

Dufry World

Corporate E-Magazine of the Dufry Group





DUFRY

Issue 3 / December 2010

Hudson News

Read & Win
a trip to a
Dufry shop

 **Hudson News international roll-out:
70 new shops in 10 countries**

-  **Dufry wins Swiss Equity Award**
-  **Four new retail packages at Los Angeles International Airport**
-  **Helping Children with SOS children's villages**

new webportal: www.dufry.com



Editorial

Hudson News international roll-out

Editorial by Juan Antonio Nieto

Late 2008, Dufry acquired the Hudson Group as part of an important diversification strategy. With this agreement, our group could not only be well positioned in such vital markets as the US and Canada, but we could also develop the duty paid segment in our global travel retail business. Last but not least, we had the conviction that the Hudson News convenience shop concept, which has been very successful in the US for years, could be extended worldwide.

The international roll-out of the Hudson News concept started at the beginning of 2009. We created a workgroup in charge of its setup: I have led this team formed by people from Dufry and people coming from Hudson Group. We decided to kick off the implementation of this project in some places where Dufry is already present, to better control the business and avoid risks. We also chose the channel that we best knew: the airports. Therefore, Puerto Rico, Dominican Republic and Italy were some of the countries where we opened the first Hudson News stores.

One and a half years later, we have 70 Hudson News shops in 10 countries and the results are in line with our expectations. Even so, this has been a very intense process and we have learned how to solve the difficulties related to the implementation of a standardized shop concept in many different regions and cultures.

Our aim until the end of this year is to fine tune the process and to strengthen the organization. We want to streamline the way of doing things in the stores that we have opened and the roll-out in the clusters that we already have (Mexico, Caribbean, Italy for Europe, etc.). At the same time, we are preparing the development of the new areas where we will continue this expansion in line with Dufry's growth: Russia,



Juan Antonio Nieto, Global Development Director

China, India and Brazil. Overall, this project is a unique experience in the global travel retail market and an important part of Dufry's future.

Content

Editorial **2**, Dufry News **3**, Dufry People **5**, Well Done **6**, Key Story **7**, Favorite Shop **8**

Cover: San Juan Luis Munoz Marin International Airport, Puerto Rico

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 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

INPRINT

Publisher: DUFY AG, Hardstrasse 95, 4020 Basel Switzerland **Editorial Team Headquarters:** Julian Díaz, José Antonio Gea, Xavier Rossinyol, Jordi Martin-Consuegra, Javier Gonzalez, Lubna Haj Issa **Content Team Regions:** Marcus Griffin (HQ), Emorine Franck (R1), Tijani Djaziri (R2), Celine Heinrich (R3), Lourdes Arenciba (R4), Marianne Areal (R5), Laura Samuels (R6) **Design, Text Writing and Process Coordination:** Match Communications, Zurich; Itziar Marañón, Roland Sennhauser, Christian Staub **Production:** Match Communications, Zurich and x-site, Basel **Published languages:** English, French, Italian, Portuguese and Spanish **Website:** <http://emagazine.dufry.com>

Dufry is a global travel retailer with 11'000 people serving customers in more than 1'100 shops in 40 countries.



Dufry News

Regional News

Head office: Dufry AG wins the Swiss Equity Award 2010



Andreas Schneider, Director of Treasury & Investor Relations and his team were most responsible for the success.

On September 14th our company received the Swiss Equity Award, by the Swiss Equity magazine. This financial publication recognizes the most successful Small and Medium Swiss Enterprises each year. The jury considered that Dufry AG accomplished the best "Performance" last year, on the basis of the strong performance between September 2009 and August 2010. ■

Group: Dufry supports vulnerable children affected by the flood in Pakistan

Our Group is supporting the not-for-profit organization (NPO) called "Save the Children" to provide lifesaving assistance to vulnerable children and their families displaced by the monsoon flood in Pakistan. Building on 30 years of working experience in this country, Save the Children quickly offered immediate help in response to such a catastrophic situation. The NPO helped feeding up to 85,000 families and also organized mobile and stationary medical teams in 10 provinces, water purification tablets, tents, shelter kits and other essential material. Save the Children's goal is to reach 2 million children and adults within the next six months. ■



Group: A big team

Dufry's CEO, Julián Díaz and Juan Carlos Torres Carretero (Chairman of the Board) were visiting one of Dufry stores in the Brazilian city of Fortaleza. ■



One big family – snapshot with the team in charge.

Group: Strong results for the first nine months of 2010

Dufry Group performed strongly in the first nine months of 2010. For the third consecutive quarter Dufry posted double-digit growth in all key metrics. For the nine months 2010 turnover grew by 16.1% in local currencies and 11.7% when translated into Swiss Franc, totalling CHF 1'967 million. For the same period, gross margin increased by 1.4 percentage points to 57.2% from 55.8% and EBITDA totalled CHF 253.4 million, an increase by 20.5% on constant FX rates and 15.3% in Swiss Francs with the EBITDA margin improving to 12.9% from 12.5%. Net earnings increased by 65.5% to CHF 107.9 million. Both the 10.7% organic growth and the gross margin increase of 1.4 percentage points are the result of growing passenger numbers, the improved spend per passenger and the focused development of operations.

The financial improvement was due to continuous growth of the Group, including the opening of several new locations, the implementation of global negotiations with suppliers, and the further development of new initiatives started in 2010 as part of "Dufry Plus One" and "One Dufry" projects. The merger of Dufry AG and Dufry South America completed in the second quarter of 2010 has had a very positive impact on Dufry's investment case. As result of this transaction, Dufry has been able to put itself on the radar screen of a new segment of investors focusing on emerging market or global corporates. The positive passenger trends that began towards the end of 2009 carried on during the first nine months of the year. Emerging markets experienced a more dynamic growth than developed markets, but the trend was positive overall. ■

Nice: New Armani Shop

The new Dufry-operated Armani shop in Nice had a promising kick off. This 80m² store, located in the Terminal 2, at the Nice Côte d'Azur Airport, was opened on September 1st and achieved its target turnover already in its first month of activity. ■



The store offers a selection of the recognized brand's collection.



Regional News

Guadeloupe: Dufry gets go-ahead

Dufry won an important tender in Pointe a Pitre International Airport (Guadeloupe). The contract will last five years and positions Dufry as sole duty free operator in this airport. The shop opening is scheduled for November 1st and it will consist of a 508 m² walk through store, where the passengers will find perfumes, spirits, tobacco, international & local food, beverages, accessories, watches, jewelry etc. Besides, around 25 m² will be dedicated to a Hudson News concept with newspapers, magazines, electronics and toys. ■

Egypt: New shops in Assyut/Borg El Arab

New shops were opened this October in the airport of Borg El Arab (Alexandria). The shops in Assyut are scheduled to open in January 2011. The total retail space is 958 m². The stores, located in both airports at the Departure and Arrival doors, offer a wide variety of products, such as tobacco, spirits, perfumes and chocolates. Furthermore, they'll be two small specialized stores in Assyut: The Bijoux Ternier will sell accessories and the Nefertari Beauty care shop will sell souvenirs. ■

Singapore: Five new shops

Dufry continues its growth in Asia. Last summer, five Hudson News stores were opened at Changi International Airport in Singapore. Altogether they occupy a 725 m² area, distributed between the Budget Terminal (Check-in and Departure) and Terminal 2 (Check-in, Departure North and Departure South). The range of products sold in these convenience stores are books, newspapers, chocolates and food. ■



The Hudson News stores arrived in Singapore.

Honduras: Second store opened

In November 2010, Dufry will open a new store in the Roatan Seaport (Honduras). This 445 m² shop will be the second one that the Group inaugurates in the Caribbean island. Both stores occupy altogether more than 1.000 m² with well-known international duty free products as well as an assortment of local goods. ■



The growing Dufry-team in Honduras.

Caribbean: Launch of Dufry Plus One

The launch at Duty Free Caribbean (DFC) of the Dufry Plus One Retail Sales Training program was a significant success in Barbados on October 12th. 13 trainers were certified and have begun to rollout the program throughout the English Caribbean islands. The Dufry Certified trainers are well supported by a solid backing from the DFC business unit's operations team, including CEO Peter Allan, COO Felix Brunner, the Area Retail Directors Jack Coote and Adrian Bradshaw, as well as every Area Retail Manager. The Global, Regional and Barbados HR team also worked closely to support this effort, led by Area HR Director, Pauline Mager and her Training Officer, Mark Anthony Thornhill. ■



Our Dufry Certified Trainers in DFC.



Regional News

Rio de Janeiro: Dufry Plus One reaches Region 5

Selected Brazil and Bolivia personnel were invited to become the first to receive the Dufry Plus One Retail and Sales training in Region 5. They were trained by Dufry's Global Training Coordinator, Anni Maley. The focus was to "train the trainers" so they can spread this important initiative to our sales personnel in Region 5. On September 30th and October 1st, the participants of the pilot trained the first group of 27 employees in Rio de Janeiro. They all are now confident about the results they will achieve with Dufry Plus One. It is scheduled that until the end of 2011 all sales people in Region 5 will be trained. ■



Region 5 Dufry Plus One trainers: ready to spread the Plus One message.

Hudson News: Hudson Group wins four retail packages at LAX

An ownership team comprised of four local Los Angeles companies, plus premier travel retailer Hudson Group and anchored by the power of Earvin "Magic" Johnson has been selected by Los Angeles World Airports (LAWA) to refresh the retail concessions program in four terminals of Los Angeles International Airport (LAX). The award includes some 21 news, gift, book and specialty retail stores, totalling 1,925 m² of prime selling space in Terminals 4, 5, 7 and 8. ■



Dufry's People

Doriana Bonifacio



She is young but her natural customer focus and leadership style some months ago impressed one of Dufry's Human Resources team who was visiting Dufry's shop at the Newark Liberty International Airport (New Jersey). Through her job, the 24 year old Dominican Doriana

Bonifacio has found the best way to put her qualities into practice.

Dufry World: What's your position?

Doriana Bonifacio: I am a shop assistant.

DW: Do you like it? Why?

DB: I enjoy it a lot because it gives me the opportunity to meet people and learning something new every day.

DW: Which product do you enjoy most selling?

DB: Perfumes.

DW: The biggest virtue to selling is...

DB: Being a good listener.

DW: The worst mistake that one can make is...

DB: To argue with a customer.

DW: How do you see your professional future?

DB: I visualize myself as a mid-level office manager.

DW: Would you like to add something?

DB: I am a highly motivated and enthusiastic young lady with a warm and friendly personality. I greet all my customers with a smile. I am also reliable and trustworthy. I am really happy to be a part of Dufry's sales team. ■

Dufry World Quiz: Where do you dream to travel?

Dufry offers all its employees the possibility to win a trip to any Dufry shop in the world. You only have to read carefully this issue's articles and find the answers to these easy questions:

1. When was SOS Children's Villages' Social Center, funded by Dufry, inaugurated?
2. Where is Dufry going to create new clusters to facilitate Hudson News' international's rollout?
3. According to Doriana Bonifacio what is the worst selling mistake?

Please, send your answer until 31.01.2011 to Lubna Haj Issa (Global Corporate Communications) by email suggestions@dufry.ch. We also need your family name, first name, address, city code, country, work location.

* Only employees of Dufry can take part in this competition. Only participants with correct answers can be recognized. There is one winner only, chosen by drawing lots. The winner will be notified by mail. The jurisdiction of the courts is excluded, as is any cash equivalent. No correspondence will be entered into. Subject to additional conditions based on applicable legal requirements. The name of the winner will be published in the next issue.





Well Done

Dufry works toward a better future for children

Medical assistance, rooms to study, support: some places can really make a difference. This year Dufry celebrated the opening of a Social Center for poor families in Brazil to which it contributed for the construction and operation.

How can a big company share its success? One of the best answers can be seen in Brazil. SOS Children's Villages' Social Center, funded by Dufry in the Brazilian city of Igarassu, is the best example of what can be achieved when two International organizations work together. "We checked different cooperation possibilities and were impressed by SOS Children's Villages' concept of children's care and projects. Therefore we signed a contract with them in 2009," notes Lubna Haj-Issa, Dufry's Global Head of Corporate Communications.

Since April 5th, 2010, more than 600 infants, young children and mothers are benefiting from the services provided in the Social Center, where these families receive support as a way to prevent child abandonment. Meanwhile, children receive counseling and basic education as well as medical care. There are daily musical, recycling and citizenship workshops; cultural outings; and also reading and storytelling workshops. Besides, there are activities focused on children's families, aiming to strengthen their self-esteem, improve gender relationships, prevent domestic violence, and offer alternatives to increase their income. The inauguration took place on June 30th. It was full of music and groups of children, wanting to show what they had learned. More than 300 guests, local authorities, 200 children between 4 and 12 and their families, participated in this celebration.

One participant was Humberto Mota, President of Dufry do Brazil. "It was a very rewarding experience to participate in this process," explains Mota, "what impressed me most was



Brazilian Dufry's president, Humberto Mota, was in the Social Center's inauguration.



More than 200 children participated the celebration in the opening of this Center in Igarassu.

the integration of the project within the community where it is implemented. It is part of Dufry's policy to act in tune with the communities where it operates". Furthermore, Dufry's commitment to this community didn't finish with the inauguration of the Social Center. That was just the beginning since the company will continue funding its running

costs and the training classes. As Lubna Haj-Issa concludes: "Sustainability is one of the most important principles in the strategy of SOS Children's Villages. By helping finance the running cost of the social center and the training classes, Dufry gives the children a solid base to grow safely into adulthood." ■



The Social Center, funded by Dufry, helps children and their families as a way to prevent child abandonment.



Key Story

Dufry diversifies its global growth with Hudson News

Italy, Mexico, Serbia, Dominican Republic, Puerto Rico, Switzerland, Egypt, Russia and Singapore. These countries have something in common: the international roll-out of Hudson News convenience shops concept has started there.

To speak about Dufry's expansion of Hudson News shops is similar to looking at the subway map of any big city: a growing net with shining stops full of life. Almost 70 stores (69) inaugurated in ten countries, located in four continents. As the Dufry's Global Development Director, Juan Antonio Nieto explained in this issue's editorial, since the acquisition of the Hudson Group in 2008 it was a clear goal to build Hudson News convenience stores all around the world. "The Hudson News model is very flexible when it comes to the locations. We have Hudson stores with 200m² but in other shops the offer can fit on a wall or even a column," says Juan Antonio Nieto, who is also responsible for the international team in

travel knowledge we are able to provide a unique mix of merchandise. The local team also plays a vital role in the design of the store. Their input gives us the ability to add some regional flavor to each store". The importance and also the difficulty of this global way of working is one of the main conclusions that the people in charge of this roll-out have drawn after this first stage.

As a global company, Dufry tries to standardize and globalize every business model or concept, adapting, of course, to the place where the shops are located. But this is an ever-changing process in which, for example, we work with local providers. Therefore this adaptation requires some time. To facilitate the expansion in the different regions, Dufry has established clusters, which are the base to set up the roll-out. Italy is the door to Europe and there is also a cluster in Mexico and one in the Caribbean. "We have to develop the created areas as in the case of Mexico. There we



Russia, China, India and Brazil are the next roll-out areas.



The Hudson News concept can be well combined with the one of Dufry stores.

charge of this project. He adds that another advantage is the complementarity between Dufry and Hudson News shops: "Actually, we have stores, as in Switzerland and Dominican Republic, where we combine the classic Duty Free with the assortment of these convenience shops and it works well. So, both shop concepts transfer customers to each other".

According to Jacob Carlson, Hudson International's VP, one of the bases of this project is to maintain the Hudson News shop's spirit: "The overall business model of Hudson News should never be changed. Our merchandising consistency, standard offerings and retail approach allow us to maximize sales and margins throughout the world". He and Juan Antonio Nieto think that combining the standardized global processes and knowledge with the local cultures is fundamental for success. "The local teams in each region are an integral part of our international roll out" says Jacob Carlson, "with their local expertise and our international

have opened seven shops but in such a big country there are still big possibilities to grow," says Juan Antonio Nieto. "The international Hudson News expansion goes parallel and in line with Dufry's. That is why we are creating new clusters in Russia, China, India and Brazil." The objectives continue to be ambitious. There should be 100 shops opened by the end of 2010 and the ones that are already open should be fully operational.

For the next year, the opening rhythm should stay the same. "This project is not only a challenge for the team in charge of it, as it is something that nobody has done before in the global travel retail market, it also provides good opportunities to many Dufry employees to make this concept work at an international level", concludes Juan Antonio Nieto. ■



Five new stores in Brazil

Dufry expands its presence in some of the country's most important places. Travelers and a lot of state employees will enjoy Dufry's shopping experience due to the five new stores inaugurated in Rio, Minas Gerais, Belem and Recife.

Since August, a new 86m² duty paid shop offers the entire portfolio of duty paid goods at Rio de Janeiro's Galeao Airport and in the CAMG center of Minas Gerais another new shop - with half the size - strengthens the Dufry presence and aims at concentrating all the state's civil services in the same place. The CAMG is an important project of the Brazilian state.

In late August, another big duty paid store (136,5m²) was proudly inaugurated in Belem and followed by the opening of two stores in the departure and arrival area at Natal's airport (Recife). ■

