



Media Release

Basel, 7 September 2006

Half-year 2006 results of Dufry Group

In the first six months of 2006, Dufry's Turnover increased by 46% to CHF 622.3 million from CHF 425.4 million. EBITDA (before other operational result) amounted to CHF 61.6 million in the first half of 2006 compared to CHF 39.4 million in the same period of 2005, representing a growth of 56%.

Dufry achieved strong growth in the first half of 2006. Turnover increased by 46% to CHF 622.3 million compared to CHF 425.4 million in the first half of 2005. The results for the first six months of 2006 include three months of consolidation of the new Brazilian operations, which Dufry acquired in March 2006. Even without the effect of the Brazil acquisition, Turnover increased by 23% and all regions posted solid growth numbers. Without considering new projects and expansions, like-for-like growth was 9%.

Development by Region

- **Region Europe** increased Net Sales by 15% to CHF 173.0 million from CHF 150.4 million. The main operations in Italy saw a dynamic growth which was backed by refurbishments in Milan and new shops in Rome. Furthermore, the expansion in Basel-Mulhouse, as well as the new shops in Spain, contributed to sales growth of the region.
- Net Sales in **Region Africa** grew by 14% to CHF 63.0 million from CHF 55.1 million. A main driver was the additional shops in Morocco, which opened in the fourth quarter of 2005. The new shops in Algiers, which opened in July 2006, will start contributing to the growth going forward.
- **Region Eurasia & Asia** improved Net Sales by 29% to CHF 86.3 million from CHF 67.2 million, which was supported by all operations. The refurbishment in Sharjah, the new watch shop in Singapore and the new operation in Belgrade, active since the second quarter of 2006, all contributed to growth in this region. The renewed shops in Cambodia opened in July 2006 and the arrival shops in Sharjah as well as the new shops in Hong Kong will start operations later on this year.
- Net Sales in **Region North America & Caribbean** grew by 33% to CHF 191.6 million from CHF 144.3 million. New operations and expansions in this region include Young Caribbean Jewellery, which has been consolidated since the fourth quarter of 2005, Dominican Republic, Grand Turk, additional shops on board the cruise line ships of Norwegian Cruise Lines, and the airside commercial area "Dufry Boulevard" at Mexico-City Airport.

- **Region South America** consists of the acquired operations in Brazil and the previously established operations in Bolivia. The new operations in Brazil have been consolidated as of 1 April 2006. The region's Net Sales amounted to CHF 94.7 million for the reporting period compared to CHF 0.9 million for the corresponding period in 2005.

The Gross Margin increased by 2.3 percentage points to 51.4% from 49.1%. The Gross Margin improvement is mainly due to enhancements made in existing business operations and also to the above average Gross Margins generated by new operations.

EBITDA (before other operational result) amounted to CHF 61.6 million compared to CHF 39.4 million for the corresponding period in 2005. The EBITDA margin improvement to 9.9% from 9.3% reflects the improvement in the Gross Margin, which was partially offset against higher Selling Expenses. The increase in Selling Expenses is mainly driven by a relative increase in concession fees due to new operations and expansions.

Depreciation and Amortization rose to CHF 20.5 million compared to CHF 10.7 million in the respective period 2005. The increase is attributable to new projects and expansion as well as additional Amortization of Intangible Assets, mainly relating to the acquisition of the operations in Brazil. EBIT grew to CHF 41.5 million compared to CHF 26.4 million, representing an increase in the EBIT margin of 0.5 percentage points.

Net Earnings amounted to CHF 24.7 million for the first half year of 2006, compared to CHF 15.3 million for the first six months of in 2005. Net Earnings attributable to Equity Holders of the Parent increased to CHF 18.3 million for the first half year of 2006 compared to CHF 6.3 million for the first half year of 2005.

Dufry's has a solid balance sheet structure with Total Equity of CHF 519.9 million and Net Debt of CHF 582.3 million at 30 June 2006. Net Debt includes additional financing of USD 400 million for the acquisition of the new Brazilian operations as well as for capital expenditure related to new projects and expansion. The Cash Flow from Operations of CHF 60.1 million in the first six months of 2006 also contributed to the financing of Dufry's capital expenditure requirements.

Julián Diaz, Chief Executive Officer of Dufry Group commented: "The results demonstrate that we are on track with the implementation of our strategy. On top of a solid organic growth of 9%, the expansions and new projects have driven our Turnover. We will continue to implement our strategy of growing organically as well as through new projects and acquisitions."

Increased security at international airports

In early August 2006, US and UK security authorities increased security checks at their airports and requested increased security measures for flights bound to these countries due to a terrorist threat. The travel retail industry was impacted to a certain extent by these measures as there have been restrictions on the sale of perfumes & cosmetics and beverages.

Dufry does not have any operations in the UK and is present in only three locations in the USA. However, Dufry does operate in certain airports, which have flights departing for the UK or USA, and which have witnessed increased security measures, while passengers travelling to all other destinations have not been affected. Furthermore, the imposed measures and the way they have been applied vary between airports. While certain airports have already lifted the restrictions, there are others where increased security measures are still in place. In most such cases, solutions have been found by the airport in collaboration with security authorities to continue to sell products to passengers flying to the US or the UK.

The reaction of the airports and security authorities in the past weeks has demonstrated that even with increased security measures, there will be solutions to continue to serve Dufry's customers. Dufry will continue to monitor the situation closely and work together with airport and security authorities to further minimize the effect for Dufry's customers.

Implementation of strategy on track

A number of new projects have become operational in the first half of 2006, such as the expanded commercial area in Basel, new shops in Spain and the new location in Grand Turk. In the first half of 2006, Dufry has further grown its concession portfolio by adding new concessions at airports in Belgrade, Algiers and Sharm El-Sheikh. Moreover, Dufry also continues to invest in existing locations, such as the refurbishment of shops in Italy, Tunisia, Cambodia and the new arrival shops in Sharjah.

Dufry also continues to improve its existing business by further standardizing its operational processes and developing its IT platform. Dufry will continue to pursue its strategy to grow organically and via new projects as well as acquisitions to establish Dufry as the leader in profitability in the Travel Retail industry.

Key Figures

(In CHF million)	2006 1HY	2005 1HY
Turnover	622.3	425.4
Gross Profit	320.1	208.9
<i>Gross Profit Margin</i>	<i>51.4%</i>	<i>49.1%</i>
EBITDA (before other operational result)	61.6	39.4
<i>EBITDA margin</i>	<i>9.9%</i>	<i>9.3%</i>
EBIT	41.5	26.4
<i>EBIT margin</i>	<i>6.7%</i>	<i>6.2%</i>
Net Earnings	24.7	15.3
Attributable to:		
Equity Holders of the Parent	18.3	6.3
Minority interest	6.3	9.0

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Dufry – a leading global travel retailer

Dufry AG (SWX: DUFN) is a leading global travel retailer operating more than 380 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs more than 6.500 people. The Company, headquartered in Basel, Switzerland, has about 60 subsidiaries to operate its business in 35 countries in Europe, North America & Caribbean, South America, Asia and Africa.