


DUFRY WORLD

WorldClass.WorldWide.

**CORPORATE
MAGAZINE**
ISSUE 24
September 2017



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On Track to Deliver on Our 2017 Goals

By Julián Díaz

The positive start we have seen to the year has continued through the spring and early summer months, featuring a further acceleration of our sales and cash flow generation, which reached record levels in the second quarter.

Our organic growth increased to 8.9% in the second quarter and reached 8.1% in total for the first half, thanks to the efforts of all our employees. The consistent implementation of our organic growth initiatives, including the refurbishment plan, brand plans and successful marketing campaigns in collaboration with our vendors, had a positive impact on sales in most of our countries.

At an operational level it is vitally important that we continue with the focused implementation of the new Business Operating Model (BOM), which has now entered its execution phase. It is crucial that we all work together in an aligned way and follow the processes and procedures we have defined in the BOM. Only by delivering on schedule on our goals can we improve performance and create the additional efficiencies our shareholders expect.

In the first half of 2017, turnover grew by 5.8% and reached CHF 3,821.3 million and our gross profit margin increased to 59.5%, reflecting the expected synergies. While our EBITDA increased by 7.8% and



reached CHF 411.2 million, the acceleration of our cash generation by 9.5% was even stronger, resulting in a cash flow of CHF 380.3 million for the first half. This positive development allowed us to further reduce our debt by CHF 210.7 million, which is one of our main goals for 2017.

Strong execution in shop development for delivering organic growth

We also kept working on our shop development plan for 2017, which involves the opening and refurbishing of 70,000 m² (300 shops), covering more than 15% of our retail space. By June we had opened 86 new shops, which represent close to 14,500 m² of retail space. Among these, important developments were seen in Kazakhstan, Pointe-à-Pitre and Las Vegas as well as in Tulsa and Tucson, to name just a few. We also made a major step forward in the expansion of our cruise ship channel, by adding a total of over 2000 m² of new retail space on the Carnival Sensation, the Carnival Valor and the completely new Joy of the Norwegian Cruise Line.

Inprint

Publisher: DUFY AG, Brunngässlein 12, 4010 Basel Switzerland

Editorial Team Headquarters: Julián Díaz, José Antonio Gea, Andreas Schneider, Jordi Martín-Consuegra, Salvatore Arico, Javier Gonzalez, Renzo Radice, Jorge Muñiz, Lubna Haj Issa

Design, Text Writing and Process Coordination: Match Communications, Zurich **Production:** Match Communications, Zurich and x-site, Basel **Published languages:** English, French, Italian, Portuguese and Spanish

emagazine.dufry.com
dufry.com

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We have also refurbished 42 shops spanning close to 13,500 m²; among these it is worth mentioning Athens, Bristol, Buenos Aires, Vancouver and Los Angeles delivering good results in sales increases.

Finally, for securing future growth, we signed several new contracts which will add 21,800 m² to our store portfolio in the remainder of 2017 and during 2018; the major locations being Madrid, Chicago and Astana.

Launch of Dufry Cruise Services

The cruise business is one of Dufry's strategic growth channels, and in order to further develop our presence and strengthen our market position we have fully integrated our former 'Flagship' organization and re-branded it to Dufry Cruise Services. The first positive results have already been seen as we have considerably increased our sales in this channel and extended our presence from 10 ships to 17.

Important Corporate Social Responsibility initiatives

As we consider sustainability as a core asset and key cornerstone of our corporate culture, we launched two new important initiatives in the first half of 2017. The first is 'Women@Dufry', which aims to explore how Dufry can help talented and ambitious women to further progress in their careers with the company. Considering that the majority of our colleagues are women, we want to make sure that we leverage from this internal talent pool as much as possible. For this purpose, on June 14th, I met with 15 women in senior roles from HQ, every division and from a cross-section of functions – to discuss and set them the challenge to develop proposals and actions in order to reach this goal. Further meetings will be scheduled and I am looking forward to keeping you all updated on these developments.

In the second initiative we are partnering with the United Nations to promote their awareness campaign #YouNeedToKnow which looks to raise public understanding of 17 Sustainable Development Goals. Using space in the stores, and with the support of airport partners in several locations, the campaign is to be run in our stores in over 100 airports. The goal of the United Nations campaign is to reach two billion people by the end of 2017 and Dufry can make a great contribution, with a potential to reach the 2.5 billion passengers who travel every year through the airports where our shops are located.

Recognizing extraordinary achievements of our colleagues

As we all want to offer our customers and other stakeholders WorldClass service and are committed to improving our standards every day, it is also important to recognize the outstanding and exceptional achievements of Dufry employees. Within the new section – 'Wall of Fame' – which we have launched in this issue, we want to present and honor some of our

colleagues who have really made the difference; enjoy their full stories inside. ■

D1 Refurbished Shops at Athens International Airport

Dufry celebrated the opening of its newly refurbished Hellenic Duty Free Shops at Athens International Airport 'Eleftherios Venizelos' on 31st May 2017. The Hellenic Duty Free Shops intra-Schengen inauguration was presided over by the CEO of Hellenic Duty Free Shops at Dufry, George Velentzas, accompanied by Julián Díaz, CEO of Dufry, Pedro Castro, the Division CEO for Southern Europe & Africa at Dufry, and the Chief Executive Officer of Athens International Airport, Yiannis Paraschis.



Cutting the ribbon: Dufry CEO Julián Díaz (left), Hellenic Duty Free Shops CEO George Velentzas (middle) and Folli Follie CEO George Koutsolioutsos (right).

The largest store in the portfolio is the 1,227 m² walkthrough store, which is designed in two distinct sections either side of the walkway. Housed on the one side is Perfumes & Cosmetics, with a renowned selection of fragrance, cosmetic and skincare brands presented in a friendly, easy-to-access format. On the other side of the store is the Cava, where travelers can find a wide range of categories including liquor, confectionery, tobacco, toys, souvenirs, electronics and travel accessories.

The new openings also include 12 other stores, including Max Mara, a brand which Hellenic Duty Free Shops is introducing to the Greek airport market for the first time; Michael Kors, exclusive to Hellenic Duty Free Shops at Athens International Airport; Emporio

Dear colleagues, feel free to send us **your stories, news and any other contribution to suggestions@dufry.com** so that we can continue to develop Dufry World as a magazine from employees for employees.

Armani; Hugo Boss; a boutique housing Zeus + Dion, a Greek brand offering high-end luxury clothing and accessories, and Links of London, a quintessential British jewelry brand.

Travelers will also find Victoria's Secret, including a range of their beauty and accessories products; Folli Follie; a Swarovski and Swatch boutique; a Sunglasses Boutique offering a wide range of name-brand sunglasses; a Korres Greek natural products boutique and finally two Hellenic Duty Free Shops express stores. ■

D1 Guadeloupe Refurbished Walkthrough Shop Focuses on Local Culture

Our newly-refurbished walkthrough store at Guadeloupe Pôle Caraïbes Airport in the Caribbean opened in mid June. Located in the international departures hall, the shop has a retail area of 800 m² and reflects the spirit of Guadeloupe. The shop offers more than 300 local food and liquor products, accompanied by a new tasting bar for local rums, with 250 sampling days planned each year. The assortment offers further local delicacies, such as fine chocolate and confectionery goods, jam and honey, plus locally grown and produced coffee. ■



Pedro Castro (CEO Division 1) together with Colette Koury (Board Chairman Guadeloupe Pôle Caraïbes Airport); Alain Bièvre (CEO Guadeloupe Pôle Caraïbes Airport); André Saada (CEO CAFOM Group) are cutting the ribbon.

D2 Two New Shops Opened at Astana Airport

Two new Dufry shops were officially opened with a ribbon-cutting ceremony in June at Astana International Airport. The new stores consist of a traditional main duty-free shop and a specialized shop called Spirit of Kazakhstan, representing high-quality products



Big event at Astana Airport – ribbon cutting ceremony of the new main duty-free shop.

from local suppliers including food, clothes, souvenirs from EXPO 2017, and much more. The two shops are part of a 10-year agreement with Astana International Airport to operate duty-free shops with a total retail space of 1,226 m² at the new terminal in Kazakhstan. ■

D2 SAP Goes Live at Dufry's EuroAirport Operation

The go-live stage of the SAP Retail application at the EuroAirport Basel-Mulhouse-Freiburg on 1 July 2017 marked an important milestone in the BOM implementation in Switzerland, as it is a key element in the standardization of our processes. The project's objective was to replace the Navision ERP system with SAP – whilst maintaining the Wincor cashier solution for the tills.



Bottom row from left to right: Mehdi Chahed, Jose Carlos Albendea, Cyril Debarge, Jordi Martin-Consuegra, Paul Donaldson. Top row from left to right: Jose Miguel de la Fuente, Daniel Garcia, Melanie Schmutz, Dorian Hubert, Bill Rigg, Sebastian Kindorf, Aaron Fernandez, Candido Soto, Javier Casanova, Pilar de la Torre, Miguel Martin-Portugues Lebret.

The EuroAirport is a single Swiss legal entity, however it has unique characteristics which made this project particularly special and challenging. The airport has a virtual country border line within the building and includes one duty-paid and five duty-free shops on the French side of the airport – where customers pay in Euros – and one duty-free arrival shop on the Swiss side, where customers pay in Swiss Francs.

The successful and smooth go-live – delivered precisely on schedule – was the result of several internal teams working in tight cooperation. The business side saw the Netherlands Finance Shared Service Center; Commercial Procurement, Logistics and Retail operations; and Global Masterdata and Global Business Process Owners working hard during the four-month implementation phase, whilst IT underpinned the project with colleagues from the SAP Competence Center; the Tp.Net Competence Center; and the Navision Competence Center and Global PMO.

“A big thank you to all the teams from global, divisional and local operations for this success,” said Ekaterina Herzig, General Manager. “It is hard to name all the people who made it possible to have such an incredible ERP migration, as it was truly a joint effort from all. However, I would particularly like to thank the IT and SAP competencies team led by Bill Rigg and Mehdi Chahed; the Global and Divisional BOM led by Paul Donaldson and Miguel Martins, and the local Swiss team led by Sebastian Kindorf and Dorian Hubert. It was amazing to see all these colleagues combining their expertise to complete the project ahead of time, despite some real challenges such as preparing the master data and solving legal or technical gaps.” ■

D4 Mary Beth Brenner New CEO of DFCH Group

Mary Beth Brenner was appointed Chief Executive Officer for the Duty Free Caribbean Holdings Group (DFCH) in July. Based in Fort Lauderdale, Mary Beth will be responsible for the overall leadership of the organization, and will oversee and deliver the performance of the company, build its culture and make the right decisions for its growth.



Mary Beth Brenner, CEO for the Duty Free Caribbean Holdings Group (DFCH).

Mary Beth’s professional experience spans over 25 years at senior management level within well-established retail organizations, and includes proven ex-

pertise in strategic planning and positioning, business turnaround, growing new business and developing individuals and teams. In her previous roles of President, CEO and Vice President, she had direct responsibility for leading business transformations, delivering sales results, improving operational efficiency as well as brand development and management. This, along with her extensive experience in retail, will further contribute to the development of our DFCH brands.

As a subsidiary of Dufry with operations headquartered in Barbados and Florida, DFCH operates a total of 60 stores in the nine islands: Antigua, Aruba, Barbados, Grand Bahama, Grenada, Jamaica, St. Lucia, St. Maarten as well as Turks and Caicos in addition to CEI franchise operations in a further six Central American and Caribbean territories and on-board Norwegian Cruise Lines. These stores trade under the names of Cave Shepherd, Duty Free Caribbean, Colombian Emeralds International and Jeweler’s Warehouse, the Jewelers, Harrisons, Pages Bookstore and Total Sport.

DFCH was formed in October 2000 with the specific objective of bringing together the regional expertise of Barbadian company Cave Shepherd & Co. Ltd. and the global strength of Dufry, to capitalize on the growth potential in the Caribbean duty-free market. The Cave Shepherd and DFCH stores retail all the major brands in a wide assortment of traditional travel retail categories, including perfume, cosmetics, liquor, tobacco, confectionery, designer clothing, handbags, luggage, watches, jewelry, sunglasses, souvenirs, electronics, books and magazines. ■

D4 ASUTIL 2017: Back to the Future

The South American Duty Free Stores Association celebrated its annual conference in Rio de Janeiro, Brazil, in June, under the slogan ‘Back to the Future’ ASUTIL. The conference’s title was no coincidence, as the event returned to the same venue in Rio 21 years after the first ASUTIL conference was staged there.

During the sessions attendees could stop for a moment to reflect on the changes in the industry over the years, and spend some time focusing on the new challenges the industry will face in the future, including the impact of the digital world.

Gustavo Fagundes, General Manager Brazil and Bolivia, and President of ASUTIL, welcomed delegates and confirmed the good health of the retail industry in Latin America, which is “back on track” after a few difficult years and ready to move forward. He also had the chance to give guests an overview of the Brazilian market, a country that represents 53% of South America’s population.

During his presentation, Gustavo emphasized the importance of “developing relevance to our customers,” and that the customer perspective should be considered the most important part of the puzzle. Dufry has played a big role in the renovation of airport travel retail seen in recent years in Brazil, where we currently operate 99 airport stores totaling 38,000 m² of space, up from 16,000 m² before the 2014 World Cup.

As part of the official conference agenda, attendees had the chance to visit the recently-renovated Dufry stores at Rio Galeão Airport, to experience the real transformation of the airport shopping environment and to see how Dufry has introduced several new concepts, including state-of-the-art walkthrough stores. “We must make sure that all these new square meters are efficiently generating more value and the best spend per passenger,” Gustavo commented.



From left to right: Juan Carlos Torres Carretero (Chairman Board of Directors Dufry); Gustavo Fagundes (President of ASUTIL and Dufry General Manager Brazil and Bolivia), Humberto Motta (Dufry Advisory President Brazil); Murilo Portugal (President of Brazilian Federation of Banks); Jose Luis Donegaray (General Secretary of ASUTIL).

The next ASUTIL conference will be held in March 2018 and will be the first joint meeting with International Association of Airport Duty Free Stores (IAADFS) following the announcement earlier this year of the merging of the two annual conferences. The new event, known as ‘Summit of the Americas’, will deliver a more cost-effective annual event for both ASUTIL and IAADFS and exhibitors, as well as strengthened educational offerings for attendees. ■

D4 Dior and Dufry Debut a New Retail Concept in São Paulo

In collaboration with São Paulo-Guarulhos International Airport, Dufry has introduced a new retail concept in the duty-free departure area of Terminal 3 of the airport, which consists of a fully customizable pop-up store. The new 65 m² area provides a truly dynamic space that has the flexibility to allow us to quickly change the shop format, concept, product offer and promotions, bringing to life Dufry’s WorldClass shopping experience for customers.



The Dior pop-up store is fully customizable.

In partnership with Dior, Dufry has opened this pop-up space with two strong concepts inspired by Dior’s iconic creations – including make-up collections and fragrances. On one side of the shop, customers can find the colorful world of the Dior Addict Lacquer stick, the latest creation of Peter Philips, the Creative and Image Director for Dior make-up. On the other side, customers are invited to discover this new hybrid of half lacquer and half lipstick while being immersed in the fun and colorful surroundings of a Los Angeles diner.

The back of the store is dedicated to men. Inspired by cocktail bars and the world of wines and spirits, Dior offers a playful approach to its iconic fragrance creations.

Finally, and to give the distinctive touch, the store is staffed with Dior beauty consultants offering a range of services, such as fragrance consultations and flash make-up services. ■

D5 New Stores at Hard Rock Hotel & Casino in Las Vegas

Hudson Group has opened six new stores at Hard Rock Hotel & Casino in Las Vegas. The stores total 1,347 m² of commercial space and offer travelers high-end luxury goods such as watches, timepieces and jewelry as well as travel essentials, electronics, wine, spirits and apparel. The six shops – Chill, Hootenanny, Dunkin’ Donuts, Bezel, Day and Night and Shine – are tailored to appeal to the travelers’ senses to deliver an unparalleled shopping and dining experience. ■

Women@Dufry

Dufry's phenomenal growth means that it has many opportunities for highly talented individuals across the whole organisation, and we recognise the need to be an employer of choice for existing staff and for recruiting people who can bring valuable new skills and experience. One of the commonly accepted hallmarks of successful businesses is their diversity in terms of culture and gender. As a leading retailer of brands which have a strong appeal for women and men, we want to make sure Dufry is as diverse a business as possible across all functions, countries and management. That's why on 14 June, Julián Diaz met with 15 women in senior roles, from head of-office, every division and a cross-section of functions, to set them the challenge of exploring how Dufry can help talented and ambitious women to further progress in their careers within the company.

By Sarah Branquinho

At the meeting, some basic principles were swiftly agreed: this initiative is not about quotas – progression at Dufry will always be based on merit alone and women at Dufry would not have it any other way. It was agreed that behaviours within the business always need to mirror Dufry's commitment to equal opportunities in terms of gender, race, ethnicity, religion, culture, disability and its firm stance on discrimination, bullying and harassment.

So is there something holding women back? Two key themes became apparent: self-imposed barriers and broader social issues. In terms of self-imposed barriers, it may be the case that women are less inclined than men to apply for promotion, largely because if women feel that they don't have all the skills required, they simply won't apply if they are not confident in their ability to apply existing skills to new challenges.

The discussion on social issues started with the obvious one – that many women choose to have children and this often coincides with a period where they would expect rapid career progression, building on experience gained in the workplace.

But it's more complex than that. The discussion broadened significantly at this point to look at some marked changes in society. Many colleagues, men as much as women, will recognise the pressures of the 'sandwich generation', where we are not only looking after our children, but in many cases our parents too. At the same time, there is a marked change in what people want and expect from their employers – one of the most valued attributes is around work-life balance and some flexibility which recognises that work is 'part of life' and not 'life'.

In that sense, what started as a discussion about Women@Dufry, became a wider discussion about people@dufry.

So what's next? Jordi Martin-Consuegra and Salvatore Arico took away some of the key themes emerging from this first meeting and have started exploring – with the global HR teams – how we can make real progress in encouraging progression for women into senior roles, and pursue our goal of Dufry being an employer of choice, genuinely offering and encouraging equal opportunities for people@dufry.

Would you like to contribute to the debate? Do you have any experiences or views that you would like to share publicly or privately (confidentiality will be respected if requested). We'd love to hear from you, male or female.

Please feel free to contact sarah.branquinho@dufry.com. ■

DID YOU KNOW THAT?

- 85% of CEOs whose companies have a formal diversity strategy say it has improved their bottom line
- Staff turnover diminishes by up to 20% and employee effort increases 12% when employees feel part of a diverse and inclusive workforce
- There is 70% higher likelihood of capturing a new market among firms with high gender and ethnic diversity
- The global average of women in senior managerial roles is 24% (highest in China – 51%)
- 63% of Dufry's staff are women
- 10% of Dufry's senior leadership team are women
- 19% of Dufry staff on the Talent Management Programme are women

Source: Dufry and Deloitte, McKinsey, Harvard Business Review, PwC

Fueling Corporate Transformation

Growth has been a mark of the recent story of Dufry. Consider this fact: in the three-year period from 2014 to 2016, group revenue has more than doubled, from CHF 3.6 billion at the end of 2013 to CHF 7.8 billion at the end of 2016. There are many factors that have contributed to this success story, but inorganic growth (growth that is mostly due to mergers and acquisitions) is the main reason behind it. As Global Chief Corporate Officer of Dufry since 2014, and responsible of the mergers and acquisitions area since 2012, Luis Marin has had probably one of the most exciting roles in Dufry in the last few years. Originally from Barcelona, this Barça supporter is now facing the challenge of re-learning basic mathematics, thanks to his children...

By Jorge Muñiz

As Global Chief Corporate Officer, and with a track record at Dufry in the mergers and acquisitions arena, there may not be a much better place to work at the moment?

Yes, absolutely! But not just because of the mergers and acquisitions activity, but with everything that is going on right now across Dufry. The other areas of the company are also keeping my team busy these days. We are living teams of business transformation which are full of challenges. There are many things going on in the company, and I am strongly convinced this is the right place to be for anyone willing to have a professional career and development.

And the golden question: who's next in the acquisition pipeline?

I cannot tell you, because simply, I don't know. There are interesting targets in the market, but in any case, the next acquisition still needs to fulfill pre-requisites, as in the past. It needs to make sense from a strategic point of view and it needs to generate value (price tag matters!).

Due to the recent acquisitions, where Dufry has been very much in the spotlight, we are frequently contacted and offered a myriad of projects. However, I have to admit that often, some of the proposals we receive are quite disconnected from our core business and strategic ambition. All these projects however are analyzed; some of them are abandoned because they have no fit for us or because the conditions and requisites we request from an operation are not met; others are kept on hold until we find the right time to pursue, and, naturally, some materialize.

Having said this, the reality is that as of today, we have a significant level of debt, which is not necessarily a



Luis Marin, expert in mergers and acquisitions.

problem 'per se' if we keep generating sufficient cash to reduce it. So, all in all, and given our financial discipline, which has allowed us to get the support from the Board of Directors and financial institutions (banks, shareholders, investors, etc.), I don't see a large transaction

happening in the very short term, because the focus now is to reduce the debt.

In your opinion, what will be the next big move in the market and who do you think will be behind it?

Some people would agree that Dufry has been pioneering in terms of industry consolidation, but competitors are not sleeping and have realized the value created through consolidations. In the end, it will depend on the appetite in the industry, the targets available for sale, how attractive those are, and how much money companies are ready to spend – or to waste.

Your role is not just about acquisitions, but also about shaping the future of the company. Indeed, earlier this year during the Leadership Conference, our CEO presented the strategic plan for the coming years. Could you give us any insight into this plan?

I must confess, eight years ago I was a bit skeptical when the goals for the 2015 were set. I found them very ambitious (hopefully our CEO does not read this question!). Reality has proven they were achievable. But this is the past. The new strategic plan has set clear pillars of growth for the future, and together with my colleagues in the GEC and our teams, we will make this happen again, each of us with our own roles and responsibilities.

What do you like doing when you're not in the office?

During the week I do not spend too much time with my family, so I normally spend leisure time with them, either doing some sport, travelling or simply taking a walk in the nice surroundings of Basel. Lately, and thanks to my kids, I have had to refresh my mathematics skills, which is proving really tough. ■

IN A MINUTE:

- A meal: Many. I like to try new things, and I enjoy modern kitchen as much as traditional food. But to keep it simple, I'd choose a very simple dish which I can even prepare by myself: fried eggs laying on French fries and a good hand cut Serrano ham on top.
- A book: I am currently reading *Africanus*, by Santiago Posteguillo. It's a superb historical novel about the war between Carthage and Rome, or between Hannibal and Publius Scipio, two great military strategists, and how Hannibal, setting strategic alliances, was defeating a self-confident Roman Empire managed by a Senate immersed in political fights and personal ambitions. Quite applicable to the world today.
- A city: Barcelona, for many reasons: the unrivalled cultural offer, amazing food, great weather and its location – just by the sea and so close to the mountains. And of course for being home to the best football team in the world.
- A film: I am not a cinema freak. Just from time to time. Any recommendations?
- A hobby: I love sports or GT cars from the 70s and earlier; however unfortunately, none are in my garage.
- A leader: Pope John Paul II. A leader of leaders. He set a new way to approach global politics and played a major role in key events of the century.

D4 Extension of Contracts in Brasília and Natal

Dufry has successfully extended – for a further 10 years, until 2033 – its contracts for its duty-free and duty-paid operations at Juscelino Kubitschek International Airport in Brasília and São Gonçalo do Amarante International Airport in Natal. Based on the new contracts, Dufry will operate close 2,200 m² of duty-free and 5,300 m² of duty-paid space at these airports, totaling almost 7,500 m². Dufry will increase the duty-free

operations from 1,500 m² to close to 2,200 m², of which in Natal, the duty-free operation will cover 480 m². The size of the duty-paid operations will be more than doubled, with a total area of around 5,300 m².

In Brasília, Dufry will double the space of its general travel retail shop from 580 m² to 1,180 m², located at the arrival area and designed according the walkthrough concept. The core portfolio of products will be enhanced by adding more brands as well as a wider product mix. In addition, two last-minute-shops at the departure area, totaling 58 m² will serve customers' needs right up to the final moments of their travel. ■

Wall of Fame

“We are what we repeatedly do. Excellence then, is not an act, but a habit.” These wise words from the Greek philosopher Aristotle should serve as an inspiration for us to improve every day and raise our day-to-day standards.

However, and philosophical reflections apart, the reality is that Dufry is full of WorldClass professionals that strive to deliver their best every day. And all these efforts deserve recognition.

That’s why in this issue of Dufry World we wanted to introduce a new section, Wall of Fame, where we will be featuring stories of individuals that deserve our admiration. What really makes a small achievement something worthy of recognition is not just the fact, but also its circumstances.

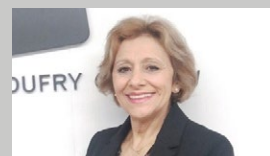
This section is also devoted to incredible personal achievements and featuring individuals with a particular skill that makes them worthy of recognition. In essence, profiles of people that should make us feel proud to work with.

To help us to find the best people in the business to feature, we need your contributions! If you know of someone that you think should be included in this section, please send your nomination to headoffice@dufry.com, including a short introduction and a good picture. We hope you enjoy it!



Luca Hammel
Head office
Basel (Switzerland)

Luca is our Global Treasury Front Office Head Dufry, and also the proud winner of an Adam Smith award that recognizes the best achievements amongst treasurers, CFOs and finance directors around the world. Luca was recognized as the ‘**Rising Star**’ of this year’s edition of the awards. Luca’s initiative in the cash management area, especially around the implementation of the payment application TIS, was distinguished amongst the 211 nominations from 30 countries received by the organization.



Edith Picún
Carrasco International
Airport
Montevideo (Uruguay)

If you know the Montevideo operation, then you must have met Edith. One thing goes with the other. After almost 22 years in the business, she is an institution and someone that perfectly represents the Dufry staff values. Having been with the business since 1995, she has proved to be a passionate and dedicated professional- the energy and enthusiasm that she puts behind each staff customer service training session, together with her sound contributions to the Out-In-Front programme, saw her win a Dufry One Award in 2014.

Wall of Fame



Ana Salvado
Fort Lauderdale Airport
Miami, Florida (USA)

The story of Ana could have been taken from an action movie. On 6 January 2017 the Fort Lauderdale Airport suffered an attack from a gunman, who opened fire in the baggage claim area of Terminal 2, killing five passengers. After the person's arrest, the airport began to quickly shut down and hundreds of passengers and airport employees were stranded in the terminal. The terminal was evacuated twice, during which time members of our team were pushed and even trampled over. Ana however knew she had to lead by example and show care for staff and customers alike. She managed to keep all staff together and maintained the necessary calm to control the situation. She did this all while making sure the stranded and scared individuals, including children, were fed free of charge via the terminal's Hudson News store. The story went viral in religious circles across North America thanks to a local comedian who volunteered to help Ana throughout the ordeal.



Delfin Paños
Head office
Basel (Switzerland)

As Global Retail Operation Head you could never imagine Delfin is also a real athlete. He never liked running. However, it all started after a running a 17 km cross race – basically a race that goes across the countryside – and now he is on races of over 170 km and a total elevation gain of around 20,000 meters. Quite a challenge! If you ever want to get there, you will need to train hard: the preparation for this type of race spans for 6 to 7 months in which you have to run for over 120 km per week – that's a half marathon (21 km) every day and one day rest. As Delfin says, "running is a bit like spicy food: you suffer when you're in the middle of it, but you get to a point where you can't live without it!" A motorbike accident in November 2015 took him off the circuit. But he is now back on track with a new discipline: CrossFit. Do we have the next world champion amongst us? Only time will tell...

D5 Major Concession Contract at Raleigh-Durham International Airport

Hudson Group has been awarded a major concession contract to operate seven new speciality travel-essential and duty-free stores, covering a total space of nearly 600 m², at Raleigh-Durham International Airport in North Carolina. Hudson created the winning bids with an eclectic mix of leading national and local brands including Hudson, Ink by Hudson, City Market News,



Raleigh-Durham Duty Free, Vineyard Vines, 5th & Sunset and Tech On the Go. ■

Dufry One Awards 2017 – Recognizing Outstanding Achievements



The Dufry One Awards were introduced in 2011 in order to recognize the outstanding work of employees and teams within three global award categories: Performance Award, Customer Service Award and Best Initiative Award. The winners of this year's Dufry One Awards were recognized with a global certificate and trophy.

By Lubna Haj Issa

When employees or teams achieve outstanding results, large or small, it's time to say thank you; to shine a spotlight on what they did, to allow them to bask in a moment of glory, and to reward and recognize their great work with an experience equal to their accomplishment. The Dufry One Awards make that happen.

The 2017 global awards were judged by a panel consisting of four members: Salvatore Aricò, Human Resources; Renzo Radice, Corporate Communications & Investor Relations; Yves Gerster, Finance; and Roberto Martin, Retail Operations.

Dufry World brings you all the winners.

The Performance Awards

The selection criteria for this category cited that the winning location could demonstrate how sales, efficiency or performance of the specific operation had improved.

The winners are...

Division 1 – Southern Europe and Africa

The award goes to Turkey for its operations at Antalya Airport. The challenge was to adapt to the decrease in visitor numbers and the uncertain business environment. The most important needs identified were to motivate the employees and to maintain all the operational processes required. In order to achieve these targets an active communication strategy was developed, including activities such as daily talks with the teams, providing feedback on sales performance and highlighting successes. Sales assistants put in extra effort to convert passengers into shoppers. Every team member 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.

Division 2 – UK, Central & Eastern Europe

The award goes to the United Kingdom, to the World Duty Free shop at Edinburgh Airport. The goal was to improve Edinburgh's performance and the following measures were taken: a step change in the planning and execution of numerous local activities or calendar-linked events; new routes and destination targeting; collaboration with the Edinburgh Airport commercial team to deliver a joint plan; events executed in partnership with marketing, suppliers, beauty houses, agencies and the airport retail team, as well as free-of-charge digital campaigns. The outstanding result was that sales were increased by an exceptional double-digit figure.



General Manager - UK Fred Creighton (left) and Store Manager Birmingham David Smith (right) proudly holding up the Dufry One Award trophy and certificate.

Division 3 – Asia, Middle East & Australia

The award goes to Indonesia, to the airport operation in Bali. Here the ambition was that sales and marketing needed to be improved. To achieve this, different sales promotions and discounts were launched. One of them

was a 'Happy Hours' 10% discount; another included a 5% discount voucher exclusively for Chinese customers. As a result sales were increased by a double-digit number for tobacco, confectionery and liquor as well as for several brands in perfume and cosmetics.



General Manager - South Asia Felix Brunner (left) and his team: Chintya Augustina (Sales Professional); Nengah Sastra Gangga (Shop Supervisor); Yenni Indarwati (Country HR Manager); Kadek Sudarmika (Perfume & Cosmetics Category Manager); Ni Luh Sumariani (Sales Professional); Daniel Amalo (Shop Operational Manager); Andi Widiyanto (Assortment Manager); Made Suwarnata (Shop Manager); W. Sri Hariati (Assistant Manager).

Division 4 - Latin America

The award goes to Dufry Cruise Services, Norwegian Cruise Line (NCL) Jewel. The targets set were to increase sales and improve customer service. The on-board NCL Jewel team - led by shop manager Elena Mihaileanu - exceeded target by 20% during the Alaska season. This was achieved by perfecting the promotions planner, and goal setting for each team member. The team successfully hit their targets, achieving a double-digit increase in sales and high guest satisfaction scores.



Elena Mihaileanu, Manager of the Jewel, is delighted about the recognition.

Division 5 - North America

The award goes to the USA, to the operations at San Francisco International Airport. Here the requirement was to create an environment where the people are the heart of the business and its operations. Working around a motto of 'People make the difference and if you take care of the people they will take care of the results', the team supported each other to improve every day. This commitment to common goals, and the belief that everyone can make a contribution, greatly impressed the judges.

The Customer Service Awards

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

The top five stores with the highest scores were:

1. Athens International Airport, Greece - Victoria's Secret Store
2. Antalya Airport, Turkey - Suncatcher Store
3. Newark Liberty Airport, USA - Dufry Shop
4. Gatwick South, United Kingdom - World Duty Free Main Shop
5. Zurich, Switzerland - Lindt Store

The Best Initiative Awards

The selection criteria for this award stated 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.

The winners are:

Division 1 - Southern Europe and Africa

The award goes to the implementation of the innovative promotional campaign 'Buy 2 and Get the 2nd -40%', which was held at Athens International Airport in the Intra Schengen Area for perfumes and cosmetics, and for the first time was co-funded by the airport. The promotional activity successfully contributed to an increase in sales, during a time when the prevailing conditions were difficult as shops and the airport were both under construction.



Deputy General Manager Alberto Iglesias (left), Hellenic Duty Free Shop CEO George Velentzas (middle) and Division 1 CEO Pedro Castro.

Division 2 - UK, Central & Eastern Europe

The award goes to the United Kingdom. The judges commended the idea to organize a competition between all stores in the UK - the '2016 Winter Store



Store Operations Manager Andy Mason (left), General Manager - UK Fred Creighton (middle) and Store Manager Kathy Chamberlain (right).

Standards Competition'. Its aim was to compare and benchmark shops of a similar size, to identify the best in class for each category and to recognize the winners in front of 100+ senior managers.

Division 3 – Asia, Middle East & Australia

The award goes to Singapore. The Samsonite Shop team developed a customer-friendly initiative to establish a special link to the Samsonite after-sales customer service. Sales staff explained Samsonite's after-sales service procedures to shoppers at the point of purchase and an email PShopper@sg.dufry.com was set up for customers to direct any initial enquires before contacting the Samsonite service center itself. The fantastic result was that customer complaints were reduced significantly – by 88%.

Division 4 – Latin America

The award goes to Uruguay for the initiative 'RRHH Te Informa'. The management identified the need to improve internal communication. The local human

resources team created a new communication tool designed to be different from a newsletter, be attractive to view and provide a funny and fast reading experience. The aim was to create a sense of belonging and reinforce the motto 'We are always present, we are a team and we like to recognize our people'. In addition, a weekly flyer was posted on billboards, emails were sent out and communications were also shared through WhatsApp. The initiative earned positive feedback from the staff who said the quality of internal communication had improved.

Division 5 – North America

The award goes to the Dufry operation at Chicago O'Hare Airport, USA. The initiative 'Three items program' was set up to increase the number of items purchased by each customer. All sales associates were instructed to sell at least three items per transaction as an ideal goal. To motivate the team, weekly prizes for the associate who achieved the most three-item sales were introduced. ■

Divisions

D2 Dreamstore Recognition for Sunglasses Category at London Heathrow T5

World Duty Free has been named as the winner in the 'Sunglasses' category in the Moodie Davitt Report's Dreamstore 2017 survey, for its store at London Heathrow Terminal 5.



Sunglasses dream store at London Heathrow Airport, Terminal 5.

The store won industry praise, earning comments including: "no other airport sunglasses store in the world

can surpass this shop. It has clear segmentation of brand portfolio, great assortment covering duty-free retail price policy, attractive space, fantastic and competent sales personnel, and back office support from the buying and merchandising team".

Another industry vote stated that: "World Duty Free offers various promotional opportunities, which range from standard light boxes to 360° activations including visibility, customer engagement, and digital communication. Within the Heathrow T5 collection there is promotional space which can be fully created and customized with dedicated staffing and advertising on three impactful digital screens – two at the store entrance and one in the center behind the cashier."

The votes underline the power of great customer service and compelling digital promotions in driving this category.

It is worth noting that, if Dreamstore voting was for a single company across all locations, then Dufry would have been a runaway winner in the category, with Nuance and World Duty Free concepts earning tributes from brand partners. These included Dufry's Sun Catcher at Zürich Airport and Dufry's stores at Lima Jorge Chávez International Airport, which were refurbished last August and extended from 31 m² to 45 m² for the sunglasses category. ■

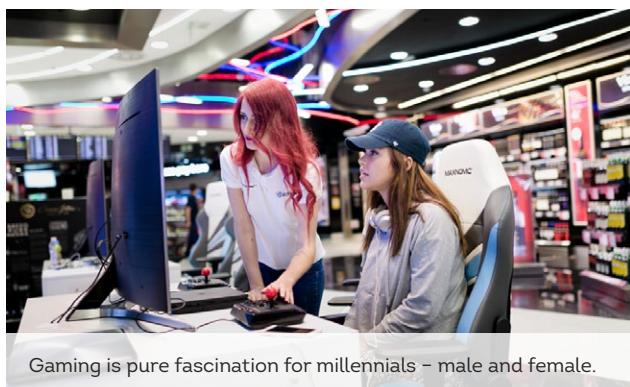
Insert Coin

A gaming experiment designed to engage with millennials.

By Jorge Muñiz

Have you ever heard of eSport? Perhaps titles like 'Call of Duty' or 'FIFA' ring a bell to you? eSport is a form of competition, mostly through video games; Most commonly, eSports take the form of organized, multiplayer video game competitions. The gaming and eSports community, with more than 1.2 billion gamers in the world - 17% of the world's population - is an attractive niche audience, not simply because we could (eventually) sell through the PlayStation, but because games can provide an excellent engagement opportunity with this community.

Much has been written about millennials - the group of consumers aged between 20 and 35 - and how to engage with them. Gaming gives us that opportunity, and the digital marketing team in Spain recently conducted a test in Madrid, which produced very promising results.



Gaming is pure fascination for millennials - male and female.

In partnership with a company called ESL - organizers of gaming tournaments with similar attendance figures to football's Champions League matches - the team created an experiment fully focused on millennials. Between 16 March and 3 April, two gaming areas were deployed in Terminal 1 and Terminal 4 of the Madrid Barajas Airport with the chance to play either FIFA or Street Fighter games. The only requisite to taking part was either presenting a proof of purchase in the store or being a member of the RED by Dufry program. The prize for the mini-tournament was a VIP trip to the ESL One Cologne 2017 - ESL's flagship tournament with the world's 16 best gamers.

An intensive social media campaign backed the experiment, which paid off in terms of awareness... and sales. Over 1,600 people participated in the event, which resulted in 1,200 new members of the RED by Dufry program. The activity reached

over 350,000 social media users. The information on the event was shown more than five million times (impressions). The support of two influencers, who published two videos of the activity that were viewed by 310,000 YouTube users, also worked to create high impact awareness in this group.



Young men playing Fifa and Street Fighter Games.

There are additional learnings to take from the experiment. It helped increase store penetration: while four people were playing, another 10 were cheering colleagues, browsing in the store or even buying. It also helped to understand the buying patterns and products that this group of consumers demand - and that in some cases we don't have in our stores - such as specific sunglasses brands or watches.



Successful event: it attracted over 1,600 customers.

In summary, this was a very good experiment that has brought intelligence to the table around how to shape our offer for the future. According to Deloitte, by the year 2025, millennials will represent 75% of the world's workforce, and represent the future generation of consumers. ■



Introducing Dufry Cruise Services with Operations Started on the Norwegian Joy in China

In line with our strategy to further expand our presence in the cruise ship business, we have created the Dufry Cruise Services center of excellence based in Miami. Moreover, Dufry just started operations on board the Joy, a vessel of the Norwegian Cruise Lines, especially built for and customized to the Chinese cruise market.

By Renzo Radice

The cruise line channel is a strategic growth area for Dufry as it is globally growing and offering new opportunities going forward. Dufry Cruise Services is based in Miami (US) and combines the proven cruise ship expertise formerly known as Flagship Retail Services with the global strengths and resources of the Group. While Flagship has a know-how that is second to none in the sector, Dufry offers the resources and support of a global company, such as centralized procurement and purchasing, store development, marketing and logistics as well as supply chain. Moreover, our presence in 63 countries, provides a global support network for our growing cruise operations, thus allowing us to be close to the single markets, customers and the related business partners.

From an operational perspective our cruise ship and seaport sales account for 2% of Group revenue. Dufry's cruise ship operations cover routes from the USA to the Caribbean, Alaska, Europe and Asia and feature a total

retail space of close to 9,000 m², ranging from 140 m² to 2,000 m² per store on vessels of the Norwegian Cruise Lines, Carnival and Pullmantur. In total Dufry is today present on 17 cruise ships and offers a full range of traditional duty-free products as well as brand boutiques similar to airports and specialized shops, such as the Colombian Emeralds jewelry stores.

Entering the Asian cruise market on board the Norwegian Joy

Dufry has just recently started operations on the Norwegian Joy with nine shops covering a retail space of 1,950 m². The Joy is the first Norwegian cruise liner which has been built specifically for the Chinese travelers. The new Breakaway-Plus Class Ship caters for the 3,850 guests it can accommodate with luxurious suites in the exclusive ship-within-a-ship complex. For Dufry this is an important strategic step to open the Asian cruise market and further expand this growing channel.



Growing travel retail channel

According to the CLIA (Cruise Lines International Association), in 2016, ocean cruise passengers reached 24.7 million and for 2017, CLIA projects another year of growth for the industry with a passenger forecast of 25.8 million. Part of the growth can be attributed to the ongoing development of the Asian market, whose ocean capacity was up by 9.2% in 2016, representing a 38% increase when compared to 2015.

Cruise ships span a broad spectrum of sizes and scopes with various passenger capacities, crew sizes and retail

spaces. Americans constitute the majority of passengers with other nationalities, such as Canadian, British and other European passengers, making up for the remainder, and with Asian passengers increasing rapidly. Accordingly, Dufry maintains a commercial strategy that is flexible enough to account for varied customer types and nationalities to maximize its business potential.

Rene Riedi, CEO of Division 4, comments: "The new operational offices will complement the current operations and logistics-purchasing platform, in order to have our resources close to the main cruise ship itineraries. It allows a global footprint with specialized local knowledge and regional expertise. These offices and platforms will receive support from the Center of Excellence and other relevant teams across the Dufry business, while maintaining a close relationship with, and management of, the market, the customer and the operation itself.

We firmly believe that this is a remarkable step forward for this key strategic area of growth for the company and look forward to a continued success, hand-in-hand with our partners, to expand our business even further as opportunities arise in this fast growing market." ■

Divisions 

D3 Ken Tse Appointed as New General Manager for Australia

Ken Tse has been appointed General Manager for Australia, replacing Philippe Boyer, who decided to leave the company for personal reasons at the end of July. Ken will report directly to Andrea Belardini.

Ken brings extensive experience in travel retail, and with Asian consumers, gained in various markets including Australia and Singapore. He spent close to 15 years as Managing Director for Nuance Singapore and has worked in DFS and held management positions with other major retailers in Singapore prior to joining Nuance. Recently Ken was running his consulting business in Melbourne, supporting tender projects and retailers in the Asia Pacific region.

Philippe Boyer has been with Nuance and Dufry Group for 16 years. He contributed significantly to



New General Manager Australia, Ken Tse.

developing Dufry's business in Australia, as the leader and driver in many key projects. Philippe led the re-organization of Nuance Australia, which enabled the current establishment of the operation in Melbourne starting in 2016; drove the integration of Australia into the newly created Dufry Division 3 and managed the opening of the New Generation Store in Melbourne. Finally, he played a key role in the implementation of the Business Operating Model in Australia. ■



Every (Little) Contribution Helps

Dufry has partnered with the United Nations to promote #YouNeed-ToKnow, an awareness campaign that seeks to raise public understanding of 17 Sustainable Development Goals. Using space in the stores, and with the support of airport partners in some locations, the campaign is to be run in our stores in over 100 airports. And you can also play your part, either by helping to spread the word or by making small changes in your daily life.

By Jorge Muñiz

If you look back in history and spend some time going through the main events that changed the course of history, you will realize that, much as there could be great leaders behind them, it was the small contribution of millions of individuals with the same objective that really made the changes possible.

Back in 2015, world leaders met to discuss the future of our planet and set the agenda of what we needed to do between then and the year 2030 in order to preserve it. As a result of that consensus, the United Nations (UN) established 17 goals to achieve, which are called the 17 Sustainable Development Goals (SDGs) - a clear and defined roadmap to follow for a renewed, inclusive and safe planet. From eradicating hunger and poverty to the preservation of the oceans or ensuring gender equality or access to clean water, this objective set the agenda for countries, institutions, companies and individuals worldwide.

The United Nations has set the objective of making two billion individuals aware of these objectives before the end of 2017 - that is almost a third of the global

population. And to achieve this they started a campaign in 2016 called #YouNeedToKnow, which aims to make people aware of the objectives and, more importantly, how we can contribute, as individuals, towards a more sustainable and fairer world, by just making small changes in our day-to-day lives.

In order to support the UN in this enormous challenge, and following successful trials that took place between November and January last year in Geneva, Zürich and London Heathrow airports, Dufry has reached an agreement to support the #YouNeedToKnow campaign to raise awareness of the 17 SDGs.

Supported in many locations by our airport partners, Dufry has put its global network of stores at the disposal of the campaign, devoting prominent and visible space to it. At the time this article was written, Dufry colleagues from over 100 airports in the five divisions had raised their hands to give a hand in spreading the word. Either by leasing space in light boxes and till screens or by decorating the point of sales with banners of the campaign, everyone is

contributing towards the UN's goal of making people aware of these objectives.



Big displays draw the attention of the customers to the UN Sustainable Development Goals.

From Portugal to Greece, Armenia, Russia, Bulgaria or Morocco, everyone is moving and doing their best to catch the attention of passengers. In Spain, the digital marketing team has put together a sophisticated campaign using the latest geomarketing techniques to engage with customers and passengers. With the incentive of a generous donation to a Non Governmental Organization if the hashtag of the campaign – #YouNeedToKnow – was shared more than one million times using social media, customers and passengers helped Dufry spread the word. This initiative has been welcomed by the entire travel retail industry community and from media to investors and suppliers; all have

highlighted the role Dufry is taking, acting as a real industry leader.

In a joint press release sent to the media to communicate this initiative, our CEO Julián Díaz commented: “With over 29,000 colleagues and a footprint in 63 countries, we have a responsibility to ensure that we contribute to a better and more sustainable world for future generations. With over 2.5 billion passengers using the airports at which we operate each year, we have a unique opportunity to work with our airport partners to convey this message to a wide audience of all ages, cultures and nationalities. Through this partnership, we want to play our part in raising awareness of the development goals set by the UN and ultimately to motivate people to take responsibility and immediate action.”

You can also play your part. If you visit the website www.youneedtoknow.ch you will find a full description of each of the 17 Sustainable Development Goals as well as tips for small changes in your day-to-day life that can help in driving the necessary change. From switching off lights when you don't need them to encouraging young people to attend class and spread awareness on the importance of education in your community, there are many things you, as an individual, can do that require little or virtually no effort. Let's all be part of the solution in creating a safer, friendlier and healthier planet for all its inhabitants. ■

Divisions

D5 Contract Extension at Las Vegas McCarran International Airport

Hudson Group has signed the extension of its duty-free and duty-paid agreement with McCarran International Airport, Las Vegas, until 2024. As the sole operator of duty-free retail, the contract includes over 1,650 m² of retail space, including a new 550 m² duty-free and duty-paid combination store called Las Vegas Dufry Shopping, in Terminal One D-Gates. Las Vegas Dufry Shopping will offer a vast product and brand assortment across all main duty-free categories, including perfumes & cosmetics, wine & spirits, and confectionery, as well as duty-paid categories such as accessories, essentials, electronics, and fashion. The high-end liquor assortment will feature



an extensive collection of American Whiskies and Bourbons, and luxury Scottish Whiskies. ■



New Duty Free Shop at Terminal 2 at Mexico City International Airport

Dufry runs almost 30 shops at Benito Juárez International Airport, better known as Mexico City International Airport. From general travel retail shops to brand boutiques, and Specialized Shops to convenience stores, there is everything in store to make the customers' hearts beat faster.

To make the offer even more exciting, Dufry opened

a new additional duty-free shop at Terminal 2 in July. The main general store is located in the international departures hall. Covering a retail space of 400 m² it offers a wide assortment of perfumes, beverages, food, tobacco and luxury accessories and has a variety of local products such as fine tequila and mescal, natural vanilla, Mexican chocolate, hot sauces and gourmet coffee. ■