TRAVEL MARKETS INSIDER Vol. 23- 8

BY THE NUMBERS

IATA: strong January recovery impacted by Omicron

The International Air Transport Association (IATA) announced that the recovery in air travel slowed for both domestic and international traffic in January 2022 compared to December 2021, owing to the imposition of travel restrictions following the emergence of Omicron last November.

Total demand for air travel in January 2022 (measured in revenue passenger kilometers or RPKs) was up 82.3% compared to January 2021. However, it was down 4.9% compared to the previous month (December 2021) on a seasonally adjusted basis.

January domestic air travel was up 41.5% compared to the year-ago period but fell 7.2% compared to December 2021 on a seasonally adjusted basis.

International RPKs rose 165.6% versus January 2021 but fell by 2.2% month-on-month between December 2021 and January 2022 on a seasonally adjusted basis.

North American carriers experienced a 148.8% traffic rise in January versus the 2021 period, significantly decreased versus the 185.4% rise in December 2021 compared to December 2020.

Latin American airlines saw a 157.0% rise in January traffic, compared to the same month in 2021, an upturn over the 150.8% rise in December 2021 compared to December 2020. January capacity rose 91.2% and load factor increased 19.4 percentage points to 75.7%, which was the highest load factor among the regions for the 16th consecutive month.

In the other parts of the world, **European carriers'** January international traffic rose 225.1% versus January 2021, up slightly compared to a 223.3% increase in December 2021 versus the same month in 2020.

Asia-Pacific airlines - January international traffic climbed 124.4% compared to January 2021, down significantly from the 138.5% gain registered in December 2021 versus December 2020.

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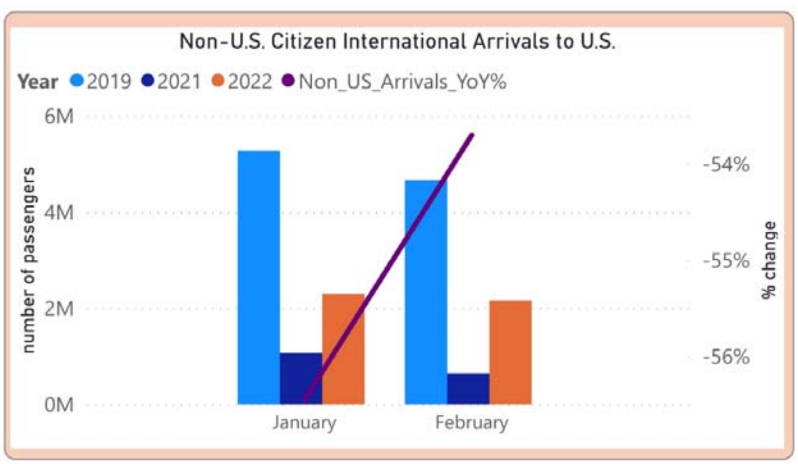
February 2022 international air passenger travel to and from the U.S. continues to soar, but still drags behind 2019



Data released on March 10 by the U.S. Department of Commerce's National Travel and Tourism Office (NTTO) show that in **February 2022 i**nternational air traffic passenger enplanements (arrivals + departures) totaled 9.766 million, up 208% compared to February 2021. However, the 2022 enplanements reached just 56% of the volume in February 2019.

Originating Non-Stop Air Travel in Jan. 2022

Non-U.S. Citizen Air Passenger Arrivals to the United States, from foreign countries, totaled 2.159 million, +236% compared to February 2021 and -53.7% compared to February 2019.

Overseas visitor arrivals totaled 1.047 million, the fourth consecutive month that overseas visitor arrivals totaled over 1.0 million.

U.S. Citizen Air Passenger Departures from the United States to foreign countries totaled 2.780 million, +199% compared to February 2021 and -29.0% compared to February 2019.

World Region Highlights

Top Countries of Total International Air Traffic Passenger Enplanements to and from the United States were Mexico 2.58 million, Canada 830k, Dominican Republic 636k, the United Kingdom 491k, and Colombia 305k.

Top U.S. Ports, serving international locations, were Miami (MIA) 1.376 million, New York (JFK) 1.35 million, Los Angeles (LAX) 750k, Newark (EWR) 596k and ATL (ATL) 547k.

Top Foreign Ports, serving U.S. locations, were Cancun (CUN) 940k, Mexico City (MEX) 469k, London Heathrow (LHR) 446k, Toronto (YYZ) 348k and San Jose Cabo (SJD) 312k.

TRAVEL MARKETS INSIDER

BY THE NUMBERS

IATA January air traffic report

Continued from page 1.

Middle Eastern airlines had a 145.0% demand rise in international passenger air travel January compared to January 2021, well down compared to the 178.2% increase in December 2021, versus the same month in 2020.

African airlines' traffic rose 17.9% in January 2022 versus a year ago, a slowdown compared to the 26.3% year-over-year increase recorded in December 2021.

Domestic passenger markets

Japan and India dominate the domestic air picture for January. **Japan's** domestic demand was 107%, which was the fastest year-on-year growth recorded, reports IATA. Japan's January 2022 traffic slipped 4.1% from December, however.

India's domestic RPKs fell by 18% year-on-year in January, the biggest decline recorded for any of the domestic markets tracked by IATA. On a month-on-month basis, seasonally adjusted RPKs dropped by nearly 45% between December and January.

Russia-Ukraine Conflict

The IATA January figures do not include any impact from the Russia-Ukraine conflict which began at the end of February. The resulting sanctions and airspace closures are expected to have a negative impact on travel, primarily among neighboring countries.

The Ukraine market accounted for 3.3% of European passenger traffic and 0.8% of global traffic in 2021.

The Russian international market represented 5.7% of European traffic (excluding Russia domestic market) and 1.3% of global traffic in 2021.

Airspace closures have led to rerouting or cancellations of flights on some routes, mostly in the Europe-Asia but also in Asia-North America market. This impact is mitigated owing to greatly diminished flight activity since borders in Asia were largely closed owing to COVID-19.

In 2021, RPKs flown between Asia-North America and Asia-Europe accounted for 3.0%, and 4.5%, respectively, of global international RPKs.

In addition to these disruptions, the sudden spike in fuel prices is putting pressure on airline costs.

"When we made our most recent industry financial forecast last autumn, we expected the airline industry to lose $11.6 billion in 2022 with jet fuel at $78/barrel and fuel accounting for 20% of costs. As of 4 March, jet fuel is trading at over $140/barrel.

"Absorbing such a massive hit on costs just as the industry is struggling to cut losses as it emerges from the two-year COVID-19 crisis is a huge challenge. If the jet fuel price stays that high, then over time, it is reasonable to expect that it will be reflected in airline yields," said Willie Walsh, IATA's Director General.

Tourists return to Hawaii but are spending less than pre-pandemic

Visitor numbers to Hawaii are climbing again, although they still have a long way to go to reach the record-level visitor expenditures and arrivals in 2019 through February 2020 pre-pandemic.

A total of 574,183 (+233.9%) visitors came in January 2022 compared to 171,976 visitors who arrived by in January 2021. In comparison, this is down by -29.8% to the 817,600 visitors who arrived by air and by cruise ships in January 2019.

And while spending by visitors was up significantly in January 2022 compared to January 2021 -- $1.40 billion, compared to $397.9 million (+251.4%) – the latest figures are still down by 19% from pre-pandemic January 2020 ($1.73 billion) and down more than 13% from pre-pandemic 2019 ($1.62 billion).

The January 2022 tourist numbers were bolstered by the resumption of cruise operations – the arrival of seven cruise ships brought another 7,004 visitors to the state. There were no cruise ships in operation in January 2021.

In a statement, DBEDT Director Mike McCartney commented:

"We are pleased to see another milestone in the visitor industry recovery with over 7,000 cruise visitors in January 2022 after 21 months of suspension. Cruise activity is an important part of the overall tourism in the state with cruise visitors accounting for 2.6 percent of Hawaii's total visitors in 2019… Visitation by the U.S. visitors has been surpassing the 2019 levels since May 2021."

He continues: "Global travel is opening up and we are seeing pent up demand. We expect a strong summer and look forward to welcoming international visitors from Australia, New Zealand and Japan in the second half of the year."

He cautioned that authorities will need to remain vigilant and monitor the COVID-19 spread and the impact of the Russian invasion of Ukraine as it affects oil prices, air lift and consumer demand for travel.

Hawaii closed its Safe Travels program for domestic travelers on Friday, March 25, 2022. Individuals now arriving from the continental United States will not be required to create a Safe Travels account, show vaccination status, or take a pre-travel test when traveling to the Hawaiian Islands.

Passengers arriving to Hawaii on direct international flights must still adhere to federal U.S. entry requirements. www.hawaiicovid19.com/travel.

Russian invasion causes flight bookings in Eastern Europe to stall

Russia's invasion of Ukraine caused an immediate stall in flight bookings to Europe and within Russia domestically, reports ForwardKeys, who analyzed data by comparing flight bookings in the week following the invasion, Feb 24–March 2, to the previous seven days.

Excluding Ukraine and Moldova, which closed their air space, and Russia and Belarus, which were subjected to flight bans and safety warnings, the destinations worst affected were generally those closest to the conflict. Bulgaria, Croatia, Estonia, Georgia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia all saw a 30% - 50% collapse in bookings. All the other European countries, except for Belgium, Iceland, and Serbia, which saw single digit drops, experienced a decline in bookings between 10% and 30%. Domestic flight bookings in Russia fell 49%.

Analysis by source market shows that intra-European air traffic was worse affected than transatlantic travel. Flight bookings within Europe fell 23%; and were down 13% from the USA.

The only European air corridor left open to Russia is via Serbia, which is now acting as a gateway. Serbia experienced an immediate uplift in seat capacity with Russia in March, with capacity up around 50% compared to February 21, before full scale military operations began.

Olivier Ponti, VP Insights, ForwardKeys, said that transatlantic travel and western European destinations have been less badly affected by the Russian invasion.

"…it seems that travelers regard the rest of Europe as relatively safe. There is also a strong pent-up demand. What's most notable is the speed with which Serbia has become the gateway for travel between Russia and Europe," he said.

TRAVEL MARKETS INSIDER

Olivier Bottrie to retire as Global President, Travel Retail and Retail Development, The Estée Lauder Companies

Israel Assa and Javier Simon named to senior positions

This week started with the momentous news from The Estée Lauder Companies that **Olivier Bottrie, Global President, Travel Retail and Retail Development**, will be retiring after a remarkable 26-year career at the company.

Bottrie will transition to a special advisor role effective May 1, 2022 before departing the company on June 30, 2022.

On Friday the company announced that **Israel Assa**, currently **President, Commercial, Travel Retail Worldwide**, will succeed Bottrie and will be named **Global President, Travel Retail Worldwide**. He will be based in New York and will report directly to Peter Jueptner, President, International. Assa will join the company's Executive Leadership Team (ELT).

In addition, **Javier Simon**, currently **President, Travel Retail Asia Pacific**, will succeed Israel, and will be named **President, Commercial, Travel Retail Worldwide**. He will report directly to Israel Assa and will be based in Switzerland. He will also join the company's Executive Leadership Team (ELT).

Both positions take effect on May 1. Assa and Simon are well known in the region since each formerly held senior positons in Estée Lauder's Travel Retail Americas division.

Olivier Bottrie, who has played a transformative role in the global travel retail channel during his tenure with ELC, will work closely with Assa and Simon in May to support a smooth and successful transition.

Javier Simon and Israel Assa will assume top TR posts in May at ELC.

Accolades for Bottrie

"Olivier is a strategic leader with clarity of vision, deep international expertise and a dynamic and inclusive leadership style," said The Estée Lauder Companies (ELC) **President and Chief Executive Officer, Fabrizio Freda**.

"He has been a driving force for innovation and growth, leveraging his strong relationships, commitment to excellence and laser focus on the traveling consumer's needs to transform Travel Retail into a growth and profit driver for the company.

"Throughout his career, and especially over the last two years, Olivier has been a guiding force and mentor for his talented team, always leading with confidence and compassion. His presence will be greatly missed across the organization and throughout the industry."

Spearheading transformation

As the head of ELC's global Travel Retail business since 2004, Bottrie has built an exceptionally strategic and action-oriented team, growing the Travel Retail channel – which now spans approximately 140 countries and territories – from approximately 6% of ELC's net sales in 2004 to approximately 28% in fiscal year 2021.

In 2019, ELC became the market share leader in the total beauty category in Travel Retail, maintaining the top position in 2020 despite the global pandemic.

In its announcement, ELC noted that

Olivier Bottrie stepping down

throughout his career, Bottrie has embraced the power of transformation and championed the first-to-market advantage. He recognized early the opportunity in marketing to the Chinese traveling consumer globally as well as seizing upon the online pre-tail opportunity to unlock growth.

He also expanded the Company's brand portfolio aggressively in the channel and led the development of new capabilities in product innovation, digital engagement, education and business intelligence and analytics.

In 2017, Olivier expanded his remit to include oversight of Retail Development, managing the company's freestanding store portfolio while strengthening retail excellence and efficiency to drive increased consumer coverage and profit. In particular, he created a new global store design structure, accelerated omnichannel integration and supervised the development of bespoke retail organizations in the regions.

Sustainability, Inclusion, plus Giving Back

A long-time steward of ELC's values, Bottrie spearheaded the creation of Travel Retail's own sustainability goals in 2021.

He is also a proponent of Inclusion, Diversity and Equity (ID&E).

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Vol. 23 No. 8 Page 4
TRAVEL MARKETS INSIDER

Assa and Simon assume key leadership roles in ELC Travel Retail

Following the announcement that Israel Assa will succeed Olivier Bottrie and that Javier Simon will succeed Assa, Peter Jueptner, President, ELC International, commented: "We are proud of the exceptional depth and quality of talent across the organization, and as Olivier steps into his well-deserved retirement, we are pleased to elevate Israel and Javier, two dynamic, internally-trained and highly experienced leaders, into these roles of greater responsibility.

"ELC remains committed to investing in and growing our local and international talent around the world, particularly leaders like Israel and Javier, who have extensive first-hand experience in Travel Retail and deep global expertise across all aspects of prestige beauty."

In addition, **Andrea Dorigo, Senior Vice President, General Manager, Global Retail and Head of Commercial, North America,** will continue to report directly to Mark Loomis, President, North America, for his Commercial, North America responsibilities, and will report directly to Peter Jueptner for his Global Retail responsibilities.

Dorigo's new reporting line directly to Peter Jueptner for his Global Retail responsibilities reflects the elevation of the company's Global Retail business to International to support its continued actions to lead retail transformation at the global level.

Israel Assa named Global President, Travel Retail Worldwide

With over 21 years of experience within The Estée Lauder Companies and Travel Retail, Israel Assa is uniquely qualified to lead ELC's Travel Retail business. Assa is renowned industry-wide as a passionate brand steward and brand builder who has continually championed innovation within the Travel Retail channel.

Over the course of his career, Assa has held diverse roles across ELC's Travel Retail business, touching all aspects of the channel as a Regional lead, a Brand lead and a Commercial lead. He has an intimate knowledge of how to bring together brands and retailers to develop locally-relevant consumer experiences, as well as scaling distribution to meet consumer demand.

In his most recent role as President, Commercial, Travel Retail Worldwide, Assa oversaw Travel Retail's Regional businesses in APAC, EMEA and Americas as well as created a centralized Center of Excellence in Switzerland to enhance the organization's service to global and regional retailers.

Since taking on this position in 2019, Israel has overseen tremendous growth within ELC's Travel Retail business and has acted as a steadying force throughout the volatility of the global pandemic.

A change champion, under his leadership Travel Retail's Regional organizations have focused on building new capabilities, simplifying processes and investing in learning and technology to set up Travel Retail for sustainable, long-term success. This approach has paid off with ELC not only maintaining the top market share position during the pandemic, but well positioned to capture consumer spend when global international travel returns, says ELC.

Assa joined The Estée Lauder Companies in New York in 2001 as Executive Director, Travel Retail Marketing and moved to Miami as Vice President and General Manager, Travel Retail Americas in July 2006.

In 2014, he was appointed Senior Vice President and General Manager, Estée Lauder, Travel Retail Worldwide until taking on the role of Senior Vice President, Business Operations, Travel Retail Worldwide in 2016.

A champion of the company's values of Inclusion, Diversity and Equity, Assa has played an active role in the creation of Travel Retail's learning and development program with Florida A&M University, a top public Historically Black College/ University (HBCU) in the United States, to build the next generation of Black beauty talent in Travel Retail.

A Cuban American and a native New Yorker, Assa is also a member of the advisory board for The Estée Lauder Companies' Hispanic Connections employee resource group, which aims to strengthen the company's position within the Hispanic and Latino marketplace and community as well as focus on the professional growth of group members.

Israel Assa

Continued on next page.

Olivier Bottrie to retire

Continued from page 3

Bottrie has advanced ELC's commitment to equity through the sponsorship of Travel Retail's own ID&E Champions, NOBLE (Network of Black Leaders and Executives) Travel Retail Employee Resource Group, and the creation of an exclusive talent and development program with Florida A&M University, the top public Historically Black College/ University in the United States.

In addition to his efforts at ELC, Bottrie might well be best recognized for his efforts in giving back. Bottrie and two other Travel Retail executives, Ed Brennan and Martin Moodie, co-founded ***Hand in Hand for Haiti*** in 2010 in response to the devastating earthquake that struck that year. Hand in Hand for Haiti is a non-profit organization that built and operates a school in Haiti, which provides education to 360 children focusing on the country's youngest and neediest.

In recognition of this work, Bottrie was received into the **National Order of Merit of France,** as well as the **National Order of Honor and Merit of Haiti.** In October 2015, he was appointed Goodwill Ambassador of the Republic of Haiti in recognition of his work there.

Throughout the COVID-19 pandemic, Bottrie strongly prioritized the health, safety and well-being for his colleagues and their families. His steady hand throughout the pandemic as well as his confidence in his team's ability to weather the storm have played an important role in ELC's success, said the company.

"We are grateful for Olivier's tremendous contributions to our business over the past 26 years, and the many ground-breaking initiatives he has led for Travel Retail and the company.

"With his empathetic and inclusive leadership style, Olivier has made an enormous difference both within and beyond ELC through his passion for giving back. On behalf of the company and the Lauder family, I would like to wish Olivier the very best in his well-deserved retirement."

William P. Lauder,
ELC Executive Chairman

TRAVEL MARKETS INSIDER

Javier Simon appointed President, Commercial, TR Worldwide at ELC

A well-respected, driven and innovative leader with a track record of building high-performing teams, Javier Simon's deep understanding of the Travel Retail channel, strong retailer relation - ships and global experience make him extremely well-suited to step into the role of President, Commercial, Travel Retail Worldwide, says The Estee Lauder Companies announcement.

In this role, Simon will oversee Travel Retail's Regional businesses in APAC, EMEA and Americas as well as the global retailer Center of Excellence in Switzerland focused on commercial and channel partnerships.

Most recently appointed President, Travel Retail Asia Pacific in 2019, Simon has been a transformational leader, overseeing a period of tremendous growth.

Under his stewardship, powered by the traveling Chinese consumer, the rise in online pre-order and a commitment to delivering the highest quality brand-building experiences, Travel Retail Asia Pacific has continued to excel, even in the face of the global pandemic.

Simon's ability to steer his team through the uncertainties of the global pandemic, pivoting their

Javier Simon

focus to Hainan and Chinese domestic travel have been critical to maintaining success for the channel and the company.

His passion for innovating the retail experience and meeting the consumer wherever they are in the journey has enabled The Estée Lauder Companies to lead the way in transforming the Travel Retail channel. In taking key strategic bets such as embracing the potential of online pre-order and diversifying the company's consumer messaging to highlight experience as well as value, Simon and his team have proven Travel Retail's ability to deliver an omnichannel, brand equity-building experience.

Simon has continually pushed the boundaries to grow ELC's business and win within Travel Retail. His cultivation of the company's brand portfolio, from launching new brands in the channel to scaling and developing brands to new heights, has been critical in sustaining Travel Retail's top market share position. Taking his experience in Asia Pacific, his strong retailer relationships and ability to build diverse teams of change agents, Simon is well positioned to scale the growth created in APAC across all three Travel Retail regions to capture the traveling consumer as international travel returns.

A native of Venezuela, Simon joined ELC in 2000 as Regional Director for the Estée Lauder brand in Travel Retail Americas, and then went on to become Vice President and General Manager for Travel Retail Americas in 2001. In 2006, he was appointed General Manager for the Swiss Affiliate before returning to Travel Retail as Vice President and General Manager, Travel Retail APAC in 2009.

"Israel's deep understanding of our Travel Retail business, his longstanding relationships with retailers and airport landlords, and his passion for our consumer make him perfectly positioned to take ELC's Travel Retail business into its next generation of growth. I look forward to working closely with Israel to drive this business forward in his new position as Global President, Travel Retail Worldwide."

Peter Jueptner
President, International
The Estée Lauder Companies

"Javier is highly respected by his teams and peers within the industry as an innovative leader who creates a culture of excellence. His track record of growth, deep Travel Retail knowledge and respect for the global consumer will be critical to continually capture and scale the future potential of Travel Retail. I look forward to his success in this role."

Peter Jueptner
President, International
The Estée Lauder Companies

Stephen Timms of Lotte to represent Australia Duty Free Association on APTRA Board

The Asia Pacific Travel Retail Association (APTRA) has announced that Stephen Timms, CEO & Director of Lotte Duty Free Oceania and a Director of Lotte Travel Retail Singapore, will represent the Australian Duty Free Association (ADFA) on the APTRA Board. He replaces Richard Goodman who left the APTRA board in December when he took up a new role outside travel retail.

Australia has finally opened to tourism after a two-year border closure, one of the last countries to lift Covid restrictions. As of now, fully vaccinated international travelers can visit Australia restriction-free to most of the country.

Servy JV wins mobile ordering and delivery program at SFO

Servy, the enterprise self-service platform for hospitality, has been awarded the Mobile Ordering and Delivery Platform at San Francisco International Airport (SFO) for its Grab Airport Marketplace product.

The successful bid was launched by a joint venture between Servy and Palazzo Concessions, in partnership with AtYourGate, and will enable passengers at SFO to order food, beverages and retail from their phones for pick up or delivery.

The contactless order and pay service will offer delivery throughout the airport, and is set to launch later this summer.

Servy's Grab Airport Marketplace platform is currently available to passengers at more than 40 airports in the U.S. and over 80 airports worldwide.

The platform aligns with SFO's vision of providing a first-class guest experience while optimizing new revenue streams.

Palazzo Concessions is an Airport Concessions Disadvantaged Business Enterprise (ACDBE) certified firm, currently in partnership with Hudson Group and HMS Host.

DUFRY SPOTLIGHT ON DUFRY- CHANGES AT THE TOP TRAVEL MARKETS INSIDER

Julian Diaz to step down as head of Dufry; Xavier Rossinyol named new Chief Executive Officer: pledges to re-energize growth and address the long-term challenges of the industry and the group

Julian Diaz, one of the most influential chief executives of a travel retail company in the past two decades, will step down from his position as Chief Executive Officer of Dufry AG on May 31, 2022 and will not stand for reelection as a member of the Board of Directors at the 2022 AGM.

Xavier Rossinyol has been appointed as new Chief Executive Officer of Dufry effective June 1, 2022. In order to ensure a smooth transition, Rossinyol will join as designated CEO and member of the Global Executive Committee on March 1, 2022.

Julian Diaz joined Dufry as Chief Executive Officer in 2004 and was elected member of the Board of Directors in 2013. During his tenure, Julian led a team that successfully executed the strategy of profitable global expansion and sustainable growth that enabled Dufry to become the world's global leading travel retailer it is today.

In recent years, he has driven the digitalization strategy and a strong ESG (environmental, social, governance) engagement.

Xavier Rossinyol was already part of Dufry's management team from 2004 to 2015, first as Chief Financial Officer until 2012, and then as Chief Operating Officer EMEA and Asia until 2015. In the past nearly seven years, he has been the CEO of Gate Group, the leader in airline catering and on-board retail.

Juan Carlos Torres, Chairman of Dufry, said: "In the name of the entire Board of Directors and company, I express our immense gratitude to Julian Diaz for his outstanding dedication and extraordinary contributions to Dufry and its stakeholders. He has been the driving force of the group's development. I am very pleased to have Xavier back as our new CEO. His unparalleled industry experience, leadership skills and strategic vision will enable Dufry to recover further from the Covid-19 crisis and accelerate short- and long-term value creation."

Diaz comments: "I am grateful for the opportunity I had to lead Dufry over the past eighteen years and to contribute to its impressive growth. I thank the Board of Directors, the shareholders, suppliers and partners for their trust and support, with special thanks to all my colleagues of the Global Executive Committee and our employees.

"I very warmly welcome Xavier back as new CEO of the company. His unique experience will be a perfect match to lead the group to its next phase," said Diaz.

"I am honored to have been appointed as new CEO of Dufry and I thank the Board of Directors for their trust," noted **Rossinyol.** **"**Dufry is a great company, with an amazing team of experienced and dedicated professionals. We have a strong financial position and enough liquidity to address the short-term recovery. As a team, we will re-energize the growth and address the long-term challenges of the industry and the group. Our focus will be to captivate our customers and generate renovated shareholders value, working with our landlords, suppliers and other key partners."

During the Dufry earnings call with financial analysts on March 8, Dufry Chairman Juan Carlos Torres, expressed additional appreciation for Diaz's accomplishments.

"I also would like to express to Julian, our eternal gratitude from both the Dufry Board and myself, for the outstanding job that he has done for our company. Under his leadership, Dufry went from being a small company of 600 million Swiss francs in revenues to 9 billion in 2019."

Dufry is also considered the number one duty free company in the world and one of the leaders in the industry, said Torres.

"As you will see now from Dufry's 2021 results, Julian has transformed Dufry into a more competitive, efficient and profitable company during the worst possible historical period for this industry. His departure is a very hard thing for me personally, since I've been working with Julian since 1992 in different duty free adventures and in different continents."

Torres went on to praise designated CEO, Xavier Rossinyol, who will take over the role of CEO on June 1 of this year.

"Xavier was Dufry's CFO from 2004 to 2012, and the COO of our Asia and Eastern operations from 2012 to 2015. When he left our company to become the CEO of Gate Gourmet, one of the leading airline catering companies worldwide. Xavier's tenure as the CEO with Gate Gourmet was extremely successful, growing the company from revenues of CHF2.9 billion to CHF6 + billion in 2019. And while he was there, the share price went from 30 Swiss francs in early 2015 to 53 in late 2016.

From top: Julian Diaz, will step down as CEO of Dufry after nearly 20 years; Xavier Rossinyol has been appointed as new Chief Executive Officer of Dufry effective June 1, 2022; Juan Carlos Torres, Chairman of Dufry, praises Diaz and welcomes Rossinyol.

DUFRY

TRAVEL MARKETS INSIDER

Dufry reports recovery as travel rebounds

Dufry's full-year 2021 performance was characterized by a rebound of travel, predominantly in the Western hemisphere. Turnover reached CHF 3,915.4 million, an Organic Growth of plus 53.2% as compared to the same period 2020, providing strong confidence in the overall recovery trend.

Most notably, Dufry reported solid Equity Free Cash Flow of CHF -33.4 million for full-year 2021, representing a 73.4% conversion rate on incremental turnover 2020 to 2021.

Dufry also reports that it expects to have opened 1,970 shops globally by end-March 2022, representing over 90% of sales capacity compared to 2019.

In other financial highlights, Dufry has substantially improved its Adjusted Operating Profit in FY 2021, reaching CHF 374.9 million; achieved savings of CHF 1,919.7 million versus 2019, significantly over-reaching the expected CHF 970 million in Minimum Annual Guarantee reliefs, Personnel and Other Expenses; and posted strong positive Equity Free Cash Flow performance in second half of 2021 of CHF 241.7 million, reaching the same level as 2019.

Dufry also reduced its Net Debt to below pre-crisis level, standing now at CHF 3,079.5 million, which is says is sufficient liquidity position of CHF 2,243.9 million.

The company also reports that it has made considerable e progress on implementing ESG strategy, including definition of CO_2 emission reduction targets for scopes 1-3 in line with Science Based Targets (SBTi) initiatives.

Julian Diaz comments

"In an environment of gradual recovery for the industry and with travel resuming at different speeds in individual countries and regions, Dufry has continued to flexibly adapt its ways of working to the ever-changing requirements," noted Dufry CEO Julián Díaz. "Supported by the resilient willingness of our customers to travel and their ongoing propensity to visit our stores, our Turnover saw a reassuring acceleration through the course of the year and amounted to CHF 3,915.4 million, equal to an Organic Growth of 53.2% compared to 2020.

"We had already defined initiatives in 2020, such as negotiating MAG reliefs and tightly controlling Personnel and Other Expenses, and continuously applied these in 2021 as well. This allowed us to save CHF 1,919.7 million in total in 2021, well ahead of the expected levels. We achieved a remarkable Equity Free Cash Flow (ECFC) of CHF -33.4 million for the full year 2021, and even a strong positive performance of CHF 241.7 million in the second half of the year, same as 2019 levels, thus underpinning the resilient Cash Flow generation capability. We also reached a very solid liquidity position at year-end of CHF 2,243.9 million.

"We see encouraging signs for the ongoing recovery of the industry and our business performance as vaccination levels increase, passenger traffic accelerates, and our sales improve – also supported by higher spend-per-passenger compared to before the pandemic.

"The overall trends to ease cross-country and domestic air travel continued and were gradually extended.

"With the successful re-financing measures implemented in 2021, the consolidation of our company organization and the further enhanced financial and managerial flexibility to engage in strategically relevant initiatives and growth opportunities, Dufry is well positioned to drive recovery and accelerate growth going forward."

Financial summary

In 2021, Dufry has seen gradual improvements in nearly all its operations as travel started to resume, with a significant pick up in the second half of the year. The Financial Result has significantly improved versus the previous year across all performance indicators. Turnover reached CHF 3,915.4 million, representing organic growth of 53.2% compared to 2020, still impacted by the pandemic-related travel restrictions.

"I would like to express my gratitude to all our stakeholders and particularly to the Board of Directors and all colleagues at Dufry for the support I have received during the past eighteen years. Without the strong dedication for execution and tireless commitment of every single employee, we could not have built the leading player of our industry. I am immensely grateful for the opportunity I had to lead and contribute to the development of this great company, and I wish the Dufry family a prosperous future."

Julián Díaz

The translational FX effect versus 2020 was -0.3%, mainly related to neutralizing effects of weaker USD and stronger GBP.

The category mix mirrors the current re-opening patterns, with the duty-paid segment being driven by currently faster recovering domestic and intra-regional flights. Perfumes & cosmetics continued to be the prevalent category, followed by food & confectionery and convenience product offerings.

Gross Profit margin stood at 56.5% for Full-Year 2021 and a further normalization is expected in line with business recovery. Retail margin already proved to be very resilient and saw an increase of 1.2% compared to 2019 due to strong demand of returning travelers and supported by the higher share of duty-free for UK inbound customers. During 2021, margin was mainly impacted by the temporary supply of Dufry's Hainan collaboration in China through its Hong Kong-based distribution center.