

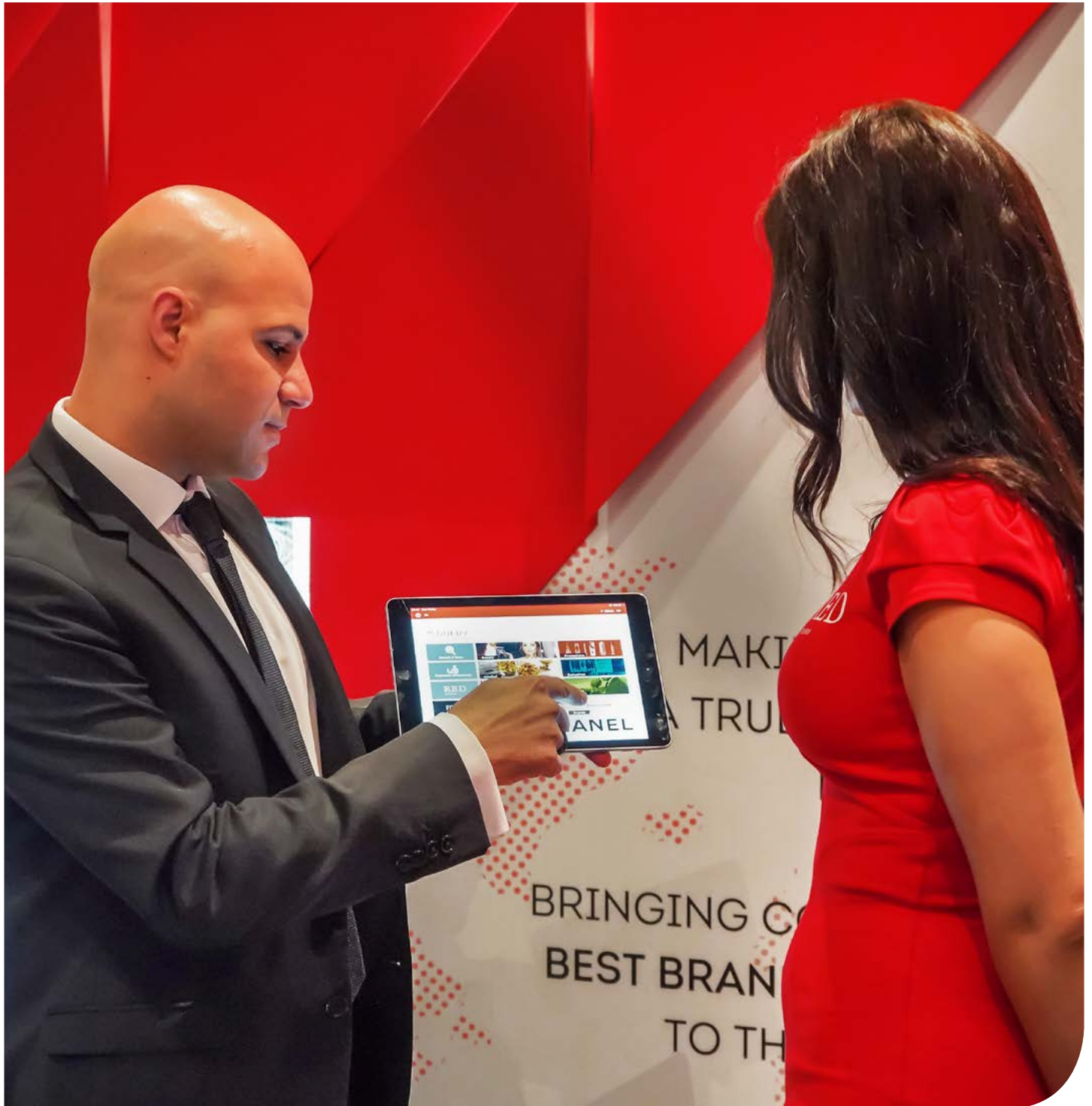
DUFRY WORLD

WorldClass.WorldWide.


**CORPORATE
MAGAZINE**

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June 2019



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Positive Start to the Business Year 2019

Dufry saw a positive start to the new business year, with our turnover increasing by 3.4%, amounting to CHF 1,882.6 million in the first quarter 2019, compared to CHF 1,820.0 million in the same period last year. In these first three months, organic growth further improved on a quarter-by-quarter basis and reached 2.0% at Group level, despite the shift of the Easter holiday into Q2 and last year's strong performance as a base for comparison. All divisions reported positive performance, except for Central and South America, where Brazil and Argentina are still facing a challenging environment. If we were to exclude Brazil and Argentina from the organic growth calculation, our growth would have amounted to 5.6%. From a regional perspective, we saw organic growth peaking in Asia Pacific and Middle East (+17.3%) and showing a good performance in North America (+5.3%), while growth in Europe and Africa also improved, reaching 2.4%. Worth mentioning is also the ongoing success in our negotiations with suppliers and the further implementation of the Brand Plan to define individual marketing initiatives with brands. We have thus further increased our gross profit margin by 40 basis points to 60.3% and increased our gross profit to CHF 1,135.6 million.

Moving on with employee digitalization

The key story in this edition of Dufry World is an interesting article on the development of the shop floor tablet and the digitalization of our sales associates. As one of the major elements of our E-motion initiative, it shows the impressive progress we have made with this tool and the increasing amount of content available now in six languages, that supports our staff in providing

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our customers with a seamless shopping experience and heightened service quality. Moreover, the tablets allow our sales staff to work more effectively and with specific information, resulting in an increase in the average ticket and total sales. This initiative is also a perfect example of the ONEDUFY philosophy: Better employee experiences that drive improved customer experiences that drive business results.

Updating investors on Dufry's business model and further development

Also worth reading is the article on Dufry Day 2019, when we gave our investors and the financial community a general update on our business model and an insight into our ambition to further grow the company. It marks an important moment in our history, as Dufry is now a completely different company from the one it was before the transformational acquisitions and the implementation of the BOM and the ONEDUFY initiatives. It was therefore key for us to explain the different development phases, to describe the business model today and most importantly to show how we intend to further grow Dufry and evolve the commercial model.

Thank you for your support and dedication

Focussing on the coming months, it is important that we maximize benefit from the positive start seen at the beginning of the year and from the improving growth trends. I would like to thank you for the ongoing support and dedication I can see across all our operations around the world. Let's maintain our strong customer focus in our everyday tasks and enjoy the work we do to further improve the quality of our deliverables. I am looking forward to a successful peak season and to working with you to achieve our goals. ■

D1 Partnership with Instituto de Empresa

Dufry took an active and exciting role in the Instituto de Empresa's (University in Madrid, Spain) International MBA Program (IMBA). We were the chosen "Learning Partner" this year for their "Business Impact Lab"; a five-week program integrated into the eleven-month duration of the International MBA, with the aim of helping 80 international students to demonstrate their entrepreneurial skills by transforming the Travel Retail industry.



CEO Julián Díaz visiting Instituto de Empresa and talking to lecturers and students.

The course started on Monday February 25, and concluded with the final presentation on March 29. Prior to the start of the Business Impact Lab, the students conducted an "immersion activity," involving a visit to Dufry's stores at Terminal 4 of Adolfo Suárez Madrid-Barajas Airport, accompanied by Antonio Simon, the Area Director for Madrid at Dufry. The visit was of enormous benefit to the students, who learned the key aspects of the business and the dynamics of the store.

Once the course started, students were divided into workgroups with the task of formulating their hypotheses to respond to the Corporate Challenge, that is to suggest ways that Dufry could transform the travel retail industry by improving customer experience.

The objective of the Business Impact Lab is to provide students with a unique learning experience that allows them to work in the development of disruptive business solutions in order to solve the proposed Corporate Challenge, to be able to identify opportunities and lead changes and innovation processes within a given organization.

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.

To this end, a team of six Dufry tutors – Laura Chedid, Coral Clavero, José Luis García, Pedro González, Marianna Primiceri and Scott Tremaine – were in permanent contact with the students, providing them with feedback and monitoring the progress of their projects on a weekly basis.

Julián Díaz, Eugenio Andrades, Pedro Castro and other members of the Dufry team attended the presentation event on March 29, asking the students for further details on their projects and giving insight and feedback themselves. The ideas that were put forward in this exciting project will be taken into consideration to improve the store experience of passengers at the airport, develop new business models and payment methods or contribute to the digitalization of stores. Watch this space! ■

D3 Ten-Year Contract Extension at Philadelphia International Airport

Dufry has been awarded a 10-year contract extension for nine locations at Philadelphia International Airport (PHL). Combined with the company's recent market win at PHL including 13 new locations, the concession agreements for Terminals A, D, E, F and the B/C Connector will more than double its current footprint with nearly 1,600 m² of retail and food & beverage space.

Hudson will continue to operate its nine existing locations, operating brands such as Dunkin' Donuts, Hudson, Life is Good, and Kiehl's, and has already added several new specialty stores including 5th & Sunset, Coach, Hudson News, PHL Sports and Vera Bradley. FAO Schwartz and Ink by Hudson are due to arrive later this year. ■

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HQ Capitalizing on a Dufry Exclusive to Win a Dream Destination

Dufry has teamed up with Japan Tobacco International (JTI) to offer customers the chance to “Win their next holiday” with Camel Dufry-exclusive limited editions.

The collaboration with JTI sees the creation of Camel Dufry-exclusive limited edition designs, specific to key Dufry locations and stores using IATA codes. The innovative pack and carton designs feature the IATA codes of Madrid, Zurich, Tenerife, Cancun and Denpasar.

Dufry customers can “Win their next holiday” up to a value of US\$10,000, by simply entering a digital prize draw for the chance to travel to their dream Dufry destination. To participate in the grand prize draw, customers must register their details on the Dufry RED website, thereby increasing membership to the Dufry RED loyalty scheme. Although the grand prize is not available in all locations, the exclusive limited edition designs will also be available in Barcelona, Malaga, Alicante, Palma De Mallorca, Fuerteventura, Lanzarote, Las Palmas, Cambodia, Cancun, Mexico City and Lima.

The collaboration with JTI is a first of its kind; offering a combined global flagship brand Camel, with destination souvenir limited edition packaging, along with the chance to “Win your next holiday.” Moreover, it drives



online traffic and increases membership to the Dufry RED digital platform. The grand prize activation zones will enhance visibility of the tobacco category and provide innovative in-store excitement for existing adult smokers.

To launch this initiative, Dufry and JTI will be hosting - ahead of the official activation - the first trade event in Dufry’s Basel Headquarters to highlight the limited edition and celebrate this truly global collaboration. The JTI team will be on hand to talk about tobacco as

a product line that supports all categories within the Dufry store: research shows that 89% of tobacco buyers pre-plan their purchase, driving footfall into the store.*

The Camel Travel Retail limited edition designs and activation will have a staggered launch, starting with Zurich in July 2019.

* Mindset, 2018 ■

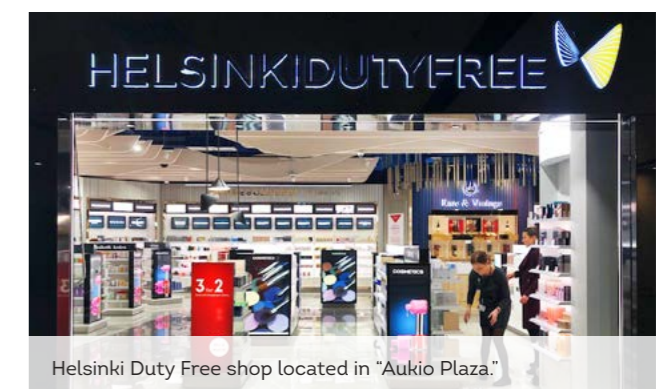


D1 New Helsinki Duty Free Shop

In February, Dufry inaugurated the new Helsinki Duty Free store, which is located in the “Aukio Plaza” area of the newly refurbished west wing of the non-Schengen terminal at Helsinki Airport.

The striking Nordic design delivers a strong “Sense of Place,” with a polished, fresh feel and covers 309 m² retail space with a large range of traditional core category products, including premium international brands and a selection of the finest local brands. The passengers, mainly travelling to destinations in the Far East, especially China, can discover a wide assortment of products across the perfume & cosmetics, liquor and tobacco categories. In addition, the “Thinking Finland” area offering food & souvenirs provides an additional “Sense of Place.” Finally, the “Toyland” area features a new toy and Lego concept.

The 25,000 m² Aukio Central Plaza, a key piece of Helsinki Airport’s expansion project, has been designed to improve the passenger journey. Aukio, which literally means “central plaza” in Finnish, lies at the heart of the expanded long-haul area which serves both departing and arriving passengers from the South Pier. ■



Helsinki Duty Free shop located in “Aukio Plaza.”

HQ DUFRY TV Online on Vimeo

DUFRY TV, the internal TV channel launched in August 2018, is broadcast in 18 countries across head office locations and staff rooms and is available on Vimeo www.vimeo.com/dufrytv.



The aim of DUFRY TV is primarily to inform and inspire teams across the world, helping them implement in-store activities in the best possible way, both in terms of displays and level of service. It also serves to remind how big, far reaching and diverse DUFRY is, whilst giving a distinct impression that everyone belongs together and shares common goals and values. ■

D3 Joe & The Juice at Vancouver Airport

A new partnership between Hudson and Joe & The Juice, a Scandinavian juice phenomenon, includes the opening of two locations at Vancouver International Airport as part of the accelerated food and beverage expansion. Joe & The Juice will serve signature organic coffee, fresh fruit and vegetable juices and made-to-order sandwiches. This offer will bring quality health products and a unique, modern vibe to travelers at Vancouver International Airport. ■



D2 New Arrival Shop in St. Petersburg Pulkovo Airport

In April, Dufry opened a new duty-free arrival shop in St. Petersburg Pulkovo Airport. Located in the international flights arrivals hall, it has a retail space of 102 m². Following Dufry's philosophy to provide travelers with a true "Sense of Place", the shop's design emphasizes the essence of St. Petersburg through design elements of white gold mosaic on the walls, which are combined with a ceramic marble pattern.



"Sense of Place" feeling at St. Petersburg Duty Free.

Passengers coming to St. Petersburg from abroad can purchase the best selection of products from various categories, including wines and spirits, perfumes and cosmetics, tobacco, confectionery, travel accessories and electronics. Travelers can also find a wide range of products from some of the world's best-known brands, such as Bacardi, Hennessy, Johnnie Walker, Macallan, Moët & Chandon, Lindt, Godiva, Dolce & Gabbana, Lancôme, Chloé, Burberry, Versace, Gucci and Boss. ■

D1 Mental Health Awareness Week

Running since 2001, Mental Health Awareness Week's theme this year is Body Image - how we think and feel about our bodies. With MIND as World Duty Free's new chosen charity partner in the UK, the mental health charity provides advice and support to empower anyone experiencing mental health problems. Their campaigns and services encouraged the UK team in Bedford Lakes to help raise awareness and promote understanding for Mental Health Awareness Week. During the week of May 13 to 19, the team in Bedford Lakes placed a couple of large posters throughout the head office and encouraged staff to come and write what they do to support a positive mental attitude about their bodies and what they love about themselves. The well-being board created a space for staff to share their thoughts and ideas

to improve mental well-being. Colleagues at Bedford Lakes were also encouraged to take daily 10-minute walks around the building that week, which was a great way to get them to connect with other colleagues, take notice of the sights and sounds around them and get active: three ways known to foster better well-being. Mental health can affect anyone on any day of the year, so it is important that we continue to promote well-being for all of our staff, and encourage everyone to think about how they can incorporate their ideas into a daily activity to support their own mental and physical well-being. ■



Employees were invited to post their ideas for healthy living on the board.

D4 Consolidation of Partnership with Holland America Line

Dufry has signed an additional contract with one of the leading cruise operators, Holland America Line, to operate duty-free on board six of its new ships. The new agreement represents an important milestone as Dufry will be managing duty-free shops on board the entire fleet, which covers all the major tourist routes in the world. The new agreement includes duty-free shops on board six new ships for five years, adding more than 1,500 m² of retail space. Dufry will have a presence on all fifteen ships of Holland America's fleet and will occupy more than 3,500 m² of retail space.



The shops will offer a comprehensive duty-free assortment including the traditional product categories, such as perfumes & cosmetics, spirits, watches, accessories and confectionery from leading and famous brands from around the world. ■

D1 New Walk-Through Store at Malta International Airport

In March, Dufry unveiled its new walk-through Malta Dufry Shopping store, which is part of Malta International Airport's wider refurbishment of the island's only airport, which is aimed at improving the passenger journey.



Passengers have a wide variety of product offerings at Malta Dufry Shopping.

All traditional core categories are represented, including perfumes & cosmetics, liquor, food & confectionery and toys. The store also offers new brands like MAC, Benefit, Victoria's Secret, Aqua Di Parma, Jo Malone London and Rituals. The new highlight is the "Spirit of Malta" section, which sells local products. ■



The new walk-through store is part of the airport's wider refurbishment.

Forging the New Dufry

By Jorge Muñiz

We have had the chance of discussing with Salvatore Aricò, Dufry's Global Organization and Human Resources Director, the latest developments at Dufry. The cultural transformation that ONEDUFRY is to bring to our company is probably one of the things that keeps this astronomy lover busier every day. However, the Human Resources function is no different to the rest of Dufry and is constantly evolving and learning how to serve its "customers" better.

The word "transformation" is becoming very popular at Dufry lately. Can you elaborate on how you see the transformation at Dufry?

Well, it's true that transformation is probably one of the most popular words during our dialogues today. The center of the transformation is our customer. Nothing matters if the travelers are not entering our stores, enjoying the experience and buying our products. Are they entering our stores? Are they converted to customers? Are they increasing their spending? Three simple questions but so complex to address.

Transformation at Dufry is about focusing on customers more effectively and more efficiently than we are doing so far; we must keep improving. We know that we need to react faster to customer needs, to provide exceptional service, to meaningfully respond to our local colleagues, to stay focused on what really matters.

All of us need to be more commercial and get closer to the stores and the customers. We need to speak the same commercial language, have clear goals and constantly fight to improve our retail KPIs. Our size, as well as our global outreach are often challenging for us. The transformation is about addressing these precise areas; and we are doing so through several initiatives.

Despite it being kicked off last year, 2019 should be the year when ONEDUFRY comes to life across all the layers of the organization. How is the program progressing?

There are different ways through which ONEDUFRY may influence your thinking and your actions. Personally, I started questioning my team's tasks by introducing the following question: does this task in some way improve our employee's experiences, our customer experiences and/or our business results? And if not, then we may need to reconsider its prioritization. It's true that we have multiple priorities, and often we focus on the details without paying attention to the bigger picture. ONEDUFRY gives us an easy way to stay focused on what really matters. ONEDUFRY has been successfully launched in all our operations, all countries, all divisions, stores and offices as well as HQ, through our



Salvatore Aricò, Global Organization and Human Resources Director, leads important initiatives such as ONEDUFRY.

IN A MINUTE:

- A meal: Always pizza!
- A book: I tend to have a preference for writers and their style, that's why I like Andrea Camilleri and his novels of Montalbano (much better if you can read them in Italian), and Donato Carrisi's "The Girl In The Fog."
- A city: Really difficult to say, there are many... but in general, the ones I have not visited yet are more interesting to me!
- A film: Bohemian Rhapsody... if you are a Queen fan, the Darkest Hour, or if watching with kids... Ralph Breaks the Internet!
- A hobby: Photography.
- A leader: Many, not one in particular.

Store and Office Leadership Training. Now, it's being delivered to our Store & Office Associates through our

newly created Retail Champions Program. Every new employee will be receiving a rigorous induction training, which includes all those critical aspects. Simple things, such as the use of the "Morning Message" or the "Mid-Day Catch Up" by several stores, the consistent reference to and use of the desired behaviors, the focus on the target of the day and the implementation of bonus schemes for target achievement are now increasingly evident. They are becoming the norm and will undoubtedly deliver a bigger impact for our business.

How can a cultural initiative like ONEDUFRY have a business impact?

During the ONEDUFRY implementation we selected several pilot stores in two important operations, Greece and Switzerland, where we stayed focused on the very basics: following a daily plan with a daily target, motivating our teams with individual or team bonuses, optimizing numbers of employees especially for the high-traffic hours and securing the core customer service behaviors were some quick wins. The pilots worked very well and, together with Retail & Ops department and the divisional colleagues, we are now scaling up the project all over the world.

Diversity and equality are areas of concern, not just at Dufry, but on a global basis. What are the plans regarding these topics?

Diversity@Dufry is another global initiative. Pay equality, flexibility, diversity in talent attraction, diversity in successor's positions, diversity in managerial positions are different areas we are now focusing on with meaningful actions. And it is not only about gender, it is much wider, and includes diversity of age, nationality, backgrounds, etc.

I am extremely proud that in January 2019, Dufry was the first travel retailer globally to become EQUAL-SALARY certified in Switzerland. This certification is an important step in further developing our corporate sustainability and our commitment to a fair and unbiased reward structure. We can focus on fostering a diverse and inclusive culture and our employees can develop their careers, both of which ultimately enable us to achieve our strategy of profitable growth.

The topic of equal pay is receiving unprecedented support from society. Equal pay is now, more than ever, a relevant business, cultural and social matter. We, at Dufry, have taken concrete steps to demonstrate to our employees and customers that we lead by example.

As next steps, we are going to use the important learnings from the certification process to improve our HR processes globally. We would like to adopt parts of the statistical evaluation process as standard and apply these to our global reward methodology. In the future, we would like to refocus and potentially grow our other EQUAL-SALARY certified countries.

Dufry is evolving its learning and development structure to ensure higher quality education and skill acquisition of its staff. What are the main developments and projects that HR is currently working on?

Now that we have concluded the biggest part of the integration initiatives, there are areas where we need to "personalize" our global offering. For several areas "one size fits all" is not an option, and our Learning & Development (L&D) is definitely one of them. We have introduced the angle of "people groups," whereby we focus on the differentiated needs of the groups and the individuals and differentiate our programs.

We are creating lots of interesting programs and partnerships with universities - including the University of St. Gallen and Harvard University - and with other specialty consultancy providers such as McQuaig or Russell Reynolds. These programs are designed to address the demanding needs of key people groups such as general managers, functional leaders, retail leaders, high potential individuals and retail teams. They follow a blended model with in-class and on-the-job modules, job assignments and online learning and so far we have had very engaging participation. For example, our Coaching & Mentoring Program, our General Managers Program, our Retail Champions Program and our Future Store Leaders Program have all been newly designed and are ready to elevate our teams around the world.

The recent appointment of Yves Gester as CFO of Dufry is a clear example of a robust company's succession plan and the talent of our staff...

I was recently reading some interesting research regarding the most used channels for hiring. Surprisingly, and despite the undoubted benefits of internal hires and promotions, companies are overlooking internal talent and spending resources on outside hires. The internal-first approach has always been my preference. We must find ways to identify charismatic and promising individuals within our operations and give them the opportunity to shine. Not easy, but I can assure you that we have been working hard on it. Over the past months we are enriching our relevant practices including the creation of success profiles by position, the successor's referral program and the development programs for high potential individuals. Yves is a great example of internal succession planning and career development, and we are proud of him and what he has achieved.

BOM, ONEDUFRY, reorganization... it's been a year of continuous change and organizational evolution. What's the feedback from staff after so many changes introduced in recent times?

You are right, many changes over the past years, which is a demanding exercise for all our people. We should not forget, though, that all those change initiatives are grounded in our values.

They are all aiming at reinforcing our global outreach, our focus on customers, our efficient operating model, and our solid character. The size of DUFY dictates the need for us to pursue constant improvement, we must stay ahead of the curve, even if sometimes it makes us feel uncomfortable. This year we are introducing a partnership with Wills Towers Watson for measuring and

improving our employees' engagement levels. I am sure this will help us to get closer to our people, understand their needs and quickly address their issues. The voice of our employees is as important as the voice of our customers. Our new tools will give global, divisional and country leaders the opportunity to listen to their people and react faster. ■

Wall of Fame



João Victor
Zurich airport (Switzerland)

Estée Lauder Companies (ELC) have an eye for spotting talent. They found a great asset in our Zurich airport colleague, João Victor. In the context of the 2019 Winter Tom Ford travel retail forum, organized in London, Joao was nominated from all Tom Ford specialists worldwide across the Retail EMA region, to represent Tom Ford Beauty as an influencer on social media. The Tom Ford influencer program kicked off some months ago with a number of selected specialists worldwide. After observing and watching, the list was edited down to the five best ones... with our very own Joao on this final list! His selling skills and commitment finally made him the one and we are very proud to see one of our staff members become a success story with one of our most valued brand partners. Congratulations João and keep it up!



**Wendy Bulpett,
Sharaine Margerum &
Sue Whitworth,**
Southampton airport (UK)

Going the extra mile. What does this really mean? Basically, it is about making that little additional effort that massively changes the experience of our customers when in our stores. The following story might be one of the clearest examples you can ever find. One of our customers was travelling out of Southampton last April to visit his father in France, who had recently moved there. However, he forgot something trivial, but very important for him: buying some PG Tips tea bags and a copy of The Times newspaper for his father. Our distressed passenger asked our staff if he would have sufficient time to get back to landside to go and find

a shop and then get back to take his flight. In the note this passenger sent us later on, he described what happened next. One of the three female members of our staff that were with this passenger arranged with her daughter to collect the goods and bring them to the airport. The expression on the passenger's face when he was told the goods were on the way said it all! Offering help – and actually getting the goods airside – made this passenger feel cared for and extremely welcome in our store and in the airport. These three ladies showed a positive attitude to get the job done and ensured an unforgettable experience in one of our stores. Well done!



World Duty Free UK staff

Would you like to help One Foundation by buying a bottle of water or a jute bag? That's probably one of the most repeated sentences we can hear at any till in our stores in the UK. However, the potential linked to that simple offer is a bit underrated, when you consider the massive impact generated by each bottle or bag sold. A partnership that started back in 2006 has enabled us to raise over 2 million pounds so far, which has been used to help bring clean, safe water to over 400,000 people in Africa. From April 28 to May 1, eight of our UK colleagues had the chance to join The One Foundation's annual water and sanitation visits to Nairobi, in Kenya and see first-hand the contribution our business makes to the development of much needed infrastructure in seven informal settlements. This includes network extensions and metered water connections, and the improvement of water supplies at both a household and plot level with the installation of public standpipes and water kiosks. Everyone on the trip described it as a life-changing experience and they all came back home with

Wall of Fame

mixed feelings. Proud of the work that's being done, overwhelmed by the heartwarming welcome of Kenyans at the schools and communities visited... but at the same time with the urge to keep helping because there is still so much to do. We are sure that the eight of them, Joseph Fernandes, Alex Taylor, Elizabeth Donnarumma, Craig Culshaw, Dean Johnson, Holly Airey, David Budd and Kathryn Kindness, returned back home motivated, full of pride and wanting to share their experience with everyone.



Andreas Sziedat,
Central Services Team
Leader,
Basel (Switzerland)

Andreas Sziedat, Central Services team leader based at Basel headquarters, keeps everything running smoothly at the offices in Basel and Zurich. Andreas is responsible for the facility management, the receptionist and cleaning teams, the cafeteria catering concept and the company cars. He also takes care of the setup of new offices, office moves for employees, space planning and logistics for company events. During the seven years Andreas has been working for Dufry, he was part of the team that organized the major office move in 2013 to the current Dufry Headquarters in Basel and handled the negotiation for the extension of the lease agreement and for the sublease of two office floors to external companies. Andreas manages the relationships with the office landlords in Basel and Zurich, the subtenants, maintenance and catering companies. He learnt during his time in hotel training how to be consistently friendly, polite and respectful, but at the same time assertive and determined, both towards service providers as well as towards internal employees and management. Andreas loves his very diverse role, especially the contact he has with teams and contacts internationally. His credo is to fulfill requests and solve problems in a fast, efficient manner. On top of all this, Andreas is studying real estate economy to widen his understanding of the real estate business. Andreas enjoys spending his time off with his wife and one-year-old son. As the son of a pro-

fessional football player who played in the German club of Hertha BSC, his hobby is of course football!



Ana Maria Ascarate,
Sales assistant,
Carrasco Airport
(Uruguay)

Having worked for the company for over 25 years at Carrasco Airport in Uruguay should give Ana María enough credit to be in our World of Fame. Nevertheless, it is her love and passion for the work and her positive outlook that she radiates to all those around her that have won her a place on this occasion. A highly respected member of the team, no one exemplifies the values we aim to see in the new generations more than she does! She is a true ambassador of the core pillars of ONEDUFY: care, showcase and efficiency. Thank you Ana María for your life-long dedication and the customer-focused attitude you demonstrate each and every day!



**Francisco Javier Velasco,
Sandra Martínez and
Borja Sánchez,**
(from left to right)
Madrid office (Spain)

It was completely by chance that we discovered we have the Roger Federer of ping-pong – or table tennis – amongst us! In the context of the Sponsorship of the ATP Tennis tournament, Mutua Madrid Open, the Dufry Madrid office organized an informal table tennis competition to celebrate the event. With 48 participants in the singles and doubles categories, Francisco Javier Velasco in the singles competition, and Sandra Martínez and Borja Sánchez in doubles, were crowned as the first Dufry Madrid Table Tennis champions. Even though the competition was tough and there were no easy matches, our champions proved themselves ready and able to go all the way and are now waiting to take on rivals from other Dufry locations. Are you up to the challenge?



Updating Investors on Where Dufry is Heading

By Renzo Radice

This year's Dufry Day, held in Zurich on May 15, 2019 and attended by close to 100 Swiss and international analysts, investors and journalists, focused on giving the financial community an update on Dufry's achievements and the company's strategic outlook for the coming years. We also took the opportunity to introduce the audience to Dufry's new KPIs and the reporting implications resulting from the implementation of the new accounting standard IFRS 16, put into force at the beginning of 2019.

Creating the travel retail industry leader

Julián Díaz set the scene by explaining the four main development phases of the company; 2003–2005 marked the creation of the business model focused on travel retail and the operation of the shops, while at the same time divesting (selling) all activities not relating to the core business of travel retail. This phase also included the initial public offering (IPO), when Dufry's shares sold for the first time on the Swiss

Stock Exchange in 2005. The years 2006–2012 marked the first phase of acquisitions, where Dufry started to implement its diversification strategy named "Global Ambition" and incorporated several important operations based in different parts of the world into its portfolio.



Welcoming the invitees with a demonstration of digitalization.

Included among these were the Caribbean operation in 2007, Hudson and its duty-paid business in 2008, the merger with Dufry South America in 2010, the acquisition of operations in Argentina, Uruguay, Ecuador, Martinique and Armenia in 2011, and last but not least the inclusion of the RegStaer Group in Russia and Hellenic Duty Free in 2012. The in-depth experience and expertise accumulated with all of these acquisitions and integrations, created the prerequisites to approach the successful execution of the transformational acquisitions carried out in 2013–2015 with the integration of Nuance and World Duty Free, thus creating the new Dufry. The fourth development phase of the company; 2016–2018, focused on defining common values and aligning all employees on how we work, with the implementation of the new Business Operating Model to standardize processes and procedures.



Julián Díaz, CEO, opens the Dufry Day event.

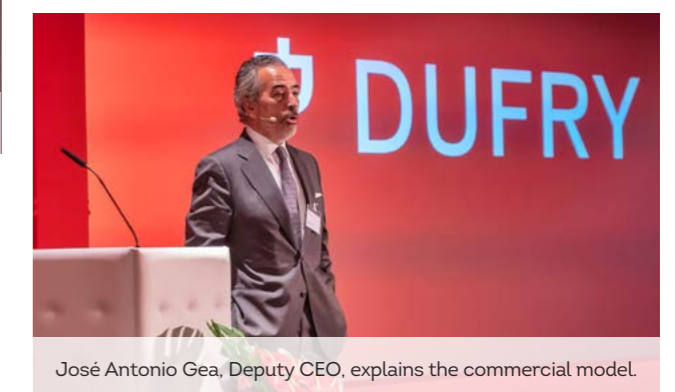
Launching the next phase of development

Over this 16-year period, Dufry has multiplied EBITDA by 13 and its turnover by 21, and the industry has seen important changes too. New customer profiles, new ways that customers shop and the rise of low-cost carriers, as well as the development of new technologies, have not only impacted the business but much more so our complete way of life – it's incredible to think that the iPhone was first presented by Steve Jobs on 7 January 2007! Julián Díaz continued his speech by explaining how these changes and the growing importance of the travel retail channel for global brands and landlords will influence the future development of Dufry. He "connected the dots" by explaining how our strategy approaches the new market requirements

and customer expectations from the perspective of growth, operational performance and capital allocation. He explained in detail how initiatives such as the digital strategy, the BOM, the Brand Plan, the increased customer focus, etc. are all targeted to provide specific answers and carry out actions to satisfy customer expectations, and further develop the company. To conclude and to reassure the financial community, he summarized the key elements of our strategy and reconfirmed the goals and guidance provided to the financial market on previous occasions.

Achievements and the Evolution of Dufry's Commercial Model

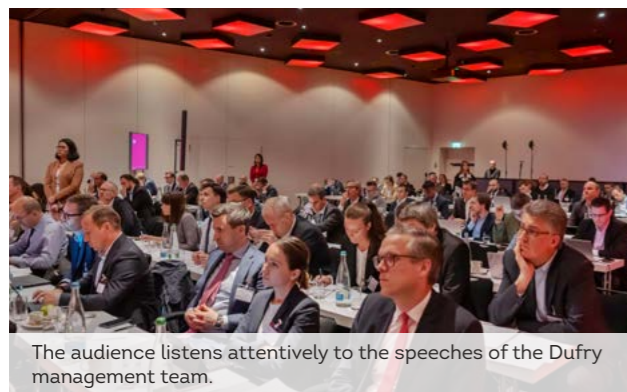
José Antonio Gea, Deputy CEO, provided the audience with a detailed overview of how Dufry's commercial model has evolved over time and what we have achieved, before presenting the initiatives we are currently implementing to further accelerate the commercial model and grow the company. In this context, he described how Dufry succeeded in reaching critical mass in the market, transforming from a company with CHF 3 billion in turnover to the industry leader with revenues of close to CHF 8.7 billion. He moved on by explaining how Dufry managed to fully integrate the company after the transformational acquisitions, through the implementation of the BOM and the ONEDUFRY initiative, securing both cultural integration and the alignment of all employees to work with common goals and values. To build the commercial model as it stands today, he focused on four levers; the first two being the BOM and the IOS platform, thus explaining the consolidation from a logistics and commercial perspective. The third lever was the development and setup of the digital strategy with Dufry's E-motion approach; and the fourth was the acceleration in the development of commercial concepts for alternative channels with a focus on cruise lines, border shops and downtown operations.



José Antonio Gea, Deputy CEO, explains the commercial model.

As an outlook on how Dufry intends to further evolve its commercial model to continue to grow and develop the company, he presented the ambition to reach a One Global and customer-centric model based on four pillars. First to move the integrated IOS platforms even closer to the business, with a focus on establishing a Buyer Executive Committee to further optimize

assortment, promotions, novelties, pricing and supply chain. Second, to further improve Dufry's retail excellence by evolving our staff incentives plan and increase motivation, drive in-store communication and develop the second phase of our New Generation Store, based on the learnings made from the 11 stores of this kind introduced so far. Third, to carry out small and mid-sized acquisitions to leverage our global footprint and organization, as well as access other channels and deliver additional synergies. Fourth – slightly more into the medium- term future –, to expand the value of the travel retail channel, by converting airports into a platform for brands to complement their downtown and e-commerce business.



The audience listens attentively to the speeches of the Dufry management team.

How E-motion affects our business

Javier Gonzalez, Global Marketing and Digital Innovation Director, gave the financial community an update on how Dufry's digital strategy and the E-motion initiatives currently affect the business. He first digressed to explain how the current global retail and consumer behavior trends are evolving and what influence this has on the travel retail industry. Two key messages are worth highlighting: first, that online retail is expected to grow to account for 10% of total global retail by 2021, which also means that despite the strong growth of online-commerce, 90% of retail will still be conducted via the traditional retail channels; and second, that the only other channel which is expected to grow, besides online, is travel retail. With changing consumer expectations more and more focusing on experiences, rather than the physical ownership of a certain product, online



Javier Gonzalez, Global Marketing and Digital Innovation Director, speaks about how E-motion affects the business.

channels force brands and retailers to adapt their offer to the new reality. While on one hand digital touch points increase the opportunity to easily contact and engage with customers, on the other hand it is becoming more and more difficult for brands to engage physically with customers and to provide them with experiences that add value to the brand's equity and image. That is why brands strongly invest in the travel retail channel, developing limited editions and exclusivities, launching new products and developing special promotions and activations.

Digital drives a seamless customer journey

Javier went on to explain how the individual elements of our E-motion initiative each contribute to create a seamless customer journey, thus becoming a key element of future company growth. After launching the first New Generation Stores in 2017 (currently 11 in operation), the past year focused on setting up a global platform of tools and services including RED by Dufry (now linked to 7% of our sales and deployed in 200 airports). Reserve & Collect (currently available in over 160 airports), the shop tablets (in operation in 70 shops across 31 countries) and Forum by Dufry (already enhanced with 80 brand collaborations).

What we have constructed in 2018, is a scalable digital backbone that allows us to communicate with customers – from the moment they plan their trip until they return home – and that we can further expand in the coming years, and most importantly, continue to develop with the learnings made so far. Going forward, this platform will also allow us to connect with other travel industry players such as airlines, booking platforms, etc., thus extending the reach of our offer.



A Dufry hostess demonstrates digitalization to Volker Bosse, analyst from BaaderBank.

Moreover, it is already encouraging to see how each of the E-motion tools is affecting our business. Four percent of our sales today generate customer information through RED, which can later be used to develop personalized offers and promotions. Intelligence also shows that RED members spend on average 3.1 times more than customers not using RED. The airports equipped with Reserve & Collect generate more than 90% of the Group's sales and customers using the pre-order service spend five times more on average.

On top of this, our brand partners have used our New Generation Stores to launch more than 400 dedicated campaigns. Considering that the global deployment of these tools has been carried out in just one year, these are impressive and encouraging numbers. The next step will be to drive the interconnection of these tools with other digital platforms across the travel industry, for example linking airline and hotel booking platforms to propagate the reach of our offers, as well as to intensify the use of the customer data gathered, by developing personalized offers.



CEO Julián Díaz in discussion with Thomas Baumann, CEO Wildpeak AG

Introducing IFRS 16

Yves Gerster, CFO, probably had the most difficult task on Dufry Day – i.e. explaining to the audience the introduction of the new accounting standard IFRS 16 and its impact on Dufry's financials and reporting.



Yves Gerster, CFO, elucidates the new accounting standard IFRS 16.

Without entering here into a detailed explanation, he basically showed how IFRS 16 changes the way in which concession fees and other leases are accounted for, thus making certain KPIs such as EBITDA obsolete and resulting in a need to redefine how the company's performance should be assessed. Yves gave the audience a detailed overview of the new structure of both the balance sheet and the profit and loss accounts and introduced the new KPIs that Dufry will use to measure its performance going forward. In this context, the IR team had organized a separate deep-dive workshop on this topic the day before, to train financial analysts covering Dufry, so that they fully understand how the company and its performance can best be assessed. ■



Fred Creighton talking to Edouard Aubin, analyst from Morgan Stanley.



International Women's Day Celebration

Dufry celebrated International Women's Day (IWD) on 8th of March with a number of events across different locations, that served to recognise women for their achievements. With a number of informative meetings, Women@Dufry - the group created within our company to help talented and ambitious women to further their careers within Dufry - chose this special day to update staff on the achievements made to date and to discuss other initiatives the group is working on.

In the two years that Women@Dufry has been running, Dufry has made significant inroads in the areas of career progression and talent management and in updating Dufry's internal policies to ensure zero discrimination amongst our staff - with the recent EQUAL-SALARY certification obtained in Switzerland as a tangible achievement.

But more importantly, the work of Women@Dufry is enabling the company to understand and recognize the life challenges that everyone, both male and female, face and to ensure we put in place the necessary resources to identify the issues and how to address them.

The work of Women@Dufry is fully supported by the highest bodies within Dufry - it has the full support of Dufry's CEO and the Board of Directors, whose female members joined the International Women celebrations with a video message that was shared with all staff in

all locations around the world. Back to the IWD celebrations, several activities were held. In Kenya, red roses were given to our female staff members and customers as a way of recognizing the day; In London, staff in our Bedfont Lakes office could nominate 40 women in our business who inspired them and who they felt deserved some recognition. Roundtables, presentations and workshops were also organized in many other locations, including the US, Switzerland, Canada, Spain, Bulgaria, Jordan, the UK, Korea and Hong Kong, with a big event carried out in the new division offices.

With all these activities - and several others not mentioned here - Dufry joined many organizations across the world which, with the hashtag #BalanceForBetter, help foster the movement of society towards achieving a more gender-balanced world.

Achieving gender balance, however, is a task that doesn't end on International Women's Day. It's a daily challenge where each of us has a role to play - at work, at home, at school. Days like International Women Day, however, serve to raise awareness and celebrate the progress made. The work continues and we hope to share more news shortly! ■



Sheila Zihlmann (left) and Illaria Di-Tommaso from Central Services at Dufry headquarters in Basel, Switzerland, show their commitment to this year's IWD motto "Balance for Better" with the "hand out" pose.



Our Dufry Madrid office male and female colleagues participating in the event.



Women in Jordan's Dufry office cheering the event.



The female Dufry employees in Hong Kong express their happiness about Women's Day.



Employees in Toronto listen to the video speech of CEO Julián Díaz on the occasion of Women's Day.



A board dedicated to Women's Day for nominations and special wishes in our London office.



Women at the Dufry office in Miami, USA, with the hands out pose to welcome Women's Day.



Employees in Korea watch a video feed of the speech by CEO Julián Díaz on the occasion of Women's Day.



In Kenya, a rose was given to our female colleagues...



... as well as to our female customers!



Andrea Belardini, CEO Division 2, opens the Women's Day celebration in Hong Kong.



Women in Bulgaria watch a video feed of the speech by CEO Julián Díaz on the occasion of International Women's Day.



P&O Ferries – A New Kind of Training

By Ema Murphy

Continuing to take our business from strength to strength, DUFRY's latest business venture in joining forces with P&O Ferries proudly positions us as an expanding and leading global travel retailer. Our Learning & Development team had the task of implementing the first-ever training session for fleet staff. In March and April, the team, consisting of Spencer Kirkwood, Sarah Hopkinson and Sharon Cookson (Division 1), put on their sea legs and headed to Dover and Hull to train 130 P&O Ferries staff and service managers, in preparation for the phased launches of the new World Duty Free stores.

The team kicked off the training with introductions to World Duty Free, Dufry and ONEDUFRY, as well as a "bite-sized" learning of the sales training given to our own staff. Training on-board from Dover to Calais was a unique experience for the Learning & Development team as it was not only their first time training non-World Duty Free employees, but also it was interesting to conduct a training session in the middle of the ocean for a few hours! "Three Focus Domains of driving employee and customer experiences," as well as how to drive business results, were key parts of the training. The interactive groups in both Dover and Hull were asked to think about and describe what great service feels and looks like to them, as well as what makes them happy at work. "Six steps of sales and service" was a core part of the P&O Ferries staff training, and as the Learning & Development team were aware that the staff's main function on-board is to ensure the safety of passengers, the training was

tailored to fit with the P&O Ferries culture and also link with the existing DUFRY culture. Whilst fleet staff's priority is primarily the safety of the customers, it is equally important to create a DUFRY customer experience throughout all of our ventures. Being able to recommend and demonstrate products to suit a customer's needs is crucial and helps leave a great impression of the experience in-store. One of the challenges that the Learning & Development team faced was the physical aspect of the training itself, as the locations are different to our familiar airport backgrounds. The team had to get used to training in these different locations and to the fact that as they are on fleets, the staff are not as accessible as our airport staff. To work around this, the P&O Ferries managers are being trained, so that they can then cascade their learnings down to staff on-board. This also helps ensure a hassle-free and positive travel experience at all times for staff and passengers. The Learning & Development team started the training as soon as possible to ensure that P&O Ferries were given a strong and clear indication as to who World Duty Free and DUFRY are and acquired a comprehensive understanding of our key guiding principles and values. We both have key similarities as "care" is a core principle, which means the P&O Ferries culture can be built on and linked to that of Dufry, allowing for a united and universal shopping experience throughout the fleets and creating an overall positive experience for both the staff and our customers. ■



Digital in Store – Enhancing Customer Experience

Sure you've heard about the "Staff digitalization" process that Dufry has embarked on. But what's the reach of the project and how is it taking shape?

By Jonas Rensfelt, Francisco Gomez-Martin and Paloma Torres

The digitalization of our staff is part of the overarching E-motion strategy. E-motion is about the ecosystem that creates a multichannel 360° experience for our customers and assures that our customers come first. The different elements of this 360° view are: customer experience in store, immersive digital communication, Reserve & Collect, RED loyalty program, social media and finally, staff digitalization. Having this holistic view gives Dufry the platform for partnerships and innovation leading to global impact.

The sales tablet is part of staff digitalization and provides a hub where staff members can find information to assist them in their role. It is also a tool that can be used by our staff to better sell to and interact with customers. The sales tablet enables our staff to provide customers with more detailed and personalized information and experience. While in its early phase, we are constantly working on improving the sales tablet and developing it to better meet the needs of our staff and customers.

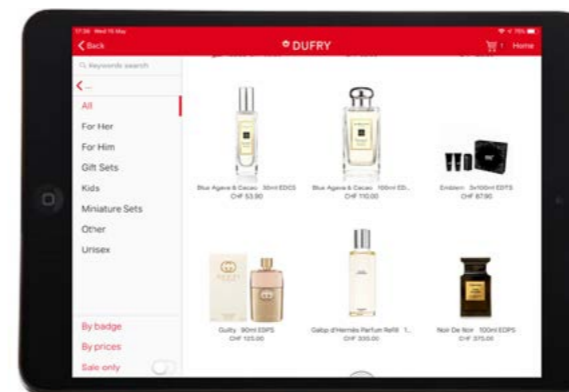
The ultimate objective is twofold: on the one hand, improving the customer journey from beginning to end, by giving personalized service and ensuring that we convert passengers into loyal customers. On the other hand, providing tools for sales staff to work more effectively and with more information, resulting in increasing the average ticket and total sales.



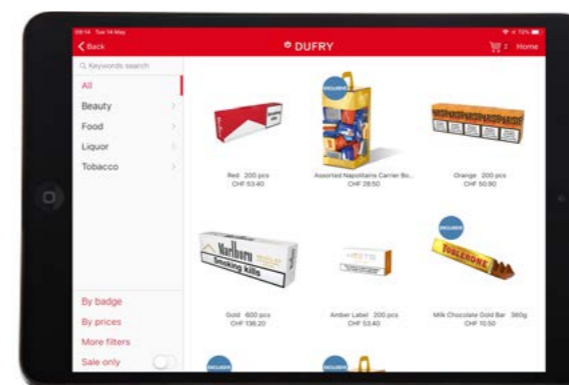
This initiative is a perfect example of the ONEDUFRY philosophy: Better employee experiences that drive improved customer experiences that drive business results.

Content is king

The question then is: what's on these tablets that can help our staff do their job better? The most important element inside the tablet is the store assortment. The tablet is a direct reflection of what is sold in store. A significant element is the "enriched" assortment, meaning product images, descriptions, and videos. The information is available in six languages, thereby overcoming the language barrier.



Akeneo, our product information management software, feeds the information into our sales tablet, integrating the different platforms and expanding our database. The focus is on Dufry's four core categories: P&C, liquor, food and tobacco. A select number of countries also include sunglasses.



Rather than static product information, the tablet offers staff a functionality for upselling and cross-selling by giving suggestions within a product page and hence increasing the option of getting a higher value ticket. This feature prompts staff, giving suggestions on how to get a higher value ticket by showing the same product with a higher volume, comparable products that might trigger customer interest, or showing staff the products that complement that which the customer has selected. The tablet also includes easy access to all novelties, exclu-

sives and promotions in store. Global and local campaigns that are live in store at any given moment can be accessed quickly and easily. In selected locations these devices now include Mobile Point of Sale (MPOS), a feature that turns the sales tablet into a cashier and permits the customer to complete the transaction on the tablet. This feature gives our staff additional flexibility to move around the store and help more customers – as the selling process starts and ends with them. The goal is to roll out the MPOS feature globally. In the event the customer prefers to postpone the purchase, an additional tablet feature permits sending the selected basket to the customer's email address with a link to our Reserve & Collect service.



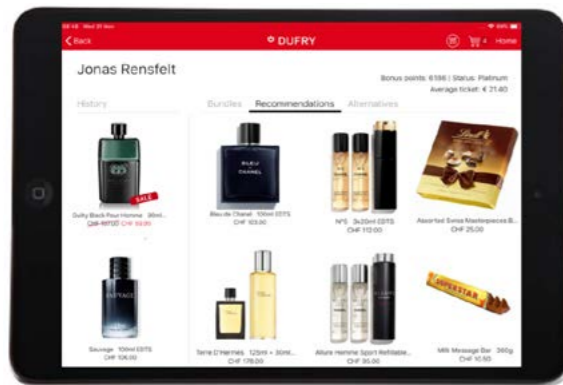
More than product information

Training is another cornerstone of the digitalization project. In collaboration with the HR team, the tablet includes a number of training modules, easing the access to non-desktop staff (staff with little or no access to computers in the work environment). To ensure quick and easy adaptation to the technology, training videos on the tablet explain the different elements within the tablet and how it works. This section includes a link to Dufry TV, facilitating staff access to the latest developments and releases within our company.

One of the latest releases on the sales tablet is a functionality called Task Manager, an application that maps all the duties performed in a store each day and each shift, permitting the store manager simpler and more visible tracking of the store operation. Constantly developing this tool means it will evolve from being just a sales assistant to a HUB where any need can be addressed to make our store teams more efficient. An example of this is the upcoming features of the sales tablet. Responding to feedback, the division and sales staff worked together to include the sales incentive program. It is used so staff members can track their sales, which are linked to their income scheme. The tablet will track the sales made by an employee and link it to the sales incentive program. The RED feature makes it possible to tailor the experience of the loyalty member by using their previous purchase history to help the staff member guide their next purchase. It also allows for new members to be signed up to the loyalty program.

Where is this available?

Tablets are already available in 75 stores in 30 countries, mainly in Duty Free and larger departure walkthrough stores, with plans to extend the availability of tablets to more countries and stores. In the first three months of 2019, over 100,000 customers were supported by tablet-equipped staff. The divisions are currently in the midst of training programs to help staff understand sales tablet functionality. Mexico has been one of the first countries to fully embrace this new tool to improve customer interactions. Finland, which conducted a training in February, is gaining speed and giving very positive feedback. Spain is another example of an early adopter of the new technology and has seen good results.



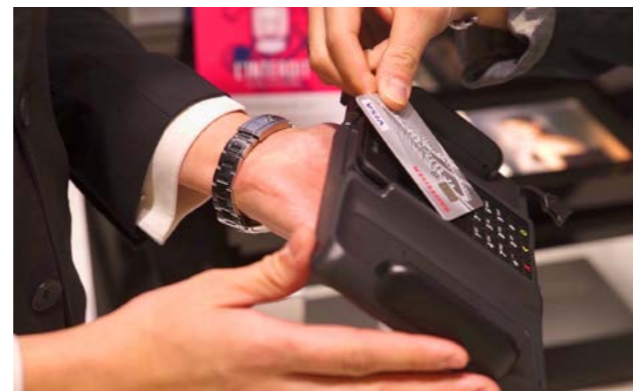
"It is an extraordinary tool for our sales staff because of the additional information. We like it because it is a very complete tool. It facilitates the staff's work by giving them extra knowledge about Dufry's products. It helps subscribe more customers to RED by Dufry. In addition, the tablet makes trainings accessible. In other words, it helps us to provide excellent service to our customers by applying the policies and procedures of the company." Paola Villela - Digital Marketing Manager, Mexico. Considering we are still in the early stages of deploying this tool, it is premature to quantify tangible results. However, preliminary observations are that it instigates vastly improved customer service and engagement. Every member of our staff now has the potential of being a brand ambassador and a product specialist at the same time. We make our customers feel special by providing a unique shopping experience.



The language feature on the tablet makes it possible to show product descriptions and information in the customers' preferred language. The customs allowance button helps staff inform customers exactly what the customs limits are at their final destination, thereby helping them avoid surprises on arrival.

Insights

A major impact on our business that comes with the digitalization of staff is our ability to precisely measure many factors impacting sales in store. These insights on the behavior of Dufry customers can lead us to insights on many other aspects of the business in general. The platform now provides us with analytics on what items are selected. For example, knowing that the most popular item that was clicked vs the item that is purchased the most. We will have measurable data on what cross-selling and upselling suggestions are more popular by geography and by language. It will also provide us with insights on what features our employees find most useful. With this new tool we will have visibility on what trainings are most popular as well as a store-by-store comparison of how daily tasks impact store performance. The tool will provide data on which stores use features such as visual merchandising and if that correlates with store performance. These insights and many more will be measurable rather than based on perception and generalizations.



The broader picture

The introduction of sales tablets cannot be seen as an isolated initiative, but as part of a larger marketing strategy focused on serving our customers better. This is another piece of the marketing puzzle that we now have and which enables us to improve customer service by better engaging with our customers.

The the New Generation Stores (NGS) and initiatives such as RED by Dufry, Forum and Reserve & Collect are interlinked and complement one another. The tablets are a bold initiative that facilitates our staff's work. As with the other initiatives included in the digitalization of Dufry that started a couple of years ago, it has transformed and will continue to transform Dufry into a more agile company by speeding up response times and putting

the company in a stronger position to cope with future challenges. Our vision is to create a base for a truly connected employee who on the sales tablet has access not only to a commercial tool, but to their daily performance vs objectives, tasks and shifts. It is a place where they

can find trainings. Dufry staff can also benefit from the RED loyalty program while understanding the consumer better and adding the advantage of giving better service. There are many more advantages to the tablet and it will keep growing and improving. ■

Divisions

D1 Roger Federer Inaugurates Lindt Boutique at Zurich Airport

On April 5, 2019 Lindt brand ambassador Roger Federer cut the ceremonial ribbon to officially open the redesigned Lindt Chocolate Boutique at Zurich Airport. The tennis superstar, who has a 10-year partnership with Lindt, paid a visit to the brand-new store and took time out for an exclusive meet-and-greet and photo opportunity with fans. Located on Level 2 of the Airside Center at Zurich Airport, the new Lindt Chocolate Boutique is a chocolate lover's dream that brings the Lindt Master Chocolatier magic to life. Also present to celebrate this momentous occasion was Lindt Master Chocolatier Stefan Bruderer, who hosted the day and provided a chocolate master class showcasing the Lindt difference that makes Lindt chocolate so exceptional.

The center piece of the renovated 130 m² shop is the Lindt Master Chocolatier station, where customers can enjoy the most comprehensive range of freshly made chocolate delicacies. The second impressive focal point is the new LINDOR Pick 'n' Mix Paradise, with 24 Pick 'n' Mix varieties available to entice shoppers to try out new flavors. At the Gifting station, a ribbon printer, message stickers and further gift wrap options are ready to make Lindt gifts truly individual and personal.

To meet growing demand for more interactive solutions, Lindt & Sprüngli Travel Retail has also launched its "Magical Selfie Mirror." Here, passengers can take a selfie in store, decorate it with different frames and send it digitally or print it for a fun complement to their chocolate gift. Paying homage to Zurich, home of Lindt & Sprüngli for almost 175 years, Lindt has expanded its travel retail exclusive portfolio at the Lindt Chocolate Boutique with a selection of Zurich-themed gifts. ■



Famous tennis star and Lindt brand ambassador, Roger Federer, inaugurating the redesigned Lindt store at Zurich Airport.



Málaga New Generation Store

The magnificent Málaga is not just the capital city of the Costa del Sol, one of Europe's sun and beach hotspots; it is also the homeland of Picasso and of some of the most significant cultural heritage and infrastructure in Europe. To top this, since April, it is also home to Dufry's newest Next Generation Store.

With over 2,600 m², the design of the refurbished store takes its inspiration from the traditional flamenco dress, worn by women at Ferias (festivals) in Andalusia, and from some of the city's iconic landmarks such as the Alcazaba, a palace fortress whose name in Arabic means 'citadel'.

It is one of the city's most visited monuments because of its fascinating history and captivating beauty.

To conclude, probably the most striking feature of this bright and luminous mega-store is the blend of technology and tradition, which showcases Dufry's full potential in all categories, including a large space devoted to local delicacies and souvenirs that is the 'icing on the cake', giving passengers a strong sense of place when they walk through this amazing store. ■