



## **Media Release**

Basel, 25 October 2013

### **Dufry executes on its strategy in Asia**

**Dufry has in recent quarters substantially expanded its footprint in Asia and has now added further concessions in South Korea and China. Including these latest contract wins, Dufry will have a presence in 14 locations in Eurasia and Asia and the new projects will contribute a combined turnover around CHF 250 million per annum.**

Dufry considers Eurasia and Asia as one of the regions for strategic development for the Group based on its strategy of growth in Emerging Markets and tourist destinations. With its existing business in the region plus the contracts won since the beginning of this year, Dufry has built a sizeable business which may give rise to economies of scale for further projects.

All new projects combined are expected to contribute around CHF 250 million of turnover and including Dufry's existing business, operations in Eurasia and Asia will contribute with more than 10% to Dufry's turnover, with a strong focus on Greater China and South East Asia. The increased local presence will also allow showcasing Dufry's expertise to airport operators and suppliers alike in the region.

In addition to the projects already disclosed in Kazakhstan, Bali, Sri Lanka, and Taiwan, Dufry has signed new projects in South Korea and China. In South Korea, Dufry will operate duty free shops at Busan International Airport. In China, Dufry was awarded duty paid luxury shops concessions at Beijing Capital Airport and the Company will also joins forces with Shenzhen Duty Free at Shenzhen Bao An International Airport.

#### **South Korea - Exciting entry into the biggest duty free market in the world**

On October 22, 2013, Dufry Thomas Julie Korea Co. Ltd (DTJ) – a partnership between Dufry and the South Korean firm Thomas Julie & Co. DTJ – won a bid to operate a duty free shop at the Busan Gimhae International Airport for 5 years. DTJ will be the duty free retailer at Busan Airport in most core categories such as wine & spirits, confectionery, fashion & accessories, watches & jewelry, tobacco, electronics and souvenirs.

A special attention will be on the introduction of an attractive mix of Korean products, showcasing the best of Korea's heritage and culture to all departing passengers, bringing the operation a perfect sense of place. The shop is expected to start operations in the first quarter 2014 with 434 sqm and expanded in 2015 as part of the airport's upgrading program the retail space. Thomas Julie & Co is a Korean company engaged in the supply of Korean products to duty free companies within Korea.

Busan Airport handled 4 million international passengers in 2012, representing a 20% growth over 2011, driven largely by the tourism traffic from China. Among the main destinations from the airport are Japan and China, and in a lesser extent neighboring countries as the Philippines, Thailand, Hong Kong and Vietnam. Located Southeast in the Korean peninsula, Busan is the second largest city in South Korea after Seoul.

### **Beijing - Expansion of the duty paid luxury retail offering in China**

On October 10, 2013, Dufry and Beijing Capital Airport Commercial and Trading Co. Ltd. (ACT) signed an agreement to operate duty paid shops at Beijing Capital International Airport (BCIA) for up to 5 years. Located in the new terminal 3D, the operations will comprise 9 shops and cover nearly 1,000 sqm of retail space and are expected to open progressively in the next 9 months.

Dufry will unveil a series of fashion & accessories and luggage shops, with brands like Tommy Hilfiger, Armani Jeans and Furla as well as perfumes & cosmetics shops with brands including Kiehls, Shiseido and Clarins.

This new project comes as part of ACT's plans to redevelop the commercial offer at BCIA. The airport is the busiest in China and among the top five airports in Asia, handling 82 million passengers in 2012, of which 32 million domestic passengers were equally distributed between terminals 3 and 2, with a smaller number in terminal 1. To cater to the increasing number of passengers, Terminal 3D was opened earlier in 2013 to handle some of the traffic within Terminal 3.

### **Shenzhen (Mainland China)- Entering the Chinese duty free market in Mainland China joining forces with Duty Free Operator**

On October 10, 2013, Dufry also has entered into a partnership with Shenzhen State Owned Duty Free Commodity (Group) Co. Ltd (Shenzhen Duty Free) for the provision of supply and management consultancy services at the new international terminal of Shenzhen Bao An International Airport. Dufry will work together with the partner to develop the retail concepts and supply core categories such as perfumes & cosmetics, food & confectionary as well as fashion, accessories, watches & jewellery. The operations at the new terminal are scheduled to open progressively from November 2013.

Shenzhen Duty Free is the sole duty free operator at Shenzhen Airport, as well as a major operator of border shops between Shenzhen and Hong Kong. Shenzhen Airport received nearly 30 million passengers in 2012.

### **Taiwan – Long term agreement to operate downtown duty free mall**

On September 16, 2013, Dufry and Taiwan Land Development Corporation (TLDC) signed a 12-year contract to operate duty free spaces in Kinmen Island, Taiwan.

With the first phase expected to open during the first half of 2014, the Dufry-TLDC Joint Venture will operate all duty free retail space totaling 3,000 sqm in the Wind Lion Plaza. The main duty free offering will include core liquor, tobacco, perfumes & cosmetics, fashion, accessories, watches and jewelry and confectionery categories. Within this new space, Dufry aims to bring in a cutting edge retail offer carefully tailored to the two main customer groups – mainland Chinese

and Taiwanese. In addition, Dufry will introduce a range of popular mainland Chinese liquor & tobacco products, currently not available in the Taiwanese market.

Located 200 metres from Kinmen's airport, the Wind Lion Plaza development, once concluded, will cover over 244,000 sqm of total space with several attractions. Kinmen Island received in 2012 close to 2 million arrivals from mainland China and Taiwan – with mainland Chinese arrivals having increased 40 times since 2002. The duty free designated island allows Taiwanese residents to purchase up to USD 24,000 of duty free and tax free goods per year. With the recent easing of visa requirements for mainland Chinese citizens visiting Kinmen and capitalizing on its proximity to mainland China, the island also hopes to attract some of the 40 million international and domestic visitors each year.

### **Sri Lanka – Expansion in South Asia with a Master Concessionaire Contract**

On July 17, 2013, Dufry signed a master concessionaire agreement to operate duty free spaces at Mattala Rajapaksa International Airport (MRIA), Sri Lanka for 10 years. A joint venture between Dufry and the Sri Lankan company Perpetual Capital Holdings will operate all airside retail space in the terminal.

As the passenger numbers approach the first phase handling capacity, Dufry envisions approximately 1000 sqm of retail space, which will be evenly distributed between the departure (500 sqm) and arrival areas (500 sqm), reflecting the strong arrival duty free sales in Sri Lanka. Additional enhancements will be made to the retail offer as the airport expands into its second phase. The main duty free offering will include core Liquor, Tobacco, Perfumes & Cosmetics and Confectionery categories at both the departure and arrival levels of the airport. The first shop is expected to be opened in November 2013, with full operations by the first quarter 2014.

Located in the Southeast of Sri Lanka, MRJA was officially opened as Sri Lanka's second international gateway in March 2013. With an initial annual passenger handling capacity of 1 million, the airport expects to reach its first phase capacity by 2015. By 2016, the second phase expansion plans are anticipated to have been completed, taking the terminal's annual handling capacity to 5 million passengers and 20 parking bays.

### **Bali (Indonesia) – Agreement to operate duty free and duty paid shops**

Dufry signed on May 3, 2013, an agreement with Angkasa Pura I to operate duty free and duty paid shops for 5 years at the new international terminal at Ngurah Rai International Airport in Bali.

Based on the new contract, Dufry will start to operate at the end of October, 7 shops covering a total retail area of 2,200 sqm, offering a duty free assortment that includes perfumes and cosmetics, liquor, tobacco and confectionery & fine food. Dufry will open four shops airside totaling 1,700 sqm, where the main one will be a walk-through concept with around 1,100 sqm. In addition to that, there will be a whiskey boutique and satellite shops will be presented there. Dufry will further operate 500 sqm in the arrivals area, which are planned to be divided in three shops.

Ngurah Rai International Airport handled 16 million passengers in 2012, increase 12% compare to the previous year. International passengers accounted for more than 50% of this total and made the airport to be busiest airport in Indonesia in terms of international passengers. Among the top 5 nationalities who visit this airport are Australian, Chinese, Japanese, Malaysian and South Korean where main purpose of their trip is tourism.

Bali is considered the "Island of Paradise" and Ngurah Rai International Airport, "The Gateway to Paradise", aims to be among the Top Ten Airports in Asia.

### **Kazakhstan: First shop opened at Astana International Airport**

Dufry inaugurated its first store on April 6, 2013, at Astana International Airport. The modern walk-through shop has a retail space of 173 sqm and is located in the departure area of international Terminal. It offers the classical duty free assortment like tobacco, alcohol, perfumes & cosmetics as well as accessories and is opened 24 hours.

Dufry's concession at Astana has duration of 10 years. A second shop opening is planned at downtown serving the capitol's diplomatic community with 139 sqm. In total Dufry will operate with these two shops a retail space of 312 sqm.

Astana International Airport is the second busiest airport in Kazakhstan with 400,000 international passengers in 2012 departing. Passenger growth is forecast 17% in 2013 versus 2012 according Air4cast.

### **Towards the consolidation of Dufry's presence in Asia**

Julian Diaz, Chief Executive Officer of Dufry said: "We are very pleased with the results achieved in the recent bidding processes in Asia. They are a milestone in the execution of Dufry's strategy, which is based on emerging markets and touristic destinations. With these new projects, we have created a sizeable platform to even further strengthen our position in that region.

With the above mentioned achievements, Dufry will operate in 14 locations, 140 shops, in the Far East, Middle East and Central Asia, bringing the total number of countries in our global portfolio to 49. All together, Dufry will add around 14,000 new sqm and expects to have a contribution of around CHF 250 million per year to our revenues once all the projects are fully operational.

The new contract to run duty free operation in South Korea represents a major step for Dufry to enter the single largest duty free market in the world. The partnership with Thomas Julie & Co will bring a strong Korean partner for the Busan Airport operation, with an attractive representation of Korean products as part of retail mix. As the largest foreign travel retailer in China, Dufry is well placed to work with DTJ to cater for the fast growing number of Chinese passengers going through the airport. Together with Thomas Julie, we look forward to deepening our relationship with Korea Airports Corporation, creating an exciting retail offer in Busan Airport, and taking Korean made products to our global network of shops.

The signing of the two new agreements in Beijing and Shenzhen are a continuation of our strategy in China. By partnering with ACT we are set to bring the highest standards of travel retailing to Beijing Capital International Airport. Equally important, our cooperation with Shenzhen Duty Free will be our second duty free operation in Greater China, and will mark Dufry's entry into the duty free market in mainland China.

With the new projects in South Korea and China, we have now a solid and diversified footprint in some key markets of the region and this will allow us to explore further opportunities. From a Group perspective, all the new projects are yet another step in the diversification of our business and the strategic positioning in attractive markets."

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### Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN; BM&FBOVESPA: DAGB33) is a leading global travel retailer operating almost 1'400 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs around 17,000 people. The Company, headquartered in Basel, Switzerland, operates in 45 countries in Europe, Africa, Eurasia, Central America & Caribbean, North America and South America.



**SOS CHILDREN'S  
VILLAGES**

#### **Social Responsibility**

Dufry cares for children and supports the SOS Social Center in Igarassu, Brazil, in Agadir, Morocco and Cambodia. SOS Children's Villages is an independent, non-political and non-demonstrational organisation established for orphaned and destitute children all over the world.



The Street Child World Cup is a global campaign for the rights of street children. Through football, art and an international street child conference the aim is to ensure street children are given the protection and opportunities that all children are entitled to. Dufry sponsors the Street Child World Cup (SCWC) "Road to Rio 2014" which will take place in Rio de Janeiro, Brazil, in March 2014.