

Dufry

Industry

Retailers

Rating	Price Target
Buy	CHF 170

Ticker	DUFN SE
Share price	CHF 136
Mkt cap. (mns)	CHF 7,148
Free float (%)	79.6 %
Trad. vol. (mns)	CHF 39.4

Investment Case

Travel retail driven by growth in passenger numbers:

Worldwide passenger numbers growing +4-5% p.a. with higher growth in emerging markets, travel retail industry to grow +6-8% p.a. until 2020. Airport expansions with increased retail space are also supporting growth.

Following Nuance and WDF acquisitions, Dufry is the clear global leader in travel retail: Through the acquisition of Nuance and WDF, Dufry is the clear market leader with a market share of 20% in worldwide travel retail. 2,200 shops in 64 countries with 380 locations. Airports account for 90% of sales. 40% of sales/costs are in USD. Broadly based concession portfolio with average duration of 8 years. The UK (E 18% of sales) is the most important market, followed by US (15%), Spain (9%) and Brazil (6%).

Integration of Nuance and WDF completed at end of FY16: Nuance integration brought synergies of CHF 70 mn p.a. in FY16 and WDF CHF 125 mn p.a. in FY16/17. Acquisition paid partly with capital increase; new Business operating model with cost savings of CHF 50mn p.a. in FY18

Strong track record in sales growth and margin improvement: Turnover 2008-2017 with organic growth of +3.3% p.a. (like-for-like sales +1.7% p.a.). Acquisitions have also played an important role. Gross profit margin from 46.4% in 2003 to 59.4% in 2017 and EBITDA margin from 7.1% in 2003 to 12.0% in 2017 (2014: 13.7%) - target 13.0% in FY19.

Recent Newsflow

08-05-2018 - 1Q18 results (+)

Organic growth of +7.1%, EBITDA margin +100bp due to gross margin (+30bp), also lower concession (-20bp)/costs (-40bp)

06-04-2018 - Dividend/buyback (+)

Dividend per share CHF 3.75 for FY17, one-time share buyback of CHF 400 mn until 2019, future dividend at least CHF 3.75

15-03-2018 - FY17 results (=)

Organic growth of 7.4% in FY17 (4Q +5.7%), gross margin +80bp to 59.4%, and EBITDA +10bp to 12.0%

Next Catalysts & Events

03-08-2018 - 1H18 results

Mid-single-digit growth in April - 2Q with tough comps (organic growth 2Q17(+8.7%))

05-11-2018 - 9M18 results

14-03-2019 - FY18 results

Analyst

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Criteria analysis

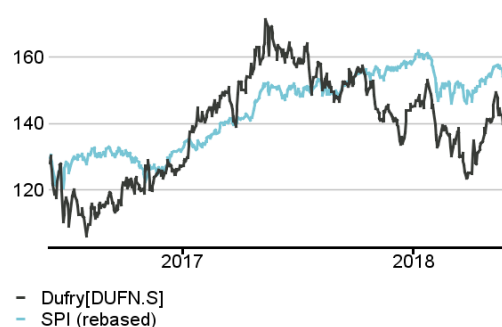
	Weak			Strong			Comment
Growth profile	1	2	3	4	5	6	– Strong growth in worldwide travel retail
Pricing power	1	2	3	4	5	6	– No direct competition at airports
Margin resilience	1	2	3	4	5	6	– Small share of fixed costs, concession % of sales
Corporate governance	1	2	3	4	5	6	– Major shareholder group (18%) and HNA (21%?)
Financial metrics	1	2	3	4	5	6	– High debt but strong free cash flow
Valuation	1	2	3	4	5	6	– Below historical average

Business description

Worldwide leading travel retailer: Dufry is a global travel retailer with operations in 64 countries (2,240 shops), which are primarily located at airports (also cruise liners, seaports). The company has a strong portfolio of long-term concessions with airport authorities and provides customers with prestigious brands from more than 1,500 suppliers.

Active in all regions around the world: UK/Central EU (26% of sales) - strong position in the UK and Switzerland, South EU/Africa (22% of sales) - strong position in Spain, Greece, Turkey and Italy; Latin America (20%) - leading position in Brazil, Argentina, Uruguay, Chile and Mexico; North America (21%) with broad coverage in major airports; Asia/Middle East (10% of sales).

Performance



Risks to our investment case

Renewal of important concessions: Higher concession fees as a trend - already seen with the renewal at Sao Paulo/Brazil in 2013; virtually no major renewals in FY18 (8% of sales) - next important renewals in Spain in 2020

External shock in travel industry: Natural disasters, terror attacks or regional diseases (e.g. SARS) could influence travelling and would impact Dufry's sales.

Integration risk: Integration of Nuance until end of FY15 successful; WDF also finished successfully end of FY16 (ahead of plan)

Debt situation and goodwill: Current net debt/EBITDA ratio of 3.5x at the upper end of credit covenants (4.0x), incl. Hudson IPO at 2.9x; FY16 intangible assets CHF 6.6 bn (equity CHF 3.36 bn) with 53% for concessions rights (amortised) and 45% for goodwill/brands.

Sensitivity analysis

	Low			High			Comment
Cyclicality	1	2	3	4	5	6	– Travel industry
Earnings visibility	1	2	3	4	5	6	– Strong track record
Operating leverage	1	2	3	4	5	6	– Size improves margin, but higher concession fees
Dependence on FX movements	1	2	3	4	5	6	– Only translation but 41% USD, 24% EUR, 16% GBP
Dependence on raw material prices	1	2	3	4	5	6	– Trading consumer business
Dependence on key customers	1	2	3	4	5	6	– Worldwide travelers as customers
Dependence on key suppliers	1	2	3	4	5	6	– 1,500 suppliers worldwide

Corporate governance

Investor communication

IR and management communicate openly with quarterly results and conference calls. Investor Day every second year. Mgmt (mainly CFO/IR) available for presentations, roadshows and calls.

Track record during last downturn

EBITDA margin down only from 13.9% (2008) to 12.7% (2009) with still strong free cash flow. In FY13, margin down -70bp to 14.3% due to higher concession fee in Sao Paulo.

Remuneration & incentives

The target bonus amounts to 200% of the basic salary for the CEO and 60-200% for other members of the Group Executive Committee and is based on EBITDA. Dufry has a "Restricted Stock Unit (RSU)", which are stock options with an exercise price of nil and have a vesting time of 2 years/share price at the end of the period has to be above the level at the grant date. CEO total comp. 2017: CHF 7.4 mn.

Management

Chairman

J.C. Torres
since 2003

CEO

Julian Diaz
since 2004

CFO

A. Schneider
since 2012

SWOT analysis

STRENGTHS	<ul style="list-style-type: none"> - Leading travel retailer globally with positions all over the world covering 8 of top 30 airports (intern. pax) - Broad geographic diversification with em. markets total at 30%, i.e. South America (20% of sales) and Asia (10% of sales) - Strong track record in terms of growth and margin as well as acquisitions - Experienced management team - High gross margins in comparison to peers 	WEAKNESSES	<ul style="list-style-type: none"> - Rather small position in Asia (10% of sales) - Like-for-like growth depends on no. of passengers, but also FX with a big impact, especially in emerging markets - Balance sheet stretched after acquisitions and high goodwill/concession rights position on balance sheet, Hudson IPO brings net debt/EBITDA <3x - No clear dividend policy yet, but first dividend payment for FY17
OPPORTUNITIES	<ul style="list-style-type: none"> - New concessions in new markets, especially in Asia - plans to increase to 20% of group sales in next 5 years - Concession wins in existing markets - Further gross margin expansion due to synergies from WDF; new business model will add 50bp in FY18/19 - New opportunities e.g. border shops & down town duty free - Increase in retail space at airports - North America IPO offers growth opportunities in Food&Beverage 	THREATS	<ul style="list-style-type: none"> - Uncertainty related to terror attacks etc.; change in duty free environment - Renewal of concessions leads to higher fees, but also new terminals impacting passenger flow - Intangible/goodwill write offs - More competition at attractive travel retail destinations as more global players interested in concessions - Currency situation (41% of sales in USD, 24% in EUR, 16% in GBP), but mainly a translation impact

Guidance vs Vontobel and consensus estimates

Guidance: No specific guidance but expects org. growth of +5-7% p.a. (no. of pax +4-5% plus new concessions) and further acquisitions long-term. FY18 org. growth similar as FY17 (+7%); gross margin set to increase further (+50bp); target EBITDA margin of 13.0 in FY19.

Vs Vontobel estimates: FY18E: organic growth of +6%, gross margin +50bp to 59.9% and EBITDA margin +60bp to 12.6% (FY19: 13.0%)

Vs consensus: In line

Divisions (all figures as % share of total)

Southern EU/Africa		Revenues FY18E	CHF 2,130 (24%)	EBITDA FY18E	CHF 265 (23%)
Description	Represented in Spain, Greece, Turkey, Italy and Africa (Egypt, Tunisia, Morocco) with 406 shops and sales area of 104,500m ² . Main airports: Madrid, Barcelona, Greek islands, Athens, Antalya, Milan, Casablanca				
Drivers	<p>Growth: 1) Increase in no. of passengers and spend per passenger, 2) expansion of existing retail space, 3) new concessions</p> <p>Profitability: Higher gross margin, synergies from Nuance/WDF brings higher EBITDA margin in FY17/18 (total synergies: Nuance CHF 70 mn, WDF CHF 125 mn)</p>				
Market shares	Leading player in Spain, Greece, Turkey and Italy, Exclusive long-term concession in markets like Greece (until 2048), Milano/Italy (until 2041), Spain (2020)				
Competitors	EU: Lagardere (France, Italy), DFS (Italy), ATU Duty Free (Turkey)				
Customers	Airline passengers				
Suppliers	Leading consumer product companies (perfumes, cosmetics, food, luxury, tobacco, beverages)				
UK/Central EU		Revenues FY18E	CHF 2,280 (25%)	EBITDA FY18E	CHF 290 (26%)
Description	Represented in the UK, Switzerland, Germany, Scandinavia and Russia with 285 shops and sales area of 80,000m ² . Main airports: London, Zurich, Basel, Manchester, Stockholm, Helsinki, Dusseldorf, Moscow, St. Petersburg.				
Drivers	<p>Growth: 1) Increase in no. of passengers and spend per passenger, 2) expansion of existing retail space, 3) new concessions</p> <p>Profitability: Higher gross margin, synergies from Nuance/WDF brings higher EBITDA margin in FY17/18 (total synergies: Nuance CHF 70 mn, WDF CHF 125 mn)</p>				
Market shares	Leading player in markets like UK, Switzerland and Russia; long-term concession in markets like UK (Heathrow until 2026) and Switzerland (Zurich until 2026)				
Competitors	Lagardere, Heinemann				
Customers	Airline passengers				
Suppliers	Leading consumer product companies (perfumes, cosmetics, food, luxury, tobacco, beverages)				
Asia/Middle East		Revenues FY18E	CHF 855 (10%)	EBITDA FY18E	CHF 90.0 (8%)
Description	Represented in Asia (Hong Kong, China, Macau, Singapore, Indonesia, Cambodia, India, Sri Lanka, South Korea), Australia and Middle East (UAE) with 121 shops and sales area of 30,000m ² . Main airports: Shanghai, Chengdu, Bali, Mumbai, Bangalore, Melbourne, Sharjah, Kuwait				
Drivers	<p>Growth: 1) Increase in no. of passengers and spend per passenger, 2) expansion of existing retail space, 3) new concessions</p> <p>Profitability: Higher gross margin, synergies from Nuance/WDF brings higher EBITDA margin in FY17/18 (total synergies: Nuance CHF 70 mn, WDF CHF 125 mn)</p>				
Market shares	Small player in Asian market				
Competitors	Asia: DFS, Lotte, Shilla, China Duty Free, King Power / Middle East: Dubai Duty Free, DFS, Qatar Duty Free				
Customers	Airline passengers				
Suppliers	Leading consumer product companies (perfumes, cosmetics, food, luxury, tobacco, beverages)				

Divisions (all figures as % share of total)

Latin America	Revenues FY18E	CHF 1,780 (20%)	EBITDA FY18E	CHF 140 (12%)
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Description	Represented in almost all countries in South and Central America with 441 shops and sales area of 123,000m ² . Main airports: Sao Paulo, Rio de Janeiro, Brasilia, Buenos Aires, Mexico, Montevideo, Cancun, Jamaica, San Juan, Santiago de Chile, Santo Domingo
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Drivers	Growth: 1) Increase in no. of passengers and spend per passenger, 2) expansion of existing retail space, 3) new concessions
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	Profitability: Higher gross margin, synergies from Nuance/WDF brings higher EBITDA margin in FY17/18 (total synergies: Nuance CHF 70 mn, WDF CHF 125 mn)
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Market shares	Clear market leader
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Competitors	DFS, Duty Free Americas, DFASS (Shilla)
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Customers	Airline passengers
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Suppliers	Leading consumer product companies (perfumes, cosmetics, food, luxury, tobacco, beverages)
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North America	Revenues FY18E	CHF 1,840 (20%)	EBITDA FY18E	CHF 210 (19%)
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Description	Represented in the US and Canada with 996 shops and sales area of 99,000m ² . Main airports: New York (JFK, LaGuardia), Chicago, Seattle, Dallas, Los Angeles, Newark, Las Vegas, Orlando and Toronto and Calgary. Mainly with Hudson News brand. IPO of Hudson (42%) at NYSE in 1Q18
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Drivers	Growth: 1) Increase in no. of passengers and spend per passenger, 2) expansion of existing retail space, 3) new concessions, 4) expansion into food&beverage and master concessionaire
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	Profitability: Higher gross margin, synergies from Nuance/WDF brings higher EBITDA margin in FY17/18 (total synergies: Nuance CHF 70 mn, WDF CHF 125 mn)
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Market shares	Market leader
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Competitors	DFS, Lagardere, Duty Free Americas, DFASS (Shilla)
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Customers	Airline passengers
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Suppliers	Leading consumer product companies (perfumes, cosmetics, food, luxury, tobacco, beverages)
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Financials

Segment information by Regions

Revenues		2012	2013	2014	2015	2016	2017	2018E	2019E
Southern EU/Africa	CHF mns	NA	NA	NA	1,270	1,702	1,858	2,130	2,250
UK/Central EU	CHF mns	NA	NA	NA	1,428	2,089	2,147	2,280	2,450
Asia/Middle East	CHF mns	NA	NA	NA	639	771	809	855	925
Latin America	CHF mns	NA	NA	NA	1,410	1,531	1,694	1,780	1,850
North America	CHF mns	NA	NA	NA	1,352	1,661	1,772	1,840	1,925
Distribution Center	CHF mns	NA	NA	NA	41.3	75.2	97.6	105	110
Growth		2012	2013	2014	2015	2016	2017	2018E	2019E
Southern EU/Africa	%	NA	NA	NA	NA	34.0	9.1	14.7	5.6
UK/Central EU	%	NA	NA	NA	NA	46.3	2.8	6.2	7.5
Asia/Middle East	%	NA	NA	NA	NA	20.7	5.0	5.7	8.2
Latin America	%	NA	NA	NA	NA	8.6	10.6	5.1	3.9
North America	%	NA	NA	NA	NA	22.8	6.7	3.9	4.6
Distribution Center	%	NA	NA	NA	NA	82.1	29.8	7.6	4.8
% of group sales		2012	2013	2014	2015	2016	2017	2018E	2019E
Southern EU/Africa	%	NA	NA	NA	20.7	21.7	22.2	23.7	23.7
UK/Central EU	%	NA	NA	NA	23.3	26.7	25.6	25.4	25.8
Asia/Middle East	%	NA	NA	NA	10.4	9.8	9.7	9.5	9.7
Latin America	%	NA	NA	NA	23.0	19.6	20.2	19.8	19.5
North America	%	NA	NA	NA	22.0	21.2	21.1	20.5	20.2
Distribution Center	%	NA	NA	NA	0.7	1.0	1.2	1.2	1.2
EBITDA		2012	2013	2014	2015	2016	2017	2018E	2019E
Southern EU/Africa	CHF mns	NA	NA	NA	186	230	241	265	285
UK/Central EU	CHF mns	NA	NA	NA	140	242	260	290	315
Asia/Middle East	CHF mns	NA	NA	NA	47.5	66.2	76.7	90.0	100
Latin America	CHF mns	NA	NA	NA	73.4	101	123	140	155
North America	CHF mns	NA	NA	NA	158	189	195	210	225
Distribution Center	CHF mns	NA	NA	NA	119	108	112	140	155
EBITDA margin		2012	2013	2014	2015	2016	2017	2018E	2019E
Southern EU/Africa	%	NA	NA	NA	14.6	13.5	13.0	12.4	12.7
UK/Central EU	%	NA	NA	NA	9.8	11.6	12.1	12.7	12.9
Asia/Middle East	%	NA	NA	NA	7.4	8.6	9.5	10.5	10.8
Latin America	%	NA	NA	NA	5.2	6.6	7.3	7.9	8.4
North America	%	NA	NA	NA	11.6	11.3	11.0	11.4	11.7
Distribution Center	%	NA	NA	NA	NA	NA	NA	NA	NA
% of group EBITDA		2012	2013	2014	2015	2016	2017	2018E	2019E
Southern EU/Africa	%	NA	NA	NA	25.7	24.6	23.9	23.3	23.1
UK/Central EU	%	NA	NA	NA	19.4	25.8	25.8	25.6	25.5
Asia/Middle East	%	NA	NA	NA	6.6	7.1	7.6	7.9	8.1
Latin America	%	NA	NA	NA	10.1	10.8	12.2	12.3	12.6
North America	%	NA	NA	NA	21.8	20.2	19.3	18.5	18.2
Distribution Center	%	NA	NA	NA	16.4	11.5	11.2	12.3	12.6

Segment information by Product categories

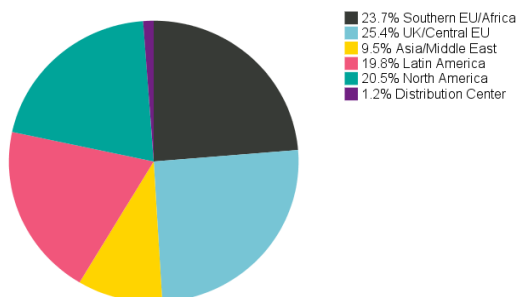
Revenues		2012	2013	2014	2015	2016	2017	2018E	2019E
Perfumes/Cosmetics	CHF mns	831	1,000	1,165	1,834	2,453	2,576	2,730	2,894
Confectionery/Food	CHF mns	529	643	735	1,018	1,296	1,361	1,443	1,529
Wine/Spirits	CHF mns	515	572	634	906	1,167	1,225	1,298	1,376
Literature/Publications	CHF mns	235	214	191	205	214	222	231	241
Luxury goods	CHF mns	288	607	706	813	475	499	529	561
Tobacco goods	CHF mns	211	286	381	657	867	901	947	994
Others	CHF mns	454	250	252	530	1,358	1,593	1,812	1,916

Segment information by Product categories

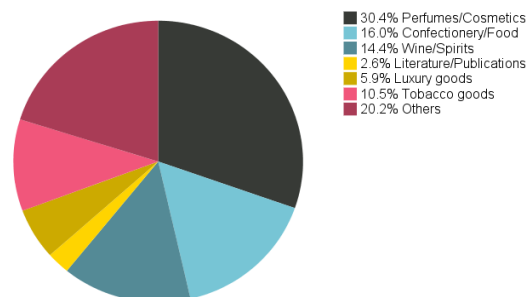
Growth		2012	2013	2014	2015	2016	2017	2018E	2019E
Perfumes/Cosmetics	%	21.2	20.3	16.5	57.5	33.7	5.0	6.0	6.0
Confectionery/Food	%	18.0	21.6	14.3	38.5	27.4	5.0	6.0	6.0
Wine/Spirits	%	22.0	11.1	10.9	42.8	28.8	5.0	6.0	6.0
Literature/Publications	%	-0.8	-9.0	-10.9	7.4	4.5	4.0	4.0	4.0
Luxury goods	%	9.1	111	16.3	15.2	-41.6	5.0	6.0	6.0
Tobacco goods	%	13.8	35.8	33.0	72.6	32.0	4.0	5.0	5.0
Others	%	14.5	-44.9	0.9	110	156	17.3	13.7	5.7
% of group sales		2012	2013	2014	2015	2016	2017	2018E	2019E
Perfumes/Cosmetics	%	27.1	28.0	28.7	30.8	31.3	30.7	30.4	30.4
Confectionery/Food	%	17.3	18.0	18.1	17.1	16.6	16.2	16.0	16.1
Wine/Spirits	%	16.8	16.0	15.6	15.2	14.9	14.6	14.4	14.5
Literature/Publications	%	7.7	6.0	4.7	3.4	2.7	2.7	2.6	2.5
Luxury goods	%	9.4	17.0	17.4	13.6	6.1	6.0	5.9	5.9
Tobacco goods	%	6.9	8.0	9.4	11.0	11.1	10.8	10.5	10.5
Others	%	14.8	7.0	6.2	8.9	17.3	19.0	20.2	20.1

Income Statement		2012	2013	2014	2015	2016	2017	2018E	2019E
Revenues	CHF mns	3,154	3,572	4,197	6,139	7,829	8,377	8,990	9,510
Gross profit	CHF mns	1,857	2,106	2,463	3,575	4,584	4,979	5,385	5,720
Total operating expenses	CHF mns	-1,383	-1,595	-1,888	-2,851	-3,649	-3,972	-4,250	-4,485
EBITDA	CHF mns	444	474	515	607	893	1,060	1,120	1,225
Depreciation of tangible assets	CHF mns	-65.1	-71.1	-88.2	-136	-166	-159	-165	-170
EBITA	CHF mns	379	403	426	471	727	901	955	1,055
Amortization of intangibles	CHF mns	-103	-122	-161	-338	-454	-483	-415	-405
Impairment and amortization of goodwill	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	CHF mns	276	281	265	133	273	419	540	650
Total operating one-off items	CHF mns	30.1	37.4	61.1	117	42.4	-53.3	15.0	10.0
Adjusted EBIT	CHF mns	306	318	327	250	315	365	555	660
Net financial result	CHF mns	-78.3	-100	-160	-155	-216	-217	-160	-145
Extraordinary result	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pretax profit	CHF mns	197	181	106	-22.3	57.1	202	380	505
Taxes	CHF mns	-39.1	-33.2	-20.3	10.1	-11.3	-91.0	-80.0	-108
Group net profit	CHF mns	158	148	85.6	-12.2	45.8	111	300	397
Minority interests	CHF mns	-35.8	-54.6	-34.8	-42.6	-43.3	-54.1	-70.0	-78.0
Shareholders' net profit	CHF mns	122	93.0	50.8	-54.8	2.50	56.8	230	319
Total one-off items	CHF mns	82.9	94.3	169	262	320	311	285	275
Adjusted net profit	CHF mns	205	187	220	207	323	368	515	594
Growth		2012	2013	2014	2015	2016	2017	2018E	2019E
Revenues	%	19.6	13.3	17.5	46.3	27.5	7.0	7.3	5.8
Organic revenues	%	3.0	3.0	2.5	-5.3	-1.4	7.4	5.5	5.5
Gross profit	%	20.9	13.4	17.0	45.1	28.2	8.6	8.2	6.2
EBITDA	%	29.0	6.7	8.6	17.9	47.1	18.8	5.6	9.4
EBIT	%	29.7	1.9	-5.5	-50.0	105.4	53.6	29.0	20.4
Net profit	%	9.4	-24.0	-45.4	-207.9	NA	2172.0	304.9	38.7
Net profit adjusted	%	21.8	-8.8	17.3	-5.6	55.6	14.0	40.0	15.3
Margin analysis		2012	2013	2014	2015	2016	2017	2018E	2019E
Gross margin	%	58.9	59.0	58.7	58.2	58.6	59.4	59.9	60.1
EBITDA margin	%	14.1	13.3	12.3	9.9	11.4	12.7	12.5	12.9
EBITA margin	%	12.0	11.3	10.2	7.7	9.3	10.8	10.6	11.1
EBIT margin	%	8.7	7.9	6.3	2.2	3.5	5.0	6.0	6.8
Adjusted EBIT margin	%	9.7	8.9	7.8	4.1	4.0	4.4	6.2	6.9
Tax rate	%	19.8	18.4	19.2	45.3	19.8	45.1	21.1	21.4
Net profit margin	%	3.9	2.6	1.2	-0.9	0.0	0.7	2.6	3.4
Adjusted net profit margin	%	6.5	5.2	5.2	3.4	4.1	4.4	5.7	6.2

Revenues by Regions 2018E



Revenues by Product categories 2018E



Balance Sheet		2012	2013	2014	2015	2016	2017	2018E	2019E
Cash and cash equivalents	CHF mns	434	246	513	434	451	565	449	410
Marketable securities	CHF mns	0.00	0.00	0.00	17.7	0.00	0.00	0.00	0.00
Inventories	CHF mns	421	525	741	905	918	1,023	1,075	1,130
Accounts receivable	CHF mns	59.5	42.8	119	133	94.6	82.5	90.0	95.0
Prepayment and accrued income	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other current assets	CHF mns	129	160	238	361	528	549	499	499
Total current assets	CHF mns	1,043	974	1,611	1,851	1,991	2,219	2,113	2,133
Tangible assets	CHF mns	260	314	435	605	629	668	798	938
Other intangible assets	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Goodwill	CHF mns	2,033	2,734	4,723	7,294	6,787	6,598	6,183	5,778
Financial assets	CHF mns	0.00	0.00	72.9	41.4	39.7	33.9	33.9	33.9
Other non-current assets	CHF mns	190	217	304	551	473	472	472	472
Total non-current assets	CHF mns	2482	3265	5536	8492	7929	7772	7487	7222
Total assets	CHF mns	3,526	4,238	7,147	10,342	9,920	9,991	9,599	9,355
Accounts payable	CHF mns	248	278	418	547	590	645	680	715
Short-term interest-bearing debt	CHF mns	39.9	306	45.6	77.3	127	86.8	86.8	86.8
Accrued expenses and deferred income	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other current liabilities/provisions	CHF mns	303	364	849	1,088	995	1,016	1,016	1,016
Total current liabilities	CHF mns	591	948	1,313	1,712	1,713	1,747	1,783	1,818
Long-term interest-bearing debt	CHF mns	1,345	1,694	2,822	4,313	4,074	4,165	3,400	3,100
Pension liabilities (long-term portion)	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other non-current liabilities	CHF mns	179	278	457	792	679	619	619	619
Provisions	CHF mns	39.0	51.3	96.6	186	184	103	103	103
Total non-current liabilities	CHF mns	1,564	2,023	3,376	5,292	4,936	4,888	4,122	3,822
Total liabilities	CHF mns	2,154	2,971	4,689	7,004	6,649	6,635	5,905	5,640
Total interest-bearing debt	CHF mns	1,385	2,000	2,867	4,390	4,201	4,252	3,487	3,187
Ordinary share capital	CHF mns	148	148	179	270	269	269	263	259
Share premium & retained earnings	CHF mns	1,091	989	2,114	2,885	2,793	2,861	2,682	2,676
Shareholders' equity	CHF mns	1,239	1,138	2,293	3,155	3,062	3,130	2,945	2,935
Minority interests	CHF mns	128	130	166	184	209	226	500	530
Group equity	CHF mns	1,367	1,267	2,459	3,339	3,271	3,356	3,445	3,465
Total liabilities and equity	CHF mns	3,522	4,238	7,147	10,343	9,920	9,991	9,349	9,105
Balance sheet analysis		2012	2013	2014	2015	2016	2017	2018E	2019E
Net working capital (NWC)	CHF mns	233	290	442	491	422	461	485	510
NWC/revenues	%	6.5	7.3	8.7	7.6	5.8	5.3	5.3	5.2
NWC/total assets	%	6.6	6.8	6.2	4.7	4.3	4.6	5.1	5.5
Inventory days	days	120	118	133	117	103	104	106	106
Receivables days	days	6	5	7	7	5	4	4	4
Payables days	days	77	65	73	69	64	66	67	67
Net debt (+) / net cash (-)	CHF mns	951	1,753	2,354	3,938	3,750	3,687	3,038	2,777
Equity/total assets	%	38.8	29.9	34.4	32.3	33.0	33.6	35.9	37.0
Net debt/equity (gearing)	%	69.6	138	95.8	118	115	110	88.2	80.1
Net debt/EBITDA	x	2.1	3.7	4.6	6.5	4.2	3.5	2.7	2.3

Cash flow statement		2012	2013	2014	2015	2016	2017	2018E	2019E
Group profit	CHF mns	158	148	85.6	-12.2	45.8	111	300	397
Depreciation + Amortization	CHF mns	168	193	249	474	620	642	580	575
Goodwill impairment	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-cash financial income (-)/expenses (+)	CHF mns	-78.3	-94.6	-148	-185	-211	-224	-160	-145
Inc. (+)/decr.(-) in deferred taxes	CHF mns	-69.6	-24.4	-65.2	-95.2	-98.0	-124	-80.0	-108
Inc. (+)/decr.(-) in pension provisions	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inc. (+)/decr.(-) in other provisions	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other non-cash changes/adjustments	CHF mns	180	181	204	306	244	221	125	125
Operation cash flow (before chng in NWC)	CHF mns	404	461	430	558	753	858	930	1,022
Inc. (-)/decr. (+) in NWC	CHF mns	-21.4	-25.4	-38.6	-143	-52.5	-143	-24.2	-25.0
CF from operating activities	CHF mns	383	435	392	415	700	715	906	997
Capex	CHF mns	-113	-223	-201	-165	-268	-286	-295	-310
Operating free cash flow (FCF)	CHF mns	270	213	191	250	432	429	611	687
Invest.(-)/disp.(+) of tang./intang.	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Invest.(-)/disp.(+) of associates	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Invest.(-)/disp.(+) of non-core assets	CHF mns	0.90	2.80	3.10	4.90	6.20	2.50	0.00	0.00
Acquisitions	CHF mns	-47.7	-244	-1,125	-1,367	0.00	-1.00	0.00	0.00
Other adjustments	CHF mns	1.80	3.80	5.10	-122	46.7	27.1	0.00	0.00
CF from investing activities	CHF mns	-158	-459	-1,317	-1,648	-216	-257	-295	-310
Proceeds from issue of share capitals	CHF mns	286	0.00	0.00	2,200	0.00	0.00	0.00	0.00
Disposal (+)/ purchase (-) of shares	CHF mns	-28.1	-17.7	0.00	0.00	0.00	0.00	0.00	0.00
Inc. (+)/decr. (-) in equity	CHF mns	258	-17.7	0.00	2,200	0.00	0.00	0.00	0.00
Dividend paid	CHF mns	-29.9	-39.4	-39.5	-43.3	-48.8	-57.3	-262	-276
Inc. (+)/decr.(-) in interest bearing debt	CHF mns	-204	243	350	572	-201	-249	-765	-300
Other adjustments	CHF mns	0.00	-328	-153	-1,659	-237	-245	600	-50.0
CF from financing activities	CHF mns	24.4	-142	158	1,069	-487	-551	-427	-626
Translation impact	CHF mns	-14.5	-20.9	-37.1	83.7	-18.2	208	0.00	0.00
Inc. (+)/decr. (-) in cash	CHF mns	235	-188	-805	-80.5	-19.9	114	184	60.9
Cash flow analysis		2012	2013	2014	2015	2016	2017	2018E	2019E
Operating cash flow margin	%	10.7	10.6	6.8	5.6	7.0	5.8	8.2	8.6
Capex/revenues	%	3.6	6.2	4.8	2.7	3.4	3.4	3.3	3.3
Capex/depreciation	%	66.8	115.3	80.6	34.7	43.3	44.6	50.9	53.9

		2012	2013	2014	2015	2016	2017	2018E	2019E
Price									
Price (year-end or current)	CHF	119.60	153.52	146.07	120.00	127.00	144.90	135.90	135.90
High	CHF	125.60	153.72	162.83	146.75	135.10	171.40	153.00	NA
Low	CHF	87.45	109.60	121.95	111.20	93.05	127.40	123.55	NA
Average basic shares outstanding	('000)	27,447	29,670	33,307	45,810	53,775	53,781	52,781	51,781
Year-end basic shares outstanding	('000)	29,560	29,670	35,700	53,900	53,775	53,781	52,600	51,781
Average fully diluted shares	('000)	27,782	29,670	34,303	45,810	53,775	53,781	52,781	51,781
Market capitalization	CHF mns	3,535	4,555	5,215	6,468	6,829	7,793	7,148	7,037
Enterprise value	CHF mns	5,024	7,127	8,091	11,045	11,229	12,291	11,236	10,984
Per-share data									
EPS (reported)	CHF	4.46	3.13	1.53	-1.20	0.05	1.06	4.36	6.16
EPS (adjusted)	CHF	7.48	6.31	6.60	3.99	6.00	6.84	9.76	11.5
FCF	CHF	8.18	5.20	2.58	3.94	5.21	3.65	8.45	9.83
Net cash (+) / net debt (-)	CHF	-32.2	-59.1	-65.9	-73.1	-69.7	-68.6	-57.8	-53.6
BVPS (reported)	CHF	41.9	38.3	64.2	58.5	56.9	58.2	56.0	56.7
Dividend	CHF	0.00	0.00	0.00	0.00	0.00	3.75	4.00	4.50
Payout ratio	%	0.0	0.0	0.0	0.0	0.0	355	91.8	73.0
Valuation									
P/E (reported)	x	26.8	49.0	95.8	-100	2,732	137	31.2	22.1
P/E (adjusted)	x	16.0	24.3	22.1	30.1	21.2	21.2	13.9	11.8
P/Op. free cash flow	x	14.6	29.5	56.6	30.5	24.4	39.7	16.1	13.8
P/Book (reported)	x	2.85	4.00	2.27	2.05	2.23	2.49	2.43	2.40
EV/Sales	x	1.59	2.00	1.93	1.80	1.43	1.47	1.25	1.15
EV/EBITDA	x	11.3	15.0	15.7	18.2	12.6	11.6	10.0	8.97
EV/EBIT	x	18.2	25.4	30.5	83.2	41.2	29.4	20.8	16.9
EV/Op. free cash flow	x	22.4	46.2	94.1	61.3	40.1	62.6	25.2	21.6
EV/Equity free cash flow	x	28.0	-86.3	-7.85	-8.48	33.7	54.7	25.2	21.6
EV/Invested Capital	x	1.99	2.14	1.44	1.32	1.43	1.59	1.50	1.52
FCF yield	%	6.35	3.39	1.65	2.79	4.10	2.52	6.24	7.23
Dividend yield	%	0.00	0.00	0.00	0.00	0.00	2.59	2.94	3.31
Profitability ratios & ROIC									
Average invested capital	CHF mns	2,514	2,931	4,469	6,995	8,114	7,782	7,596	7,346
NOPLAT	CHF mns	221	229	215	72.6	219	230	426	511
Economic profit (EVA)	CHF mns	45.0	24.0	-98.3	-417	-349	-315	-105	-3.23
ROIC	%	8.8	7.8	4.8	1.0	2.7	3.0	5.6	7.0
ROE	%	11.6	7.8	3.0	-2.0	0.1	1.8	7.6	10.9
ROA	%	4.6	3.8	1.5	-0.1	0.5	1.1	3.1	4.2
Enterprise value									
Market capitalization	CHF mns	3,535	4,555	5,215	6,468	6,829	7,793	7,148	7,037
Net Debt (+) / net cash (-)	CHF mns	951	1,753	2,354	3,938	3,750	3,687	3,038	2,777
Value of minorities	CHF mns	537	819	522	639	650	812	1,050	1,170
Value of associates	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustments for EV calculation	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value	CHF mns	5,024	7,127	8,091	11,045	11,229	12,291	11,236	10,984

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	VT Research universe		Share of VT IB clients in rating category	
	No.	As %	As %	
Buy	34	31		21
Hold	73	67		26
Reduce	2	2		0

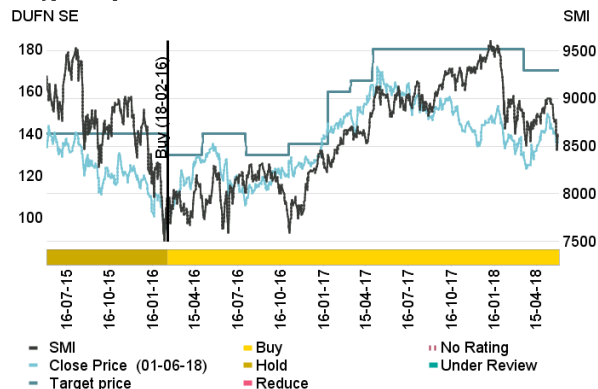
The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 31 March 2018.

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The data used for the share price and/or price target chart may have to be adjusted to reflect corporate actions undertaken by the company.

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Dufry[DUFN.S] on 03-06-18



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Rating	Definition
Large Cap	SLI Index (incl. tolerance)/non-Swiss stocks of similar market capitalisation
Buy	Price target (when set) implies 10% or more upside on a 12-month horizon
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Reduce	Price target (when set) implies downside on a 12-month horizon
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Reduce	Price target (when set) downside on a 12-month horizon
Restricted	Coverage is temporarily restricted (no price target)
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