Media Release

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Dufry with strong performance in 2012

Dufry had a strong performance in the financial year 2012. Turnover grew by 19.6% to CHF 3,153.6 million. EBITDA increased by 27.8% to CHF 474.0 million and EBITDA margin reached a new record level of 15.0%, an increase of 0.9 percentage points compared to previous year. Cash EPS stood at CHF 7.48, 18.7% higher than in 2011.

Strong turnover growth and profitability improvement backed by expanding and strengthening the business

2012 was a year of important achievements and strong performance for Dufry as the Company continued to add new businesses to its portfolio. Turnover grew by 19.6% and reached CHF 3,153.6 million.

EBITDA margin increased by 0.9 percentage points, reaching a new record level of 15.0% at year end versus 14.1% one year earlier. In absolute terms, EBITDA for 2012 was CHF 474.0 million compared to CHF 370.9 million in 2011.

Dufry continued to play a major role in the consolidation of the travel retail industry. The acquisition of several travel retail operations in South America, as well as Martinique and Armenia in August 2011, were fully consolidated during 2012 and the integration was concluded in August 2012, well ahead of the initial timetable.

The Company acquired a 51% stake of a Russian travel retailer in January 2012, and in October 2012, Dufry signed an agreement to acquire 51% of the travel retail operations of Folli Follie Group, the leading travel retailer in Greece.

Last but not least, Dufry signed in November 2012 an agreement with Guarulhos International Airport in São Paulo, Brazil, for the extension of our concession until 2016 and the expansion of retail space in the airport of almost 50%.

In the fourth quarter 2012, Dufry also further strengthened its debt profile. The debt maturing in 2013 was successfully refinanced through a renewal of a committed CHF 650 million bank facility until 2017 and the Company also debuted in the debt capital markets with a successful 8 year senior notes offering of USD 500 million maturing in 2020. Dufry also strengthened its equity base with a capital increase of CHF 286 million to finance the transaction in Greece.

Solid performance across the regions

In 2012, Dufry's turnover grew by 19.6% to CHF 3,153.6 million from CHF 2,637.7 million in 2011. Organic growth contributed 3.7% and 4.6% when excluding extraordinary effects. Like-for-like growth was 1.5% and 2.4% respectively, and new concessions, net of closings, contributed 2.2%. Acquisitions added 11.2% to the turnover growth, and finally the translational currency effect was positive by 4.7%.

Turnover of **Region EMEA & Asia** grew by 20.2% in 2012 and reached CHF 790.4 million versus CHF 657.8 million in the previous year. Dufry had a very strong performance in Asia and Africa where most markets reached double-digit growth for the year. Europe also continued to grow, albeit at a lower pace. France showed a good performance, also in Spain and Switzerland. Growth in the region was also supported by the consolidation of acquisitions in Armenia, Martinique and Russia. In China, the good performance was further enhanced by new concessions in Chengdu. During the year, Dufry also completed the last steps of the exit from Singapore.

Turnover in **Region America I** increased by 48.3% to CHF 778.3 million, compared to CHF 524.7 million in 2011. The operations in Mexico showed strong sales growth supported by passenger growth. Apart from the operations in the British Caribbean, which remained weak due to a change in the passenger profile and different itineraries of the cruise lines affecting the numbers of customers, the other parts of the Caribbean performed very well. Especially the business in the Dominican Republic and Trinidad performed strongly. In South America, Dufry's operations in Argentina and Uruguay were affected by the bankruptcy of the Uruguayan airline Pluna at the beginning of July.

Turnover in **Region America II** increased by 0.2% to CHF 730.6 million, compared to CHF 729.4 million in 2011. After many years of continued strong performance, operations in Brazil were 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. The Company successfully implemented several measures to safeguard the profitability in the region.

Turnover in **Region United States & Canada** increased by 15.5% to CHF 809.3 million in 2012, compared to CHF 700.5 million one year earlier. Turnover continued to show solid growth driven by like-for-like growth as well as through adding new concessions and retail space. The expansion of Company´s presence in the region is not only based on the Hudson News convenience store concept, but Dufry also successfully has expanded its portfolio of brand boutiques and specialized shops as well as duty free shops. Performance in the last quarter of 2012 in the region was impacted by hurricane Sandy but the negative effects were relatively short-lived.

Improved profitability – operating costs remain under control

Gross profit in 2012 amounted to CHF 1,856.6 million, and the gross margin improved by 70 basis points to 58.9% versus 58.2% in 2011. The continuation of Dufry's global negotiations with suppliers and the synergies added from the companies acquired in 2011 and 2012 were the key drivers for achieving the new record level. It is also worth highlighting the cooperation with key suppliers in several projects such as brands plan and data sharing.

Selling expenses, as a percentage of turnover, remained flat at 22.0%. In absolute terms, they reached CHF 694.2 million in 2012 versus CHF 579.7 million one year earlier.

Personnel expenses as a percentage of turnover, improved to 15.1% from 15.3% in 2011. Personnel expenses in 2012 were CHF 474.7 million, compared to CHF 402.6 million in 2011.

General expenses also improved as a percentage of turnover to 6.8% from 6.9% in 2011. Expressed in Swiss Francs, general expenses increased to CHF 213.7 million in 2012 from CHF 182.1 million one year earlier.

EBITDA[1] increased by 27.8% to CHF 474.0 million in 2012 from CHF 370.9 million in 2011 as a result of the gross margin growth and constant focus on keeping expenses under strict control. The EBITDA margin improved by 90 basis points, and reached the record level of 15.0%.

Depreciation and Amortization was at CHF 168.3 million in 2012 from CHF 131.5 million in 2011. Depreciation was higher at CHF 65.1 million in 2012 compared to CHF 58.8 million in 2011. Amortization increased by CHF 30.5 million to CHF 103.2 million in 2012, mainly due to the additional amortization deriving from the acquisitions done in August 2011 and in January 2012.

Other Operational result (net) was minus CHF 30.1 million in 2012 versus CHF 26.9 million in 2011. Among this amount, CHF 15.8 million are acquisition-related costs, consulting fees and expenses related to projects and start-ups.

EBIT increased to CHF 275.6 million in 2012 versus CHF 212.5 million in 2011.

Net financial expenses stood at CHF 78.3 million in 2012 compared to CHF 49.4 million one year earlier. This increase was mainly due to the additional debt of USD 1.0 billion structured in August 2011, to finance the acquisitions mentioned earlier. The refinancing of parts of Dufry's credit facilities and the diversification of its funding by issuing a USD 500 million senior notes offering also added to the increase in the financial result. The new financing carries a fixed 5.5% coupon.

Income taxes reached CHF 39.1 million, up from CHF 28.2 million in 2011. The effective tax rate as a percentage of EBT was 19.8% in the period.

Net earnings increased by CHF 23.3 million and stood at CHF 158.2 million. **Net earnings attributable to equity holders** grew by 9.4% to CHF 122.4 million and Cash EPS increased by 18.7% to CHF 7.48 in 2012 versus CHF 6.30 in 2011.

A key driver of the Cash EPS growth was the full year consolidation of the acquisitions done in August 2011 and the respective implementation of the synergies. Dufry successfully completed the integration of the transaction and could achieve the expected synergies until year-end 2012, well ahead of the initial timeframe of 18–24 months.

<u>High cash flow regeneration</u>

Cash flow from operating activities increased by 13.6% to CHF 382.5 million in 2012 from CHF 336.8 million one year earlier. Free cash flow also increased by CHF 22.9 million to CHF 271.8 million.

Net debt at the end of December 2012, was CHF 951.3 million compared to the CHF 1,361.3 million one year ago. Adjusting for the capital increase of CHF 286.0 million done in October 2012, whose proceeds will be used to finance the 51% stake of Folli Follie's travel retail operations, adjusted net debt at year-end 2012 is CHF 1,237.3 million. The main covenant, Net Debt/adjusted EBITDA was 2.4 times as per December 31, 2012.

[1] EBITDA before other operational result

2012 was also a year of important developments in terms of capital market for Dufry. In October, the Company 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.

At the same time, Dufry successfully placed US dollar denominated senior notes in an aggregate principal amount of USD 500 million to refinance all term loans expiring in 2013. The newly issued senior notes have a term of eight years with the annual coupon being 5.5%.

Strategy remains unchanged: expanding the business and delivery profitable growth

Julian Diaz, CEO of Dufry Group, commented: “Our strategy, which we have been implementing for the last 8 years, remains unchanged going forward: we continue to focus on profitable growth and on cash generation, developing the Company in emerging markets and tourist destinations.

The medium and long-term trends in the travel retail industry, namely the ongoing global passenger growth, as well as the continuation of the consolidation of the travel retail industry have been confirmed and will remain valid. Hence, we will continue to focus on growing organically in our current operations through space expansion and accelerating like-for-like growth. Finally, we also will continue to actively pursue acquisitions of high quality assets where we can generate synergies.

Last June an internal reorganization was announced aiming to support the existing structure, as well as to prepare the organization for further growth over the next years. The number of regions was reduced from six to four, and responsibilities were pushed down to regional levels. Certain functions, where synergies can be extracted through economies of scale, have been more centralized, such as customer intelligence, procurement and logistics, and treasury.

The integration of the travel retail division of Folli Follie Group as well as the increase of our commercial area in Guarulhos airport in Brazil will be a priority for us in 2013 and we will put all of our efforts to make it successfully happen. Last but not least, after several acquisitions in the past years, our goal this year will be also to deleverage our Company using our strong cash generation. The refinancing of the 2013 maturities including our debut on the debt capital markets as well as the capital increase done for the Folli Follie travel retail acquisition have strengthened our balance sheet and will allow us to continue growing our business.

As for 2013, our general outlook is positive, although there are still some global and regional economic issues that need to be addressed. Passenger traffic remains positive with global passenger growth being forecasted at 5.5%. While regional differences will continue to persist, all regions are expected to have positive passenger growth in 2013.”

Key Figures Dufry Group

In CHF million	2012		2011		Variation
Turnover	3,153.6		2,637.7		19.6%
Gross Profit	1,856.6	*58.9%*	1,535.3	*58.2%*	20.9%
EBITDA (before other operational results)	474.0	*15.0%*	370.9	*14.1%*	27.8%
Net Earnings to Equity Holders	122.4	*3.9%*	111.9	*4.2%*	9.4%
Core Earnings per Share (in CHF)	7.48		6.30		18.7%

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

For further information please contact:

Sara Lizi
Investor Relations
Phone: +55 21 2157 9901
sara.lizi@br.dufry.com

Lubna Haj Issa
Media Relations
Phone +41 61 266 44 46
lubna.haj-issa@dufry.ch

Rafael Duarte
Investor Relations
Phone +41 61 266 45 77
rafael.duarte@dufry.com

Mario Rolla
Media Relations
Phone: +55 21 2157 9611
mario.rolla@br.dufry.com

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 43 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, in Agadir, Morocco and Cambodia. SOS Children's Villages is an independent, non-political and non-demonstrational organisation established for orphaned and destitute children all over the world.