Media Release

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Consolidation of concession portfolio and growth acceleration deliver solid results for Dufry Group in 2013

Dufry had a strong performance in the financial year 2013. Turnover grew by 13.3% to CHF 3,571.7 million, with organic growth accelerating to 4.8% in the fourth quarter 2013. EBITDA reached CHF 511.1 million, with an EBITDA margin of 14.3%. Net cash from operating activities grew by 13.8% and reached CHF 435 million in 2013.

2013 was an important year for the development of Dufry with a number of important projects being concluded in Brazil, Asia and in the United States, as well as the acquisition in Greece. The company delivered a strong performance: Turnover increased by 13.3% and reached CHF 3,571.7 million. EBITDA amounted to CHF 511.1 million and EBITDA margin was 14.3%, while net cash flows from operating activities rose by 13.8% and stood at CHF 435.1 million. Free cash flow also grew and reached CHF 294.8 million in 2013.

Organic expansion at a high pace

Dufry moved ahead with its organic expansion by signing important agreements with several airport operators in all regions. In Region America II, Dufry signed agreements to double the retail space in Brazil already in 2014 by adding 13,600 m². The most important project is in São Paulo, where will be built almost 7,000 m² in Terminal 3 at Guarulhos International Airport. The airport concentrates the majority of international flights in Brazil and Dufry has secured its position at the airport for the next 10 years.

In Region EMEA & Asia, Dufry signed contracts to operate shops in seven new locations adding 7,900 m² and increasing the footprint in one of its key regions. Including these contracts, Dufry will operate in 14 locations, in 10 countries. With a total of 140 shops and retail space of 14,000 m², in the Far East, Middle East and Central Asia, Dufry has established itself solidly in that region.

Last but not least, in Region United States & Canada, 53 new shops and 3,400 m² are planned to be opened in 2014 in several major airports. The expansion projects are of great relevance for the Company and will require substantial resources, as already seen in 2013.

For 2014, Dufry will focus on the execution of these projects that will be an important growth driver already this year to come and especially in 2015, once all retail space will be operational and fully ramped up.

Two step acquisition of HDFS

The company made an important acquisition in 2013. Dufry acquired Hellenic Duty Free Shops ("HDFS"), the leading travel retailer in Greece, through two transactions. In April 2013, 51% of the business was acquired, and in December 2013, an agreement was reached to acquire the remaining 49% of the equity. The overall consideration for both transactions of EUR 892 million for the equity and debt was financed through a combination of issuance of new shares of CHF 481 million in total as well as structuring a new bank facility of EUR 500 million.

Since the acquisition in April 2013, Dufry have been able to implement its integration plan, which is very well advanced, and has started to capture already a significant share of the planned EUR 10 million synergies well ahead of schedule. In addition to that, after acquiring the remaining 49% stake, the company was able to streamline the financing structure of HDFS and can engage in further optimization now that Dufry has full ownership.

From the strategic point of view, by acquiring HDFS, Dufry has added a very attractive business with long-term contracts, which further diversifies its concession portfolio and at the same time strengthens its market position in the Mediterranean, the most important region for tourism globally and one of its strategic areas. Furthermore, the business has grown strongly organically supported on a good passenger growth in Greece.

Turnover analysis

Dufry's turnover grew by 13.3% to CHF 3,571.7 million in 2013 from CHF 3,153.6 million one year earlier. Like-for-like contributed 2.4% and net new concessions added 0.6%, resulting in an organic growth of 3.0%. Acquisitions contributed 11.1% to turnover growth, through the consolidation of HDFS, which has been consolidated since April 2013. Foreign exchange swings resulted in a negative translational effect of -0.8%.

Region EMEA & Asia's turnover surged by 48% in constant FX rates. After the conversion into Swiss Francs, turnover increased by 48.5% and reached CHF 1,174.1 million in 2013, from CHF 790.4 million one year before. The consolidation of HDFS was an important contributor for the result, and was further backed by an excellent year in terms of tourism in Greece. In addition, other European countries experienced a dynamic performance, such as Spain, France, and Switzerland. Africa developed positively overall, with operations in Morocco, Ivory Coast and Algeria performing well, while Egypt suffered from the political situation in the country. Operations in Middle East and Asia also did well, with good performance in China and Cambodia.

Turnover in Region America I was flat in local currency and in Swiss Francs stood at CHF 768.5 million versus CHF 778.3 million in 2012. In Central America, Dufry saw solid performance in Mexico and parts of the Caribbean, while the trends in the British Caribbean remained sluggish. In South America, our operations in Uruguay saw an on-going improvement throughout 2013 as other airlines started to fill in the gap left by Pluna, the Uruguayan airline that went to bankruptcy in the middle of 2012. As for Argentinean operations, growth picked up in the second half of the year and performed solidly.

Turnover in **Region America II** declined by 4% in constant FX rates and stood at CHF 692.2 million, from CHF 730.6 million in 2012. Dufry's most important customer group in that region, namely the Brazilians, continued to increase their spending when measured into Brazilian Real. This positive trend is however masked when accounting in USD or Swiss Franc, as the weakening of the local currency for most part of 2013 resulted in lower nominal USD sales. When measured in local currencies, sales increased by 6%. In 2013, Dufry signed several agreements to expand its presence in Brazil namely at São Paulo Guarulhos, Viracopos and Brasilia airports. In August 2013, Dufry opened the first part of the expanded area in Terminal 2, at Guarulhos International Airport, where the retail area more than doubled, totalling 3,140 m². The second leg of the expansion in Terminal 2 as well as the new space in Terminal 3 and the expanded airports will be important growth drivers in the region in 2014.

Region United States & Canada's turnover grew by 10% in constant FX rates in 2013. In Swiss Franc terms turnover increased to CHF 876.1 million compared to CHF 809.3 million in 2012. Performance in the region continued strong based on a steady growth in passenger numbers, productivity improvements as well as new concessions. The combination of the Hudson concept with brand boutiques and specialized shops are allowing Dufry to offer tailored proposals to each airport operator. Thanks to this and in combination with Dufry's excellent execution capabilities, the company were able to win new contracts in Los Angeles, St. Louis and Dallas, among others.

Disciplined approach to costs continues

Gross profit

Gross profit grew by 13.4% to CHF 2,105.7 million from CHF 1,856.6 million in 2012. Gross margin improved to 59.0% versus 58.9% in 2012. The benefits from the new logistic and procurement reorganization started to show results in the year, and more than compensated the consolidation impact from HDFS, which has a lower gross margin than Dufry's existing business. Considering like-for-like retail, gross profit margin improved by 90 basis points in 2013.

Selling expenses

Selling expenses reached CHF 826.0 million in 2013 compared to CHF 694.2 million one year earlier. As a percentage of turnover, they rose to 23.1% versus 22.0% in 2012. The signing of several concessions contracts in Brazil, which secured the business for 10 years, was the main impact on increase of concession fees.

Personnel and general expenses

As a percentage of turnover, personnel expenses stayed practically stable at 15.1% from 15.0% in 2012. In Swiss Franc terms, personnel expenses reached CHF 538.1 million in 2013, compared to CHF 474.4 million one year before.

General expenses improved as a percentage of turnover to 6.5% from 6.8% in 2012. In absolute terms it stood at CHF 230.5 million in 2013 compared to CHF 213.7 million in 2012.

EBITDA

EBITDA grew by 7.8% and reached CHF 511.1 million versus CHF 474.3 million in 2012. The respective EBITDA margin stood at 14.3% in 2013. As in the previous years, the diversification of the business as well as Dufry's growth strategy played an important role for the Company's performance in 2013.

Depreciation and Amortization

Depreciation and Amortization amounted to CHF 192.9 million in 2013 from CHF 168.3 million in 2012. Depreciation remained nearly stable as a percentage of turnover at 2.0% and reached CHF 71.1 million in 2013 compared to 2.1% and CHF 65.1 million in the previous year. Amortization was CHF 18.6 million higher in 2013 and reached to CHF 121.8 million, mainly due to the additional amortization resulted from the acquisitions in Greece.

EBIT

EBIT advanced to CHF 280.8 million versus CHF 275.9 million in 2012. This includes other operational result (net), which was minus CHF 37.4 million in the year. Most of these expenses resulted from the acquisition of HDFS as well as start-up and project costs for new operations.

Financial result

Net financial expenses reached CHF 100.0 million in 2013 compared to CHF 78.5 million one year before. The increase of CHF 21.5 million in 2013 is mainly a result of the additional debt financing and non-recurring financing costs in the amount of CHF 4.7 million, both in relation to the HDFS acquisition. For 2014, the re-financing of the local facility in Greece will result in a reduction of financing costs of CHF 10 million, on a comparable basis.

Taxes

Income taxes reached CHF 33.2 million, down from CHF 39.1 million in 2012. The effective tax rate as a percentage of EBT was 18.4% in 2013, versus 19.8% one year earlier. The Group tax is subject to a combination of different tax rates applicable due to its operations in various countries.

Net earnings

Net earnings in 2013 stood at CHF 147.6 million, compared to CHF 158.3 million in 2012. Net earnings attributable to equity holders reached CHF 93.0 million and Cash EPS was CHF 6.31. Pro-forma Cash EPS including 100% of HDFS stood at CHF 7.15 in 2013.

Strong cash generation supports expansion

Cash flow and debt

Net cash flow from operating activities increased by 13.8% to CHF 435.1 million in 2013 from CHF 382.5 million one year earlier. In 2013, capital expenditure stood at CHF 184.6 million, which also includes investments made in Brazil, and free cash flow reached CHF 294.8 million. Net debt was CHF 1,753.4 million at the end of December 2013, versus CHF 951.3 million one year before. The main covenant, Net Debt/adjusted EBITDA was 3.67x at year-end 2013, compared with a threshold of 4.25x for the period.

In connection with the HDFS acquisition, Dufry entered into a new EUR 500 million term loan in December 2013. The proceeds were used to finance the EUR 175 million cash portion of the 49% acquisition consideration, as well as to repay HDFS' local bank financing in Greece of an original amount of EUR 335 million.

Consolidation of concession portfolio and growth acceleration were important achievements in 2013

Julian Diaz, CEO of Dufry Group, commented: "2013 was an important year full of achievements, especially regarding expansion in key markets for the Company. In Brazil, we secured our most important contract in Guarulhos International Airport, where we signed a 10 years. In addition, we could also sign 10 year agreements in Brasilia and Viracopos and taking all these projects together, we will almost double our retail space. Our attention will be on the new shops, which will require a significant amount of resources especially in light of the most important sports event worldwide, namely the football World Cup, which is forecasted to attract over 600,000 tourists to Brazil in 2014.

Regarding our expansion in Asia, we have been able to grow our business significantly in the region and Dufry will be present in 14 locations in 10 countries, which creates a diversified platform for further development in that region. There, it will be also key to get our new operations up and running in the shortest period of time and with excellence in execution to showcase them as our expertise in that region.

We are equally excited about our expansion plans in the United States and Canada. The Hudson business continues to win market share and is showing remarkable performance with a brand new concept, which brings new logo, shop layout and shifts in assortment. For 2014 Dufry has already signed contracts to open 53 new shops in the region, which also includes several brand boutiques and specialty shops.

Another important event in 2013 was the two-step transaction of the leading travel retailer in Greece, Hellenic Duty Free. Dufry first acquired 51% of the business in April, 2013, and we were able to reach a further agreement with Folli Follie Group to buy the remaining 49% in December,

2013. Overall, we invested EUR 892 million to acquire the business, which generated a turnover of EUR 300 million and an EBITDA of EUR 84 million in 2012. By acquiring the remaining stake of the Hellenic Duty Free, Dufry will be able to achieve additional synergies through further streamlining of the Group's logistics and procurement processes as well as through better financing conditions. We also plan to further develop the business by refurbishing and expanding the commercial offering in key airports in Greece, including retail space at airports in Athens, Thessaloniki, Rhodes and Crete in 2014. On a strategy level, this acquisition represented another step to consolidate the fragmented travel retail industry and the transaction further strengthens our position as a leader in this industry.

Our focus in 2014 will be on the execution of the projects announced so far. For 2014 and beyond, Dufry will continue to pursue its strategy of profitable growth. We continue to see attractive growth opportunities in travel retail market, a fact confirmed in our healthy project pipeline. As for the industry, the prospects continue to be good for 2014. International passenger numbers are forecasted to grow by 5.4% in 2014 according to Air4Cast agency. In that context, Dufry´s global footprint is an important asset to seize this opportunity and grow the business even further.

On the economic front, we will remain vigilant to the development in the current markets. Having said this, the essence of business offers a natural protection against currency swings, therefore safeguarding our profitability due to our diversified concession portfolio."

Key Figures Dufry Group

In CHF million	**FY 2013**		**FY 2012**		**Variation**
Turnover	3,571.7		3,153.6		13.3%
Gross Profit	2,105.7	*59.0%*	1,856.6	*58.9%*	13.4%
EBITDA (before other operational results)	511.1	*14.3%*	474.3	*15.0%*	7.8%
Net Earnings to Equity Holders	93.0	*2.6%*	122.5	*3.9%*	-24.1%
Cash Earnings per Share (in CHF)	6.31		7.48		-15.6%

Dufry's 2013 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: DAGB33) is a leading global travel retailer operating around 1'400 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs over 16,000 people. The Company, headquartered in Basel, Switzerland, operates in 47 countries in Europe, Africa, Eurasia, Central America & Caribbean, North America and South America.

SOS CHILDREN'S VILLAGES

Social Responsibility
Dufry cares for children and supports social projects from SOS Kinderdorf in Brazil, Cambodia, Mexico and Morocco. SOS Children's Villages is an independent, non-political and non-demonstrational organization established for orphaned and destitute children all over the world.

The Street Child World Cup is a global campaign for the rights of street children. Through football, art and an international street child conference the aim is to ensure street children are given the protection and opportunities that all children are entitled to. Dufry sponsors the Street Child World Cup (SCWC) "Road to Rio 2014"which will take place in Rio de Janeiro, Brazil, in March 2014.