

World Duty Free S.p.A.: annex to the press release and analyst and investors conference call of 2 October 2014

- Recovering profitability in Spain
- Opportunities for growth in the US market

Milan, Italy, 3 October 2014 – As an annex to the press release and conference call with investors and analysts of 2nd October 2014, the Group is carrying out with the support of leading external advisors, a strategic review of its growth opportunities and the acceleration of integration and efficiency processes within the Group.

Recovering profitability in Spain

WDFG airport sales are up 12.1% in 2014 YTD vs. a 4.5% increase in traffic for the same period. However, the recovery of Spain is uneven among airports and it is not happening at a pace fast enough to offset the traffic and sales shortfall experienced in 2012 and 2013. Lot 1, which includes Madrid airport, is impacted by a significant drop of traffic: Madrid alone accumulated a loss of nearly 10 million passengers in years 2012 and 2013. In Barcelona (Lot 2), spend per head is performing below expectations, driven by the negative impact of currencies (especially Russian) and passenger mix.

Spain's airports are grouped in three lots, each of them with a different rent which is the higher of i) a variable percentage of sales and ii) a Minimum Annual Guarantee (MAG). Rents offered were based on the long-term traffic forecasts issued by AENA at the time of the tender in 2012. 19% of MAG of Lot 1 & 2 was paid as cash advance to AENA and is recovered on a monthly basis.

MAGs included in the contract with AENA are growing amounts with a significant increase in year 2015. MAG amounts start at EUR 100 m in year 2013 (where MAG applies only for 8 months since May 2013, starting date of the contract), EUR 179.4m for 2014 and EUR 248.4m in year 2015, representing an increase of 38.5% over the previous year. The contract includes an increasing scheme that decreases the growth rates of MAG in the subsequent years: 11.7% in year 2016, 9.0% in 2017, 6.1% in 2018 and 6.3% in 2019.

To offset the loss of profitability in Spain, concentrated mainly in the Madrid and Barcelona airports, World Duty Free Group will put in place a number of initiatives towards:

1. Improving the attractiveness of the retail space, introduce best practices of category management to stimulate sales and optimise costs through improvement of opening hours or by maximising opportunities and logistics. These measures are expected to increase annual EBITDA in the range of ca. EUR 15m over three years.
2. Identifying a number of actions and guidelines to benefit from synergies amongst its European operations. These include a streamlining of the UK and Spanish organisations, the integration of IT

systems (retail, finance and supply chain platforms), the enhancement of supply chain & logistics and the redesign of the warehousing network. The combined effect of these measures is expected to report cost savings of EUR 25-30m over three years.

Opportunities for growth in the US market

Changes in the US travel retail market are opening new growth opportunities for WDFG, where the Group has a strong presence through 236 locations in 29 airports. In the short term, WDFG will concentrate on maximising opportunities in the convenience market (where WDFG is already present) while developing a long-term strategy towards growth in the American Duty Free market, where WDFG currently doesn't have a significant presence.

At the same time, the Group will continue working on the integration of the US retail business, including the completion of the IT systems integration programme that is now taking place. The integration will permit the group to achieve further synergies while building a solid foundation to sustain the growth of the US Retail business.

– Ends –

Disclaimer

This press release contains forecasts and estimates that reflect the opinions of the management ("forward-looking statements"), especially regarding future business performance, new investments and developments in the cash flow and financial situation. Such forward-looking statements have by their very nature an element of risk and uncertainty as they depend on the occurrence of future events. Actual results may differ significantly from the forecast figures and for a number of reasons, including by way of example: traffic trends in the countries and business channels where the Group operates; the outcome of procedures for the renewal of existing concession contracts and for the award of new concessions; changes in the competitive scenario; exchange rates between the main currencies and the euro, esp. the US dollar and UK sterling; interest rate movements; future developments in demand; changing oil and other raw material (food) prices; general global economic conditions; geopolitical factors and new legislation in the countries where the Group operates and other changes in business conditions. The Group's business is correlated to traffic flows. The 1st and 3rd quarters usually represent the low and high points, respectively, in the business year. Quarterly operating results and changes in net financial indebtedness may not, therefore, be directly compared or extrapolated to obtain forecasts of year-end results.

For further information:

Aurora de Rato

Corporate Communications
& Innovation Director
Email: aurora.rato@wdfg.com
Telephone: +34 91 274 2200

Marina Marini

Global Head of Investor Relations
Email: marina.marini@wdfg.com
Telephone: +44 7771 364 168
+44 7770 811 714

Jorge Muñoz

Head of Financial Communications
Email: jorge.muniz@wdfg.com
Telephone: +34 91 274 2568

About World Duty Free Group

World Duty Free S.p.A., is the holding company of **World Duty Free Group**, one of the world's leading travel retailers, operating mainly in airports and with a broad geographical reach. It has operations in **19 countries** through **102 locations** with over **490 stores**, from its heartland in Western Europe, to the Americas, the Middle East and Asia. In 2013, the company posted a **turnover** of more than **2,078 million Euros**.

World Duty Free Group's core business is tax and duty free shopping and its proposition covers the complete spectrum of airport shopping including Beauty, Wines & Spirits, Food & Confectionery, Tobacco, Sunglasses, Watches & Jewellery and Souvenirs. World Duty Free Group operates some of the most exciting and engaging airport shops in the world, with focus on the customer and innovative marketing programmes, including multi channel digital and live in-store interactive promotions.

World Duty Free S.p.A. is listed on the Italian FTSE MIB 40 since 1 October 2013 with the ticker symbol WDF:IM. World Duty Free Group was named Airport Retailer of the Year in the 2013 Frontier Awards. For more information, please visit www.worlddutyfreegroup.com