



## **Media Release**

Basel, September 3, 2013

### **Dufry reinforces its presence in Brazil and signs contracts in São Paulo, Brasilia, Viracopos, Natal and Goiânia**

**Dufry has reinforced its presence in Brazil by signing long-term contracts in São Paulo, Brasilia, Viracopos and Natal to operate duty free and duty paid spaces. With the signing of these agreements, which were structured as bid processes or requests for proposal, Dufry has renewed and expanded its contracts in all airports that have been privatized in Brazil to date. Furthermore, Dufry also opened a duty paid shop in Goiânia.**

**All the contracts with the private airport operators have a 10 year duration and will allow to develop the business in the long-term. Overall, Dufry will operate 19,702 square meters of retail space in these locations once all the expansion projects in the different airports are completed, an increase of 13,626 square meters, or 324%, compared to 6,076 square meters before the privatization.**

**With these new agreements, Dufry enters a new phase in the development of the Brazilian travel retail market. The refurbished and expanded airports will allow creating substantially larger and better retail space and significantly improved performance compared to the current situation, where the potential is restricted due to a lack of capacity in the existing infrastructure. As a result, Dufry can create a truly first class shopping experience for passengers in Brazil, which provides scope for a substantial increase in spend per passenger and overall sales.**

**The new duty free contracts will be operated through a new joint venture, which will become the platform to develop the duty free business in Brazil going forward.**

**As to duty paid, Dufry can considerably expand this sector in Brazil as well and tap the important domestic traffic. Around 90% of all air passengers in Brazil are domestic and the build-up of the duty paid sector will be an important element in the development of the Brazilian business going forward.**

**Overall, the new contracts will allow Dufry to substantially strengthen the travel retail in Brazil and to capture the true potential of the Brazilian airport retail business, in both duty free and duty paid. At the same time, the business will also be a very strong platform to develop other travel retail channels and segments in the country, such as duty free border shops.**

### **Taking travel retail to a new level in Brazil**

Based on the new contracts, Dufry has secured long-term agreements in all three airports that were privatized in 2012 and more than that, Dufry is taking another step towards expanding its presence in Brazil as well as consolidating its leading position in the global travel retail industry. Dufry will add overall 19,702 square meters of retail space in the new locations, an increase of 13,626 square meters, or 69%, compared to 6,076 square meters before the expansion. Altogether, Dufry will add 10,580 square meters of duty free space and 3,046 square meters in duty paid. But not only will the retail space be substantially bigger, the shops will also have better locations and provide a much better retail experience for the passengers in each of the airports.

### **Long-term contracts in São Paulo for Terminal 3**

On September 1<sup>st</sup>, Dufry signed a 10-years contract with GRU Airport to operate the entire duty free space in Terminal 3 at São Paulo GRU International Airport, located in Guarulhos, in the state of São Paulo.

In the duty free area of the new Terminal 3 of the airport, which is expected to be concluded in May 2014 Dufry will add 6,860 square meters of retail space. The new space will comprise of two general travel retail shops in arrival and departure, which will be designed as a walk-through concept. In addition to that, Dufry will introduce for the first time stand-alone branded boutiques in Brazil: it is planned to open 15 shops.

On the duty paid side, Dufry will make a big step forward and introduce new store format in Brazil: the 204 square meter Hudson store will provide a fresh travel experience, offering a comprehensive selection of convenience items, such as magazines and newspapers, soft drinks, a wide range of snacks, health and beauty aids and other travel convenience items.

Overall, Dufry will increase its retail space in Guarulhos Airport to 14,223 square meters from 5,003 square meters, an increase of 184% including the expansion and upgrading in Terminal 2. There, Dufry inaugurated its enlarged arrival store of 3,142 square meters on 18 August, 2013, and the departure shop will be expanded by 513 square meters in the coming quarters.

Once all the new retail space will be fully operational, the substantially enlarged offering and the higher quality of the shops are expected to allow for a considerable increase in spend per passenger.

Guarulhos International Airport is located in São Paulo and is the largest airport in South America. In 2012, the airport welcomed a total of 33 million passengers, of which 12 million were international passengers.

### **Brasilia and Natal: Redesign airport retailing from the core**

Dufry signed another 10 year agreement with Inframerica Group to redesign the entire commercial space and operate the duty free and duty paid shops at Juscelino Kubitschek International Airport in Brasília and at the São Gonçalo do Amarante International airport in Natal.

In Brasilia and Natal, Dufry will reformulate the travel retail area of both airports in terms of passenger flow and retail formats with a total retail space of 4,602 square meters, an increase of 3,953 square meters.

Based on the new contract, Dufry will operate 1,685 square meters of duty free space and 2,917 square meters in duty paid at the two airports. The retail concepts will include multi-categories and branded shops as well as Hudson convenience stores. In Brasilia, Dufry will introduce the walk-through concept in duty paid with a megastore of 1,600 square meters, a new concept which takes Brasilia's retail space to world class standards. Dufry will also bring its Hudson convenience store concept to Brasilia and Natal, with three shops in Brasilia and another two shops in Natal.

Brasília is Brazil's capital and the fourth largest city in Brazil. In 2012, this airport welcomed 16 million domestic and more than 400,000 international passengers. This airport has scheduled flights to United States, Portugal, Argentina, Panama, and Colombia and also several international charter flights. As for domestic flights, it serves all major Brazilian cities and all the important airlines, which makes Brasilia the largest hub in Brazil. This city has also been chosen to be among of the 12 host cities of the 2014 World Cup. Inframérica's infrastructure expansion foresees to increase the number of gates to 28 from 13 before the World Cup and once all infrastructure works are completed at the end of 2014, the airport will have a capacity of around 40 million passengers.

Natal is one of the favorite and most famous tourism destinations in Brazil and is the closest airport to Europe in terms of geographical location. This airport was privatized in 2011 and is expected to be open for the World Cup next year. The total expected passengers for 2020 will be around 5 million.

### **Substantial development potential for Viracopos**

As disclosed on April 5<sup>th</sup>, 2013, Dufry signed an agreement with Aeroportos Brasil Viracopos, to operate duty free shops at the Viracopos International Airport for 10 years. Viracopos is situated in an area with a cluster of science, technology and industrial companies in the city of Campinas, in the greater São Paulo area and has access to the best roads in the country. Viracopos airport operates the 2<sup>nd</sup> largest air cargo terminal in Brazil and in 2012, welcomed 9 million domestic and international passengers.

Regarding Viracopos airport, Dufry is currently operating two duty free shops in the terminal with a total area of 324 square meters, of which one is in the arrivals area (237 square meters) and the other on the departure (87 square meters) side. Both shops have a general travel retail format. In addition, Viracopos has 100 square meters duty paid shop.

### **New duty paid shop in Goiânia**

On August 20<sup>th</sup>, 2013, Dufry opened its first duty paid shop at Santa Genoveva Airport Goiânia, located in the Midwest of Brazil, based on a 5 years contract. The shop comprises 92 square meters and will offer the traditional travel retail assortment such as liquors, perfumes and cosmetics, as well as electronics and confectionary.

Santa Genoveva Airport, in Goiania, welcomed 3.1 million domestic passengers in 2012

### **Brazilian travel retail market: an opportunity going forward**

Being among the top 8 countries in the world, Brazil has a substantial development potential from the economic side. Moreover, both, domestic and international tourism in Brazil are very small in relation to the size and the touristic potential of the country.

The privatization of a first group of airports was an important event to accelerate the build-out of the airport infrastructure in Brazil. This is only a first step, since the economic development of the country will require substantial further investments to support its growth, not only in airports but in all means of transportations. For Dufry, this means that it can develop its business in two ways: on one hand the improved and enlarged airport infrastructure will allow to substantially grow the airports business, on the other hand Dufry will also explore potential opportunities in different channels, such as the border shop duty free.

Dufry has structured a joint venture company with Brasif, a major industrial group with various businesses, including activities in construction as well as high street retail, and with significant experience in travel retail. The new duty free businesses shall be operated through a new joint venture, which shall become the platform to develop the duty free business in Brazil going forward. Dufry will hold 60% of the JV in a first step with the possibility to increase its stake to 80% through a call/put option structure until the end of 2014. The joint venture is subject to the approval of the Brazilian antitrust authority.

The overall investment of the projects are expected to be around USD 250 – 275 million, including the expected capital expenditure for the space increase as well as net working capital requirements, and the value of the joint venture transactions.

### **“We are ready to start a new era of travel retail in Brazil”**

Julian Diaz, CEO of Dufry Group, commented: “We have been working hard to conclude all these agreements, which were structured as bid processes and requests for proposals. We have created important partnerships with GRU Airport, Inframerica Group, and Aeroportos Brasil Viracopos as a key step in strengthening Dufry's position in travel retail in Brazil. Guarulhos International Airport in São Paulo is the largest airport in Latin America and the main gateway for foreigners visiting the country and Brazilians traveling abroad. As for Brasilia, this is one of the most important airports for domestic passengers with a significant potential to increase international passenger numbers, and which is expected to have capacity around 40 million passengers by the end of 2014. Natal is one of the most popular tourism destinations in the northeast of Brazil and Viracopos is situated in a scientific, technological and industrial area in the city of Campinas, São Paulo, which has great growth prospects.

Over the past years, we have identified a substantial potential to improve the travel retail commercially in Brazilian airports. With these new spaces and the commercial offering and brands that we can now implement, our operations will grow considerably in terms of penetration rate and sales per ticket and ultimately total sales. We are also making a big step in developing the travel retail in Brazil with the introduction of the Hudson concept and the opening of the first walk-through duty paid shop in Brasilia.

The prospects in Brazil for infrastructure investments are enormous and the airports are only the forefront of the changes to come in Brazilian transportation infrastructure. The new joint venture will allow us to build a stronger platform for further growth in Brazil and to develop new travel retail channels and segments on the duty free side, including e.g. duty free border shops, and also to support the expansion and setup into new duty paid activities.

With these new agreements, Dufry has been successful in establishing strong partnerships with all the three airports privatized in 2012, and teaming up with an experienced local partner is the basis to further develop a solid long-term business. These new projects demonstrate our credible, solid and clear business model which is based on our execution capabilities.

Overall, we have secured a very strong business in Brazil for the coming decade and now is the time to organize ourselves to make the next step in the development of the Brazilian market. With these new contracts, we are ready to start a new era of travel retail in Brazil.”

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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 around 1'400 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs almost 17,000 people. The Company, headquartered in Basel, Switzerland, operates in 47 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.