



## Media Release

Basel, 4 September, 2008

### Dufry joins forces with Hudson Group

**On 3 September, 2008, Dufry signed a merger agreement with Hudson Group, the premier travel retailer in North America, which is majority owned by private equity firm Advent International. In 2007, Hudson generated a turnover of USD 666 million and EBITDA of USD 85 million.**

**The transaction will include an exchange of shares of Hudson Group's common stock into Dufry equity, as well as the full refinancing of existing debt. Following the transaction, Advent, which manages separate funds which control Travel Retail Investments SCA (TRI), the controlling shareholder of Dufry, will continue to control Dufry. Dufry will directly own 100% of Hudson.**

Yesterday, Dufry signed a definitive agreement with the other Hudson shareholders to acquire the remaining 88.8% of Hudson, having already purchased 11.2% of Hudson's equity in mid-April 2008. Including the 11.2% equity stake initially purchased, the value for 100% of the equity amounts to USD 446 million. The equity part of the transaction will be structured as a non-cash share swap. Furthermore, the existing debt of Hudson Group (approximately USD 390 million) as well as of Dufry will be refinanced. The transaction is subject to customary regulatory approvals.

Hudson Group is the premier travel retailer in North America with 540 duty-paid stores in 70 airports and transportation terminals throughout the United States and Canada. In 2007, Hudson generated a turnover of USD 666 million and EBITDA reached USD 85 million resulting in an EBITDA margin of 12.8%.

The transaction will further reinforce Dufry's leading global position in travel retail and strengthen Dufry's presence in the duty paid segment of the industry. The combined group will operate around 1'000 shops at 137 airports with a 2007 pro forma combined turnover of approximately CHF 2.6 billion.

After the merger, Hudson will become a wholly owned subsidiary of Dufry. Hudson's current management team will remain in place and will continue to work closely with existing airport authorities and other landlords. As for the strategic development of Dufry in terms of the duty paid segment, Dufry intends to build on Hudson's highly recognizable Hudson News brand, rolling out Hudson's business model internationally over the next three to four years. In the first phase Dufry will focus on airports, where it already operates similar duty paid concepts or where it has a significant presence in duty free retailing, hence, leveraging its existing infrastructure and organization. Dufry expects to realise annual revenue and cost synergies from the acquisition of approximately CHF 20 million within two years.

The agreement, which has been approved by the Independent Board members of Dufry's Board of Directors receiving external financial advice, foresees that the consideration for Hudson's equity will be structured as a share swap, whereby the non-Dufry shareholders of Hudson will receive 4.2 million Dufry shares as well as zero-coupon Mandatory Convertible Notes ("MCN"), which will convert into 0.9 million Dufry shares at no premium. The exchange ratio, at which the shares and the MCN will be issued, has been determined based on the 3-month weighted average share price of Dufry AG of CHF 85.0 and values 100% of Hudson's equity at USD 446 million. Any pre-emptive rights of existing Dufry shares will be waived.

Post transaction, the selling shareholders of Hudson, which include funds managed by Advent International, will hold 22.9% of Dufry AG after closing and 26.7% after the conversion of the MCN into Dufry shares. Travel Retail Investments SCA (TRI), which is controlled by separate funds managed by Advent International, will be diluted and own 28.3% post closing and 26.9% once the MCN has converted. The free float after closing will be 48.8% and 46.4% after conversion of the MCN.

As part of the transaction Dufry has structured a new 5-year committed syndicated facility of approximately CHF 1'250 million, which has been fully underwritten by a group of five banks comprising Banco Santander, BNP Paribas, ING, Raiffeisen Zentralbank, and Royal Bank of Scotland. The facility will be used to refinance Hudson's debt as well as Dufry's existing bank debt. The new financing will provide Dufry with sufficient financial flexibility to pursue its growth strategy going forward.

Julian Diaz, CEO of Dufry, commented: "We are delighted about this transaction – Hudson has superior profitability compared to industry standards. For Dufry, this transaction is a great opportunity to build up a strong position in the duty paid segment which complements Dufry's duty free business at a similar profitability level. The combination of Hudson's retailing expertise with Dufry's know-how in international markets and global footprint are a perfect match to create a duty paid convenience store concept on an international scale."

"In the first phase, we plan to grow the duty paid business internationally in locations where we already operate duty free. This means that we can expand our activities and increase our share of wallet in existing Dufry operations based on Hudson's proven and very successful business model. At the same time, we will be in a position to create synergies through combining and leveraging Dufry's and Hudson's platforms. Hudson's valuable relationships with its airport and retail partners will allow Dufry to explore further growth opportunities in the North American market. Hudson's highly experienced management team will play a key role in the development of both Dufry's US business as well as our international convenience store initiative and we are very pleased to welcome them as part of the Dufry team."

"This transaction is a further step to create value for our shareholders and in this context we are very happy to see the renewed support of Advent and our financing banks."

Joseph DiDomizio, President and CEO of Hudson Group, commented: "We are excited to join forces with Dufry's pre-eminent global operations. As a result of today's announcement, Hudson and its partners and customers will have access to highly desirable international specialty and designer brands from over 1,000 suppliers worldwide. This transaction also provides Hudson with enhanced geographic diversification almost immediately as the successful Hudson business model will be replicated all over the world. Finally, the alignment with Dufry will provide a new source of funding for growth initiatives and investment in our existing facilities. We are excited at the prospect of working alongside Dufry's highly skilled management team to create the world's pre-eminent travel retailer."

For further information please contact:

Andreas Schneider  
Investor Relations  
Phone ++41 61 266 42 38  
[andreas.schneider@dufry.ch](mailto:andreas.schneider@dufry.ch)

Lubna Haj Issa  
Media Relations  
Phone ++41 61 266 44 46  
[lubna.haj-issa@dufry.ch](mailto:lubna.haj-issa@dufry.ch)

Mary Kostaropoulou  
Investor Relations  
Phone ++41 61 266 43 27  
[mary.kostaropoulou@dufry.ch](mailto:mary.kostaropoulou@dufry.ch)

#### **Dufry – A leading global travel retailer**

Dufry AG (SWX: DUFN) is a leading global travel retailer operating around 466 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 40 countries in Europe, North America & Caribbean, South America, Asia and Africa.

#### **Hudson Group - Leading travel retailer in North America**

Hudson Group is the leading travel retailer in North America, operating more than 500 newsstands, bookstores, cafes and premier specialty retail shops in 70 airports and transportation terminals throughout the United States and Canada since 1987.

The company's flagship concept, Hudson News, is North America's only national newsstand brand. Hudson Group specialty retail offerings include such proprietary brands as Hudson Booksellers, Kids Works and Euro Café. National brands partnering with Hudson Group include CNN, Life is good, Crabtree & Evelyn, Godiva Chocolatier, Sunglass Hut, Papyrus, Radio Shack, House of Blues and Quiznos.

Headquartered in East Rutherford, New Jersey, Hudson employs over 4,800 people.