

NEWS RELEASE

Avolta leverages regional economic slow-down to fast-track APAC strategy: enters into deal to acquire Free Duty, funded by cash on balance sheet with no impact to the deleveraging commitments

Avolta (AVOL: SIX), leading global travel experience player across retail and F&B, has entered into a deal to acquire 100% of [Free Duty](#) from NWS Holdings Limited (0659.HK), a conglomerate with a diversified portfolio of market-leading businesses predominantly in Hong Kong and the Mainland. The deal would see Avolta's positioning significantly strengthened in the Asia Pacific (APAC) region, gaining access to 150 million travelers and increasing regional sales by CHF 250 million. The acquisition of Free Duty, a leading border travel retail operator in Hong Kong and the Greater Bay Area, would lead towards an early delivery of Avolta's Destination 2027 strategy in APAC, generating accelerated revenue growth at attractive margins. The closing of the transaction is subject to customary conditions precedent.

With Free Duty's 2024 revenue forecasted to around CHF 250 million (based on FY'23 figures), the deal considers current consumer behavior in the region, a factor also reflected in the conditions, providing an appealing investment opportunity supported by the region's expected profitable growth in the years ahead through a continuous increase in passenger numbers. All Free Duty stores will benefit from the recently announced tripling of Duty-free allowances for mainland Chinese travelers returning from Hong Kong or Macau from RMB 5,000 (USD 690) to RMB 15,000 (USD 1,650).

The Free Duty acquisition would be entirely funded with cash from the company's strong balance sheet with no equity or additional financing arrangements being required. The transaction is leverage neutral with no impact on the company's deleveraging commitments. Following the completion of the deal, Avolta's revenues in APAC will increase by CHF 250 million, with the region now boasting a portfolio of more than 340 stores across ten countries.

Xavier Rossinyol, CEO of Avolta said; "Since launching our Destination 2027 strategy we have been consistent and deliberate in growing our business, both organically and through bolt-on M&A. Free Duty is a highly successful player in the Hong Kong travel retail market, and we are stepping in at the right moment at attractive terms with the seller changing their portfolio strategy. We are grateful to the NWS Holdings, as well as to rail operator MTR and the entire Free Duty team, for their vision and leadership, and their trust in Avolta to take Free Duty to the next level. The tireless efforts and dedication of our team, led in APAC by Freda Cheung, continue to be pivotal; thank you."

Freda Cheung, President and CEO of Avolta's Asia Pacific region said; "By entering into a deal for this strategic acquisition, we are more than doubling our POS in Hong Kong, and, importantly, more than tripling our access to travelers – now at nearly 150 million each year*.

We are excited for the opportunity to build on this legacy and achieve new milestones together in a market that already shows opportunity, and further strengthen our relationship with local partners. The Free Duty deal strengthens our presence in this important region and underscores our commitment to excellence and innovation in delivering outstanding experiences to travelers. We look forward to the incredible opportunities ahead.”

Gilbert Ho, Group Co-Chief Executive Officer of NWS Holdings, stated, “This transaction demonstrates NWS Group’s ongoing efforts in optimising its business portfolio and unlocking the value of our assets for our shareholders. As one of the world’s largest travel retail service providers, Avolta Group brings with it extensive retail experience and a vast sales network. We firmly believe that Avolta Group will bring in not only expertise and the highest standard of the industry, but will also offer growth opportunities for Free Duty and its team. We would like to extend our heartfelt gratitude to the Free Duty team for their contributions over the years, and we wish continued success for the business and the team.”

The transaction is subject to certain closing procedures, during which time Avolta will work diligently in securing customary conditions precedent.

**108m PAX in 2023 FY for all three locations*

For further information

Contact

Rebecca McClellan

Global Head Investor Relations



rebecca.mcclellan@avolta.net



+44 7543 800405

Cathy Jongens

Director Corporate Communications



cathy.jongens@avolta.net



+41 79 288 09 36

About Avolta

Avolta AG, (SIX: AVOL) is a leading global travel experience player. With the traveler at its strategic core, Avolta maximizes every moment of the traveler's journey through its combination of travel retail and travel food & beverage, passion for innovation and excellent execution. Avolta's well-diversified business across geographical, channel and brand portfolio pillars operates in 73 countries and more than 1,000 locations, with over 5,100 points of sale across three segments – duty-free, food & beverage and convenience – and various channels, including airports, motorways, cruises, ferries, railways, border shops and downtown. An inherent element of Avolta's business strategy is found in ESG, aiming for sustainable and profitable growth of the company while fostering high standards of environmental stewardship and social equity – making meaningful impact in the local communities. The company's access to 2.3 billion passengers each year reinforces the power of its more than 76,000 people, committed to surprising guests and delivering solid execution, supporting the company in creating value for all stakeholders.

To learn more about Avolta, please visit [avoltaworld.com](https://www.avoltaworld.com)