



America's Free Trade Zone & Border Duty Free Strat. Plan 2026

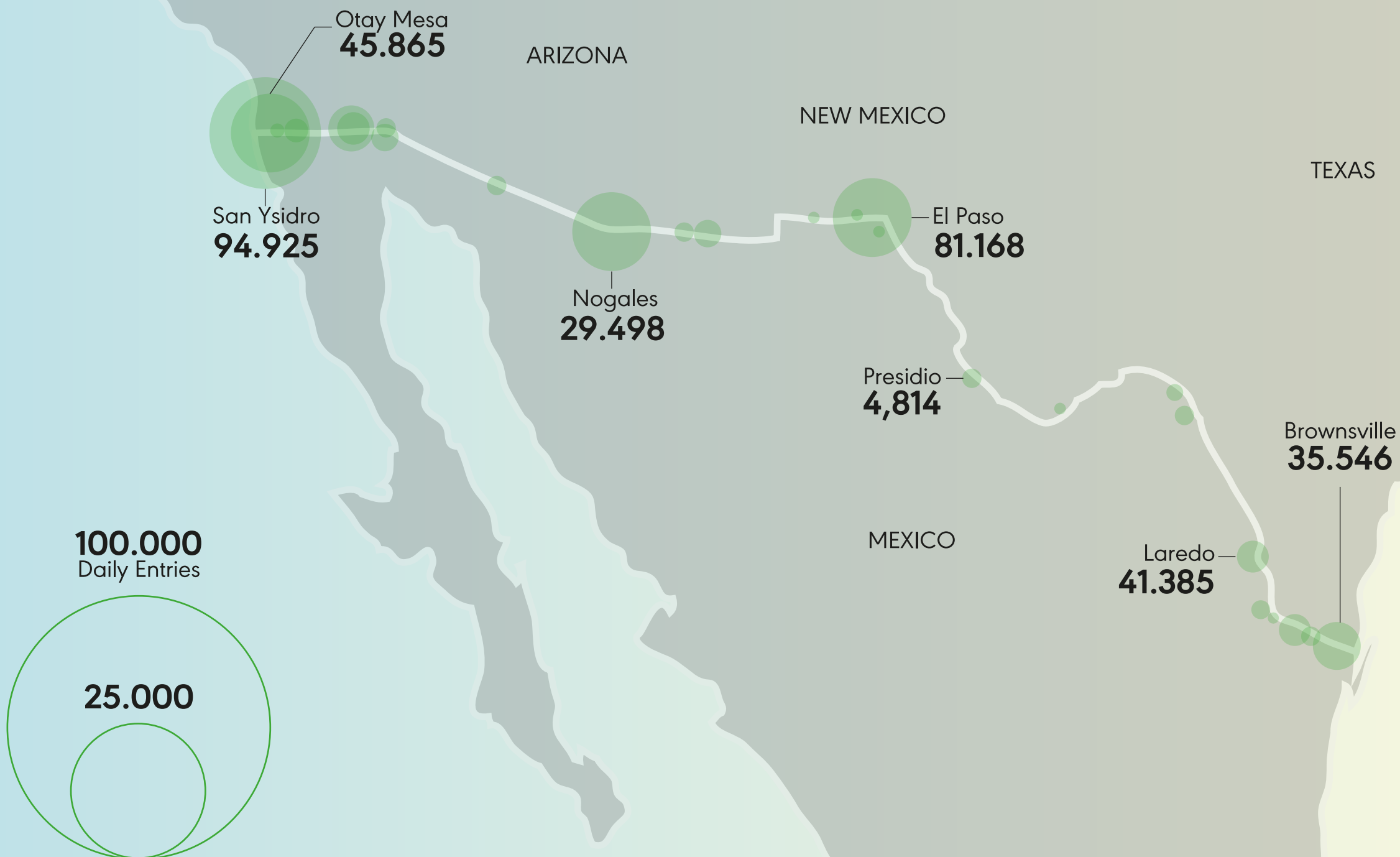
2023

The Border Duty Free Business



INTRODUCING *The Border*

US citizens living in Mexico
Mexican citizens living in Mexico
+30m people living close to the border



Shopper Profile



Commuters

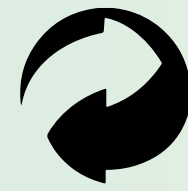
95%

5% Snow Birds:
Seasonal shoppers who come to the border during Winter



Male

55%



Loyalty

90%



Basket Spend on Spirits

50%



Looking for Spirits

70%

And 80% of that looks for SCOTCH

Peak hours concentrate from 4 PM to close

Busiest days of the week: Fri and Sat

Traffic to the stores increases during Mexican holidays

BENEFITS OF BUYING AT DUTY FREE

1. Good Prices 88%

2. Quality of Products/Brands 61%

3. Guarantee that the products are originals 44%

4. The guarantee that the spirits are unadulterated 43%

5. Exclusive Brand 41%

What They Are Looking For

SHAPE NEW FRONTIERS: DISRUPTION OF THE BORDER TRAVEL RETAIL

Limited store footfall (1% of crossers currently shop Duty Free)

Traditional Stores. Usually, last point of no return before crossing the border)

Price and transactional driven.

Insights: Limited Data, only depletions total business channel/customer.

After Covid limited shopping activity/appeal in the region/crossing due to economic impact.

FROM

Create a unique shopping experience for Border crossers through an innovative and integrated approach.

From transactional border stores to a unique Shopping experience, leveraging on the Walmart expansion.

TO

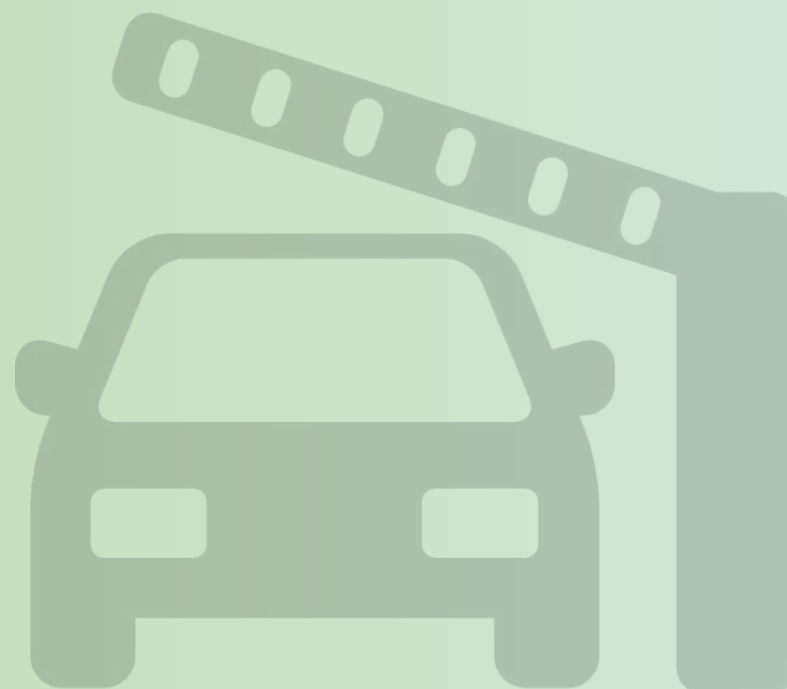
Limited store footfall (1% of crossers currently shop Duty Free)

Modern Stores that will enhance shopper experience (One Stop shopping)

Brand experience: Mentorship and education.

World Class Retail Theater – 6 permanent units per store.

Insights: Store by store Depletions and Category Share (Scotch, Tequila and Liquors) that will unlock shopper motivations and insights to allow Diageo to analyze and invest resources better.



INTRODUCING DIAGEO FREE TRADE ZONE: 10 THINGS YOU NEED TO KNOW

1

A re-export only channel. FTZ customers required to purchase product for export out of the country where the FTZ is located. Any exceptions require written pre-approval by the Legal team.

2

FTZ customers have no territorial restriction on where they can resell product. Diageo does not direct its FTZ customers to re-export product to any specific market.

3

Demand led, highly price sensitive business, managed on SIT basis (MAT) and through joint business plans (JUBP)

4

Pricing to FTZ customers must be in line with Diageo's FTZ Commercial Policy.

5

No A&P or marketing support is given to FTZ business / customers.

6

Written contract with its customers, including mandatory compliance provisions.

7

Business controlled within 5 FTZ'S: Panama, Miami, Aruba, Bonaire & Curacao. More than 50 years doing business together.

8

5 Key Distributor's with over 50 years of experience in the industry: Global Brands (+Carisam), Alamo, Bayside, Milton Harms, Bincho Mansur.

9

85% of our business is done with 7 brands: JWR, JWBLK, OP, BDL, BSR, B&W, CHEQ.

10

Most customers managed on a cash basis (early payment terms) to minimize risk.