



**HUDSON  
GROUP**  
*Retail Specialists*

A **DUFREY** Company

2019

Second Quarter  
Results

July 30, 2019



This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (Reform Act). 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 presentation. 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 presentation, those results or developments may not be indicative of results or developments in subsequent periods. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events. Factors that may cause our actual results to differ materially from those expressed or implied by the forward-looking statements in this presentation, or that may impact our business and results more generally, include, but are not limited to, the risks described under “Item 3. Key Information—D. Risk factors” of our Annual Report on Form 20-F for the year ended December 31, 2018 which may be accessed through the SEC’s website at <https://www.sec.gov/edgar>. You should read these risk factors before making an investment in our shares.

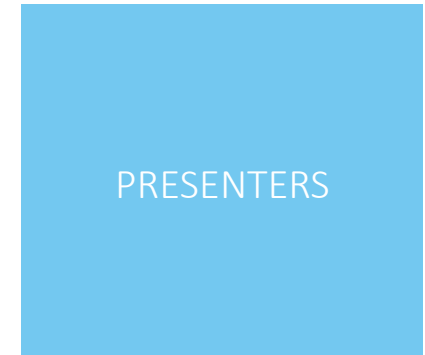
This presentation contains a discussion of Adjusted EBITDA and adjusted net profit attributable to equity holders of the parent, which are non-IFRS financial measures. We define Adjusted EBITDA as net profit adjusted for certain items and we define adjusted net profit attributable to equity holders of the parent as net profit attributable to equity holders of the parent adjusted for certain items, each as set forth in the reconciliation to the most directly comparable IFRS measure in the Appendix. Adjusted EBITDA and adjusted net profit attributable to equity holders of the parent are not substitutes for IFRS measures in assessing our overall financial performance. Because Adjusted EBITDA and adjusted net profit attributable to equity holders of the parent are not determined in accordance with IFRS, and are susceptible to varying calculations, Adjusted EBITDA and adjusted net profit attributable to equity holders of the parent may not be comparable to other similarly titled measures presented by other companies. Adjusted EBITDA and adjusted net profit attributable to equity holders of the parent are included in this presentation because they are measures of our operating performance and we believe that Adjusted EBITDA and adjusted net profit attributable to equity holders of the parent are useful to investors because they are 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 and adjusted net profit attributable to equity holders of the parent have limitations as analytical tools, and you should not consider these measures in isolation, or as a substitute for an analysis of our results as reported under IFRS as issued by IASB.



**Roger Fordyce**  
*Chief Executive Officer*



**Adrian Bartella**  
*Chief Financial Officer*



## On Today's Call:

- Second Quarter Highlights
- Operational Highlights
- Financial Results



# Hudson

# 1 SECOND QUARTER HIGHLIGHTS

- **Duty-paid business drives top line growth**
  - 1.8% organic net sales growth<sup>1</sup> (net of 60 bps FX headwind)
  - Like-for-like net sales growth of 0.6% (1.2% constant currency)
    - Duty paid (79% of sales) like-for-like: 3.4% constant currency
      - Driven by growth in passengers and strong categories including F&B-Retail and Electronics
    - Duty free (21% of sales) like-for-like: -5.4% constant currency
      - Challenged by trends in Chinese tourism / spending
  - Net new business 1.2%
- **Gross profit margin expansion**
  - Gross margin expanded 30 bps to 64.2%
  - Continued benefit of improved vendor terms and positive sales mix shift
  - Improvement offset by tougher compare as Q2 2018 included 70 bps of vendor rebates that were attributable to Q1 2018
- **Adjusted EBITDA of \$70.6M**
  - On a comparable basis excluding Q2 2018 vendor benefit, Adjusted EBITDA would have increased 0.4%

<sup>1</sup> See slide 14 for the components of organic net sales growth

<sup>2</sup> See Appendix for reconciliation to most directly comparable IFRS measure

## 2 OPERATIONAL HIGHLIGHTS

# YTD Wins and Extensions

New Wins	Extensions <sup>(1)</sup> + Expansions
New Market	Existing Market
<p data-bbox="401 515 695 579">Indianapolis Int'l Airport <i>January 2019</i></p> 	<p data-bbox="1025 515 1319 579">Philadelphia Int'l Airport <i>February 2019</i></p> 
<p data-bbox="359 743 739 808">St. Pete-Clearwater Int'l Airport <i>May 2019</i></p> 	<p data-bbox="991 743 1358 808">San Francisco Int'l Airport – T1 <i>March 2019</i></p> 

(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.



# Notable Store Openings Q2 2019

## Boston Logan International Airport



Next Gen  
Dunkin' and Ink  
by Hudson  
combo store



# Notable Store Openings Q2 2019

## Toronto Pearson International Airport



## #TogetherWeAreTravel

General Manager at MSP

### John Nelson

---

Born and raised in Minnesota, John finds time to volunteer in his community coaching youth sports like basketball and baseball.

1 2 3



**WE ARE THE TRAVELER'S BEST FRIEND BECAUSE OUR EMPLOYEES GO ABOVE AND BEYOND IN A WORLD-CLASS WAY**



**Yanira Parker**

---

Specialty Sales Associate -  
Coach, Newark Liberty  
International Airport  
*Part of the Hudson Group family for 2 years*

[Read Story](#)



**Viviana Aldama**

---

Office Manager - North  
America Support Center  
*Part of the Hudson Group family for 13 years*

[Read Story](#)



**Dori Dozier**

---

Systems Administrator - North  
America Support Center  
*Part of the Hudson Group family for 5 years*

[Read Story](#)



**Mike Levy**

---

Chief Merchandising Officer -  
North America Support Center  
*Part of the Hudson Group family for 11 years*

[Read Story](#)



# 3 FINANCIAL RESULTS

# Financial Highlights Q2 2019

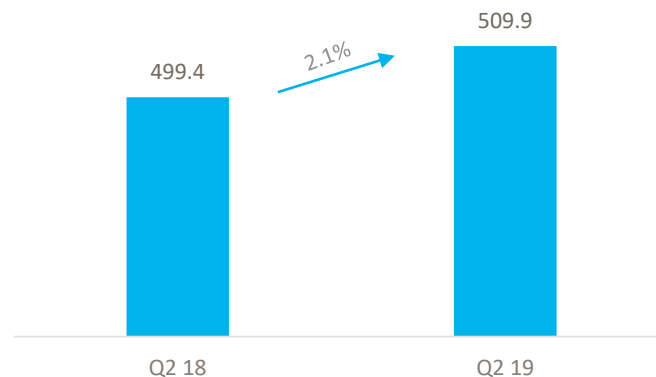
Turnover growth of 2.1% and organic net sales growth<sup>1</sup> of 1.8%

30 bps gross margin expansion to 64.2%

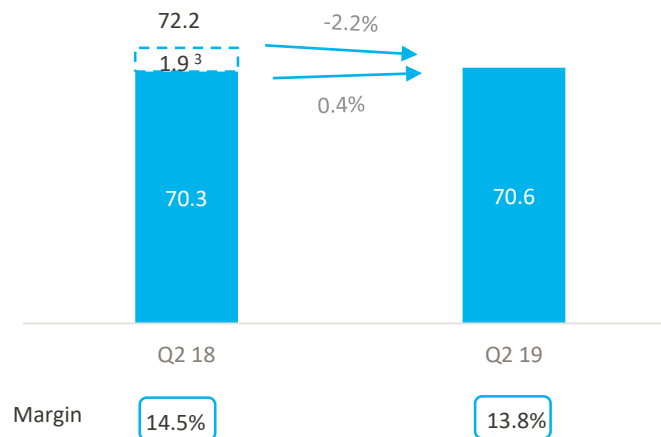
Adjusted EBITDA<sup>2</sup> declined 2.2% to 70.6M (on comparable basis,<sup>3</sup> Adj. EBITDA increased 0.4%)

Adjusted EPS<sup>2</sup> of \$0.22 (ex IFRS 16 impact) vs. \$0.25 in Q2 18

## Turnover (\$M)



## Adjusted EBITDA (\$M)<sup>2</sup>

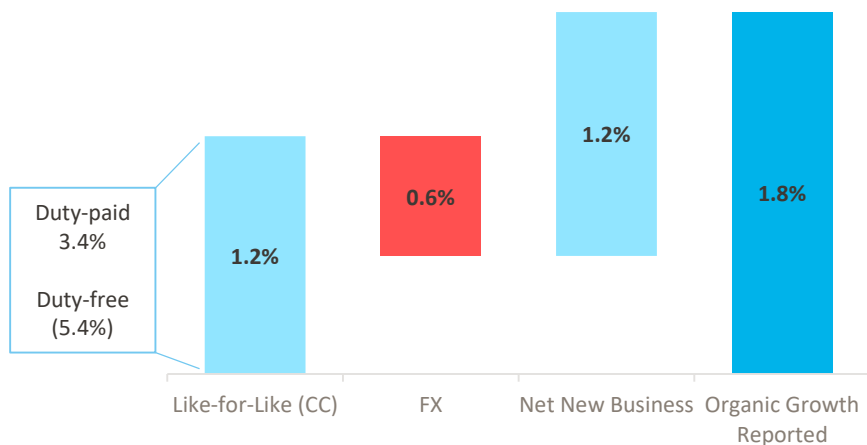


- (1) See reconciliation to Turnover on Slide 14. Organic net sales growth represents the combination of growth from (i) like-for-like net sales growth and (ii) net new stores and expansions.
- (2) For a reconciliation of non-IFRS measures for the periods presented see Appendix.
- (3) Q2 2018 included vendor rebates received in Q2 2018 that were retroactive to Jan 1, 2018 and attributable to Q1 2018.

# Organic Net Sales Growth Components Q2 2019

## Q2 2019 Growth Components

<b>Net Sales growth Components</b>	<b>Q2 19 / Q2 18</b>
Like-for-Like @ constant currency	1.2%
Like-for-Like FX effect	(0.6%)
Like-for-Like @ reported currency rates	0.6%
Net New Business	1.2%
<b>Organic Net Sales Growth as reported</b>	<b>1.8%</b>
Advertising Income	0.3%
<b>Turnover Growth</b>	<b>2.1%</b>



## Quarterly Evolution

- Healthy duty-paid like-for-like growth of 3.4% offset by weak performance in duty-free due to macroeconomic pressures around Chinese tourism and spend
- Net New Business includes JFK, BOS, PHL, SFO, offset by closures in EWR, SEA, YYZ, DFW

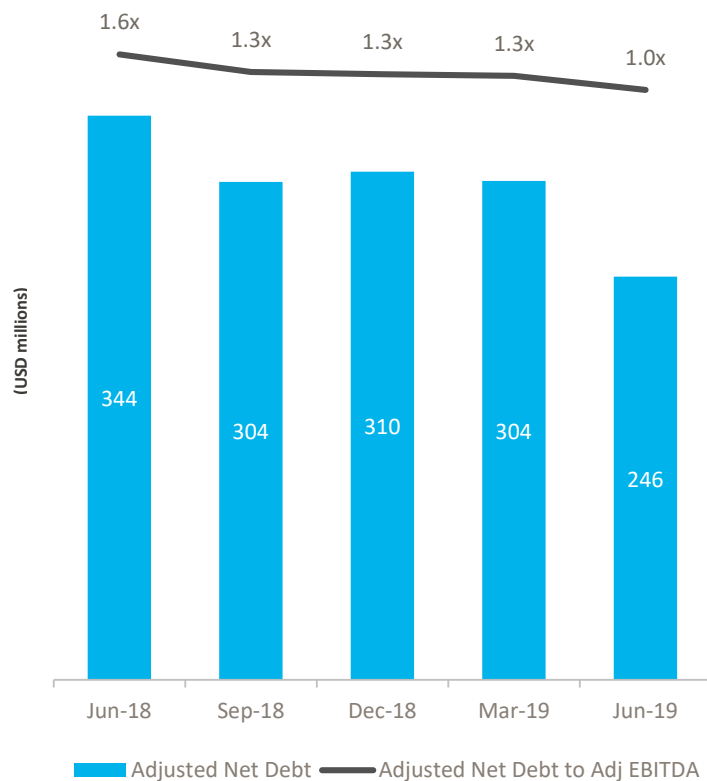
## Like-For-Like @ Constant Currency

	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
Total	3.8%	4.2%	2.5%	3.2%	1.2%
Duty-paid	3.9%	5.0%	3.2%	4.2%	3.4%
Duty-free	3.4%	2.1%	0.3%	0.5%	(5.4%)

# Summary Q2 2019

(in millions USD)	Q2 2019 % of Turnover	IFRS 16 Impact	Pre-IFRS 16 Q2 2019 % of Turnover	Q2 2018 % of Turnover	% Change
<b>Turnover</b>	<b>509.9</b> <b>100%</b>		<b>509.9</b> <b>100%</b>	<b>499.4</b> <b>100%</b>	<b>2.1%</b>
Gross Profit	327.5 64.2%		327.5 64.2%	319.3 63.9%	2.6%
Lease Expenses (formerly Selling)	(54.8) 10.7%	(55.3)	(110.1) 21.6%	(108.9) 21.8%	(49.7%) 1.1% pre-IFRS 16
Personnel expenses	(108.6) 21.3%		(108.6) 21.3%	(100.8) 20.2%	7.7%
Other expenses (formerly G&A)	(38.7) 7.6%		(38.7) 7.6%	(39.8) 8.0%	(2.8%)
Depreciation & Amortization	(78.3) 15.4%	50.0	(28.3) 5.6%	(30.6) 6.1%	155.9% (7.5%) pre-IFRS 16
<b>Operating Profit (EBIT)</b>	<b>47.1</b> <b>9.2%</b>	<b>(5.3)</b>	<b>41.8</b> <b>8.2%</b>	<b>39.2</b> <b>7.8%</b>	<b>20.2%</b> <b>6.6% pre-IFRS 16</b>
Finance income	1.3 0.3%	(0.1)	1.2 0.2%	0.6 0.1%	116.7% 100.0% pre-IFRS 16
Finance costs	(19.2) 3.8%	11.5	(7.7) 1.5%	(7.7) 1.5%	149.4% 0% pre-IFRS 16
Foreign exchange gain (loss)	(0.3) 0.1%		(0.3) 0.1%	(0.1) 0.0%	200.0%
<b>Profit (loss) before taxes (EBT)</b>	<b>28.9</b> <b>5.7%</b>	<b>6.1</b>	<b>35.0</b> <b>6.9%</b>	<b>32.0</b> <b>6.4%</b>	<b>(9.7%)</b> <b>9.4% pre-IFRS 16</b>
Income tax benefit (expense)	(9.8) 1.9%	(1.4)	(11.2) 2.2%	(5.8) 1.2%	69.0% 93.1% pre-IFRS 16
<b>Net profit (loss)</b>	<b>19.1</b> <b>3.7%</b>	<b>4.7</b>	<b>23.8</b> <b>4.7%</b>	<b>26.2</b> <b>5.2%</b>	<b>(27.1%)</b> <b>(9.2%) pre-IFRS 16</b>

## Adjusted Net Debt and Leverage <sup>1</sup> Evolution



## Cash Flow Statement

In millions USD	YTD 6/30/19	YTD 6/30/18
Net cash flows from operating activities	\$239.0 <sup>2</sup>	\$121.9
Net cash flows used in investing activities	(34.3)	(34.3)
Net cash flows (used in) / from financing activities	(137.8) <sup>2</sup>	15.5
Currency translation on cash	1.4	(1.5)
Increase / (decrease) in cash and cash equivalents	68.3	101.6
<b>Cash and cash equivalents at the</b>		
– beginning of the period	234.2	137.4
– end of the period	302.5	239.0

- (1) Adjusted net debt leverage, a non-IFRS measure, represents total borrowings of \$548.2M (excludes IFRS 16 obligations) less cash of \$302.5M at the end of the period presented divided by Adj. EBITDA for the last 12 mo of \$237.3M.
- (2) Due to adoption of IFRS 16 on January 1, 2019, \$112.9M in lease payments during the six months ended June 30, 2019 is now classified as financing activities rather than operating activities

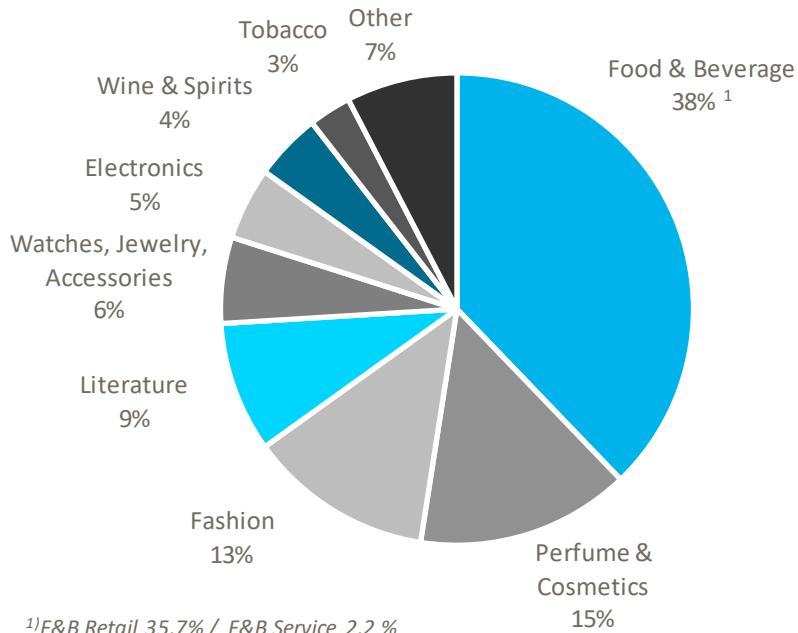


# Q & A

# 3 APPENDIX

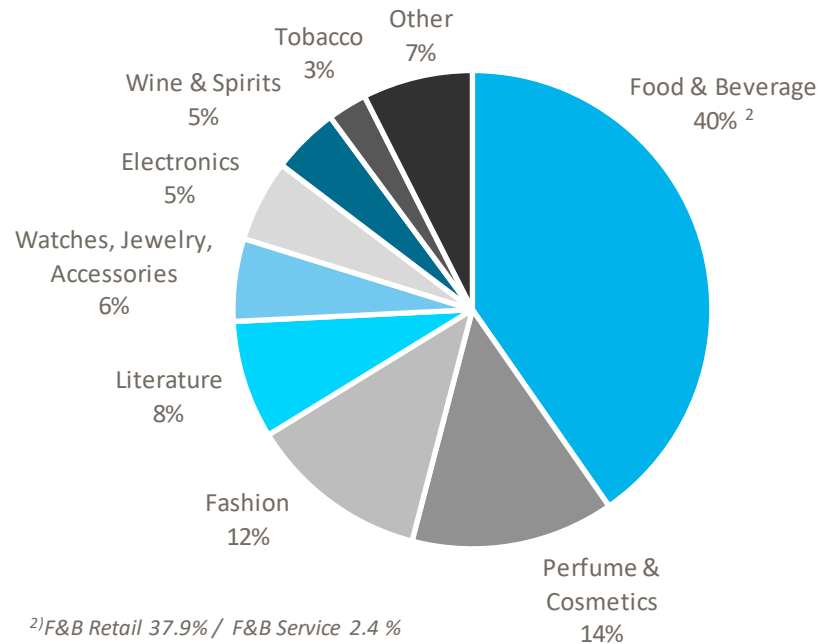
# Sales Breakdown by Product Category

Q2 2018



<sup>1</sup> F&B Retail 35.7% / F&B Service 2.2 %

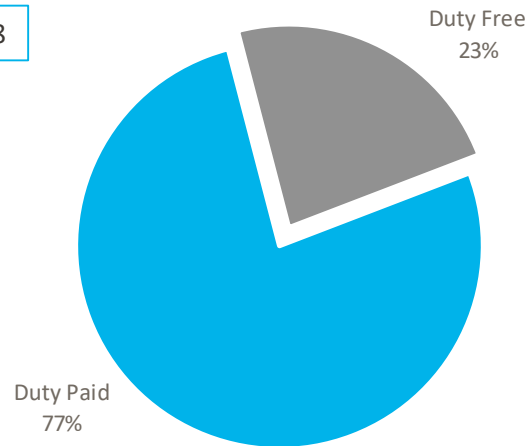
Q2 2019



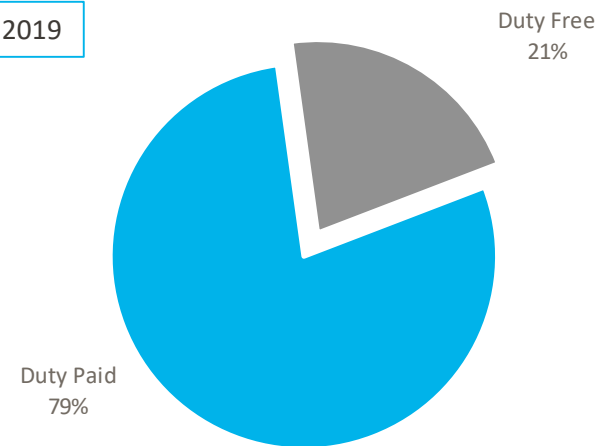
<sup>2</sup> F&B Retail 37.9 % / F&B Service 2.4 %

## By Sector

Q2 2018

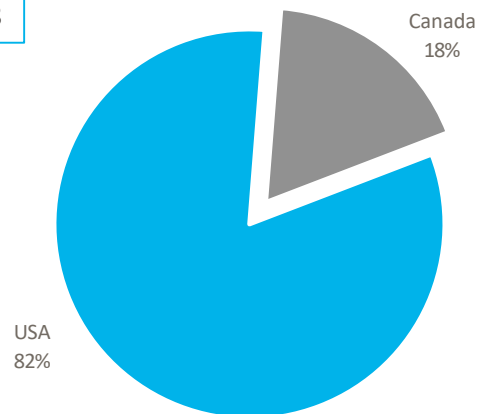


Q2 2019

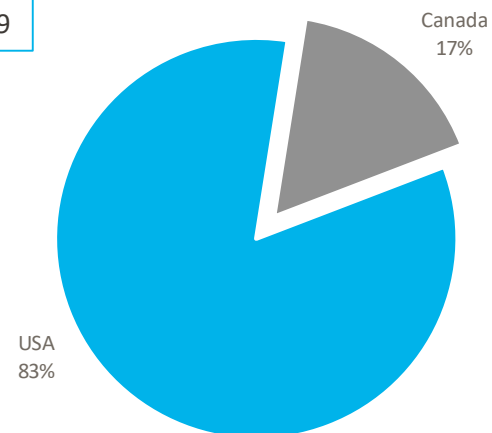


## By Country

Q2 2018



Q2 2019



# Adjusted EBITDA Reconciliation <sup>(1)</sup>

IN MILLIONS OF USD	QUARTER ENDED 6/30/2019	QUARTER ENDED 6/30/2018	SIX MONTHS ENDED 6/30/2019	SIX MONTHS ENDED 6/30/2018
<b>Net profit (loss)</b>	<b>19.1</b>	<b>26.2</b>	<b>17.2</b>	<b>26.2</b>
Income tax expense (benefit)	9.8	5.8	1.7	3.4
<b>Profit (loss) before taxes (EBT)</b>	<b>28.9</b>	<b>32.0</b>	<b>18.9</b>	<b>29.6</b>
Finance income	(1.3)	(0.6)	(2.4)	(1.1)
Finance costs	19.2	7.7	39.1	15.6
Foreign exchange gain (loss)	0.3	0.1	-	0.5
<b>Operating Profit (EBIT)</b>	<b>47.1</b>	<b>39.2</b>	<b>55.6</b>	<b>44.6</b>
Depreciation, amortization and impairment	78.3	30.6	155.8	59.4
Charge related to capitalized right of use assets <sup>(2)</sup>	(55.3)	-	(111.6)	-
Other operational charges <sup>(3)</sup>	0.5	2.4	8.5	5.0
<b>Adjusted EBITDA</b>	<b>70.6</b>	<b>72.2</b>	<b>108.3</b>	<b>109.0</b>

(1) The company has revised the calculation of Adjusted EBITDA to exclude charge related to capitalized right of use assets. The company believes this useful to investors in order to provide better comparability to prior periods as IFRS 16 was adopted on January 1, 2019.

(2) Represents lease payments that would have been expensed, but for the adoption of IFRS 16 related to capitalized right of use assets and payments received for capitalized sublease receivables.

(3) For the quarters ended June 30, 2019 and June 30, 2018, other operational charges consisted of \$0.5 million and \$2.4 million, respectively, of generally non-recurring items. For the six months ended June 30, 2019, other operational charges consisted of \$8.1 million of primarily executive separation expense and \$0.4 million of other generally non-recurring items. For the six months ended June 30, 2018, other operational charges consisted of \$1.0 million of litigation reserve, \$0.8 million in asset write-offs related to conversions and store closings and \$3.2 million of other generally non-recurring items.

# Adjusted Profit & Adjusted EPS Reconciliation <sup>(1)</sup>

IN MILLIONS OF USD (EXCEPT PER SHARE DATA)	QUARTER ENDED	QUARTER ENDED	SIX MONTHS ENDED	SIX MONTHS ENDED
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
<b>Net profit (loss) attributable to equity holders of the parent</b>	<b>9.1</b>	<b>14.3</b>	<b>2.4</b>	<b>8.6</b>
Amortization related to acquisitions <sup>(2)</sup>	9.5	9.9	19.0	19.8
Impairment of assets	0.7	1.4	0.9	1.4
Other operational charges <sup>(3)</sup>	0.5	2.4	8.5	5.0
Income tax adjustment and one-off income tax items <sup>(4)</sup>	(2.9)	(4.9)	(6.1)	(8.2)
<b>Adjusted net profit attributable to equity holders of the parent</b>	<b>16.9</b>	<b>23.1</b>	<b>24.7</b>	<b>26.6</b>
<b>Adjusted net profit attributable to equity holders of the parent - Ex IFRS 16 Impact</b>	<b>20.6</b>		<b>31.7</b>	
<b>Adjusted diluted earnings per share to equity holders of the parent</b>	<b>0.18</b>	<b>0.25</b>	<b>0.27</b>	<b>0.29</b>
<b>Adjusted diluted earnings per share to equity holders of the parent - Ex IFRS 16 Impact</b>	<b>0.22</b>		<b>0.34</b>	

- (1) Beginning in Q1 2019, the company has revised the calculation of Adjusted Net Profit Attributable to Equity Holders of the Parent to exclude not only amortization related to acquisitions and other operational charges (net of income tax), but also to exclude impairment of assets, income tax adjustment on amortization related to acquisitions and impairment and other one-off income tax items. The company believes the new calculation is useful to investors because it removes the effects of purchase accounting for acquired intangible assets (primarily concessions), non-recurring transactions and impairments of assets.
- (2) Although the values assigned to the concession rights during the purchase price allocation are fair values, we believe that their additional amortization doesn't allow a fair comparison with our existing business previous to the business combination, as the costs of the intangible assets have been incurred.
- (3) For the quarters ended June 30, 2019 and June 30, 2018, other operational charges consisted of \$0.5 million and \$2.4 million, respectively, of generally non-recurring items. For the six months ended June 30, 2019, other operational charges consisted of \$8.1 million of primarily executive separation expense and \$0.4 million of other generally non-recurring items. For the six months ended June 30, 2018, other operational charges consisted of \$1.0 million of litigation reserve, \$0.8 million in asset write-offs related to conversions and store closings and \$3.2 million of other generally non-recurring items.
- (4) Beginning in Q1 2019, this line item has been revised to include the following:

	QUARTER ENDED	QUARTER ENDED	SIX MONTHS ENDED	SIX MONTHS ENDED
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
One-off non-cash change in valuation of deferred tax assets	(0.1)	(1.3)	(0.1)	(1.3)
Income tax adjustment amortization and impairment	(2.7)	(3.0)	(5.3)	(5.6)
Income tax adjustment other operational charges	(0.1)	(0.6)	(0.7)	(1.3)