Navigating the Future of Travel Experience in LATAM

ASUTIL Conference

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Dufry CEO:

Xavier Rossinyol

Three Years Ago:
DROWNING Under the PANDEMIC

Now: Swimming Towards New SHORES

1

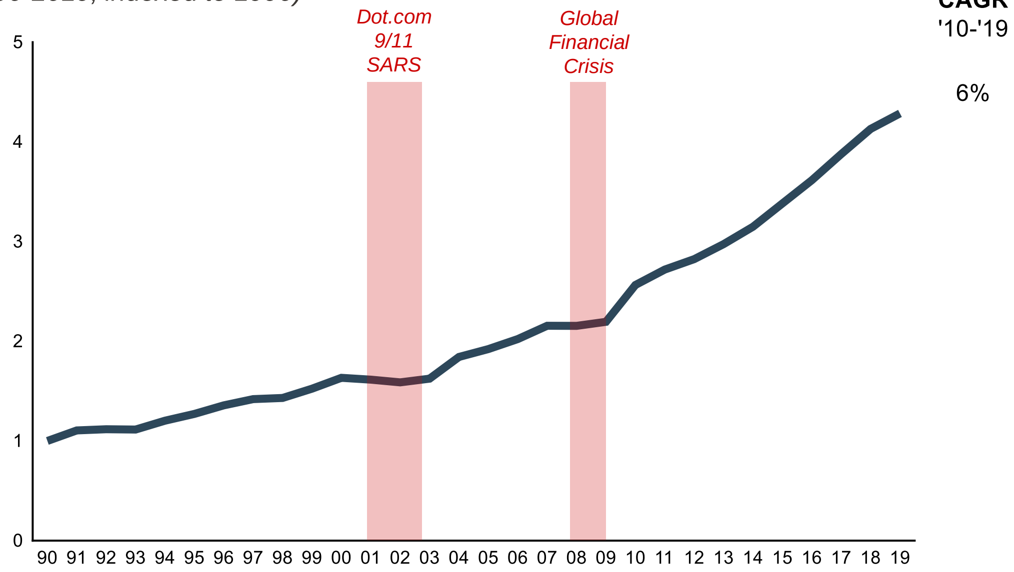
An Industry With Solid and Growing Fundamentals

Air Traffic Market Proven Resilient to Shocks

And is growing long-term

Relative number of airline passengers' growth

Worldwide number of airline passengers[1]
(1990-2019, indexed to 1990)



PAX and flights

10-20% world population estimated to have taken **at least one flight** in their lives

In **developed countries**, i.e., the US **>35%**

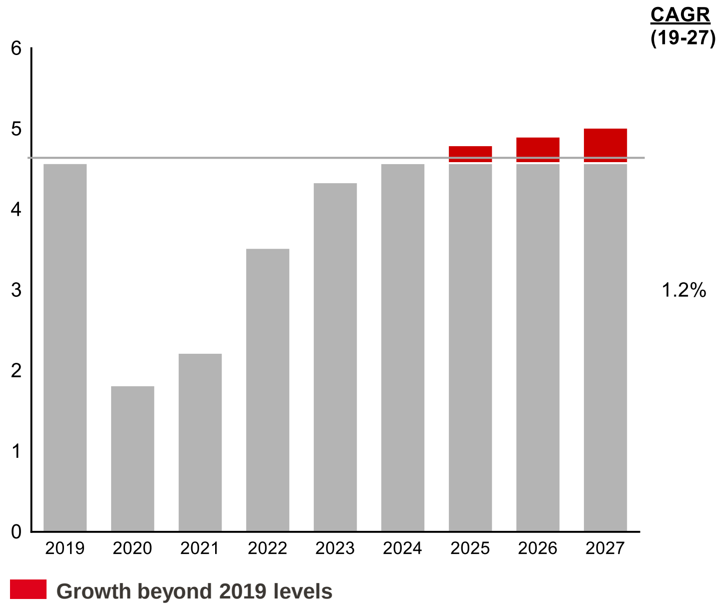
4.6 **Average number of air trips** in 2015 among US air travelers

Note: (1) Total pax including int'l and domestic; Source: Airline Monitor; World Bank; IMF; IATA; Gallup; CNBC; Lit. Search

Global Traveler and Travel Retail Volume are back

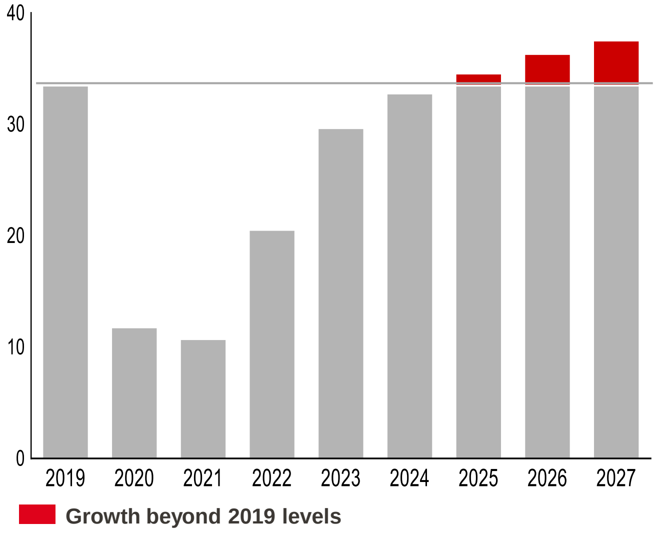
Air traffic total

Air traffic – Origin & Destination # of departing PAX
(bn. PAX, airport only)

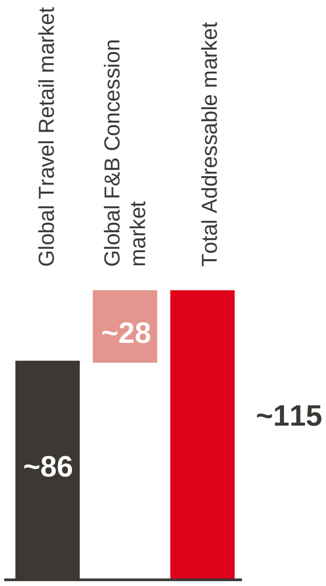


Source: Travel Retail Model by leading external party

Total Travel Retail Spend (USD bn., airport only)



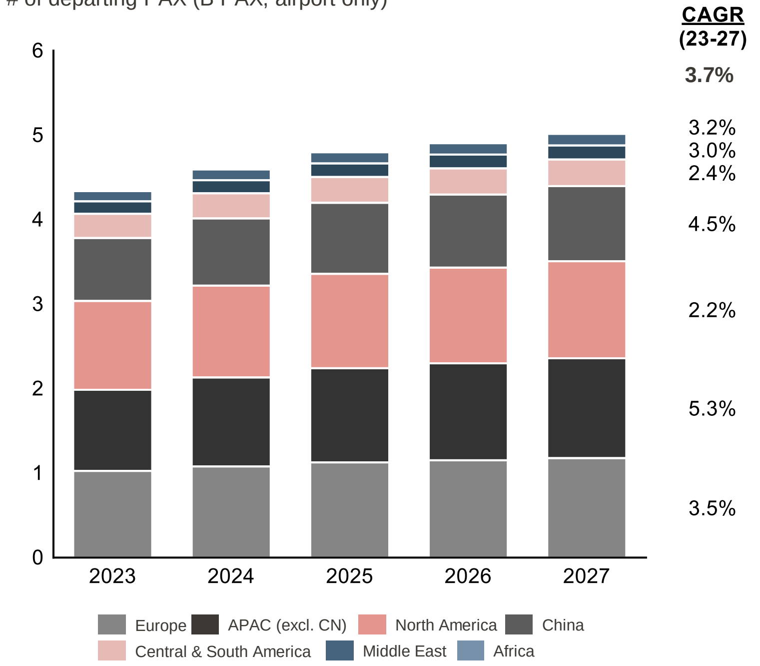
Markets (USD bn.,2019)



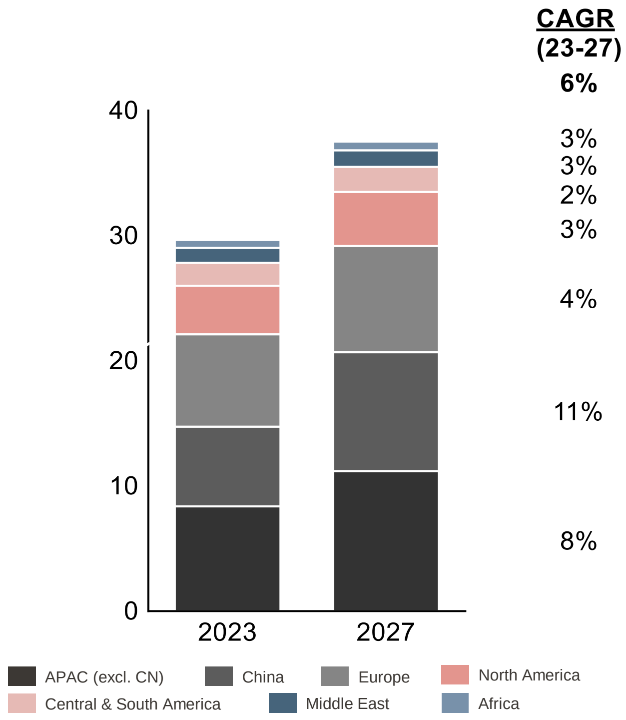
Different speed of recovery for different geographies

Air traffic by region

Air traffic - origin & destination
# of departing PAX (B PAX, airport only)



Total Travel Retail Spend per Region (USD bn., airport only)



Source: Travel Retail Model by leading external party


2
An Ever-Changing and Dynamic Industry

Covid-19 as Accelerator for Global Macro trends –
Different Consumer Behaviors and Demands Emerged…

		2019	2025
	**Generation Y and Z[1]**	~40%	**>70%**
	**Sales directly influenced by online**	>10%	**>30%**
	**Share of Chinese luxury shopping within China**	>33%	**>50%**

Post-Covid Travel World Asks For:

Personalization
Customized offerings in stores & restaurants

Disruptive store experiences
Automation, seamless pick-ups, Frictionless payments & Check-outs

Local & Seasonal
Preference for local, seasonal and sustainable Retail / F&B offerings

…

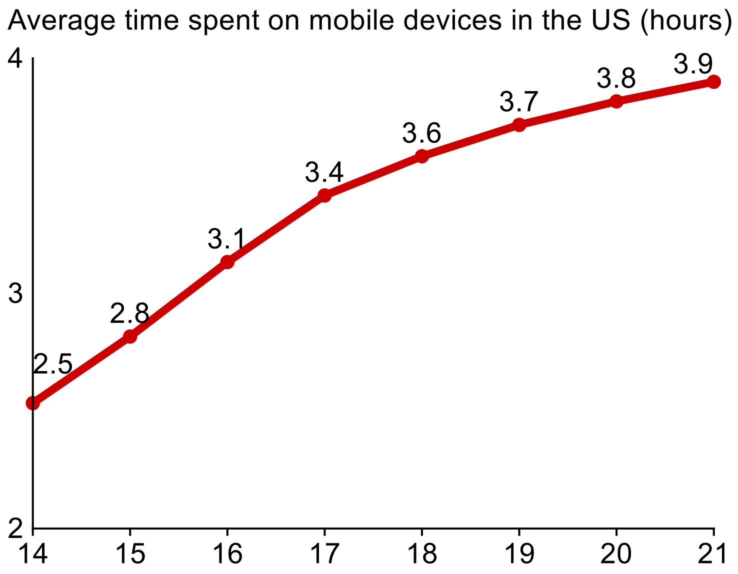
Key Observations:

- Our Industry is recovering & rebounding, despite geopolitical and economical uncertainties
- People want to travel! → Revenge spending, realization that freedom to travel can be restricted quickly
- Consumer behavior is ever changing, we need to adapt!

Consumers are Changing – 1

People spend more time on personal devices, using the internet and social media

Time on mobile devices increased to ~4h / day

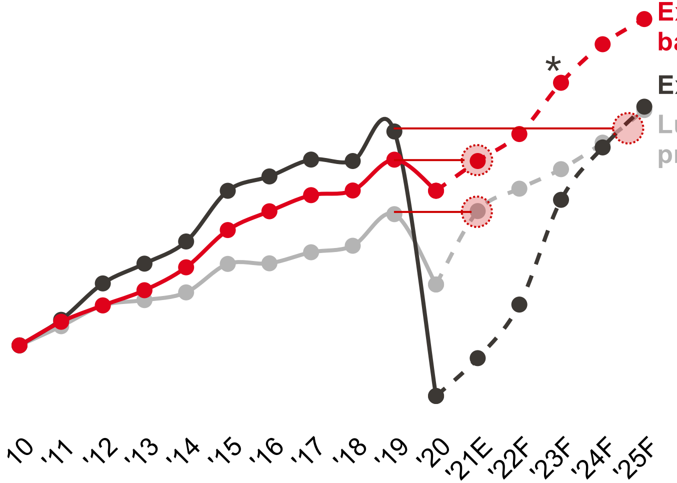


Source: eMarketer; uSwitch; Common Sense Media 2019

Consumers are Changing – 2

Consumers overindulged on products, but the willingness to go **back to experiences** is at an all-time high

Global Luxury markets (Index = 2010 | 2010-2025)



	CAGR (10-19)	CAGR (19-21)	CAGR (21-25)
Experience-based goods	8%	0%	~6-10%
Experiences	9%	-33%	~20-28%
Luxury products	6%	1%	~5-9%

Expected year of recovery to pre-COVID level (e.g.. 2019)

Experience-based goods

Experience-based goods almost fully **recovering to 2019 levels**, favored by **positive consumer traction across categories**

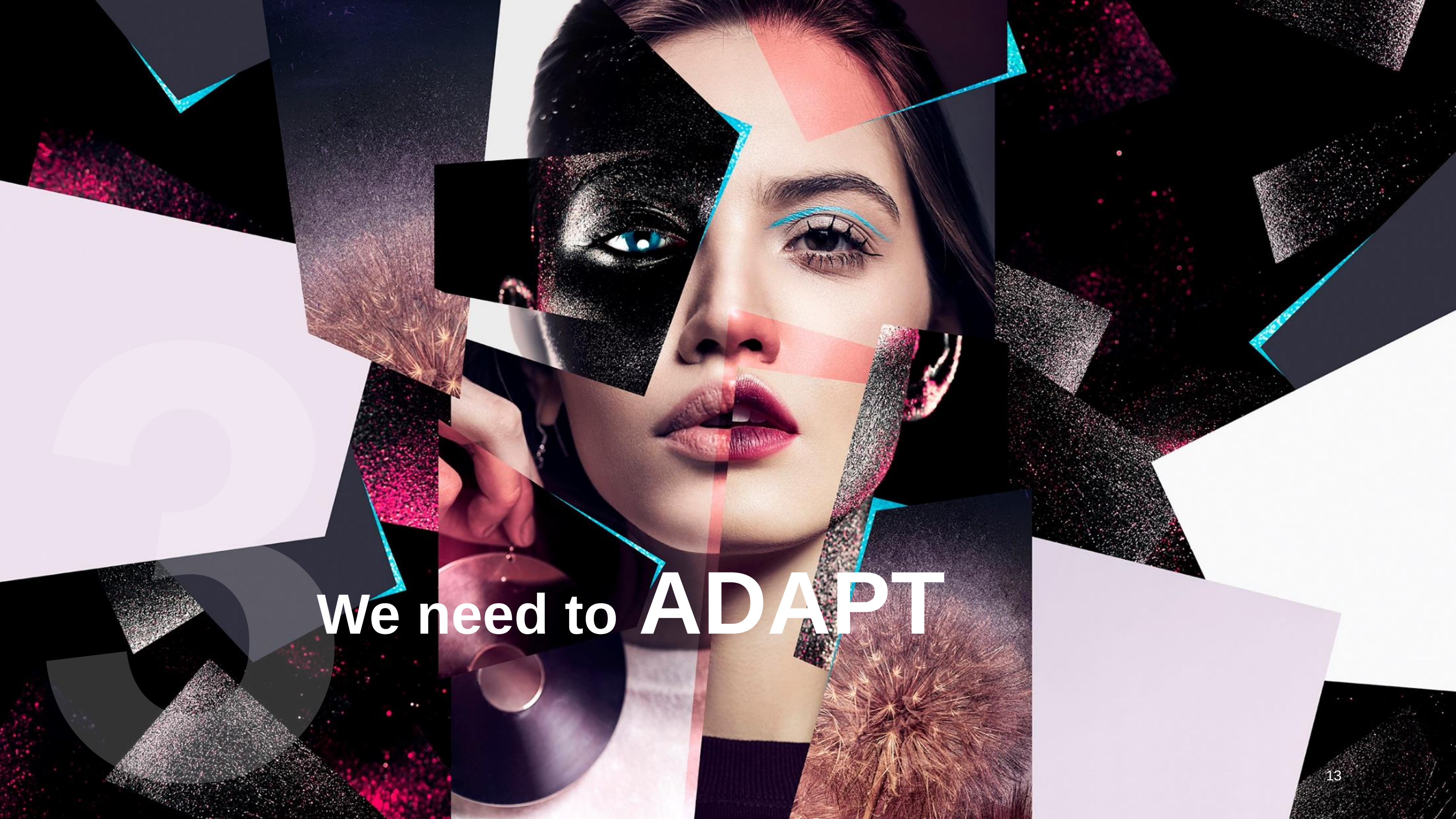
Experiences

Experiences show highest impact and will be last to recover as they strongly depend on **return of touristic flows and business travel**

Luxury products

Products first to **recover to 2019 levels,** driven by earlier onset of ease of restrictions

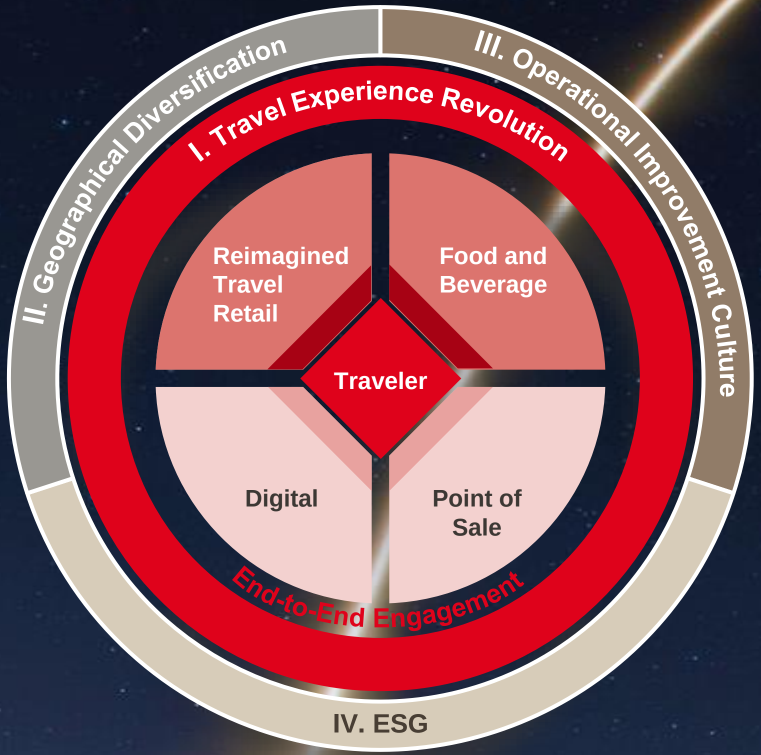
Note: At current exchange rates; Luxury products include high-quality design furniture and Personal luxury goods; Experience-based goods include Fine Art, Luxury cars, Private Jets and Yachts, Fine Wines & Spirits and Gourmet Food; Experiences include Luxury hospitality, Cruises and Fine dining; (*) 2023 acceleration driven by (hoped) end of supply chain disruption in cars market


We need to ADAPT


ONLY WAY IS THROUGH PARTNERSHIPS!

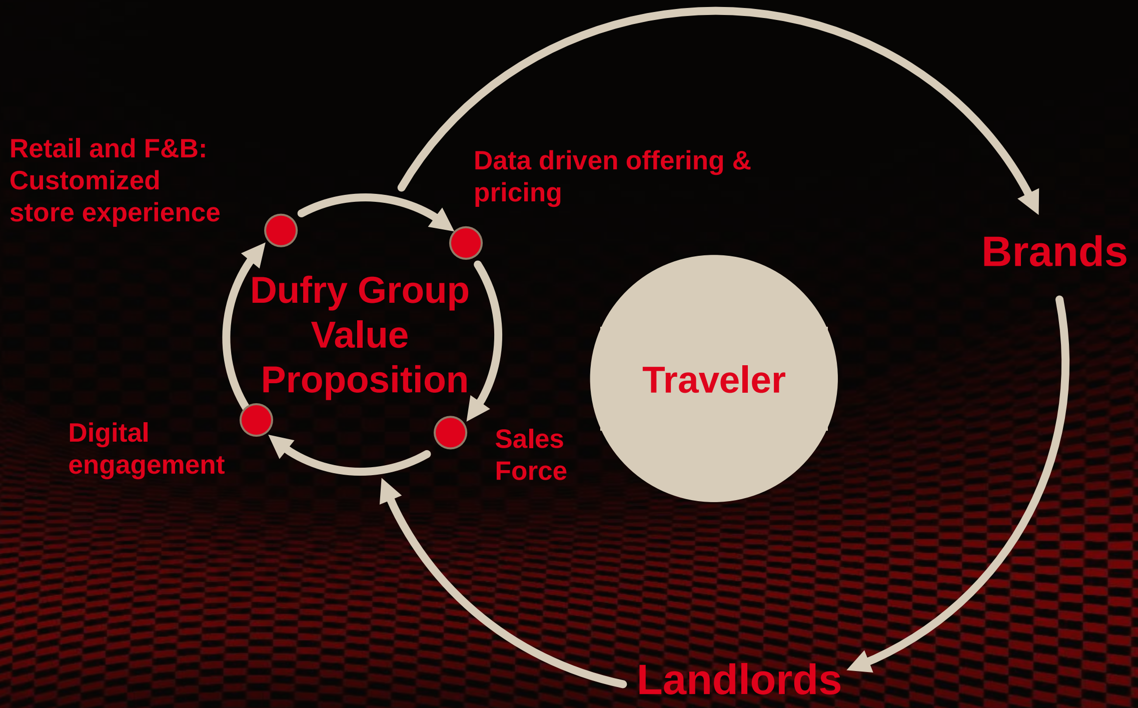

4
Dufry Approach to these Challenges

New Strategy "Destination 2027" Implemented –
Key Focus on Traveler



Powered by our People

Dufry Group Flywheel –
Aspiration: Value-Creation for All our Stakeholders



Integrating our Offerings –
When 1 + 1 is > 2!

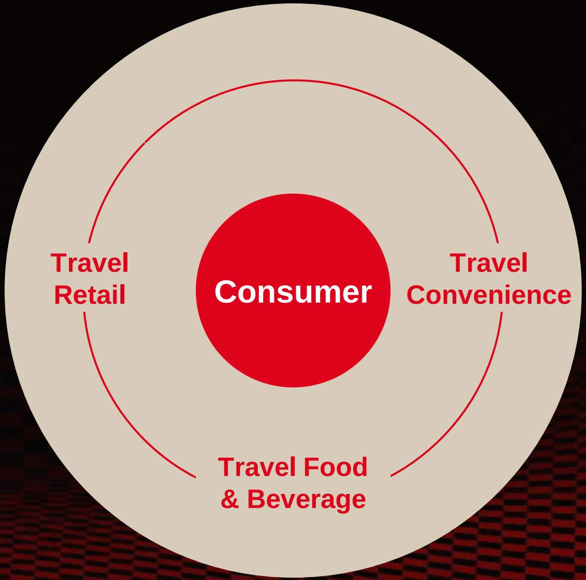
Past: Three Standalone Offerings

Travel Retail

Travel Convenience

Travel Food & Beverage

Future: Integrated Offering



Catalyst for Commercial Opportunities

Cross-selling & Upselling

Mixed store concept

Increase in digital engagement

Resulting in:

- Increased footfall / longer dwell time
- Higher customer satisfaction and loyalty
- Wider & more attractive Loyalty programms

Personalization, Convenience & Experience Increasingly Important for both F&B and Retail Customers

Next-gen personalization

Use of new technology to personalize consumer experiences

Personalized experiences:
Expectation of unprecedent **control over every aspect of the restaurant experience** requiring tools that allow to customize offerings

1:1 Marketing:
Demand for **personalized experiences / offerings** requires digital tools and advanced analytics to connect on a 1:1 level with the customers

Effortless ordering:
Search for **new and simplified forms of ordering and payment** requires deep understanding of consumers' digital communication habits

Disruption to store experience

Opportunities to redefine store experiences

Seamless pick-up:
Relevance for **seamless and time efficient in-restaurant pick-up** requires solutions and technology that enable guest recognition on arrival

Smart automation:
Expectation of a **consistent and high-quality experience** (also at lower cost) triggers deployment of smart robotics

Modern workforce:
Expectation of a **consistent service level** requires new learning opportunities and flexible schedules to attract, retain, and empower the frontline

5 Outlook for LATAM market

Where we are now: Our LATAM Footprint

Market Characteristics

23 Countries (16 thereof Caribbean islands)

488 Stores

6'850 Employees (FTEs)

Channels

23 Airports

- Highways

64 Other (DF/DP/Convenience / down-town stores / Colombian Emeralds International (Jewels) / cruise ships & Ports / Border Shops)

LATAM – A Region with its Own Specifics & Dedicated Strategy

LATAM – Key Trends

→ Increase in international tourism and air travel

→ Historic high intra region travel swapping to international

→ More combined business/vacation PAC profile

LATAM – Key Specifics

✓ High importance of **arrival stores**

✓ **Multi channel region** (airports, ferry's, cruises, borders, down town, ports)

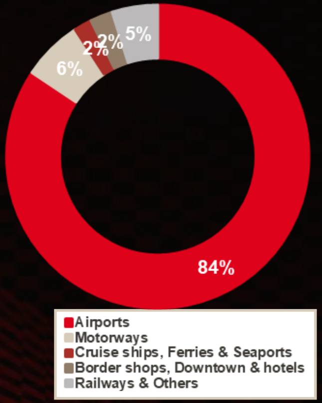
✓ **Long history and awareness of the duty free system** *(second store world wide was opened in Panama after Ireland)*

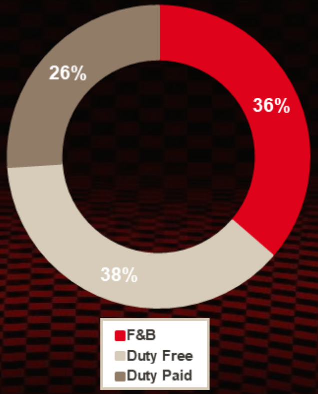
✓ **Highly volatile region** with a **resilient duty free industry**

6

Dufry walks the talk

After the Dufry and Autogrill Combination –
A Global Diversified Travel Experience Group:





>5,500
Outlets

>60k
Employees

>1,200
locations
>350 airports;
~470 motorways;
~390 other channels

>75
Countries

>1.3bn
EBITDA

~14.0bn
Turnover

Note: Pro-Forma 2019 combined figures

VIDEO

7 Conclusion

CONCLUSION –

- Growing and Dynamic industry
- Strong Key Fundamentals
- We Need to Adapt
- Only Way Forward is Together
- Flywheel-Effect: Value Creation for All Stakeholders!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THANKS, GRACIAS, O'BRIGADO

Q&A – Moderated by Dermot Davitt

DUFRY

WorldClass.WorldWide.

AUTOGRILL

HMS HOST

Hudson