Media Release

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Dufry increases turnover by 25.8% and generates record EBITDA margin of 15.2% in the first nine months of 2012

In the first nine months of 2012, Dufry's turnover grew by 25.8% to CHF 2,363.9 million and gross margin increased by 80 basis points to 58.8% in the period. EBITDA increased by 40.5% to CHF 360.2 million and EBITDA margin improved by 160 basis points, reaching a record of 15.2%.

Strong turnover growth and further improvement of gross margin and EBITDA margin

Turnover reached CHF 2,363.9 million in the first nine months of 2012 versus CHF 1,879.0 million one year earlier a growth of 25.8%. Organic growth was 4.9%, to which like-for-like growth contributed 2.5% and new concessions and expansions added 2.4%. Acquisitions contributed 14.9% to turnover growth and changes in foreign exchange rates resulted in a positive translation effect of 6.0%.

Dufry increased its gross margin once more by 80 basis points to 58.8% in the first nine months of 2012. At the same time, EBITDA margin improved by 160 basis points to 15.2% – a new record for the Company. The EBITDA margin improvement was supported by Dufry´s cost control as well as synergies from the acquired businesses. In absolute terms, EBITDA for the nine month period of 2012 reached CHF 360.2 million, a growth of 40.5% compared to the same period in 2011.

Global trend remain intact, regional differences persist

In June 2012, Dufry announced an internal reorganization aiming to continue delivering sustainable long term growth and shareholder value creation. The re-shaping of the regional structures from six to four regions is designed to allocate increased responsibilities to the regions and to have greater flexibility to execute and implement the global strategy. At the same time, Dufry also centralized group functions where economies of scale can be achieved, such as procurement and logistics. The organizational changes were fully implemented as of 1st September, 2012.

Turnover of **Region EMEA & Asia** grew by 22.1% in the first nine months of 2012 and reached CHF 592.9 million versus CHF 485.6 million one year earlier. In constant exchange rates (CER) turnover growth was 20.9% in the period. The good performance in the region was mainly driven by the strong growth of the operations in North Africa as well as the good development in Russia. Dufry´s operations in France, Switzerland, Spain, China and Sharjah (with new destinations and flights) showed vigorous performance once again with double digit growth in the period.

Acquisitions of operations in Martinique and Armenia in 2011 and Russia in 2012 contributed to turnover increase in the region. The closing down of the Singapore operations negatively impacted turnover growth.

Region America I increased turnover by 78.4% to CHF 575.8 million compared to CHF 322.8 million in the first nine months of 2011. In constant exchange rates (CER) turnover growth was 67.1% in the period. The companies acquired in August 2011 (Argentina, Uruguay and Ecuador) added 66.1% to the turnover growth in the period. Operations in Mexico were supported by new airlines and destinations and continued to see healthy growth rates. The operations in the British Caribbean remained weak due to a change in the passenger profile and different itineraries of the cruise lines affecting the numbers of customers. The operations in Argentina and Uruguay were affected by the bankruptcy of the Uruguayan airline Pluna at the beginning of July.

Region America II posted turnover of CHF 548.3 million at the end of September, representing a growth of 2.7% from the CHF 534.1 million amounted in the same period of 2011. In constant exchange rates (CER) turnover growth was -4.1% in the period. Operations in Brazil continue to be impacted by the economic slowdown in the country, a softening of the Brazilian Real against the US Dollar, as well as capacity constraints in some of the Brazilian airports. Dufry improved its profitability in the region which compensated for the softer performance at turnover level. Apart from a strict cost management, Dufry also increased its marketing and promotions initiatives to drive profitability.

Region United States & Canada grew its turnover by 18.3%. Turnover amounted to CHF 613.9 million for first nine months 2012 compared to CHF 519.1 million one year earlier. In constant exchange rates (CER) turnover growth was 9.8% in the period. Turnover continues to show solid growth thanks to constantly adapting and refining the assortment and introducing new products and partnerships (e.g. Dunkin Donuts brand). The expansion of the duty free operations also continues to be one of the key pillars for the development of this region.

Continued improvement of profitability

Gross margin grew by 80 basis points to 58.8% in the first nine months of 2012 from 58.0% in the same period one year ago. The global negotiations with suppliers added further improvements to the gross margin, as did the cooperation projects Dufry is currently running with key suppliers in terms of as the brand plan and data sharing aiming to improve the supply chain as a whole. The gross margin improvement was further supported by the synergies from the companies acquired in 2011 and 2012.

Selling expenses reached CHF 517.3 million in the first nine months of 2012 versus CHF 414.7 million in the previous year. As a percentage of turnover, selling expenses decreased by 0.2 percentage points to 21.9% compared to 22.1% in the same period last year.

Personnel expenses amounted to CHF 354.0 million compared to CHF 292.2 million in the first nine months of 2011. As a percentage of turnover, personnel expenses stood at 15.0% versus 15.6% in the same period last year.

General expenses as percentage of turnover was flat at 6.7% when compared with the first nine months of 2011. In Swiss Franc terms, general expenses grew to CHF 158.8 million in the first nine months versus CHF 127.0 million in the same period of 2011.

EBITDA[1] improved by 40.5% for the first nine months of 2012 to CHF 360.2 million compared to CHF 256.4 million for the respective period in 2011. EBITDA margin reached another record in

[1] EBITDA before other operational result

the company's history at 15.2%, improved by 160 basis points higher to 13.6% for the relevant period in 2011.

Depreciation and **Amortization** reached CHF 124.3 million for the first nine months of 2012 compared to CHF 89.1 million in the same period last year. Depreciation reached CHF 45.5 million compared to CHF 40.8 million in the first nine months 2011. Amortization stood at CHF 78.8 million in the first nine months 2012 versus CHF 48.3 million in the same period last year. This increase is explained by the additional amortization deriving from the acquisitions done in August 2011 and in January 2012.

Other operational result (net) was minus CHF 11.7 million for the first nine months of 2012 versus an expense of CHF 21.2 million in the same period last year.

EBIT went up by 53.5% to CHF 224.2 million in the year to September 2012 versus CHF 146.1 million in the respective period of 2011. EBIT margin increased to 9.5% in the 9 month period of 2012 from 7.8% one year earlier.

Net financial expenses came to CHF 53.0 million from CHF 34.2 million in the first nine months of 2011. This increase is due to the additional debt of USD 1.0 billion structured in August 2011, to finance the acquisitions mentioned earlier.

Income taxes for the first nine months of 2012 amounted to CHF 30.2 million compared to CHF 16.2 million for the corresponding period of 2011. The effective tax rate, measured as percentage of EBT, stood at 17.6% compared to 14.5% the same period last year. Due to the seasonality of Dufry's business the tax rate does vary along the year.

Net earnings to equity holders increased by 46.9% to CHF 116.2 million in the first nine months of 2012 compared to CHF 79.1 million in the same period of last year. Core EPS[2] increased by 54.2% and went to CHF 6.66 in the first nine months of the year versus CHF 4.32 in the same period in 2011. It is worth highlight that the acquisitions made in 2011 were already EPS accretive in 2012.

Cash generation supports the business growth

Net cash flow from operating activities improved by CHF 58.1 million, or 25.6%, and reached CHF 285.4 million in the first nine months of 2012 versus CHF 227.3 million one year earlier. Capex for the period stood at CHF 80.3 million, compared to CHF 62.3 million registered in the first nine months of 2011.

Net debt was CHF 1,274.0 million, compared to CHF 1,346.7 million on June 30, 2012. The main covenant, Net Debt/adjusted EBITDA, stood at 2.92x, compared to the threshold of 3.50x agreed with the lending banks. The Company deleveraged by 0.75x in the last twelve months from 3.67x on 30 September, 2011.

Acquisition of the travel retail operations of the Folli Follie Group

On October 10th Dufry signed an agreement to acquire 51% of the travel retail business of Folli Follie Group, having the option to acquire the remaining 49% in four years time. The business is the leading travel retailer in Greece and generated in 2011 turnover of EUR 291 million and EBITDA of EUR 84 million, with an EBITDA margin of 29.0%. The acquisition is consistent with

[2] Core EPS (or adjusted EPS) is adjusted for acquisition-related amortization

Dufry's growth strategy focused on emerging markets and tourist destinations and will strengthen its position in the Mediterranean region, the world's biggest tourist destination.

The total consideration to be paid by Dufry is EUR 229 million. The transaction further foresees that the target business, which will be carved-out from Folli Follie Group, will enter a new local non-recourse bank facility of EUR 335 million at closing. The transaction is expected to close early next year after completion of all relevant approvals. To finance the transaction, Dufry concluded an equity increase on 11 October, 2012, of CHF 294 million through an accelerated bookbuilding by issuing 2.7 million shares.

<u>Group refinancing and issue U.S. dollar denominated Senior Notes</u>

Dufry refinanced its existing revolving credit facility (RCF) of CHF 415 million, which was due to expire in 2013, through a new committed 5 year RCF of CHF 650 million with a syndicate of banks. The facility will be used for general corporate purposes and will have the same covenants as the existing Group credit facilities.

Dufry successfully placed US dollar-denominated senior notes in an aggregate principal amount of USD 500 million to refinance the remaining term loans expiring in 2013 of approximately CHF 502 million. The notes have a term of eight years with the annual interest rate being 5.5 percent.

<u>Another successful step towards a global diversification</u>

Julian Diaz, CEO of Dufry Group, commented: "Dufry has delivered a strong set of results in this first nine months of 2012. Once more, it showed that our strategy focusing on emerging markets and tourist destinations works and we were able to show a strong improvement in the profitability and achieved the best EBITDA margin of 15.2% in the history of our company. At the same time, our global diversification strategy allowed us to balance the different performance in various locations and compensates any possible slowdowns in specific regions with stronger growth in others. Dufry´s global diversification has been key not only to preserve, but to further improve profitability in the period.

The announcement we made last month to acquire 51% of the travel retail operations of the Folli Follie Group was another step towards our global diversification. With currently more than 80% of sales generated with international customers, this is a high quality asset with attractive terms and long term concessions and fits well to our business. We are convinced that Greece will remain an attractive tourist destination in the medium and long-term. This transaction will strengthen Dufry´s position in the Mediterranean region, which is one of the most popular tourist destinations in the world.

The refinancing of our credit facilities and the successful senior notes issued represent the start of a new phase for the Company, as we have strengthened the financing structure. Also, getting access to debt capital markets adds another source of financing going forward. The new available credit lines will allow us to continue pursuing opportunities in the still fragmented travel retail industry.

Passenger numbers are forecasted to grow in the coming years and we are convinced that the travel retail industry will continue to present opportunities and, accordingly, we are prepared to exploit them. We will continue with our strategy of profitable growth combining organic growth in current operations with acquisitions and new operations. The performance in our different locations will follow recent patterns and we do not expect any major shift in the short term.

Key Figures Dufry Group

In CHF million	9M 2012		9M 2011		Variation
Turnover	2,363.9		1,879.0		25.8%
Gross Profit	1,390.3	*58.8%*	1,090.3	*58.0%*	27.5%
EBITDA (before other operational results)	360.2	*15.2%*	256.4	*13.6%*	40.5%
Net Earnings to Equity Holders	116.2	*4.9%*	79.1	*4.2%*	46.9%
Core Earnings per Share (in CHF)	6.66		4.32		54.2%

Dufry's First nine months 2012 Report is available on the following link:
http://www.dufry.com/en/Investors/FinancialReports/

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Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN; BM&FBOVESPA: DAGB11) is the leading global travel retailer operating more than 1'200 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs more than 14,000 people. The Company, headquartered in Basel, Switzerland, operates in 45 countries in Europe, Africa, Asia, Latin America, and North America.

SOS CHILDREN'S VILLAGES

Social Responsibility

Dufry cares for children and supports the SOS Social Center in Igarassu, Brazil. SOS Children's Villages is an independent, non-political and non-demonstrational organisation established for orphaned and destitute children all over the world.