

DUFRY WORLD

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**CORPORATE
MAGAZINE**


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The Team is Key

I'm very happy to be able to talk to you today for the first time as the new CEO of Dufry and am looking forward to working with all of you. I'm honored by the responsibility given to me by our Board of Directors to head up the industry leader of travel retail, but it is equally important to me to thank all of you personally for the sacrifices you have made over the past two years. I have a great deal of respect and appreciation for your dedication and motivation under the extremely difficult conditions you have been facing. Let us now seize the opportunities presented by the ongoing recovery of our industry, by following a common purpose and jointly developing targets and initiatives.



Xavier Rossinyol, CEO Dufry Group.

Reconnecting with the teams and the company

As you know, I had worked in Dufry previously for eleven years from 2004 to 2015, first as Chief Financial Officer until 2012, and then as Chief Operating Officer EMEA & Asia until 2015. Whilst I assumed the CEO responsibility as of June 1, I actually joined the company in March and focused on reconnecting with the management teams in the clusters and studying the reality of the company and its business environment today. I took a deep-dive through the company processes, analyzed the operational and financial performance and learned about the current ways of working.

Most importantly, I met many people across the whole organization and personally visited all the clusters – with the exception of Asia-Pacific, which unfortunately could only be done virtually – and focused on gathering inputs from the local teams. A few weeks ago, we also held a virtual Townhall meeting with a large representation of the company, where together with the members of the Group Executive Committee (GEC), I had the opportunity to receive and answer your questions. Communication with teams in all directions – top down and bottom up – and across all segments is of key importance for me and the GEC, and we will certainly keep up with this direct interaction.

Similarly, I met with the key external business partners such as landlords, brands and the financial community, to learn how Dufry is seen from an external perspective and where we have opportunities to further improve the service to our customers.

Strategic review started and ongoing

The learnings of all these meetings provided a good base to start the strategic review and the adaptation of the company plan to today's reality and to prepare the company for future opportunities. We have set up this process with a collaborative approach to be able to include the knowhow and experience of our local teams, but also considering the inputs from landlords, suppliers, industry specialists and advisors – and above all, our customers. In detail, we have spoken to over 60 key people within the company, we have actioned a company-wide employee survey to receive your direct ideas and feedback, we have spoken to airport development experts and we have gathered inputs on consumer trends and expectations.

With this review, which is based on data-driven market analysis, we are looking at how to strengthen our core business and also where we can identify growth opportunities in adjacent channels, which make sense strategically.

First impressions

As a first impression, I am positively surprised by the spirit and the high level of commitment for close collaboration across the whole team. Our traditionally strong relationships with suppliers, landlords and other business partners have been confirmed and provide an excellent base to further evolve the company. Altogether, this underpins again the importance of working as a motivated team and developing initiatives collaboratively, with a high level of focus and dedication.

I think it is important to confirm that we have clear strengths on which we can build on and we will of course maintain what is working well. Building on this foundation, we will then also make the necessary adaptations and changes where necessary and where we jointly identify opportunities to improve.

Next steps

The strategic review process is still ongoing and we will present the findings and proposals to the board of directors early August. Following their feedback, we will personally share the new company plan with you and finally present it to the financial community and our shareholders in early September.

In this edition of Dufry World, you will find amongst other stories some very interesting articles and interviews on topics which will be of growing importance going forward. Thomas McCrave provides valuable insights on the Shop Design team and their close collaboration with internal departments and external specialists to create memorable shopping experiences for our customers. Sarah Branquinho provides a deep-dive into Diversity & Inclusion, which will be a topic of growing importance, allowing us to reflect the diversity of our customers within our organization and contribute to a better understanding their expectations.

I am looking forward to talking to you soon, and I would like to take this opportunity to thank you for your ongoing strong engagement and motivation for our company. Let's work closely together as a strong team to reach our goals, but also to have fun and enjoy what we do!

Sincerely,

Xavier Rossinyol

CEO Dufry

New Duty-Free and Duty-Paid Contract at Mexico City



Dufry has been awarded two five-year concession contracts at the new Mexico City International Airport, Felipe Ángeles (AIFA) in Santa Lucia. Initially the contract will be to operate a commercial area of 652 m² with a mix of both duty-free and duty-paid shops. A further increase of retail space will be considered by AIFA in line with the growth of international and domestic passengers.

Felipe Ángeles International Airport is located 35 km from the current Benito Juárez International Airport (AICM). The airport has two runways, one for civil service and one for military service, helping to ease the volume of air traffic that Mexico City Airport currently handles. The airport has been created to meet the demand for civil airport services for the next 50 years, by serving 100 million passengers per year at its peak.



Dufry has operated successfully in Mexico for 25 years and this new contract win helps further increase the company's footprint in this region. The commercial offer will include all the core product categories such as fragrance & beauty, liquor, tobacco and food, with a wide selection of international brands and local products.

A curious fact about this airport inaugurated last March, is that it houses the Mammoth Museum, where the archaeological remains that were found and rescued in the perimeter during the construction of Santa Lucia airport are exhibited.

London Heathrow Contract Extended Until 2029



Dufry has extended its current Heathrow concession contract for three years until November 2029 to operate a total of 24 shops with a retail space of 13,000 m² across all terminals of Heathrow Airport.

The Heathrow concession is the largest single location fully operated by Dufry and serves the 80.9 million passengers (2019 levels), who travel through this leading hub for European and international travel. The extension reinforces Dufry's strong position in the UK where it operates duty-free shops at 25 airports in total.

Dufry's subsidiary World Duty Free has been operating the duty-free shops at Heathrow Airport since 1997/98 and the current contract's expiry date is November 2026. Through the extension until November 2029, Dufry will continue to operate the 24 stores, which include classic departure duty-free shops and arrival shops servicing all terminals. World Duty Free at Heathrow is one of the leading travel retail operations, offering travelers a unique shopping experience and the latest digital technology and customer services. Passengers benefit from an extensive selection of world renowned brands and a curated assortment of local products covering all the main travel retail categories such as perfumes & cosmetics, food and confectionery, wines & spirits, tobacco and luxury goods.

The Shop Development Marathoner

“New store inaugurated”. “Store refurbished”. We are used to reading these words frequently, but we often overlook the work behind them. Developing (or re-developing) a store is a kind of triathlon, combining long distance running, the mastering of several competencies... and, yes, some creativity when it comes to facing challenges. Thomas McCrave, Dufry’s Global Shop Development Director, shares his experience of more than two decades building stores with us. Born in Limerick, Ireland, Thomas currently lives in Zurich, surrounded by the mountains and countryside that permit him to enjoy long-distance running, cycle touring and triathlons.



By Jorge Muñiz

Help us understand a little bit about the role of shop development. Can you briefly describe the whole process shop development?

Shop development is part of the Commercial function and we provide support to the commercial team by managing the process of developing store layouts, concept design, construction and cost management of all of our store development projects globally. The complete process for developing a large or medium sized store is a lengthy one that requires the involvement and collaboration of various departments within the company.

A typical project begins with commercial input from our local teams and the commercial directors. This input includes customer understanding from our Customer Insights team and identifying new brands and product ranges that will deliver improved sales performance for the store. From this point onwards, a sales projection and business plan are made, showing a clear split of the space in percent for each category, which together with the constraints of the shop space (no two of our shops are the same in terms of space and configuration) helps

us to prepare our initial shop plan. This is a key part of the process to ensure that we well organize the space and customer flow within the store. We do this with the objective of ensuring the correct category allocation, category adjacencies and that the presentation and exposure of brands and products are maximized. In addition, with our colleagues in Marketing and Digital, we identify the key locations throughout the store for highlighting promotions, event spaces and tasting bars, along with identifying key areas to install screens and digital touch points so that we can optimally interact with our customers.

We then engage with external design agencies to develop a design concept for the project. The concept design is usually based on the location and this helps to create a sense of place for the store. Once the design project is approved, both internally and by our Airport Partner, we proceed to a more technical development of the shop design project, where we tender with contractors and negotiate costs to obtain the most competitive prices for the construction of the store. In parallel, we also review and approve all of the brand-supplied furniture and define how to incorporate it into the design of the shop.

The project then moves to the manufacturing and construction phase, where we actively manage budget and costs through our in house OPC tool. During the construction phase, it is important to keep the store operations team fully involved and updated on the progress. This ensures that the ordering and merchandising of the products, installation of the marketing communication and IT equipment are on time to ensure a successful shop opening.

As you can see, the process requires the involvement of a lot of different functions within the company. It is only with the collaboration and teamwork of our colleagues that we can open every year, many stores across the globe.

What is easier: building or refurbishing?

This is a difficult question to answer because each project, whether a refurbishment or a new project, presents its own unique challenges. There are many factors that influence a project and considering that we as a company open stores across 66 countries, the possibility for new and additional challenges are never far away. From a project-delivery perspective, there is no real difference between New or Refurbishment projects.

How is the team organized?

We are a centralized Global Team, organized into three main functions; Design, Planning & Brand Management, Project Implementation and Capex & Cost Control. We have team members located in Hong Kong, Basel, London, Madrid, Miami and New Jersey. Even though we are in different geographical locations and there are sub-functions within the structure, we do operate as a single team working together to achieve objectives.

What are the major challenges that you face in your role?

Time is always a major challenge for us. There are a lot of coordination and inputs needed to deliver a successful project, this takes time. Another more recent challenge that has appeared is the shortage and increased lead-time of building materials. This is placing pressure on ensuring that we deliver our projects in time.

There is a growing concern about sustainability across all business, with pressure on and from our landlords. What is Dufry doing around ESG when it comes to your area?

There are two key areas that we have addressed to ensure that we are helping to achieve the company targets to become carbon neutral for Scope 1 & 2 by 2025. The first is the reduction of power consumption within our stores. This is achieved through introducing low energy fittings and also installing BMS (Building Management Systems) to more actively manage power consumption.

The second area that we have addressed, is the upgrade of our building standards to meet LEED (Leadership in Energy and Environmental Design) rating system requirements. By introducing and meeting these standards we address areas such as the sourcing of natural materials from renewable sources, preventing construction pollutions, reusing and repurposing waste material, selecting energy and water efficient equipment and prioritizing locally sourced materials. We have put a lot of effort into putting the standards in place and with our Project Managers and project teams we are now building more efficient and sustainable stores.

Technology in the new and refurbished stores: is the Hudson Nonstop concept something we can see in duty-free?

As we move forward, it is obvious that Technology will have an increasing role within our stores and there are two main ways that technology plays a part in the physical store. One is to address operational requirements, self-service checkouts, mobile payment solutions, electronic price labels or digital shelf edge labels, virtual concierge, etc. All of these solutions address functional and operational elements and help to improve the customer experience.

The other type of technology relates to the entertainment factor and visual elements within our stores, these include screens and LED panels highlighting product launches, special offers and promotions, interactive screens, virtual product try-on's, interactive fragrance selectors, etc. These are tools to engage with passengers and to deliver an improved shopping experience. As part of our ongoing Store of the Future project, we are working closely with our Digital marketing team to improve existing, and deliver new digital tools within our stores.

Regarding the Hudson Nonstop concepts, this project shows the innovative capabilities of our company, by being the first in Travel Retail to introduce this type of concept and this technology to the Airport environment. We have not yet identified a project to apply this technology to a duty-free concept, but if a business need arises then this will of course be considered.

What are landlords demanding from new store developments?

The demands of our landlords vary depending on the Airport, but if I were to pick one more common element, it is a requirement and expectation to deliver a store that is unique and delivers a Sense of Place. However, more recently we do see a requirement from our Airport Partners to deliver Sustainable Stores.

What makes Dufry different to other retailers when it comes to store design?

Considering that no other Duty Free retailer operates with the same extensive geographical footprint as Dufry, I believe that what sets us apart is the diversity of passengers that we serve and build our stores for.

Each of our stores is designed and built with our customers in mind and this leads us to deliver a tailored store for each location. With our Store of the Future project, we are developing more flexibility and adaptability into our store model and this will ensure that we can continuously develop and evolve our stores, adapting with relevance to both our specific customers and also to the location of the store.

IN A MINUTE:

A meal: Anything from the Italian Kitchen

A book: The Picture of Dorian Gray

A city: Melbourne

A film: Donnie Darko

A hobby: Cycle Touring

A leader: Nelson Mandela

An airport: Zurich

 Regional News

Six-Year Contract Extension and Increased Retail Space in Bali



Dufry has extended its duty-free concession at Bali's I Gusti Ngurah Rai International Airport for another six years, which in 2019 welcomed 14 million travelers, and where Dufry has been operating since 2013. The new six-year contract also includes an increase in retail space of

over 1,400 m², thus extending the total sales area to over 3,600 m², allowing for the introduction of fashion and accessories as new categories.

The newly extended concession contract includes duty-free shops in both the international departures and arrivals areas. The shops, mainly conceived as walk-through concepts, offer a wide assortment of the core duty-free categories such as perfume & cosmetics alongside liquor, tobacco and confectionery, providing travelers with a distinctive sense of place. In addition, travelers will also be able to enjoy a comprehensive offer of globally renowned fashion and accessory brands presented in twenty dedicated shops, allowing for an attractive positioning of luxury and premium labels. The fashion and accessories offer will be complemented by the dedicated House of Sarinah concept store featuring the best of Indonesian-made and internationally available iconic products from all over the country. Customers will thus benefit from a unique selection of fashion and accessories made possible through Dufry's partnership with PT Sarinah (Persero) and their knowhow on local Indonesian labels.

 Regional News

New Contract at Sofia Int. Airport in Bulgaria



Dufry will extend its footprint in Bulgaria after being awarded a new eight-and-a-half-year concession contract at Sofia International Airport in Bulgaria, to operate a total of thirteen shops, eleven of which will be duty-free and two of which will be duty-paid.

Dufry takes over the operation of the 1,433 m² of existing commercial space as of June 2022 and will develop a new 1,800 m² walkthrough departures shop and a new 170 m² arrivals shop, both of which will be located in the airport's Terminal 2. The core product categories will be offered across the various commercial outlets and in the new walkthrough store customers will discover an extensive product mix including internationally renowned brands, exclusive products and new launches. There will also be a strong focus on local products, which will be showcased within the store in a "Taste of Sofia" area, to convey a strong sense of place.

This new concession further consolidates Dufy's footprint in Bulgaria by introducing an additional location on top of the existing operations at the Burgas and Varna airports.

Sofia Airport is the largest international airport in Bulgaria and handled over 7 million passengers in 2019. The airport is undergoing a major redevelopment, which includes the construction of a new terminal and aims at delivering a five-star passenger service. Dufry will significantly improve the commercial offer as part of this extensive redevelopment, setting a new benchmark for travel retail in Eastern European airports.

 Regional News

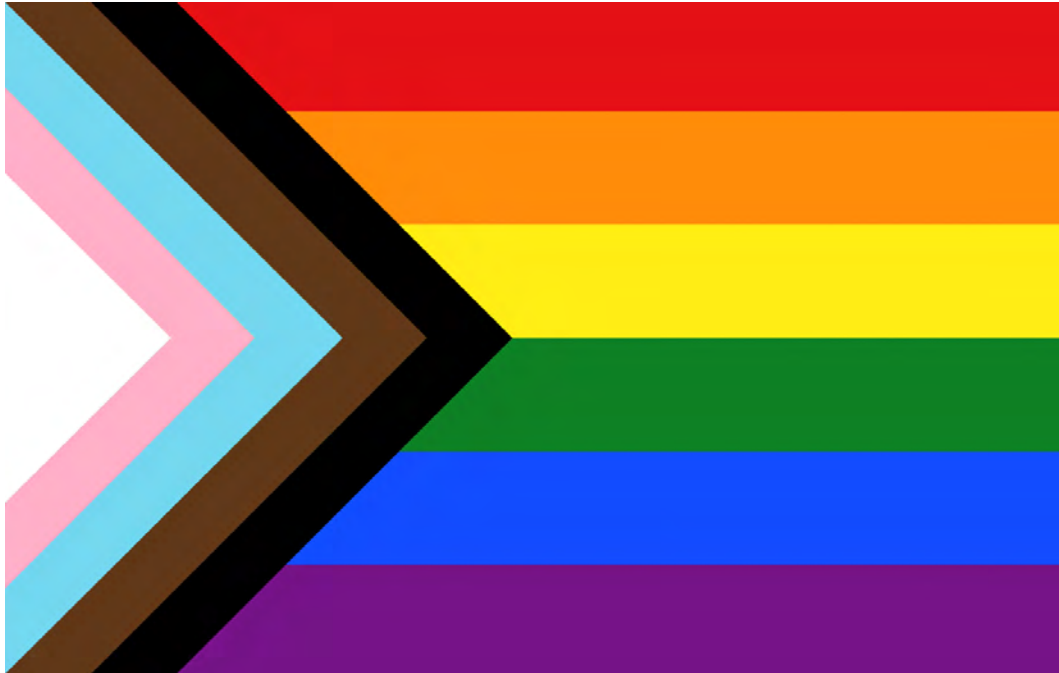
Dufry Inaugurates New Store at Cayenne Int. Airport



After winning the five-year concession contract to operate the duty-free contract at the Cayenne Felix Eboué Int. Airport in French Guyane - the French overseas department located in South America (see [Dufry World 39](#)) - Dufry inaugurated its new Cayenne Duty Free store with an event attended by Isabel Zarza, Chief Operations Officer Central & North Europe, Russia and Africa, responsible for this region, as well as by Mr. Cheung-A-Long, the airport CEO and Mrs. Sinai-Bossou, President of the Guyane Chamber of Commerce.

The new 120 m² store offers an exciting assortment across all duty-free core categories; perfume and cosmetics, liquor, confectionery and tobacco. As many of the travelers are leisure passengers, the selection has been further tailored to offer a refined selection of local food, rums and souvenirs to give tourists a lasting sense of place, as they head back home from this charming part of the world. As well as the premium international brands on offer, brands such as Délices de Guyane, Nature Amazonie, and La Belle Cabresse, known and loved by locals, are sure to provide the perfect token to remember Guyane.

From Prejudice to Pride



By Sarah Branquinho, Chief Diversity & Inclusion Officer

June is Pride Month marking the police raid on June 28th 1969 on the Stonewall Inn, a gay bar in New York's Greenwich Village, when police began hauling customers outside. Tensions quickly escalated as patrons resisted arrest and a growing crowd of bystanders threw bottles and coins at the officers. New York's gay community, fed up after years of harassment by authorities, erupted in neighborhood riots that went on for three days.

The uprising became a catalyst for an emerging gay rights movement as organizations such as the Gay Liberation Front and the Gay Activists Alliance were formed, modelled after the civil rights movement and the women's rights movement. Members held protests, met with political leaders and interrupted public meetings to hold those leaders accountable. A year after the Stonewall riots, the nation's first Gay Pride marches were held.

We are not what other people say we are. We are who we know ourselves to be, and we are what we love. That's okay.

Laverne Cox (American actress)

The Pride name is credited to Brenda Howard, a bisexual New York activist nicknamed the "Mother of Pride," who organized the first Pride parade to commemorate the one-year anniversary of the Stonewall uprising.

In 1978, artist and designer Gilbert Baker was commissioned by San Francisco city supervisor Harvey Milk - one of the first openly gay elected officials in the US - to make a flag for the city's upcoming Pride celebrations. Baker, a prominent gay rights activist, gave a nod to the stripes of the American flag but drew inspiration from the rainbow to reflect the many groups within the gay community.

Non-binary American artist and designer Daniel Quasar (who uses xe/xyr pronouns), updated the rainbow flag in 2018. The redesign celebrates the diversity of the LGBTQ+ community.

Each horizontal stripe is linked to a theme:

- Red = light
- Orange = healing
- Yellow = sunlight
- Green = nature
- Blue = harmony
- Indigo = spirit

And the colors in the arrow represent particular communities

- Black/brown = marginalized people of color
- Pink/blue/white = trans and non-binary individuals
- Black = representation of those living with Aids and the stigma surrounding that, as well as those who have been lost to the disease

Many among our communities where we live, in the workplace - and indeed in our families and friendships groups - grew up in an era when being gay, bisexual or trans often meant living a life of fear, shame and concealment.

It wasn't until 1990 that the World Health Organization removed being gay from the list of mental health illnesses. In some countries people identifying as LGBTQ+ are still not accepted and suffer fear of disclosure, attack and rejection. Thankfully, in general, we live in a more progressive world and in most countries everyone, regardless of their sexual orientation, can be their true selves.

It matters not who you love, where you love, why you love, when you love, or how you love. It matters only that you love.

John Lennon

June is an opportunity to celebrate everything LGBTQ+, learn about and acknowledge past and present inequalities, and find ways to make the world more inclusive. It's a time to reflect on, and welcome, inclusivity of people across the whole spectrum of sexual expression.

Many people refrain from talking about sexual orientation and gender identity or expression because it feels taboo, or because they're afraid of saying the wrong thing. We've included in this article a glossary which was written to help give people the words and meanings to help make conversations easier and more comfortable.

The Pride community has a big heart and itself welcomes the involvement of allies - an ally is someone who stands up for, supports and encourages the people around them, in this case someone who is heterosexual and/or cisgender, and who tries to make the world a better place for people who identify as LGBTQ+.

For people leaders, Pride month is a reminder to assess their organization's inclusivity - and work towards a workplace culture that celebrates, encourages, and lifts up **ALL** identities.

At Dufry we hope we have a diverse and inclusive environment in which people feel secure talking about their lives and experiences - if that's what they want to do. Some of us prefer to share less about ourselves than others, but everyone has the right to know that whatever they do choose to share, it won't mean that their career suffers or that they are made to feel uncomfortable at work.

A workforce diverse in sexual identity and expression, as well as in age, gender, race, ethnicity, culture, disability and religion brings diverse experiences, perspectives and backgrounds to organizations such as Dufry. It fosters creativity, enables better decision making and makes organizations resilient and effective and at Dufry we are committed to attracting the talents of all segments of society as we enhance our ability to recruit, hire, promote, and retain a diverse and talented workforce.

Promoting inclusion is one part of creating an inclusive culture, but managers, HR teams, and business leaders need to back it up with their actions.

In May, we extended a company-wide invitation to all colleagues to contribute their thoughts to this month's Pride article, and we hope that their thoughts have been included here. If you would like to share any comments, or suggest how we might make Dufry more inclusive, please feel free to comment on Beekeeper or by emailing me at inclusion@dufry.com.

We hope that our LGBTQ+ colleagues feel that their Dufry workplace is a safe space. We might only just be starting on our D&I journey, but we are committed to being firm about challenging discrimination - from micro-aggressions to serious incidents - and clear about our support for all members of our community regardless of their characteristics and how they identify - and first and foremost in this Pride month, regardless of their sexual orientation.

THANK YOU to the Dufry colleagues who flagged that in the first D&I survey we had mixed gender and sexual orientation in the same demographic question. We are grateful to you for raising this and it will be addressed in the next D&I survey due out in October 2022. We hope you will participate! The survey is anonymous and helps to inform and shape the next steps on our D&I journey together.

UNDERSTANDING EACH OTHER

LGBTQ+: An acronym for Lesbian, Gay, Bisexual, Transgender, Queer/Questioning with a "+" sign to recognize the limitless sexual orientations and gender identities in everyday use.

Here are some of the most common terms - more can be found at : www.hrc.org/resources/glossary-of-terms

- **Asexual:** A person who does not experience sexual attraction. Some asexual people experience romantic attraction, while others do not.
- **Ally:** A (typically) straight and/or cis person who supports members of the LGBTQ+ community.
- **Bi:** Umbrella term to describe a romantic and/or sexual orientation towards more than one gender.
- **Cisgender/Cis:** Someone whose gender identity is the same as the sex they were assigned at birth.
- **Gay:** Refers to a man who has a romantic and/or sexual orientation towards men.
- **Gender dysphoria:** Discomfort or distress a person feels when their assigned birth gender is not the same as the one with which they identify.
- **Gender expression:** How a person chooses to outwardly express their gender (e.g. behavior, clothing, body characteristics or voice), and which may or may not conform to socially defined behaviors and characteristics typically associated with being either masculine or feminine.
- **Gender identity:** A person's innate sense of their own gender, whether male, female or something else (see non-binary), which may or may not correspond to the sex assigned at birth.
- **Heterosexual/Straight:** Refers to sexual or romantic attraction to or between people of the opposite sex.
- **Intersex:** Intersex people are born with a variety of differences in their sex traits and reproductive anatomy.
- **Lesbian:** Refers to a woman who has a romantic and/or sexual orientation towards women.
- **Non-binary:** A person who does not identify exclusively as a man or a woman. Non-binary people may identify as being both a man and a woman, somewhere in between, or as falling completely outside these categories.
- **Queer:** Those wanting to reject specific labels of romantic orientation or sexual and/or gender identity. This term was previously used as a slur, but has been reclaimed by many parts of the LGBTQ+ movement.
- **Questioning:** The process of exploring your own sexual orientation and/or gender identity.
- **Trans/Transgender:** Term for people whose gender identity and/or expression is different from cultural expectations based on the sex they were assigned at birth. Being transgender does not imply any specific sexual orientation. Therefore, transgender people may identify as straight, gay, lesbian, bisexual, etc.

Ten-Year Contract Extension at Ontario Int. Airport



Rendering of Evolve by Hudson at Ontario International Airport

Dufry's affiliate Hudson has secured a ten-year contract extension at Ontario International Airport (ONT) in Southern California, USA, which serves more than 5.5 million travelers annually. With over 8,600 square feet of retail space – around 800 m² –, the contract includes the conversion of two of Hudson's seven existing stores into its new shop-in-shop concept, Evolve – opening later this year in Terminals 2 and 4.

Since 2017, Hudson has offered Ontario International Airport passengers some of its most popular proprietary concepts, including Ink by Hudson, as well as localized concepts that celebrate the city as the gateway to Southern California. Now, the partnership reaches a new milestone, and Ontario Int. Airport will also become home to Hudson's first two Evolve stores on the West Coast – a store concept that brings together a curated selection of national and local brands with the best of travel essentials. Customers will find shop-in-shops offerings featuring luggage from Briggs & Riley and Herschel Supply Co., accessories from Happy Socks and Sunglass Hut, electronics from Apple, Beats, Bose, and Brookstone, toys from Build-A-Bear Workshop® and LEGO®, and fan-favorite local products in a "Distinctively Los Angeles" section.

With convenience at its core, Evolve also offers three checkout options, including self-checkout and mobile points of sale (POS), allowing Hudson team members to spend more time assisting travelers and serving as brand ambassadors.

Celebrate Your World



Cancún, México

"Celebrate Your World". This is the overarching theme of the campaign, which the Global Marketing team has launched for the period from March to October, which brings together a series of mini-campaigns throughout the peak season.

And although we will go into the details of this bold campaign later, I would like to highlight the central word chosen to name the campaign: celebrate.

The 2020 summer campaign was short, but intense. We saw the lifting of travel restrictions well into the summer campaign, once progress was made with Covid vaccinations and the necessary mechanisms were put in place to facilitate mobility (the so-called Covid Passport). The result: a late, high-intensity campaign, which, in some destinations, especially in the Mediterranean basin, extended well into the fourth quarter of the year.

In certain geographies, the first months of 2022 have shown an almost total recovery of 2019 traffic volumes – with some destinations far exceeding that mark. And while it is too early to predict a recovery in the sector, we can face the coming months with a real sense of optimism.

First Quarter 2022

The sales performance of the Group during Q1 was driven by significant progress across EMEA and positive contributions from the Americas, especially the US and Central America & Caribbean. Over 1,960 shops were open globally by the end of March 2022, representing around 85% of stores and more than 90% of the 2019 sales potential.



If we go into the details of each of the regions, we can draw a number of conclusions: there is an appetite for travel and the return of passengers to airports bodes well for the return of our business to pre-2019 levels.

Time to put out the flags?

Realistically, the moment to uncork the bottles to toast the recovery has not yet arrived. Without wishing to sound a negative note, we still have a long way to go for the full recovery of our sector.

The latest data from IATA (March 2022) reveals that the airline industry will not manage to surpass pre-crisis passenger figures until 2024, a year in which they expect to add 4 billion travelers (103% of the 2019 total). Thus, they forecast that the total number of travelers to improve to 83% in 2022, to 94% in 2023, to 103% in 2024 and to 111% in 2025.

It is also true that this traffic recovery is not being – nor is it expected to be – uniform, as it will depend on customs regime and local travel regimes. Thus, as we saw the U.S. domestic market take off early as 2021, we are witnessing a similar phenomenon in Western Europe this year.

The latest news from some Asian countries about the lifting of restrictive measures, especially in China, point to a return of this very important market – hopefully soon – and its positive impact on many locations where the passenger profile (especially Chinese) has a greater weight.



Bogotá, Colombia

Ready for the comeback

We have always been ready to welcome back customers, but now even more so. As you can read in this issue of the magazine, we are continuing to upgrade and refurbish our stores to provide attractive shopping spaces for our customers. We have also managed to increase our selling space with new stores and airports and to extend contracts in key concessions for our business.

Our colleagues in the Commercial team are working with the brands and we are now seeing more frequent exclusive launches, new products and new assortments... something we had missed and which is finally coming back more strongly.

And of course Marketing – with whom we wrote this article – are also part of this. Under the name of Celebrate Your World, a series of campaigns have been orchestrated bringing additional energy to our stores. The Celebrate your World campaign aims to reinvigorate the stores, by making them look more modern and appealing for a younger passenger demographic. With this in mind, we are leveraging some of our “marketing campaign best sellers” – including Summer Drinks Festival, Whisky Festival, and Summer fragrances & Suncare – together with seasonal campaigns (Easter and Ramadan) and local tactical campaigns (like Celebrate Australian wines or Celebrate Spanish food). Campaign materials have been offered in a choice of three different color options, enabling an element of personalization for the stores, to suit the local passenger profile.



Busan, South Korea

The campaign is completed with a comprehensive marketing communication package which includes in-store activities, signage, screen content, banners – and in some cases, even joint Dufry-airport initiatives – as well as online communications using Red By Dufry push notifications, social media and all kinds of online communication opportunities.



Amman, Jordan

New Walkthrough Store in the Dominican Republic



In April Dufry inaugurated a new walkthrough duty-free store located in the international departures hall at Las Americas International Airport in the Dominican Republic. This opening follows the successful completion of a 1,442 m² walkthrough store in Gregorio Luperon International Airport in 2019 and the ten years concession extension at Santiago Int. Airport and La Romana Int. Airport & Seaport.



Ribbon cutting ceremony attended by Luis Abinader, President of the Dominican Republic (center), Juan Carlos Carretero, Dufry Chairman and Juan Antonio Nieto, Dufry Chief Operating Officer Caribbean, Central America, Mexico & Cruises (right to Mr. Abinader). Representing Aerodom were Monika Infante, CEO of Aerodom Airports and Nicolas Notebaert, President of Vinci Airports (left to Mr. Abinader).

Dufry has been operating for more than fifteen years in the Dominican Republic. Las Americas International Airport is the region's principal hub, welcoming more than 2 million international passengers in 2019 through departures alone, and expects a steady passenger increase, going forward.

Besides Las Americas International Airport, Dufry's presence in the Dominican Republic also includes duty-free operations in other international airports and seaports such as: Santiago, Puerto Plata seaport and airport, as well as Samana, Amber Cove, and Taino Bay cruise ports in Puerto Plata.



The Dominican Republic team joined Dufry's Chairman Juan Carlos Carretero to celebrate the opening of the new store. From left to right: Jenny Aquino, Jukka Terho, Fabio Valenzuela, Layla de la Cruz, Juan Carlos Carretero, Maria Bouche, Juan Antonio Nieto, Jardin Rojas, Juan Cortes and Abraham Silfa.

 Regional News

Sevilla Duty Free



Located in the south of Spain, Sevilla is the capital city of the Andalusian region and home of some of the most recognizable traditions of the Spanish culture such as Flamenco dancing. The sun-soaked city however is arguably Spain's most colorful city: from the facades of buildings in its oldest quarters to the spectacular celebrations of its April Fair, this is a city defined by bold blues, yellows, reds and oranges.

The vibrant spirit and color of this city has been translated into the recently opened 518 m² walk-through store in Seville's San Pablo airport. The "Sevilla Duty Free" offers a wide range of products from leading brands in perfumery and cosmetics, wines and spirits, tobacco, food, sunglasses and souvenirs, as well as a specific range of local products.



 Regional News

Two New Six-Year Contracts at Salvador de Bahia



Dufry has been awarded two new six-year concession contracts at Salvador International Airport in Brazil to operate an extended retail space with a total of three new shops, two of which will be duty-free and one of which will be duty-paid.

This new contract further consolidates Dufry's strong footprint in South America and Brazil, where Dufry operates in 30 and 17 locations respectively and with Salvador International Airport being the 9th largest airport in Brazil, serving 36 destinations.

With the new contract, a 788 m² walkthrough duty-paid store will be developed in the Departures Hall offering customers an extensive assortment of both local and international brands. In the International area, the total duty-free retail space of 825 m² will be divided across an arrivals and a departures store, which between them will offer a wide range of goods across all the product categories including beauty, liquor, food & confectionery, tobacco, toys & souvenirs, fashion and luxury accessories.

Dufry has had a presence in the airport since 2015, where it currently operates a 95 m² last minute duty-paid store. Dufry will now develop significantly more retail space for the airport's 7 million passengers, of which 430,000 are international passengers, and take their airport shopping experience to an exciting new level.

 Regional News

Hudson Starbucks Partnership

Hudson and the American multinational chain of coffeehouses Starbucks, announced a partnership agreement to operate and develop Starbucks locations in U.S. airports beginning this summer.



Rendering of Starbucks at LaGuardia Airport (LGA) Terminal B

The new partnership brings Starbucks' expertise and leadership in the coffee industry together with Hudson's esteemed Traveler's Best service and proven experience in operating food and beverage locations within the travel retail space. With globally-recognized brands, including Starbucks now in its portfolio, Hudson is continuing to provide customers with accessible, high-quality food and beverage offerings that cater to their needs and lifestyles.

Hudson's first two Starbucks licensed stores are set to open beginning this summer at pre- and post-security locations in LaGuardia Airport (LGA) Terminal B, serving as the first Starbucks operating in the brand new terminal. Following a successful rollout at this location, Hudson will then introduce the award-winning brand to additional U.S. airport locations.

As one of its four strategic pillars, food & beverage continues to be a key growth area for Hudson. In 2021, Hudson opened its first-ever restaurant and bar, Plum Market, and expanded its signature "Traveler's Best" line of healthy grab and go products. With the new addition of Starbucks to its quick-service restaurant offerings – including Dunkin', Baskin-Robbins, Pinkberry, Jason's Deli, and Joe & The Juice – Hudson is well-positioned to bring fan-favorite brands to travel hubs across North America.

New 2,700 m² Store at Tenerife South



Fancy an escape to the beach anytime of the year? What about hiking the highest mountain in Spain enjoying the volcanic landscape, or a walking around Unesco's Biosphere Reserve to discover its significant diversity of animal life and extraordinary natural areas? These are some of the experiences that Tenerife's visitors can enjoy, while appreciating the advantages of its sub-tropical location - mild temperatures 365 days a year and over 220 days of sunshine a year. All these assets have traditionally made of Tenerife - and the Canary Islands - a very popular holiday destination, especially during the winter months, with over 6 million visitors in 2019 in Tenerife alone.

The island of Tenerife is very well prepared to receive visitors and has two international airports: Tenerife North Airport (or Los Rodeos) and Tenerife South Airport (also known as Tenerife South-Reina Sofia Airport in honor of the former Queen of Spain). The south airport is located in the island's most touristic area, and therefore is the busiest, having hundreds of connections to different parts of the world.



Dufry, which through Canariensis has been operating in the Canary Islands for years with stores in both airports, inaugurated last month of May a new and spectacular walkthrough store of more than 2,700 m², which places it amongst the largest stores of the Spanish operation.

This store replaces the three shops previously operated at the airport and has significantly improved the customer experience. By bringing together the entire offer within a single space, it has been possible to expand the range of products, as well as give a greater presence to suppliers of Canary Island products.

The new store has a strong sense-of-place that mirrors the main attractions of the island: nature, marked by Mount Teide – a dormant volcano that is Spain's tallest peak; the ocean – reflected in the undulating forms of the store's architecture; and the home and hospitality of the Canary Islanders – reflected in the store's selection of construction materials, furniture customizations and corners.

After just a few weeks of operation, the store is showing promising results, with double-digit increases over the sales figures recorded in 2019. A new excuse to visit the Canary Islands!



The Tenerife Team, ready to welcome customers in our new space!

Dufry Exclusive Launch in Partnership with Walker's Shortbread



Dufry and Scottish manufacturer of shortbread, biscuits, cookies and crackers, Walker's Shortbread, have partnered to launch the new Walker's Shortbread Global Travel Retail range that will bring the iconic pastry to over 55 travel retail sites worldwide.

As the largest global retail partnership in Walker's Shortbread's history, the ambitious expansion unveiled a 19-strong travel retail gifting range in April, launching first in the UK, with a two-month exclusivity period across all UK Dufry sites.

Recognized globally as a mark of premium excellence, Walker's has worked closely with Dufry to launch the new global range reimagined for today's travelling consumer. The first-to-market range is the latest strategic step to evolve the brand in line with global customer and consumer demand, including invested focus across sustainability and digitization.



The range comprises brand-new products, tailored market exclusives and updated lines from its current travel retail range. The recipes however remain exactly the same, using only the highest quality ingredients and delivering the world-class, all-butter taste Walker's is renowned for.

The launch of this new Global Travel Retail range is another example of the way in which Dufry and its global brand partners are collaborating to adapt the travel retail offer to customers' evolving lifestyle agendas. Beyond adding another travel retail exclusive product launch to Dufry's track record, this partnership showcases Dufry's ambition to creating a strong base for future growth focusing on quality, sustainability and digitalization.

The new Walker's Shortbread Global Travel Retail range sees the launch of a variety of gifting products such as Gift Tubes, a Shortbread Scottie Dogs Gift Box and a World of Walker's Assortment Gift Box, featuring playful illustrations of iconic landmarks such as the Eiffel Tower, Taj Mahal and the Athens Acropolis as well as many others. The range also includes UK specific products, comprising of three Sense of Place Gift Boxes, each customized with illustrations of historical landmarks.



Belgrade

We fly to Nikola Tesla airport in the capital of Serbia, Belgrade, to discover Dufry's 882 m² main store in this airport. Inaugurated in August 2020 after a complete refurbishment, the store is located straight after passport control and has a snaking walk-through design that leads the passengers through Dufry's commercial offer, before exiting onto the "Tesla Square", which houses a chill out zone, food and beverage options (also operated by Dufry) as well as a gaming zone.

Belgrade Duty Free offers customers a multi-brand assortment across all traditional duty-free categories, with an emphasis on local brands, including a wide and well-known selection of wines (Aleksandrović, Braća Rajković and Kovačević); brandies (Zaric, Stara Sokolova and Stara Rakija) and white spirits. In terms of confectionery, the international chocolate selection is complimented with local high-end brands such as Art Ival and Eugen.

In the final stretch of the store, there is an eye-catching luxury area where customers can find corners dedicated to renowned brands such as Emporio Armani, Lacoste, Mont Blanc, Tag Heuer and Furla, amongst others.

Suggestions

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.

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