Media Release

Basel, August 11, 2011

Dufry continues to perform strongly in the first half 2011 and signs important new concessions in China, Brazil and USA

Dufry kept the solid operational and financial performance in the first half of the year in line with the previous quarters. Turnover increased by 10.2% on constant FX rates, of which organic growth accounted for 7.9 percentage points. EBITDA grew by 17.4% on constant FX rates and the respective EBITDA margin improved to 13.0% from 12.2%.

Acceleration of Organic Growth and Increased Profitability

In the first half of 2011 Dufry performed strongly and in line with the positive trends seen in the first quarter of 2011. In the second quarter, organic growth accelerated to 8.4% versus 7.4% in the first quarter of 2011. As commented previously, Dufry has been impacted by several external factors, some of which continued to have consequences in the second quarter, although on a smaller scale. Specifically, the political turmoil in North Africa and the bankruptcy of Mexicana airline in Mexico did not normalize yet. Excluding the impact of these external events, organic growth in the second quarter 2011 continued to grow double-digit at 10.1% after 10.9% in the first quarter.

Profitable growth continues to be the most important pillar in the Group strategy and in the first six months of 2011, gross margin increased further by 1.0 percentage point to 58.0%. On constant exchange rates, EBITDA margin increased to 13.0% from 12.2% in the first six months of 2010. The devaluation of the US Dollar and Euro since the beginning of the year resulted in an FX effect of -17.0% when translating the local results into Swiss Franc. As Dufry is naturally hedged on FX movements, this is solely a translation accounting effect.

Opening of New Space and Signing of New Concessions Progresses

Dufry also continued to enlarge its footprint by adding approximately 5,000 sqm of net retail space in the first half of 2011, contributing 2.3% of turnover growth. In the first half of the year, Dufry opened in total 6,700 square meters and closed around 1,900 square meters and the Company continued to expand its concession portfolio in the second quarter.

Reinforcing Europe and Africa

In Region Europe, Dufry opened three shops in Italy and also started an arrival duty free shop at Basel Airport in Switzerland. The four shops have a total additional space of 200 square meters.

In Region Africa, Dufry won contracts to operate Hudson News shops in eight Moroccan airports as well as duty free shops in Egypt at Assyud airport. Overall, it is planned to open ten new shops with a total retail space of around 300 square meters.

Another step in China: New airport in Sichuan province – Chengdu

In Region Eurasia, Dufry signed a five year concession agreement in Chengdu, in the People's Republic of China, to operate a retail area of 2,240 square meters in the new terminal of Shuangliu International Airport. The international airport in Chengdu is the sixth largest airport in China and grew 14% in 2010, serving almost 26 million passengers in that period.

Operations are scheduled to start in February 2012 when the new terminal at Chengdu airport will open. The retail area comprises of 26 duty paid shops offering a broad assortment of perfumes and cosmetics, fashion and accessories, watches and jewelry as well as travel accessories from brands such as Bvlgari, Chopard, Ferragamo, Zegna, Hugo Boss and many more. The location will also feature a Hudson News shop.

Dufry also expanded its operations in Cambodia by 350 square meters as well as in Sharjah (UAE) in Region Eurasia.

Further consolidating the leadership position in the Caribbean

In Region Central America & Caribbean, Dufry opened further shops in Barbados and Mexico, in addition to the retail space opened in that region in the first quarter. In total, Dufry opened nine shops with 3,000 square meters of retail space in the first half of 2011, of which the seaport shops at Cozumel Puerta Maya (1,104 sqm), Mahahual (780 sqm) and St. Kitts (450 sqm) are the most sizeable ones. All locations carry a broad assortment and typically include one or more Hudson News shops in line with Dufry's strategy to roll out the Hudson News concept globally.

New airport won in Brazil in Viracopos; additional shops in Brasilia and Rio de Janeiro

In Region South America, Dufry won tenders and opened a duty paid shop at Galeão International Airport in Rio de Janeiro and also expanded its presence to Viracopos airport in Campinas where Dufry will operate a duty paid shop with a total retail space of 100 square meters. Viracopos airport, which is only 100km away from Sao Paulo, had 5.4 million passengers in 2010 and is the second largest air cargo airport in Brazil. Additionally, Dufry was awarded a new concession to operate a 180 square meter arrival duty free shop in Brasilia and a duty paid store of 100 square meters in Salvador.

Hudson News and Duty Free together in USA

As for Region North America, Dufry was awarded the concession to develop the international terminal 5 at Chicago Airport. Dufry will run eight shops with multiple concepts including duty free formats, Hudson News stores and a wide range of specialty retail with an overall space 1,200 square meters. Dufry also won concessions in San Diego, where it has not been present to date. Dufry will operate nine shops with a retail space of around 700 square meters. Retail formats will include Hudson News and specialized shops offering tech accessories, sunglasses, books and souvenirs.

Review of Financials

Turnover in the first half of 2011 grew by 10.2% at constant FX rates. Organic growth contributed 7.9% and new projects (net) grew by 2.3%. On top of double-digit growth, FX translational effect was minus 17%. The Swiss Franc appreciated 16% against the US Dollar and 12% against the Euro in the period. Reported turnover stood at CHF 1,181.3 million compared to CHF 1,267.9 million in the first half of 2010.

Turnover of **Region Europe** grew by 10.5% at constant FX rates. Translated into Swiss Francs, turnover was minus 0.9% to CHF 149.7 million. All major operations performed well and especially France, Italy, Spain and Switzerland posted a solid growth.

Region Africa's turnover diminished by 14.5% when measured at constant FX rates; reported turnover decreased by 25.7% to CHF 62.9 million in the first half of 2011 compared to CHF 84.6 million in the same period of 2010. North African operations were substantially affected by the political turmoil that arose in the region at the beginning of the year. In the second quarter sales in Egypt showed an important recovery, while progress in Tunisia was still modest.

In **Region Eurasia** turnover remained practically stable at constant FX rates, but when measured in Swiss Francs decreased by 16.3% amounting to CHF 95.3 million in the first half of 2011 versus CHF 113.9 million one year ago. The Russian operations, which had been impacted in the first quarter by flight cancelations to North Africa due to the political turmoil, recovered robustly in the second quarter. The region's new concessions growth was affected by the repositioning in Singapore where Dufry reduced its retail space.

Turnover of **Region Central America & Caribbean** increased by 2.9% at constant FX rates. In Swiss Francs terms, it decreased by 13.9% and stood at CHF 179.1 million in the first six months of 2011 compared to CHF 208.1 million in the same period last year. The bankruptcy of Mexicana in the fourth quarter of 2010 continued to impact operations, although sales have started to respond in recent months by airlines taking up more slots in the respective terminal at Mexico City Airport. Furthermore, almost all Caribbean operations showed positive development including those in the English Caribbean.

Region South America increased its turnover by 26.7% at constant FX rates. Translated to Swiss Francs, turnover increased by 5.7% to CHF 344.7 million in the first half of 2011 from CHF 326.0 million in the same period last year. The continuous outstanding performance was a result of Dufry's ability to capture the double-digit passenger growth in the period through aggressive marketing initiatives and promotions and the possibility of payment in up to seven instalments, which was launched in May 2010.

In **Region North America**, turnover increased by 9.0% at constant FX rates. Turnover in Swiss Francs decreased by 9.2% and amounted to CHF 341.1 million for the first six months of 2011 compared to CHF 375.7 million in the first half of 2010. This performance is even more remarkable given the disruptions in air traffic and the subsequent cancelation of more than 20,000 flights, due to snow storms in the USA in January this year. Overall, passenger numbers continued to be positive, and growth was further supported by an active development of the concession portfolio as well as productivity improvements.

Gross margin further improved by 1.0 percentage point to 58.0% in the first half of 2011 from 57.0% in the same period of 2010. In absolute terms, gross profit reached CHF 684.7 million for the first half of 2011 compared to CHF 723.3 million in the same period in 2010. The projects started as part of the "Dufry plus One" initiative, such as brand and promotion plans, contributed to the development of the gross margin in the period.

Selling expenses stood unchanged at 22.1% in the first six months of 2011. In absolute terms, they decreased by 7.1% to CHF 260.7 million in the first half of 2011 versus CHF 280.5 million one year before.

Personnel expenses reached CHF 192.5 million in the first half of 2011, a decrease of 4.1% compared to the CHF 200.8 million registered in the same period of 2010. As percentage of turnover, personnel expenses stood at 16.3% for the half year 2011 versus 15.8% in the respective period of 2010. The increase is partially due to one-off effects like the political turmoil in Africa. As percentage of the turnover, **general expenses** were practically stable at 7.0% in the first half of 2011 compared to 6.9% in the same period one year before. Expressed in Swiss Franc, general expenses decreased to CHF 83.2 million from CHF 87.7 million.

EBITDA[1] for the first half of 2011 increased to CHF 181.1 million on constant FX rates with the respective EBITDA margin increasing to 13.0% from 12.2%. When translated into Swiss Franc, EBITDA decreased by 3.9% to CHF 148.3 million compared to CHF 154.3 million for the respective period of 2010.

EBIT in the first half of 2011 remained practically stable at CHF 84.7 million compared to CHF 84.2 million in the respective period of 2010 despite FX translation effects. EBIT margin increased by 0.6 percentage points and reached 7.2%.

Net financial expenses stood at CHF 15.6 million in the first half of 2011. **Income taxes** for the first half of 2011 amounted to CHF 12.0 million compared to CHF 8.7 million for the corresponding period of 2010. The tax rate measured as percentage of EBT was 17.3%. Due to the seasonality of Dufry's business, the tax rate does vary substantially along the year.

Net earnings to equity holders increased to CHF 46.2 million in the first half of 2011 compared to CHF 40.4 in the same period of last year.

Dufry's ability to generate cash continued throughout the period where **net cash flow from operating activities** reached CHF 117.7 million. Excluding the investment in net working capital, operating cash flow before net working capital changes was CHF 156.0 million compared to CHF 149.5 million in the same period of last year. Capex for the first half year reached at CHF 39.4 million, compared to the CHF 44.5 million registered in the same period in 2010.

Net debt was CHF 560.0 million at the end of June 2011, compared to CHF 637.9 million at year-end 2010 and compared to CHF 717.0 million at June 30, 2010. The main covenant, Net Debt/adjusted EBITDA, decreased to 1.9x.

Capitalizing on the momentum

Julian Diaz, CEO of Dufry Group, commented: "Dufry has been able to accelerate organic growth in the second quarter. Organic growth has been very strong and faster than the growth in passenger numbers. At the same time, we further improved our profitability in terms of gross margin and EBITDA margin. Additionally, we were able to win a number of interesting new concessions in the last quarter, which together with the new space announced earlier this year, means a further significant step forward. Combined with the recently announced acquisitions, this means that we are in a position to make a big step forward in the further development of Dufry.

[1] EBITDA before other operational result

The acquisitions that we communicated earlier this month will have a significant impact on Dufry's profile going forward. They further strengthen our position as the leading travel retailer and increase our focus on Emerging markets. We have already started with the integration of the new businesses and creating synergies which will be a main priority in the next 12 to 24 months.

In this respect, our mid-term initiatives "Dufry Plus One" and "One Dufry" become even more important as we will include the new businesses directly in these projects focusing on top-line growth, productivity improvements and efficiency improvements. The integration of the new businesses will significantly enhance the improvements that we have already generated in procurement, marketing, risk and cash management as well as through tax initiatives and they will also increase the overall value of these projects.

Having fully debt financed our acquisitions, we will focus on cash generation in the coming twelve months with the goal to deleverage quickly as we have done in the past, based on the strong cash generation of our Group and the contribution of the new businesses.

The recent turmoil in the financial markets reduces the visibility somewhat and we expect markets to remain volatile in the near future. Having said this, so far our business has not experienced any impact, and at this stage there are no indicators that would suggest a fundamentally different behavior of the consumers. We will therefore be alert to any important development, but we will also continue growing our business profitably and generating cash in line with our strategy."

Key Figures Dufry Group HY 2011

In CHF million	HY 2011		HY 2010		Variation
Turnover on constant FX rates	1,397.5		1,267.9		10.2%
EBITDA on constant FX rates	181.1	*13.0%*	154.3	*12.2%*	17.4%
Core Earnings per Share (in CHF)	2.54		2.66		-4.5%
Turnover	1,181.3		1,267.9		-6.8%
Gross Profit	684.7	*58.0%*	723.3	*57.0%*	-5.3%
EBITDA (before other operational results)	148.3	*12.6%*	154.3	*12.2%*	-3.9%
Net Earnings	57.1	*4.8%*	60.7	*4.8%*	-5.9%
Attributable to:					
Equity holders of the parent	46.2		40.4		
Non-controlling interest	10.9		20.3		

Dufry's HY 2011 Report will be published on 11 August, 2011, and will be available on the website (www.dufry.com/inv-index/inv-financialreports.htm) the same day.

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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 1'160 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs more than 13,500 people. The Company, headquartered in Basel, Switzerland, operates in 45 countries in Europe, Africa, Eurasia, Central America & Caribbean, South 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.