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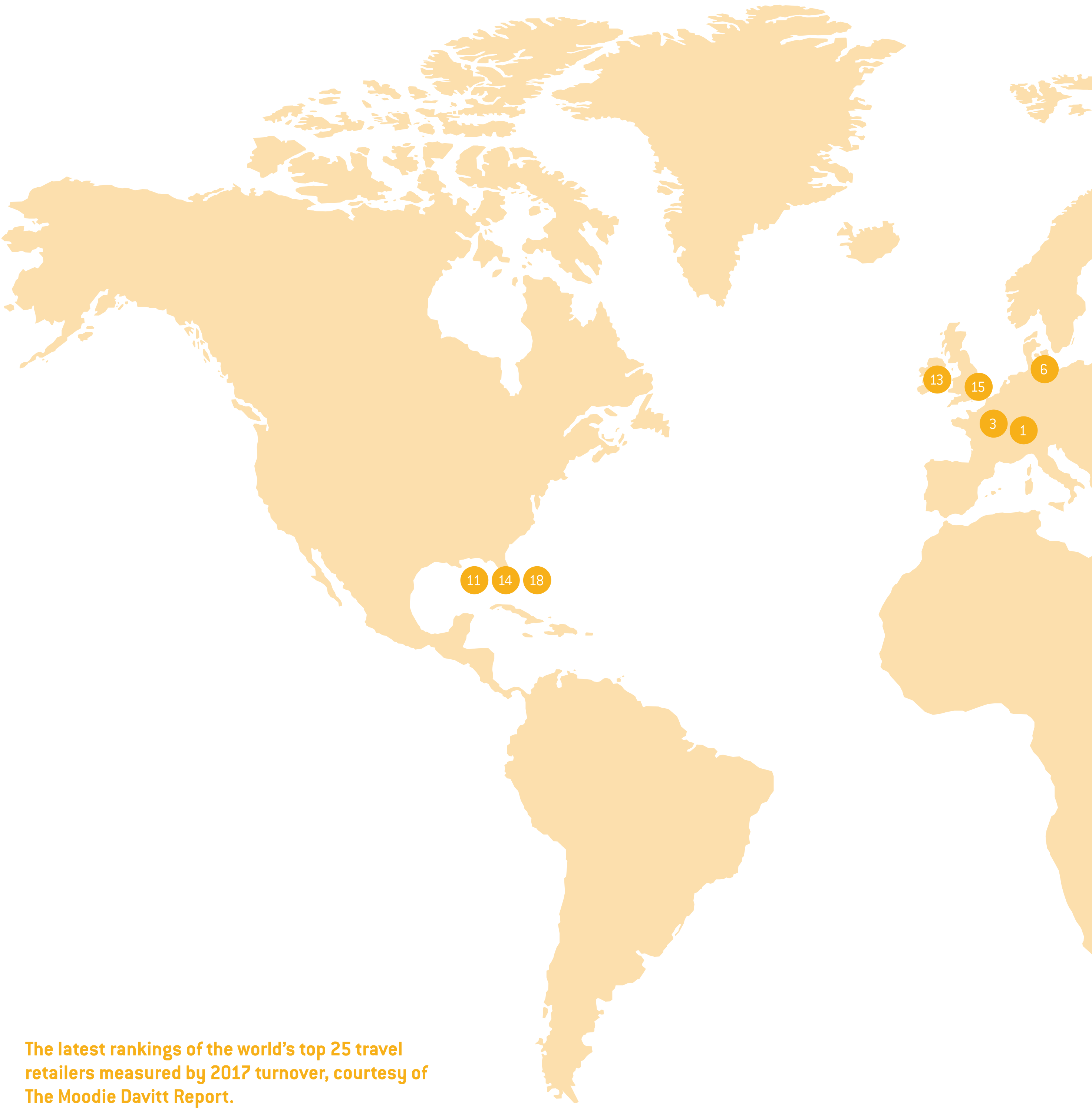
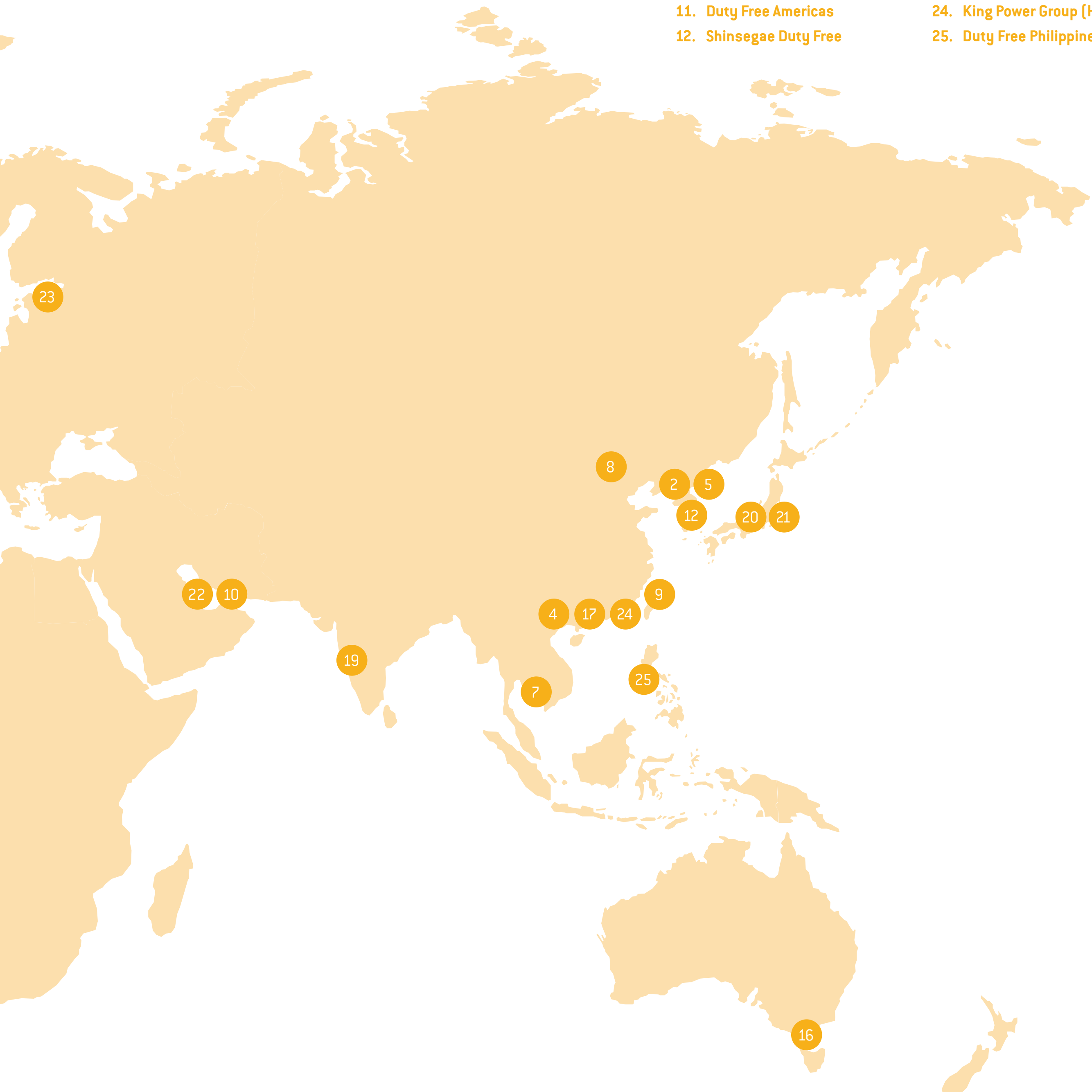
MAPPING THE MARKET

PROFILING THE WORLD'S TOP TRAVEL RETAILERS



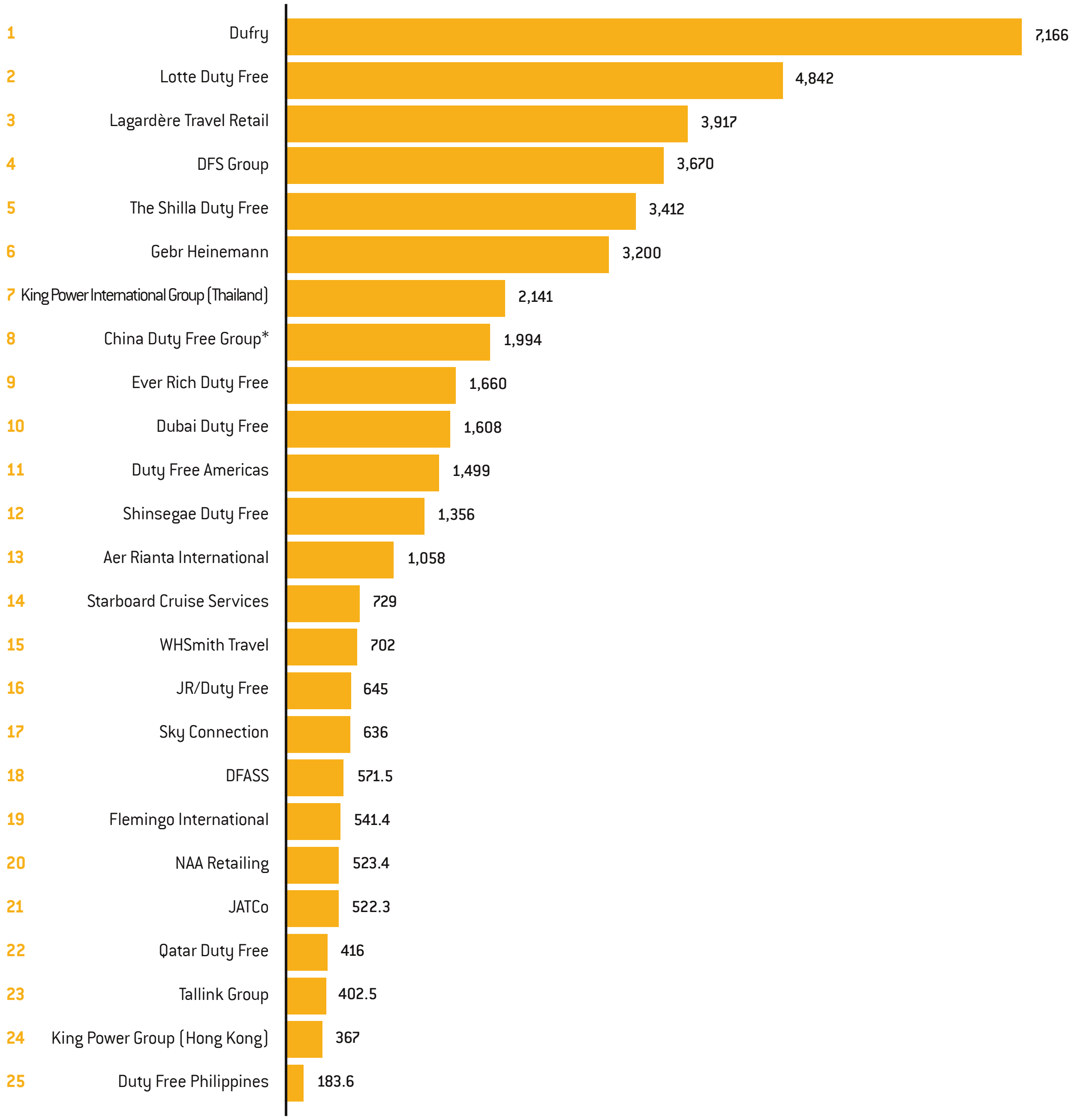
The latest rankings of the world's top 25 travel retailers measured by 2017 turnover, courtesy of The Moodie Davitt Report.

1. Dufry
2. Lotte Duty Free
3. Lagardère Travel Retail
4. DFS Group
5. The Shilla Duty Free
6. Gebr Heinemann
7. King Power International Group (Thailand)
8. China Duty Free Group
9. Ever Rich Duty Free
10. Dubai Duty Free
11. Duty Free Americas
12. Shinsegae Duty Free
13. Aer Rianta International
14. Starboard Cruise Services
15. WHSmith Travel
16. JR/Duty Free
17. Sky Connection
18. DFASS
19. Flemingo International
20. NAA Retailing
21. JATCo
22. Qatar Duty Free
23. Tallink Group
24. King Power Group (Hong Kong)
25. Duty Free Philippines



The Moodie Davitt Report's Top 25 travel retailer rankings 2017

by turnover, € million



Note: Conversions are based on currency values as at 31 December 2017.

*Includes Sunrise Duty Free (Beijing)

Source: Moodie Davitt Research

Organic sales growth, concessions gains and currency fluctuations were among the factors that influenced the make-up of The Moodie Davitt Report's latest Top 25 Travel Retailer rankings, based on 2017 full-year sales.

Industry powerhouse Dufry extended its market leadership – three years after assuming number one status from DFS Group – with a big programme of store openings, new concessions and the full consolidation of World Duty Free and Nuance continuing to drive top-line growth.

Lotte Duty Free remains in second place, even after a tough year for South Korean travel retail, with a sharp fall in Chinese tourism.

Currency calculations (notably from Dollar to Euro) had an impact, with Lagardère Travel Retail overtaking DFS into third, in a year of growth for both players.

Like its great rival Lotte Duty Free, The Shilla Duty Free overcame the turbulence in its national market to maintain top five status.

Beyond this the rise of Asia's leading players continues. The combination of China Duty Free Group and Sunrise Duty Free, consolidated from April 2017, creates a new travel retail force, now solidly placed within the top ten.

The guide took account of both duty free and duty paid sales, as well as speciality (not just core category) stores. The rankings focus on direct sales to the travelling consumer, and exclude wholesale and food & beverage sales.

The figures are measured by annualised turnover in each case and converted at 31 December 2017 rates to the Euro (the most commonly reported).

1

Dufry remains travel retail's market leader for 2017, a status it has held since 2014, when it acquired The Nuance Group, and a year later bought World Duty Free.

The company posted a +7% rise in 2017 sales to CHF8,377.4 million (€7,166 million). Significantly too, EBITDA crossed the CHF1 billion mark for the first time and like turnover, reached a new annual high.

After leading the most intensive period of consolidation in industry history, Dufry continues to head the travel retail rankings by a wide margin, followed by Lotte Duty Free, Lagardère Travel Retail, DFS Group and The Shilla Duty Free

Highlights of the performance were strong levels of organic growth (+7.4%), increased cash generation and reduced net debt. Dufry added a further 30,000sq m of gross sales space to its footprint and refurbished another 32,000sq m as it rolled out its New Generation Store programme over the past year.

Other recent developments included the IPO of North American subsidiary Hudson Ltd, which helps deleverage the group and through which Dufry aims to capture new opportunities in that region.

The new-look Dufry has taken shape against the backdrop of a broadly positive long-term industry picture (favourable traffic projections, robust middle class travel patterns, emerging markets blossoming, notably in Asia) but also at a time when some external pressures are exerting themselves on the industry. These include disruptive forces such as e-commerce; exchange rate fluctuations; the rise of low-cost carriers; negative regulation (on labelling, packaging and display) and others.

Dufry is reacting to these forces by investing to better understand and communicate with the consumer in new ways. Here, seizing the omni-channel opportunity – digital offers newfound flexibility and opportunity – is critical. Its New Generation stores, broadening its network into new channels and geographies, with cruise and Asia Pacific among the respective priorities, are a major part of its response.

2

Lotte Duty Free, like other Korean travel retailers, is dealing with a changing home market

Even amid a difficult year in 2017, South Korea's long-time travel retail leader **Lotte Duty Free** generated revenues of KRW6.201 trillion, a rise of just over +2% in Korean Won terms year-on-year. This translated to €4.84 billion based on the 31 December 2017 exchange rate to the Euro, just ahead of the €4.78 billion total in 2016. That maintains Lotte Duty Free's second place in these rankings.

The increase is noteworthy given the sharp impact of the THAAD crisis and the downturn in Chinese tourism. All retailers in the country, and Lotte Duty Free especially, suffered badly from the Chinese backlash against South Korea's deployment of the US anti-missile system THAAD (on Lotte Group land). Other factors confronting the industry included intensifying competition, onerous airport concession fees and soaring travel agency commission rates.

Importantly, the customer base in Korea has changed fundamentally too. Instead of package tours and FIT visitors, Lotte Duty Free and other travel retailers have relied increasingly heavily on *daigou*, or shuttle traders, mainly travelling to and from China.

A combination of the factors listed above meant a sharp fall in Lotte Duty Free profits from around US$300 million in 2016 to around US$70 million group-wide in 2017.

Beauty reimagined in Paris: Lagardère Travel Retail's eye-catching new concept at Paris Charles de Gaulle Airport Terminal 2E

3

Lagardère Travel Retail climbs a place in these rankings after posting full-year managed sales (including joint ventures) of €3,917 million. This excludes the figure of €583 million from food & beverage, which was a healthy contributor to the Lagardère Group-owned division's total sales of €4.5 billion in the year.

The retailer benefited from the full-year effect of modernisations in Rome, Nice and other locations. In 2018 it is likely to reap the positive impact of recent openings at Geneva, Dakar and elsewhere.

In 2017, its French regional airports business performed well, led by Nice. EMEA (excluding France) posted strong growth (up +13.6%), spurred by store network development, especially in Switzerland, Eastern Europe and Italy, as well as by a rise in passenger traffic and the modernisation of some in-house retail concepts.

North America, through Paradies Lagardère (acquired in October 2015) posted turnover growth of +2.7%, buoyed by new business, while Asia Pacific delivered +9.8% revenue growth. This was propelled by the new Hong Kong concession with China Duty Free Group, strong performances from fashion stores in China and an upturn in the Pacific region after the modernisation of the Aelia Duty Free store at Auckland International.

Lagardère Travel Retail is now a fully-focused, pure play travel retailer after having sold its remaining distribution activities, and Lagardère Group has doubled down on travel retail as a core part of its strategy.

4

Leading luxury travel retailer **DFS Group** "turned a positive corner" in 2017, according to co-parent LVMH, buoyed by a strong second half and the impact of improved cost controls over the past two years.

DFS does not disclose turnover but The Moodie Davitt Report estimated that annual sales leapt to well over US$4 billion in 2017, though it was one of several companies affected by the US Dollar-Euro exchange rate (of 31 December 2017) for the purposes of these rankings.

The top-line recovery was especially notable in Hong Kong and Macau, markets that had been hit by turbulence amid slack Chinese tourism growth in recent years. Investments across the T Galleria network also helped, with Sydney, Auckland and key Hong Kong locations among the major sites to be upgraded. The ramping up of off-airport operations in Venice and in Angkor, Cambodia helped these locations achieve solid results. A series of high-profile marketing campaigns, a more tailored store offer and fresh digital initiatives have also buoyed performance.

In the airports sector, the retention of the San Francisco Airport concession late in 2017 was highly significant. DFS is also building a solid footprint in Japan (beyond its Okinawa downtown stronghold) with several boutiques opened at Kansai International.

Financially, the biggest airport development for DFS in the past year was not a gain but an exit. Having lost its core category concessions through tenders at Hong Kong International Airport (HKIA), the company withdrew from the business in late 2017. Although the company bid for the P&C and accessories business, losing the concessions buoyed profitability, a message reinforced repeatedly by LVMH in its briefings since. As an illustration of the costs involved, concession fees were €430 million in 2017, the contract's final year.

Spirits showstopper: Singapore Changi Airport is the cornerstone of DFS' airport operations today, complementing its high-class downtown T Galleria network

5

The Shilla Duty Free remains in fifth place based on 2017 numbers, with retail turnover of KRW4,370.5 billion (€3,412 million) based on 31 December 2017 exchange rates. Sales in Korea (including those from the Shilla-HDC joint venture) reached KRW3,681.3 billion while overseas sales totalled KRW689.2 billion.

Shilla's recent inauguration of its Beauty&You stores at Hong Kong International marked the culmination of a ground-breaking period for the company. In the space of just four years it has emerged as one of the powerhouses of Asian airport beauty retailing, with a presence at Incheon International (T2), Singapore Changi and Hong Kong airports.

The company said that the Hong Kong business has begun briskly, where its stores (in around 35,000sq ft of space) feature an emphasis on experience, service, digitalisation and newness.

In Korea, 2017 was a tough year for the business, as it was for its rivals, amid the backlash from the THAAD dispute and downturn in Chinese arrivals (see Lotte Duty Free entry), aggressive price discounting from downtown rivals and higher commissions paid to travel agencies.

2018 started well, with Hotel Shilla's travel retail division posting a +30% surge in revenues for the first quarter, to KRW1,013.7 billion (US$950 million), while operating profit in the division surged by +182% year-on-year, hitting KRW47.6 billion (US$44.5 million). The company's airport duty free business delivered a +41% revenue rise, while in downtown duty free the increase was a robust +22%.

6

Gebr Heinemann again lies sixth in the latest rankings, with retail sales of €3.2 billion in 2017 (up +10.4% from €2.9 billion a year earlier), a figure complemented by a further €900 million in distribution business (not counted in these rankings).

The company's stronghold remains firmly in Europe. Of its 2017 turnover, around 84% came from this region, notably Germany (14%), other EU markets (29%) and the rest of Europe (41%). The highest rates of growth came in Eastern Europe and Central Asia, largely driven by joint-venture activities at Moscow Sheremetyevo and Domodedovo airports. Russian passenger numbers continue to bounce back, contributing to double-digit sales growth.

Asia Pacific's contribution to the Heinemann business leapt from 6% of sales in 2015 to 10% in 2016, and lies at around 11% today, as Sydney Airport turnover grew by around +10% last year.

In terms of major markets, Turkey remains challenging due to the impact of political unrest and the reduced value of the Lira; sales grew by +1% at Istanbul Atatürk Airport to €472 million in 2017.

While business in Turkey may be tough right now, there is potentially a big long-term prize with the new airport in Istanbul scheduled to open in October. In its first full year, sales should reach €800 million, says Gebr Heinemann.

Elsewhere, Oslo Airport sales climbed by +6% to €410 million in 2017, but in early 2018 this had already been converted into double-digit growth, as the impact of the company's €35 million investment in new shops within the extended terminal kicked in. At another critical location, Frankfurt Airport, turnover in the first full year of the company's retail joint venture with Fraport reached €250 million, up around +1% on like-for-like former sales.

Moscow Sheremetyevo is undergoing a major retail expansion led by Heinemann partnership Imperial Duty Free, as the business in Russia recovers

Beyond this, Tel Aviv is set to become the company's third-biggest retail business after Istanbul and Oslo airports, after the retailer secured a joint-venture contract with James Richardson for duty free at Ben Gurion Airport. That JV began trading in January with a year one target of US$400 million in sales.

Gebr Heinemann has also outlined plans for €100 million of investments in 2018, and is placing further emphasis on the competitive cruise retail sector and the rebounding Russia/CIS market, where Heinemann and partners plan to open 15-16,000sq m of space at Moscow Sheremetyevo alone by 2019.

7

King Power International Group (Thailand) is ranked number seven, with sales estimated at €2,141 million in 2017.

The business was buoyed last year by the continuing popularity of Thailand as a destination. Tourism arrivals climbed almost +9% to 35.3 million, with Chinese (up +12% year-on-year) accounting for almost one third (just under 10 million). For 2018 government is predicting visitor arrivals to grow by a further +6%, good news for the travel retailer and its partners.

Top ten is a noteworthy ranking for a company with duty free stores in just one country (like Dubai Duty Free), but King Power is aiming higher. At the Grand Opening of its King Power Rangnam downtown duty free store in Bangkok in

January, it told its 1,000-strong audience that it was aiming for a top five position in the coming years. Opened originally in 2006, King Power's flagship downtown store has undergone a recent transformation into a shopping, leisure and entertainment destination under the theme 'Explore Endlessly'. The company's investment in the new complex, across 22,000sq m of space (8,000sq m devoted to retail), was around Bt2.5 billion (US$74 million).

King Power Rangnam is complemented by the thriving King Power Srivaree Downtown Complex, a location that attracts around 10,000 Chinese tour group visitors per day. Beyond Bangkok the company has downtown stores in Phuket and Pattaya, along with its airport business across the country.

8

2017 was a landmark year for **China Duty Free Group (CDFG)**. The retailer generated duty free revenues of CNY14.861 billion (€1,897 million at 31 December 2017 exchange rates], up +69.25% year-on-year. Including duty paid sales (which are included in these rankings), revenues leapt by +66.55% to CNY15.62 billion (€1,994 million).

The state-owned company benefited from its 2017 acquisition of 51% of rival Sunrise Duty Free's Beijing business, which was consolidated as of 1 April 2017. The move, which creates a major Chinese travel retail force, followed the earlier capture of the duty free concessions at Beijing Capital International Airport (BCIA) by CDFG and Sunrise, at T2 and T3 respectively.

New territory: China Duty Free Group plans to make a statement with its Duty Zero by cdf stores at Hong Kong International Airport, managed in joint venture with Lagardère Travel Retail

In a further related boost, in February 2018 CDFG revealed the US$239 million acquisition of 51% of Sunrise Duty Free (Shanghai) Co. Ltd. That covers all Sunrise Duty Free's business at Shanghai Pudong Airport (the main location) and Shanghai Hongqiao International Airport. It was also recently confirmed that the CDFG-Sunrise combination had won the duty free concessions at Pudong and Hongqiao under a new long-term concession.

CDFG has made no secret of its mission to become more active in international competition over recent years, achieving several business development breakthroughs.

It was awarded the liquor, tobacco and packaged foods concession at Hong Kong International Airport (in a partnership with Lagardère Travel Retail) last year, with the inauguration of its new Duty Zero by cdf stores in July 2018. In Macau, a joint venture between CDFG and King Power Macau was recently awarded a five-year duty free contract at Macau International Airport.

Alongside these strategic gains, other positive factors in the year included strong growth at the Sanya International Duty Free Shopping Complex at Haitang Bay. There, duty free sales climbed by +28% year-on-year to CNY5.86 billion (€748.3 million).

Additionally, the retailer won some airport arrivals duty free concessions in Mainland China last year and was awarded the departures duty free concession at Guangzhou Baiyun Airport Terminal 2 – China's third-busiest airport.

*Note: The figures above do not include the now-merged CDFG-Sunrise Duty Free (Shanghai) business, which will be consolidated into CDFG's 2018 numbers. The Moodie Davitt Report estimates Sunrise Duty Free's Shanghai-only sales at CNY10 billion (€1,277 million) in 2017. If these figures were included, CDFG would have reached sixth place in the latest rankings.

9

Taiwan's leading travel retailer **Ever Rich Duty Free Shop** remains in the top ten, with an estimated €1,660 million in sales, after battling a sharp downturn in Chinese arrivals that began in 2016 and continued into 2017. The downturn in Mainland visitors from June 2016 was prompted by tensions between Taiwan and China after the pro-independence Democratic Progress Party was elected in May of that year.

Although overall tourism numbers to Taiwan grew by around +1% in 2017, Mainland Chinese visitor numbers fell by -20%. However through a strong programme of promotions allied to store investment, Ever Rich Duty Free managed to grow average spend, leaving sales up by around +1% year-on-year.

Ever Rich Duty Free has been diversifying its consumer base by attracting more Southeast Asian shoppers, and helping to enhance Taiwan's relevance among other key source markets such as South Korea, Japan, Hong Kong and Macau.

As well as attracting these nationalities, domestic tourism is high on the agenda for Ever Rich – and is the initial focus of its ambitious Penghu Island resort project. Its new Discovery Hotel and Profond Pier No. 3 Duty Free Complex opened in February.

10

Dubai Duty Free maintained its top ten position in our list with annual sales of US$1.93 billion for its airport business at Dubai International and Al Maktoum International. Although sales rose by a healthy +5.6% year-on-year, the currency effect (translation into Euros) meant that its final figure in the Top 25 was €1,608 million, compared to €1,758 million a year earlier.

The company continues to target growth through investment. Last year it opened around 1,800sq m of new space at Dubai International, with more to come. The major refurbishment of Concourse C will be completed by the end of 2018 across 4,700sq m of space.

Expansion continues in phases at the new Al Maktoum International Airport, which will become the emirate's aviation hub in the course of the next decade. As the anchor retailer, Dubai Duty Free is planning and investing heavily already, as it builds for the future of airport retailing in the emirate.

The redevelopment of the Passenger Terminal Building now includes a refurbished Gifts from Dubai, plus electronics, beauty and liquor & tobacco shops. By year-end, Dubai Duty Free's space will have expanded to 4,500sq m, from the previous 2,500 sqm, at this key location for the future.

11

Duty Free Americas (DFA) sits just outside the top ten after posting sales of around US$1.8 billion in 2017, a healthy rise compared to the US$1.45 billion reported for 2016.

That performance came from the Falic family-owned company's network of more than stores in US airports, land border activities north and south, and outlets in South America, Central America and the Caribbean.

Some vital contract gains should cement DFA's status towards the upper end of this list for the years ahead. Last year the company was awarded two of the three ten-year duty free contracts at Tocumen International Airport Terminal 1 – a boost for DFA in Panama, a key regional market.

It also continued its expansion in Brazil, another strategic market, with the recent partnership with WHSmith to open seven news & convenience stores at RIOgaleão Tom Jobim International Airport.

To the north, among the biggest developments was Miami International's move earlier this year to extended DFA's duty free contract airport-wide through to 2024, matching the arrangement already in place in the North Terminal.

Investment and expansion: Dubai Duty Free's updated store network includes extra core category space in Concourse C

DFA's presence extends beyond the Americas. In January 2018 the company opened an ambitiously renovated and extended retail space at the Venetian Macau-Resort-Hotel in Macau. The upgraded 6,500sq ft space, part of a total 11,500sq ft managed by DFA, is the third major renovation since it began operating at the Venetian 11 years ago.

12

Shinsegae Duty Free improved its ranking with turnover of US$1,627 million (€1,356 million) for 2017. That surge, which compares to its figure of €763.5 million in 2016, came with the full-year performance of the company's Seoul downtown store, which opened in May 2016. Sales there almost trebled last year to just under US$1.2 billion. That offset a decline in the Busan business (-18%) in 2017 to US$237.7 million, with its airport stores delivering almost US$190 million, driven largely by Korean spend.

The company was also recently awarded two concessions at Incheon International Airport Terminal 1, which complements the company's growing network, led by its Seoul downtown business. Its Seoul Myeong-dong outlet has been complemented by the recently opened Gangnam store in 13,570sq m over five floors. The network also includes its Busan downtown store and the Incheon International T2 (fashion & accessories), which opened in January 2018.

13

Irish state-owned travel retailer **Aer Rianta International (ARI)** delivered managed turnover of €1,058 million in 2017, a solid rise on the 2016 figure of €1,010 million.

ARI reported an +8% year-on-year increase in profits across its international retail operations in 2017. Both revenue and profits were underpinned by robust sales growth across the portfolio, with Canadian airports (combined) and Delhi Duty Free in India delivering double-digit sales increases.

ARI's Middle East operations, which include Bahrain, Beirut, Muscat and Cyprus, continued to grow while Auckland Airport sales grew by +5%, a figure that will improve further after the opening in late 2017 of a new departures duty free store. In Ireland, sales at The Loop, Dublin and Cork airports increased + 7% to €323 million in the year.

New business and retained or extended contracts could boost the top line in 2018. These range from Beirut Duty Free's latest four-year concession to a duty paid contract at Riyadh King Khaled International Airport Terminal 5 to the new Muscat Duty Free operation at the recently opened Muscat Airport. Most recently, ARI began trading in P&C and fashion & accessories with JV partner Aura Cantik at Jakarta Soekarno-Hatta International Airport T3.

14

Capturing the Carnival clientele: Starboard recently opened its largest retail space yet onboard *Horizon*

The leading maritime travel retailer in these rankings is **Starboard Cruise Services** with sales that estimated as broadly flat year-on-year. However, as with sister company DFS, Starboard's final figure in Euros fell due to the impact of the exchange rate calculation for 2017 compared to a year earlier.

The Starboard business is built principally on prestige retail in Starboard's core markets in the Caribbean and North America, with its launch onboard *Carnival Horizon* recently setting a new standard for space (around 5,000sq ft) and quality of execution.

There is also an increasing contribution to the business from Asia Pacific – a region where cruising is sharply on the rise – with ten ship concessions for Starboard soon to grow in number. A recently executed retail agreement with Costa Cruises includes retail operations for Costa's first ship purpose-built for the Asia market, *Costa Venezia*, launching in 2019. Starboard is also the exclusive partner for Royal Caribbean International in Asia, currently operating on three vessels in the region and expanding its roster with *Spectrum of the Seas'* Asia debut next year.

In 2018, alongside *Carnival Horizon*, Starboard is launching on Royal Caribbean's *Symphony of the Seas* and *Celebrity Edge*. Starboard also recently signed multi-year retail contracts for nine Carnival ships; all Costa Europe ships, three Costa Asia ships and three of Norwegian Cruise Lines' newest ships.

15

The Travel division of UK news, books and travel essentials retailer **WHSmith** posted a +9% leap in sales in 2017 (year to August) with the figure hitting £624 million. That translated into a Euro figure of €702 million at 31 December 2017 exchange rates. Like-for-like sales grew by +4%, reflecting the impact of an expanded network and growth in passenger volumes.

Significantly, Travel has now overtaken the High Street in both revenue and profit terms – the division represents over 60% of group profit from trading today.

In the international business, revenue for FY2017 was £108 million, up +37% versus the previous year. During the year WHSmith won 41 new units including tenders at Singapore Changi Airport plus units at Rome Fiumicino and Rome Ciampino airports. Other key gains came in Malta, Oman, India, Indonesia, Malaysia and in Brazil (at Rio de Janeiro in alliance with Duty Free Americas).

16

JR/Duty Free cements its place in these rankings with sales of €645 million, slightly down on the 2016 figure of €670 million.

A pioneer of the channel in Australasia, the company maintains its position there with several important contracts – in particular its redeveloped departures and arrivals stores at Brisbane Airport are now bedded in after their 2016 opening.

The other stronghold for the James Richardson brand is Israel. Last year James Richardson and Gebr Heinemann entered into a joint venture agreement for the duty free liquor, tobacco, perfumes & cosmetics and confectionery contract at Tel Aviv Ben Gurion – and then won the tender for duty free spaces in T1 and T3.

The 50:50 alliance runs six shops across 4,000sq m of space, with projected year one sales of around US$400 million.

JR/Duty Free also won the ten-year duty free contract at the new Eilat Ilan and Assaf Ramon Airport, which serves the country's southern region.

17

Sky Connection had 2017 sales of around €636 million, after a performance broadly similar to a year earlier. Trading as Anway, the company had the partial effect of its new five-year contract – secured in late 2016 – to run cross-border rail duty free concessions in Hong Kong, covering Hung Hom, Lo Wu and Lok Ma Chau stations. The first contracts began in August 2017 (at Lok Ma Chau) and the others in January 2018 (Lo Wu and Hung Hom).

Sky Connection continues to manage its operations at Macau International Airport, in joint venture with The Shilla Duty Free. There the partners run one of the two duty free contracts, following the airport's 2014 move to split the concession.

18

Miami-based travel retailer **DFASS Group** had estimated 2017 turnover of US$686 million, which translated into €571.5 million at 31 December 2017 rates.

Established in 1987, the company made its name as an inflight retailer and has built on its status in this channel with some key contracts in the past 12 months. It added new concessions onboard Malaysia Airlines and Air Macau in 2017, and earlier this year was part of a new joint venture in Singapore. In March DFASS, SATS and Singapore Airlines revealed that they had established a JV to engage in omnichannel travel-related retail operations in Singapore, with assistance from digitalisation expert AOE.

Alongside its inflight operations, DFASS has firmly established itself as a duty free and duty paid retailer in the Americas airport market, north and south.

In October DFASS – in partnership with industry leader Dufry – cemented one of its biggest recent gains by opening ten stores at Colombian gateway, Bogotá El Dorado Airport, after capturing a ten-year contract the previous year.

The company also made significant gains in North America, winning a new duty free contract at Charlotte-Douglas Airport in August 2017, and extending by ten years its presence at Orlando International in April 2018.

DFASS and its partners in the TRG Duty Free joint venture have elevated the customer experience with their new store at Dallas/Fort Worth Airport

The company also recently opened the new-look duty free stores at Dallas/Fort Worth International Airport Terminal D in an alliance with retail developer CBI Retail Ventures and local DBE partners.

19

Emerging markets specialist **Flemingo International** had an estimated US$650 million in turnover in the year to March 2018.

The business was buoyed in 2017 by some key contract gains. In March the company captured the main duty free concession at Colombo Bandaranaike Airport, and soon after it struck a deal to manage 13,500sq ft of fashion & accessories space at Mumbai International Airport T2, building on subsidiary Mumbai Duty Free's strong presence. Mumbai Duty Free is the biggest contributor of any location to Flemingo's business. Flemingo-owned Baltona also won the duty free contract at Tallinn Airport, where it opened the location's first walk-through store earlier this year.

Currently around 55% of Flemingo's revenues come from emerging markets and it runs over 300 stores worldwide. Its strategy now is focused on capitalising fully on the growth of the core India and Sri Lanka business, building on its momentum in Europe through Baltona's airport expansion but also with inflight and ferry retail.

20

Narita Airport retail division **NAA Retailing** posted a healthy +18% rise in sales in 2017 to JPY70.8 billion (€523.4 million at 31 December 2017 exchange rates).

The company's 86 airport stores are almost all located at Tokyo Narita (it has one at Haneda Airport) and includes the Fa-So-La Duty Free branded core category shops, the popular Akihabara destination stores, luxury boutiques and other shops.

The retailer has benefited from rising passenger traffic at Narita alongside an expansion of the store network in 2017. In particular, a series of fashion openings opened a year earlier contributed a full 12 months of trading.

Chinese travellers contribute heavily to every Japanese travel retailer, though the high-ticket luxury spends of 2015 have since receded, with more of a focus today on J-Beauty, Japanese confectionery and other destination goods.

NAA Retailing was the first Japanese company to open arrivals duty free, in September 2017. It runs five stores in total: two in each of T1 and T2 and one in T3.

21

A pioneer of duty free retail in Japan, JATCo has ambitions to grow its core category and boutique business in the country

The duty free and duty paid business of Japanese travel retailer **Japan Airport Terminal Co (JATCo)** climbed in Yen terms (from JPY66,820 million to JPY70,650 million) in the year to 31 March 2018. The company reported solid sales increases in its directly managed stores at Tokyo Haneda Airport's domestic and international terminals, at its directly managed stores at Narita Airport and Chubu Centrair Airport (it began trading there in December) and at its downtown duty free joint venture in Tokyo.

These gains were partially offset however by the company's exit from boutique operations at Kansai International.

JATCo is looking to grow the airport presence of its joint venture with Japanese consumer electronics powerhouse retailer Bic Camera, from its base at Tokyo's major airports and at Chubu. The partners aim to grow the new Air-Bic brand at other locations.

The broad climate for business is positive, with inbound tourism to Japan climbing by +19% last year to 28.7 million. Mainland Chinese have driven this growth, as reflected in their contribution to sales. For JATCo, Chinese represent 41% of sales with Japanese at 34%. The major beneficiary from the Chinese tourism wave has been Japanese cosmetics or J-Beauty: the category grew by +25% at JATCo stores last year, with young Chinese women the prime shopper group.

22

Qatar Duty Free sales were broadly flat last year, The Moodie Davitt Report estimates, with the Euro translation resulting in a 2017 figure of €416 million (2016: €475 million). The business was affected from June 2017 onwards by conflict between Qatar and Saudi Arabia, the United Arab Emirates, Egypt and Bahrain. The resulting aviation blockade restricted Qatar Airways' access to the major cities in these states.

Investment in new routes has continued from Hamad International however, with Tallinn and Valletta among locations joining the Qatar Airways network this year.

That expansion has been matched by continuing store investment at the airport, with more to come. Highlights of recent months included the opening of a second Harrods signature store, a first beauty boutique dedicated to Maison Christian Dior in Middle East travel retail plus. Samsung Experience zone.

23

King Power Group (Hong Kong) retains its position in the Top 25 with its duty free and travel retail turnover estimated at €367 million in 2017.

A strong Chinese domestic airports business complements King Power's long-established regional network, comprising its airport, downtown, seaport and ferry stores, plus other operations. That Chinese airports business is led by Shanghai Pudong (through subsidiary Orient King Power), where the company won two key duty paid contracts in 2017. The shops there cover 26 stores in domestic departures and arrivals, embracing some 2,200sq of retail space. That followed a series of openings in 2016 as the retailer cemented its status at this key location.

24

Maritime travel retailer **Tallink Group** delivered €536.7 million in commercial sales from its onboard business in 2017 – with around 75% or €402.5 million estimated to come from shopping alone.

The figures were buoyed by a record 9.8 million passengers across the Tallink and Silja Line fleet, and the 500,000 Asian travellers (a figure expected to grow by +15% in 2018) made an impact on onboard retail sales. As a group, Asians (led by Chinese) spend more than double the average.

The retail strategy has evolved with investments to match. Tallink's move to build walk-through duty free stores onboard its ships (part of a fleet investment of €1.8 billion over the past decade) is paying dividends, with strong increases in conversion and average transaction values.

25

Duty Free Philippines had 2017 turnover of US$220 million (€183.6 million), a rise of almost +4% year-on-year.

The fledgling operation's first duty free outlet opened at Manila Ninoy Aquino International Airport in May 1987, with a limited assortment of liquor, tobacco, fragrances and confectionery. Over the ensuing 30 years DFP has built a strong business across the country, aided by a strong marketing programme that reaches out to Filipinos around the globe.

Some significant recent and forthcoming openings could help build sales in 2018 and beyond. In June DFP inaugurated its new retail offer at Mactan-Cebu International Airport Terminal 2, where it runs pre-departures and arrivals stores across some 1,200sq m of space.

A new 3,600sq m store at Ninoy Aquino International Airport T3 will be fully operational in August, after part of the shop was opened in June.

The state-owned retailer is also building up to the Grand Opening of the high-end 4,200sq m DFP Luxe store in the SM Mall of Asia complex in Pasay City. This will represent a key shopping destination for foreign visitors and Filipinos alike when it opens this year.

Conclusion

The opening of DFP Luxe will thrust the Philippines' state-owned travel retailer into a new league

So that rounds out the Top 25 Travel Retailers list for 2017. It confirms Dufry's status as the global market leader by sales value, while Korean power players Lotte Duty Free and The Shilla Duty Free retained their top five positions despite a tough trading environment.

The influence of China and the Chinese traveller on these rankings is unmistakeable. The importance of this nationality's spending, both at home and abroad, was a catalyst behind the creation of the new Chinese industry superforce between CDFG and Sunrise Duty Free. The Moodie Davitt Report expects this new entity to rise even higher in the rankings in years to come.

The outbound Chinese traveller is also a key factor in the high positioning of many other companies in the list, especially those in the top ten. This will be one big factor influencing these rankings in the future, as will other emerging nationalities, currency and potentially, further industry consolidation.

*The full Top 25 Travel Retailers list, with comment and analysis, can be found in The Moodie Davitt Report Interactive Edition for July/August 2018. It is available in digital format at www.MoodieDavittReport.com

TOP TEN TRAVEL RETAILERS AND THEIR STORE PORTFOLIOS

A regional guide to the store operations of the leading travel retailers in the world, provided by The Moodie Davitt Report.

Algeria
- Houari Boumediene Airport

Antigua
- Airport & seaports

Argentina
- Buenos Aires Aeroparque Airport
- Buenos Aires Ezeiza Airport
- Cordoba Airport
- Mendoza Airport

Armenia
- Gyumri Airport
- Yerevan Airport

Aruba
- Airport & downtown

Australia
- Canberra Airport
- Melbourne Airport
- Perth Airport

Bahamas
- Airport, seaport & downtown

Barbados
- Airport, seaport & downtown

Bolivia
- La Paz Airport
- Santa Cruz Airport

Brazil
- Belém Airport
- Belo Horizonte Airport
- Brasilia Airport
- Campinas Airport
- Cuiabá Airport
- Curitiba Airport
- Fortaleza Airport
- Goiania Airport
- Natal Airport
- Recife Airport
- Rio de Janeiro Santos Dumont Airport
- Rio de Janeiro Galeão Airport
- Salvador Airport
- São Paulo Congonhas Airport
- São Paulo Guarulhos Airport

Bulgaria
- Burgas Airport
- Varna Airport

Cambodia
- Phnom Penh Airport
- Siem Reap Airport

Canada
- Calgary Airport
- Edmonton Airport
- Halifax Airport
- Toronto Pearson Airport
- Vancouver Airport

Cape Verde
- Sal Airport
- Praia Airport

Chile
- Santiago Airport

China
- Airport, rail & downtown

Colombia
- Bogota Airport

Curaçao
- Downtown shop

Dominican Republic
- Airport & seaport

Ecuador
- Guayaquil Airport

Egypt
- Borg El Arab Airport
- Cairo Airport

Finland
- Helsinki Airport

France
- Calais Seaport
- Fort-de-France Airport
- Nice Côte d'Azur Airport
- Pointe à Pitre Airport
- Toulouse Airport

Germany
- Düsseldorf Airport
- Hamburg Airport

Ghana
- Accra Airport

Greece
- Airports, seaports & borders

Grenada
- Airport & seaport

Honduras
- Seaport

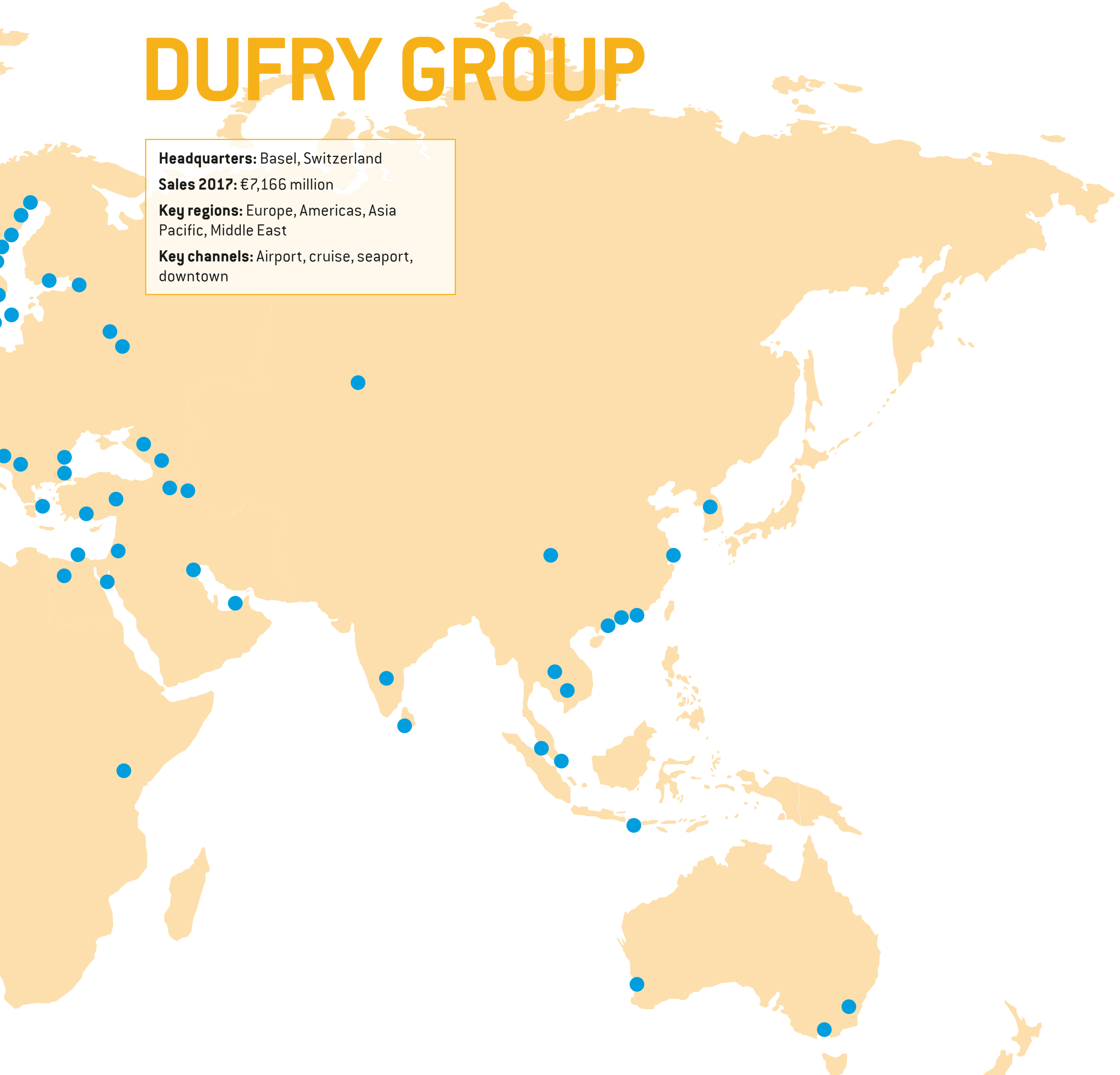
DUFRY GROUP

Headquarters: Basel, Switzerland

Sales 2017: €7,166 million

Key regions: Europe, Americas, Asia Pacific, Middle East

Key channels: Airport, cruise, seaport, downtown



Indonesia
- Bali Ngurah Rai Airport

India
- Bangalore Airport

Italy
- Airport & railway

Ivory Coast
- Abidjan Airport

Jamaica
- Seaport & downtown

Jordan
- Key airports

Kazakhstan
- Astana Airport

Kenya
- Nairobi Airport

Kuwait
- Kuwait City Airport

Malta
- Malta Airport

Mexico
- Key airports, seaport & downtown

Morocco
- Key airports

Netherlands
- Downtown (Bonaire)

Nicaragua
- Airport & border

Nigeria
- Abuja Airport
- Lagos Airport

Peru
- Lima Airport

Puerto Rico
- Ponce Airport
- San Juan Airport

Russia
- Moscow Domodedovo Airport
- Moscow Sheremetyevo Airport
- St. Petersburg Pulkovo Airport

Serbia
- Belgrade Nikola Tesla Airport
- Nis Airport

Singapore
- Changi Airport

South Korea
- Busan Airport

Spain
- Key airports

Sri Lanka
- Colombo Airport

St Kitts & Nevis
- Seaport

St. Lucia
- Airport, seaport & downtown

St Maarten
- Airport & downtown

Sweden
- Key airports

Switzerland
- Airport, downtown & border

Trinidad
- Port-of-Spain Airport

Turkey
- Antalya Airport
- Kayseri Airport
- Kutahya Airport

Turks & Caicos
- Cruise & downtown

United Arab Emirates
- Sharjah Airport

UK
- Leading airports

Uruguay
- Montevideo Carrasco Airport
- Punta del Este Airport

USA
- Key airports, ferries & rail

LOTTE DUTY FREE

Headquarters: Seoul, South Korea
2017 sales: €4,842 million
Key regions: Asia Pacific
Key channels: Airport, downtown

LOTTE DUTY FREE

South Korea
- Seoul downtown
- Busan downtown
- Jeju downtown
- Incheon Airport
- Gimpo Airport

Indonesia
- Jakarta Airport & downtown

Guam
- A.B. Won Pat Airport

Japan
- Kansai Airport
- Tokyo downtown

Vietnam
- Da Nang Airport
- Nha Trang Airport

LAGARDÈRE TRAVEL RETAIL

Australia
- Key airports

Austria
- Graz Airport
- Salzburg Airport
- Vienna Airport

Belgium
- Brussels Airport
- Charleroi Airport

Bulgaria
- Burgas Airport
- Sofia Airport
- Varna Airport

Canada
- Key airports

China
- Key airports

Croatia
- Zagreb Airport

Czech Republic
- Karlovy Vary Airport
- Ostrava Airport
- Prague Ruzyne Airport

France
- Key airports

Germany
- Key airports

Iceland
- Reykjavik Airport

India
- Bangalore Airport
- New Delhi Airport

Ireland
- Dublin Airport

Italy
- Key airports

Jamaica
- Montego Bay Sangster Airport

Luxembourg
- Luxembourg Airport

Malaysia
- Kuala Lumpur Airport

LAGARDÈRE TRAVEL RETAIL

Headquarters: Paris, France

2017 sales: €3,917 million

Key regions: Europe, Asia Pacific, North America

Key channels: Airport

Netherlands
- Amsterdam Airport Schiphol
- Eindhoven Airport

New Zealand
- Key airports

Poland
- Key airports

Portugal
- Faro Airport
- Lisbon Airport
- Madeira Airport
- Porto Airport

Romania
- Bucharest Airport
- Cluj Airport
- Sibiu Airport
- Timisoara Airport

St. Maarten
- St. Maarten Airport

Senegal
- Blaise Diagne Airport

Singapore
- Changi Airport

Slovenia
- Ljubljana Airport

Spain
- Key airports

Switzerland
- Geneva Airport

United Arab Emirates
- Abu Dhabi Airport
- Dubai Airport

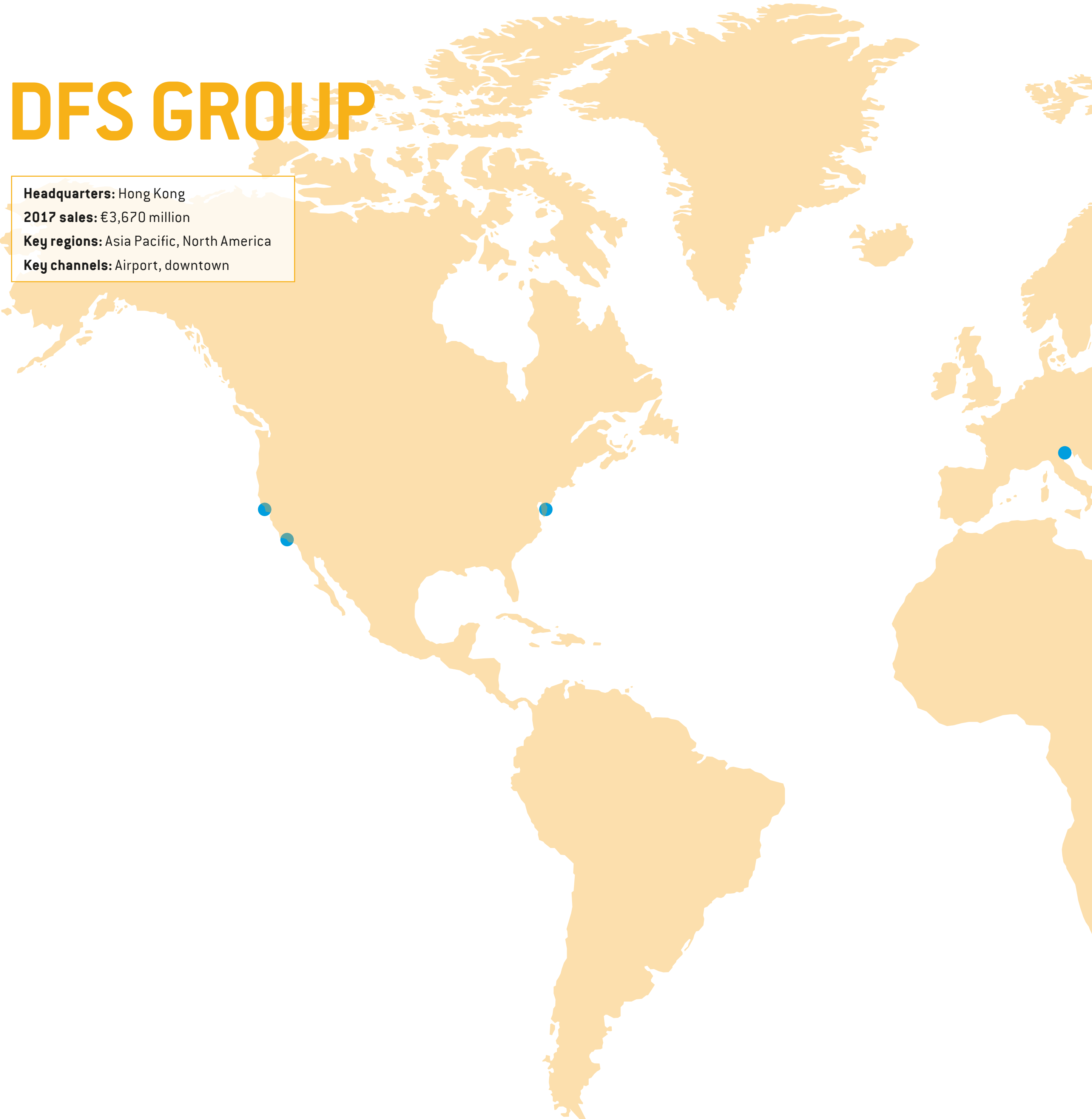
UK
- Belfast International Airport
- Birmingham Airport
- Edinburgh Airport
- Glasgow Airport
- London City Airport
- London Luton Airport

USA
- Key airports

TOP TEN TRAVEL RETAILERS: WHERE THEY OPERATE

DFS GROUP

Headquarters: Hong Kong
2017 sales: €3,670 million
Key regions: Asia Pacific, North America
Key channels: Airport, downtown



DFS GROUP

Asia Pacific
- Angkor T Galleria
- Bali Airport
- Bali T Galleria
- Guam T Galleria
- Hong Kong T Galleria
- Kansai Airport
- Macau T Galleria
- Medan Airport
- Naha Airport
- Okinawa Airport
- Okinawa T Galleria
- Saipan Airport
- Saipan T Galleria
- Singapore Changi Airport
- Singapore Cruise Centre
- Singapore T Galleria

North America
- Honolulu Airport
- Kahului Airport
- Hawaii T Galleria
- Los Angeles Airport
- New York JFK Airport
- San Francisco Airport

Europe
- Venice T Galleria

Middle East
- Abu Dhabi Airport

Australasia
- Auckland T Galleria
- Cairns T Galleria
- Sydney T Galleria

THE SHILLA DUTY FREE

Headquarters: Seoul, South Korea
2017 sales: €3,412 million
Key regions: Asia Pacific
Key channels: Airport, downtown

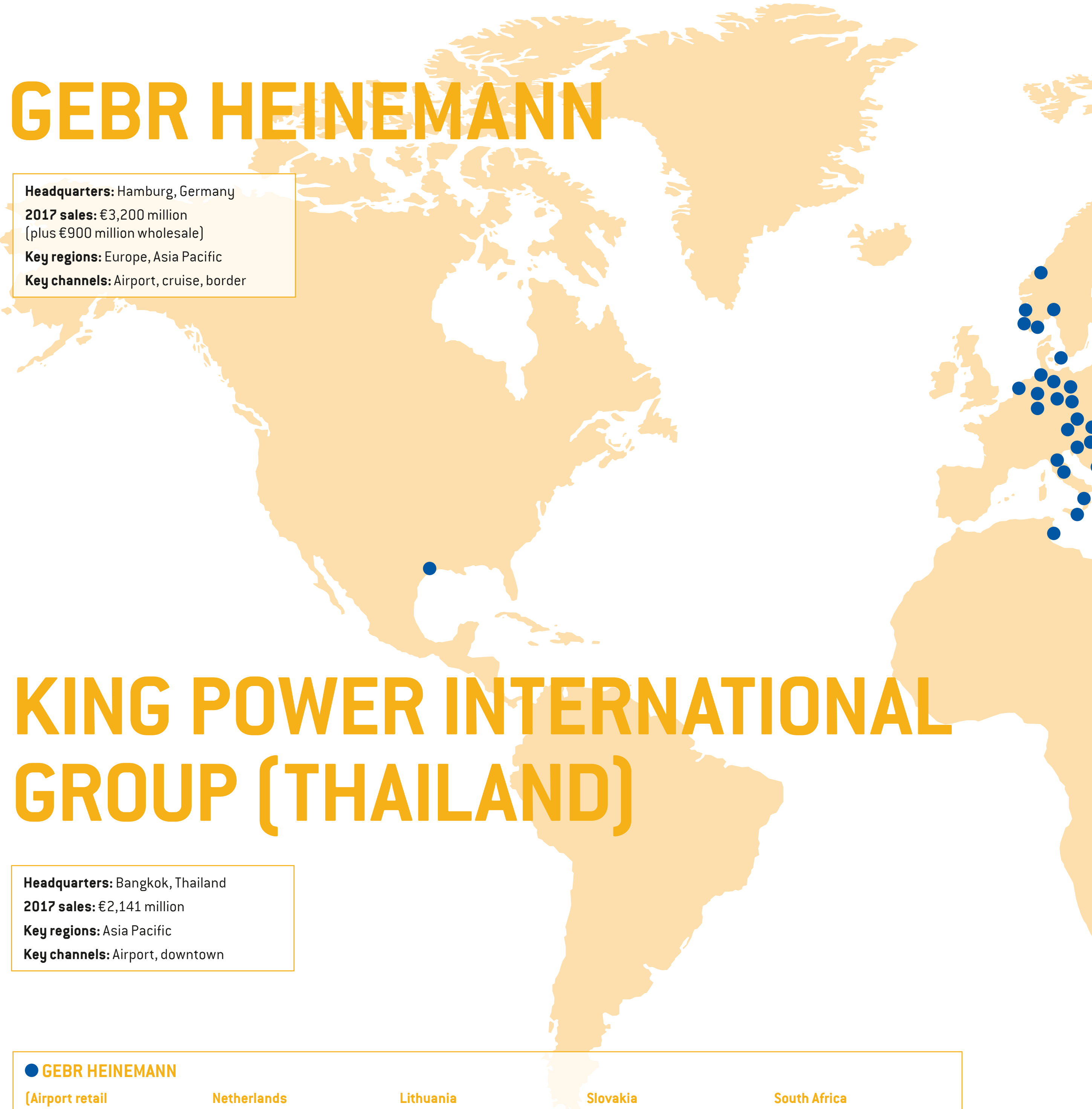
THE SHILLA DUTY FREE

South Korea
- Gimpo Airport
- Incheon Airport
- Jeju Airport
- Jeju downtown
- Seoul downtown

Singapore
- Singapore Changi Airport

China
- Hong Kong International Airport
- Macau Airport

TOP TEN TRAVEL RETAILERS: WHERE THEY OPERATE



GEBR HEINEMANN

Headquarters: Hamburg, Germany
2017 sales: €3,200 million
(plus €900 million wholesale)
Key regions: Europe, Asia Pacific
Key channels: Airport, cruise, border

KING POWER INTERNATIONAL GROUP (THAILAND)

Headquarters: Bangkok, Thailand
2017 sales: €2,141 million
Key regions: Asia Pacific
Key channels: Airport, downtown

GEBR HEINEMANN

(Airport retail locations 2017)

WESTERN EUROPE

Austria
• Key airports

Denmark
• Copenhagen

Germany
• Key airports

Italy
• Bologna
• Catania
• Pisa
• Turin

Netherlands
• Amsterdam

Norway
• Key airports

EASTERN EUROPE

Georgia
• Kutaisi
• Tbilisi

Hungary
• Budapest

Kosovo
• Pristina

Latvia
• Riga

Lithuania
• Vilnius

Macedonia
• Skopje
• Ohrid

Montenegro
• Key airports

Poland
• Wroclaw

Romania
• Key airports

Russia
• Key airports

Slovakia
• Bratislava

Slovenia
• Ljubljana

AFRICA/MIDDLE EAST

Egypt
• Sharm el-Sheikh

Oman
• Salalah

Saudi Arabia
• Medina

South Africa
• Cape Town
• Durban
• Johannesburg

Tunisia
• Key airports

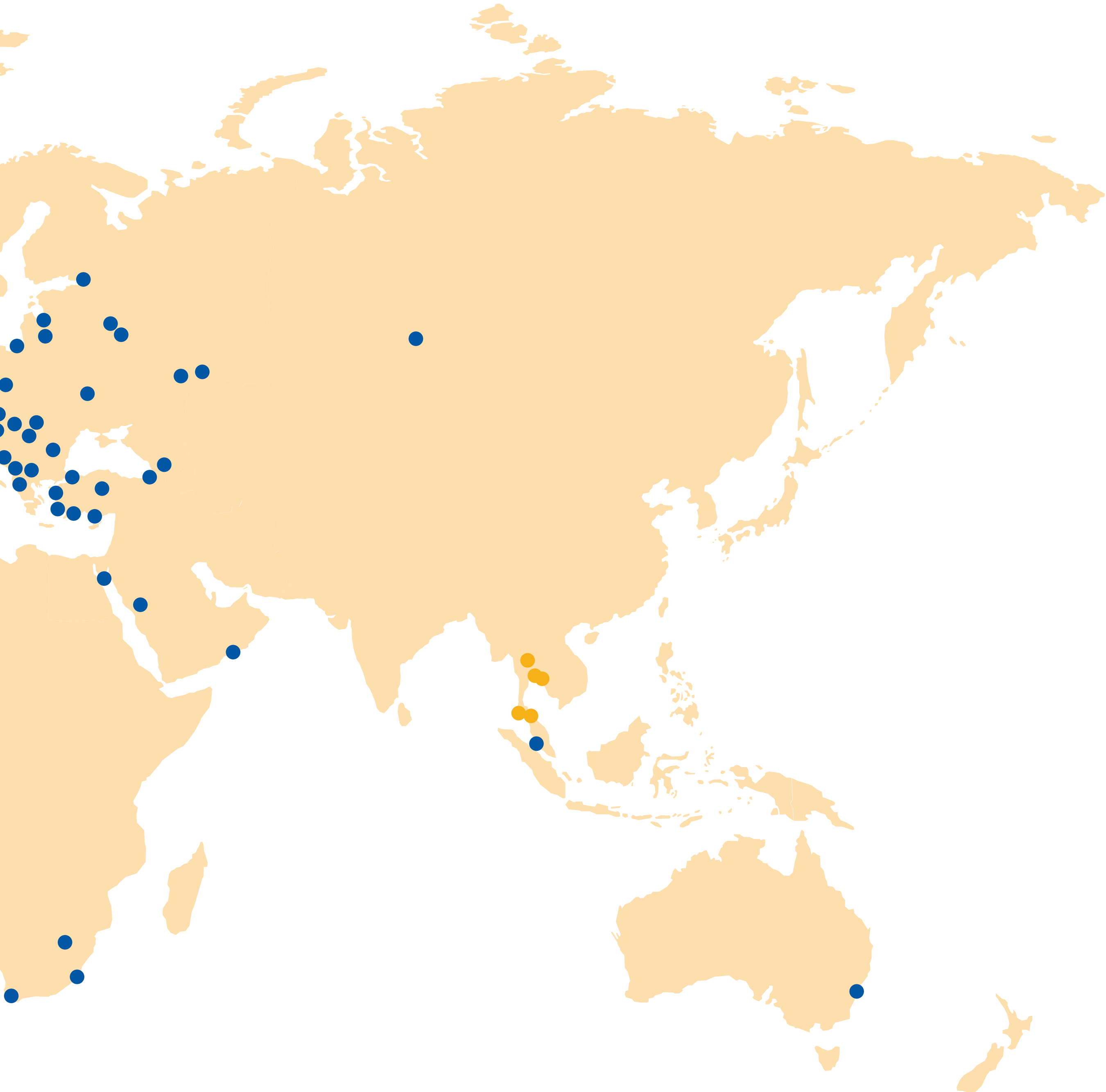
ASIA PACIFIC

Malaysia
• Kuala Lumpur

Australia
• Sydney

AMERICAS

USA
• Houston



KING POWER INTERNATIONAL GROUP (THAILAND)

- Bangkok airport & downtown
- Phuket airport & downtown
- Pattaya downtown
- Chiang Mai Airport
- Hat Yai Airport

CHINA DUTY FREE GROUP

Headquarters: Beijing, China
2017 sales: €1,994 million
Key regions: Asia Pacific
Key channels: Airport, inflight, border, ferry, rail, diplomatic, downtown

EVER RICH DUTY FREE SHOP

Headquarters: Taipei, Chinese Taipei
2017 sales: €1,660 million
Key regions: Asia Pacific
Key channels: Airport, downtown

DUBAI DUTY FREE

Headquarters: Dubai, UAE
2017 sales: €1,608 million
Key regions: Middle East
Key channels: Airport

CHINA DUTY FREE GROUP

- Over 200 stores (across multiple channels) in Mainland China plus Hong Kong International Airport & Macau International Airport

EVER RICH DUTY FREE SHOP

Chinese Taipei

- Golden Lake downtown
- Hualien Airport
- Kaohsiung Airport
- Keelung Harbour East Coast
- Kinmen Shuitou Commercial Harbour
- Penghu Island downtown
- Taichung Airport
- Taipei Minquan downtown
- Taipei Songshan Airport
- Taipei Taoyuan Airport
- Taipei downtown

DUBAI DUTY FREE

- Dubai International Airport
- Dubai World Central (Al Maktoum International Airport)

KEY CONCESSION CHANGES 2017–2018

In this section we report on the biggest airport travel retail concessions that have been awarded over the past year, region by region.

EUROPE

1 PARIS CHARLES DE GAULLE & ORLY AIRPORTS

RETAILER: Galeries Lafayette

Galeries Lafayette won a tender to manage 11 luxury watch stores at Paris Charles de Gaulle and Orly airports in early 2018. The contract with Paris Aéroport runs to 2026. Through its watch retail brand Royal Quartz Paris, the company has managed stores at the two major Paris airports since 1995 and won a previous multi-store tender in 2011.

EFFECTIVE DATE: Mid-2018

2 GENEVA AIRPORT

RETAILER: Lagardère Travel Retail

Lagardère Travel Retail was awarded the five-year duty free concession at Geneva Airport, ousting long-time incumbent Dufry from a key contract. The Paris-based travel retailer also landed a fashion & accessories concession to bolster its presence at Geneva.

EFFECTIVE DATE: Q4 2017

3 SWEDEN (MULTIPLE AIRPORTS)

RETAILER: Dufry

Airport group Swedavia signed an updated seven-year concession agreement with incumbent Dufry in late 2017 to develop and run the airport group's tax free and duty free shops. In the period through to 2020-21, Dufry will renovate and upgrade stores across its network, with the largest a planned walk-through shop covering over 2,000sq m at Stockholm Arlanda Airport Terminal 5.

EFFECTIVE DATE: From early 2018

5 MOSCOW DOMODEDOVO AIRPORT

RETAILER: Travel Retail Domodedovo

An alliance between Gebr Heinemann and local partner Greenway was awarded an exclusive seven-year duty free concession at the new international terminal at Domodedovo, Moscow's second-largest airport, in 7,000sq m of space. This complements Heinemann's plans to open up to 16,000sq m of space at Moscow Sheremetyevo, through the Imperial Duty Free partnership, in 2018 and 2019.

EFFECTIVE DATE: June 2018 (Domodedovo)

4 VILNIUS INTERNATIONAL

RETAILER: Gebr Heinemann

Gebr Heinemann retained its duty free contract at Vilnius International Airport for another six years. The German company's wholly-owned subsidiary Travel Retail Vilnius has run ten Heinemann Duty Free & Travel Value shops at the Baltic airport since 2008.

EFFECTIVE DATE: February 2018

MIDDLE EAST/AFRICA

6 BEIRUT INTERNATIONAL

RETAILER: Phoenicia Aer Rianta Company

The partnership between Phoenicia Trading and Aer Rianta International bid US$74 million per year for the four-year duty free concession at Beirut Airport.

EFFECTIVE DATE: Late 2017

7 TEL AVIV BEN GURION INTERNATIONAL

RETAILER: JR/Duty Free & Gebr Heinemann

A joint venture between JR/Duty Free and Gebr Heinemann was awarded a ten-year duty free concession at Tel Aviv Ben Gurion Airport terminals 1 and 3, in around 4,000sq m of space.

EFFECTIVE DATE: January 2018

8 BAHRAIN INTERNATIONAL

RETAILER: Bahrain Duty Free Company

Gulf Air Group Holding and Bahrain Duty Free Shop Complex struck a joint venture to run the core category duty free shopping offer at Bahrain International Airport's new terminal, which opens in 2019. This entity, Bahrain Duty Free Company, will invest in around 3,300sq m of shopping space in both the departures and arrivals areas of the new terminal under a 15-year contract.

EFFECTIVE DATE: H2 2019

ASIA PACIFIC

9 BEIJING CAPITAL INTERNATIONAL

RETAILER: China Duty Free Group & Sunrise Duty Free

Beijing Capital International Airport awarded eight-year duty free contracts to China Duty Free Group (CDFG) and Sunrise Duty Free at terminals 2 and 3 respectively in mid-2017. Importantly, the dual award cleared the way for CDFG to complete its 51% stake in Sunrise's Beijing operation. Until then, Sunrise Duty Free had been the sole duty free retailer at the airport.

EFFECTIVE DATE: February 2018

10 INCHEON INTERNATIONAL

RETAILER: Lotte Duty Free, The Shilla Duty Free & Shinsegae Duty Free

Lotte Duty Free was awarded the liquor, tobacco and packaged foods concession at Incheon International Airport's new Terminal 2, which opened in January 2018, while The Shilla Duty Free secured the perfumes & cosmetics contract and Shinsegae Duty Free captured fashion & accessories after a re-tender. All were awarded five-year deals.

Shinsegae DF Global, South Korea's third-largest player, later headed off strong competition from The Shilla Duty Free to win two five-year concessions (P&C and luxury goods) at Incheon T1, which had been vacated by Lotte Duty Free.

EFFECTIVE DATE: T2 (January 2018), T1 P&C and luxury (July 2018)

11 MACAU INTERNATIONAL

RETAILER: China Duty Free (Macau)

A joint venture between China Duty Free Group and King Power Macau, part of King Power Group (Hong Kong), won a five-year duty free contract at Macau International Airport.

EFFECTIVE DATE: June 2018

12 HONG KONG INTERNATIONAL

RETAILER: CDF-Lagardère Company; The Shilla Duty Free; Gebr Heinemann

In one of the world's mega-tenders of the past two years, Airport Authority Hong Kong awarded its core category duty free concessions to a joint venture between China Duty Free Group and Lagardère Travel Retail (liquor & tobacco). The Shilla Duty Free (beauty and accessories) and Gebr Heinemann (confectionery). Contracts are for five years, except for confectionery, which runs for three.

EFFECTIVE DATE: November 2017

NORTH AMERICA

13 SAN FRANCISCO INTERNATIONAL

RETAILER: DFS Group

DFS won a minimum 14-year term (to be possibly extended by up to five years if a new retail plaza is completed) after topping the bid for the sought-after duty free concession in 2017. Besides its duty free stores, DFS runs Hermès, Gucci, Burberry, Yves Saint Laurent and Coach luxury boutiques.

EFFECTIVE DATE: July 2018

14 LAS VEGAS MCCARRAN AIRPORT

RETAILER: Dufry

Dufry extended its duty free and duty paid contract at Las Vegas McCarran International Airport by seven years from late 2017. The contract includes over 18,000sq ft of retail space, including a new 6,000sq ft duty free and duty paid combination store, Las Vegas Dufry Shopping, at Terminal 1 D-Gates.

EFFECTIVE DATE: Late 2017

15 ORLANDO INTERNATIONAL

RETAILER: The DFASS Group

DFASS Group was awarded a ten-year contract extension for its duty free/duty paid concession at Orlando International Airport in April 2018. DFASS will operate a new 4,600sq ft duty free/duty paid store in the South Terminal central rotunda area.

EFFECTIVE DATE: Late 2020

LATIN AMERICA

16 TOCUMEN INTERNATIONAL

RETAILER: Duty Free Americas & Motta Internacional

Duty Free Americas (DFA) and Motta Internacional were between them awarded the three duty free contracts at Tocumen International Airport Terminal 1 after a highly competitive open tender. DFA took two of the ten-year concessions available, with Motta taking the other.

EFFECTIVE DATE: December 2017

17 BRASILIA & NATAL INTERNATIONAL AIRPORTS

RETAILER: Dufry

Dufry extended its duty free and duty paid contracts with Inframerica Group at Juscelino Kubitschek International Airport in Brasília and São Gonçalo do Amarante International Airport in Natal for ten years until 2033. Dufry will operate close to 2,200 sqm of duty free and 5,300 sqm of duty paid space (more than double) at the airports.

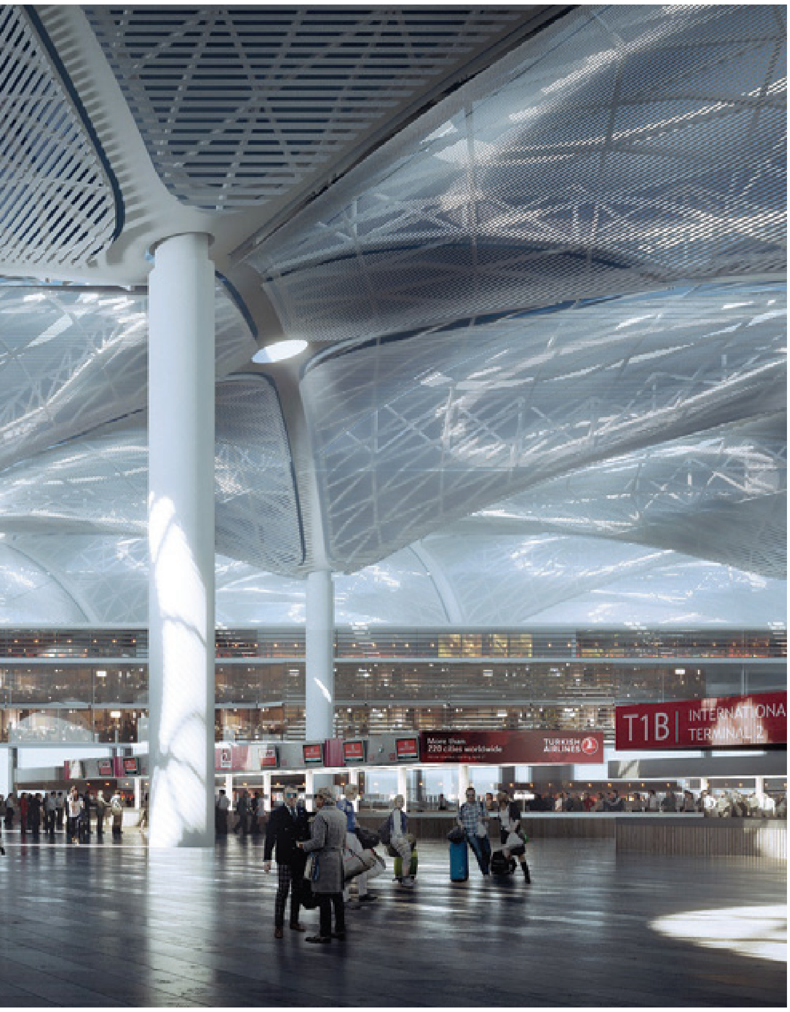
EFFECTIVE DATE: 2023

PLOTTING THE FUTURE

We examine some of the big airport infrastructure projects that will redefine duty free & travel retail in the years to come.

For travel retailers and brands, long-term planning of new space and resources is critical, and many have pipelines of activity that run two, three and four years in advance of opening. In these pages, we offer a snapshot of some big airport projects that have or will capture the interest of the industry in coming years.

Istanbul New Airport is among the world's most ambitious aviation projects, with the official opening scheduled for 29 October 2018. In the first phase, to be completed this year, capacity will begin at 90 million passengers, rising to 200 million once all construction phases are completed in the years ahead.



Ambitious vision: Retail space at New Istanbul Airport will exceed 50,000sq m (pictured above and opposite)

Airport company IGA has a 25-year contract to construct and operate Turkey's new gateway. Commercial space will cover around 100,000sq m upon completion of all phases, with retail at around 53,000sq m, managed by Unifree Duty Free and Gebr Heinemann. Luxury will sit at the heart of the terminal, flanked by the core category duty free stores, and complemented by five 'villages' that reflect different aspects of Turkish identity. IGA has pledged to offer "an unlimited shopping experience" with a blend of global and Turkish brands.

Gebr Heinemann has said that full first-year sales should reach around €800 million, making it the company's largest shopping location by turnover.

In northern Europe, Finland's airport company Finavia has a €1 billion development programme in progress at **Helsinki Airport**. Terminal space will increase by +45%, an expansion of 103,000sq m, as Finavia prepares to serve 30 million passengers per year by 2030, from around 20 million forecast for 2018.

As part of this, a vast new Non-Schengen zone will open in Terminal 2, with tenders released in summer 2018 for 13 spaces across 1,081sq m. These will open between 2019 and 2021.

The Middle East is also home to some big projects, from the recently opened new Muscat International to the continued development of Al Maktoum International in

Dubai (covered in the TFWA Handbook 2016) to the new Abu Dhabi International Midfield Terminal, slated for opening by 2019/2020. Here we focus on several other major projects in the region.

A new Passenger Terminal Building is being built at **Bahrain International Airport** as part of a US$1.1 billion Airport Modernisation Programme. The terminal is scheduled to open in late 2019. The new building will increase capacity from 8.5 million to 14 million passengers a year.

As this edition of the TFWA Handbook went to press, Bahrain Airport Company was at preferred bidder or contract stage with most tenants, with several categories still outstanding.

The key duty free concession will be managed under a 15-year contract by a joint venture including Gulf Air Group Holding and Bahrain Duty Free Shop Complex. Bahrain Duty Free is run by Aer Rianta International-Middle East under a management contract. The agreement sees the establishment of a new joint venture under the name of Bahrain Duty Free Company, which will invest in approximately 3,300sq m of shopping space in both the departures and arrivals areas of the new terminal.

Gaining ground in the Gulf: Bahrain Airport's new terminal will house 3,300sq m of shopping space

The key travel retail location of **Beirut Rafic Hariri International Airport** will also undergo a major upgrade in coming years, one that will include a new passenger terminal. A tender for construction is expected to be launched by the end of 2019, part of a master plan to lift capacity to 20 million by 2030 (8.3 million in 2017). Partly in anticipation of this expansion, Beirut Duty Free's contract at the airport was extended by just four years in late 2017, with a further tender expected as the new terminal nears completion.

In the Americas, **Denver International** is home to an ambitious expansion and renovation project at the airport's Great Hall. Great Hall Partners is a venture selected for the development of the revitalisation project under a 34-year contract, which will ultimately create 63,000sq ft of commercial space across 50 units.

The Great Hall is located under the famous tented roof of Denver Airport's Jeppesen Terminal. It will be revamped over the next four years to relocate and enhance security, increase capacity, upgrade ageing infrastructure and enhance the customer experience through increased, improved and better-positioned concessions.

The first retail RFPs were released in May, with further phases to come. "The goal is to create a travel experience that melds the culture of the city and region with new impulses, flavours and colours from around the globe; to inspire passengers to relax and to spend more time in the new airside experience," Great Hall Partners said.

In Latin America, the US$13 billion **New Mexico City International Airport** is the region's biggest aviation project of coming years. It is already under construction,

with a long-term plan to replace the existing Benito Juárez International. It will become one of the world's largest airports, with floor space of 560,000sq m capacity for 125 million passengers and six runways after several phases. Phase one, expected to be completed by 2020, is expected to have capacity for 68 million passengers. Departures is planned for level three and will include a vast retail zone; Dufry is the lead travel retailer at the existing airport, with over 30 stores.

Asia Pacific is home to some vital airport infrastructure projects, with Changi Airport Group already making progress on its long-term vision for expansion for **Singapore Changi**. Having opened Terminal 4 in October 2017, Terminal 5 is already in the planning stage, though it could be 2030 before it opens.

T5 is part of the larger Changi East development project that includes a three-runway system, as well as supporting infrastructure. The project will provide Changi Airport with additional capacity of up to 50 million passenger movements a year in its initial phase as well as 100 more aircraft stands. T4 offers an early template, with technology, integrated services and a blend of retail and F&B that will be taken to a new level in T5, according to Changi Airport Group.

In the fast-growing aviation market of Vietnam, where traffic has grown at above +20% for successive years, the building of a **Long Thanh International** aims to alleviate pressure on Ho Chi Minh City Airport. Groupe ADP, through ADP Ingénierie, was recently awarded the contract by Airports Corporation of Vietnam to plan the new airport.

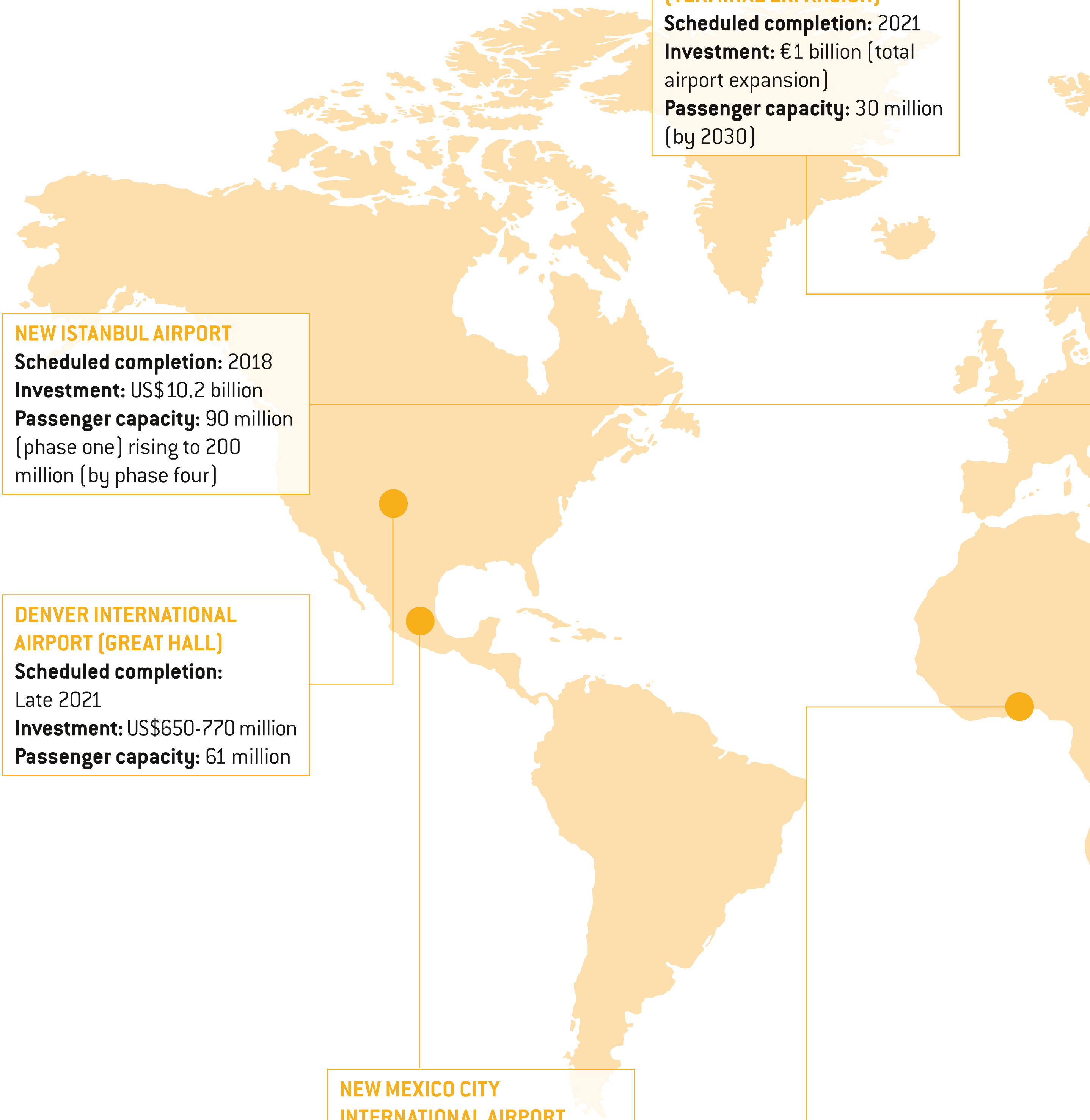
In the first development phase, Long Thanh will have capacity for 25 million passengers per year. The project should be signed off in 2019 with opening scheduled for 2025. Commercial opportunities are expected to arise after the project is approved and construction under way.

Changi Airport Group is already in advanced planning for its new T5, less than a year on from the opening of the striking T4 (pictured)

In Africa, Tanzania Airports Authority (TAA) is planning a new Terminal 3 Complex at **Dar es Salaam Julius Nyerere International Airport**, with a revised opening date of May 2019, after an original planned opening in 2018. TAA issued tenders for duty free, speciality retail, food & beverage and other passenger service concessions earlier in 2018.

T3 is part of a €235 million expansion project aimed at addressing the anticipated growth of international traffic. The terminal will have a capacity of 6 million passengers, leaving the existing international Terminal 2 to cater to domestic flights.

Ghana Airports Company Limited (GACL) is close to completing a new Terminal 3 at **Accra Kotoka International** that will handle up to five million passengers a year, with an expansion potential up to 6.5 million passengers. The airport expansion is part of the country's ambition to upgrade its vital infrastructure by modernising and transforming the airport into a hub for West Africa and as a regional aviation hub. Designed for international traffic, the new terminal will comprise five levels spread across 45,000sq m. Space for retail is a considerable 7,000sq m.



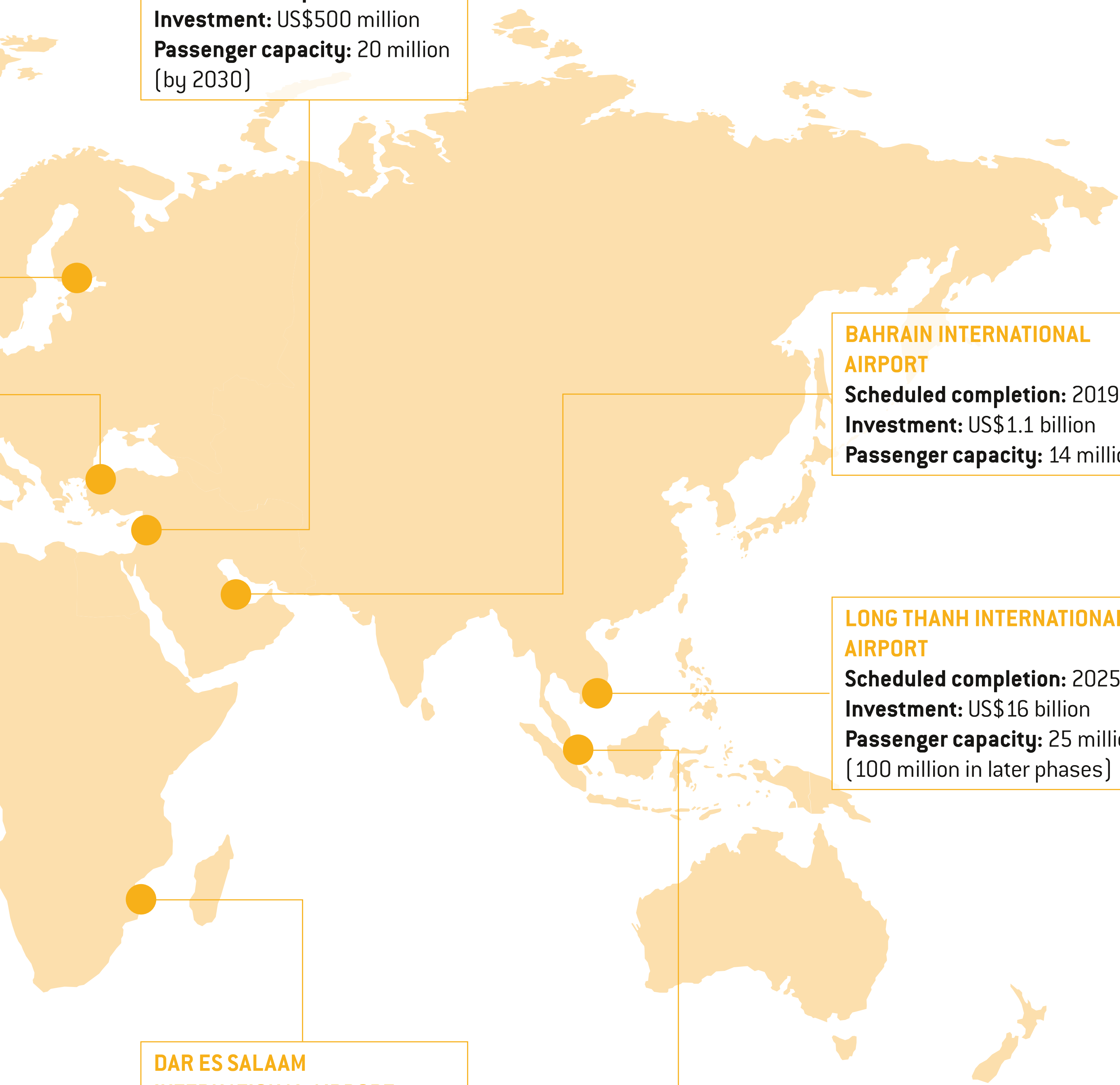
HELSINKI AIRPORT (TERMINAL EXPANSION)
Scheduled completion: 2021
Investment: €1 billion (total airport expansion)
Passenger capacity: 30 million (by 2030)

NEW ISTANBUL AIRPORT
Scheduled completion: 2018
Investment: US$10.2 billion
Passenger capacity: 90 million (phase one) rising to 200 million (by phase four)

DENVER INTERNATIONAL AIRPORT (GREAT HALL)
Scheduled completion: Late 2021
Investment: US$650-770 million
Passenger capacity: 61 million

NEW MEXICO CITY INTERNATIONAL AIRPORT
Scheduled completion: 2020 (phase one)
Investment: US$13 billion
Passenger capacity: 125 million (eventually)

ACCRA KOTOKA INTERNATIONAL AIRPORT (TERMINAL 3)
Scheduled completion: 2018
Investment: US$250 million
Passenger capacity: 5 million



BEIRUT RAFIC HARIRI INTERNATIONAL AIRPORT
Scheduled completion: 2021
Investment: US$500 million
Passenger capacity: 20 million (by 2030)

BAHRAIN INTERNATIONAL AIRPORT
Scheduled completion: 2019
Investment: US$1.1 billion
Passenger capacity: 14 million

LONG THANH INTERNATIONAL AIRPORT
Scheduled completion: 2025
Investment: US$16 billion
Passenger capacity: 25 million (100 million in later phases)

DAR ES SALAAM INTERNATIONAL AIRPORT (TERMINAL 3)
Scheduled completion: May 2019
Investment: €235 million
Passenger capacity: 6 million (taking airport capacity to 8 million)

SINGAPORE CHANGI AIRPORT (TERMINAL 5)
Scheduled completion: 2030
Investment: US$10 billion
Passenger capacity: 50 million (taking airport capacity to 150 million eventually)