

BACK TO THE

FIRST WEEK



2017 RIO DE JANEIRO / 21ST. CONFERENCE / 6-9 JUNE / HILTON BARRA RIO DE JANEIRO

**BACK TO THE
FUTURE**



WELCOME AND OFFICIAL OPENING

GUSTAVO FAGUNDES

2017 RIO DE JANEIRO



21^{ST.} CONFERENCE / 6-9 JUNE

BACK TO THE FUTURE



A puzzle to be completed to get a better understanding of our business today:

- Big picture;
- The industry;
- The region;
- Brazil;
- The customer perspective.

**BACK TO THE
FUTURE**



BUSINESS REVIEW OF DUFRY BRAZIL AFTER FIFA CUP AND OLYMPIC GAMES

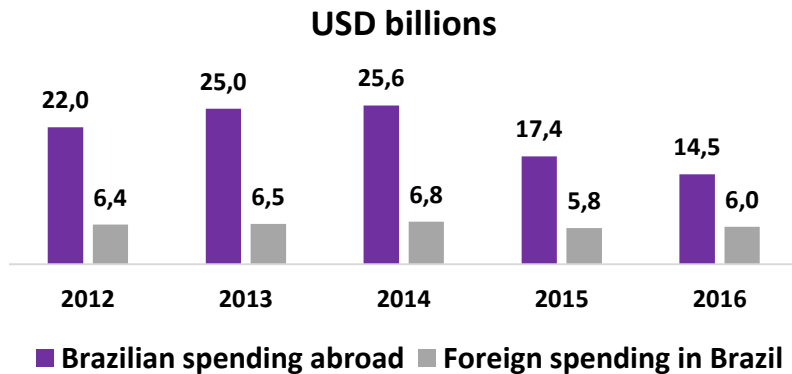
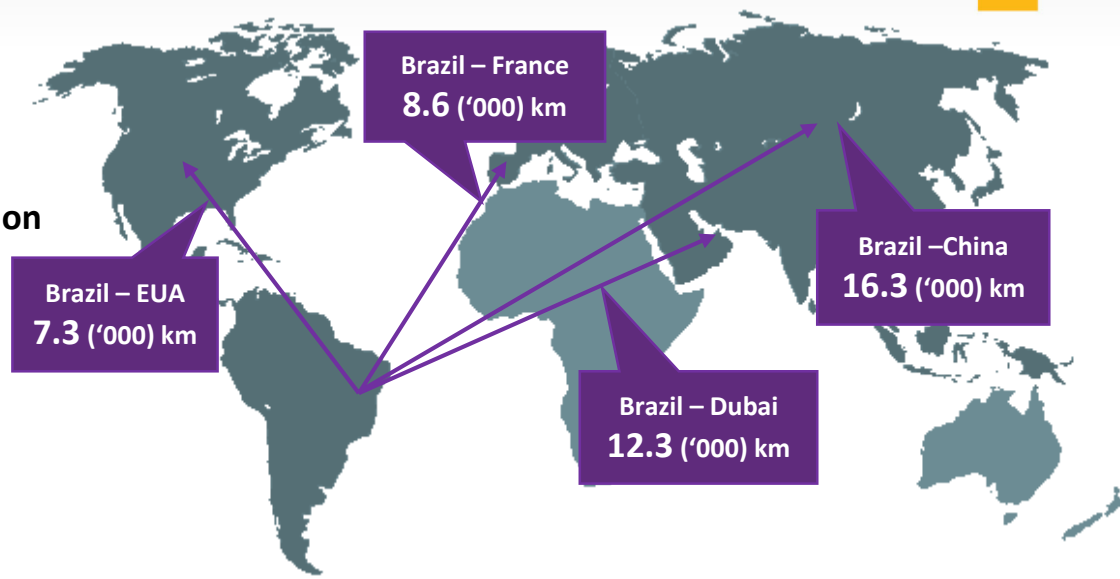
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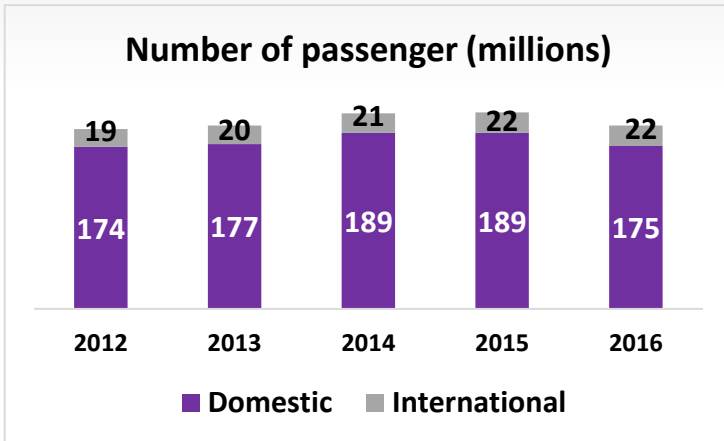
BACK TO THE FUTURE

BRAZIL RELEVANCE AND DIMENSION

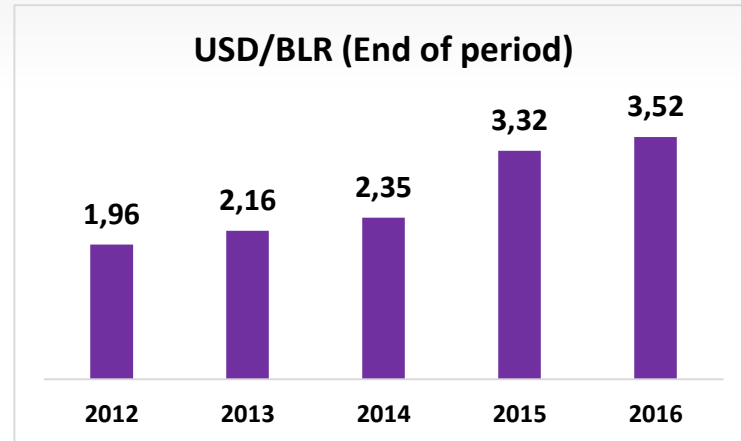


Source: Brazil Central Bank.

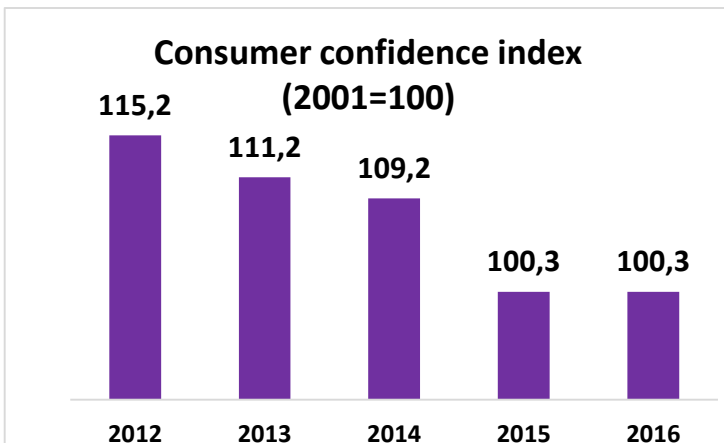
- Brazil is a country with continental dimension, representing 50% of total South America area and population.
- South America receives between 2%-3% of total world tourists (Mundial Tourism Organization).
- Brazilians had spent, in average, 3 times more traveling abroad than foreigners had spent in Brazil, in the last 5 years.



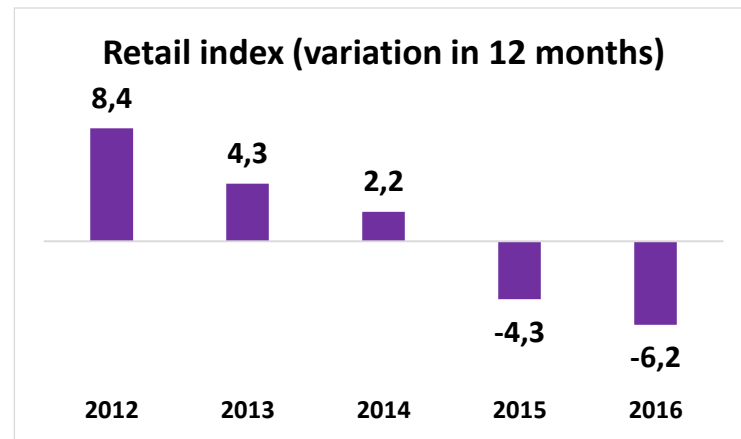
Source: Infraero and private operators.



Source: Bloomberg.



Source: Brazil portal of industry.



Source: Brazilian institute of geography and statistics.

- In 2017 (Jan-Apr) the number of passengers where Dufry operates is almost flat (-0,6%).
- The confidence Index was 100,6 in May'17.

- In the end of May'17 the USD/BLR closed in 3,24, -10% below last year.
- Retail index decreased -5,3% in March'17.

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BRAZIL INFRASTRUCTURE TRANSFORMATION

BLR 26 billion were invested in the 2014 World Cup:

- 6 airport concessions for private sector.
- 21 new passenger terminals construction and refurbishment projects.
- More than 80% of increase in passenger reception capacity.
- World class operations.



Rio de Janeiro



São Paulo



Brasília



Belo Horizonte



BACK TO THE FUTURE

BRAZIL INFRASTRUCTURE TRANSFORMATION

BLR 39 billion were invested in the Rio 2016 Olympic Games:

- Urban mobility – the biggest legacy.
- More entertainment options.
- New spaces for sports, education and enterprise.



Porto Maravilha



Barra Olympic Park



Subway Expansion



Museum of Tomorrow



- Since 2011, 10 airports were awarded to the private sector.
- Those airports cover 98% of international traffic and 55% of domestic traffic.
- Total investments in privatized airports of **BRL 32 billion**, comprising:
 - Terminals, aircraft yards and landing strips extensions.
 - Increase the number of boarding bridges and parking lots.



1 st Round					
Tender	Airport	Concessionaire Group*		Capex (BRL, bn)	Duration (years)
		Before	Actual		
2011	Natal	Corp. América + Engevix	Corp. América (Inframérica)	0.7	28
2012	Brasília	Corp. América + Engevix	Corp. América (Inframérica)	2.8	25
2012	Guarulhos	Invepar + ACSA	Invepar + ACSA	4.6	20
2012	Viracopos	Triunfo + UTC + Egis	Triunfo + UTC + Egis	8.7	30
2013	Rio de Janeiro	Odebrecht + Changi	HNA + Changi	5.7	25
2013	Confins	CCR + Zurich Airport	CCR + Zurich Airport	3.5	30

- International large scale operators with a comprehensive know-how and committed to the long term investments in the airport structure in Brazil.

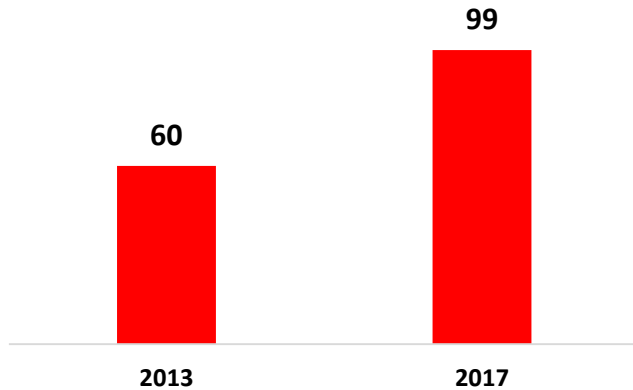
2 nd Round					
Tender	Airport	Concessionaire Group		Capex (BRL, bn)	Duration (years)
		Actual			
2017	Salvador	Vinci		2.2	30
2017	Porto Alegre	Fraport		1.6	25
2017	Fortaleza	Fraport		1.3	30
2017	Florianópolis	Zurich Airport		0.9	30

* Infraero holds a stake of 49% in those airports, except in Natal

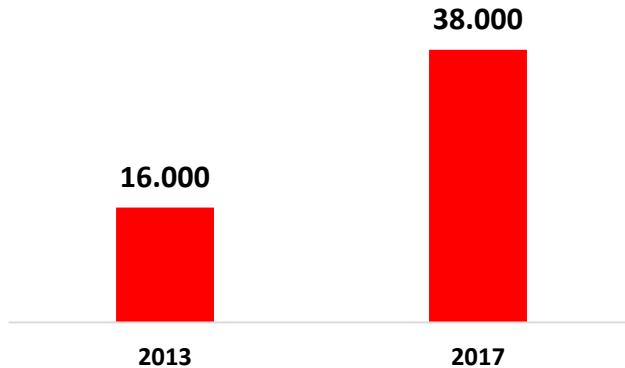
- In the latest concessions, Infraero's (Brazil's national airport authority) stake was not "mandatory".



Number of Stores



Square meters



Comparing the Dufry structure after vs before world Cup and Olympic games, we can notice:

- 12,6 years of partnership, in a weighted average (TOP 5 airports).
- Increase of 65% in the number of stores.
- Increase of 138% in square meters.

BACK TO THE FUTURE

NEW CONCEPTS – DUTY FREE ARRIVAL STORES

Walk-Through

Architecture designed to provide customers with easiness of transit and great purchase options. All new Dufry Arrival Shops were designed using this concept.

Actual Results (Jan-Apr) x PY

+ 52% of spend per passenger increase at Belo Horizonte arrivals.



São Paulo



BACK TO THE FUTURE

NEW CONCEPTS – DUTY FREE DEPARTURE STORES



Destination Stores – Local Brands

Areas that translate the lifestyle of the city that is also a symbol for tourism.

26% over Rio de Janeiro departure tickets (Jan-Apr 2017).

Specialized Boutiques

Airside boutique zone dedicated to different brands including luxury brands.

34% of T3 São Paulo departure tickets (Jan-Apr 2017).



Store in Store – Electronic concept

First Apple Store in an Latin America at terminal 3 of Guarulhos. Dufry expanded this concept to Rio de Janeiro and increased the electronic portfolio with a store in store of Samsung.

+25% of increase in spend per PAX at Rio de Janeiro departures (Jan-Apr 2017 x PY).





Mega Stores Dufry Shopping

The Dufry Shopping Mega Store concept was first introduced in Brazil as a pilot at Brasília Airport in 2014. The success of the launch made the concept expand to other airports in Brazil: Campinas, Curitiba, Galeão, Guarulhos, Natal And recently in Goiânia.

+104% of increase in spend per PAX at Guarulhos Dufry Shopping stores (Jan-Apr 2017 x PY).

Hudson Store

Dufry brought the first Hudson store for Brazil. In addition to the traditional magazine store (newspapers, magazines and books), the stores offer a mix of products for both entertainment and needs, as grocery stores, toiletries and personal care, souvenirs, electronics and toys.

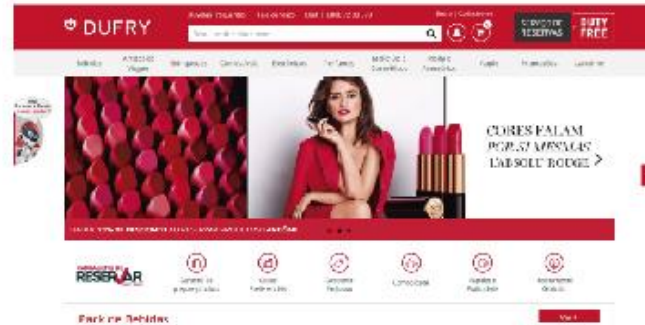
In Santos Dumont airport the Hudson business is responsible for 40% of Duty Paid spend per PAX (Jan-Apr 2017).





A comprehensive Travel Retail experience to customers, based on interactions along all the different phases of a journey: planning, departing, transit, arrival, and post-sales.





Responsive design

+ 500K sessions/ month

+ 3,3 M pageviews/ month

+ 14,000 SKUs

+ 4 million accesses/ year

+ 24% of Reserve & Collect requests



+ 195K fans

+ 35K interactions/ month



+ 150K customers

(Travelers, Actives, Dufry RED)

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THE DUFRY RED PROGRAM

A powerful communication tool, Dufry RED is Dufry's exclusive loyalty program in Brazil, only for those invited and targeting the high-income frequent flyers.



>86.000*
Clients



Benefits:
 Exclusive discounts
 VIP lounges
 Car rental
 Travel insurance
 Airport Parking
 Gifts
 Priority line
 Hotels
 Others



Information:
 Full name
 Address
 E-mail
 ID
 Passport
 Phone number
 Date of Birth
 Nationality
 Marital Status



**Average Ticket
170% higher
than DF**



>9%
DF sales

>5%
DP sales

* April 2017

PARTNERS:



Suppliers:

Terrazas	La Prarie	Johnnie Walker
La Mer	MAC	Veuve Clicquot
Others		



Non suppliers:




Mastercard	Mapfre	Broadway Shows
Red Lobster	Hertz	Wyndham Hotels
Multiplus	Others	

BACK TO THE FUTURE

THE RESERVE & COLLECT SERVICE

The most practical and easy way to buy at Duty Free Dufry Brazil.

How it works:

-  Contact one of our Reserve & Collect channels
-  Choose your favorite products
-  Redeem at the store you are departing from or arriving

Reserve & Collect channels:

dutyfreedufry.com.br



Duty Free Stores









App (iOS)



0800 72 38379

Service Advantages:

-  Price and stock availability guaranteed
-  Fast checkout at the stores
-  Exclusive discounts
-  Convenience
-  Fast and practical – Time saving
-  No extra cost

Some Numbers: Over 6% of Duty Free Brazil sales (2017)
9% of arrival sales
Average Ticket 120% higher than DF

Channels share:
24% website – 64% stores – 12% contact center

BACK TO THE FUTURE



The combination of Brazil perspective and all the initiatives developed assures a **strong and sustainable business for Dufry Brazil for next years:**

- Solid partnership with Airport Operators (Private-Private).
- Solid partnership with Suppliers (Brand Experience/Innovation).
- Omni Channel approach.
- Millennials: sell what they want and the way they want.
- Opportunities related to the Regulatory scheme (Update allowance in Arrivals, Border Shops).
- Tourism sector in Brazil: better infrastructure and room to improvement.
- Sense of place with destination products on Departure Stores.
- Integrated approach to Travel Retail: Duty Free + Duty Paid + Convenience.

BACK TO THE FUTURE



Company **Content** Loyalty **Global**
Satisfaction **Marketing** Contact center
Online Engagement **Hudson** Brand Website Manage
Information **Customer** Focused
Delivery Product Services
Value **Omni-channel** OfflineConversion
Duty Free Stores
E-mail **Social Media** Strategy Dufry Shopping
Relationship **Performance** Cluster **Communication**
Segmentation **Solid** Profitability Penetration



GLOBAL



FOCUSED



SOLID



DELIVER

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+8,1%

Asistentes 2017 vs. 2016



Datos del 1er. Cuatrimestre 2017 vs. 1er. Cuatrimestre 2016

**América del Sur, Central y Caribe
Incluye aeropuertos y frontera**



Datos del 1er Cuatrimestre 2017 vs. 1er Cuatrimestre 2016

América del Sur, Central y Caribe

Evolución promedio:

Ventas en U\$: + 30 %

Pasajeros: + 23 %

Ticket promedio: + 5 %



Datos del 1er Cuatrimestre 2017 vs. 1er Cuatrimestre 2016

América del Sur, Central y Caribe 12 países y 15 operadores

Perfumería:	+ 28%
Bebidas:	+ 36%
Tabaco:	+ 33%
Comestibles:	+ 45%
Electrónica:	+ 44%
Varios:	+ 23%
(incluye moda, placer, deporte, regalos, etc.)	

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A member of the



DUTY FREE WORLD COUNCIL

Serving duty free and travel retail worldwide

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DFWC Quarterly Global Shopping Monitor

Q1 2017

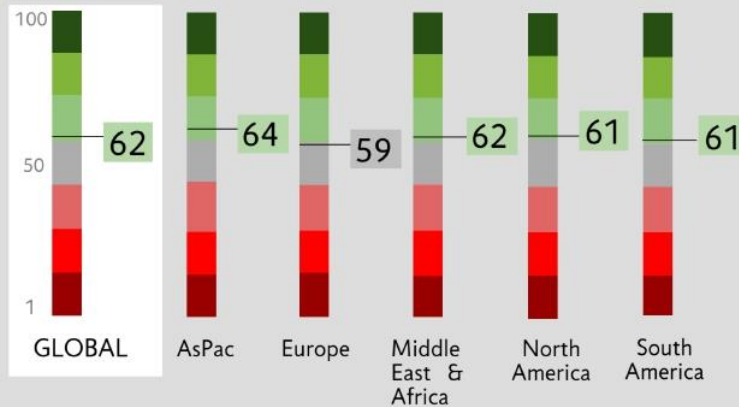


in partnership with m1nd-set

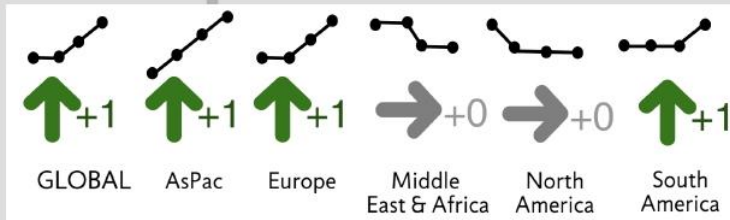


CUSTOMER SATISFACTION INDEX

Computed by aggregating the satisfaction scores on all aspects of the DF visit, and weighting these in function of their impact on the overall satisfaction



EVOLUTION (vs Q4 2016 and trend over last 4 quarters)





IMPACT ON OVERALL SATISFACTION: MOST IMPACTFUL ASPECTS OF THE DF VISIT

- #1 Value for Money
- #2 Different compared to other channels
- #3 Travel Related items
- #4 Products suitable for gifting
- #5 Novelties



PERCEPTION OF DF SHOPPING

(Q1 2017 & trend over last 4 quarters)

% OF TRAVELLERS WHO AGREE



BACK TO THE FUTURE

REASONS FOR NOT VISITING DF SHOPS

- #1 Unwillingness to carry more items 
- #2 No visible motivating promotions 
- #3 Looking for more local / original things 
- #4 Unavailability of my usual products 
- #5 More expensive vs. shops at home 
- #6 Lack of affordable products 

REASONS FOR NOT BUYING IN DF SHOPS

- #1 No motivating promotions 
- #2 High prices vs home country 
- #3 Nothing really attractive 
- #4 No new and interesting products 
- #5 Products too similar to home country 
- #6 High prices vs destination country 
- #7 Nothing suitable for gifting 
- #8 No broad range of products 
- #9 No DF Exclusive products 
- #10 Lack of suitable souvenirs 

SAMPLE

N=4000 online interviews with travellers



COVERAGE

AsPac (40%)
Europe (31%)
Americas (19%)
MEA (10%)



TIMELINE

Fieldwork in March 2017



Full report with results globally and by regions available. Please contact m1nd-set for more information.



It is not only about tobacco?

BACK TO THE FUTURE

IT IS NOT ONLY ABOUT TOBACCO

“It is not just Big Tobacco anymore. Public health must also contend with **big food, big soda and big alcohol**. All of these industries fear regulation, and protect themselves by using the same tactics”.

Dr Margaret Chan, Director General WHO

“We have seen much success with tobacco control. If we can now apply the same blend of **evidence-based policy-making and determination to obesity and alcohol**, we could save many thousands of lives”



WHO Regional Office for Europe

theguardian



Alcohol packaging should carry graphic health warnings, urge doctors

MailOnline

Graphic images could appear on bottles of alcohol to stop people from drinking too much

By DAILY MAIL REPORTER





IT IS NOT ONLY ABOUT TOBACCO

INTA 2015: Mars reveals plain packaging fear for confectionery brands

WIPR
WORLD INTELLECTUAL PROPERTY REVIEW



Mail & Guardian
AFRICA'S BEST READ

Cabinet approves draft Bill banning alcohol ads

theguardian

Mexico enacts soda tax in effort to combat world's highest obesity rate

The Economist

Denmark's food taxes
A fat chance

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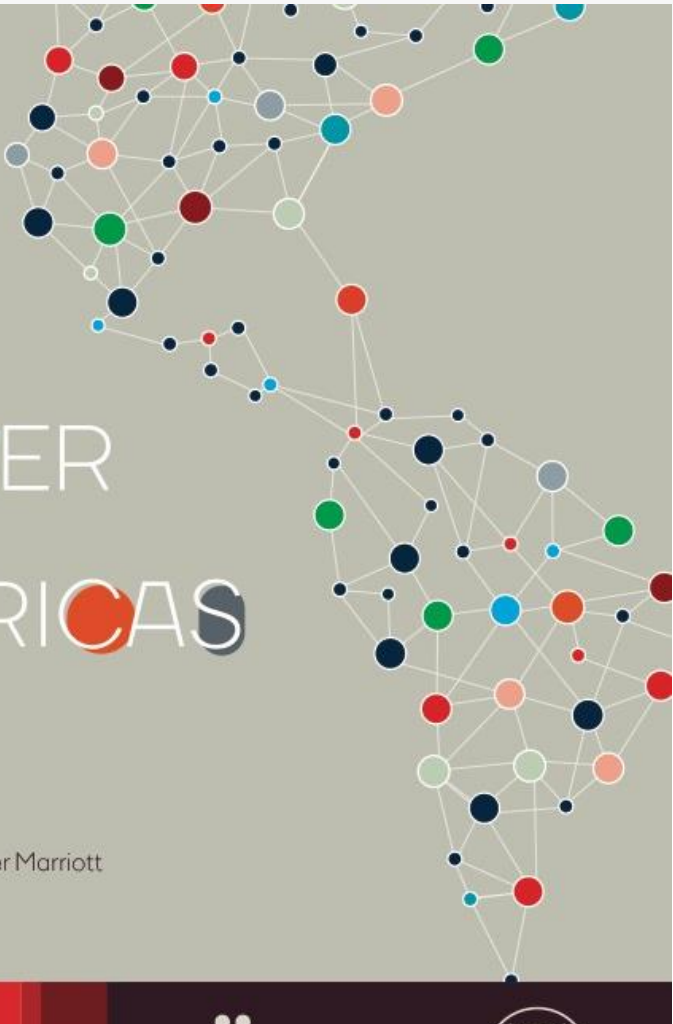
**Battling the Couch Potatoes:
Hungary Introduces 'Fat Tax'**



theage.com.au
THE AGE

Booze blitz: alcopop tax lifted by 70%

BACK TO THE FUTURE



**THE
POWER
OF
AMERICAS**

DUTY FREE
& TRAVEL RETAIL
SUMMIT OF
THE AMERICAS

March 18-21, 2018
Orlando World Center Marriott
Orlando, Florida



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SAVE THE DATE

SUMMIT OF THE AMERICAS

ORLANDO

18 – 21 marzo 2018

Orlando World Center Marriot

2017 RIO DE JANEIRO



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Un agradecimiento en nombre del
Consejo Directivo de ASUTIL

**a todos los medios de prensa
especializados**

por su apoyo en la difusión de esta
conferencia y de las actividades de ASUTIL



FORMULARIO DE EVALUACIÓN

- APLICACIÓN
- MAILING



INÉS SISTO

SILVIA GESTAL & VALERIA LAMAISON

están a su disposición por cualquier tema

UN AGRADECIMIENTO
muy especial a su tarea



Muchas gracias

y sean ustedes bienvenidos a nuestra
21^{va} Conferencia

Río de Janeiro