World Duty Free S.p.A. announces Q1 Financial Results

Positive sales and cash EBITDA performance in the first quarter. Easter phasing, this year after the close of the quarter, weakened Q1 results. Strong trading activity in April reverted effect

Q1 2014 Results Highlights

- Revenue: EUR 438.5m vs. EUR 397.8m in Q1 2013 (up 10.2%; 11.1% at constant FX rates)
- EBITDA: EUR 35.4m vs. EUR 40.0m in Q1 2013 (down 11.6%; 11.5% at constant FX rates)
- Cash EBITDA[1]: 42.6m EUR vs. 40.0m in Q1 2013 (up 6.5%; 8.1% at constant exchange rates)
- Net profit: EUR 2.4m vs. EUR 12.2m in Q1 2013 (down 80.1%; 79.4% at constant FX rates)
- Free Operating Cash Flow: Cash EUR -25.4m
- Net financial position: EUR 1,063.0m, an increase of EUR 36.4m compared to last quarter of 2013

***Milan, Italy, 14 May 2014* -** Meeting today, the Board of Directors of WDF S.p.A. (WDF) (Milan: WDF IM) has examined and approved the Company´s financial results for the first quarter of 2014.

In Q1 2014, the Group reported consolidated revenue of Euro 438.5 million, +10.2% compared to previous year´s figures of Euro 397.8 million. The effect of exchange rate had a slightly negative impact on revenue due to USD weakness against the Euro; this impact was partially compensated by sterling strength versus the Euro. At constant exchange rates, revenue increased by +11.1% versus the same period in year 2013.

Quarterly passenger traffic volumes increased both in the UK (+2.5%)[2] and Spanish airports[3] (+1.8%), Traffic trends in the case of Spain reflect the fact that, contrary to what happened in 2013, Easter happened in the second quarter of the year. In fact the month of April recorded a 9.2% increase in traffic - the sixth consecutive month of growth - with revenues from the beginning of the year over performing passenger traffic increase.

Ebitda amounted to Euro 35.4 million, down -11.6% from Euro 40.0 million in the 1st Quarter of 2013, driven by higher rents in Spain and the dilutive contribution of the US Retail business acquired in September 2013. Cash Ebitda was Euro 42.6 million, +6.5% compared to Euro 40.0 million in the 1st Quarter of 2013 (+8.1% at constant exchange rates). Net profit was Euro 2.4 million, compared to Euro 12.2 million recorded in the same period of 2013, mainly driven by lower Ebitda and higher Net Financial Expenses, resulting from higher debt compared to the first quarter of the previous year, as resulting after the partial and proportional demerger from Autogrill S.p.A.

---

[1] Including the recovery of annual concession fees paid in advance to AENA
[2] Source: Heathrow, Gatwick and Manchester airports
[3] Source: Aena

Over the period, the company has successfully started operations in record time in the Helsinki airport – after winning the tender to operate the stores in November 2013 – and in the Belem airport in Brazil; and continued with the on-going store upgrade programme in Spain (51.7% of the refurbishment plan is completed, including the opening of a 1,100 square meter walkthrough store in Tenerife South), Düsseldorf, Chile and Mexico.

EVENTS AFTER 31st MARCH 2014

Since March 31, 2014, no events have occurred that if known in advance would have entailed an adjustment to the figures reported or required additional disclosures.

OUTLOOK 2014

The first seventeen weeks of 2014 (ending 27 April) delivered a growth rate of +12.9% (+12.6% at constant exchange rates) compared to the same period of the previous year, showing a positive evolution at constant exchange rates in all the regions. Excluding the contribution of the recently acquired US Retail activity, revenues grew +4.9% (+4.7% at constant exchange rates). The effect of the different Easter timing in 2014 and 2013 is now comparable and its negative impact implicit in the lower growth rates reported in the 1st Quarter 2014 has been more than made up.

The Group will provide more detailed information on forecasts for the year in course when it releases results for the first half of 2014.

GROUP PERFORMANCE

Financial Highlights

Millions of Euro	1st Quarter 2014	1st Quarter 2013	change	change at constant exchange rates
Revenue	**438.5**	**397.8**	**10.2%**	**11.1%**
EBITDA	**35.4**	**40.0**	**(11.6%)**	**(11.5%)**
EBITDA margin	*8.1%*	*10.1%*		
Cash EBITDA	**42.6**	**40.0**	**6.5%**	**8.1%**
EBIT	**12.7**	**17.6**	**(28.1%)**	**(28.3%)**
EBIT margin	*2.9%*	*4.4%*		
Net profit	**2.4**	**12.2**	**(80.1%)**	**(79.4%)**
% of revenue	*0.6%*	*3.1%*		
Net Cash Flow from Operations	**(11.1)**	**(237.1)**		
CAPEX	**20.0**	**1.7**	**1064.2%**	
% revenue	4.6%	0.4%		

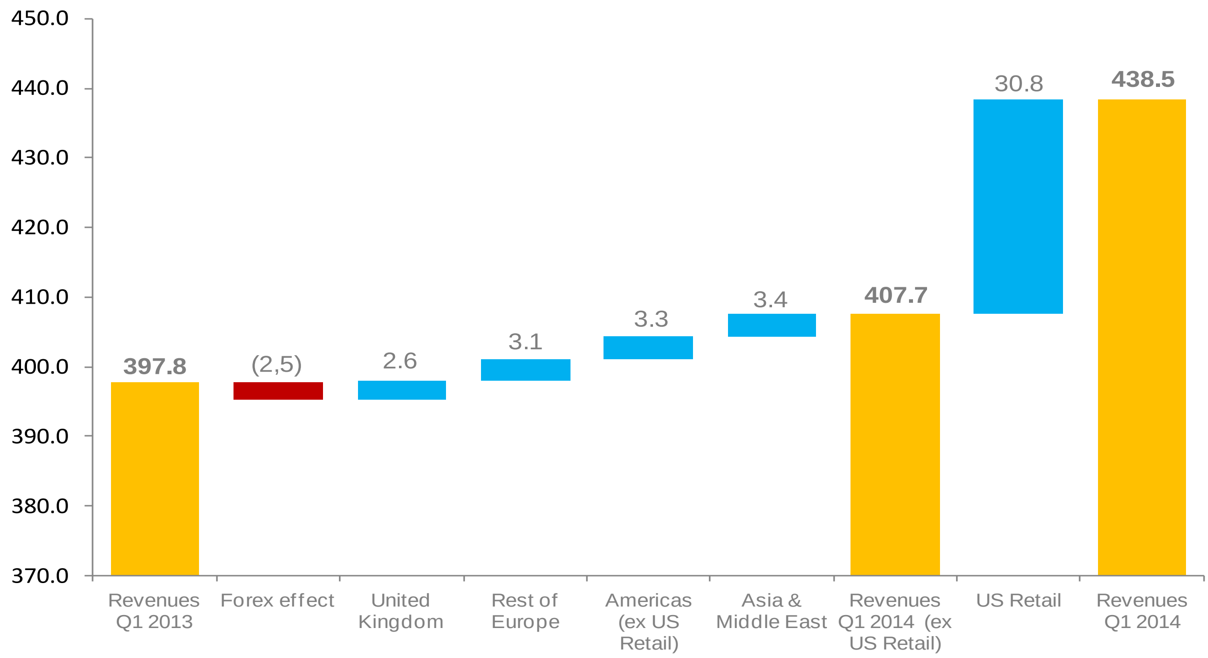
Revenues

The Group closed the 1st Quarter of 2014 with consolidated revenue of Euro 438.5 million, +10.2% compared to the previous year´s figures of Euro 397.8 million. At constant exchange rates, revenue increased by +11.1%, since the exchange rate trends of the currencies other than Euro in which WDFG operates had a slightly negative impact on revenue due to USD weakness against the Euro being partially offset by sterling strength versus the Euro. The US Retail business, acquired in September 2013, had an impact on total revenues of Euro 30.8 million for the 1st Quarter of 2014. Excluding the US Retail business, sales grew by +2.5% (+3.1% at constant exchange rates). Easter phasing weakened this growth since in 2013 it took place in March while 2014´s takes place in April; trading activity in April 2014 is seeing this effect being reverted and the timing difference being made up.

Revenues related to the airport channel amounts to Euro 427.6 million or 97.5% of the total revenues generated in the 1st Quarter of 2014. The WDFG Group also supplies services as commercial and operation services in certain cultural institutions in Panama and Spain and logistic and wholesale commercial services for different categories of customers, for amounts of 2.5% of WDFG Group's total revenues, amounting to Euro 10.9 million.

Category sales mix movements versus 2013 were impacted by the inclusion of the US Retail business with a different category profile. Excluding this effect, the airport sales growth above the average was seen in the Beauty, Tobacco and Food categories. This is supported by a strategy focusing on Beauty excellence. Beauty airport sales at Euro 175.7 million (+4.2% versus 2013) are 44.3% of the business. Liquor sales grow in line with the average.

Change in Revenues



In the **United Kingdom** revenues reached Euro 192.4 million, compared with Euro 184.5 million in 2013, representing an increase of +4.2% year-on-year; however, at constant exchange rates the growth was +1.4%. Easter phasing weakened this growth since in 2013 it took place in March while

2014´s takes place in April; trading activity in April 2014 is seeing this effect being reverted and the timing difference being made up.

Heathrow Airport recorded sales of Euro 98.9 million, down -2.9% at constant exchange rates. This compares to a traffic increase of +0.5%[4]. A positive passenger volume is seen, driven by a higher number of passengers to European and domestic destinations. These attract lower spends thus leading to minimal sales gain. Stronger sterling rates are impacting on key nationality spends and Russian volumes are also being impacted by political events.

Revenues at *Gatwick Airport* were up +5.5% on constant exchange to Euro 34.1 million versus latest passenger figures of +6.4%[5] seen. Higher tourist volumes with lower spends have driven the -0.9% spend deterioration with more volumes to Canaries versus the higher spending Egypt and Turkey destinations. The *rest of the UK airports* showed strong growth at +6.9% at constant exchange rates due to passenger volumes and better passenger allowances were broadcast.

Rest of Europe sales were Euro 112.0 million, +2.9% versus 2013. Euro 10.4 million sales were due to wholesale and Palaces & Museums and are -7.3% versus 2013. Rest of Europe Airport sales were Euro 101.6 million, up +4.0% compared to Euro 97.7 million in 2013.

Spain airport sales at Euro 89.4 million improved +2.4%. This growth is despite the exclusion of the Luxury business mainly from Madrid (due to the tender results) and the negative impact of refurbishment works being carried out in Spanish Airports. . Spain airport sales excluding this effect showed growth of +5.2% while traffic increased by +1.8%[6]. Also in Spain the effect of Easter phasing is being reverted and the timing difference being made up in the month of April. Although the 1st Quarter of 2014 was the first quarter with traffic increase (+0.6%) compared to the prior year (after ten consecutive quarters recording volume drops), *Madrid Airport* sales were -16.0% versus 2013, or -9.5% after the Luxury impact is excluded. Madrid has been impacted by the Easter phasing profile and lower passenger volumes in key spend nationalities. Ongoing development work is also impacting spends. The *rest of the Spanish airports* in aggregate delivered an increase in sales of +12.9%, much higher than the growth seen in traffic (+2.2% compared to 1st Quarter 2013), led by the touristic airports.

Other *airports outside Spain* improved Euro 1.8 million, split between the new *Helsinki* business opening late in the 1st Quarter of 2014, and *Düsseldorf* which was going through more disruption during the 1st Quarter of 2013 when it first opened.

Americas revenues amounted to Euro 95.9 million, up +51.9% on constant exchange. The acquisition of the *US Retail business* in September 2013 contributed Quarter 1 Euro sales of 30.8 million. Americas sales growth at constant exchange excluding US Retail came to +4.9%.

[4] Source: Heathrow Airport and Airport of Manchester, January-March 2014
[5] Source: Airport of Gatwick, January-March 2014.
[6] Source: AENA, January-March 2014.

North America airports drove this growth, with Vancouver being +23.3% on constant exchange. A complete store development here giving improved Luxury and Beauty propositions have pushed strong sales gains on high spending Chinese passengers.

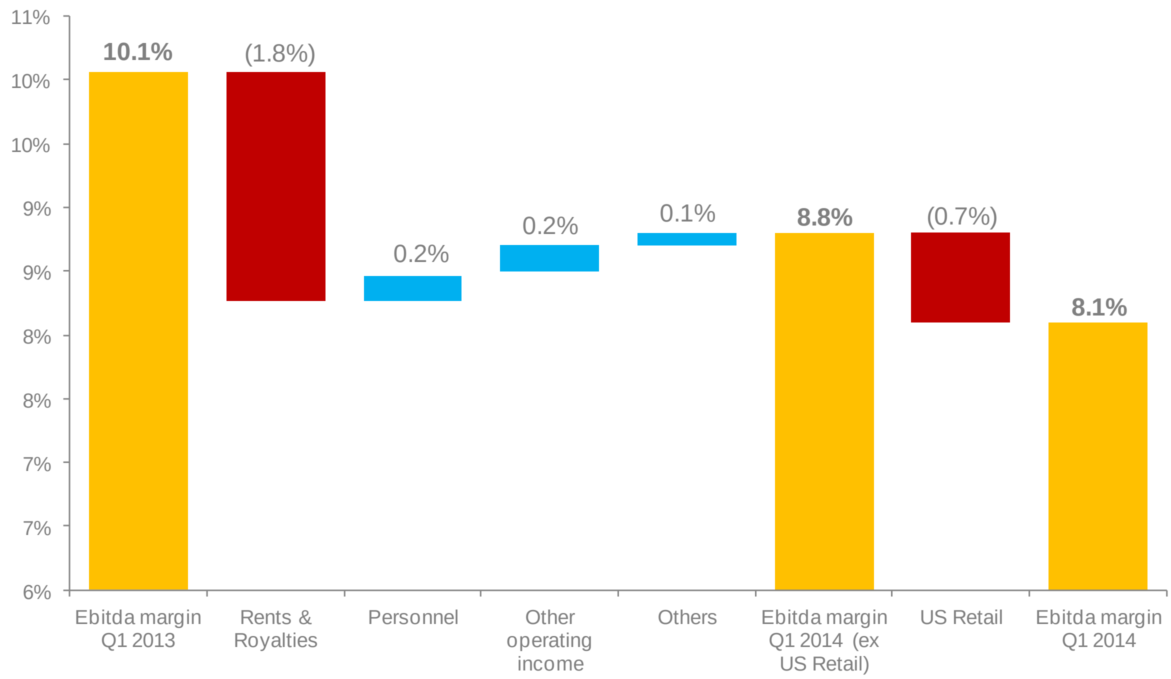
LATAM airport sales saw Peru and Mexico increasing by +6.8% and 6.0% at constant exchange rates, respectively while Chile was down by -15.1%. Chile´s performance was negatively affected by ongoing development disruption, local currency weakness and new taxes impacting spends on high spending nationalities such as Argentineans.

Asia and Middle East revenues amounted to Euro 38.2 million, up 9.2% on constant exchange. This growth has been driven entirely by Jordan, with sales of Euro 18.1 million being +21.5% on constant exchange. The new walkthrough development completed has been the most important factor, using slightly improved passenger volumes to increase spends substantially. Outside of this Kuwait and Sri Lanka sales are relatively flat versus 2013. Kuwait was impacted by a reduction of selling space, and Sri Lanka competes directly with another travel retailer at the airport.

Ebitda

Ebitda amounted to Euro 35.4 million, down -11.6% from Euro 40.0 million in the 1st Quarter of 2013. Ebitda margin was 8.1% revenue compared to 10.1% in the same period of 2013.

Change in Ebitda margin



The decrease in the Ebitda margin was driven by higher rents mainly in the new contracts in Rest of Europe (Spain and Germany) along with the dilutive contribution of the US Retail business, partially offset mainly by the lower weight on sales of Personnel expenses and the contribution of Other operating income.

Cash Ebitda was Euro 42.6 million, +6.5% compared to Euro 40.0 million in the 1st Quarter of 2013 (+8.1% at constant exchange rates).

Depreciation and amortisation

In the 1st Quarter of 2014, Depreciation and amortisation reached Euro 22.7 million, basically in line with Euro 22.4 million recorded in the same period of 2013. The consideration of the useful life of the Spanish concessions is comparable in both periods since the change in the assumption for their useful life was adjusted in the 1st Quarter of 2013 after the signing of the corresponding contracts.

Net Financial Expenses

Net financial expenses in the 1st Quarter of 2014 reached Euro 10.7 million, higher by Euro 6.3 million compared to Euro 4.4 million in the same period of 2013, mainly due to higher debt amount resulting after the demerger from Autogrill S.p.A..

Net profit of the period

In the 1st Quarter of 2014, Net profit was Euro 2.4 million, lower by Euro -9.8 million compared to Euro 12.2 million recorded in the same period of 2013, mainly driven by lower Ebitda and higher Net Financial Expenses, slightly offset by lower tax income expense. Net profit attributable to controlling interest and to minorities was Euro 1.3 million and Euro 1.1 million, respectively, while the 1st Quarter of 2013 saw Euro 11.7 million and Euro 0.6 million, respectively.

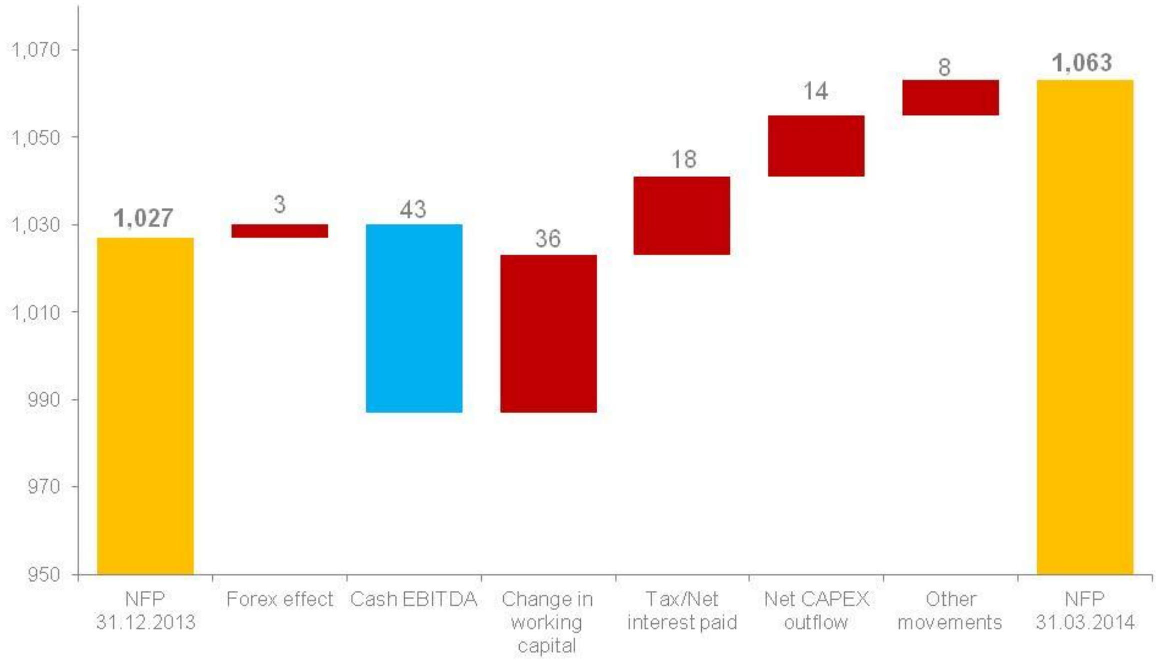
Net Invested Capital

(m€)	31/03/2014	31/12/2013	Change
Goodwill	620.1	617.2	2.9
Other intangible assets	538.5	550.5	(12.0)
Property, plants and equipment	149.2	137.7	11.5
Financial assets	42.4	41.0	1.4
Non-current assets	**1,350.2**	**1,346.4**	**3.8**
Working capital	(72.2)	(107.0)	34.8
Other non-current non-financial assets and liabilities	207.3	206.5	0.9
Net invested capital	**1,485.2**	**1,445.8**	**39.4**
Net Debt	**1,063.0**	**1,026.7**	**36.4**

The change in Working Capital is mainly due to the reduction of the balance of Trade payables, in line with the historical trend for this period of the year, and a payment of Euro 12.3 million made to HMS Host as a Net Working Capital adjustment as set out in the Sale and Purchase Agreement signed in July 2013 for the acquisition of the US Retail Business.

Net Financial Position and Cash generation

Net Financial *Position (in Euro million)*



Free Operating Cash Flow

	1st QUARTER		
Million EUR	**2014**	**2013**	**Change**
EBITDA	35.4	40.0	(4.7)
Change in working capital and net change in non-current non-financial assets and liabilities	(36.0)	13.1	(49.1)
AENA advance payment (net)	7.3	(278.9)	286.2
Other non-cash items	(0.0)	0.0	(0.0)
CASH FLOW FROM OPERATIONS *	**6.6**	**(225.8)**	**232.4**
Tax (paid) / refund	(6.7)	(8.6)	1.9
Net interest paid	(11.1)	(2.7)	(8.4)
NET CASH FLOW FROM OPERATIONS	**(11.1)**	**(237.1)**	**226.0**
Net CAPEX outflow	(14.3)	(1.5)	(12.8)
FREE OPERATING CASH FLOW	**(25.4)**	**(238.6)**	**213.2**

** Cash flow from operations Q1 2013 of €(233.6)m was originally reported - Credit cards in transit €(7.7)m were reclasified from Trade receivables to Other current financial assets in line with its treatment as of 31.12.2013*

Free Operating Cash Flow was a negative Euro 25.4 million in the 1st Quarter of 2014, affected by the higher than prior´s year payments on Net Interest (mainly due to the increase on the debt level) and Net Capex (following the higher level of investment required mainly in the new contracts in Rest of Europe).

Cash flow generated from operations was Euro 6.6 million in the 1st Quarter of 2014, compared to Euro (225.8) million in the same period of 2013. Last year was affected by the advance payment of Euro 278.9 million made to AENA to be offset against future rent payments. The change in working capital and in non-current non-financial assets and liabilities in the 1st Quarter of 2014 fully absorbed the cash flow contributed by the Ebitda. The remaining change in working capital follows the usual pattern that can be expected given the seasonality profile of the business of the Group, since the 1st Quarter of the year typically sees the lowest activity while payments to trade partners and concession grantors over activity completed during prior Quarter have to be settled according to the contractual maturity. 1st Quarter of 2014 particularly reflects this seasonality effect as Christmas period was particularly busy in the UK hitting historical records.

– Ends –

The results for Q1 2014 will be illustrated by the Group's top management in a meeting with the financial community starting at 18:00 CET today. The presentation will also be available in the homepage and in the Investor relations section of www.worlddutyfreegroup.com from 17.30 onwards. The event can also be followed in a live webcast here or in a conference call using the following phone numbers:

Direct Dial-in Numbers for participants:

UK Toll Number:	+44 (0) 2031474607
USA Toll-free Number:	+1 866 305 9104
France Toll Number:	+33 (0) 170 721 583
Italy Toll Number:	+39 023 600 6688
Spain Toll Number:	+34 91 788 9303

****

The Executive responsible for the preparation of the accounting documents - David Jiménez-Blanco - with reference to the Italian legislation clause 2 ,art 154 bis DL 58/1998 hereby confirms that the data reported in this release has been reviewed according to the rules.

****

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 Muñiz
Head of Financial Communications
Email: jorge.muniz@wdfg.com
Telephone: +34 91 274 256

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 **21 countries** and more than **130 locations** with over **500 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

ANNEXES

Reclassified Consolidated Income Statement

(m€)	1st Quarter 2014	% on Revenue	1st Quarter 2013	% on Revenue	change 2013	change constant exchange rates
Revenue	438.5	100.0%	397.8	100.0%	10.2%	11.1%
Other Operating Income	6.3	1.4%	5.5	1.4%	13.9%	15.4%
TOTAL REVENUE AND OTHER OPERATING INCOME	**444.8**	**101.4%**	**403.3**	**101.4%**	**10.3%**	**11.2%**
Cost of goods sold	(177.0)	40.4%	(162.1)	40.8%	9.2%	10.2%
Personnel expense	(59.1)	13.5%	(49.8)	12.5%	18.7%	19.1%
Rents&Royalties	(140.1)	31.9%	(123.0)	30.9%	13.8%	14.7%
Other operating cost	(33.2)	7.6%	(28.4)	7.1%	17.1%	19.7%
EBITDA	**35.4**	**8.1%**	**40.0**	**10.1%**	**(11.6%)**	**(11.5%)**
Depreciation, amortisation and impairment losses	(22.7)	5.2%	(22.4)	5.6%	1.3%	1.7%
EBIT	**12.7**	**2.9%**	**17.6**	**4.4%**	**(28.1%)**	**(28.3%)**
Net Financial expense	(10.7)	2.4%	(4.4)	1.1%	143.6%	141.8%
Revaluation of financial assets	0.0	0.0%	(0.2)	0.1%	(107.0%)	(107.3%)
Pre tax profit	**1.9**	**0.4%**	**13.0**	**3.3%**	**(85.1%)**	**(84.7%)**
Income tax	0.5	0.1%	(0.7)	0.2%	(167.3%)	(172.0%)
Net profit attributable to:	**2.4**	**0.6%**	**12.2**	**3.1%**	**(80.1%)**	**(79.4%)**
- controlling interest	1.3	0.3%	11.7	2.9%	(88.7%)	(88.1%)
- non-controlling interest	1.1	0.3%	0.6	0.1%	93.5%	96.5%

Reclassified Consolidated Statement of Financial Position

in millions of Euro	**March 31, 2014**	**December 31, 2013**	**change**
Intangible assets	1,158.6	1,167.7	(9.1)
Property, plant and equipment	149.2	137.7	11.5
Financial assets	42.4	41.0	1.4
A) Non-current assets	**1,350.2**	**1,346.4**	**3.8**
Inventories	153.2	156.6	(3.4)
Trade receivables	38.5	36.5	2.0
Other receivables	57.8	54.6	3.2
Trade payables	(203.2)	(235.5)	32.3
Other payables	(118.5)	(119.2)	0.7
B) Working capital	**(72.2)**	**(107.0)**	**34.8**
C) Invested capital, less current liabilities	**1,277.9**	**1,239.3**	**38.6**
D) Other non-current non-financial assets and liabilities	**207.3**	**206.5**	**0.9**
E) Assets held for sale	-	-	-
F) Net invested capital	**1,485.2**	**1,445.8**	**39.4**
Equity attributable to owners of the parent	413.2	411.0	2.2
Equity attributable to non-controlling interests	9.0	8.2	0.9
G) Equity	**422.2**	**419.1**	**3.1**
Non-current financial liabilities	1,018.0	984.3	33.8
Non-current financial assets	-	-	-
H) Non-current financial indebteness	**1,018.0**	**984.3**	**33.8**
Current financial liabilities	91.4	78.2	13.2
Cash and cash equivalent and other current financial assets	(46.4)	(35.8)	(10.6)
I) Current net financial indebteness	**45.0**	**42.4**	**2.6**
Net financial position (H+I)	**1,063.0**	**1,026.7**	**36.4**

Consolidated Cash Flow Statement

(m€)	First Quarter 2014	First Quarter 2013
Opening net cash and cash equivalents	**10.9**	**15.4**
Pre-tax profit and net financial expense for the period	12.7	17.4
Amortization, depreciation and impairment losses on non-current assets, net of reversals	22.7	22.4
Adjustments and (gains)/losses on disposal of financial assets	0.0	0.2
Change in working capital	(37.8)	(25.8)
Net change in non-current non-financial assets and liabilities	9.1	(240.0)
CASH FLOW FROM OPERATING ACTIVITIES	**6.7**	**(225.8)**
Taxes (paid) / refund	(6.7)	(8.6)
Interest paid	(11.1)	(2.7)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(11.1)**	**(237.1)**
Acquisition of property, plant and equipment and intangible assets	(14.3)	(1.5)
Proceeds from sale of non-current assets	0.1	0.0
Net change in non-current financial assets	(1.3)	(27.0)
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(15.5)**	**(28.5)**
Opening of new non-current loans	29.1	285.9
Repayments of non-current loans	0.0	(4.0)
Repayments of current loans, net of new loans	2.0	10.1
Other cash flows	(6.3)	(8.8)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**24.8**	**283.2**
Cash flow for the period	**(1.8)**	**17.6**
Effect of exchange rate fluctuation on net cash and cash equivalents	**(0.1)**	**0.0**
Closing net cash and cash equivalents	**9.0**	**33.0**

Reconciliation of net cash and cash equivalents

(m€)		
Opening net cash and cash equivalents - balances as of 31 December 2013 and 2012	**10.9**	**15.4**
Cash and cash equivalents	22.8	18.7
Current accounts overdrafts	(11.9)	(3.3)
Closing net cash and cash equivalents - balances as of 31 March 2014 and 2013	**9.0**	**33.0**
Cash and cash equivalents	30.0	33.0
Current accounts overdrafts	(21.0)	0.0