

Dufry and Autogrill join forces to redefine travel experience globally



Dufry, global leader in travel retail, and Autogrill, global leader in Travel F&B, have announced they are combining to create a new integrated global travel experience player, representing a complementary strategic fit supporting Dufry's new long-term strategy.

The combination brings together two groups of highly experienced and strongly engaged professionals with complementary skill sets, led by Xavier Rossinyol as CEO of the combined Group.

The combined entity will address 2.3 billion passengers in more than 75 countries in approximately 5,500 outlets across 1,200 airport and other locations with CHF 13.6 billion (US\$13.8 billion) revenue (2019 pro-forma) and CHF 1.4 billion (US\$1.4 billion) EBITDA (2019 pro-forma, pre-IFRS 16).

The combined Group aims to redefine the boundaries of the industry and will focus on enriching the passenger journey based on experience and innovation. It will bring more integrated and digitalized offerings across TR & F&B to provide landlords, airport partners and brands with an enhanced service portfolio.

The Group's global footprint and presence in more than 75 countries will provide an exceptional experience and knowledge within the industry and enable strong, mutual value-creating relationships with landlords, airport partners and suppliers. The Group will employ around 60,000 people from more than 150 nationalities globally, united as one team.

Dufry significantly strengthens its presence in the highly attractive and resilient US market, while adding opportunities in other key geographies including APAC, Latin America, the Middle East and Africa.

Dufry shareholders will benefit from EFCF per share accretion in the first year post-closing, based on cost synergies with annual run-rate of approximately CHF 85 million (US\$86.3 million). The enlarged entity will have a strengthened balance sheet with lower financial leverage compared to Dufry on a standalone basis, targeting a below three-times leverage level.



Xavier Rossinyol as CEO of the combined Group

Transaction details

Pursuant to the Combination Agreement, Edizione will transfer its entire 50.3% stake of the issued share capital of Autogrill to Dufry. Edizione will ultimately become Dufry's largest shareholder with a stake of between about 25% and 20% at the end of the transaction, depending on the level of Autogrill shareholders choosing to receive Dufry shares in the mandatory tender offer. For technical reasons, Dufry will issue mandatory convertible notes to Edizione convertible into an aggregate of 30,663,329 newly issued Dufry shares, at an implied exchange ratio of 0.158 new Dufry shares for each Autogrill share. The mandatory convertible notes will be convertible at any time at Edizione's option and mandatorily convert six months after issuance; they carry no coupon.

The exchange ratio has been agreed by reference to the 3-month VWAP of Autogrill and Dufry shares prior to April 14, 2022, equal to EUR 6.33 (US\$6.37) per share for Autogrill and EUR 39.71 (US\$40) per share for Dufry.

The closing of the Transfer is subject to regulatory approvals, including clearance from the relevant antitrust authorities, the approval by Dufry's shareholders at the Extraordinary General Meeting, as well as other conditions including requisite lender consent under Dufry's existing multi-currency term and revolving credit facilities.

Following completion of the Transfer, Dufry will launch a mandatory tender offer for the remaining Autogrill shares, offering 0.158 new Dufry shares for each Autogrill share. In compliance with Italian takeover law, Dufry will offer a cash alternative equivalent to EUR 6.33 per Autogrill share in the mandatory tender offer. Neither the exchange ratio, nor the cash alternative will be subject to any adjustment (assuming no dividends will be paid nor distributions will be made by Dufry). The mandatory tender offer will aim at ultimately delisting the Autogrill shares from Euronext Milan. Dufry will publish the relevant announcements and documentation with further details related to the mandatory tender offer in due course after the closing of the Transfer.

Dufry expects to refinance any cash consideration in the mandatory tender offer with equity and/or debt instruments.

The Transfer is currently expected to close in Q1 2023, subject to regulatory approvals, while the transaction inclusive of mandatory takeover offer settlement is expected to be completed by Q2 2023.

Effective upon completion of the Transfer, Dufry and Edizione will enter into a long-term Relationship Agreement, which underlines the commitment of Edizione as long-term strategic anchor shareholder supporting the enhanced strategy of the combined entity. Edizione will be entitled to designate three representatives on the Board of Directors out of eleven. Edizione will enter into a lock-up for a period of two years after closing, subject to customary exceptions.

Comments from Xavier Rossinyol, Dufry CEO, and Autogrill CEO Gianmario Tondato da Ruos

Xavier Rossinyol, CEO of Dufry, said: "I am very happy to lead this transformative combination, which I am sure will reinforce the new Group strategy and will create sustainable long-term value for our customers and shareholders.

We are transforming our industry and redefining its boundaries, and we will create a new corporate identity to reflect this fundamental move. By executing on this unique opportunity, we will accelerate growth by fully focusing on consumers and the digital revolution, by offering additional value to landlords and airport partners with an expanded service portfolio, while further diversifying the Group and increasing our resilience.



We are transforming our industry and redefining its boundaries, and we will create a new corporate identity to reflect this fundamental move

Dufry CEO Xavier Rossinyol

With a culture of prioritizing serving customers while relentlessly driving operational efficiencies and actively managing our portfolio of concessions, we will be able to drive growth and innovation as well as profitability.

We remain committed to our ESG principles and contributing to the communities and environments we work in.

I am impressed by the know-how, skills and – above all – the passion of the teams, both at Dufry and Autogrill. I am sure that together we will build the next generation of travel experience.

I want to express my admiration for what Gianmario Tondato da Ruos has achieved over the last two decades at Autogrill and his passion for the business. I thank him for continuing to support the company and me going forward.

I thank Edizione and its Chairman Alessandro Benetton for their trust, full alignment on the strategy and long-term commitment to the new combined company, with great vision and precise execution.”

And, Gianmario Tondato da Ruos, CEO Autogrill, said: “A new cycle opens that will allow us to unleash a whole array of options centered around the needs of travelers worldwide. The business combination will enable a flurry of innovations in its offerings, which will translate into more enjoyable travel experiences across various geographies and channels. It represents an outstanding value creation opportunity for our stakeholders.”



A new cycle opens that will allow us to unleash a whole array of options centered around the needs of travellers worldwide

Autogrill CEO Gianmario Tondato da Ruos

Leadership and governance of the combined group

The Board of Directors of the combined entity will be chaired by Juan Carlos Torres. Assuming shareholder approval at Dufry's Extraordinary General Meeting on August 31, 2022, the Board of Directors will comprise of Dufry's current Board members as well as two representatives of Edizione, Alessandro Benetton (Chairman of Edizione) as Honorary Chairman and Enrico Laghi (CEO of Edizione) as Vice Chairman. Edizione has indicated its intention to nominate Paolo Roverato (Chairman of Autogrill) as additional Vice Chairman for election at the Dufry 2023 Annual General Meeting.

Moreover, at the closing of the Transfer, Gianmario Tondato da Ruos, Autogrill's current CEO, will assume the position of Executive Chairman of the North American business of the combined entity, contributing with his wealth of experience, and be succeeded in his current function by Paolo Roverato.

The senior management team of the combined entity will comprise of members from both companies', ensuring all necessary skills are represented. Yves Gerster will continue as the Group's CFO.

A Strategy and Integration Committee - including directors representing both legacies - will be set up to advise on the integration process and on the strategy of the combined group.

Juan Carlos Torres, Executive Chairman of Dufry, said, "As a leader of travel retail, Dufry has strived to be at the forefront of services and products offered to travelers, airports and brands for years. Now, Dufry pledges to define the travel experience in a manner that creates value for all stakeholders.

The combination of the two groups will create a new leader in travel experience and will allow us to significantly increase our presence in core markets, such as the US, and in the sector of Travel F&B. In addition, this transaction will strengthen our balance sheet, reduce our leverage and create meaningful synergies.



“

This transaction will strengthen our balance sheet, reduce our leverage and create meaningful synergies

**Dufry Executive Chairman
Juan Carlos Torres**

The Board of Directors unanimously approved the business combination, recognizing the strategic fit and value generation. We encourage our shareholders to support this truly transformative, growth-enhancing and value-accretive transaction. On behalf of the board and myself, I would like to thank the Autogrill, Dufry, and Edizione management teams for their hard work and effort to make this strategic combination happen.”

Alessandro Benetton, Chairman of Edizione, said, “This agreement allows the continuation of Autogrill’s growth and development path, an asset that will remain strategic for Edizione. The union between Autogrill and Dufry will allow the creation of the world champion in the sector, with a leadership position in different geographies and on different services, also favored by important synergies within the new Group. In this new reality, Autogrill will play a leading role, bringing with it its values and corporate culture, particularly in the areas of sustainable development and innovation. In Dufry and its current management, we immediately recognized a common vision and values, combined with a management culture and skills of the highest level recognized throughout the industry.”

Compelling strategic rationale

Enhanced travel experience including F&B and digital engagement to serve passengers:

The combined entity is well positioned to provide travelers with a redefined, holistic travel experience that reflects evolving consumer trends. Complementing Dufry’s portfolio with F&B broadens our offering and gives us more contact points with travelers. In addition, the integrated Group will have greater resource to grow its digital capabilities, focused on delivering tailored passenger experiences. Dufry’s strategy has always been to serve the traveler along its journey, adapting our offers and concepts to accommodate its changing needs

Holistic service portfolio for landlords and brands: The integration of Travel Retail, Convenience and F&B allows the combined entity to improve the commercial setup and revenue generation for landlords. This also includes bidding to act as Master Concessionaire/Terminal Manager, guaranteeing the best commercial setup and efficient handling to landlords and airport partners

Business diversification and expansion in the highly attractive and resilient US market: The combined entity will benefit from an increased level of diversification by geography, business type and channel, driven by Autogrill's strong position in the highly attractive and resilient US F&B market, as well as its current exposure to the duty paid market and multi-channel approach. In particular, the US has proven to recover quicker and to be less volatile than the rest of the world due to the high share of domestic passengers. The combined Group will be present in more than 100 airports in the US, and with a shared presence in 17 of the country's top 20 largest airports

Increased business development opportunities: Moreover, the transaction will expand Dufry's growth opportunities in other attractive international markets including Asia-Pacific, the Middle East, Latin America and Africa. F&B is expected to be supported by future industry dynamics that can further drive growth, e.g. limited offerings on board, increasing travelers' propensity to grab drinks and foods before boarding, rising interest in regional food, and demand for new experiences and concepts

Supportive for deleveraging: The combined entity is expected to benefit from a materially strengthened balance sheet and lower financial leverage compared to Dufry as a stand-alone business. Dufry agreed to reduce its leverage to below 3x between 2024 and 2025, depending on the timing of the completion of the overall transaction

Compelling cost synergies potential: Dufry and Autogrill will integrate into one organization and expect to generate cost synergies with an annual run-rate of approx. CHF 85 million (US\$86.3 million), comprising both cost reductions and gross profit improvements. First, Dufry expects to realize optimization measures at cost of goods sold level in F&B and convenience with focus on the US. Secondly, Dufry expects to optimize support function costs and reduce business related operating expenses. Synergies are planned to be fully realized in the first two years post-transaction. A dedicated team will focus on the delivery on a zero-based budgeting approach

Value enhancing transaction for shareholders: As a consequence of all the above, the transaction is expected to create sustainable value to shareholders. Despite the significantly lower leverage level, Dufry expects to achieve an EFCF per share accretion in the first year-post-closing⁶. The EFCF conversion from the targeted cost synergies amounts to approx. 65%. In addition, the business combination is expected to generate new revenue opportunities going forward through diversification and innovation. The combined entity will continue to foster its ESG commitments and engagement for all stakeholders

Extraordinary general meeting

To implement the combination, Dufry will hold an Extraordinary General Meeting, which is scheduled to take place on August 31, 2022.

The Board of Directors will propose to the Extraordinary General Meeting among other things to create additional conditional capital and authorized share capital allowing it to issue the required shares to Edizione and the free float shareholders of Autogrill and to conduct a rights offering (if any), to elect Alessandro Benetton and Enrico Laghi as representatives of Edizione to the Board of Directors, and to amend its Articles of Incorporation. In addition to the increase in the maximum size of the Board of Directors and certain other transaction-related amendments, it is proposed to limit the exercise of voting rights by any shareholder or shareholders acting in concert to 25.1% of the Company's registered share capital until June 30, 2029.

The invitation, together with the detailed proposals of the Board of Directors, will be published in due course.

Current trading

Dufry continued to see positive trend in travel demand in general, and travel retail specifically, with all regions contributing positively during the second quarter.

For the second quarter, net sales performed around -17% vs 2019, and for half-year 2022 around -25% vs 2019. Compared to 2019, net sales April periodic were around -23%; May periodic around -15%; June periodic around -13%, all figures are at constant FX.

Half-year 2022 performance stood at around +145% in net sales compared to 2021 at constant FX. Best performing regions already at or even ahead of 2019 have been the US due to the strong domestic market as well as uptake in intra-regional and transatlantic travel, Central America and the Caribbean as well as the Mediterranean and South European regions.

Dufry expects to have achieved a strong EFCF in the area of CHF 150 million (US\$152 million) during the first half 2022, which is in line with the performance in the same period 2019.

Dufry will publish its Half-Year Results 2022 and full set of financials on August 9, 2022.

Moreover, Dufry will hold a [Capital Markets Day](#) in London on September 6, 2022 (with an optional site visit to Dufry's operations at London Heathrow on September 7, 2022).