



Press Release

Athens, October 10, 2012

Folli Follie Group joins forces with the Swiss Group Dufry AG

1. THE AGREEMENT

Folli Follie Group announces the execution of an agreement to sell 51% of the Group's travel retail business (duty free shops) to the Swiss Group Dufry AG. Specifically, according to the executed agreement, Folli Follie Group will carve-out its travel retail business sector, which will be contributed to a subsidiary of the Group. The absorbing company, to which the debt of the sector of € 335 mil. will be transferred, shall proceed to a refinancing of equal amount by virtue of a syndicated bond loan facility. Following the completion of the carve out, Dufry AG will acquire 51% shareholding in the absorbing company against a consideration of € 200.5 mil. with an option to acquire the remaining 49% in four years' time at a fair market value. As a result of the above transaction and the cash inflow, the banking net debt of the Folli Follie Group's (excluding leases) shall become almost even.

Folli Follie Group will immediately initiate the carve-out of its travel retail business. The transaction is expected to close after completing this carve-out process and obtaining all necessary approvals.

2. THE CONTRACTING PARTIES

Dufry AG is a global travel retailer with operations in 44 countries, operating more than 1,200 shops located at airports, cruise liners, seaports, and other touristic destinations. Dufry AG has developed a strong portfolio of long-term concessions with airport authorities and other concessioners. This travel retail partnership agreement lifts Folli Follie Group's activity to an international level.

Folli Follie Group is the leading travel retailer in Greece, operating its travel retail business by virtue of a long-term concession agreement with the Hellenic Republic. Specifically, it holds 111 shops in a retail space of 18,380 square meters and an attractive concession portfolio. In 2011, the business generated a turnover of € 291 mil. (an amount representing in group level a percentage of 28.5% of the Group's total turnover) of which more than 80% came from international customers.

Dufry AG will integrate the business into its existing operations and expects to generate significant synergies through increased spending per passenger, gross margin improvements and reorganisation of back-office functions.

3. PURE TRAVEL RETAIL IN A MAJOR TOURIST DESTINATION

In 2011, the business generated a turnover of € 291 mil. and EBITDA of € 84.3 mil., demonstrating an increase of 15.2% and 50.0%, respectively, versus 2010. In the first six months of 2012, the turnover reached approximately € 116.0 mil. and EBITDA reached around € 35.2 mil. with respective margin at 30.3%, compared to the turnover of € 114.8 mil. and of EBITDA EUR 33.4 mil. in the first six months of 2011.

As a popular tourist destination in the Mediterranean, the tourism industry in Greece has proven to be highly resilient during a difficult period for the local economy. Overall, the tourism business generates more than 80% of its turnover with international customers. In 2011, the number of international tourists in the country increased by 9% and Greece received more than 16 mil. tourists, not only from Europe but from all over the world. The prospects are also positive with the number of international tourist arrivals being expected to grow by 4.5% per year.

4. AN IMPORTANT STEP IN THE DEVELOPMENT OF DUFRY

Julian Diaz, Dufry AG's CEO, commented: "I am very pleased with the transaction as I believe it represents another big step forward in our strategy to consolidate the fragmented travel retail industry, with focus on tourist destinations and emerging markets, and thus creating substantial value for our shareholders.

The Mediterranean region, and in particular Greece, is one of the most popular tourist destinations in the world, with currently more than 80% of sales generated with international customers.

The business is a compelling fit for Dufry AG's existing operations in the region. The combination of an attractive and long-term concession portfolio with a prime tourist destination and diversified sales channels, on one hand, and the potential synergies, on the other hand, makes the business a very attractive one.

Greece is expected to remain an attractive tourist destination, irrespective of the current economic situation of the country, as the travel retail business has demonstrated over the past two years. This is reflected in the strong 2011 performance of the business with an EBITDA of € 84 mil.. With more than 80% of the sales generated with international customers, this is de facto an international business located in Greece.

We are also very pleased to retain Folli Follie Group as our business partner going forward. The combination of Folli Follie Group's local expertise and Dufry AG's global reach will generate significant results for both companies, their clients, shareholders, suppliers and other stakeholders.

I would also like to welcome the management team and the 1,910 employees joining Dufry AG in this transaction. As a global Group, Dufry AG will offer attractive perspectives and development opportunities to the new team".

5. ATTRACTIVE PARTNERSHIP WITH THE WORLD'S LEADING TRAVEL RETAIL OPERATOR

George Koutsolioutsos, Folli Follie Group's CEO, stated: "This partnership between Folli Follie Group and Dufry AG is an ideal combination for both Groups. This alliance occurring at a time of

strong revenue and profitability growth of our travel retail activity will reinforce the growth of this business and realise noteworthy synergies, in particular in the areas of purchasing and distribution.

Through our partnership with Dufry AG, we have gained a strong partner who will transform the leading local travel retailer into an international business through its international presence. This agreement will have an important impact by improving our Group's financial position significantly.

This partnership is a proof of confidence for the entrepreneurial environment in Greece and supports our country's efforts in attracting new international investments. We hope that this partnership will find further followers".

This new business agreement not only secures the existing employment positions but will also create additional employment position through international expansion.

Duty Free Shops S.A. – “Folli Follie Group”
23rd km Athens - Lamia Highway,
Aghios Stefanos, Athens, GR 145 65
Phone +30 210 6241000 Fax +30 210 6241100
www.follifolliegroup.com & www.ir.hellenicdutyfreeshops.gr