

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**Hudson Ltd.**

**Form: 6-K**

**Date Filed: 2018-11-05**

Corporate Issuer CIK: 1714368

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16  
OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November, 2018  
Commission File Number: 001-38378

**Hudson Ltd.**

(Translation of registrant's name into English)

**4 New Square**  
**Bedfont Lakes**  
**Feltham, Middlesex TW14 8HA**  
**United Kingdom**  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Hudson Ltd.**

By: /s/ Adrian Bartella

\_\_\_\_\_  
Name: Adrian Bartella

Title: Chief Financial Officer

Date: November 5, 2018

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## EXHIBIT INDEX

Exhibit No.	Description
<a href="#">99.1</a>	Press release, dated November 5, 2018 – Hudson Group Reports Third Quarter 2018 Results

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## Hudson Group Reports Third Quarter 2018 Results

**East Rutherford, NJ – November 5, 2018** – Hudson Ltd. (NYSE: HUD) (“Hudson Group”), a leader in North American travel retail, announced today its results for the quarter ended September 30, 2018.

### Highlights for the Quarter:

- Turnover of \$526.6 million, a year-over-year increase of 6.0%;
- Organic net sales growth of 6.5%, which includes 90 basis point currency headwind;
- Like-for-like net sales growth of 3.3% (4.2% constant currency);
- Gross margin of 63.7%, a year-over-year expansion of 160 basis points;
- Adjusted EBITDA of \$76.2 million, a year-over-year increase of 27.6% (or 9.3% assuming the reduced franchise fee rates currently paid to Dufry<sup>1</sup> had been in effect in the third quarter of 2017);

“Our solid third quarter results are highlighted by like-for-like sales growth of 4.2% in constant currency and the continued execution of key productivity initiatives and product launches,” stated Joe DiDomizio, President and CEO of Hudson Group. “We had a number of notable, productive new store openings during the quarter, including specialty retail locations in Dallas/Fort Worth International and Hartsfield–Jackson Atlanta International airports, which demonstrated our ability to maximize productivity in any given footprint by leveraging our diverse portfolio of retail concepts and product lines. Looking ahead, we are excited by the pipeline of opportunities to expand our strong footprint of leading travel retail concepts to drive top line growth and enhance profitability.”

### Third Quarter 2018 Summary

- **Turnover** increased \$30.0 million or 6.0% to \$526.6 million for the third quarter 2018 compared to \$496.6 million in the third quarter of 2017.
  - Net sales increased \$31.2 million or 6.4% to \$516.8 million from the year-ago period;
  - Organic net sales growth, which is a combination of like-for-like net sales growth and net new business and expansions, was 6.5%, compared to 8.4% in the year-ago period;
  - Like-for-like growth was 3.3% (4.2% in constant currency), compared to 3.7% (2.8% in constant currency) in the year-ago period primarily due to negative currency movements as the Canadian dollar weakened versus the U.S. dollar as compared to the prior year quarter, partially offset by a higher number of transactions in the current period due to the impact of last year’s hurricanes on air travel in the year-ago period.
- **Gross profit** increased \$27.0 million or 8.8% to \$335.5 million in the third quarter compared to \$308.5 million in the year-ago period. Gross margin increased 160 bps to 63.7% in the quarter due to improved vendor terms as well as continued sales mix shift to higher margin categories.

<sup>1</sup> Dufry AG (SIX: DUFN) is the ultimate parent and controlling shareholder of Hudson Ltd.

Executive office: 4 New Square, Bedfont Lakes, Feltham, Middlesex TW14 8HA, United Kingdom  
 US office: One Meadowlands Plaza, East Rutherford, NJ 07073

- **Selling expenses** increased \$8.2 million or 7.2% to \$121.7 million in the third quarter as compared to the year-ago period, driven primarily by concession fees, which comprise the majority of this item and is mostly a variable expense driven by net sales. For the quarter, selling expenses as a percentage of turnover totaled 23.1% compared to 22.9% in the prior year quarter primarily due to higher credit card transaction fees.
- **Personnel expenses** increased \$9.7 million or 10.1% to \$105.4 million in the third quarter as compared to the year-ago period. As a percentage of turnover, personnel expenses increased from 19.3% to 20.0% this quarter. The increase in personnel expenses was primarily driven by new hires associated with opening new store locations, wage increases and additional personnel expense upon becoming a public company.
- **General and administrative expenses** decreased \$7.2 million or 18.2% to \$32.3 million in the third quarter as compared to the year ago period due to the reduction of franchise fees paid to Dufry starting January 1, 2018, partially offset by higher professional fees upon becoming a public company. As a percentage of turnover, this item decreased from 8.0% to 6.1%.
- **Adjusted EBITDA** increased \$16.5 million or 27.6% to \$76.2 million in the third quarter as compared to the prior year quarter, and adjusted EBITDA margin increased from 12.0% to 14.5%. Assuming the reduced franchise fee rates we currently pay Dufry had been in effect in the third quarter of 2017, adjusted EBITDA for the quarter would have increased \$6.5 million or 9.3% instead of 27.6%, as compared to the year ago period.
- **Reported net earnings attributable to equity holders of the parent** increased \$13.1 million to \$26.6 million in the third quarter compared to \$13.5 million in the year ago quarter while reported diluted earnings per share increased to \$0.29 per share compared to \$0.15 in the prior year quarter.
- **Adjusted net earnings attributable to equity holders of the parent** increased \$20.4 million to \$37.5 million in the third quarter compared to \$17.1 million in the year ago quarter, while adjusted earnings per share increased from \$0.18 to \$0.41.

#### Balance Sheet and Cash Flow Highlights

- Cash flows from operating activities for the quarter decreased to \$75.2 million compared to \$88.0 million in the prior year quarter due to timing of working capital changes, partially offset by an improvement in operating performance.
- Capital expenditures in the quarter totaled \$18.2 million compared to \$15.6 million in the prior year quarter.
- At September 30, 2018, the Company's net debt was \$303.6 million resulting in net debt leverage of 1.3 times, compared to net debt of \$375.6 million and net debt leverage of 2.4 times at September 30, 2017.

#### Operational Update

As of September 30, 2018, Hudson Group operated 1,016 stores, across 87 locations, totaling 1.1 million square feet of retail space.

During the third quarter, Hudson expanded its footprint in existing markets through an RFP win at Philadelphia International Airport.

The Company also successfully extended an existing contract at the Chicago Citigroup Center.

#### Earnings Conference Call Information

Hudson Group will host a conference call to review its third quarter financial performance today, November 5, at 10:00 a.m. ET. Participants can pre-register for the conference by navigating to <http://dpreregister.com/10125130>. The conference call also will be available in listen-only mode via our investor relations website: <https://investors.hudsongroup.com/>. To participate in the live call, interested parties may dial 1-833-255-2832 (toll free) or 1-412-902-6725. A web replay will be available at <https://services.choruscall.com/links/hson181105.html> for three months following the call.

#### Website Information:

We routinely post important information for investors on the Investor Relations section of our website, [investors.hudsongroup.com](http://investors.hudsongroup.com). We intend to use this website as a means of disclosing material information. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document.

**Non-IFRS and Other Measures:**

Adjusted EBITDA is a non-IFRS measure and is not a uniformly or legally defined financial measure. 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. 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. We also believe adjusted EBITDA is useful to investors as a measure of comparative operating performance from period to period as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of our capital structure (primarily interest expense), asset base (depreciation and amortization) and non-recurring transactions, impairments of financial assets and changes in provisions (primarily relating to costs associated with the closing or restructuring of our operations). Our management also uses adjusted EBITDA for planning purposes, including financial projections. 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. A reconciliation of adjusted EBITDA to net earnings is provided in the attached schedules.

Adjusted net earnings attributable to equity holders of parent is a non-IFRS measure. We define adjusted net earnings attributable to equity holders of parent as net earnings attributable to equity holders of parent adjusted for the items set forth in the table below. Adjusted net earnings attributable to equity holders of parent is a non-IFRS measure and is not a uniformly or legally defined financial measure. Adjusted net earnings attributable to equity holders of parent is not a substitute for IFRS measures in assessing our overall operating performance. Because adjusted net earnings attributable to equity holders of parent is not determined in accordance with IFRS, and is susceptible to varying calculations, adjusted net earnings attributable to equity holders of parent may not be comparable to other similarly titled measures presented by other companies. Adjusted net earnings attributable to equity holders of parent is included in this prospectus because it is a measure of our operating performance and we believe that adjusted net earnings attributable to equity holders of parent 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. We also believe adjusted net earnings attributable to equity holders of parent is useful to investors as a measure of comparative operating performance from period to period as it removes the effects of purchase accounting for acquired intangible assets (primarily concessions), non-recurring transactions, impairments of financial assets and changes in provisions (primarily relating to costs associated with the closing or restructuring of our operations). Management does not consider such costs for the purpose of evaluating the performance of the business and as a result uses adjusted net earnings attributable to equity holders of parent for planning purposes. Adjusted net earnings attributable to equity holders of parent 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. A reconciliation of adjusted net earnings attributable to equity holders of parent to net earnings attributable to equity holders of parent is provided in the attached schedules.

Organic net sales growth represents the combination of growth in aggregate monthly sales from (i) like-for-like net sales growth and (ii) net new business and expansions. Like-for-like growth represents the growth in aggregate monthly net sales in the applicable period at stores that have been operating for at least 12 months. Like-for-like growth excludes growth attributable to (i) net new business and expansions until such stores have been part of our business for at least 12 months, (ii) acquired stores until such stores have been part of our business for at least 12 months and (iii) acquired wind-down stores, consisting of eight stores acquired in the 2014 acquisition of The Nuance Group AG ("Nuance") and 46 stores acquired in the 2015 acquisition of World Duty Free S.p.A. ("World Duty Free Group") that management expected, at the time of the applicable acquisition, to wind down. Net new business and expansions consists of growth from (i) changes in the total number of our stores (other than acquired stores), (ii) changes in the retail space of our existing stores and (iii) modification of store retail concepts through rebranding. Net new business and expansions excludes growth attributable to (i) acquired stores until such stores have been part of our business for at least 12 months and (ii) acquired wind-down stores. Like-for-like growth in constant currency is calculated by keeping exchange rates constant for each month being compared from period to period. We believe that the presentation of like-for-like growth in constant currency basis assists investors in comparing period to period operating results as it removes the effect of fluctuations in foreign exchange rates.

Net debt leverage represents total debt less cash at September 30, 2018 divided by adjusted EBITDA for the trailing twelve months ended September 30, 2018.

#### **About Hudson Group**

Hudson Group (NYSE: HUD), a Dufry Company and one of the largest travel retailers in North America, is committed to enhancing the travel experience for over 300,000 travelers every day in the continental United States and Canada. The Company is anchored by its iconic Hudson, Hudson News and Hudson Bookseller brands and operates over 1,000 duty-paid and duty-free stores in 87 locations, including airports, commuter terminals, hotels and some of the most visited landmarks and tourist destinations in the world. Our wide range of store concepts include travel essentials and convenience stores, bookstores, duty-free shops, branded specialty stores, electronics stores, and quick-service food and beverage outlets. For more information, visit [www.hudsonsgroup.com](http://www.hudsonsgroup.com) and [www.dufry.com](http://www.dufry.com).

#### **Forward-Looking Statements**

This press release 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 press release. 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 press release, 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 press release, 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, 2017 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.

For further information please contact:

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# CONSOLIDATED INCOME STATEMENT

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018 (UNAUDITED)

IN MILLIONS OF USD (EXCEPT PER SHARE DATA)	QUARTER ENDED 9/30/2018	QUARTER ENDED 9/30/2017	NINE MONTHS ENDED 9/30/2018	NINE MONTHS ENDED 9/30/2017
Turnover	526.6	496.6	1,452.8	1,352.1
Cost of sales	(191.1)	(188.1)	(530.0)	(511.4)
<b>Gross profit</b>	<b>335.5</b>	<b>308.5</b>	<b>922.8</b>	<b>840.7</b>
Selling expenses	(121.7)	(113.5)	(336.7)	(315.4)
Personnel expenses	(105.4)	(95.7)	(303.8)	(275.7)
General expenses	(32.3)	(39.5)	(97.2)	(118.2)
Share of result of associates	0.1	(0.1)	0.1	(0.3)
Depreciation, amortization and impairment	(30.2)	(26.0)	(89.6)	(79.3)
Other operational result	(1.6)	7.2	(6.6)	0.9
<b>Operating Profit (EBIT)</b>	<b>44.4</b>	<b>40.9</b>	<b>89.0</b>	<b>52.7</b>
Interest expenses	(7.7)	(8.2)	(23.3)	(22.7)
Interest income	0.6	0.4	1.7	1.4
Foreign exchange gain / (loss)	0.2	0.4	(0.3)	0.8
<b>Earnings before taxes (EBT)</b>	<b>37.5</b>	<b>33.5</b>	<b>67.1</b>	<b>32.2</b>
Income tax	(0.7)	(11.0)	(4.1)	(8.0)
<b>Net earnings</b>	<b>36.8</b>	<b>22.5</b>	<b>63.0</b>	<b>24.2</b>
NET EARNINGS ATTRIBUTABLE TO				
Equity holders of the parent	26.6	13.5	35.2	1.0
Non-controlling interests	10.2	9.0	27.8	23.2
EARNINGS/LOSS PER SHARE <sup>(1)</sup>				
Basic	0.29	0.15	0.38	0.01
Diluted	0.29	0.15	0.38	0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (000's)				
Basic	92,511	92,511	92,511	92,511
Diluted	92,511	92,511	92,511	92,511

(1) Gives effect to our Class A and Class B common shares outstanding following the completion of our initial public offering on February 5, 2018.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT SEPTEMBER 30, 2018 (UNAUDITED)

IN MILLIONS OF USD	SEPTEMBER 30, 2018	DECEMBER 31, 2017
<b>ASSETS</b>		
Property, plant and equipment	248.1	264.9
Intangible assets	645.4	685.8
Investments in associates	5.7	3.1
Deferred tax assets	90.8	90.3
Other non-current assets	28.3	24.9
<b>Non-current assets</b>	<b>1,018.3</b>	<b>1,069.0</b>
Inventories	182.8	186.0
Trade receivables	1.2	4.6
Other accounts receivable	47.8	59.4
Income tax receivables	0.9	1.4
Cash and cash equivalents	269.7	137.4
<b>Current assets</b>	<b>502.4</b>	<b>388.8</b>
<b>Total assets</b>	<b>1,520.7</b>	<b>1,457.8</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Equity attributable to equity holders of the parent	573.4	493.7
Non-controlling interests	85.7	78.7
<b>Total equity</b>	<b>659.1</b>	<b>572.4</b>
Financial debt	519.0	520.4
Deferred tax liabilities	53.4	50.1
Post-employment benefit obligations	1.1	0.9
<b>Non-current liabilities</b>	<b>573.5</b>	<b>571.4</b>
Trade payables	105.4	97.1
Financial debt	54.3	80.7
Income tax payables	1.8	4.1
Other liabilities	126.6	132.1
<b>Current liabilities</b>	<b>288.1</b>	<b>314.0</b>
<b>Total liabilities</b>	<b>861.6</b>	<b>885.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,520.7</b>	<b>1,457.8</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018 (UNAUDITED)

IN MILLIONS OF USD	QUARTER ENDED 9/30/2018	QUARTER ENDED 9/30/2017	NINE MONTHS ENDED 9/30/2018	NINE MONTHS ENDED 9/30/2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Earnings before taxes (EBT)</b>	<b>37.5</b>	<b>33.5</b>	<b>67.1</b>	<b>32.2</b>
<b>ADJUSTMENTS FOR</b>				
Depreciation, amortization and impairment	30.2	26.0	89.6	79.3
Loss / (gain) on sale of non-current assets	-	-	0.8	1.5
Increase / (decrease) in allowances and provisions	5.7	5.8	12.3	11.8
Loss / (gain) on foreign exchange differences	(0.3)	(2.0)	-	(0.7)
Other non-cash items	(1.4)	1.4	1.5	3.4
Share of result of associates	(0.1)	0.1	(0.1)	0.3
Interest expense	7.7	8.2	23.3	22.7
Interest income	(0.6)	(0.4)	(1.7)	(1.4)
<b>Cash flow before working capital changes</b>	<b>78.7</b>	<b>72.6</b>	<b>192.8</b>	<b>149.1</b>
Decrease / (increase) in trade and other accounts receivable	(0.8)	15.5	11.7	7.9
Decrease / (increase) in inventories	(5.1)	(6.7)	(6.6)	(28.6)
Increase / (decrease) in trade and other accounts payable	4.3	4.3	4.1	53.7
<b>Cash generated from operations</b>	<b>77.1</b>	<b>85.7</b>	<b>202.0</b>	<b>182.1</b>
Income taxes paid	(1.9)	2.3	(4.9)	0.2
<b>Net cash flows from operating activities</b>	<b>75.2</b>	<b>88.0</b>	<b>197.1</b>	<b>182.3</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(18.9)	(16.7)	(52.4)	(64.8)
Purchase of intangible assets	(0.6)	(1.2)	(2.7)	(7.6)
Net purchase of interest in associates	(2.2)	-	(2.6)	-
Proceeds from sale of property, plant and equipment	-	(0.2)	0.3	-
Interest received	1.0	0.8	2.1	1.6
<b>Net cash flows used in investing activities</b>	<b>(20.7)</b>	<b>(17.3)</b>	<b>(55.3)</b>	<b>(70.8)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from restructuring	-	-	60.1	-
Proceeds from / (repayment of) financial debt	(11.6)	(35.0)	(24.7)	(36.5)
Repayments of / (granted) 3 <sup>rd</sup> party loans receivable	0.9	(20.8)	1.2	0.3
Transaction costs paid for the listing of equity instruments	-	-	(6.3)	-
Dividends paid to non-controlling interest	(15.7)	(10.4)	(29.0)	(23.4)
Net contributions from / (purchase of) non-controlling interests	2.2	-	5.9	-
Interest paid	(0.6)	(8.2)	(16.2)	(22.7)
<b>Net cash flows from / (used in) financing activities</b>	<b>(24.8)</b>	<b>(74.4)</b>	<b>(9.0)</b>	<b>(82.3)</b>
Currency translation on cash	1.0	5.1	(0.5)	3.7
<b>Increase in cash and cash equivalents</b>	<b>30.7</b>	<b>1.4</b>	<b>132.3</b>	<b>32.9</b>
<b>CASH AND CASH EQUIVALENTS AT THE</b>				
- beginning of the period	239.0	219.1	137.4	187.6
- end of the period	269.7	220.5	269.7	220.5

# NON-IFRS RECONCILIATIONS

## ADJUSTED EBITDA TO NET EARNINGS

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018

IN MILLIONS OF USD	QUARTER ENDED 9/30/2018	QUARTER ENDED 9/30/2017	NINE MONTHS ENDED 9/30/2018	NINE MONTHS ENDED 9/30/2017
<b>Net earnings</b>	<b>36.8</b>	<b>22.5</b>	<b>63.0</b>	<b>24.2</b>
Income tax expense	0.7	11.0	4.1	8.0
<b>Earnings before taxes (EBT)</b>	<b>37.5</b>	<b>33.5</b>	<b>67.1</b>	<b>32.2</b>
Foreign exchange (gain) / loss	(0.2)	(0.4)	0.3	(0.8)
Interest income	(0.6)	(0.4)	(1.7)	(1.4)
Interest expenses	7.7	8.2	23.3	22.7
<b>Operating Profit (EBIT)</b>	<b>44.4</b>	<b>40.9</b>	<b>89.0</b>	<b>52.7</b>
Depreciation, amortization and impairment	30.2	26.0	89.6	79.3
Other operational result <sup>(1)</sup>	1.6	(7.2)	6.6	(0.9)
<b>Adjusted EBITDA</b>	<b>76.2</b>	<b>59.7</b>	<b>185.2</b>	<b>131.1</b>

(1) For the quarter ended September 30, 2018, other operational result consisted of \$1.2 million of litigation reserve and \$0.4 million of other non-recurring items. For the quarter ended September 30, 2017, other operational result included \$9.9 million of other operating income resulting from forgiveness of certain intercompany payables due to Dufry and \$0.5 million of other non-recurring income items, partially offset by \$3.2 million of IPO transaction costs. For the nine months ended September 30, 2018, other operational result consisted of \$2.2 million of litigation reserve, \$0.8 million of asset write-offs related to conversions and store closings, \$0.8 million of uncollected receivables, \$0.7 million of IPO transaction costs, \$0.6 million of restructuring expenses and \$1.5 million of other non-recurring items. For the nine months ended September 30, 2017, other operational result consisted primarily of \$9.9 million of other operating income resulting from forgiveness of certain intercompany payables due to Dufry, which was partially offset by other operating expenses including \$3.2 million of IPO transaction costs, \$3.0 million of restructuring costs associated with the World Duty Free Group acquisition, \$1.5 million of asset write-offs and \$1.3 million of other non-recurring items.

**NET EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT TO  
ADJUSTED NET EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT  
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

IN MILLIONS OF USD (EXCEPT PER SHARE DATA)	QUARTER ENDED 9/30/2018	QUARTER ENDED 9/30/2017	NINE MONTHS ENDED 9/30/2018	NINE MONTHS ENDED 9/30/2017
<b>Net earnings attributable to equity holders of the parent</b>	<b>26.6</b>	<b>13.5</b>	<b>35.2</b>	<b>1.0</b>
Amortization related to acquisitions <sup>(1)</sup>	9.8	9.0	29.6	28.8
Other operational result <sup>(2)</sup>	1.6	(7.2)	6.6	(0.9)
Income tax adjustment <sup>(3)</sup>	(0.5)	1.8	(1.8)	0.4
<b>Adjusted net earnings attributable to equity holders of the parent</b>	<b>37.5</b>	<b>17.1</b>	<b>69.6</b>	<b>29.3</b>
Diluted earnings / (loss) per share	0.29	0.15	0.38	0.01
<b>Adjusted diluted earnings / (loss) per share to equity holders of the parent</b>	<b>0.41</b>	<b>0.18</b>	<b>0.75</b>	<b>0.32</b>
<b>Weighted average number of shares outstanding (000's) <sup>(4)</sup></b>	<b>92,511</b>	<b>92,511</b>	<b>92,511</b>	<b>92,511</b>

- (1) 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 self-generated intangible assets have been expended.
- (2) For the quarter ended September 30, 2018, other operational result consisted of \$1.2 million of litigation reserve and \$0.4 million of other non-recurring items. For the quarter ended September 30, 2017, other operational result included \$9.9 million of other operating income resulting from forgiveness of certain intercompany payables due to Dufry and \$0.5 million of other non-recurring income items, partially offset by \$3.2 million of IPO transaction costs. For the nine months ended September 30, 2018, other operational result consisted of \$2.2 million of litigation reserve, \$0.8 million of asset write-offs related to conversions and store closings, \$0.8 million of uncollected receivables, \$0.7 million of IPO transaction costs, \$0.6 million of restructuring expenses and \$1.5 million of other non-recurring items. For the nine months ended September 30, 2017, other operational result consisted primarily of \$9.9 million of other operating income resulting from forgiveness of certain intercompany payables due to Dufry, which was partially offset by other operating expenses including \$3.2 million of IPO transaction costs, \$3.0 million of restructuring costs associated with the World Duty Free Group acquisition, \$1.5 million of asset write-offs and \$1.3 million of other non-recurring items.
- (3) Income tax adjustment represents the impact in income taxes we actually accrued during the applicable period attributable to other operational result. This assumption uses an income tax rate of 26.7% and 39.0% for the adjustment for the periods ended September 30, 2018 and 2017, respectively. Amortization expenses related to acquisitions did not reduce the amount of taxes we paid during the applicable periods, and therefore there are no corresponding income tax adjustments in respect of the amortization expense adjustment.
- (4) Gives effect to our Class A and Class B common shares outstanding following the completion of our initial public offering on February 5, 2018.