

DUFRY WORLD

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
**CORPORATE
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A Successful 2017 and a Promising Start to 2018

By Julián Díaz

2017 has been an important year for Dufry as we have achieved most of our goals and delivered very good financial results. We have also made considerable progress with several key operational projects such as the implementation of our business operating model and the launch of the first new generation stores – a key element of our digital strategy. These are essential steps to secure our future success. The real highlight in early 2018 has however been the listing of Hudson Ltd. at the New York Stock Exchange.

In 2017, our organic growth showed an excellent performance throughout the year, across all divisions and reached 7.4%, exceeding our original expectations of 5%–6%. Consequently, our turnover increased to CHF 8,377.4 million, a growth of 7.0% on the previous year.

Gross profit margin climbed by 80 basis points, supported by WDF's acquisition synergies and came in at 59.4%, allowing us to improve our operational profitability with an EBITDA reaching CHF 1,007.1 million, equal to a margin of 12.0%.

We also confirmed our strong cash generation capability by reporting a free cash flow of CHF 467.0 million, while net earnings grew considerably and reached CHF 110.9 million.



New organization to best tackle the future

At the beginning of the year, we have adapted our organizational structure to ensure the company is ready to meet the current and future needs of the travel retail market. After having successfully executed the integration phase of Nuance and World Duty Free, we have defined this new forward-looking organization which will allow us to increase our speed of decision making, to drive efficiencies and to focus on delivering shareholder value, in particular through acceleration of growth and digital transformation. Combined with the implementation of our business operating model (BOM), this new organization will help us to capture future opportunities and further increase the profitability of the company.

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“Ringing the Bell” at the New York Stock Exchange (NYSE)

The initial public offering (IPO) of our North American Business marked an important milestone right at the beginning of the year. The symbolic “ring of the bell” on the NYSE trading floor did not only open the first trading day for the Hudson Ltd. shares, but also marked the start of a new expansion era in North America, which will allow us to both further grow our existing travel retail convenience business and access new opportunities within the fast growing food & beverage (F&B) sector. By adding the additional skills in F&B, we will be able to position Hudson Group as the ideal master concessionaire partner for US airports, who increasingly want to have a single strong partner to operate their full commercial space. Moreover, the IPO positively impacts the growth of the whole group as the proceeds generated allow us to reduce our debt faster and to pursue M&A opportunities globally.

Further expanding Corporate Social Responsibility

We continue step by step to expand our corporate social responsibility engagement both with several initiatives and also from a reporting perspective. Our women@dufry initiative launched last year has made progress towards supporting talented women to rise to top leadership positions within the company and helping employees face the demands of juggling work, family and life-related issues. In the six months since the steering committee led by myself first met, the focus has been on two key areas on our journey to unlock the potential of women within Dufry: first, to clearly communicate the policies the company already has in place to support women in the workplace every day and at different life stages, and second, to ensure that processes are in place to nurture female talent within the business and ensure the culture is supportive of driving a more diverse workforce at all levels.

From a reporting perspective we have just published our first CSR report prepared in accordance with the Global Reporting Initiative (GRI) Standards – Core Option. The report is an integral part of our annual report and provides an insight into our CSR engagement and the material topics we have identified for Dufry covering the three dimensions of economic, environmental and social aspects.

Acknowledging our employees’ initiatives

I am particularly proud of all the individual initiatives and stories we present within our wall-of-fame section, as this shows how many of our colleagues around the world go the extra mile to help our customers, to provide support to people less fortunate and to foster the success of our company. ■

D2 Two Years of Continued Support for Alzheimer’s Research UK

Tragically, there are 50 million people worldwide living with dementia, yet there are currently no treatments available to slow down or stop the various forms of dementia such as Alzheimer’s. It is only through research that we’ll be able to change this situation.

However, despite the crippling impact dementia has on our families and societies, research into the condition is still shockingly low compared to other serious conditions. That is why Alzheimer’s Research UK (ARUK) exists. It is Europe’s largest dementia research charity, funding pioneering dementia research to understand, diagnose, reduce the risk and treat the condition.



Sales associates and managers are happy to support the Alzheimer’s Research UK.

ARUK is also behind award-winning awareness campaigns to improve the understanding of dementia, whilst also influencing governments and policy makers to improve the research landscape and ensure people have access to dementia treatments swiftly and as soon as they become available.

World Duty Free set out to raise £150,000 over its three-year partnership with ARUK which ends in December this year. By the end of January 2018, our UK colleagues had already hit £135,000 with more than half of that amount raised in 2017.

According to Tim Parry, Director at ARUK: “The enthusiasm of employees at Dufry in the UK has been overwhelming. From the ever-popular cake sales to collections at tills, along with glittering eyebrows and beards, all in the name of dementia.”

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

Money raised by our UK colleagues has been used to support ARUK's Dementia Research info line. This is a vital service which provides people with much-needed information about dementia and helps people to get involved in clinical studies. The info line has been able to answer more than 12,000 inquiries since it launched in June 2014.

The info line is playing a big part in ARUK's mission to bring about a life-changing treatment for dementia by 2025, by encouraging people to sign up to join Dementia Research, a service that matches people interested in taking part in research, with suitable studies.

To find out more about ARUK visit:
www.alzheimersresearchuk.org ■

D2 Inauguration of New North Terminal Walkthrough Store at Gatwick Airport

The new World Duty Free walkthrough store at Gatwick Airport's North Terminal was officially opened with a press tour and ribbon-cutting ceremony.

At almost 2,000 m² the store replaces the previous main and transfer World Duty Free stores and is located immediately after security. With the highest standards of customer service, the latest innovations in digital technology and an extensive product range, the store offers an exceptional shopping experience.



Inauguration by CEO Julián Díaz: Guy Stephenson, Chief Commercial Officer Gatwick Airport and Eugenio Andrade, CEO Operations and Strategy.

The entrance to the store introduces the traveler to the liquor area, which showcases collections of spirits, including locally sourced brands. The space is split 50:50 between spirits and the specialized whisky concept, World of Whiskies. A contentment space follows the liquor section, creating a 'stop-off point' for customer engagement and highlighting new introductions. The beauty hall is the store's showpiece.

A skincare zone introduces customers to premium brands such as La Mer, Elemis and Sisley. The luxury area houses sunglasses, jewelry and watches and within it, a 'Magic Mirror' boosts customer engagement. The digital mirrored screen allows customers to try on a variety of styles, compare images and share content on social media or via e-mail. The customer journey through the store concludes with the confectionery area and souvenirs. A 'sense of place' is conveyed with a series of images of iconic London landmarks, which appear to be seen through 'windows' sited behind the till points. ■

D3 Extension of Contract in Macau for Atrium Store

Dufry has extended its contract for its prestigious Atrium store in the Macau Venetian luxury hotel and casino resort. Based on the new contract, Dufry will manage the 2,000 m² store through to the end of 2024. Dufry has unveiled its plans for a full store refurbishment and the remodeled store will feature an improved layout and introduce many exciting new brands to the millions of people that visit the resort each year.

The Atrium is the largest multicategory shop in the Macau Venetian and has been operated by Dufry since the resort opened in 2007. Work has already begun on this prestigious retail development and is due to be fully completed soon.



The prestigious Atrium store in the Macau Venetian luxury hotel and casino resort.

The new store will deliver a world-class shopping experience for customers with its improved layout and stronger commercial offer. The main focus will be on fragrances and cosmetics, supported by other key categories including fashion accessories, luxury products, foods and confectionery. ■

D3 State-of-the-Art Walkthrough Retail Operation at Sharjah Airport

The extensive store renovations at Sharjah International Airport to create a state-of-the-art walkthrough retail space covering 1,793 m² were completed at the end of 2017. The official inauguration took place at a ribbon-cutting ceremony in January 2018 attended by Senior Directors from Dufry and Sharjah Airport management.



Inauguration by CEO Julián Díaz.

The remodeled store features an improved layout and introduces many exciting new brands to the store's product mix, including many luxury ones such as watches from Omega, Rado, Tissot and Longines and Cerruti leather bags.



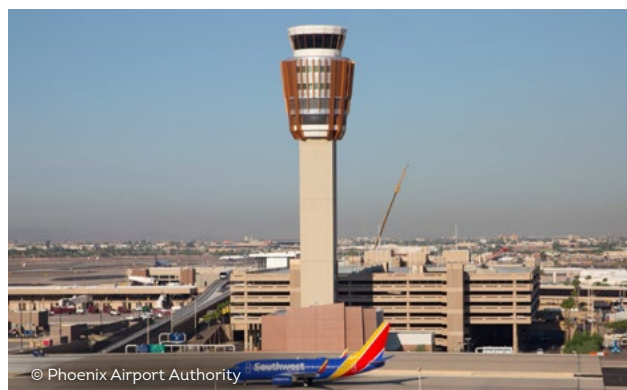
Iain Forrest, General Manager Middle East & India (second from left), and CEO Julián Díaz celebrating with the Emirati sheiks.

More passengers from Iran and Syria are traveling through the airport and also more Russians are visiting the country as tourists and Dufry has therefore tailored the product mix accordingly. To convey a stronger 'sense of place,' all Arabic products have been grouped together as the 'Spirit of Arabia' to create more of a focal point in the central area of the store. Here, customers will find a more localized fragrance offer, with more focus on oud scents for example, as well as an expanded selection of regional foods including dates, nuts and Camel chocolates. A new video screen wall has also been introduced

within 'Spirit of Arabia' along with an additional 16 video screens distributed through the rest of the store, to allow category-specific promotions and product launches to be showcased in various locations. ■

D5 New Concession at Phoenix Airport

Dufry was awarded two new duty-free and duty-paid stores at Phoenix Sky Harbor International Airport (PHX) in Terminal 4 at the end of 2017. As the sole operator of duty-free retail at PHX, the new contract includes over 270 m² in retail space.



© Phoenix Airport Authority

The Phoenix Duty Free stores, located pre and post security, will offer international passengers an excellent assortment of brands and products across all categories, including wines and spirits, tobacco, perfume and cosmetics, fashion accessories and confectionery. Domestic passengers will also be able to enjoy the great assortment of products offered with the exception of wines, spirits and tobacco. Featured fragrance and beauty brands range from Chanel, Clinique, and Estée Lauder to Lancôme and more. The high-end liquor assortment will feature a collection of fine whiskies, cognacs, wines and champagnes. ■



© Phoenix Airport Authority

The Market Gardener

An old English gardening book, 'The art of gardening,' explains that the skill "consists in affording to the growing crops – whether of herbs, of fruits, or of flowers – a proper quantity of suitable food, a due degree of exposure to light, and sufficient shelter from all injurious elements." This is something that Andreas Schneider, CFO of Dufry, knows very well. Passionate about gardening, he is been kept quite busy growing "new crops" whilst continuing to take care of the Dufry garden. From the successful listing of Hudson on the New York Stock Exchange, to dealing with investors, a growing finance department or communications team, Andreas keeps adding elements to this fabulous landscape project that is Dufry.

By Jorge Muñiz

Dufry has successfully completed the IPO of the US business – now listed as Hudson Ltd. – at a time when it is all about integration and operating as a single company. What's the rationale for taking part of the business public?

A very good question and let me start by answering the first point that you raise. The integration and standardization is only a tool. The goal really is to be the best travel retailer and this tool should allow us to further improve and realize that ambition. When you think about the travel retail industry (and general retail as well), everything is "just" about two key things: driving sales and growing overall profit. Hence, integration makes sense in a global business like ours, because we deal with global suppliers and we have a global customer base.

In this context, the North American market is different to the rest of the world when it comes to travel retail, as it is predominantly a duty-paid market. It is a huge market where local US customers have a high focus on convenience and local sourcing, compared to all other markets which are much more driven by duty-free and global brands.

Also, the way airports are managed in the US is different for a number of reasons. For example, airport owners typically don't manage the operation, but instead, give that management to developers or fee managers; there is also a regulation (ACDBE regulation) to incorporate minority groups into the management of airports; the role of the master concessionaire seems to be back and is gaining momentum; and all of this often means that a broader approach is required in duty paid.

We feel that the North American business needs more operational and strategic flexibility to fully develop its business. Having said this, on the duty-free side and general functions, we want to remain fully integrated as there are synergies; hence it is important for Dufry to remain a majority shareholder of Hudson.



Andreas Schneider, Chief Financial Officer, is passionate about gardening and Dufry.

In a way, the IPO that we have recently successfully closed combines the best of the two worlds: it gives the US business more flexibility, whilst the Dufry part remains integrated in an effective way.

The appetite of investors for more "Dufry" in the market may be a thermometer of how we are doing to the eyes of the investors. To that extent, how easy or tough was the process of positioning Hudson to US investors?

Both Hudson and Dufry are outstanding businesses for a number of reasons. But when you put yourself in the shoes of an investor, there are three elements that are key:

- Secular growth: the travel retail industry is driven by passenger growth and all the forecasts say that passenger numbers will continue to grow for the

foreseeable future. As a travel retailer, we can benefit from a steady and largely predictable flow of traffic from a constantly changing customer base.

- Captive and affluent consumer base: most of our stores are situated beyond the security checkpoints. This means our potential customers spend a significant amount of time in the areas of the airport terminals where we are located.
- And very importantly, we are insulated from e-commerce. Due to the nature of our business, we have the physical consumer in our shops, which leads to both essential and impulse-driven purchases being made in our stores.

Would you recommend your friends investing in Dufry? And why?

(Laughs) I have this principle, which is never do business with friends. But more seriously – you can make or lose a lot of money in equity markets, so buying shares is not for everyone. So I have told my mom not to buy any shares – not even Dufry.

As for myself, I am a happy shareholder of Dufry because it is a great company with a very good investment case.

Since you took the position of CFO of Dufry in 2012, the company has more than doubled its size. How is the coordination of the finance function in such a big organization?

It is certainly a complex task to accomplish. We operate in 64 different markets. This means aligning 64 ways of managing and reporting financials, taxes, regulations and then consolidating all this information to share it in a comprehensive way with shareholders and investors. And all of this within very tight deadlines!

The new corporate structure, however, and the standardization of processes with the Business Operating Model are helping a lot. But more than that, the great group of professionals that we have – at global, division and country levels – are what makes this operation run smoothly.

Corporate Communications and Investor Relations is another area under your responsibility. Which are the main areas of development here?

Effective internal and external communications are key factors that contribute to success of any business, and especially ours where building trust within our various relationships is crucial. We have a large list of stakeholders to engage with (employees, landlords, brands, investors, media, law-makers and even competitors) and each of them has different needs and ways of communication. The harmonization of what we say – and how we say it – is the main challenge.

Customers evolve. And so does the communication. We need to keep the links with our prospective customers because, despite our customer bases being captive ones as mentioned above, Dufry's shopping experience needs

to start as soon as someone buys their ticket. To that extent, the work done on social media is vital to show the world what we have and what makes us different and exclusive.

When dealing with investors, the recent IPO posed a new challenge. As an independent and listed company, we had created a local Investor Relations and Communications team in the US. However, Hudson remains a Dufry company and that means that we need to keep tight links between teams and high levels of synchronization amongst ourselves.

Lastly, at internal communications level, the main challenge is to improve our reach. In an ideal world, we would like to talk to each of the more than 32,000 employees that make Dufry today. Technology can help there, but this is an area of development of us.

We've read that this year we are evolving our reporting on sustainability. A need or a belief?

Both. Investors and stakeholders generally expect to receive more comprehensive information on how companies behave and their stance on various social and environmental topics and what they are actively doing in connection with this, so we need to be able to explain this to them. But more importantly, it is also the right thing to do. As a company, we do have responsibilities in the communities where we are active, most notably to our employees. The starting point for me is always to describe and measure as it is: only in this way that you can improve things.

Imagine that for one day, you were completely disconnected from the world. No mobiles, e-mails... just 24 hours for yourself. What would you do with them?

That is easy: I would spend a day in my garden or I would go for a hiking tour – there is nothing better for me than spending time outside and ideally in the sun. ■

IN A MINUTE:

A meal: I am a real foodie, so I am diverse on this. I like French or Mediterranean cuisine but the things harder to get in Switzerland are Indian and Middle Eastern food – so that excites me.

A book: 'The brief wondrous life of Oscar Wao' by Junot Díaz.

A city: I have two: Rio de Janeiro (most beautiful landscape in a city ever) and Tokyo.

A film: 'Breaking Bad' (although it is a series) and 'O Brother, Where Art Thou' (by the Coen Brothers).

A hobby: Gardening and hiking.

A leader: No one specific. There are many that are inspirational one way or the other.

Women@Dufry

EQ, IQ, LQ - It's All Here at Dufry!

These three acronyms sum up why a third of leaders are women at the leading digital tech and services company, Alibaba. Jack Ma, Alibaba's founder and executive chairman, says that women are great at helping the company grow because in addition to their IQ, they bring high levels of EQ (emotional intelligence) and LQ (which he describes as the love quotient or 'caring') to Alibaba, which he sees first and foremost as a customer-centric business.

Dufry, under the sponsorship of CEO Julián Díaz, has embarked on its own journey to unlock the potential of women working at Dufry and to help talented and ambitious women to further progress their careers within our company - also a customer-centric business.

By Sarah Branquinho

The women@dufry initiative was initiated last year by a steering group comprising a cross-section of women leaders across the business (pictured), in a variety of functions and geographies - from the Basel HQ and every Division, and with the objective of helping women to grow.

The steering group has had its second meeting, chaired by Julián Díaz and supported by Jordi Martín-Consuegra, Salvatore Arico and Marc Baumgartner. Julián pledged his continuing commitment to "ensuring women's progression at Dufry, and seeing talented women rise to top leadership positions within the company and to helping employees face the demands of juggling work, family and life-related issues."

In the six months since the group first met, the focus has been on two key areas on our journey to unlock the potential of women within Dufry:

- clear communication of the policies the company already has in place to support women in facing the challenges of juggling work, family and life-related issues, and
- ensuring that processes are in place to nurture female talent within the business and ensure the culture is supportive of driving a more diverse workforce at all levels within the business

Unsurprisingly, Dufry is compliant in all countries with the statutory policies relating to support for women in the workplace, but in a thorough analysis of the legislation and practices across the business it was recognized that the communication around these opportunities could be considerably improved. The general framework of support is contained in the Dufry Handbook which you can find on Dufry Gate (General Information section), however not everyone



MEET NOEL CHO - HR DIRECTOR ASIA, MIDDLE EAST, AUSTRALIA AND EASTERN EUROPE

Noel works in Dufry's office in Hong Kong, the city where she was educated and worked initially as customer service officer in a bank,

before embarking on a career in human resources with multinationals in retailing, communication and brand management. Unlike the other division directors and HR directors, who were transferred from other countries or roles, Noel joined Dufry's new Division 3 from another company in 2016.

What attracted you to join Dufry?

It is the variety and dynamism of the company and the role. The scope and region is very wide and complex - quite a unique combination which I find very interesting and stimulating.

And what do you bring to Dufry?

In the multinational companies I previously worked in, I was able to cultivate and accumulate experience in diversified aspects of the profession, as well as learning and identifying effective ways to work with people from different cultures and background. This experience is valuable to developing an international mind-set, flexibility, communication, dealing with complexity and ambiguity, and most important, respect of diversity and other people's values.



MEET ISABEL ZARZA – RECENTLY APPOINTED GENERAL MANAGER OF AFRICA

In her new role, Isabel will oversee all of Dufry's operations in this vast African continent, including Morocco, Egypt, Nigeria, Ivory Coast, Ghana, Kenya, Cape Verde and Mozambique – challenging and very diverse operations in a continent with much promise.

How did Isabel achieve this leadership role?

Isabel first worked at Aldeasa as an analyst in the International Development Department, leaving to get further experience as Strategy Project Manager at Accenture before returning to Aldeasa as Investor Relations Manager, then as Deputy Director for Strategy & Corporate Development, then Director when Dufry acquired World Duty Free Group. Since 2016 she has been Director of Business Development for Division 1, and coordinating the Global Strategic Plan for Dufry.

What core skills prepared you for your new role (after all, you've never worked in operations)?

My two predecessors went to operational roles with no previous experience too! However, I would highlight strong analytical skills, a strong focus on delivery, resilience, determination and emotional intelligence to be able to negotiate with Airport Authorities and Partners from many different cultures.

Any advice for women with ambitions to join the Dufry leadership team?

Be yourself and speak up! During my professional career there have been many meetings in which I was the only woman and have often been advised not to show my feelings, but I believe that showing my commitment and passion about projects has actually won new business for our company! Today there is much research showing that companies need to change their leadership style in order to adapt to the new ways of doing business. We can help and be part of that change by being ourselves.

among Dufry's 32,000 staff has direct access to Dufry Gate. Over the next months the HR team has committed to a concerted effort to impress on Line Managers the importance of discussing life stage changes with their teams and sharing the relevant information and guidance which is there to support them.

As part of its drive to help its existing staff and become an employer of choice, Dufry has also made a clear commitment to facilitating flexible working arrangements on a case-by-case basis as long as there is no unreasonable impact on doing their job, on other colleagues or on internal and external customers. I know that colleagues across the business will welcome this commitment. We live in a society where men play an increasing role in sharing the everyday responsibilities at home, but the fact remains that for many reasons women are still expected to meet the pressures of home life, whether as carers for elderly parents, or as a mother, or a sister or good friend, and to be there to deal with all kinds of unexpected crises.

Having responsibilities outside work means that women find efficient and creative ways to meet their workload – it does not make women any less ambitious. While some women reach a level where they are comfortable to stay, others are determined to aim for the top.

Dufry offers all its employees opportunities to progress. The end-of-year performance management review encourages a discussion on what each person's aspirations are and what support we each need in

terms of training and experience to help us achieve our goals, and there are opportunities to learn and grow which are there for the asking. There are also plans afoot to further develop talented people within Dufry and these will be shared with you in the coming months. Take the example of Isabel Zarza, recently appointed Managing Director for Africa – one of the few country MDs, and in this case MD for an entire continent, and a challenging one at that! Read above about Isabel's progression at Dufry.

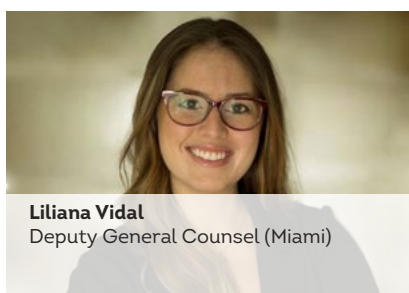
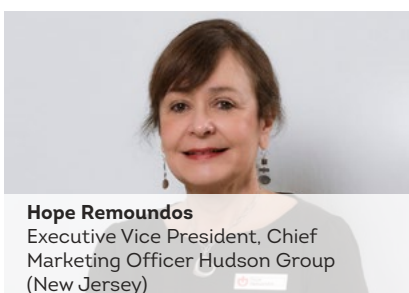
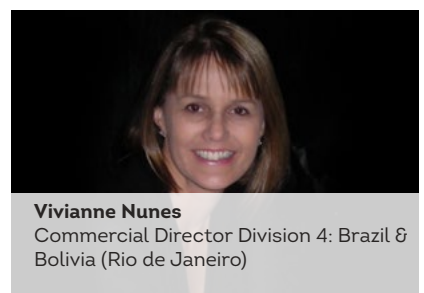
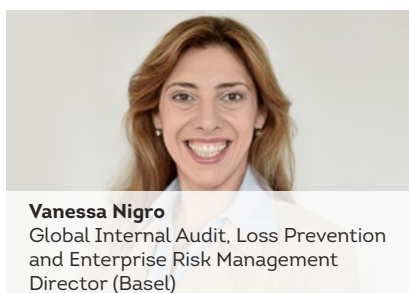
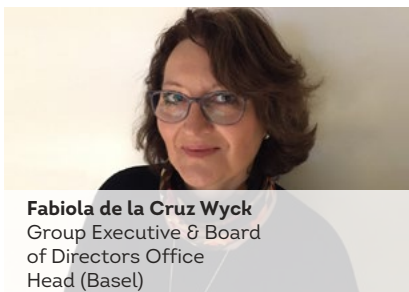
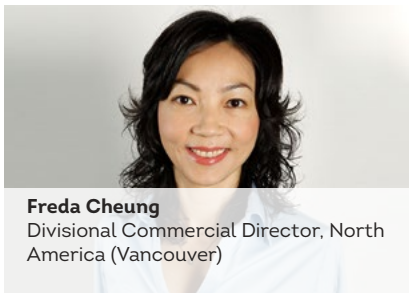
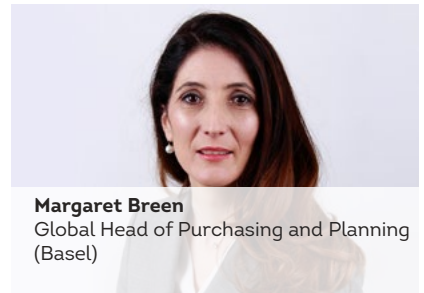
So are we women ourselves part of the problem? Do we have the confidence to apply for roles where we might not necessarily tick all the boxes but could perhaps acquire that knowledge once appointed? Have we openly discussed our career aspirations with our Line Managers? Have we explored what the core requirements are and asked for any training that might be available to give us the best possible chance of acquiring the necessary knowledge and skills?

What's next for women@dufry? Plans are underway to create drop-in sessions in the Basel HQ and each of the Divisional Offices, to share with you the discussions we have been having, and to ask you how you think Dufry can help you progress your career. It's the first step forward and a genuine one. With thousands of employees, it will take a while to understand the concerns – and successes – of women across the company and to think how we can address problems, and share and celebrate successes. But it is a start, and a new beginning which has the full support of Dufry's leadership team.

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 - men or women. Please feel free to contact women@dufry.com or any of the fantastic women on the [women@dufry](mailto:women@dufry.com) steering group. ■

Women@Dufry Steering Group



Business Operating Model – The Year Ahead

By Fernando Nadal

It is at the beginning of the year when gurus and visionaries dust off their crystal balls to predict what the New Year will bring! From the macroeconomic performance to the winner of the football World Cup, there are all kind of forecasts here and there.

However, we don't need a crystal ball to anticipate what will happen in Dufry in 2018. And this is probably because we have a very clear path to follow. 2018 will be a busy year where change will be a common word across all levels of the organization. It is the year when the new Business Operating Model (BOM) will be fully implemented in all locations across the 64 countries where Dufry operates.

The BOM roll-out is probably the most critical change ever made in the story of Dufry. The new processes will permit us to be more efficient and flexible, to react more quickly to the movements of the changing market and to remove frustrating inefficiencies.

In essence, it is the necessary step for Dufry to take, to enable the business to really maximize its market leadership position and to ensure continued and solid growth and development of the business.

After the success in Mexico and Switzerland – the two countries that were the first to fully implement the BOM and receive certifications (see Dufry World 25) – and with another 17 countries having started the implementation process at the end of last year, 2018 is marked in Dufry's calendar as the year where we manage to truly become one company, with one way of thinking and acting. In other words, it is the year when the way we run our business will be the same across all markets.

BOM is Dufry's new way of working that is being rolled out across the organization at all levels: stores, country, divisions and global. It is a blend of best practices from around the business which aims to improve efficiency and make how we work as clear and easy as possible.

But how do we switch to this new way of working? We start with an assessment phase, during which we identify which processes of a particular operation need to be modified to align with the Dufry way of working. Once the implementation of the new processes is completed, a third party consultant carries out a certification process that verifies the operation complies with the BOM principles and, if needed, identifies the

areas that need special attention and improvement. It is Dufry's quality certification.

Whilst the vision of how Dufry might work once the BOM is fully operational is encouraging, it means a change that impacts all levels of the organization (global, division, country and operation). And we know this is not always easy. Legacy processes and IT systems, ways of working and operating a business, management of the supply chain, organizations and structures, the role of support functions, even the way we engage with end customers, all seem to be set to change and in principle this poses a challenge for people. However, we have a great team of professionals with experience in change management that are helping our various business operations at all stages of this journey.



We are also aware that communication is important and the objective is to give as much information as possible to ease the transition. We have started by creating a series of videos to explain what is happening around the different areas of our business and how this transformation process is expected to go.

We would like to take this opportunity to thank everyone involved in making this project a successful one and we hope to continue having the high level of commitment and support received so far across the whole Dufry during the implementation process.

Finally, we would like to remind everyone that there is a very helpful section dedicated to the BOM in Gate where you can access information and learning modules about it. We have also set up an e-mail account, BOM@dufry.com, where you can send any questions you may have about the BOM. ■



Hudson Rings the Bell at NYSE

Hudson Ltd. has been successfully listed at the New York Stock Exchange (NYSE) with its first trading day on Thursday, February 1, 2018. An emotional moment for the whole Dufry Group, but in particular for our North American colleagues.

On February 1, 2018, Dufry successfully listed the North American Business (Division 5) as a new public company under the name of Hudson Ltd. at the New York Stock Exchange. The listing of Hudson Ltd. will have a positive impact on our ability to pursue and open new business opportunities, both in North America as well as in other divisions around the world.

The pictures of this milestone event tell the story best; enjoy some highly emotional moments in occasion of the 'Bell Ringing' to open the NYSE market on the first day of trading. ■





From left to right: Dufry CEO Julián Díaz; Roger Fordyce, Executive VP Chief Operating Officer Hudson; James Cohen, BoD Hudson; Andrés Holzer Neumann, Vice Chairman BoD Dufry; Pascal Duclos, Group General Counsel; Joseph DiDomizio, President & CEO Hudson Group; Joaquin Moya-Angeler Cabrera, BoD Dufry and Hudson; Juan Carlos Torres Carretero, Chairman Board of Directors Dufry and Hudson; Mario DiDomizio, Founder Hudson; Hope Remoundos, Executive VP Chief Marketing Officer Hudson; Adrian Bartella, Chief Financial Officer Hudson; and Brian Quinn, Executive VP Chief Operating Officer Hudson.

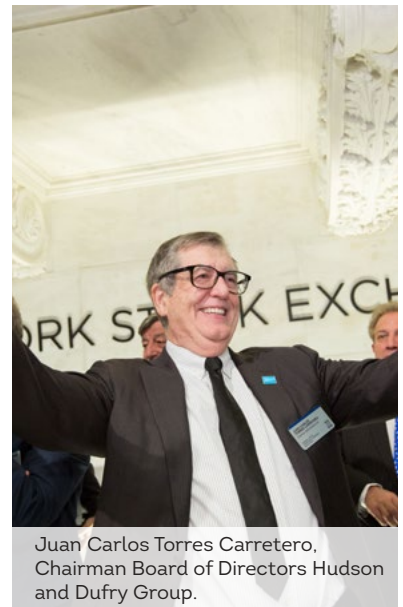


From left to right: Thomas Farley, President of the New York Stock Exchange; Joseph DiDomizio, President & CEO Hudson Group, and Juan Carlos Torres Carretero, Chairman Board of Directors Hudson and Dufry Group.





From left to right: Andrés Holzer Neumann, Vice Chairman BoD Dufry; James Cohen, BoD Hudson; Joseph DiDomizio, President & CEO Hudson Group; Juan Carlos Torres Carretero, Chairman Board of Directors Dufry and Hudson; Mario DiDomizio, Founder Hudson; and Dufry CEO Julián Díaz.

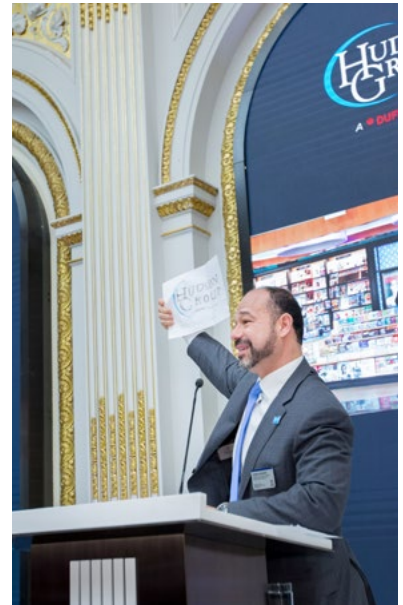


Juan Carlos Torres Carretero, Chairman Board of Directors Hudson and Dufry Group.



Joseph DiDomizio, President & CEO Hudson Group, in front of the New York Stock Exchange.





From left to right: Sandro Del Carlo, Global Treasury Middle Office Head Dufry; Chiara Ciraldo, Ernst & Young; Lidice Bartella and Adrian Bartella, Chief Financial Officer Hudson Group.

Wall of Fame



Heraldo Bellini
Finance Department
Madrid (Spain)

Over the Christmas period, the Madrid office regularly raises funds for 'Fundación Aladina,' a charity that provides psychological, emotional and material assistance to many children, teenagers and families that are either in hospitals or suffering severe diseases. One of the most popular activities in the office is the big raffle of a trip for two to New York that we fund using the 'Avios' (mileage points) accumulated over the year.

When Heraldo Bellini bought one of those tickets to enter the raffle, he was most probably thinking more about making a positive contribution than anything else. He certainly didn't expect to be the winner and we didn't expect what came next, when Heraldo asked us to donate his prize to 'Fundación Aladina,' who will be using it to pay for air tickets for their summer camps.

Heraldo may not be able to enjoy a hot dog whilst strolling through Central Park this year, but the next time he goes past the Retiro Park in Madrid and sees the children's hospital, he will have the satisfaction of knowing that he has done something very worthwhile as a result of his generous donation. A 'WorldClass' gesture, Heraldo!



Jérémy Hernández
Fashion Sales Assistant
Nice Cote d'Azur airport
(France)

Our staff in the Nice airport really rock! They gave it their all when they took on the challenge set out by 'Zilli,' the French luxury menswear brand that had recently launched in our store. The straightforward but demanding target was for our staff to close a sale of Zilli products to one customer with a value exceeding EUR 10,000! Jérémy, with the support of his customer service colleague Marc, did just that by putting three shirts, a document holder and a tie on a single sale.

Jérémy received one of the beautifully made Zilli belts as a prize and is a great example to all of us of what can be achieved when you are feeling motivated and passionate about your role and the products you are selling. Well done, Jérémy!



Bilal Akil
Warehouse Supervisor
Stockholm Arlanda
Airport (Sweden)

Bilal gives the impression that anything is possible! He is probably Arlanda airport's main problem solver! He faces each new challenge with extraordinary positivity and always with a great sense of humor. He has an eye for exactly what needs to be done and is often one step ahead, all of which makes him a great role model! And it is not only Dufry that recognizes Bilal's dedication. He is also one of Arlanda airport's 'Sales and Service Awards 2017' winners (Best Employee Backstage).

Bilal is also featured on our Dufry Wall of Fame for one of his passions: handball. He and his warehouse colleague, Jad Badra, both played handball in the Lebanese National Team and the 'Al Sadd Club.' They were champions of Asia twice and qualified for the Global World Cup three times in 2008, 2009 and 2010! They finished in the top 3 of the best teams in the world. Incredible achievements and we are proud to have such skilled athletes in our team!



Wesley Morgan
Supervisor
Denver International
Airport (United States)

Wesley proved to be the 'Traveler's Best Friend' to a little girl named Rylee on her travel through Denver airport. Rylee was traveling home after visiting her Dad and unfortunately, during her stopover, she left her 'daddy doll' in Denver airport where Wesley found it. He knew it had to be important to this little girl and took to social media to find her - and he did just that! Wesley then took the 'daddy doll' to all of the main tourist locations in Denver and took photos. The 'daddy doll' was then returned to Rylee along with some Denver souvenirs, pictures of the adventure and a letter from the Denver staff. A great example of going the extra mile and really making a difference for our customers - well done, Wesley!

Wall of Fame



Menşure Ertürk
Buyer for Fashion
and Luxury
Antalya (Turkey)

We all do what we can to try to make our world a better place, but there are some people who put in the extra effort to really make this happen and Menşure is certainly one of those people. She works full time in our purchasing team as a buyer and she also runs a charity project at the same time.

Menşure has always been a helpful person, but she wanted to help more people. To make this happen she started to produce and sell home-made organic products through Instagram and with the income she is generating from sales of these goods, she is helping more and more people every day.

With her followers numbering over 34,900, Menşure nominates the charity that she is going to help each week and her followers then support her, helping the charity not just to raise money, but also to gain visibility. We are very happy and proud to have people like you in the Dufry team, Menşure!



Kenneth Pham
Warehouse Staff
Gothenburg Landvetter
Airport (Sweden)

He makes all our customers feel special and they leave the store with a smile on their faces. With his wonderful energy and speedy way of working, the

job is not only done quickly, but also very carefully. Kenneth has an eye for what is needed in the most hectic situations and comes up with ideas, suggestions and help whenever and wherever he can. Kenneth is a happy and positive colleague whose good mood is infectious for everyone. Hard working and not afraid to get involved and help wherever help is needed, Kenneth is one of the well-deserved finalists in the Gothenburg Landvetter airport's 'Sales and Service Awards 2017.'

Åsa Olofsson
Sales Advisor
Gothenburg Landvetter
Airport (Sweden)



With her wide range of skills and fluency in several languages, Åsa has become a brilliant sales advisor. It doesn't matter if it is five in the morning or nine in the evening, as she is always ready to give the very best service and advice to our customers.

Åsa can get everyone in a better mood and the way she manages clients is inspiring. She is committed and knowledgeable in all areas of the store and is a major contributor to the store's great monthly results. Her ambition to improve and learn new things is an inspiration for us all, and her loyalty and commitment to her job and colleagues are something we should all aim for. It is this attitude that has led to Åsa winning a well-deserved award in the Gothenburg Landvetter airport's 'Sales and Service Awards 2017'. Congratulations to Åsa on this great achievement!



A Corporate Citizen

Dufry has recently published its 2017 annual report with an extended section on sustainability. Prepared according to international standards, we are now giving a more detailed insight about sustainability.

By Jorge Muñiz

What does Dufry do to both measure and minimize its impact on the world? How do we ensure we act with honesty and integrity at all times? How do we give back to society? Which are the critical areas of concern for Dufry and its stakeholders?

With the publication of Dufry's annual report for the year 2017, we are starting to publicly share our vision, goals and approach to this and many other topics. This exercise serves to build our external reputation, but it is also useful from an internal standpoint, because the analysis that goes into creating this report helps Dufry to determine processes and practices with further potential for improvement.

Global Reporting Initiative

For the preparation of the sustainability report, we have followed international guidelines set by an independent international organization called Global Reporting Initiative (GRI). The main task of GRI is to create a common language for organizations and stakeholders, with which the economic, environmental and social impacts of organizations can be assessed, understood and communicated. By using

the same standard – regardless of the size, market or industry a company serves – GRI enhances the global comparability and quality of information, enabling greater transparency and accountability.



Instructions for use

There are two capital pieces in the sustainability report. The first one is the Materiality Matrix that you will find in the first pages of the sustainability section of the annual report (available on our corporate

website, www.dufry.com). Already published a year ago in the 2016 annual report, this is the foundation of our sustainability reporting. It's the result of a deep analysis of our business, our impacts and areas of concern and the significance of these to us and our stakeholders – a group that includes employees, airport partners, suppliers, societies, public authorities, etc.

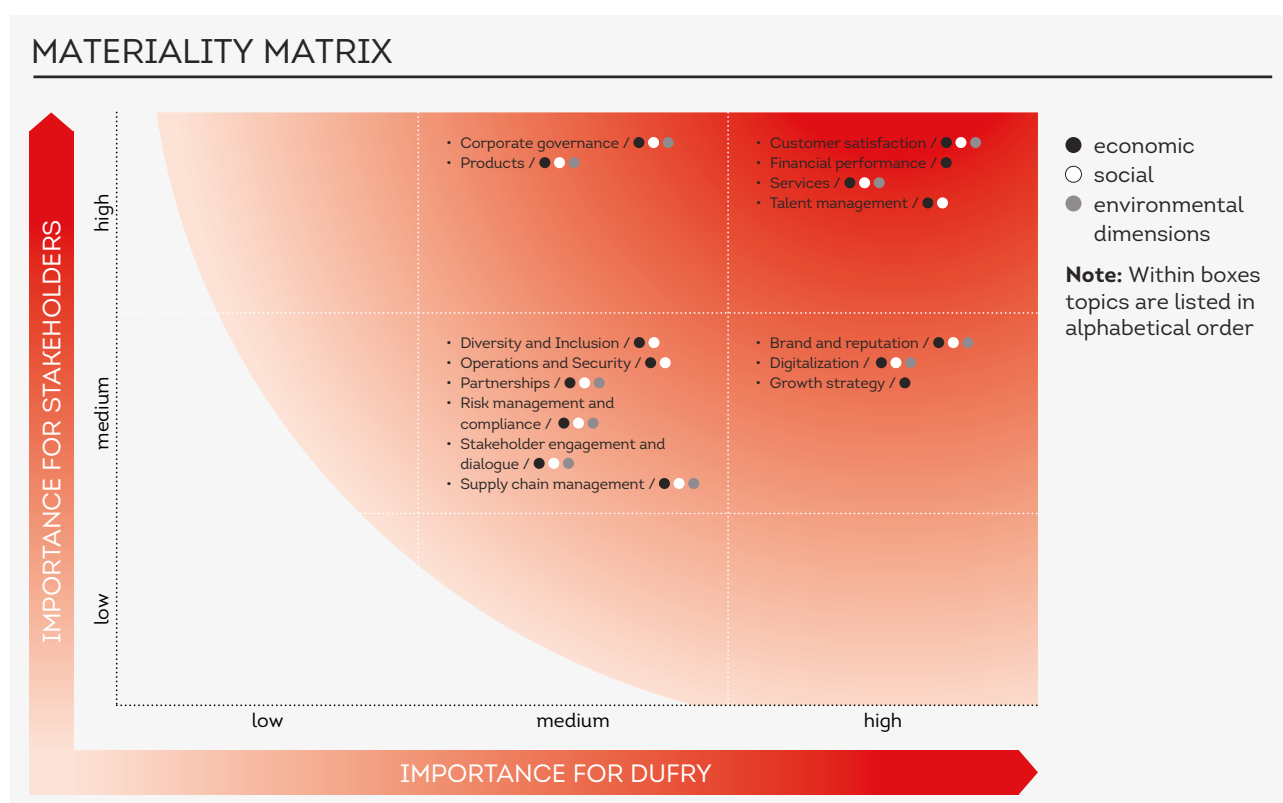
Based on this input, we identified the areas where Dufry should be reporting – represented by the dots in the matrix featured in the picture – which are grouped under three dimensions: economic, social and environment.

Why is this important?

Reporting on sustainability brings a number of benefits, both internally and externally.

From an internal viewpoint, it allows Dufry to have an enhanced understanding of risks and opportunities and to compare our performance internally and also between other companies and sectors. In essence, it's a systematic self-assessment exercise which then allows us to plan and achieve improvements in the years to come.

From an employee perspective, it helps us to understand our reach and impact within society. Yes, we are



The second reference in the report is the GRI Index available in the sustainability section of our website (www.dufry.com/en/company/sustainability-dufry). This is basically the list of indicators established by GRI for each of the topics selected in the materiality assessment. Indicators that are the same for any company in the world for whom a certain topic is relevant.

This index is a kind of compass that enables the reader to get a complete understanding of what we do and where to find the information within the annual report and the sustainability section of our web. Likewise, this index is what analysts use to track information that helps them to gain a better understanding of how Dufry interacts with stakeholders and its main goals from a sustainability standpoint.

here to make money and be profitable. But our activity has economic, social and environmental consequences and it's easier to understand the extent of these with the information provided in the report.

Externally, there is no doubt that reporting on sustainability has an important reputational effect, both with our customers by driving additional brand loyalty and with investors who increasingly consider CSR topics and reporting when making their investment decisions. And most importantly, it enables external stakeholders – brands, airport partners, governments, investors etc. – to better understand Dufry and its true values. ■



Fascinating New Generation Store at Cancun Airport

Dufry presents for the first time in Latin America its New Generation Store, a retail concept featuring the extensive and innovative use of digital applications aimed at improving passenger communication and helping drive sales.

The striking new store located in the new Terminal 4 at Cancun International Airport Mexico, covers a retail space of close to 1,900 m² and will delight passengers with a more personalized shopping experience deliv-

ered via digital communication. Tablets and new digital screen equipment will allow the communication with customers to be more flexible and can be adapted to suit different nationalities according to the arriving and departing flights. The new shop concept presents a high degree of customization with fully integrated audio and video resources. As an example, up to six brands will have the opportunity to stream their own specific messaging and content throughout the store, using the digital screens for thirty seconds each. ■