

Dufry World

Corporate E-Magazine of the Dufry Group



D U F R Y

Issue 1 / March 2010

Dufry strengthens market position in Mexico

-  New shops in Italy, Nice, Shanghai, Honduras and Vancouver
-  Customer Service goes global
-  Hudson News, the secret of a welcoming store



Editorial

Growth Strategy 2010

Editorial by Julian Díaz (CEO)

In 2009 we cut costs and restructured our companies and, more importantly, we now have a better understanding about our financial and commercial capabilities in order to continue with our original strategy, based on profitable growth.

In 2010 Dufry's main task is to implement initiatives which will drive value again and reactivate our Profitable Growth Strategy based on two main basic principles:

1. Managing all our business activities: promotions, marketing campaigns, customer service etc. with the aim to increase on the spend per passenger achieved in 2009 as the most efficient way to improve our productivity and organic growth per company (number of passengers plus spend per passenger).
2. Sustaining the efficiencies generated in 2009 during the implementation of the Efficiency Plan, especially the reduction achieved in each company's fixed cost. Sustainability is a challenge we need to take into consideration in 2010, and in this recovery period is as important as any new plan of growth forecast.

The management team has developed a number of initiatives, enclosed in detail in the different company budgets approved by the Board of Directors.

Among all the global on-going initiatives developed to help you achieve these ambitious goals, I would like to make a specific comment on the Dufry plus1 project. Starting in 2010 and continuing over a 3-year period, Dufry plus1 will turn our vision of continued profitable growth into reality. The general idea is that every day we commit to improving the way we work to be one step closer to our customers: knowing them better and satisfying their needs better. Dufry plus1 will be a major effort



for which I have high expectations. I will be happy to provide you with more details in the next issue of Dufry World, as the project develops over the next months.

Last but not least I would like to welcome you to our new electronic corporate magazine, "Dufry World". It is a modern information tool, creative, interactive and concise. Dufry members worldwide will benefit from reading it. It will be distributed by e-mail, posted as a print edition on the whiteboard and is available any time on the web. So please read it and let us know your opinion. I hope you enjoy it.

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Symbols and Sections



Editorial

Statements and announcements by CEO/COO/CFO, editorials, facts & figures, milestones company commitments, management changes.



Regional News

New or modified shops, concepts, contracts, promotional activities, awards, local highlights or efforts.



Key Story

Main topic or interview with important people (usually aligns with the cover image). Focus on special activities, business, occasions.



Well Done

Success Stories, local background stories, best practice cases.



Dufry's People

Presentation of an employee for a special reason: new ideas, doing a good job, special interests, remarkable hobby.



Favorite Shop

New or refurbished shop (e.g. Shop of the month); Back cover of printable PDF

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Dufry is a global travel retailer with 11'000 people serving customers in more than 1'000 shops in 42 countries. www.dufry.com



Dufry's News

Regional News

Headoffice: Dufry AG and Dufry South America Ltd. sign merger agreement

A merger agreement between Dufry AG and Dufry South America Ltd. was signed on 11th February, 2010. With the transaction, shareholders of Dufry South America Ltd. will become shareholders of Dufry AG and the business of Dufry South America Ltd. will be fully owned by Dufry AG. The rationale for the merger is to establish a simplified corporate structure for Dufry Group, with a unified shareholder base. The transaction will increase Dufry Group's strategic flexibility to pursue growth opportunities globally and in South America. The merger has to be approved by the special general meeting of members of Dufry South America and the extraordinary shareholders' meeting of Dufry AG in the second half of March. ■

Group: Solidarity with Haiti

On 22nd January the Swiss society contributed toward helping the victims of the earthquake that destroyed a big part of Haiti on the 11th January. As did other big Swiss companies and many Swiss people, Dufry made a donation to the National Collection Day for Haiti. Dufry has also donated 50 000 US Dollars to the Haiti relief organization „Hand in Hand“. One of their main projects is to build a primary school complex.

Another solidarity effort comes from more than 580 Hudson stores, where special collection boxes have been placed. Signage on each box urges customers to donate their change. Hudson Group will match their donation to the American Red Cross for the relief of Haiti. ■

Italy: Dufry expands Hudson in railways stations

Dufry is growing in Italy, with the expansion of the Hudson News business model. Last October Dufry signed an agreement to operate 41 shops in the largest railway stations in the European country. This contract opens the doors of the Dufry's convenience store concept to the 150 million passengers that annually use the stations of Rome, Milan, Turin, Bologna and nine other important Italian cities. ■



150 million passengers pass through these stations every year.

France: New Shops in Nice



The shops will sell brands such as Hugo Boss and Hermes.

Hermes, Armani, Hugo Boss and Celio are only a few of the brands on offer in the three fashion shops that Dufry will operate in Nice Airport, according to the six-year contract signed at the end of 2009. Furthermore the company signed another agreement including a food and souvenir shop in the French city. ■

Egypt: New airports and additional duty free locations

2009 ended well for Dufry, winning two contracts in Egypt to operate four duty-free shops in the airports of Assyut and Borg El Arab. The total retail space will be 958 m² and both locations will feature an arrival and a departure store. ■



A view of the Borg El Arab Egyptian airport.

Morocco: A new shop at Fez Airport

On January 10th, Dufry opened a new shop with a total surface of 64 m² at Fez International Airport. It is the eighth Dufry Morocco store in the kingdom's airports and offers a range of products such as tobacco, perfumes, chocolate, alcohol and accessories. Fez Airport is now the fourth Moroccan airport with more than 250,000 passengers at international departure in 2009 with a forecast of around 275,000 passengers in 2010. ■



Regional News

China: New shops and manager for Shanghai

Dufry Group has signed an agreement with Shanghai Hongqiao International airport to operate 20 duty-paid shops covering 1,500 m² at West terminal, which is set to open in March 2010. Moreover, on January 15th, Kevin Farrow's appointment as Area Retail Manager in Shanghai was announced. Farrow, who has more than 25 years of experience in the travel retail market, will be in charge of setting up and managing the day-to-day activities of Dufry's new venture at Shanghai's Hongqiao International Airport. ■

Dominican Republic: New General Manager

José Rego arrived in January to his new position as Dufry's General Manager in the Dominican Republic, with the mission to continue expanding the Caribbean operation. After almost 20 years of a successful professional career in the duty free industry in Brazil, Rego's responsibilities include the general management of local operations and resources and the direction of retail activities in the Dufry shops. ■

Barbados: DFCH purchases the Colombian Emeralds International

Duty Free Caribbean Holdings (DFCH) announced the acquisition of the Colombian Emeralds International brand along with associated brands Jeweler's Warehouse, Perfect Time and Diamond Boutique. The purchase agreement was reached with Stephen Crane and Franchise Services Corp. and it coincides with Mr. Crane's wish to retire this year. ■

Honduras: New shops in Roatan

Dufry arrives at the new seaport of Roatan, a tourist island in Honduras Bay with half a million visits per year, with a ten-year agreement to operate a 673 m² duty-free shop. This contract means not only a good opportunity to reinforce the leading position of Dufry in the Caribbean, but it also marks the entry of the company in the Honduran travel retail market. ■



Honduras: The group that will work in the 673 m² duty-free shop.

Bolivia: New General Manager for Bolivia

Ana Victoria is the new General Manager in Bolivia. She will be responsible for Dufry's two duty free stores in this Latin American country. These shops, where 28 people work, are located in Santa Cruz de la Sierra and in La Paz. Ana Victoria will report to Pedro Henrique, Retail Superintendent. ■

Brazil: A job to get out of poverty

At the end of 2009, Dufry Brazil held a graduation ceremony for the 15th class of the Administrative Training Center (CTA). Dufry's Social Project in Rio de Janeiro trains around 25 underprivileged youths each year and 95 % of them have entered the labour market through the project's efforts to promote citizenship and employability. This year, the social project will increase its capacity to 30 young students: 15 men and 15 women. The classes start in March 2010. ■



Brazil: These youngsters benefitted from Dufry's support.

Vancouver: Olympic stores

The Olympic and Paralympic Winter Games Vancouver 2010 were the big issue in February. The Hudson Group operated temporary Olympic stores with official licensed merchandise products during the huge sporting event, with two inline shops and ten kiosks spread throughout the terminals of the Vancouver International Airport.

Since last summer, a new travel retail concept called Travel + Leisure has been opened at this Canadian airport. ■



The front of the new store in Vancouver.



Regional News

Las Vegas: Management and Vendor show

Hudson Group recently held its seventh annual Management Seminar and Vendor Show in Las Vegas, Nevada. The meeting brought together the entire management team, business partners, home office staff, along with guests and distinguished speakers. The theme was "2010: The Year of the Customer." Hudson managers committed to continue some of the improved customer service initiatives that were begun in 2009.

Kathy Castro, Hudson Group General Manager at Orlando International Airport, was recognized as Hudson Group's GM of the Year for smaller sized locations. Chuck Bowie, General Manager at New Orleans International Airport, was named GM of the Year for larger sized locations. Congratulations to them both! ■



GM of the Year: (l.t.r.) Mike Petersen, Mario Scorcio, Joe DiDomizio, Kathy Castro (with the prize), Doug Martino, Bobby Napoli.

Orlando: Dufry Group named Retailer of the Year



Dufry Group has retained its Travel Retailer of the Year crown at this year's DFNI Awards for Travel Retail Excellence in the Americas. The company received the award at a presentation ceremony on February 25th

at the Marriott World Center hotel in Orlando, during the Duty Free Show of the Americas. The awards are decided by a vote open to all companies operating in the Americas travel retail market.



Dufry's People

Komal Seeburn



Komal Seeburn works as a deputy shop supervisor in Basel. He was born in 1972 in Mauritius and moved to Switzerland seven years ago. He is married, has a baby and is a good counsellor if any customer asks for a tourist advice.

An ideal day visit would start with something that is not the typical idea of Switzerland: The Basel Zoo. "It has the biggest variety of animals of all Swiss zoos. It is near Basel so, after a five minute journey, the day could continue in the centre of our beautiful city," Komal proudly explains.

Then the proposal for hungry tourists would be his favorite restaurant, the Kreuz in Metzerlen (half an hour from Basel), for "really fine Swiss kitchen". There he would ask for the "Zürcher Geschnetzeltes", a plate with small pieces of veal in a cream sauce with mushrooms and egg noodles. ■



An original way to enjoy Switzerland: Basel's Zoo.



Not all Swiss food contains cheese.



Well Done

Brazil, the heart of the Global Customer Service Department

A guy who forgot his luggage while he was buying perfume for his girlfriend in Rio de Janeiro; a businessman who wants to know if he can buy good Italian Parmesan cheese when he returns home from Milan airport... These people have something in common: They can solve their problems or doubts by contacting Dufry's Global Customer Services Department.

In 2009, Dufry implemented a new department focused on customer satisfaction. To achieve this goal, the group set up new activities in the areas of Training, Contact Center, Website, Communication and Research.

Rio de Janeiro was chosen to establish the office for this department, to take advantage of the existing structure in Region 5. "Brazil already had a well-structured contact center running for 20 years. On this basis, the challenge was to adjust processes, train people and develop systems to roll out the service to the entire group", explains the Global Customer Services Department Director, Mario Portela.

To carry out this project, the First Class Service training was developed and delivered to all sales teams with the basic rules to ensure superior service. A communication campaign for the stores was also created, and Dufry's website gained new sections: Contact Us, Shopping at Dufry and Customer



People called from 55 different countries last year.

Services, which includes: Customer Service Policy, Your Opinion, Travel Tips and Dufry World Magazine.

In addition, a "Mystery Shopper" program was implemented to evaluate the products, sales assistance, the stores, etc. "The greatest difficulties in the creation of Global Customer Services were the implementation of the project without any



The team which solves problems in four languages.

additional staff structure, and to develop a global warranty policy, considering the different laws," says Mario Portela. He adds: "Despite these difficulties, the service is now standardized throughout the world. In fact, from February to December 2009 they received customer contacts from 55 different countries."

The Dufry Global Contact Center has a team able to answer in English, French, Spanish and Portuguese from 10:00 am to 06:00 pm (GMT), and customers can contact them via a toll free number, email, chat or click to call. "Our challenge for 2010 is to consolidate and adjust the processes to constantly improve our levels of service, striving for excellence," he concludes. ■



Key Story

Dufry consolidates Duty Free in Mexico

In a very difficult year for Mexican airports, some companies have been able to see the opportunities that arise even in times of crisis. In October 2009, Dufry signed an agreement to acquire the assets and contracts of Latinoamericana Duty Free, its biggest competitor in Mexico.



Rodolfo Velasco, General Manager Dufry Mexico

This past May, several airports in Mexico suffered a drop of more than 50 % in traveler numbers compared to the previous year. This was caused by a combination of the financial crisis with fear of Swine Flu infection. "Dufry has a presence in several countries and can withstand occasional drops of this nature.

Although the crisis was very bad in Mexico, it did open up an opportunity for our company," explains the General Director of Dufry Mexico, Rodolfo Velasco.

In a market such as Mexico, where the goal is still to recover the levels achieved in 2008, Dufry acquired the assets and contracts of Latinoamericana Duty Free (LDF) at the end of 2009. Among other benefits, this added shops in the airports of Mexico City, Acapulco, Guadalajara, León, Monterrey, Los Cabos, Ixtapa, Puerto Vallarta, Guanajuato, and Mazatlán.

As Julián Díaz explained last year, this almost doubled the group's sales in Mexico, strengthened its leadership position in the country, and will also allow Dufry to introduce the Hudson News business model there.

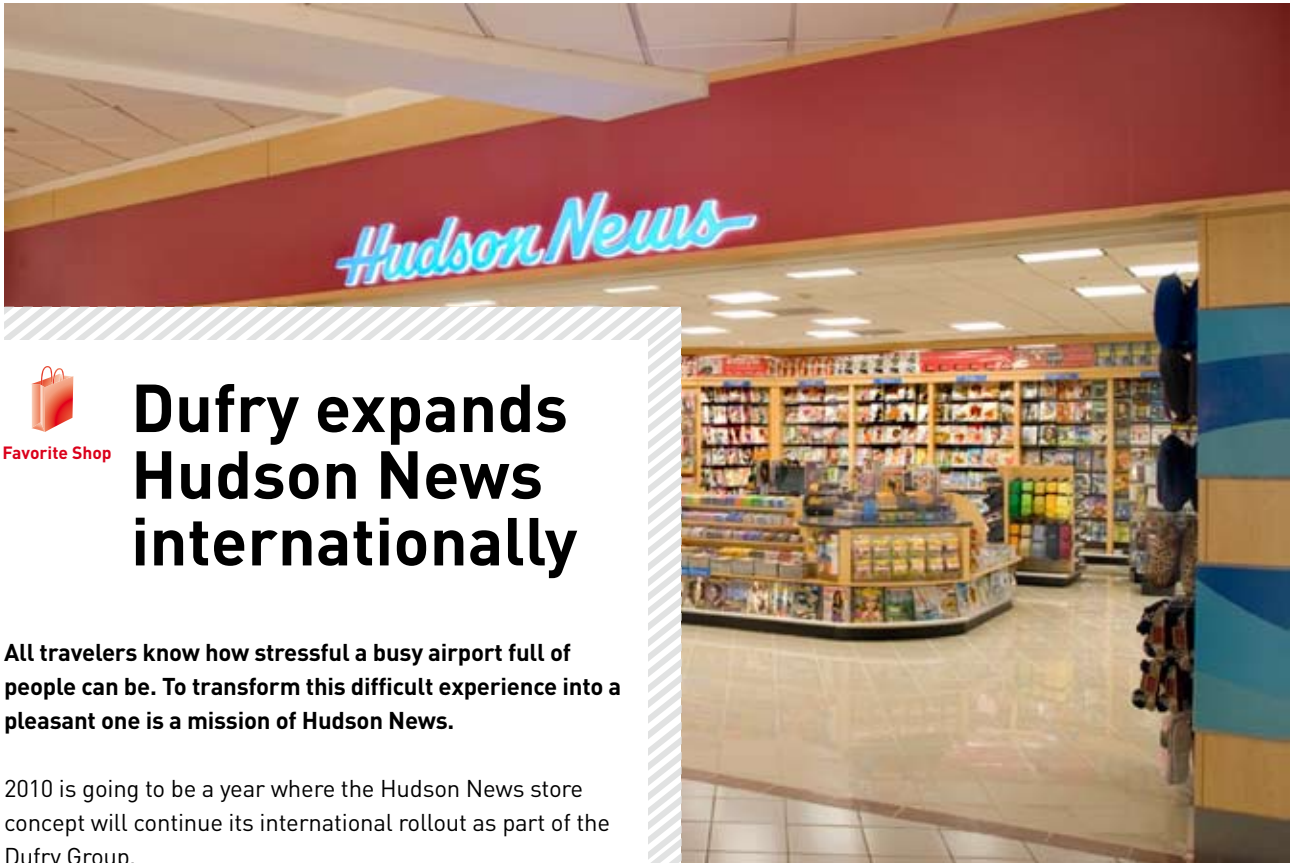
In total, the transaction gives the group 24 outlets with more than 3,700 m² of space and 200 employees. "The first thing we did was to run some integration courses so that the staff of LDF felt comfortable with this new phase," states Velasco, "The truth is that their experience in the sector is one of the best assets being brought to Dufry."

An example of how this acquisition affects the group's strategy and goals is visible at Mexico City Airport. Dufry already held a large retail space within one of the gates at Terminal 1 of the airport.

As a result of the agreement, the store opposite the other departure gate, which belonged to LDF, is now being added to Dufry. "With this move, today we serve 100 % of the passengers who depart from Terminal 1 at Mexico City. Our intention is to be able to reinvent and move beyond the idea of the Boulevard because we believe that everything can be done better. We would begin first in this city and later move on to other airports in order of importance," adds Velasco, who does not hide his optimism that the new economic backdrop will stimulate the year ahead. "This acquisition is a further step toward expanding our horizons." ■



Dufry has now 24 additional outlets in Mexican Airports. ▶



Dufry expands Hudson News internationally

All travelers know how stressful a busy airport full of people can be. To transform this difficult experience into a pleasant one is a mission of Hudson News.

2010 is going to be a year where the Hudson News store concept will continue its international rollout as part of the Dufry Group.

Travelers in the most important Italian railway stations (see above), those off to enjoy the sun in Puerto Rico or the Dominican Republic, business people waiting due to the snow in Basel Euro airport, or young groups tired after a road trip in Mexico, will all have the opportunity to share in the delights and benefits of Hudson News shops, which aim to provide the best tools to relax: a good book, newspaper or magazine, electronics, snacks, beverages and every traveler's convenience items.

Another secret to the success of Hudson News will also be applied in this new store – The combination of international design and a local touch. ■

