

DUFRY WORLD

WorldClass.WorldWide.

**CORPORATE
MAGAZINE**

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Positive start to the business year

Dufry had a good start to the business year and posted sound turnover growth of 60.0 % on the previous year, with turnover reaching CHF 1,630.2 million in the first quarter. Most importantly, we saw organic growth picking up as an ongoing positive trend, with the currency volatility of the Russian Ruble and the Brazilian Real slowing down and our customers starting to increase their spending once again. Moreover, we succeeded in generating more cash than ever before in the first quarter and this was reflected in the free cash flow result of CHF 78.8 million.

At the 2016 Ordinary Annual General Meeting held on April 30 in Basel, shareholders accepted all proposals of the Board of Directors. Among these, I would like to highlight the appointment of two new members to replace James S. Cohen and José Lucas Ferreira de Melo, who exited the board after having strongly supported the company's development for several years. Mrs. Claire Chiang and Mrs. Heekyoung (Jo) Min were both elected with high levels of support by the shareholders and will contribute to develop our Asian footprint, with their extensive knowledge of the Asian markets. For a detailed portrait of these new board members, please refer to the dedicated article in this magazine.

The integration of World Duty Free and the setup of the new Operating Business Model are proceeding according to plan. All teams are working hard towards the goal of completing the integration of WDF by the end of 2016, so that we can start seeing the synergies kicking in as of the third quarter of this year. After the detailed planning of the new organizational structure, we have confirmed the expected EURO 100 million of synergies to be fully impacting our P&L by the end of 2017.

We are about to start the summer season, which will become even more important for our business going forward, due to our strong footprint in the Mediterranean and other important tourist destinations. To best serve our customers during the season we have – among many other initiatives – launched attractive services such as the new pre-order websites at the Zurich and Stockholm-Arlanda airports. Moreover, our customers can benefit from attractive promotions and VIP vouchers making their shopping at our stores even more convenient and rewarding. With respect to expansion of retail space, we are proud to highlight the contract renewals and increase of sales areas at important airports such as Sao Paulo and Rio de Janeiro, which will further contribute to our organic growth.



Finally, but just as importantly, we have considerably extended the reach of our internal news platform GATE, which can now be easily accessed from your workstations or any mobile device, to keep you updated with the worldwide developments of our company. The new modern design and the user friendly navigation, help you to easily find your preferred stories and weekly news updates, and also to share them with your Dufry colleagues. This will contribute significantly to forging a strong, motivated team of travel retail specialists, all sharing the same values of the Dufry family. ■

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HQ Dufry Off to a Good Start With Strong Cash Generation in First Quarter

Dufry had a good start to 2016 with turnover growth of 60% reaching CHF 1,630.2 million and a further improvement in organic growth. EBITDA increased by 59.2% maintaining the previous year's margin level of 9.0% and free cash flow generation was strong with CHF 78.8 million in the lowest quarter of the year. The World Duty Free integration is proceeding according to plan, and will remain a focus area for the year, along with the acceleration of organic growth, cash generation and deleveraging.

The first quarter 2016 was characterized by an ongoing improvement of organic growth performance driven by several factors such as a strong performance in Southern Europe and a stabilization of emerging market currencies, as well as the continued acceleration of commercial and marketing activities by the company. Dufry also started the execution of the World Duty Free integration, which is expected to be completed by mid-2017. ■

D1 Make-up Masterclass at Madrid T4

In April, the Madrid T4 World Duty Free store hosted a make-up masterclass by Petr Blecha, Lancôme's renowned international make-up artist. World Duty Free invited passengers, beauty bloggers and media to an event where Petr explained various make-up tips, placing special emphasis on how to take advantage of make-up palettes and travel sets on sale exclusively in World Duty Free stores.



With over 20 years experience as a make-up artist and a Lancôme make-up artist since 2008, Petr considers make-up to be an art. He believes that every face is a blank canvas and that every brush stroke can create

something magical, enhancing a person's natural beauty and building their confidence in everyday life. His numerous travels around the world continue to attune his sense of fashion, bringing a different perspective to global beauty.

Some 45 of our Madrid office colleagues were also able to take advantage of this masterclass with a special self-make-up tutorial with Petr. ■

D1 Dufry and WDF, Official Sponsors of Mutua Madrid Open

Dufry and World Duty Free sponsored the 15th edition of the ATP World Tour Masters 1000 tennis tournament, the Mutua Madrid Open. The event served to promote the company's recently launched pre-order service, "Reserve & Collect", available since April this year in selected Spanish airports.

As part of the sponsorship programme, World Duty Free, Dufry and AENA branded the line judges' podiums and the linesmen wore uniforms carrying the Dufry and World Duty Free logos. The company also had a stand in the paddock with a photo booth where visitors could have their picture taken as a memento of their attendance at the tournament. ■



Madrid Open Champion Novak Djokovic with line judges.



Dufry stand at Madrid Open.

D2 25th ACI Europe Airport Commercial & Retail Conference & Exhibition

Commercial revenues have never been more important, so the choice of business partner is critical. I ACI Europe's 25th Conference, hosted by Finavia (operator of Helsinki airport), proved to be an engaging event which was attended by 50 airports and over 350 airport commercial executives, retailers and service providers, enabling them to share and debate the issues, challenges and opportunities that the industry is facing. As Finavia's key retail partner and corporate sponsor of the event, Dufry had many opportunities to showcase its Helsinki stores as well as to contribute to the debates.

Sarah Branquinho, External Affairs Director, and President of the European Travel Retail Confederation, shared with delegates challenges facing the industry from increasing labelling requirements creating supply chain complexity and reducing consumer choice to further treats to tobacco retailing as a result of TPD2 (introduced in May) and a move by some Governments towards standardised packaging.



Sarah Branquinho talks about the challenges in travel retail.

Joanna Warne – Dufry Division Commercial Director shared the stage with some of the most important brands in the industry – such as Luxottica, Bacardi, Hershey and Furla – in a working session discussing the value of airports as the world's best places to position and promote brands. Jo presented the argument as to why airports are a launch-pad for new ideas and digital innovation giving several examples.

In the second working session, retailtainment, as a way of connecting with the consumer and increasing the spend-per-passenger, was the main topic. Sue Gosling, Division Marketing Head UK, Central & Eastern Europe – delighted the audience by flash mobbing her own presentation to demonstrate retailtainment. Sue showed how experiential marketing is at the heart of everything the business does and why last year's "Style Goes Live" campaign was such a success, raising the bar for standards of entertainment in airport stores. ■

D3 Treble Concessions Win for Nuance in Singapore

Dufry has been awarded three new concessions in Terminal 1 West at Changi International Airport in Singapore. The tender was submitted by Nuance in Singapore and the terms of contract guarantee the operation of two mid-priced fashion concepts – a 70 m² Kipling store and an 83 m² Trunk & Co store. In addition, in partnership with MCM, Dufry has won a further 104 m² specialty store space. The three contracts will run for three years. ■

D4 Extension of Concession Contracts at Guarulhos International Airport in São Paulo (GRU) Until 2032

Dufry and GRU Airport signed an agreement to extend its duty-free retail contract at Guarulhos International Airport until 2032. Dufry will remain the exclusive duty-free operator in Terminals 2 and 3, which welcome all international passengers at GRU.

Dufry currently operates 26 duty-free stores at GRU airport: 22 shops at Terminal 3 and 4 shops at Terminal 2. The major duty-free area is located at Terminal 3 and extends over approximately 7,500 m² comprising 2 general travel retail shops in the arrival and the departure areas. It also includes one of Dufry's largest walk-through shops in the world with 4,350 m² of retail space and 18 brand boutiques showcasing famous and renowned brands. At Terminal 2, Dufry operates a total of around 4,100 m² of retail space.

Dufry was also awarded 2,320 m² of additional duty-paid retail space, which among others will be used to open a Dufry Shopping megastore in Terminal 2 as well as last minute shops. The megastore will further enhance the offer to domestic passengers with best-selling brands and a unique shopping experience, in line with the plans of GRU Airport to remodel and improve the commercial activities. Following the excellent success of Hudson with the first convenience shop opened in Terminal 3, Dufry also intends to open another 3 Hudson shops. The new spaces, located both airside and landside in Terminal 2, are expected to be opened later in 2016. Overall, Dufry will then operate 16 duty-paid shops, totaling around 3,500 m² of retail space in Terminals 1, 2 and 3. ■

D5 World Duty Free Reopens its Highest Store

After a complete refurbishment the new World Duty Free walk-through store in Manhattan's Empire State Building has been reopened. During the redevelopment, great care was taken to preserve the beautiful Art Deco elements of the store space. Located on the 80th floor of the Empire State building in New York City, the 345 m² store offers exclusive souvenirs to its many visitors. Each year 3.5 million tourists visit the Empire State Observatory on the 86th floor and have to pass through the store, as part of the experience of visiting this world famous landmark. The new look and feel of this 'sky high' store is set to be a great success for visitors looking for that special souvenir or memento of their time at this truly iconic building. ■



D5 Dufry Expands Retail Space at Denver International Airport

New openings at Denver International airport! Two new "Denver Duty Free" retail stores offer both international and domestic travelers a wide range of luxury brands and products including, Chanel, Dior and Michael Kors, alongside local Denver favorites such as Stranahan's Colorado Whiskey and Hammond's Chocolates.

The new stores significantly increase the amount of retail space dedicated to duty-free shopping on the concourses, from a previous total of almost 98 m² to a new total of 558 m². Dufry's revised layout for its retail offer is specifically designed to take the duty-free experience to the next level for the airport's international customers. It includes a 215 m² shop in the centre of Concourse A and a 216 m² shop on the mezzanine level of Concourse B. These shops also cater for domestic passengers, who can purchase products from the two duty-free locations subject to tax, including fragrances, cosmetics, watches, jewellery, accessories and confectionery.



Denver Duty Free is operated by a joint venture between Dufry North America, the Hudson Group, Odd Tale Books and Wystone's World Teas Holdings. Odd Tale Books and Wystone's World Teas Holdings are both certified under the federal Airport Concessions Disadvantaged Business Enterprise program, which ensures fair competition for women- and minority-owned businesses in airport concessions. ■

Serving to win

With a track record of over 20 years in the travel retail industry, Eugenio has fulfilled several different roles during this time: from Investor Relations, Strategy and Business Development, going on to lead the Commercial team and finally to his appointment as CEO of World Duty Free Group. After leading WDFG through its acquisition by Dufry, today, Eugenio leads Dufry's Division 2 - UK, Central & Eastern Europe - a key market with operations in 11 countries and almost 5,500 employees which account for ca. 28% of the 2015 total Group revenue. A keen and competitive tennis player, and collector of toys and minerals, Eugenio never travels without his iPad.

By Jorge Muñiz

Dufry World: In all these years you have occupied different roles and positions. What did you take with you after these experiences and is there any area where you've not worked that you would have liked to try?

Over the past 20 years I have had the opportunity to work in almost all the areas within the company, in most of them directly, being responsible for the function, but also indirectly by coordinating projects involving different areas of the business. I feel very fortunate and thankful for having worked in all of them, but mainly for having had the chance to work in each of the three main pillars of our business: Operations, working on the front line setting up the Jordan operation, living the experience of working in the heart of the business, the store, and managing the relationship with the landlord; Commercial, managing the relationship with our brand partners as well as overseeing the marketing and supply chain functions; and Development, a key part in the future of a business that is dependent on concessions as ours is. Other positions enabled me to have a broader and more global view of the business, what we do and how we operate. It is not easy to choose which one has been the best, because I've taken something from each of them. I think the most important thing for me is that I have been able to get a truly global view of how the company works as a whole; how the different functions interact with each other and learned that none of them can work autonomously. It's always about team-work.

DW: Today you're leading the Division that is the home of "The jewel in the crown"; Heathrow. But Division 2 is about more things. How would you describe it?

You are right to say that Division 2 is more than Heathrow. Heathrow is, however, undeniably a key operation due to its high contribution to the total Group revenues and because of the visibility it gives to the Group in our industry. Obviously, it is also a very resource-demanding operation. However, the Division also includes the rest of the UK airports - which includes some of Europe's top airports - where we also have



Eugenio Andrades is a pioneer in travel retail.

other interesting and relevant operations. There are also another 10 countries in this Division, all of which are very diverse. Switzerland, Sweden and Russia are very important markets due to the significant contribution they make to revenue. Finland, where we have been operating the Helsinki airport stores since 2014, is a very interesting operation due to the customer profile and growth potential. The Division offers a great mix of very differing operations from which many examples of best practice can be exported to the rest of the Group.

DW: What in your view is the main strength of our Group?

It is precisely the diversity. Because we are present in 63 countries, we have the opportunity to learn from other markets, to transfer best practices from one market to another and to benefit from the rich cultural diversity of our organisation.

The story of Dufry is the story of a company in growth mode and in a continuous process of reinventing itself. It is a company built on very solid foundations: a very balanced portfolio of concessions, strong financials and the best talent in the industry. I can say without a doubt that we have all the ingredients needed to keep growing and participating in the transformation and further development of the travel retail industry.

DW: We know you are a huge tennis fan. In your opinion, the new Dufry that we are all creating looks like more than Federer or Nadal?

I'd say Dufry today is more Djokovic than anyone else, as we have that great balance which he demonstrates as a player of energy and determination, combined with strategic thinking and control. Each of the three main companies that makes the new Dufry – Dufry, Nuance and World Duty Free – has brought something to the “tennis star” that is our company today. We are creating the best travel retailer and this isn't just based on scale of operation – which in this case matters – but because of the know-how and experience that we have built up over the years. However, for any tennis player who aims to remain in the elite of this sport, the path to success requires demanding more of oneself, going the extra mile and constantly striving to achieve new and greater challenges. As in sport in general, it is vital to keep learning, to keep reinventing oneself and adapting to the “new game conditions”. For me that's the only way to get it right, to get where we want to be and to enjoy the journey.

DW: What do you think are the challenges that the company has to face in the coming months? And which are the success levers?

The main one is to complete the integration in all possible aspects. To manage to work as one single company, regardless of the differing backgrounds we each have. We have all the ingredients to make it possible. But the challenge is big and cannot be underestimated. The only way possible to achieve success depends on each of us understanding that our individual contribution will not be enough. We have to integrate processes but also people and work as teams. We need to define

the way we want to work: To share, to learn and to remain open to trying different ways of doing things.

DW: Dufry is present in 63 countries. If you could choose where to work for the next two years, which country would you choose?

I've made my choice and London is going to be my base, working with my team in the Division and the rest of our Dufry colleagues from here. There is much to do here. And the future will come eventually. We have to build it in the present time.

DW: When you travel, which are your “musts”?

My iPad and I've made the commitment to start packing my sports equipment again as well!

DW: The most extraordinary place you have visit is...

Probably the area of Manado and the Bunaken Island in Indonesia. I like diving and this area is both extraordinary for this sport and very relaxing. ■

IN A MINUTE:

- A meal: Fried eggs with fries and good Spanish ham
- A book: I really enjoy books about minerals and stones
- A city: If it is to live in, Madrid
- A film: Star Wars: Episode V – The Empire Strikes Back
- A hobby: Tennis, tennis and tennis
- A leader: Probably Roger Federer because he has taken tennis to a new level, and now also because he's Swiss 😊!

D2 Extensive Refurbishment for Birmingham Airport Operation

Following its contract extension, World Duty Free has begun an extensive refurbishment of its stores at Birmingham Airport in the UK, which are expected to be completed by Q3 2016. The new stores will allow more brands to be added to the existing retail offer, including a stronger beauty assortment, with the addition of iconic brands such as Jo Malone London, Urban Decay and Bobbi Brown. There will also be a wider choice of products in the liquor and luxury categories. Birmingham is known as the home of Cadbury's confectionery and the brand will be show-

cased in a 'Best of British' area to give special emphasis to this celebrated, 200-year old British chocolate brand. ■



Dufry 1 Awards 2016 – Recognizing your commitment and achievements



Employee recognition in the Dufry organization is an integral part of the business and has a strong heritage. The “Dufry 1 Awards” were introduced in 2011 in order to recognize the outstanding work of our employees and teams. The award concept was relaunched this year bringing in best practice. As of this year we have the following three global Award categories: “Performance Award”; “Customer Service Award” and “Best Initiative Award”.

By Lubna Haj Issa

By rewarding best practices across the organization we want to show our appreciation for the contribution of both individuals and teams to the growth of our company. Global Human Resources encouraged participation in this initiative and facilitated the nominations of the winners. The global award winners were selected by a jury consisting of four members, Salvatore Aricò, Human Resources, Renzo Radice, Corporate Communications, Yves Gerster, Finance and Fernando Nadal, Retail Operations.

The Performance Awards

The selection criteria for this award category were that the winning location should demonstrate how sales, efficiency or performance was improved. And here are the winners!

Division 1 – Southern Europe and Africa

The award goes to Greece for its operations in Athens airport; the “Extra Schengen Area” and “Kipi Border Shop & Simi Island Seaport Shop”. The situation at Athens airport was that the shop underwent a refurbishment and the goal was not to lose any sales. At Kipi border and Simi seaport the unstable environment with the bordering country, Turkey, during 2015 was the issue. The teams at these locations proved that through strong focus on the company’s core values and goals, exceptional professional effort, high standards of service and most importantly strong teamwork, sales were not only maintained but actually increased.



Team Kipi Border Shop, Greece.



Team “Extra Schengen Area” at Athens Airport, Greece.



Team Simi Seaport Shop, Greece.

Division 2 – UK, Central & Eastern Europe

The award goes to Bulgaria because of the impressive performance of its Varna and Burgas operations. The top priority identified was the rearrangement of the product mix as only an optimized range would meet the needs of the customers. Several measures were taken to achieve this target and the results were outstanding; the concession contract was extended by 3 years and the EBITDA increase was exceptional.



Team Burgas, Bulgaria.



Team Varna, Bulgaria.

Division 3 – Asia, Middle East & Australia

The award goes to Indonesia, to the operation at the airport in Bali. Here the challenge was that Sales & Marketing needed to be improved. To achieve this, different sales promotions and discounts were launched. One of them was the “Australian Ambassador” promotion which included a 5% discount voucher exclusively for Australian customers which was highlighted by shop associates wearing clothes decorated with Australian



Team Bali, Indonesia.

flags. As a result both sales and mystery shopping results increased.

Division 4 – Latin America

The award goes to Argentina, to the Logistics team who coped with the challenging situation presented by strict new customs regulations to discourage imports. Through accurate control of merchandise invoices to meet custom regulations, along with new procedures for receiving merchandise, the logistics team was able to handle this challenge. The result is that Dufry has become certificated as a “Reliable Operator” by Argentinian Customs.



Logistics Team, Argentina: Daniel Requena, Julio Davico, Osvaldo Curzel.

Division 5 – North America

The award goes to the USA, to the operation at Cleveland Hopkins airport. Here the requirement was to setup a streamlined warehouse delivery system and to maximize sales opportunities. To achieve these objectives, key personnel were introduced and achievable daily goals defined. The dedication in developing new staff, the tremendous team effort and the “Traveler’s Best Friend” attitude were enormously successful.

The Customer Service Awards

The selection criteria for this award were based on the global mystery shopping scores. Therefore a submission from divisions was not required.

The top three global stores with the highest scores:

1. Zurich, Switzerland – Shop Arrival 2
2. Belgrade, Serbia – Shop Futura Plus 3
3. Chicago, USA – O’Hare Terminal 1C



Team Zurich, Switzerland.

The Best Initiatives

The selection criteria for this award was that the winning initiative by an individual or a team should demonstrate proactivity among employees, taking initiative to solve a challenge, increase sales or improve customer service. And the winners are:

Division 1 – Southern Europe and Africa

The award goes to the Human Resources department in Greece. The HR training team took the initiative to improve the delivery of Monthly Messages and Product Essentials Training. The challenge was that smaller shops only open for high season and it was not possible to visit them all for training due to increased passenger traffic. A training video was therefore produced and a pilot was launched in two smaller shops and later extended country-wide with great success. The outcomes are better learning and development as well as enhanced team work.



HR Team Greece: Thomas Koumpouras (HR Director), Vasiliki Vasilopoulou, Anna Triantafylou, Ioanna Fatourou.

Division 2 – UK, Central & Eastern Europe

The award goes to Serbia, to the operation at Belgrade airport. The creative idea of a “Fashion Stores Happy Hour” to boost sales amongst the decreased numbers of passengers travelling on late hour flights – especially the Russians – has convinced the jury. Alongside the complimentary drinks, vouchers and more glamorous and exciting shopping experience, the fact that the team members also decided to extend their shifts and working hours deserves recognition. Overall sales in the fashion stores were also improved as a result of this approach which was created by the Operations and Commercial departments working in partnership with each other.



Fashion ShopTeam Belgrade, Serbia.



Hudson Shop Team Belgrade, Serbia.

Division 3 – Asia, Middle East & Australia

The award goes to India, to the core management team led by Vishal Bansal of the Nuance operation at Mumbai airport. The concept was to build a culture of “Happy Organization” to keep associates and teams motivated and engaged. The team came up with creative ideas to make work more motivating and also inspire customers, e.g. celebrating local festivals with customers. The initiatives not only had a positive effect on employees, but also made a positive impact on the overall business.



Team Mumbai, India.

Division 4 – Latin America

The award goes to St. Lucia, to Shop Manager Barbara Pierre, working for the Colombian Emeralds store at James Club Hotel. Barbara had the challenge of increasing traffic to her store located in the hotel. She took the initiative and considered ways in which she could increase marketing messages and visual impact



St. Lucia: Barbara Pierre, Shop Manager.

at strategic areas within the resort. She suggested installing plexi-glass advertisements in key high traffic areas of the resort and her inspired image based on a beard fruit and the shop drove an increase of 50% more traffic.

Division 5 – North America

The award goes to the USA, to Michael Clemens working as Warehouse Manager at the operation at SeaTac airport in Seattle. Michael took the initiative to optimize the replenishment reports which were very time consuming. In collaboration with local IT, it was possible to make a

significant and positive change which has saved “hundreds of hours”. As a result of its effectiveness, the idea has been shared with other locations within the Group.

The winners of the “Dufry 1 Awards” were recognized with a global certificate and a trophy. Salvatore Aricò, Global Organization and HR Director, as well as the patron and member of the jury of this award program, commented: “It is great to see such inventiveness and engagement from colleagues. The involvement of our employees and the richness of ideas generated is a key success factor for Dufry.” ■

D4 Extension of Duty-free and Duty-paid Contracts at Tom Jobim International Airport in Rio de Janeiro

Dufry and Rio Galeão signed an agreement to extend the duration of the duty-free operations from 2020 until 2023. With the expansion of its duty-free space from the original 4,000 m² by around 7,000 m², Dufry will now operate 5 new shops and close to 11,000 m² of duty-free retail space at Tom Jobim International airport. In addition, Dufry has also expanded its general travel retail shops located at the departure and arrival areas in the remodeled Terminal 2. These shops have been designed to give a ‘sense of place’ of the city of Rio de Janeiro for customers travelling to this destination. On the departure side, the duty-free shop has been enlarged from 450 m² to more than 2,200 m² of retail space, whilst the last-minute-shops were enlarged by adding over 900 m². In the arrivals area, the new 4,000m² shop has been designed as walk-through concept offering a substantially increased product assortment across all categories. The highlight is the so-called “Destination Shop” of more than 600 m² located in the departure area. This new shop features thematic concepts designed to create a Rio de Janeiro atmosphere, and the look and feel of the store has been designed to best effect, to really showcase the most popular local brands. Dufry has also extended the contract duration for duty-paid operations. A Dufry Shopping megastore will offer customers a state-of-the-art retail experience. The existing duty-paid operations encompassing an area of around 500 m² includes 5 Hudson shops as well as 3 “Rio2016” shops, offering a wide range of official merchandise of the Rio Olympic Games. ■

D2 Düsseldorf Spring Spritz Blogger Event: #JetSetSpritz

On 13th April 2016 we hosted a blogger event at Düsseldorf airport. To celebrate Mother’s Day, four bloggers and their mothers were treated to a fragrance themed event, including a cocktail demonstration. A mixologist prepared fragrance-themed cocktails for the guests to enjoy along with canapés. Cookies shaped like perfume bottles were also served.



Anna Frost (in ochre coat) with participants of the blogger event.

The famous German blogger Anna Frost educated the bloggers about how a fragrance is launched, from the selection of ingredients, to the development of the fragrance itself and its marketing. The results were impressive with over 20 social media posts and 4 blog posts positioning our Düsseldorf Duty Free store as being one of the ‘on trend’ and must visit shopping locations, with the newest and most exclusive Spring Summer scents. ■



HQ Dufry Meets Financial Community in Madrid

The Dufry Day 2016, the traditional meeting where Dufry invites investors and financial analysts for an insight into the company strategy and an update on the current developments of the business, was held in Madrid from May 31 to June 2, 2016. Chairman Juan Carlos Torres, welcomed the nearly 70 external guests and the Dufry representatives at Palacio de Neptuno in the city center with an introduction focused on the recent growth milestones and the share price performance as compared to our peers. The transformational character of the Nuance and World Duty Free acquisitions was illustrated by CEO Julian Diaz in his comprehensive presentation on the remarkable changes the company has undergone in the past two years. Looking forward, Julian Diaz focused on the drivers of organic growth and the key initiatives launched to secure the ongoing and further increase of the company's turnover and profitability.

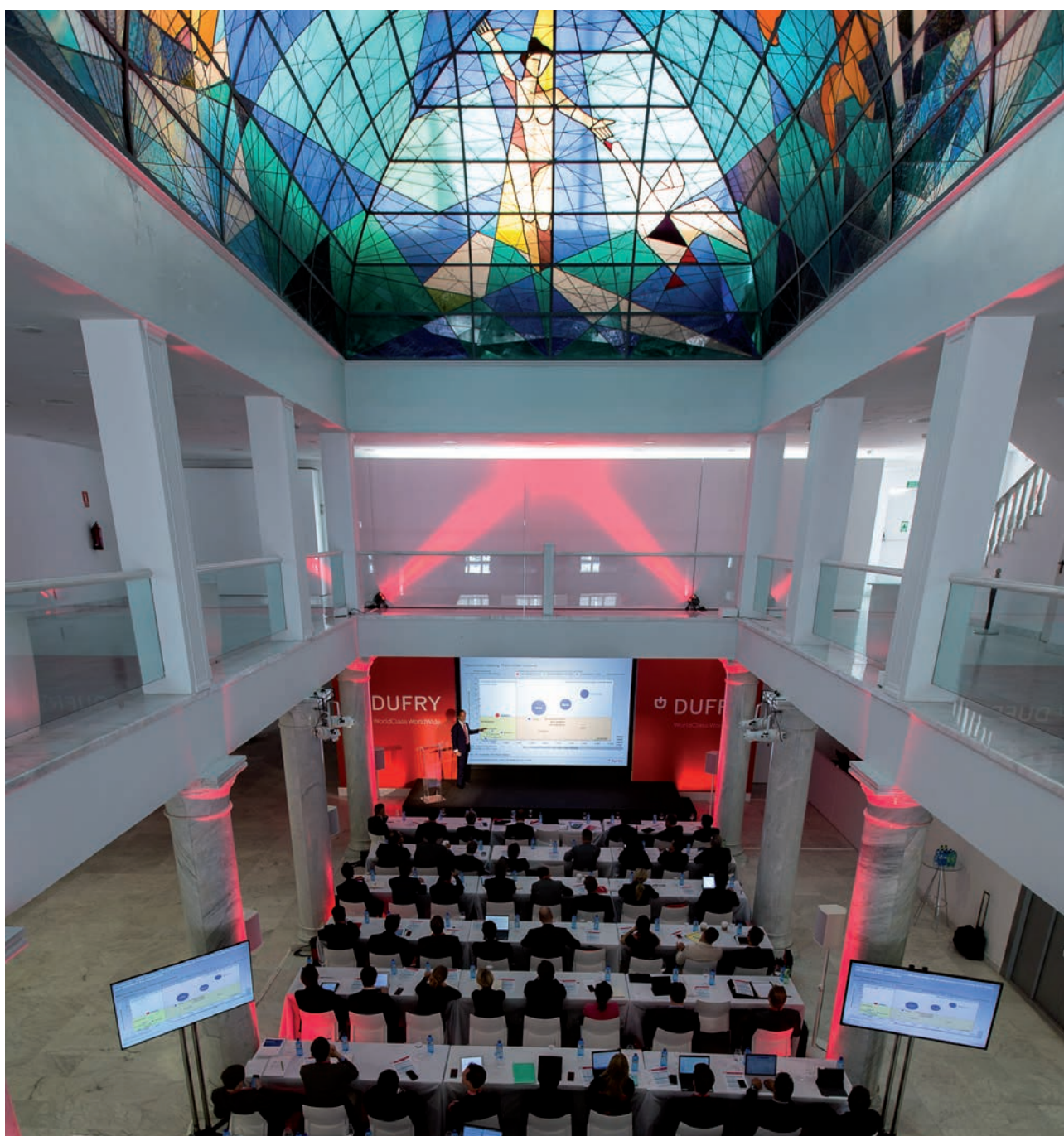
CFO Andreas Schneider first presented the audience with an update on Dufry's equity story, before focusing on giving some detailed explanations on several financial implications currently characterizing the P&L and the balance sheet as a consequence of the company's transformation. GCOO José Antonio Gea presented the audience with the new shop concept that Dufry is currently developing and which includes attractive shop design elements including digital signage applications and shop communication features.

Our five Divisional CEOs, Pedro Castro, Eugenio Andrades, Andrea Belardini, René Riedi and Joe DiDomizio offered an insight in the specific growth potential of their individual regions. These presen-

tations impressively underlined Dufry's widespread geographic diversification and the variety of local or regional business opportunities generated in travel retail by the different customer cultures and nationalities. Following the divisional CEO's overviews on Dufry's growth opportunities, Luis Marin, Group Chief Corporate Officer, gave the audience an insight on how Dufry assesses new project opportunities, concession renewals and acquisitions by elaborating on the different steps of the related management process.



The presentations were closed by our Global Resources Director Jordi Martin-Consuegra with a focus on the integration and development of the Group's IT infrastructure. He explained how Dufry intends to align the different ERP systems within a unique IT platform and to provide operations with the necessary business data to successfully manage our shops. In the afternoon, all participants were offered the opportunity to visit our shops at the Madrid airport, guided by the entire Group Executive Committee and the local shop managers. The 2016 Dufry Day closed with an optional visit of the Barcelona operations on the following day, under the lead of the Investor Relations team. ■



Two New Members elected to the Dufry Board of Directors

Dufry's Ordinary Annual General Meeting of Shareholders was held on 28 April, 2016, in Basel. Shareholders accepted all the proposals of the Board of Directors, including the approval of the Annual Financial Statements 2015, the granting of discharge for the 2015 business year to all company officers entrusted with the company's management, as well as the proposal to carry forward the retained earnings.

By Renzo Radice

At the AGM, shareholders also elected two new members of the Board: Heekyung (Jo) Min, age 57, born in Korea, holds an undergraduate degree from Seoul National University and obtained her Masters in Business Administration from Columbia Graduate School of Business. She has many years of diverse management and leadership experience in Korea, USA, UK, and Japan and currently serves as Executive Vice-President at CJ Corporation, a publicly listed multi-industry Korean conglomerate, with travel retail operations.

Claire Chiang, born in Singapore, age 64, holds an undergraduate degree from the University of Singapore as well as a Masters in Philosophy from the University of Hong Kong. She has many years of international retail experience, being the founder and Managing Director of Banyan Tree Gallery, the travel retail arm of the publicly-listed Banyan Tree Group. Ms. Chiang also has broad Board level experience with the Danish ISS A/S Group, as well as in a number of Singaporean and Thai companies and associations. She was a Member



Claire Chiang



Heekyung (Jo) Min

of Parliament of the government of Singapore from 1997 to 2001.

Chairman Juan Carlos Torres Carretero thanked the two departing members of the Board Messrs. James S. Cohen and José Lucas Ferreira de Melo for the longstanding commitment and support they have given to the company and their contribution to the successful development of the Dufry business. ■

Divisions 

D2 Whisky Experience Brunch

On 6th April 2016 World Duty Free hosted an exclusive consumer press event at the Mews of Mayfair in central London, which was hosted by food and whisky expert, Signe Johansen. The event showcased the range of new travel exclusive whiskies that had arrived in our stores

for the annual Whisky Experience campaign. 12 key members of the press and whisky bloggers from across the UK attended. Bloggers were treated to a bespoke whisky breakfast cocktail and a 3-course whisky brunch, with the dishes infused with three new travel exclusive drams. After the brunch, press were treated to neat tastings with expert Signe Johansen. Available to try were The Singleton Glendullan Classic, Ardmore Tradition and The Glenmorangie Tayne. ■



The New Gate Now Reaching Out to a Wider Dufry Audience

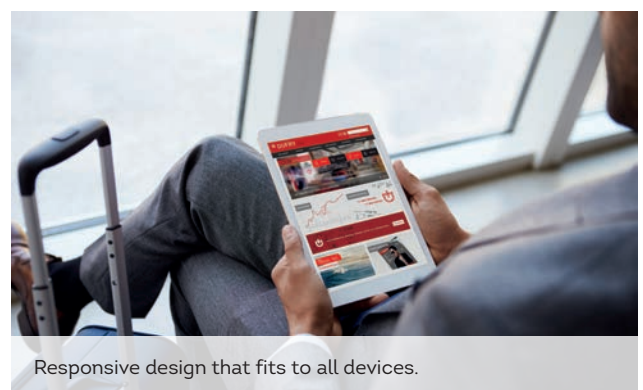
The Gate is now reaching out to a wider Dufry Group community and offers responsive design to permit access through multiple devices, while featuring intuitive navigation and enriched global content.

By Jorge Muniz

This is one of the key values that sustains the new Dufry. And with nearly 30,000 employees spread across 63 locations in five continents, keeping everyone up to date with what's going on in the company is a paramount challenge. Gate, according to the Cambridge dictionary, is "a part of an airport where travellers are allowed to get on or off a particular aircraft". The Gate in Dufry fulfils the same function and enables employees worldwide to access all that's going on in the company. It's a tool that's been set up to keep everyone up to date with the latest news of the company, regardless of each individual's location, position or company of origin.

The Gate is an evolution of the existing news portal available on the company's intranet. The most important development is that the access to this internal news source is now available online through an external URL to all Dufry Group employees through their individual email address, regardless of their location or which retail brand they work for. The news channel also featu-

res improved mobile device capability with a state-of-the-art adaptive design technology, which allows users to enjoy the stories from any mobile device. With its new and fresher look and feel, improved navigation and easier content browsing, Gate offers the ability to share stories with colleagues, as well as rich multimedia content and much more. ■



Responsive design that fits to all devices.



How Celebrities Help Sales Take Off in the Airport

Catering to the specific needs of airport shoppers who don't have much time to browse is a main focus for brands and airport retailers. The "golden hour" – that moment that starts once passengers pass through the security area – is becoming ever more competitive. Increasing levels of creativity from brands and travel retailers to engage customer interest and encourage them to buy before they fly, is raising overall standards in airport shopping to a level where Dufry and its retail brands feel quite at home and more than able to perform.

By Jorge Muniz

In March this year, Real Madrid's legendary player Cristiano Ronaldo presented his fragrance for men – Legacy – in front of over forty journalists and hundreds of travellers in Madrid Barajas Airport. This marked the official launch of Legacy in Spain and the perfume is to be sold as an exclusive in World Duty Free stores across the country for the next few months, ahead of its availability with major high-street retailers in Spain.

The launch campaign itself was a massive event from the publicity standpoint, generating a significant return on investment in terms of equivalent advertising value, whilst highlighting the benefits and exclusivity of airport shopping across national and local news programmes and radio stations. Additional extensive impact was generated on social media, with hundreds



of tweets, likes on Facebook and unlimited images of the event being shared.

So what motivates brands to use their most valuable assets in the travel retail sector?

The profile of passengers transiting through the airports is a very diverse and cosmopolitan one. Travellers have a higher average spend per head compared to the domestic market and are looking for products to buy not only for themselves, but as gifts for family and friends. Brands recognise the importance of the airport shopping experience and of engaging customer interest and invest heavily in creating innovative and exciting ways of doing this. Airports have become accelerators of brands' communication strategies and an unequalled backdrop for innovation and creativity. This is reflected in their own corporate structures, with some of the largest international players such as L'Oréal, Procter & Gamble, or Luxottica all having travel-retail specific teams. "The Sixth Continent" is how L'Oréal refers to the travel retail channel. In their 2015 Annual Report they stress the high potential the channel has for L'Oréal "as a strategic channel for the development and visibility of the Group's brands": It maximizes the exposure of international travellers to brands, increases customer loyalty and serves to recruit new customers. L'Oréal states that it's "An ideal location to come into contact with highly qualified consumers. Travel retail is for Kiehl's, for example, one of the markets that has most contributed to the brand's growth".

Luxottica, who call airport sales "The Formula 1 of Retail" is a good example of how the partnership between travel retailers and brands pays off in terms of sales and brand awareness. According to Generation Research, in 2007 sunglasses sales were a mere US\$ 777 million in the duty-free channel. That same year Luxottica Group established its dedicated travel retail division, having identified the market as a huge growth opportunity for its premium, luxury and sports eyewear brands. Five years later, the company had doubled the sales of the sunglasses segment and broken into the top 10 categories from a starting position of number 16.

Collaborative partnerships between the Dufry retail brands and brand partners' dedicated travel retail teams have resulted in a number of exceptional 'on airport' activations, including the award winning 'Style Goes Live'. This retailtainment campaign in September last year ran across major UK airport locations, in partnership with internationally renowned brands including Dior, Paco Rabanne, Belvedere and Burberry and was supported with several live performances by British musician and songwriter Ben Montague.



"Retailtainment" with live music.

Puig and World Duty Free also worked in close partnership to celebrate the launch of Olympéa, the new female fragrance by Paco Rabanne, in a star studded event at Heathrow Terminal 5 in September last year. Brazilian model Luma Grothe and Australian male model and athlete Nick Youngquest - the faces of Paco Rabanne's Olympéa and Invictus fragrances respectively - made their very first joint public appearance at the newly refurbished World Duty Free store, signing autographs and posing for pictures with passengers. Puig Travel Retail praised World Duty Free's expertise in creating retail theatre on a scale that was fitting, for one of their most high profile and ambitious launch events of the year. ■



Digital Revolution – Pre-Order Platforms

It is a recognized fact that passengers have a limited amount of time to spend in an airport. It is therefore crucial to give potential shoppers as many purchasing opportunities as possible and this includes shopping at home, at their hotel or wherever they are at any given time. In this context e-commerce is becoming the key and pre-order websites can be easily and conveniently used by travelers before they have even arrived to the airport. At several of its locations, Dufry already offers a pre-order facility and it has recently added this option for Zurich and Stockholm. The fundamental importance of e-commerce for the company has been demonstrated by the set-up of a new department entirely dedicated to digital development and innovation.

By Lubna Haj Issa

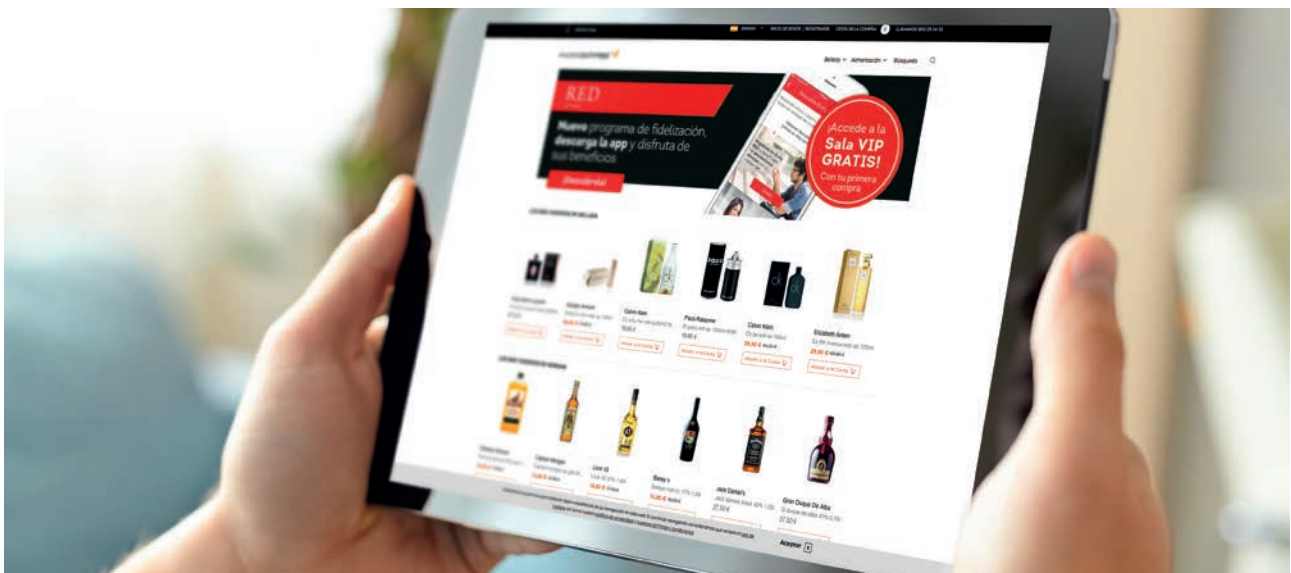
Pre-order platforms enable customers to browse the product range, discover new brands and products, special offers, gifts and promotions before they travel. Even if they do not order online, they can explore which products they would like to look at and try when they arrive at the shop. But by reserving products, customers can ensure they benefit from any promotional prices that are being offered at the time of their reservation, until the products are collected from the store – even if those offers have expired in store at the time of collection. This is because as the products are requested they are immediately set aside following confirmation of reservation and any special offers or price promotions are applied. Another advantage of pre-order is that it helps passengers to arrive on time

to the gate, especially business travellers with a tight schedule.

Enrique Barreira, Head of Digital & Innovation; explains why pre-order is an asset for the company: “Pre-order is a convenience service that facilitates customers interaction with our store prior to getting to the airport. The average spend per head is higher in “Reserve & Collect” or pre-orders compared to the spend in store.”

Zürich Duty Free

The new Zürich Duty Free pre-order website is easy to use. The customer firstly selects their destination, adds the products to their shopping basket, chooses the pick-up point and finally collects and pays for the



products in the store. Additionally it provides other useful benefits such as an overview of the shops at the airport, a link to the Zurich airport website (www.zurichdutyfree.com) and information about customs allowances for the different destinations.

World Duty Free

The World Duty Free pre-order website called 'Reserve & Collect' showcases an extensive selection of products and brands available in its shops at airports in the UK, Spain, Germany and Sweden. The service was rolled out to all of these airports during the first half of 2016 and the latest pre-order website to be introduced was for Stockholm Arlanda airport.

The 'Reserve & Collect' service allows customers to pre-order their purchases before they get to the airport and is accessed via the following links.

www.uk.worlddutyfree.com

www.taxfree.arlanda.se

www.espanadutyfree.com

www.madriddutyfree.com

www.barcelonadutyfree.com

The pioneer in pre-ordering: Duty Free Dufry Brazil

One of the first and extremely successful pre-order websites within the Dufry Group is Duty Free Dufry Brazil. It generates over 300,000 visitors per month which represents the highest traffic of any such site in travel retail. Re-launched in February 2015 with a

more modern dynamic design and simplified pre-order process, the site now offers new functions and a more intuitive interface to deliver an improved user experience. And the redevelopment process of this site continues with the next step being the implementation of the "Global Digital Platform Magento", which is already used for Nuance and World Duty Free pre-order sites. www.dutyfreedufry.com.br

Other pre-order websites in the Dufry group are those for Hellenic Duty Free Shops, Greece; RegStaer, Russia; Duty Free Shop Argentina; Duty Free Uruguay and Nuance Duty Free Bangalore, India.

www.dufry.com/en/PreOrderServices/PreOrderWebsites/index.htm

And more pre-order websites will follow. The long term strategy is, according to Enrique Barreira, to introduce the pre-order option based on Magento for all operations: "Introducing a common platform and promotional strategy for all pre-order websites is a major step to integrate all the different sites, offering customers a standardised pre-order platform and really reinforcing the Dufry brand. Dufry e-commerce strategy is much more than web services, mobile and social commerce are also in the planning stages and will soon be introduced. In addition to e-commerce, The Digital & Innovation department is involved in other key areas such as Social Media, Loyalty Programs, Digital Content and Innovation technology." ■

D5 Grand Opening of Sarah's Candies at Chicago O'Hare

Hudson Group has inaugurated a confectionery store located in Terminal 2 of Chicago O'Hare International Airport. The sweet store "Sarah's Candies" is known for its homemade local specialities and features the finest handmade chocolate candies Chicago has to offer. Examples include Sarah Levy Imberman's own award-winning sweets, as well as her handpicked homegrown favorites such as Veruca Chocolates, Amy's Candy Bar, Whimsical Candy, and Sulpice Chocolat.

There is also a separate section for snacks with all-natural ingredients for the more health conscious traveler. Sarah's Candies is unique, in that all the locally made products are sourced from women-owned local

businesses, including founder Sarah Levy Imberman herself. The grand opening event included a ribbon cutting, cooking demonstration, product sampling, prize giveaways and live performance by a guitarist, along with a sneak peek at the second edition of Imberman's cookbook "Sweetness: Delicious Baked Treats for Every Occasion". ■



Festive inauguration of the confectionery store.



DUTY FREE DELICATESSEN

by DUFY



Delicatessen Store Launches at Guarulhos International Airport

The speciality Delicatessen store in the duty-free area of Terminal 3 international departures at Guarulhos International Airport in Sao Paulo, Brazil, offers an exciting range of foods, confectionery and liquor products.

Alongside a variety of sweets and cookies, the food area offers an extensive selection of chocolate and praline from leading chocolate brands such as Godiva, Lindt, and Neuhaus, as well as chocolate filled with Jack Daniel's Whisky! A wide choice of Italian pasta specialties and accompanying sauces are available,

along with accompanying dressings, olive oils, olive pastes and vinegars. For a special treat or food gift, gourmets will also discover tins of delicious fois gras. The store also has a chilled cabinet stocked with a tempting selection of hams and cheeses.

To complete the experience, a dedicated liquor area in the store features Veuve Clicquot products and a wide variety of other internationally renowned spirits brands, such as Jack Daniel's, Chivas Regal and Grey Goose. ■