Dufry and Alibaba Group have agreed to form a strategic Joint Venture in China and Alibaba Group plans an equity investment in Dufry with a target ownership of up to 9.99% of the post-offering share capital

- Dufry has agreed to form a Joint Venture with Alibaba Group to partner in the Chinese travel retail markets
- Partnership brings together Alibaba Group’s leadership in Chinese consumer retail and digital transformation with Dufry’s global travel retail expertise
- Alibaba Group plans an equity investment in Dufry with a target ownership of up to 9.99% post capital increase
- Based on Alibaba Group’s commitment, Dufry proposes to the upcoming Extraordinary General Meeting (EGM) on 6 October 2020 to issue up to 25 million shares, resulting in a potential issue size of approximately CHF 700 million
- Extension of deadline to vote at the EGM to 5 October 2020, 6pm CEST

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. We aim to better serve our customers and provide them anywhere with global products, services and personalized offers across all platforms and devices.”
Alibaba Group and Dufry AG (Dufry) have agreed to enter into a collaboration to jointly explore and invest in opportunities in China to develop the travel retail business and to enhance Dufry’s digital transformation. The parties will incorporate a Joint Venture (JV) owned 51% by Alibaba Group and 49% by Dufry. Alibaba will bring in its established network in China and its digital capabilities. Dufry will contribute to the JV its existing travel retail business in China, and will support the JV with its supply chain and strong operational skills.

In connection with this collaboration, Alibaba Group will invest in Dufry up to a maximum of 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.

As previously announced on 10 September 2020, Dufry has already secured a commitment from funds managed by 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).

With the additional commitment by Alibaba Group, Dufry proposes to the EGM the issuance of up to 25 million fully paid-in registered shares, which would result in potential gross proceeds of approximately CHF 700 million. The envisaged proceeds are planned to be used to finance the previously announced acquisition of all remaining equity interest in Hudson Ltd. and for general corporate purposes, which may include the setup and operations of the above-mentioned JV with Alibaba Group to pursue growth opportunities in China and to accelerate Dufry’s digital transformation. The shares to be newly issued and offered in the approximately CHF 700 million rights offering (the "Offered Shares") will in first priority be made available to existing shareholders, subject to certain legal limitations based on residency. The rights will not be tradable, but are transferable.

Offered Shares not taken up by existing shareholders (the "Rump Shares") will in first priority be offered to Advent International up to its committed investment amount and in second priority to Alibaba Group. Alibaba Group plans to invest, at the same price per share as Advent International, up to a maximum of 9.99% of the post-offering share capital in Dufry, but no more than CHF 250 million (or such higher amount as agreed by Alibaba Group). Alibaba’s commitment is subject to an allocation of at least 8.5% of Dufry’s post-offering share capital and other customary conditions. 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 (the "International Offering").

The partnership with Alibaba Group is in line with Dufry’s growth strategy focusing on the Asian markets and builds on the company’s existing and long-dated footprint in China. Dufry first started to operate travel retail businesses in China in 2008. Today, Dufry manages duty-paid shops in the Shanghai and Chengdu Airports, and its presence extends to Hong Kong and Macau. Dufry 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.

Dufry is extending the deadline to give voting instructions to the independent proxy for the EGM to 5 October 2020, 6pm CEST, through www.netvote.ch; investors voting through instructions to their banks must submit instructions by 12 noon CEST. Please see voting instructions here.
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Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN) is the leading global travel retailer operating over 2,400 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas, in more than 420 locations in 65 countries across all six continents.

The Company, founded in 1865 and headquartered in Basel, Switzerland, is offering customers a first-class shopping experience, global brands a unique market access and landlords a reliable, value-enhancing partnership. To learn more about Dufry, please visit www.dufry.com

Social Responsibility

Dufry cares for children and supports social projects from SOS Kinderdorf in Brazil, Cambodia, Mexico, Morocco and Ivory Coast. SOS Children’s Villages is an independent, non-political and non-demonstrational organization established for orphaned and destitute children all over the world.
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