

# Dufry and Alibaba form strategic joint venture

Dufry AG (Dufry) and Alibaba Group have announced that they have agreed to form a strategic Joint Venture in China, to partner in the Chinese travel retail markets. This Joint Venture, which will be owned 51% by Alibaba and 49% by Dufry, will bring Alibaba's established network and digital capabilities to Dufry, whereas Dufry will contribute its existing travel retail business in China and support the joint venture with its supply chain and operational skills.

Alibaba Group is also investing with Dufry, with a target ownership of up to 9.99% of the post-offering share capital, and will participate in its ordinary capital increase, which is subject to approval of Dufry's shareholders at its upcoming EGM on 6 October 2020.

Dufry began operating travel retail businesses in China in 2008; this partnership will help build on that history and is also in line with Dufry's growth strategy, which focuses on Asian markets. The company is also seeking to expand its digital offerings including store and staff digitalization, pre- and post-travel online services, digital customer engagement and online presence inside and outside of the airport, as well as data analytics and digitalization of operations.

## Share issuance

Dufry has already secured a commitment from Advent International Corporation or its affiliates ("Advent International") to purchase shares at CHF 28.50 per share up to a maximum investment amount of CHF 415 million (to be automatically increased by an amount equal to 20% of any amount by which the gross proceeds from the offering exceed CHF 500 million, up to a maximum investment amount of CHF 455 million).

Given the commitment from Alibaba, Dufry is proposing the issuance of up to 25 million fully paid-in registered shares, which result in gross proceeds of approximately CHF 700 million. This will be used to finance the previously announced acquisition of the remaining equity interest in Hudson Ltd. It also may fund the setup and operations of the joint venture, and will likely also be used to pursue growth opportunities in China and to accelerate Dufry's digital transformation.

The shares will be first offered to existing shareholders, subject to legal limitations. The rights will not be tradable, but are transferable. Shares not taken by existing shareholders will be offered first to Advent International and second to Alibaba Group. Any Rump Shares not purchased by Advent International or Alibaba Group will be offered to the market by way of a public offering in Switzerland and private placements in certain jurisdictions outside Switzerland in compliance with applicable securities laws.

Julian Diaz, Dufry Group CEO, commented:

"We highly value this partnership with Alibaba Group to form a strategic Joint Venture to explore growth opportunities and develop the travel retail business in China. We expect this collaboration to drive growth in Asia and with Chinese customers worldwide with the support of new digital technologies. Alibaba Group is a leader in digital commerce with an ecosystem of more than 800 million consumers in China. Dufry holds a leading position in travel retail globally and brings in its strong operational expertise in 65 countries and over 2,500 shops. By fostering existing and new business models in offline and online travel retail, we are convinced the Joint Venture will capitalize on growth opportunities and will support Dufry to become the leading digital travel retail company

worldwide.”