



Media Release

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Dufry strengthens operating performance in the first half of 2008

In the first six months of 2008, Dufry's Turnover increased by 15.3% and EBITDA (before other operational result) grew by 31.4% before currency effects. After translation into Swiss Franc, turnover grew by 4.2% to CHF 934.8 million in the first half of 2008 from CHF 896.9 million in the respective period of 2007 and EBITDA (before other operational result) rose by 14.8% to CHF 121.6 million compared to CHF 105.9 million respectively, resulting in an EBITDA margin increase of 1.2 percentage points to 13.0% from 11.8%.

Turnover in the first half of 2008, measured on constant FX rates, increased by 15.3%. Of this, organic growth accounted for a solid 10.9% while new projects contributed 4.4% to turnover growth. Including the negative foreign exchange translation effects of 11.1%, mainly related to the weakening of the US dollar against the Swiss Franc, turnover in comparison to the first half of 2007 grew by 4.2% to CHF 934.8 million from CHF 896.9 million.

Development of Turnover third parties¹ by Region

- Turnover of **Region Europe** (incl. headquarters) remained flat at CHF 199.3 million compared to CHF 199.6 million. The main reason for this development was a substantial reduction of Alitalia's flight schedule, which impacted the Italian operations, most notably at the Milan airports. Switzerland, Spain and France saw a turnover growth in line with expectations.
- **Region Africa** continued its strong growth and delivered turnover of CHF 92.6 million, an increase of 20.4% compared to CHF 76.9 million. Morocco continued its dynamic performance by posting double-digit growth and Egypt achieved a good ramp-up of its turnover.
- **Region Eurasia** increased its turnover by 19.6% to CHF 125.3 million from CHF 104.8 million despite negative translation effects from the US Dollar in the Russian operations. All operations performed very well posting double-digit growth. Growth was further fuelled by the operations at Moscow-Sheremetyevo airport, which was opened in July last year, as well as the new shops in Singapore's Terminal 3.

¹ Turnover third parties is calculated as net sales to third parties plus advertising income

- Turnover of **Region North America & Caribbean** decreased by 12.1% to CHF 207.5 million from CHF 236.0 million in the same period last year due to the translation effects resulting from the devaluation of the US Dollar. On constant FX terms, turnover was stable. Within the region, the USA and several of the Caribbean islands had a very good performance with double-digit growth whereas the Mexican operations and some other Caribbean locations posted lower turnover.
- **Region South America** grew its turnover by 10.9% to CHF 310.2 million from CHF 279.6 million. In local currencies, turnover growth was 30%, backed by a passenger growth of 7%, a favourable economic environment in Brazil with a strengthening of the purchase power for US Dollar based products, and productivity improvements related to several operational measures implemented.

Gross profit reached CHF 507.8 million for the first half of 2008, an increase of 8%, compared to CHF 470.3 million in the corresponding period of the previous year. Gross margin improved further by almost two percentage points to 54.3% in the first half of 2008 from 52.4% in first half of 2007.

EBITDA² increased by 31.4% before currency effects and by 14.8% after translation into Swiss Franc. In absolute terms, EBITDA reached CHF 121.6 million for the first half of 2008 compared to CHF 105.9 million for the respective period of 2007. The EBITDA margin improved by 1.2 percentage points to 13.0% for the first half 2008 compared to 11.8% for the first six months of 2007. The improvements in gross margin and the operational leverage more than compensated the increase in concession fees of 1.0 percentage point. Expressed as a percentage of turnover, personnel expenses remained almost stable at 12.8% compared to 12.7% for the respective period of 2007, and other expenses showed a decrease of 0.4 percentage points to 8.9% from 9.3% respectively.

Depreciation and amortization decreased to CHF 33.2 million during the first half of 2008 compared to CHF 34.4 million in the corresponding period of 2007. Depreciation remained stable at 1.6% expressed as percentage on Turnover in 2008 compared to 1.7% last year. Amortization decreased to CHF 18.3 million in the first half 2008 from CHF 19.3 million in the respective period in 2007 due to the translation effects.

In the first six month of 2008, EBIT reached CHF 78.9 million compared to CHF 83.8 million in the respective period of 2007. Adjusted for one-off effects, which includes expenses related to the unrealized acquisition of World Duty Free (WDF) of CHF 5.2 million in the first half of 2008 and an income of CHF 17.5 million of capital gain from the over-allotment option of the Dufry South America IPO in the first half of 2007, EBIT increased by 26.8% to CHF 84.1 million for the first half of 2008 from CHF 66.3 million for the same period in 2007.

Financial expenses decreased by CHF 7.5 million to CHF 6.1 million in the first six months of 2008 from CHF 13.6 million in the respective period of 2007, mainly due to lower interest expenses based on lower interest rates and reduced net debt. Income taxes for the first six months of 2008 stood at CHF 17.2 million compared to CHF 13.2 million for the corresponding period of 2007. The tax rate measured as percentage of EBT increased to 23.7% from 18.8%, and excluding the tax exempt capital gain in 2007 as mentioned above, the tax rate in 2007 was 25.1% resulting in a decrease of the tax rate by 1.4 percentage points.

Net earnings for the Group stood at CHF 55.5 million in the first half of 2008 compared to CHF 57.0 million in the same period of 2007. Excluding minority interests, net earnings to equity holders in the first half of 2008 were CHF 28.0 million compared to CHF 35.5 million in the

² EBITDA before other operational expenses and other operational income

respective period of 2007. Excluding the one-off effects of the WDF expenses in 2008 and the capital gain of the DSA IPO in 2007, net earnings to equity holders grew by 84% to CHF 33.2 million in the first half year of 2008 from CHF 18.0 million in the same period of 2007.

As of 30 June 2008, Net Debt amounted to CHF 434.0 million compared to CHF 370.4 million at 31 December, 2007. The increase is mainly due to Dufry's purchase of an 11.2% stake (pre-dilution) of Hudson Group. The amount paid of CHF 52.4 million was fully financed with debt.

Dufry keeps performing

Dufry continued its strong organic growth in the first six months of 2008 despite the negative accounting effect resulting from the devaluation of the US Dollar, which impacted the results when translated into Swiss Francs. Furthermore, we continued to improve our operational performance in terms of profitability which highlights at the same time Dufry's potential as well as the relative protection of its cost structure from even larger currency swings.

Going forward, our growth strategy remains unchanged and we are committed to deliver on organic growth as well as new projects. We believe that there is ongoing potential for external growth in the travel retail industry and we actively pursue a number of opportunities.

Julian Diaz, CEO of Dufry Group, commented: "We are very pleased with the results as they demonstrate that Dufry's business model is robust even in today's challenging environment. Although passenger growth rates are expected to soften in the near future, we need to bear in mind that in the past years, we saw an extraordinary fast passenger growth, well above the 4% - 4.5% passenger growth forecasted in the mid and long-term. As the latest figures illustrate, our diversified concession portfolio and broad geographical presence relatively protect us against any negative regional impacts, and confirm that our strategy of diversification works and we will continue to consider this to be an important strategic development going forward."

Key Figures Dufry Group HY 2008

(In CHF million)	HY 2008	%	HY 2007	%	Variation
Turnover	934.8		896.9		4.2%
- at constant 2007 FX rates					15.3%
Gross Profit	507.8	54.3%	470.3	52.4%	
EBITDA ⁽¹⁾	121.6	13.0%	105.9	11.8%	14.8%
- at constant 2007 FX rates					31.4%
EBIT	78.9	8.4%	83.8	9.3%	
Net Earnings	55.5		57.0		-2.6%
Attributable to:					
Minority interest	27.5		21.4		
Equity holders of the parent	28.0		35.5		
Equity holders of the parent (excl. non-recurring items) ⁽²⁾	33.2		18.0		84.4%

Note:

⁽¹⁾: before other operational result

⁽²⁾: does not include IPO capital gain in 2007 and project cost for unrealized WDF transaction in 2008

For further information please contact:

Andreas Schneiter
Investor Relations
Phone ++41 61 266 42 38
andreas.schneiter@dufry.ch

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

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

Dufry – A leading global travel retailer

Dufry AG (SWX: DUFN) is a leading global travel retailer operating around 450 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry South America Ltd. (BOVESPA: DUFB11) is a subsidiary of Dufry AG and is listed on the Brazilian and Luxemburg stock exchanges.

Dufry employs around 7,100 people. The Company, headquartered in Basel, Switzerland, has about 60 subsidiaries to operate its business in 39 countries in Europe, North America & Caribbean, South America, Asia and Africa.