



A  DUFY Company

2018

First Quarter
Results

May 8, 2018



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This presentation contains a discussion of Adjusted EBITDA, a non-IFRS financial measure. We define Adjusted EBITDA as net earnings adjusted for certain items, as set forth in the reconciliation to the most directly comparable IFRS measure on slide [XX]. Adjusted EBITDA is not a substitute for IFRS measures in assessing our overall financial performance. Because Adjusted EBITDA is not determined in accordance with IFRS, and is susceptible to varying calculations, Adjusted EBITDA may not be comparable to other similarly titled measures presented by other companies. Adjusted EBITDA is included in this presentation because it is a measure of our operating performance and we believe that Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of our results as reported under IFRS as issued by IASB



Joseph DiDomizio
President & CEO



Adrian Bartella
Chief Financial Officer





Our core purpose:
To be the Traveler's
Best Friend

1 FIRST QUARTER HIGHLIGHTS

- Strong organic growth of 9.4% ¹
 - Like-for-like 5.5% (4.5% CC)
 - Net new business sales growth in Chicago Midway, DFW, Des Moines, Phoenix DF, LAX T3, Tampa, Tucson and Tulsa
- Gross profit margin expands 50 bps to 62.8%
- Adjusted EBITDA growth of 55%
- Successfully won, extended or expanded six concession contracts

¹ See slide 18 for a description of organic growth

2 OPERATIONAL UPDATE

Duty Free Promotions & Marketing

Domestic passenger program

We run a marketing program that invites U.S. domestic passengers to shop in our duty free shops. We provide a discount, equivalent to the sales tax (10% in most states) off their purchases when they spend \$20 or more



Expanding our reach with international passengers

We work with tour groups across the globe, including China, Hong Kong, Korea and Japan, to ensure our locations are preferred departure purchase points

Concourse promotional activity

We run incentives, discounts and special product promotions to promote special events and products relevant to that market

Key airports for Q1 promotions include Toronto and Las Vegas



AMERICAN EXPRESS
invites

SHOP AT DUTY FREE

And earn a **\$50 statement credit*** from American Express®

Make purchase of \$250 or more (after taxes) in a single transaction on your eligible Canadian American Express Card® at participating Toronto Duty Free Stores or Duty Free Stores by Nuance at Toronto Pearson Airport to earn a \$50 statement credit. Offer ends February 15, 2018.

Visit amexinvites.ca for full offer details.



Realize the potential

DUFREY

*Eligible Cards: American Express Basic and Supplementary Consumer Cards issued by Amex Bank of Canada excluding The American Express® Companion Card®, The American Express® Platinum Card®, The American Express® Gold® Card and The American Express® Card. Excludes and excludes Membership Rewards, all American Express Small Business Cards, all American Express Corporate Cards, all pre-paid cards and products (such as the American Express Gift Card). Terms and conditions apply. Visit www.americanexpress.ca for full offer details.



Everyone Can Shop!

**Spend \$20
get 10% off**
for all **DOMESTIC**
passengers



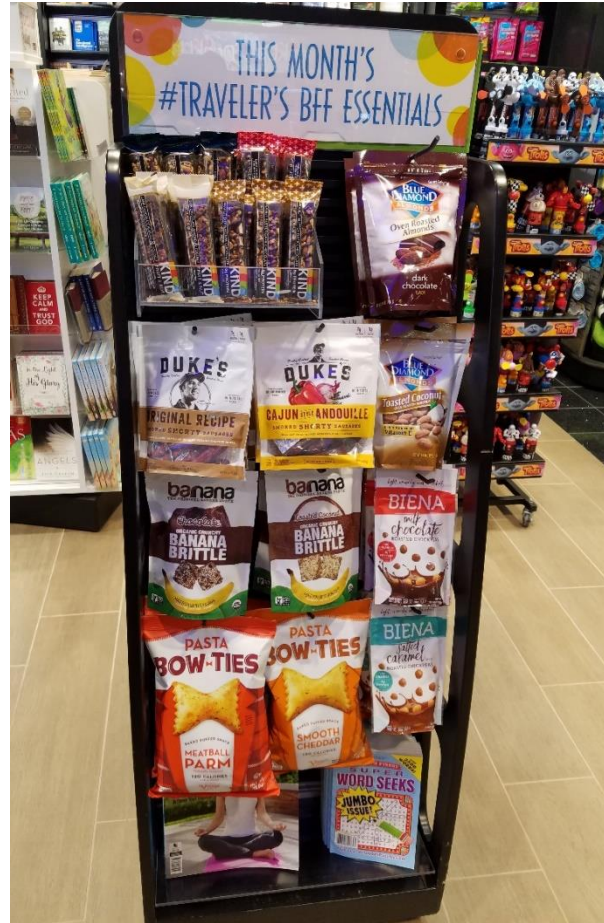
Available for Purchase
to Domestic Travelers

- Fragrances
- Sunlasses
- Watches
- Cosmetics
- Confections
- Accessories

Driving Sales of F&B Products through Creative Marketing



Cross promotions to drive conversion and launch new products



New product launches for health-minded customers

Brand ambassador sampling program



Growing the Marketplace Category in Our Stores



Expanding Our Grab & Go Offerings

Launched 14 new food items under the Travelers' Best brand, including yogurt cups, vegetable packs & fruit bowls during 2016

Added 17 new sandwiches, salads & wraps to the Travelers' Best line during 2017

Sales for Travelers' Best line is projected to expand by 50% in 2018

Today we offer over 30 items under the Travelers' Best line



Today, customers can find Travelers' Best options in over 250 Hudson stores with an additional 35 stores planned in the remainder of 2018

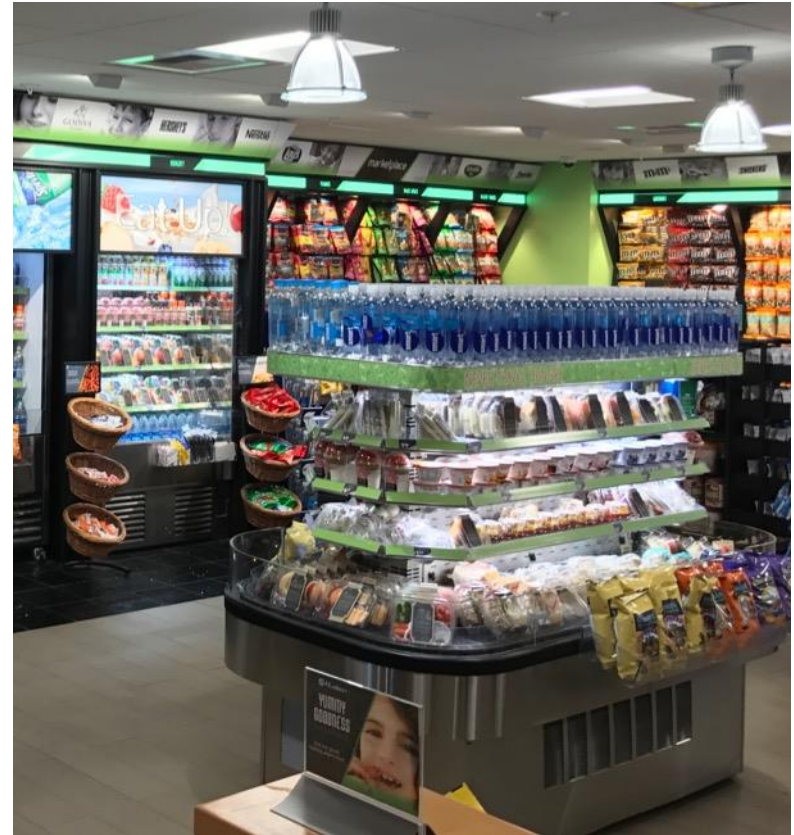
Installing Open Island Coolers

Implementation of free standing island grab and go food refrigerators



Customers are demanding more high quality grab and go options

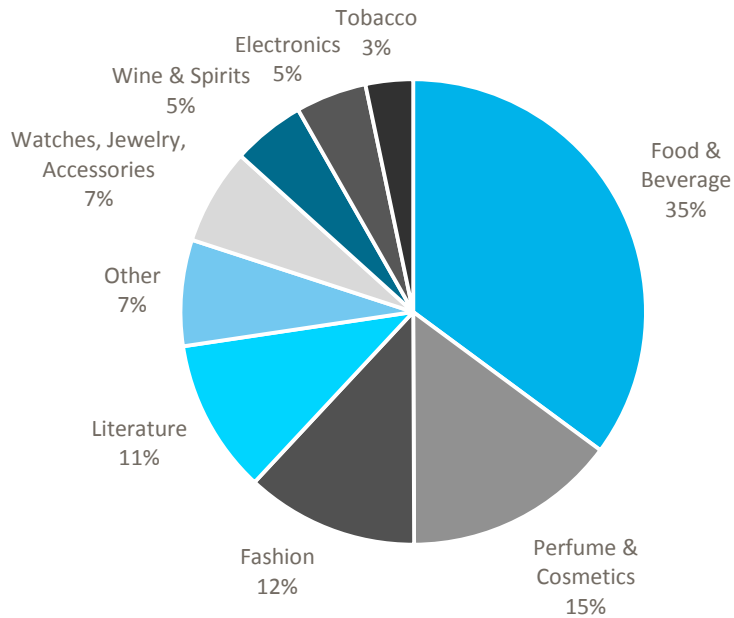
Major initiative to install island refrigerators to the front of Hudson stores



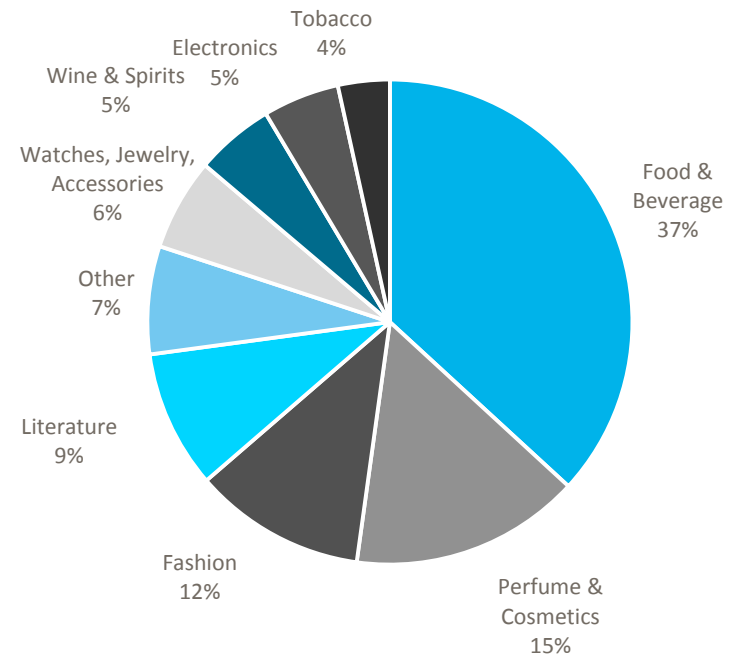
Enhancing the visibility and convenience of grab & go foods to increase penetration and sales

Sales Breakdown – by Product Category

2017 Q1



2018 Q1



F&B Category includes: Beverages, packaged snacks, grab and go food and QSR concepts

2018 YTD Wins and Extensions

New Wins

New Market

- Billy Bishop Toronto
January 2018

Existing Market

- Seattle, WA
March 2018
- Phoenix, AZ
March 2018

Extensions⁽¹⁾ + Expansions

- Little Rock, AR
January 2018
- Pittsburgh, PA
March 2018
- JFK Terminal 7
March 2018
- Orlando, FL
April 2018

(1) An extension is defined as a continuation in the same market whether the Company won through an RFP process or extended an existing contract.

Soon to come: The World's Largest Hudson Store



3 FINANCIAL RESULTS

Financial Highlights Q1 2018

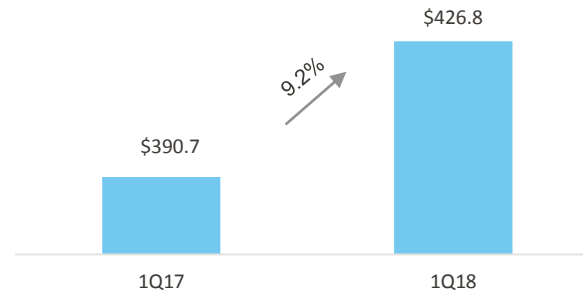
Strong 9.4% organic growth ¹

50 bps gross margin improvement

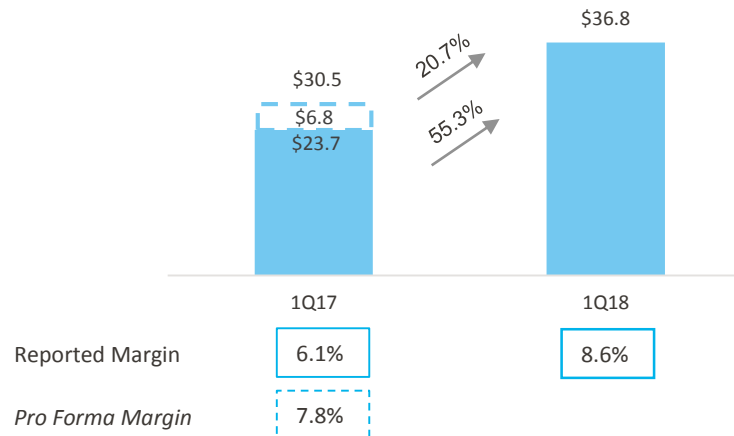
Adjusted EBITDA growth QoQ of 55.3% (20.7% assuming lower franchise fee structure was in place in 1Q17)

Adjusted EBITDA margin of 8.6% and 250 bps Adjusted EBITDA margin improvement

Turnover



Adjusted EBITDA ²

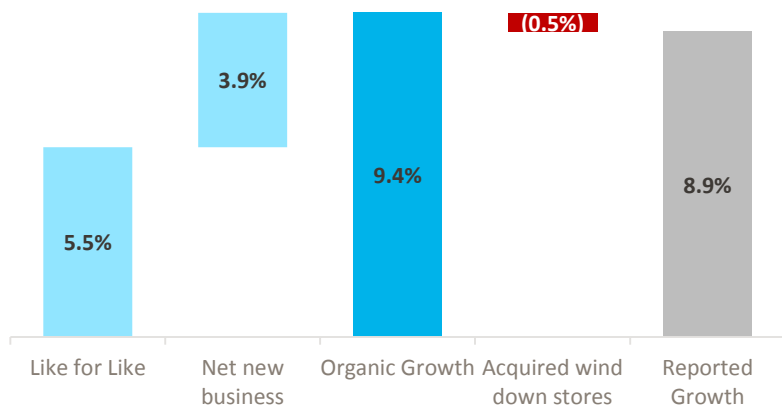


- Organic growth represents the combination of growth from (i) like-for-like growth and (ii) net new stores and expansions. Organic growth excludes growth attributable to (i) acquired stores until such stores have been part of our business for at least 12 months and (ii) eight stores acquired in the 2014 acquisition of Nuance and 46 stores acquired in the 2015 acquisition of World Duty Free Group that management expected, at the time of the applicable acquisition, to wind down.
- For a reconciliation of adjusted EBITDA to net earnings for the periods presented see Appendix.

Net Sales Growth Components 2018

Growth components

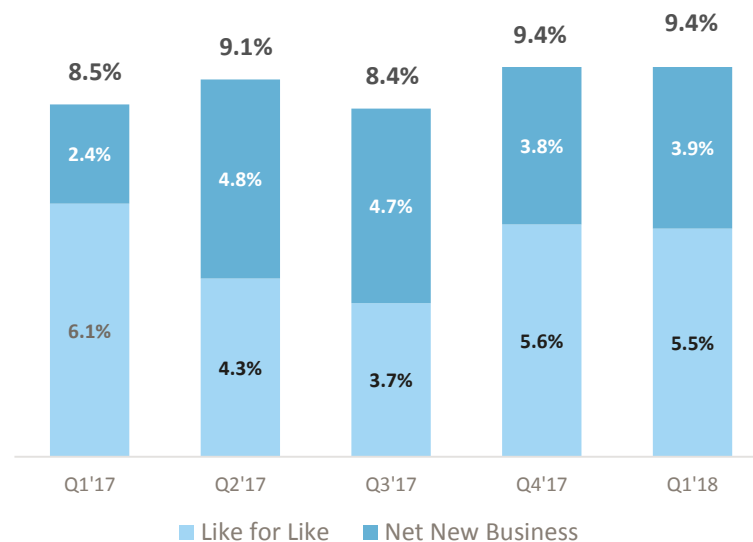
Net Sales growth components	Q1'18 / Q1'17
Like for Like @ constant FX	4.5%
Like for Like FX effect	1.0%
Like for Like @ reported rates	5.5%
Net new business	3.9%
Organic Growth @ reported rates	9.4%
Acquired wind down stores ²	(0.5%)
Reported Growth	8.9%



Quarterly evolution ¹

Q1'18 Strong like for like growth driven by robust sales growth in Canada fueled by Chinese new year and weaker USD.

Net new business includes new operations in Chicago Midway, DFW, Des Moines, LAX T3, Phoenix DF, Tampa DP & DF, Tucson & Tulsa

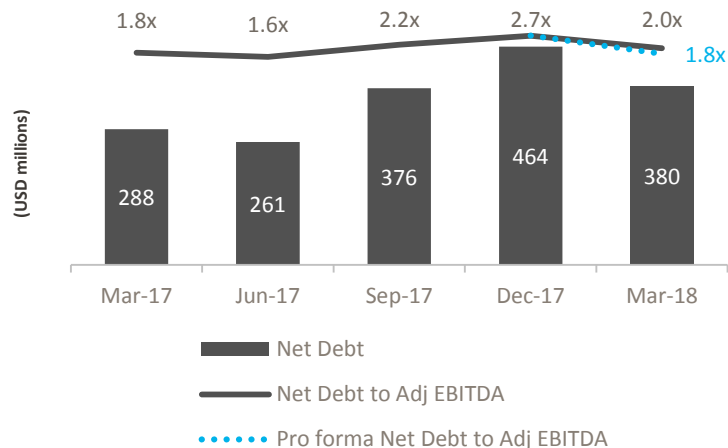


- (1) Percentages reflect the amount of sales growth attributable to like for like growth and net new business relative to the same period in the prior year
- (2) Acquired wind down stores consist of eight stores acquired in the 2014 acquisition of Nuance and 46 stores acquired stores in the 2015 acquisition of World Duty Free Group that management expected, at the time of the applicable acquisition, to wind down.

Quarterly Summary

(in millions USD)	Q1 2018 <i>% of turnover</i>	Q1 2017 <i>% of turnover</i>	% Change
Turnover	\$426.8 100%	\$390.7 100%	9.2%
Gross Profit	\$268.0 62.8%	\$243.3 62.3%	10.2%
Selling Expenses	\$100.9 23.6%	\$94.7 24.2%	6.5%
Personnel expenses	\$97.6 22.9%	\$87.9 22.5%	11.0%
General and administrative expenses	\$32.8 7.7%	\$36.9 9.5%	(11.1%)
Share result of associates	\$0.1 -	\$(0.1) -	NM
Adjusted EBITDA	\$36.8 8.6%	\$23.7 6.1%	55.3%
Depreciation & Amortization	\$28.8 6.7%	\$27.0 6.9%	6.7%
Other Operational Result	\$2.6 0.6%	\$1.8 0.5%	44.4%
Operating Profit (EBIT)	\$5.4 1.3%	\$(5.1) (1.3%)	205.9%

Net Debt and Leverage¹ Evolution



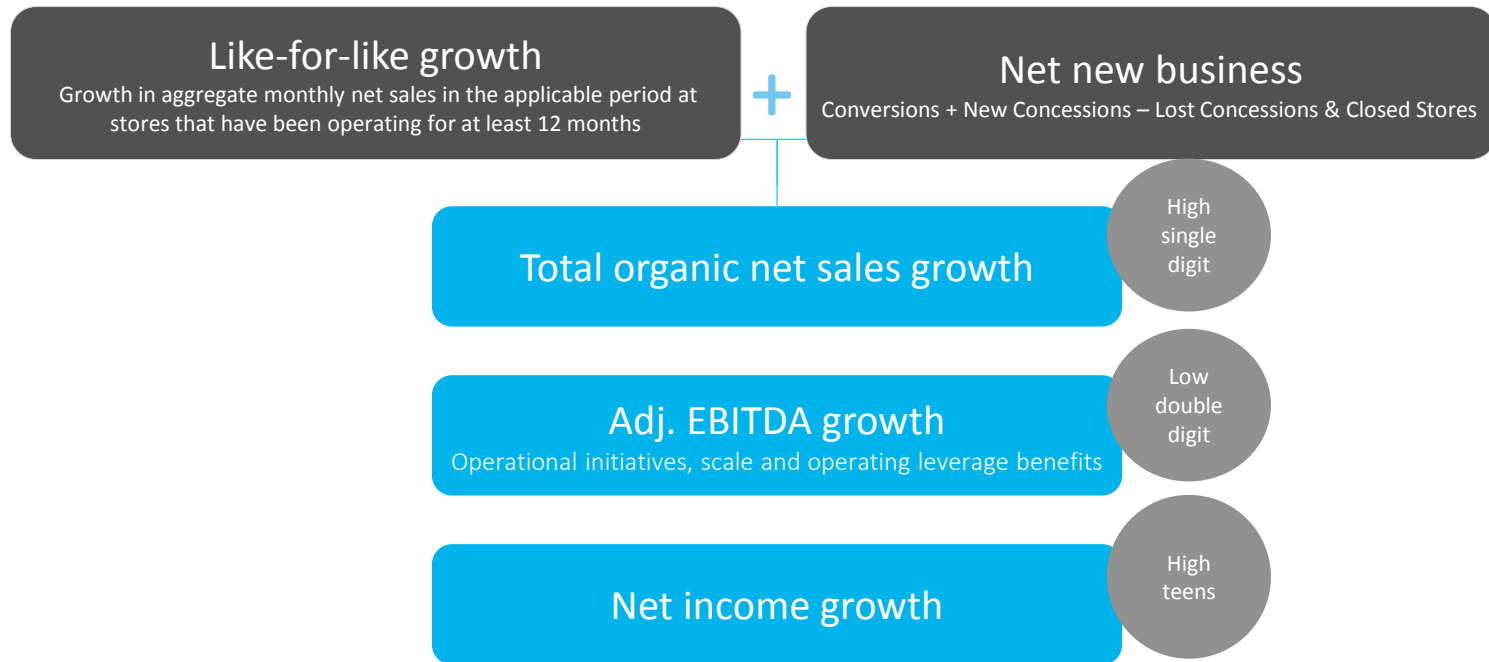
- Increase in net debt in Q3 '17 linked to pre-IPO restructuring in Canada and new 195m CAD financing in Canada
- Increase in net debt in Q4 '17 driven by payment of \$100m outstanding Franchise fees to Dufry
- Reduction in Q1'18 net debt due to receipt of \$60m pre IPO restructuring proceeds from sales of non-Hudson US assets to Dufry International
- Pro Forma leverage based on EBITDA adjusted by new reduced franchise fee to Dufry

Cash Flow Statement

IN MILLIONS OF USD	Quarter Ended	
	3/31/2018	3/31/2017
Net cash flows from operating activities	\$50.5	\$35.9
Net cash flows used in investing activities	(14.8)	(19.2)
Net cash flows (used in) / from financing activities	38.5	(16.5)
Currency translation on cash	(6.3)	1.2
(Decrease) / increase in cash and cash equivalents	67.9	1.4
Cash and cash equivalents at the		
– beginning of the period	137.4	187.6
– end of the period	205.3	189.0

(1) Net debt leverage represents total debt less cash as the end of the period presented divided by Adj. EBITDA for the last 12 mo. For a reconciliation to the nearest IFRS measure, see slide 27.

Components of Target Revenue Growth and Long-Term Financial Framework



4 APPENDIX

Adjusted EBITDA Reconciliation

	QUARTER ENDED	QUARTER ENDED
IN MILLIONS OF USD	3/31/2018	3/31/2017
Net earnings	-	(5.4)
Income tax expense	<u>(2.4)</u>	<u>(6.2)</u>
Earnings before taxes (EBT)	(2.4)	(11.6)
Foreign exchange gain / (loss)	0.4	(0.2)
Interest income	(0.5)	(0.5)
Interest expenses	<u>7.9</u>	<u>7.2</u>
Operating Profit (EBIT)	5.4	(5.1)
Depreciation, amortization and impairment	28.8	27.0
Other operational result ⁽¹⁾	<u>2.6</u>	<u>1.8</u>
Adjusted EBITDA	36.8	23.7

(1) For the quarter ended March 31, 2018, other operational result consisted of \$0.7 million of asset write-offs related to conversions and store closings, \$0.5 million of uncollected receivables, \$0.4 million of restructuring expenses, \$0.4 million of IPO transaction costs and \$0.6 million of other non-recurring items. For the quarter ended March 31, 2017, other operational result included \$1.0 million of restructuring expenses and \$0.8 million of other non-recurring items.

Pro Forma Net Debt Reconciliation

	QUARTER ENDED
MILLIONS OF USD	3/31/18
Financial debt	585
Less: Cash and cash equivalents	<u>(205)</u>
Net debt	380
Adj. EBITDA (Trailing 12 mo)	186
Add: reduction in franchise fees to Dufry	<u>29</u>
Pro forma Adj EBITDA (Trailing 12 mo)	215
Pro forma net debt / Adj. EBITDA ratio	1.8

Q & A