	—	—
Due to suppliers for investments	19,305	19,305	19,305	—	—	—	—	—
Other liabilities	5,036	5,036	5,036	—	—	—	—	—
Total	**1,331,032**	**1,331,032**	**264,023**	**—**	**71,915**	**104,987**	**890,107**	**—**

	As of December 31, 2013							
	Maturity							
	Carrying amount	Total	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	Over 5 years
	In thousands of Euro							
Derivative financial liabilities								
Currency derivatives	474	474	474	—	—	—	—	—
Interest rate swaps	1,751	1,751	—	—	—	—	1,751	—
Total	**2,225**	**2,225**	**474**	**—**	**—**	**—**	**1,751**	**—**

As of December 31, 2014 and 2013 there were no financial liabilities with a maturity longer than five years.

The loan agreement identifies certain 'events of default', customary for an agreement of this nature. If one of these events occurred and the lenders exercised their right, the Group would be obliged to promptly reimburse the drawn-down amounts of the Loan, and this would be terminated. Said events of default include, among others, failure by the WDF Group to comply with certain financial covenants (see note 2.4.20 for further information). The WDF Group carefully assessed its ability to meet the financial covenants even in case of events adversely affecting the Group's results of operations and cash generation. Although the sustainability assessment has shown that there are adequate security margins, it cannot be ruled out, however, that, if more serious adverse events occurred as compared to the ones already considered, the financial covenants might not be complied with.

In addition to the failure to comply with the financial covenants, the loan agreement provides for further 'events of default' or circumstances that may trigger the prepayment of the Loan (or part of it), including, by way of example, a change of control within the WDF Group.

4. FINANCIAL RISK MANAGEMENT (Continued)

In February 2013, the WDF Group made an outlay in excess of Euro 278,933 thousand (plus VAT amounting to Euro 58,576 thousand) as an advance payment in relation to AENA agreements and Euro 27,318 thousand as a security deposit. This advance payment will allow the Group to obtain more operating cash flows throughout the duration of the agreement.

The WDF Group naturally has a negative working capital (Euro 75.5 million as of December 31, 2014 and Euro 146.0 million as of December 31, 2013). This peculiarity mainly arises from the following structural characteristics of the business of the WDF Group: (i) a low value of trade receivables compared to the volume of sales, since much of the sales turn quickly into cash, as is usual for businesses of retail sale to the final consumer; and (ii) an amount of inventories structurally reduced compared to the value of production. For these reasons, the amount of current liabilities and trade payables in particular, usually exceeds current assets.

The WDF Group has unused committed bank facilities for approximately Euro 240 million as of December 31, 2014 (Euro 205 million as of December 31, 2013).

The objective of the WDF Group is to maintain sufficient liquid assets to cover the liquidity risk. Moreover, the WDF Group believes it has sufficient flexibility in the time management of its investments and in containing overheads to address any financial stress, while complying with the covenants required by the loan agreements.

5. FAIR VALUE ESTIMATION

For financial reporting purposes, fair value measurements are categorized into several hierarchical levels based on the inputs to the fair value measurements, as described below:

Level 1—quoted prices (unadjusted) on active markets for identical assets or liabilities (the Group does not have assets or liabilities in this category);

Level 2—inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (prices) or indirectly (derived from prices);

Level 3—inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

There was no transfer between the different levels of hierarchy during 2014.

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded on an active market (for example, over-the-counter derivatives) is determined by using measurement techniques. These measurement techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

All the financial assets and liabilities of the Group are classified in level 2, except for the syndicated loan.

Excluding derivatives, these level 2 financial instruments are measured at amortized cost, which essentially corresponds to their fair value, except for the AENA advance payment and security deposits.

5. FAIR VALUE ESTIMATION (Continued)

- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash-flows based on observable market yield curves. The credit value adjustment is based on directly observable market credit spreads for the respective counterparts. The debit value adjustment is considered by estimating the Group's own credit rating based on several representative financial ratios as well as on benchmarking analyses. Adjustments for both, own credit risk and counterparty credit risk, can be considered as not significant as of December 31, 2014.
- the fair value of the AENA upfront payment and guarantee deposits is calculated as the present value of the estimated future cash flows based on the counterparty credit risk; as shown in the following table:

	31.12.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	In thousands of Euro			
Other financial assets				
AENA advance payment, current and non-current	252,632	259,768	271,553	271,553
Security deposits, non-current	22,910	22,139	22,230	22,230

(b) Financial instruments in level 3

The fair value of the bank loans has been estimated by discounting the future cash flows using observable risk free market interest rates plus a spread for the Group's own credit risk. The own credit risk spread is obtained by estimating the Group's own credit rating based on several representative financial ratios as well as on benchmarking analyses. Furthermore, the fair value is higher than the carrying amount as of December 31, 2014 and 2013 and should be close to the amortized cost considering the following aspects:

- the "risk-free part" of the loan's interest rate is linked to Euribor/Libor;
- the contractual credit spread is variable as well, that is, the credit spread is periodically adjusted depending on the credit risk of the Group; and
- the Group's own credit risk has not changed significantly since the respective dates of the signings (November 2014 for the new syndicated loan and May 2013 for the previous syndicated loan, cancelled before the signing of the new one).

	31.12.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	In thousands of Euro			
Bank loans and borrowings				
Syndicated loan	991,032	984,835	1,032,519	1,032,519

6. SEGMENT REPORTING

The table below provides information about the Group's operating segments as of December 31, 2014 and 2013.

6. SEGMENT REPORTING (Continued)

The WDF Group operates in four geographical segments: United Kingdom, Rest of Europe, Americas and Asia and Middle East, designated as operating segments. The criteria applied to designate these geographical areas as operating segments were based, inter alia, on the methods used at the highest level of operational decision making to periodically review the results of the WDF Group and adopt decisions concerning the allocation of resources to the various operating segments and assess their performance.

The tables below present the relevant disclosure concerning the four geographical segments during the periods presented in the consolidated financial statements.

	For the twelve months period ended 31 December									
	United Kingdom		Rest of Europe		Americas		Asia and Middle		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	In thousands of Euro									
Revenue	1,057,766	975,573	737,600	620,677	438,377	322,224	172,897	160,003	2,406,640	2,078,477
Other operating income	3,458	3,885	15,740	12,788	9,927	6,225	3,842	4,201	32,967	27,099
Total revenue and other operating income	**1,061,224**	**979,458**	**753,340**	**633,465**	**448,304**	**328,449**	**176,739**	**164,204**	**2,439,607**	**2,105,576**
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(36,591)	(36,742)	(42,021)	(34,850)	(15,858)	(10,972)	(8,745)	(8,713)	(103,215)	(91,277)
Operating profit/ (loss)	**110,501**	**110,585**	**(15,180)**	**21,971**	**19,151**	**16,702**	**15,469**	**14,304**	**129,941**	**163,562**

	31.12.2014						31.12.2013					
	United Kingdom	Rest of Europe	Americas	Asia and Middle East	Not allocated	Total	United Kingdom	Rest of Europe	Americas	Asia and Middle East	Not allocated	Total
	In thousands of Euro											
Goodwill	455,490	82,242	72,017	49,487		659,236	423,985	82,243	66,225	44,781		617,234
Other intangible assets	308,116	166,024	21,669	31,859		527,668	309,943	178,053	25,238	37,244		550,478
Property, plant and equipment	57,599	72,311	39,672	4,815		174,397	37,908	56,157	32,525	4,510		131,100
Investment property	—	5,628	—	8		5,636	—	6,556	—	—		6,556
Financial assets	843	29,261	243	5,030		35,377	1,517	37,734	157	1,601		41,009
Non-current assets	**822,048**	**355,466**	**133,601**	**91,199**		**1,402,314**	**773,353**	**360,743**	**124,145**	**88,136**		**1,346,377**
Net working capital	**(97,370)**	**(17,800)**	**19,500**	**(5,171)**		**(100,841)**	**(82,452)**	**(37,521)**	**8,965**	**3,958**		**(107,050)**
Other non-current non-financial assets and liabilities	(25,189)	211,073	1,129	9,972	(42,793)	154,192	(19,799)	250,474	1,330	9,300	(34,839)	206,466
Assets held for sale	—	—	—	—	—	—						
Net invested capital	**699,489**	**548,739**	**154,230**	**96,000**	**(42,793)**	**1,455,665**	**671,102**	**573,696**	**134,440**	**101,394**	**(34,839)**	**1,445,793**

7. SEASONAL PATTERN

WDF Group's volumes are closely related to the flow of travelers, which is highly seasonal in some locations. A breakdown of 2014 results by quarter is as follows:

	1st quarter 2014	1st semester 2014	1st nine months 2014	Full year 2014
	In millions of Euro			
Revenue	438.5	1,047.0	1,773.6	2,406.6
% on full year	*18.2%*	*43.5%*	*73.7%*	*100.0%*
Operating profit	12.7	58.7	118.9	129.9
% on full year	*9.8%*	*45.2%*	*91.5%*	*100.0%*
Pre-tax profit	1.9	38.2	99.8	97.0
% on full year	*2.0%*	*39.4%*	*102.9%*	*100.0%*
Profit attributable to the owners of the parent	1.3	25.3	68.9	34.9
% on full year	*3.7%*	*72.5%*	*197.4%*	*100.0%*

Due to the seasonal nature of the flow of travelers in some airports, higher revenues and operating profits are usually expected in the second half of the year than the first six months.

The above figures are merely indicative and they cannot be used to predict expected results.

8. GUARANTEES PROVIDED, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

The WDF Group provided guarantees totaling Euro 205,000 thousand as of December 31, 2014 (Euro 205,200 thousand at December 31, 2013), mainly in favor of concession operators and as a result of ongoing tax audits. This amount includes the bank guarantees pursuant to the AENA contracts, for a total amount of 46.3 million on behalf of the WDF Group to AENA.

In 2014, the Euro 20,000 thousand guarantee granted by the Group in relation to the Singapore airport tender, as well as the Euro 4,490 thousand guarantee in favor of the tax authorities of New Delhi for an outstanding tax dispute, expired. On the other hand, the Group provided new guarantees of Euro 15,168 thousand in relation to the new concession agreement in Helsinki and Euro 9,400 thousand related to the US Retail Division.

The guarantees that WDFG had provided in relation to the ongoing tax audits in Spain, which are detailed below and amounted to Euro 43,200 thousand as of December 31, 2013, have been partially released as a result of the conclusion of the dispute concerning the fiscal year 2006, which was resolved in favor of the Group. The remaining guarantees outstanding at December 31, 2014 in relation to the ongoing dispute for the years 2007 and 2008 amount to Euro 15,800 thousand. The amount is revised yearly to account for interest.

Contingent liabilities

The subsidiary **WDFG España S.A.** is currently undergoing tax assessments in Spain related to the application of the Spanish Corporate Income Tax for the years 2006, 2007 and 2008. The Spanish Tax Authorities audit ended with certain findings relative to those years.

8. GUARANTEES PROVIDED, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Company management believes, supported by the opinions of independent tax experts, that those findings will not result in obligations giving rise to an outflow of resources from WDF Group. The appeal filed by the company against the 2006 assessment has been favorably resolved by the *Tribunal Económico Administrativo Central* (body within the Spanish tax authorities structure). This resolution can still be appealed by the Spanish Administration before a higher Court level. The same favorable resolution can be expected in connection with 2007 and 2008.

The subsidiary **WDFG SAU** is currently undergoing tax audit in Spain related to the application of the Spanish Corporate Income Tax for 2008 and 2009. Company management believes that the tax audit should not result in obligations giving rise to an outflow of resources from WDF Group.

In May 2000, WDFG (through its subsidiary Aldeasa Jordan Ltd) entered into a License Agreement with the Kingdom of Jordan by which the exclusive right to sell duty free products in certain Jordanian airports (Queen Alia being the main one) was granted to WDFG until April 2012. The License Agreement also allowed WDFG to operate as a free zone company under the umbrella of the Free Zone Corporation (FCZ) benefitting from certain tax exemptions in exchange of a fee based on a percentage on sales

In November 2007, the Kingdom of Jordan and Airport International Group ("AIG") entered into an agreement for the rehabilitation, expansion and operation of Queen Alia Airport. As part of the agreement, AIG was granted with the right to renew or not to renew the license to operate the duty free at the airports. Additionally, in November 2008 WDFG entered into a duty free concession agreement with AIG for Queen Alia International Airport up to 2032. Under the concession agreement, WDFG is obliged to pay to AIG a fee based on a percentage of sales replacing the former payment payable to the FCZ.

In April 2012, the License Agreement with the government expired, the concession agreement with AIG remaining into force, including the fee payment to be made by WDFG. Once the License Agreement expired, FZC requested WDFG to enter into a new license agreement with new fees payable to FCZ to be agreed while WDFG considers that AIG is competent to renew or not to renew the license.

The matter was referred by the Minister of Transport to the Legislation and Opinion Bureau, which is an office that is part of the Prime Ministry that is in charge of preparing legislations and giving opinions to the government, where the Legislation and Opinion Bureau stated in an opinion that AIG is a related party that has the right to renew or not to renew the License Agreement, and with the current contract WDFG is operating duty free with a valid title. However, the opinion did not enter on whether WDFG had to enter into a separate and new agreement with the Free Zone in order to benefit from the exemptions granted to companies operating at the Free Zones in Jordan. This unsolved matter has been transferred to the Special Bureau for Laws Interpretation whose opinion is still pending at the date of preparation of these consolidated financial statements.

In the event that WDFG will not be able to continue operating as a "free zone company", the WDF Group would lose the tax benefits and exemptions enjoyed in Jordan with a retroactive effect as from May 2012, and the WDF Group company operating in Jordan would be subject to regular taxation on corporate income applicable in such country (which at the date of these consolidated financial statements is equal to 14%), to a 16% sales tax and to a 16% tax on the concession charges paid to the licensors and on the concession charges paid to the licensors and on the sales made in shops at arrivals.

8. GUARANTEES PROVIDED, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

In 2012, 2013 and 2014, WDFG filed the corresponding tax returns with the applicable Jordanian tax authorities under the assumption of still being eligible to benefit from the tax exemptions of the free zone. The Jordanian tax authorities have not challenged this approach in any of the tax audits conducted so far to WDFG.

Based on the above, WDFG considers that it will be entitled to join the Free Zone with a possible payment of a fee to the Free Zone. WDFG considers uncertain whether the Free Zone will ask a retrospective payment for 2012, 2013 and 2014.

Investment Commitments

Concession contracts with airport authorities usually include investment commitments in the airport stores. The Group has pending commitments in relation to these agreements amounting to Euro 151,506 thousand as of December 31, 2014.

9. OTHER INFORMATION

9.1 Related party transactions

On June 18, 2014 the Board of Directors of World Duty Free S.p.A. met to discuss the approval of the merger of World Duty Free Group S.A.U. into World Duty Free Group España, S.A. In accordance with Art. 14, paragraph 2, of the regulations adopted by CONSOB resolution no. 17221/2010 concerning operations with related parties (the "CONSOB OPC Regulations") and Art.12.3.1 of the procedure governing operations with related parties of the Company, the latter exercised the right to not apply said procedure to the merger of WDFG SAU into WDFG España, which can be described as an operation of major relevance under Art. 4, paragraph 1 a) of the CONSOB OPC Regulations, as the Company's other related parties have no significant investments in WDFG SAU and WDFG España. In their meetings, the subsidiaries approved the merger of the two companies in December 2014. The merger became effective under the law in January 2015. As a result, WDFG SAU was wound up without liquidation, as all its assets and liabilities were transferred to WDFG España, whose name was subsequently changed into World Duty Free Group, SA.

All related party transactions are carried out in the Group's interest and at arm's length.

The tables below provide an overview of transactions with related parties.

Transactions with Edizione S.r.l.

	Edizione S.r.l.	
	31.12.2014	**31.12.2013**
	In thousands of Euro	
Statement of Financial Position		
Other assets-current	52	51
Trade payables	(6)	(40)
Employee benefits	(95)	—

9. OTHER INFORMATION (Continued)

	Edizione S.r.l.	
	2014	2013
	In thousands of Euro	
Income Statement		
Operating expense(1)	(173)	(57)
Statement of Cash Flow		
Net cash flows from / (used in) operating activities	(111)	(17)

(1) "Operating expense" includes "supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties" and "Other operating expense".

Transactions with other related parties

	Autogrill S.p.A.		Autogrill catering UK Ltd		HMS Host	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
			In thousands of Euro			
Statement of Financial Position						
Other assets, current	—	1	—	—	—	1,961
Trade receivables	38	—	—	—	—	18
Trade payables	(185)	(2,291)	—	(161)	—	(13,037)
Other liabilities, current	—	(520)	—	—	(2,477)	(1,767)
Other financial liabilities, current and non-current	—	—	—	—	—	(3,855)

	Autogrill S.p.A.		Autogrill catering UK Ltd		HMS Host	
	2014	2013	2014	2013	2014	2013
			In thousands of Euro			
Income Statement						
Revenue and other operating income	—	343	—	—	—	—
Operating expense(1)	(217)	(1,482)	(249)	—	(4,794)	(2,118)
Net financial expense	—	(654)	—	—	(117)	(38)
Statement of Cash Flows						
Net cash flows from / (used in) operating activities	(1,200)	(2,066)	(422)	163	(17,129)	(2,421)
Net cash flows from / (used in) financing activities	(1,716)	(288,211)	—	—	(4,379)	—

(1) "Operating expense" includes "Supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties"and "Other operating expense".

As part of the acquisition of the US Retail Division, an agreement was executed for the provision from HMS Host Corporation to WDFG SAU and its subsidiaries, until 31 March 2015, of several services (including accounting, IT, personnel management services and other administrative support services) in order to allow WDF Group to effectively carry out the activities of the recently-acquired US Retail Division.

9. OTHER INFORMATION (Continued)

The incidence of related party transactions on the statement of financial position, income statement and statement of cash flows of the WDF Group is reported below:

	31.12.2014		
	Total related parties	Total Group	%
	In thousands of Euro		
Statement of financial position			
Other assets, current	52	51,130	0.10%
Trade receivables	38	48,134	0.08%
Trade payables	(191)	(280,950)	0.07%
Other liabilities, current	(2,477)	(45,900)	5.40%
Employee benefits	(608)	(32,479)	1.87%
Other financial liabilities, current and non-current	—	(6,870)	0.00%

	2014		
	Total related parties	Total Group	%
	In thousands of Euro		
Income statement			
Revenue and other operating income	—	2,439,607	0.00%
Operating expense(1)	(6,046)	(2,197,972)	0.28%
Net financial expense	(117)	(43,593)	0.27%
Statement of Cash Flows			
Net cash flows from / (used in) operating activities	(19,575)	163,111	n.a
Net cash flows from / (used in) investing activities	—	(63,034)	n.a
Net cash flows from / (used in) financing activities	(6,095)	(76,974)	n.a

(1) "Operating expense" includes "Supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties" and "Other operating expense".

9. OTHER INFORMATION (Continued)

Remuneration of directors and key management personnel

The following remuneration was accrued by members of the Board of Directors and key management personnel of WDF Group during 2014:

			Euro					
Name	**Office**	**Term of office**	**Remuneration**	**Wages and salaries**	**Bonus and other incentives**	**Non-monetary**	**Stock Option plan**	**Total**
Gianmario Tondato Da Ruos	Chairman	2013 - 2015	205,400	—	—	—	—	205,400
Eugenio Andrades	CEO	from 14.11.2014 to 2016	24,978	34,597	17,299	2,496	24,607	103,977
Jose Maria Palencia Saucedo	CEO	from 16.09.2013 to 14.11.2014	250,000	370,067	2,738,777	20,885	351,459	3,731,187
Gianni Mion	Director	2013 - 2015	54,800	—	—	—	—	54,800
Paolo Roverato	Director	2013 - 2015	95,000	—	—	—	—	95,000
Lynda Christine Tyler-Cagni	Director	from 16.09.2013 to 2015	74,600	—	—	—	—	74,600
Gilberto Benetton	Director	from 16.09.2013 to 2015	53,600	—	—	—	—	53,600
Alberto De Vecchi	Director	from 16.09.2013 to 2015	55,400	—	—	—	—	55,400
Laura Cioli	Director	from 16.09.2013 to 2015	94,400	—	—	—	—	94,400
Carla Cico	Director	from 16.09.2013 to 2015	75,200	—	—	—	—	75,200
Total Directors			**983,378**	**404,664**	**2,756,076**	**23,381**	**376,066**	**4,543,564**
Key management personnel			**—**	**2,602,287**	**1,855,353**	**548,435**	**1,062,373**	**6,068,448**
Total			**983,378**	**3,006,951**	**4,611,429**	**571,816**	**1,438,439**	**10,612,012**

In its meeting on October 2, 2014, the Board of Directors, taking into account the agreement of the Human Resources Committee and the Committee for Operations with Related Parties, accepted the resignation of Mr. José María Palencia as Director and approved the termination of the employment relationship with him.

As CEO of WDF S.p.A., Mr. Palencia is entitled to receive the remuneration for the role of CEO, amounting to a gross total of Euro 150,000 per annum, as well as an annual variable pay for 2014 amounting to a gross total of Euro 100,000, due in January 2015.

The employment relationship with Mr. Palencia ended on December 31, 2014. Under his employment agreement, Mr. Palencia earned Euro 370,067 in wages and salaries and Euro 212,140 in variable pay for the year 2014.

The company WDFG SAU paid to Mr. Palencia a gross Euro 2,172,357 for the termination of the employment relationship and a gross Euro 354,280 for the non-competition clause with regard to other institutions operating in the duty free sector for a term of 24 months. These amounts were settled in January 2015.

9. OTHER INFORMATION (Continued)

As part of the agreement, the parties also agreed the settlement of the options vested in April 2014 under the 2010 Stock Option Plan for a gross Euro 708,560, which WDFG SAU paid on October 16, 2014. The relevant expense recognized by the company in 2014 totals Euro 276 thousand.

Mr. Palencia will be entitled to the incentive plans L-LTIP 2010-2012—Wave 2 (vesting in April 2015) and the Phantom Stock Option 2014 Plan (which covers the July 2014 - July 2016 period). These incentive plans will be settled by the subsidiary WDFG SAU.

The agreement, which may be considered to be an operation with a related party of lesser relevance pursuant to the procedure adopted by the company on operations with related parties, has been analysed by the company's Committee for Operations with Related Parties which is made up exclusively by independent administrators, and they have expressed their approval of the agreement. Similarly, the company's Human Resources Committee is also in favour of the Board's agreements.

On November 14, 2014, Mr. Palencia left the Board of Directors of WDF S.p.A. and the Board has designated Eugenio Andrades as new Chief Executive Officer of WDF S.p.A.

The CEO's remuneration includes salary, bonuses paid under the annual incentive plan and bonuses accrued under the long-term incentive plan. The subsidiary WDFG SAU will pay this remuneration under the existing employment relationship.

The CEO's contract states that in case of resignation with just cause or in case of dismissal without just cause, WDFG SAU shall pay about Euro 1.5 million. In the event of discontinuation of office, the CEO shall retain the right to variable compensation under the incentive plans, subject to the achievement of the targets and satisfying any other conditions stated in the plans, during the relevant period of time.

A significant portion of the variable compensation paid to the CEO and key management personnel is tied to the achievement of specific targets established in advance by the Board of Directors of the Parent, by virtue of their participation in management incentive plans. In particular, the CEO and key management personnel participate in an annual bonus system involving earnings and financial targets and other strategic objectives for the Group and/or the relevant business unit, as well as individual objectives.

9.2 Fees of the statutory auditors

Statutory auditors' fees for the year ended December 31, 2014 are as follows:

Name	Office	Term of office	Fees (Euro)	Other remuneration (Euro)	Total (Euro)
Marco Giuseppe Maria Rigotti	Chairman	2013 - 2015	82,500	15,000	**97,500**
Patrizia Paleologo Oriundi	Standing auditor	2013 - 2015	55,000	10,000	**65,000**
Massimo Catullo	Standing auditor	2013 - 2015	55,000	10,000	**65,000**

Other remuneration refers to the fees earned as members of the Supervisory Body as per Italian Legislative Decree 231/01.

9. OTHER INFORMATION (Continued)

9.3 Fees to the independent auditors

The table below provides an overview of the fees for the independent auditors and other companies in their network for the auditing services and other services provided:

Type of service	Service provider	Recipient	Fees (in thousands of Euro)
Auditing	Principal auditor	Parent	71
	Auditor in principal auditor´s network	Subsidiaries	997
Attestation	Principal auditor	Parent	—
	Auditor in principal auditor´s network	Subsidiaries	—
Other services	Principal auditor	Parent	4
	Principal auditor	Subsidiaries	480
	Auditor in principal auditor´s network	Subsidiaries	297
Total			**1,849**

10. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Except for the merger of the two Spanish subsidiaries and the new stock option plan (see note 2.4.17), in 2014 there were no significant non-recurring events or transactions as defined by CONSOB's Resolution 15519 and Communication DEM/6064293.

11. ATYPICAL OR UNUSUAL TRANSACTIONS

No atypical or unusual transactions, as defined by CONSOB Communications DEM/6037577 of April 28, 2006 and DEM/6064293 of July 28, 2006, were performed in 2014.

12. EVENTS AFTER THE REPORTING PERIOD

In January 2015, the Board of Directors of WDF S.p.A. decided to launch the integration process involving the implementation of a single IT Platform, the streamlining of the logistics model, and the simplification of the corporate structure and central functions of the subsidiaries in the United Kingdom and Spain offices.

Specifically, the rationale for the changes on the organizational structure is that the UK office will become the corporate centre and headquarters of the Group. Therefore, it will be necessary to reduce the operating expenses and the duplication of functions, as well as redesign the organizational structure towards a leaner model.

This restructuring activity was commenced on February 17, 2015 in both offices simultaneously; however the consultation processes that are to be followed are not the same due to differing local labor laws.

On February 28, 2015, the Board of Directors of WDF S.p.A. approved the acquisition of the business activities that remained not transferred from HMS Host. The purchase price agreed was USD 19 million plus a potential adjustment in connection with the amount of the net working capital at the date the acquisition is finalized. The acquisition, which was conditional on obtaining the authorization of the concession providers, became effective as of February 28, 2015. The payment of the purchase price and the potential adjustment are subject to a 5% retention guarantee.

13. AUTHORIZATION FOR PUBLICATION

The Board of Directors authorized the publication of these consolidated financial statements during the meeting held on March 11, 2015.

Annex 1

List of consolidated subsidiaries and other equity investments

Company	Registered office	Currency	Share/ quota capital	% held at December 31, 2014	% held at December 31, 2013	Shareholders/quota holders
PARENT						
World Duty Free, S.p.A.	Novara	EUR	63,720,000	50.10%	50.10%	Schematrentaquattro, S.p.A.
COMPANIES CONSOLIDATED LINE-BY-LINE						
World Duty Free Group, S.A.U.(1)	Madrid	EUR	1,800,000	100.00%	100.00%	World Duty Free, S.p.A.
World Duty Free Group España, S.A.(1)	Madrid	EUR	10,772,462	99.93%	99.93%	World Duty Free Group, S.A.U.
Aldeasa Chile, Limitada	Santiago de Chile	USD	2,516,819	100.00%	100.00%	World Duty Free Group España, S.A.
Sociedad de Distribución Comercial Aeroportuaria de Canarias, S.L.	Telde (Gran Canaria)	EUR	667,110	60.00%	60.00%	World Duty Free Group España, S.A.
Aldeasa México, S.A. de C.V.	Cancún	PXM	60,962,541	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Prestadora de Servicios en Aeropuertos, S.A. de C.V.	Cancún	PXM	50,000	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Aldeasa Cabo Verde, S.A.	Ilha do Sal (Cabo Verde)	CVE	6,000,000	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Aldeasa Italia S.L.R.	Naples	EUR	10,000	100.00%	100.00%	World Duty Free Group España, S.A.
Aldeasa Duty Free Comercio e Importación de Productos LTDA	Sao Paulo	BRL	1,560,000	99.99%	99.79%	World Duty Free Group España, S.A.
				0.01%	0.21%	World Duty Free Group, S.A.U.
Palacios y Museos, S.L.U.(2)	Madrid	EUR	160,000	—	100.00%	World Duty Free Group España, S.A.
Audioguiarte Servicios Culturales, S.L.U.(2)	Madrid	EUR	251,000	—	100.00%	Palacios y Museos, S.L.U.
Panalboa, S.A.(2)	Ciudad de Panamá	PAB	150,000	—	80.00%	Palacios y Museos, S.L.U.
Aldeasa Jamaica Ltd	St James (Jamaica)	USD	280,000	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG Germany GmbH	Düsseldorf	EUR	250,000	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG Italia, S.r.L. (ARI) in liquidation	Rome	EUR	10,000	100.00%	100.00%	World Duty Free Group España, S.A.
Cancouver Uno S.L.U.	Madrid	EUR	3,010	100.00%	100.00%	WDFG UK Holdings Limited
WDFG Vancouver LP	Vancouver	CAD	9,500,000	99.99%	99.99%	Cancouver Uno S.L.U.
				0.01%	0.01%	WDFG Canada INC
WDFG Canada INC	Vancouver	CAD	1,000	100.00%	100.00%	Cancouver Uno S.L.U.
Aldeasa Jordan Airport Duty Free Shops	Amman	USD	705,218	100.00%	100.00%	WDFG UK Holdings Limited
WDFG US, Inc.	Delaware	USD	165,842,137	100.00%	100.00%	WDFG UK Holdings Limited
Alpha Keys Orlando Retail Associates LLP	Orlando	USD	100,000	—	85.00%	WDF US, Inc.
World Duty Free US, Inc.	Orlando	USD	1,400,000	100.00%	100.00%	WDFG US, Inc.
Aldeasa Atlanta, LLC	Atlanta	USD	1,672,000	100.00%	100.00%	WDFG US, Inc.
Aldeasa Atlanta JV	Atlanta	USD	—	51.00%	51.00%	Aldeasa Atlanta, LLC
				25.00%	25.00%	WDFG US, Inc.
Aldeasa Curaçao N.V.	Curacao	USD	500,000	100.00%	100.00%	WDFG UK Holdings Limited
Autogrill Lanka, Ltd	Colombo (Sri Lanka)	SLR	30,000,000	99.95%	99.00%	WDFG UK Holdings Limited
Alpha-Kreol (India) Pvt Ltd	Mumbai	INR	100,000	50.00%	50.00%	WDFG UK Holdings Limited
Airport Retail Pvt Limited	Mumbai	INR	601,472,800	50.00%	50.00%	Alpha Airports Retail Holdings Pvt Limited
				50.00%	50.00%	WDFG UK Holdings Limited
WDFG Helsinki Oy	Vantaa (Finland)	EUR	2,500	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG UK Holdings Limited	London	GBP	12,484,397	80.10%	80.10%	World Duty Free Group, S.A.U.
				19.90%	19.90%	World Duty Free Group España, S.A.
WDFG GB Limited	London	GBP	1,000	100.00%	100.00%	WDFG UK Holdings Limited
WDFG UK Limited	London	GBP	360,000	100.00%	100.00%	WDFG UK Holdings Limited
WDFG Holdings UK Pension Trustees Limited	London	GBP	100	100.00%	100.00%	WDFG UK Limited
Alpha Retail Ireland Ltd	Dublin	EUR	1	100.00%	100.00%	WDFG UK Limited
WDFG Jersey Limited	Jersey	GBP	4,100	100.00%	100.00%	WDFG UK Limited
Alpha Airports Group (Channel Islands) Ltd	St Helier, Jersey	GBP	21	—	100.00%	WDFG UK Holdings Limited
Alpha Airports Retail Holdings Pvt Limited	Mumbai	INR	—	100.00%	100.00%	WDFG UK Holdings Limited
WDFG North America, LLC	Delaware	USD	72,047,935	100.00%	100.00%	WDFG US, Inc.

Company	Registered office	Currency	Share/ quota capital	% held at December 31, 2014	% held at December 31, 2013	Shareholders/quota holders
WDFG-Howell-Mickens, Terminal A Retail II, LLC	Delaware	USD	—	65.00%	65.00%	WDFG North America, LLC
WDFG-Love Field Partners III, LLC	Delaware	USD	—	51.00%	51.00%	WDFG North America, LLC
WDFG-SPI DEN Retail, LLC	Delaware	USD	—	75.00%	75.00%	WDFG North America, LLC
WDFG JV Holdings, LLC	Delaware	USD	—	100.00%	100.00%	WDFG North America, LLC
AIRSIDE E JV	n/a	USD	—	50.00%	50.00%	WDFG JV Holdings, LLC
WDFG-Tinsley JV	n/a	USD	—	84.00%	84.00%	WDFG JV Holdings, LLC
WDFG PROSE JV II	n/a	USD	—	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-ELN MSP Terminal 2 Retail, LLC	Delaware	USD	—	90.00%	90.00%	WDFG JV Holdings, LLC
Houston 8-WDFG JV	n/a	USD	—	60.00%	60.00%	WDFG JV Holdings, LLC
WDFG Bush Lubbock Airport JV	n/a	USD	—	90.00%	90.00%	WDFG JV Holdings, LLC
WDFG Adevco JV	n/a	USD	—	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-Howell-Mickens JV	n/a	USD	—	65.00%	65.00%	WDFG JV Holdings, LLC
WDFG-Solai MDW Retail, LLC	Delaware	USD	—	67.00%	67.00%	WDFG JV Holdings, LLC
WDFG-Diversified JV	n/a	USD	—	90.00%	90.00%	WDFG JV Holdings, LLC
WDFG-Java Star JV	n/a	USD	—	50.01%	50.01%	WDFG JV Holdings, LLC
WDFG-Howell Mickens Terminal A Retail I JV	Delaware	USD	—	65.00%	65.00%	WDFG JV Holdings, LLC
Phoenix-WDFG JV	n/a	USD	—	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-Houston 8 Terminal E, LLC	Delaware	USD	—	60.00%	60.00%	WDFG JV Holdings, LLC
WDFG-Chelsea JV 1	n/a	USD	—	65.00%	65.00%	WDFG JV Holdings, LLC
WDFG-Love Field Partners II, LLC	Delaware	USD	—	51.00%	51.00%	WDFG JV Holdings, LLC
WDFG-DFW AF, LLC	Delaware	USD	—	50.01%	50.01%	WDFG JV Holdings, LLC
WDFG-Houston 8 San Antonio JV	n/a	USD	—	63.00%	63.00%	WDFG JV Holdings, LLC
WDFG Miami Airport Retail Partners JV	n/a	USD	—	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-Howell Mickens JV III	n/a	USD	—	51.00%	51.00%	WDFG JV Holdings, LLC
WDFG-DMV DTW Retail LLC	Delaware	USD	—	79.00%	79.00%	WDFG JV Holdings, LLC
WDFG Detroit & Partners LLC	Delaware	USD	—	80.00%	20.00%	WDFG North America, LLC
Alpha ASD Ltd	London	GBP	20,000	100.00%	50.00%	WDFG UK Holdings Limited
WDFG France SNC	Neuilly Sur Seine	EUR	5,000	100.00%	—	WDFG UK Holdings Limited
WDFG Detroit&Partners LLC	Delaware	USD	—	80.00%	—	WDFG North America, LLC
WDFG-Stellar TPA 1 LLC	Delaware	USD	—	70.00%	—	WDFG North America, LLC
WDFG CA LLC	Delaware	USD	—	65.00%	—	WDFG North America, LLC
COMPANIES CONSOLIDATED USING THE EQUITY METHOD						
Creuers del Port de Barcelona S.A.(2)	Barcelona	EUR	3,005,061	—	23.00%	World Duty Free Group España, S.A.

(1) These two entities merged in 2015. Refer to note 9.1 for more information.

(2) The investment was sold in 2014.

Statement of the CEO and Manager in charge of financial reporting

STATEMENT
about the consolidated financial statements
pursuant to art. 81-*ter* of Consob Regulation 11971
of 14 May 1999 (as amended)

1. We, the undersigned, Eugenio Andrades as Chief Executive Officer and David Jiménez-Blanco as manager in charge of financial reporting of World Duty Free S.p.A., hereby declare, including in accordance with art. 154-*bis* (3) and (4) of Legislative Decree no. 58 of 24 February 1998:

   a) The adequacy of, in relation to the characteristics of the business; and

   b) Due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during 2014.

2. No significant findings have come to light in this respect.

3. We also confirm that:

   3.1. The consolidated financial statements:

      a) Have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;

      b) Correspond to the ledgers and accounting entries;

      c) Provide a true and fair view of the financial position and results of operations of World Duty Free S.p.A. and of companies included in the consolidation.

   3.2. The directors' report includes a reliable description of the performance and financial position of the issuer and the entities in the scope of consolidation, along with the main risks and uncertainties to which they are exposed.

Milan, March 11, 2015

Mr. Eugenio Miguel Andrades Yunta Chief Executive Officer (signed on the original)	Mr. David Jiménez-Blanco Manager in charge of Financial Reporting (signed on the original)

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Independent auditors' report

To the shareholders of
World Duty Free S.p.A.

1 We have audited the consolidated financial statements of the World Duty Free Group as at and for the year ended 31 December 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 4 April 2014 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the World Duty Free Group as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the World Duty Free Group as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

Milan, 8 April 2015
KPMG S.p.A.

/s/ STEFANO AZZOLARI

Stefano Azzolari
Director

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