



Media Release

Basel, August 12, 2010

Improved performance of Dufry Group in first half of 2010

In line with Dufry's stated strategy of profitable growth, the Group performed strongly in the first half of 2010 and continued to grow double-digit at top line and profit-wise. For the period to June 30, 2010, the Group's turnover increased by 15.8% on constant FX rates, of which organic growth accounted for 10.2 percentage points. EBITDA grew by 20.3% on constant FX rates and reported net earnings almost doubled to CHF 60.7 million.

Turnover measured in Swiss Franc grew by 11.7% to CHF 1,267.9 million during the period from CHF 1,135.1 million in the first half of 2009. Apart from double-digit organic growth, new projects contributed 5.6% while the foreign exchange impact of translating into Swiss Franc was a negative 4.1%.

Gross margin further improved by 1.4 percentage points to 57.0% in the first half of 2010 from 55.6% in first half of 2009. In absolute terms, gross profit reached CHF 723.3 million for the first half of 2010 compared to CHF 631.5 million for the same period 2009. The improvement was due to continuous growth of the Group, including several new locations, implementation of global negotiation with suppliers, and the further development of new initiatives started in 2010 as part of the "Dufry plus One" project.

EBITDA¹ for the first half of 2010 increased by 20.3% to CHF 160.9 million on constant FX rates. When translated into Swiss Franc, EBITDA grew by 15.4% to CHF 154.3 million compared to CHF 133.7 million for the respective period of 2009. EBITDA margin was 12.2% compared to 11.8% for the relevant period in 2009.

As a percentage of turnover, selling expenses reached 22.1%. During the first six months of 2010, the renewal and the start-up of a number of new concessions resulted in an increase in selling expenses. Also, the development of the local currencies had an effect in certain countries and in the first quarter of 2009, Dufry benefited from temporary rebates on concession fees.

Personnel expenses and general expenses remained stable compared to last year when measured as percentage of turnover. Personnel expenses were 15.8% for half year 2010 compared to 15.9% in the respective period of 2009 and general expenses were unchanged at 6.9%.

Depreciation and amortization amounted to CHF 64.4 million for the first half of 2010 compared to CHF 62.2 million in the corresponding period of 2009. Other operational result was minus CHF 5.7 million for the first half of 2010 and mainly includes restructuring costs and new projects.

¹ EBITDA before other operational result

EBIT in the first half of 2010 increased by 28.2% to CHF 84.2 million compared to CHF 65.6 million in the respective period of 2009.

Financial expenses decreased by CHF 9.1 million to CHF 14.8 million in the first half of 2010 versus CHF 23.9 million in the respective period of 2009. The improvement is mainly due to lower interest expenses resulting from lower debt during the first quarter of 2010, improved cash management and a favorable interest rate environment.

Income taxes for the first half of 2010 amounted to CHF 8.7 million compared to CHF 8.3 million for the corresponding period of 2009. The tax rate measured as percentage of EBT declined to 12.5% from 19.9%. Due to the seasonality of Dufry's business, the tax rate does vary substantially along the year. The improvement does include some synergies, which we achieved based on tax initiatives linked to the Hudson News integration and the international roll-out of this concept.

Net earnings for the Group (before minorities) almost doubled and stood at CHF 60.7 million in the first half of 2010 versus CHF 33.4 million in the respective period of 2009. Net earnings to equity holders reached CHF 40.4 million for half year 2010 compared to CHF 10.4 million during the same period in 2009. Following the completion of the merger with Dufry South America Ltd. ("DSA") at the end of March, minority interests decreased substantially. Assuming that the merger had taken place at December 31, 2009, pro forma net earnings to equity holders are CHF 51.9 million.

In the first half of 2010, Dufry's net cash flow from operating activities reached CHF 142.5 million, resulting in a pro forma net debt of CHF 559 million as of June 30, 2010. The pro forma net debt does not include the payment of an extraordinary dividend of USD 4.71 per share/BDR by DSA in the context of the merger. This dividend payment made to DSA minority shareholders of CHF 158 million brought net debt to CHF 717 million. The main covenant, Net Debt/adjusted EBITDA, further improved and stood at 2.5x.

Development of Turnover by Region

- Turnover of **Region Europe** grew by 3.4% when measured in local currencies. Translated into Swiss Francs, turnover decreased by 0.6% to CHF 151.1 million. The performance in the second quarter was impacted by the volcano ash cloud in April 2010, which led to a loss of turnover for approximately one week. However, overall trends continued to improve at a moderate pace including Italy, which saw positive momentum. Furthermore, Dufry also expanded its business in this region, for example with new shops in various Italian railway stations.
- **Region Africa** posted stable turnover when measured in local currencies; when measured in Swiss Franc, turnover decreased by 3.4% to CHF 84.6 million in the first half of 2010 compared to CHF 87.6 million in the same period in 2009. Region Africa was also impacted by the volcano ash cloud as most flights departing to/from Europe were cancelled during the close-down of the European air space. The region also had temporary effects in Algeria and Egypt, where Dufry's shops in Sharm-el-Sheikh were closed due to flooding. The Group's main operations in Tunisia and Morocco had a solid performance and especially the Moroccan business performed very well.

- **Region Eurasia's** turnover grew by 4.5% and stood at CHF 113.9 million in the first half of 2010 versus CHF 109.0 million one year ago. Performance in most operations was positive, and Cambodia and certain Russian operations experienced double digit growth. Furthermore, the new operations in Shanghai started to contribute, which was partially compensated by the closing of some shops in Singapore and Hong Kong.
- Turnover of **Region Central America & Caribbean** increased by 7.2% and stood at CHF 208.1 million in the first six months of 2010 compared to CHF 194.1 million in the same period last year. The English speaking Caribbean have started to gradually improve their performance and most other operations posted positive organic growth for the period. The acquisition of assets in Mexico in the fourth quarter of 2009 and the subsequent restructuring have also contributed to turnover growth.
- **Region South America** increased its turnover by 35.8% to CHF 326.0 million in the first half of 2010 from CHF 240.1 million in the same period last year. Brazil continued its strong performance as Dufry has implemented several initiatives aimed to increase spend per passenger including innovative promotions and sales incentives programs.
- In **Region North America**, turnover increased by 9.7% and amounted to CHF 375.7 million for the first six months in 2010 compared to CHF 342.4 million in the first half of 2009. The Hudson Group business continued with its positive organic growth trend as did Dufry's other operations in the USA. This was further supported by an active development of the concession portfolio in the USA.

Maintaining the momentum

During the first half of the year, the positive passenger trends, which began towards the end of 2009, carried through the period. Emerging markets experienced a more dynamic growth compared to developed markets, but in all regions the trend was positive overall. The volcanic ash cloud in April caused a temporary contraction in the passenger flows due to the closing of much of the European air space and the cancellation of almost all flights to and from European destinations. On the other hand, all other months had solid international passenger growth rates.

Since the last quarter of 2009, Dufry has based its operations on the following elements:

- Maintaining the efficiencies achieved in 2009 in relation to the operating cost, net working capital management and capital expenditure.
- Strengthening the Group's execution capabilities through the introduction of the "Dufry plus One" and "One Dufry" initiatives, which comprise a wide range of specific projects across the Group.

As a consequence Dufry has managed to accelerate its growth and profitability over and beyond market growth. Although the global economy still has not fully recovered, Dufry has posted double-digit growth in all respects including turnover, gross profit, EBITDA and net earnings. Both, the organic growth of 10.2% and the gross margin improvement by 1.4 percentage points are a result of the improved spend per passenger and the focused development of its operations.

Dufry also has worked intensely in the past quarters to grow its business through expansion projects and will continue to do so in the coming quarters. Together with organic growth, maintaining this momentum will lay the ground for Dufry's profitable growth in the coming quarters and years.

The successful completion of Dufry's merger with DSA, combined with the listing of the Dufry AG Brazilian Depositary Receipts programme in April 2010, has strengthened the Group's position considerably and has added value to Dufry investors. The transaction has broadened Dufry's shareholder base, and the improved free float, liquidity and size should allow targeting new investor segments. Since the beginning of the year, our market cap has increased to CHF 2,300 million from CHF 1,350 million and the value of our free float more than doubled to CHF 1,430 million from CHF 630 million.

Julian Diaz, CEO of Dufry Group, commented: "During the first six months of 2010, Dufry has improved its performance and achieved solid organic growth despite the economic environment not having fully recovered yet and specific events, such the volcano ash cloud, impacting our industry.

Dufry outpaced the passenger growth significantly, and achieved double digit growth on spend per passenger and average ticket across the Group thanks to the further development of our execution capabilities, which we have enhanced through the "Dufry plus One" and "One Dufry" initiatives. At the same time, we were able to further expand our gross margin as part of our consistent improvements in the past, as well as the new initiatives started since the beginning of the year.

We intend to continue with our profitable growth strategy and on top of the new operations added during the first half, we will enrich our concession portfolio with new retail space to be opened during the second half of 2010.

Nevertheless we are alert in respect to the uncertainties related to the global economic development but we remain optimistic because the travel retail industry has showed its resilience again. During the first half of 2010, we have seen good passenger growth and an increase in spend."

Key Figures Dufry Group HY 2010

	HY 2010		HY 2009		Variation
Turnover at constant FX rates	1,315.0		1,135.1		15.8%
EBITDA at constant FX rates	160.9		133.7		20.3%
Turnover	1,267.9		1,135.1		11.7%
Gross Profit	723.3	57.0%	631.5	55.6%	14.5%
EBITDA (before other operational result)	154.3	12.2%	133.7	11.8%	15.4%
Net Earnings	60.7		33.4		
Attributable to:					
Equity holders of the parent	40.4		10.4		
Minority interest	20.3		23.0		

Dufry's HY 2010 Report will be published on 12 August, 2010, and will be available on the website (www.dufry.com/inv-index/inv-financialreports.htm) the same day.

For further information please contact:

Andreas Schneider
Investor Relations
Phone +41 61 266 42 38
andreas.schneider@dufry.ch

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

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

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

Mary Kostaropoulou
Investor Relations
Phone +41 61 266 43 27
mary.kostaropoulou@dufry.ch

Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN; BM&FBOVESPA: DAGB11) is a leading global travel retailer operating more than 1'100 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs more than 11,000 people. The Company, headquartered in Basel, Switzerland, operates in 40 countries in Europe, Africa, Eurasia, Central America & Caribbean, North America and South America.



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.