AUTOGRILL GROUP
ANNUAL REPORT 2018

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(Translated from the original version issued in Italian)

LETTER TO SHAREHOLDERS

Dear Shareholders,

2018 was a year of deep change, saddened by the premature loss of our Chairman, Gilberto Benetton, to whom we owe the establishment of our Group. I also want to commemorate him for his relentless drive for and support to international growth that, as a Chairman, he never failed to give. For us, his view of entrepreneurship, growth and internationalization will always be a key value to take inspiration from, for the future of Autogrill.

In 2018, we reached a turnover of €4.7 billion and made constant progress on the three-year plan that we shared with you last year and that will be fully implemented in 2019, as planned. We are actually deeply focused on improving the effectiveness of our operating model, keeping our operations at an excellent level, and achieving the financial results we set ourselves.

2018 saw good progress, especially in the second half of the year, when we proved to be able to quickly respond and adapt to the external volatile factors brought about by changes in macroeconomic variables, such as rising labor costs in North America and a moderate growth of motorway traffic in Europe.

A very positive result was a rise in turnover — on a like-for-like perimeter — reported by North American airports and the new contracts secured, such as those of Salt Lake City and Boston airports, which strengthen HMSHost's undisputed market leadership.

I also would like to mention our expansion in the US airport convenience stores segment which, through the takeover of *Avila* after buying *Stellar* in 2016, now makes us the third most important industry player.

Our external growth strategy — the Company is always looking for profitable opportunities on the international markets — took place in other geographical areas as well, for instance in Germany, where we took over *Le CroBag*, a leading provider of Food & Beverage services in German railway stations.

Your company's business strength is reflected in its global contract portfolio: the year's new and renewed contracts totaled €4 billion, with an overall portfolio value rising to €36 billion and with an average duration of more than 7 years.

The year 2018 was also important in terms of organization, as we deeply renewed the management team with the arrival of Camillo Rossotto as Corporate General Manager and Group CFO of Autogrill, and Andrea Cipolloni as new CEO for Italy and European countries.

Then, Chairman Paolo Zannoni, a high-profile international figure, also joined our Company.

In addition, the Group continued to uphold a sustainable business culture, encompassing all social and environmental aspects. This approach also led us to try innovative circular economy solutions, such as the *WASCOFFEE®* project. These aspects are, and will continued to be, an increasingly important part of our way of doing business.

We are on the right path to achieve the priority goals that we have set for our Company: continuing to increase revenue, making our organization more and more efficient, improving profitability, and pursuing continued development in the Group's key geographical areas.

Gianmario Tondato Da Ruos
CEO

BOARDS AND OFFICERS

BOARD OF DIRECTORS [1]

Chairman [2, 3]
Paolo Zannoni [12, E]

CEO [2, 3, 4]
Gianmario Tondato Da Ruos [E]

Directors
Alessandro Benetton
Franca Bertagnin Benetton
Ernesto Albanese [7, I]
Francesco Umile Chiappetta [6, 7, I]
Cristina De Benetti [6, I]
Massimo Di Fasanella D'Amore di Ruffano [5, 8, I, L]
Catherine Gérardin Vautrin [5, I]
Marco Patuano [5]
Maria Pierdicchi [8, I]
Elisabetta Ripa [5, 7, I]
Paolo Roverato [5, 6]

Secretary
Paola Bottero

BOARD OF STATUTORY AUDITORS [9]

Chairman
Marco Rigotti [10]

Standing auditor
Antonella Carù [10]
Massimo Catullo [10]

Alternate auditor
Roberto Miccù [10]
Patrizia Paleologo Oriundi [10]

INDEPENDENT AUDITORS [11]
Deloitte & Touche S.p.A.

1 Elected by the annual general meeting of 25 May 2017; in office until approval of the 2019 financial statements
2 Coopted on 7 February 2019 to replace Gilberto Benetton; elected chairman of the board on the same date
3 Powers assigned by law and the company's by-laws, particularly legal representation with individual signing authority
4 Powers of ordinary administration, with individual signing authority, per Board resolution of 25 May 2017
5 Member of the Strategies and Investments Committee
6 Member of the Internal Control, Risks and Corporate Governance Committee
7 Member of the Related Party Transactions Committee
8 Member of the Human Resources Committee
9 Elected by the annual general meeting of 24 May 2018; in office until approval of the 2020 financial statements
10 Chartered accountant/auditor
11 Assignment granted by the annual general meeting of 28 May 2015, to expire on approval of the 2023 financial statements
12 Appointed at the Board of Directors meeting of 7 February 2019
E Executive director
I Independent director as defined by the Corporate Governance Code for Listed Companies (version approved in July 2014 by the Corporate Governance Committee and endorsed by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria) and pursuant to Articles 147-*ter* (4) and 148 (3) of Legislative Decree 58/1998
L Lead Independent Director

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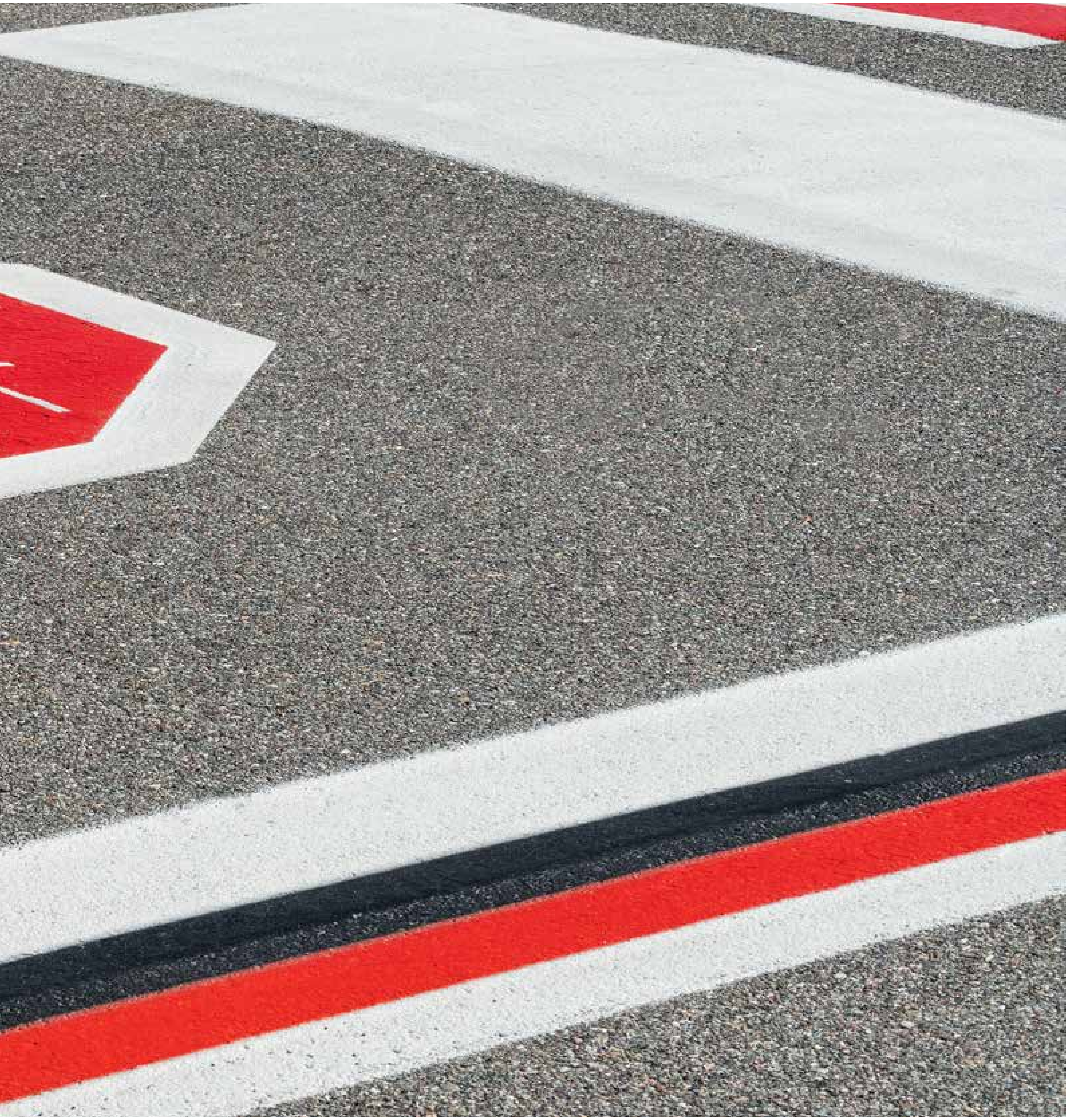
DIRECTORS' REPORT

1



DEFINITIONS AND SYMBOLS

Exchange rates: more than half the Group's operations are located in countries which use a non-euro currency, primarily the United States of America, Canada, Switzerland, and the countries in the International division. Due to the local nature of the business, in each country revenue is generally expressed in the same currency as costs and investments. The Group also has a currency risk policy, financing most of its net assets in the principal non-euro currencies with debt in the same currency, or entering into currency hedges that achieve the same effect. However, this does not neutralize the impact of exchange rate fluctuations when translating individual financial statement items. In comparisons with prior-year figures, the phrase "at constant exchange rates" signifies the increase or decrease that would have occurred had the comparative figures of consolidated companies with functional currencies other than the euro been calculated at the same exchange rates employed the previous year.

Revenue: in the directors' report this refers to operating revenues, excluding fuel sales. Costs as a percentage of revenue are calculated on this basis. Fuel sales are classified net of the corresponding cost under "Other operating income."

Like-for-like growth: this measures sales performance by adjusting organic revenue growth for the impact of store openings and closures and changes in the calendar. Organic revenue growth is calculated by adjusting sales for the two periods for the effect of acquisitions, disposals and exchange rates (by translating prior-year sales at the current-year exchange rate) and then comparing the two figures.

EBITDA: this is the sum of EBIT (earnings before interest and tax) and depreciation, amortization and impairment losses, and can be gleaned directly from the consolidated financial statements, as supplemented by the notes thereto. Because it is not defined in IFRS, it could differ from and therefore not be comparable with EBITDA reported by other companies.

Underlying: an alternative performance measure calculated by excluding certain revenue or cost items in order to improve the representation of the Group's normalized profitability in the year. The components that have been normalized in the current and prior year are discussed in section 1.2.2 of the directors' report.

Capital expenditure: this excludes investments in non-current financial assets and equity holdings.

Symbols: unless otherwise specified, amounts in the directors' report are expressed in millions of euros (€m) or millions of US dollars ($m). In the notes to the financial statements, unless otherwise specified, amounts are expressed in thousands (€k and $k).

Where figures have been rounded to the nearest million, sums, changes and ratios are calculated using figures extended to thousands for the sake of greater accuracy.

1.1 THE AUTOGRILL GROUP

OPERATIONS

Autogrill is the world's largest provider of food & beverage services for travelers and the recognized leader of the North American and Italian markets.

Present in 32 countries with a workforce of more than 60,000, it manages about 4,000 establishments in approximately 1,000 locations. It operates mainly through concessions and subconcessions: at airports, along motorways and in railway stations, as well as on high streets and at shopping centers, trade fairs and cultural attractions.

The Group manages a portfolio of over 300 brands, both international and local, and offers a highly varied selection including proprietary brands and concepts (such as Ciao, Bistrot, Puro Gusto, Motta, Bubbles, Beaudevin, Burger Federation and Le CroBag) and others owned by third parties. The latter include international household names (Starbucks Coffee, Burger King, Prêt à Manger, etc.) as well as emerging national brands (Leon, Shake Shack, Chick-fil-A, Panda Express).

STRATEGY

Autogrill aims to be recognized as the world's leading provider of food & beverage services for people on the move, through a long-term strategy based on three main pillars:

- to maintain firm leadership by pursuing expansion of the contracts portfolio and leveraging the megatrends in the industry, namely the projected growth of worldwide traffic and of the food & beverage business;
- to take advantage of value creation opportunities in all channels served, principally airports where the potential is greatest, with a more selective, focused presence on motorways;
- to innovate by amplifying and diversifying products and services, including through the use of new tools and technologies that combine efficiency with improved customer relations in terms of offerings and communication channels.

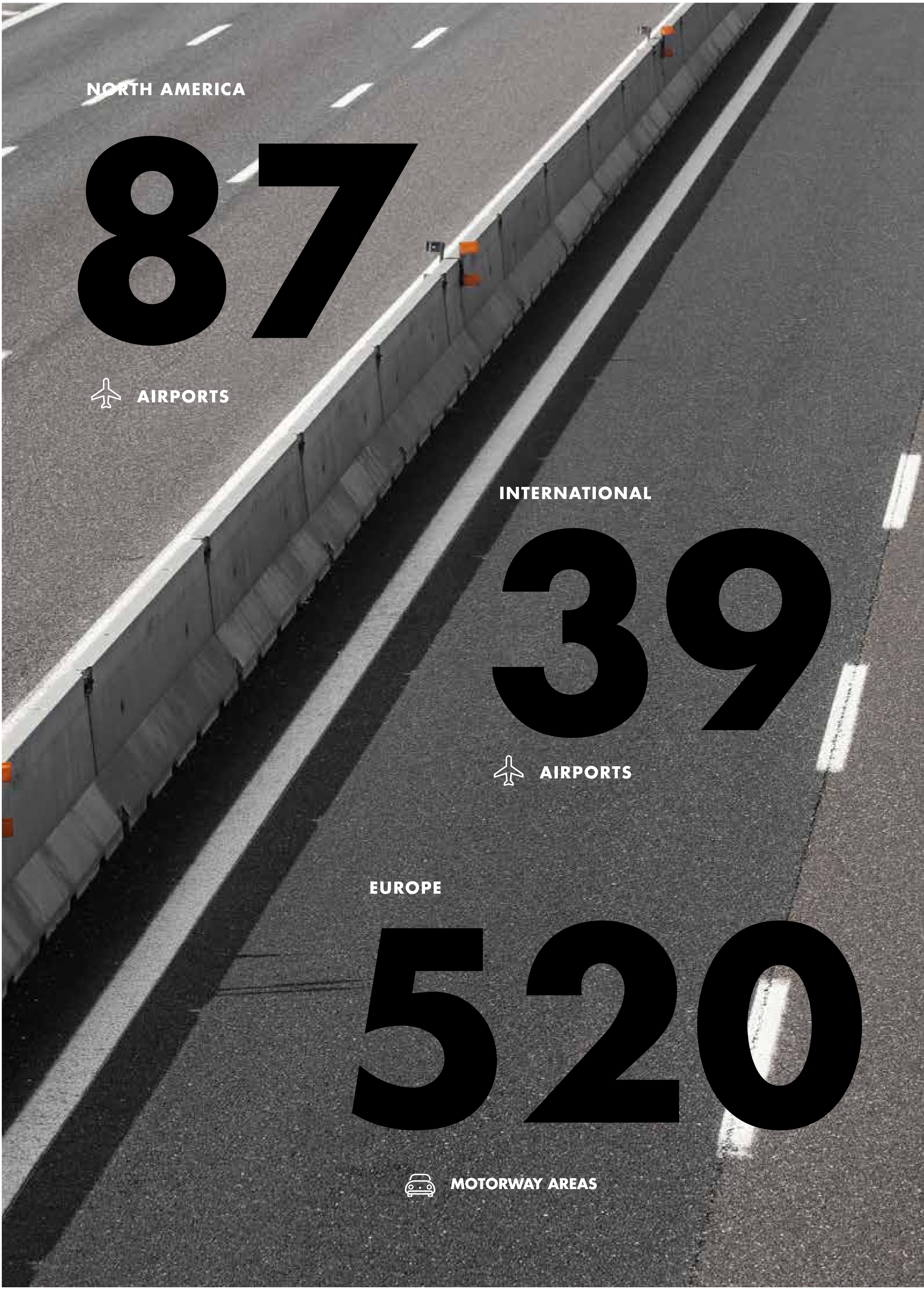
THE AUTOGRILL GROUP HAS OPERATIONS IN 32 COUNTRIES

Australia, Austria, Belgium, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, India, Indonesia, Ireland, Italy, Malaysia, Maldives, New Zealand,

LOCATIONS IN THE WORLD

1,028

Norway, Poland, Qatar, Russia, Slovenia, Spain, Sweden, Switzerland, The Netherlands, Turkey, United Arab Emirates, United Kingdom, United States, Vietnam.



NORTH AMERICA

87

AIRPORTS

INTERNATIONAL

39

AIRPORTS

EUROPE

520

MOTORWAY AREAS

LOCATION BY CHANNEL

CHANNEL OF ACTIVITY	N. AMERICA	INTERNATIONAL	EUROPE	TOTAL
Airports	87	39	21	**147**
Motorways	105	-	520	**625**
Railway stations	-	23	139	**162**
Other	1	6	87	**94**
TOTAL	**193**	**68**	**767**	**1,028**

PROPRIETARY BRANDS

LICENSED BRANDS

SIMPLIFIED GROUP STRUCTURE[1-2]

AUTOGRILL S.P.A.

- AUTOGRILL ITALIA S.P.A.
  - NUOVA SIDAP S.R.L.
- AUTOGRILL ADVANCED BUSINESS SERVICE S.P.A.
- AUTOGRILL EUROPE S.P.A.
  - AUTOGRILL AUSTRIA GMBH
  - AUTOGRILL CZECH S.R.O.
  - AUTOGRILL D.O.O. (SLOVENIA)
  - AUTOGRILL POLSKA SP.ZO.O.
  - AUTOGRILL IBERIA S.L.U.
  - AUTOGRILL HELLAS SINGLE MEMBER LLC
  - HOLDING DE PARTICIPATIONS AUTOGRILL S.A.S.
    - AUTOGRILL CÔTE FRANCE S.A.S.
  - AUTOGRILL BELGIE N.V.
  - AUTOGRILL SCHWEIZ A.G.
  - AUTOGRILL DEUTSCHLAND GMBH
    - LE CROBAG GMBH & CO KG
- HMSHOST CORP.
  - HOST INTERNATIONAL, INC.
    - HMSHOST INTERNATIONAL B.V.

1. Where not otherwise specified, all companies are wholly owned. See the annexes to the consolidated financial statements for a complete list of equity investments
2. Company names and the Group structure are updated as of March 2018 and reflect the reorganization of Autogrill S.p.A. in 2017, with effect from 1 January 2018

ORGANIZATIONAL STRUCTURE AS OF 14 MARCH 2019

DOARD OF DIRECTORS

GROUP INTERNAL AUDIT DIRECTOR

GROUP CHIEF EXECUTIVE OFFICER

GENERAL MANAGER CORPORATE & GROUP CFO (FINANCIAL REPORTING)

GROUP GENERAL COUNSEL

GROUP CHIEF MARKETING OFFICER

GROUP PEOPLE & TRANSFORMATION DIRECTOR

GROUP CORPORATE COMMUNICATION MANAGER

GROUP PUBLIC AFFAIRS DIRECTOR

CEO NORTH AMERICA[3]

CEO INTERNATIONAL[4]

CEO EUROPE[5]

3. Canada, USA
4. Ii includes Northern Europe (Denmark, Finland, Ireland, Norway, Sweden, The Netherlands, UK) and Rest of the world (Australia, China, India, Indonesia, Malaysia, Maldives, New Zealand, Qatar, Russia, Turkey, United Arab Emirates, Vietnam)
5. Italy and Other European countries: Austria, Belgium, Czech Republic, France, Germany, Greece, Poland, Slovenia, Spain, Switzerland

1.2 GROUP PERFORMANCE

1.2.1 GENERAL BUSINESS CONTEXT

1.2.1.1 THE TREND IN AIRPORT TRAFFIC [3]

Airports are the Group's primary channel and generate around 58% of total revenue, with a widespread presence in North America, Europe, Asia and the Pacific.

In North America, the Group's largest airport market, passengers increased by 5.1% in 2018, with domestic traffic up by 4.8% and international traffic by 6.4%. Specifically, traffic in the United States rose by 4.8%[4].

In Europe there was a 6.2% increase in passengers with respect to 2017. Asia-Pacific saw traffic expand by 6.6%, while growth in the Middle East came to 2.2%.

1.2.1.2 THE TREND IN MOTORWAY TRAFFIC

In the motorway channel the Group operates mainly in Europe, with a strong presence in Italy, France, Belgium, Germany, Switzerland and Spain.

In Italy, the Group's largest motorway market, traffic in 2018 (based on November figures) increased by 0.4%.[5] The growth was driven by heavy traffic (+2.6%), while light vehicle traffic was down by 0.3%.

In North America, Autogrill's presence in the motorway channel is concentrated in the eastern United States and eastern Canada. In the United States, traffic showed an increase of 0.3%[6] with respect to 2017.

3 Source: ACI - Airports Council International
4 Source: Bureau of Transportation Statistics
5 Source: AISCAT (provisional data)
6 Source: Federal Highway Administration

1.2.2 CHANGE IN SCOPE OF CONSOLIDATION AND OTHER CORPORATE ACTIONS

ACQUISITIONS

On 28 February 2018, through the subsidiary Autogrill Deutschland GmbH, the Group acquired 100% of the companies Le CroBag GmbH & Co. KG and F.F.N. GmbH, which operate Le CroBag food & beverage locations at railway stations in Germany, Austria and Poland. Le CroBag's 118 locations (113 of them in Germany) are managed both directly and under license and grossed € 37.4m from March to December 2018.

On 31 August 2018, as part of the Group's expansion in the North American airport channel, the U.S. subsidiary HMSHost Corporation acquired Avila Retail Development & Management ("Avila") through the airport retail firm Stellar Partners. Avila operates 25 locations at four U.S. airports (Denver, San Francisco, Phoenix, and Albuquerque). From September to December 2018 it earned revenue of $ 12m.

CORPORATE REORGANIZATION[7]

On 9 November 2017, Autogrill S.p.A.'s Board of Directors approved a corporate reorganization plan mainly in pursuit of the following objectives:

- to redefine the Group's corporate structure in line with its highly international and multichannel nature and with the current organizational arrangement;
- to ensure governance that better meets the need for the efficient and effective management of the individual business units;
- to communicate the Group's position more clearly to investors, fostering a better understanding of the individual business areas;
- to provide the Group with increased flexibility so that management can focus on the specific objectives of each area, while pursuing structural efficiencies and develop potential partnerships and joint ventures.

The reorganization, completed in 2017, consisted of the contribution in kind of certain business units to Autogrill Italia S.p.A., Autogrill Europe S.p.A. and Autogrill Advanced Business Service S.p.A., effective from 1 January 2018, as consideration for the capital increases resolved by the shareholders' meeting of each of those companies on 15 December 2017. More specifically:

- Autogrill Italia S.p.A. acquired ownership of the business unit in charge of motorway/airport concessions and railway station/high street locations in Italy, as well as the subsidiary Nuova Sidap S.r.l.;
- Autogrill Europe S.p.A. acquired ownership of the business unit that includes: a) the structures responsible for the coordination of activities in southern Europe and continental Europe (including Italy); and b) the wholly-owned subsidiaries operating in southern Europe and continental Europe;

7 For further details, see section 2.2.1 ("Corporate reorganization") of the separate financial statements of Autogrill S.p.A. and the disclosure document released on 28 December 2017

- Autogrill Advanced Business Service S.p.A. acquired ownership of the business unit in charge of providing support and service activities to the Group companies headed up by Autogrill S.p.A.

The transaction did not affect the Group's consolidated figures, since it qualifies as a business combination under common control.

GROUP PERFORMANCE

Revenue in 2018 increased by 5.0%, with like-for-like growth of 3.5%, driven by like-for-like performance at airports (+5.6%) which are the Group's primary business channel.

Profit-wise, there was a 3.0% improvement in underlying EBITDA at constant exchange rates, thanks to revenue growth and in spite of constant cost-of-labor pressure in the United States.

The businesses acquired in 2018 (Le CroBag in Germany and Avila in the U.S.) made a positive contribution to revenue and operating margins, and the Group made further progress in focusing on and strengthening strategic channels.

The contracts portfolio continued to expand,[8] reaching € 35.88 bn at the end of 2018 with an average duration of 7.1 years. During the year, contracts worth approximately € 1.8bn were renewed and new ones were acquired in the amount of € 2.2bn. Below are the details by geographical area:

NEW AND RENEWED CONTRACTS

(€bn)	New	Renewed
North America	0.73	1.34
International	1.05	0.05
Europe	0.46	0.46
Total	**2.24**	**1.85**

8 Total value of contracts calculated as the sum of expected revenue from each throughout its duration. Also includes contracts held by equity-consolidated Group companies

CONDENSED CONSOLIDATED INCOME STATEMENT[9]

(€m)	Full year 2018	% of revenue	Full year 2017	% of revenue	Change 2017	Change At constant exchange rates
Revenue	4,695.3	100.0%	4,594.6	100.0%	2.2%	5.0%
Other operating income	131.1	2.8%	116.4	2.5%	12.6%	13.3%
Total revenue and other operating income	**4,826.4**	**102.8%**	**4,711.1**	**102.5%**	**2.4%**	**5.3%**
Raw materials, supplies and goods	(1,445.6)	30.8%	(1,421.4)	30.9%	1.7%	4.1%
Personnel expense	(1,557.0)	33.2%	(1,519.8)	33.1%	2.4%	5.3%
Leases, rentals, concessions and royalties	(876.5)	18.7%	(828.2)	18.0%	5.8%	8.9%
Other operating expense	(560.4)	11.9%	(542.7)	11.8%	3.3%	6.0%
EBITDA	**386.9**	**8.2%**	**399.0**	**8.7%**	**-3.0%**	**0.5%**
Depreciation, amortisation and impairment losses	(236.9)	5.0%	(213.7)	4.7%	10.8%	14.1%
EBIT	**150.0**	**3.2%**	**185.2**	**4.0%**	**-19.0%**	**-15.3%**
Net financial expense	(29.1)	0.6%	(27.3)	0.6%	6.5%	10.1%
Income (expenses) from investments	-	-	0.8	-	-98.4%	-98.3%
Pre-tax Profit	**121.0**	**2.6%**	**158.7**	**3.5%**	**-23.8%**	**-20.2%**
Income tax	(34.5)	0.7%	(45.7)	1.0%	-24.5%	-21.6%
Result attributable to:	**86.5**	**1.8%**	**113.0**	**2.5%**	**-23.5%**	**-19.6%**
– owners of the parent	68.7	1.5%	96.2	2.1%	-28.6%	-24.9%
– non-controlling interests	17.8	0.4%	16.9	0.4%	5.7%	10.3%
Earnings per share (€ cents.):						
– basic	27.0		37.8			
– diluted	27.0		37.8			

9 "Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the consolidated income statement primarily because they do not include revenue and costs from fuel sales, the net amount of which is classified as "Other operating income" in accordance with management's protocol for the analysis of Group figures. This revenue came to € 417.9m in 2018 (€ 396.0m in 2017) and the cost to € 397.6m (€ 375.5m the previous year)

ALTERNATIVE PERFORMANCE MEASURES

Comparisons between 2018 results and figures for the previous year are significantly affected by:

- the costs of stock option plans. The estimated cost of the Phantom Stock Option plan is heavily impacted by the performance of Autogrill shares and their fluctuation. Additionally, 2018 results include the costs of the new "Performance Share Units" plan. On the whole, stock option plans cost € 1.5m in 2018, down sharply since 2017 (€ 16.4m) due mainly to the stock market performance of Autogrill shares;
- the costs of efficiency gains at local operating facilities (affecting 2018 only), for € 25.3m. The bulk of these costs concern early retirement payouts and other benefits paid under the "intergenerational agreement" in force in Italy,[10] constituting a strategic one-time expense that temporarily penalizes the performance indicators calculated from the consolidated income statement prepared according to IAS 1. These also include non-recurring charges of € 1.6m in the United States to improve the efficiency of the finance units that support operating activities;
- the costs of acquisitions (€ 3m), compared with zero the previous year. When an acquisition is successfully completed, the cost is treated as an ancillary expense that does not penalize consolidated results;
- the non-recurring expense of € 4.4m in 2018, from the definitive calculation of the impact of the U.S. tax reform on the taxation of foreign earned income.

In 2017, results were influenced by the applicable types of non-recurring charges listed above, in addition to € 3.3m for the corporate reorganization.

Comparing the consolidated income statements without showing the impact of these components separately would give a distorted view of the Group's profitability in 2018 compared with normalized results for the previous year, and would therefore limit the value of the condensed consolidated income statement (shown above) and the consolidated accounts prepared in accordance with IAS 1.

10 This initiative gives employees close to retirement the chance to enjoy an early, guaranteed pension and builds the company's momentum through the hiring of talented young workers. For further details, see section XXIII ("Provisions for risks and charges") of the notes to the consolidated financial statements

On the basis of results achieved in 2018 and 2017 and considering the significant impact of the above factors in reporting the Group's performance, the following alternative performance measures are thought to be useful: underlying EBITDA, underlying EBITDA margin, underlying EBIT, underlying net profit (attributable to shareholders of the parent company), and underlying basic earnings per share. These are calculated as shown below:

			Change	
(€m)	Full year 2018	Full year 2017	2017	At constant exchange rates
EBITDA	**386.9**	**399.0**	**-3.0%**	**0.5%**
EBITDA margin	**8.2%**	**8.7%**		
Stock-based management incentive plans	1.5	16.4		
Cross-generational deal and other efficiency	25.3	-		
Acquisition fees	3.0	-		
Corporate reorganization project costs	-	3.3		
EBITDA underlying	**416.7**	**418.8**	**-0.5%**	**3.0%**
EBITDA margin underlying	**8.9%**	**9.1%**		

			Change	
(€m)	Full year 2018	Full year 2017	2017	At constant exchange rates
Operating profit (EBIT)	**150.0**	**185.2**	**-19.0%**	**-15.3%**
Stock-based management incentive plans	1.5	16.4		
Cross-generational deal and other efficiency	25.3	-		
Acquisition fees	3.0	-		
Corporate reorganization project costs	-	3.3		
Operating profit (EBIT) underlying	**179.8**	**205.0**	**-12.3%**	**-8.6%**

			Change	
(€m)	Full year 2018	Full year 2017	2017	At constant exchange rates
Net profit (attributable to shareholders of the parent)	**68.7**	**96.2**	**-28.6%**	**-24.9%**
Stock-based management incentive plans	1.5	16.4		
Cross-generational deal and other efficiency	25.3	-		
Acquisition fees	3.0	-		
Corporate reorganization project costs	-	3.3		
Tax effect *	(1.2)	(1.6)		
US reform tax impact **	4.4	(7.4)		
Net profit underlying (attributable to shareholders of the parent)	**101.6**	**106.9**	**-5.0%**	**-0.7%**
Earnings per share – basic (€ cent.)	**27.0**	**37.8**		
Earnings per share underlying – basic (€ cent.)	**40.0**	**42.1**		

(*) The tax effect was calculated only for the components that produced a tax benefit (U.S. and some European countries), and not for the components affecting the Italian companies due to the presence of fiscal losses.
(**) The tax charge for 2017 was calculated using the rules and rate in force as a result of the 2017 U.S. tax reform, which lowered the tax liability with respect to 2016. In light of later clarifications about the new rules, in 2018 the benefit estimated in 2017 was adjusted downward. The tax charge for 2018 was estimated on the same basis as the revised estimate for the previous year. See note XXXIII for a reconciliation between taxes recognized in the consolidated financial statements and the theoretical tax charge.

REVENUE

The Group earned consolidated revenue of € 4,695.3m in 2018, an increase of 5.0% at constant exchange rates (+2.2% at current exchange rates) on the previous year's revenue of € 4,594.6m.

(€m)	Full year 2018	Full year 2017	FX	Organic growth				Acquisitions	Disposals
				Like-for-like		Openings	Closings		
North America *	2,389.1	2,396.2	(103.6)	86.1	4.1%	213.5	(212.9)	9.8	
International	584.6	512.3	(15.9)	32.8	6.8%	69.7	(14.3)		
Europe	1,721.6	1,686.1	(5.2)	24.9	1.6%	59.6	(65.9)	37.4	(15.2)
of which									
Italy	*1,023.6*	*1,029.0*	(5.2)	*2.4*	*0.2%*	*31.3*	(39.1)	-	-
Other European countries	*698.0*	*657.0*	-	*22.5*	*3.7%*	*28.2*	(26.8)	*37.4*	(15.2)
Total revenue	**4,695.3**	**4,594.6**	**(124.8)**	**143.8**	**3.5%**	**342.7**	**(293.0)**	**47.2**	**(15.2)**
* *North America ($m)*	*2,821.5*	*2,707.0*	*0.5*	*101.6*	*4.1%*	*252.1*	*(251.4)*	*11.6*	

Revenue growth is due primarily to a solid like-for-like increase in sales (+3.5%), with all regions contributing. Like-for-like growth was especially strong in the airport channel (+5.6%).

Revenue in 2018 benefited from new openings in North America (Fort Lauderdale, Charlotte, Baltimore, and Newark airports), Northern Europe (Oslo and Stavanger), and Asia (Cam Ranh and Da Nang in Vietnam, New Delhi in India). As for closures, in addition to the normal turnover upon expiration of contracts (particularly in the United States), locations were closed according to plan at North American shopping centers, the reduction in motorway contracts in Italy, which began in 2016, has now been completed and the exit from various motorway locations in Spain and Germany.

Acquisitions and disposals resulted in a net positive contribution to revenue growth for the year: the acquisition of Le CroBag in Germany in early 2018 (€ 37.4m) and of Avila in the United States during the second half of the year (€ 9.8m) more than offset the disposal of some non-strategic operations in Europe (Marseille airport and rest stops in Poland) at the end of 2017.

REVENUE BY CHANNEL

(€m)	Full year 2018	Full year 2017	Change		
			2017	At constant exchange rates	Like-for-like
Airports	2,742.2	2,659.7	3.1%	7.2%	5.6%
Motorways	1,588.6	1,629.3	-2.5%	-1.3%	0.1%
Other channels	364.5	305.6	19.3%	20.0%	4.3%
Total Revenue	**4,695.3**	**4,594.6**	**2.2%**	**5.0%**	**3.5%**

In the **airport channel**, sales increased by 7.2% at constant exchange rates (+3.1% at current exchange rates), with all regions making a contribution. Like-for-like growth came to +5.6%, thanks to strong North American and International performance.

In the **motorway channel** revenue dipped by 1.3% (-2.5% at current exchange rates), reflecting a modest like-for-like performance (+0.1%) caused by widespread weakness in motorway traffic and the narrower boundary as a result of selective renewals in Italy.

Revenue in **other channels** increased by 20% (+19.3% at constant exchange rates) thanks to new openings at various outlet malls in Europe, the acquisition of Le CroBag, and good like-for-like sales (+4.3%).

EBITDA

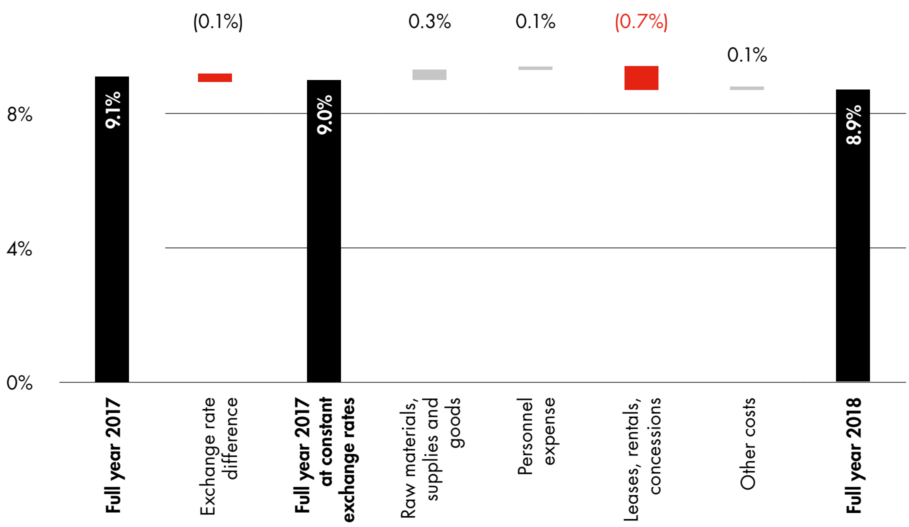
EBITDA of € 386.9m in 2018 compared with € 399.0m the previous year (-3.0% at current exchange rates and +0.5% at constant rates), amounting to 8.2% of revenue (8.7% in 2017). Most of the decrease reflects the costs of the early retirement plan launched in Italy in March 2018, and the rise in rent and concession fees under newly acquired contracts which, in some cases (Spain and Norway), have not yet reached the expected degree of efficiency.

Underlying EBITDA of € 416.7m (€ 418.8m in 2017) showed an increase of 3.0% at constant exchange rates (-0.5% at current exchange rates) and went from 9.1% to 8.9% of revenue. The impact by business segment is broken down below:

(€m)	Full year 2018	Full year 2017
North America	**4.3**	**4.2**
– Stock-based management incentive plans	0.7	4.2
– Acquisition fees	2.0	-
– Other efficiency	1.6	-
International	**0.5**	**1.5**
– Stock-based management incentive plans	0.5	1.5
Europe	**24.3**	**2.9**
– Stock-based management incentive plans	(0.0)	2.9
– Cross-generational deal and other efficiency	23.4	-
– Acquisition fees	0.9	-
Corporate	**0.6**	**11.1**
– Stock-based management incentive plans	0.4	7.8
– Cross-generational deal and other efficiency	0.3	-
– Corporate reorganization project costs	-	3.3
Total	**29.7**	**19.8**

Corporate costs came to € 24.1m, down from € 36.3m the previous year, thanks mainly to the reduction in costs for stock option plans.

CHANGE IN UNDERLYING EBITDA MARGIN



DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

These came to € 236.9m in 2018, an increase of 14.1% at constant exchange rates (+10.8% at current exchange rates) compared with the 2017 figure of € 213.7m. The increase reflects the increase in capital expenditure during the second half of 2017 and in 2018 as well as higher impairment losses, which rose from € 1.1m to € 9.1m and were concentrated in Italy, Spain, and outlet malls in China. As a percentage of revenue this item rose from 4.7% in 2017 to 5.0%.

NET FINANCIAL EXPENSE

Net financial expense in 2018 came to € 29.1m, up from € 27.3m the previous year, as a result of higher debt and a greater impact from exchange losses. The trend was partially offset by a decrease in the average cost of debt (from 3.8% in 2017 to 3.4% this year).

INCOME TAX

Tax decreased from € 45.7m in 2017 to € 34.5m, due primarily to the U.S. tax reform, which reduced the rate on businesses operating in the United States. This item includes taxes charged on operating profit (IRAP in Italy and CVAE in France), amounting to € 3.1m (€ 1.3m in 2017).

The U.S. tax reform led to a positive non-recurring impact of € 7.4m in 2017[11] and a non-recurring charge of € 4.4m in 2018[12].

The average tax rate, excluding IRAP, CVAE, and the impact of the U.S. tax reform from the figure for both years, went from 32.6% in 2017 to 22.3%.

11 The net positive trend in income tax in 2017 is the combined effect of a positive impact of € 13m for the release of deferred tax liabilities on depreciation provided for in previous years due to the reduction in the future tax rate, and a negative impact of € 5.7m for the one-time tax on profits, regardless of whether they will be distributed, earned outside the United States by the subsidiaries of HMSHost Corp. since 1986

12 The net negative trend in 2018 results from the recalculation, on the basis of the final tax law published in 2018, of the one-time tax on profits earned outside the United States by the subsidiaries of HMSHost Corp. since 1986

PROFIT FOR THE YEAR

The 2018 profit attributable to the owners of the parent amounted to € 68.7m, down from € 96.2m in 2017, due to the increase in depreciation, amortization and impairment losses.

The underlying profit fell by 0.7% at constant exchange rates (-5.0% at current exchange rates), from € 106.9m to € 101.6m.

Non-controlling interests came to € 17.8m (€ 16.9m the previous year).

1.2.3 FINANCIAL POSITION

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION[13]

Comments on changes in the statement of financial position can be found in the notes to the consolidated financial statements. In particular, the increase in intangible assets reflects the acquisition of Le CroBag, whose first-time consolidation brought in € 30.6m in trademarks and € 19.3m in goodwill (see note 2.2.2 for further information).

			Change	
(€m)	31.12.2018	31.12.2017	2017	At constant exchange rates
Intangible assets	960.9	871.6	89.3	63.4
Property, plant and equipment	982.7	880.9	101.8	82.2
Financial assets	29.4	24.4	5.0	5.0
A) Non-current assets	**1,972.9**	**1,776.9**	**196.0**	**150.5**
Inventories	121.6	116.2	5.4	4.2
Trade receivables	48.0	49.0	(1.0)	(0.3)
Other receivables	166.6	145.7	20.9	22.8
Trade payables	(376.5)	(351.2)	(25.3)	(21.6)
Other payables	(390.4)	(365.6)	(24.8)	(16.8)
B) Working capital	**(430.7)**	**(405.9)**	**(24.8)**	**(11.8)**
Invested capital (A + B)	**1,542.2**	**1,371.0**	**171.2**	**138.7**
C) Other non-current non-financial assets and liabilities	**(130.1)**	**(131.7)**	**1.6**	**5.9**
D) Net invested capital (A + B + C)	**1,412.1**	**1,239.3**	**172.8**	**144.6**
Equity attributable to owners of the parent	685.9	649.9	36.0	25.2
Equity attributable to non-controlling interests	55.2	45.4	9.8	9.4
E) Equity	**741.0**	**695.3**	**45.8**	**34.6**
Non-current financial liabilities	860.4	531.9	328.6	310.8
Non-current financial assets	(15.5)	(12.5)	(3.0)	(2.4)
F) Non-current financial indebtedness	**844.9**	**519.4**	**325.6**	**308.3**
Current financial liabilities	77.3	225.4	(148.2)	(150.8)
Cash and cash equivalents and current financial assets	(251.1)	(200.8)	(50.3)	(47.5)
G) Current net financial indebtedness	**(173.9)**	**24.6**	**(198.5)**	**(198.3)**
Net financial position (F + G)	**671.1**	**544.0**	**127.1**	**110.1**
H) Total (E + F + G), as in D)	**1,412.1**	**1,239.3**	**172.8**	**144.6**

13 The figures in the reclassified consolidated statement of financial position are directly derived from the consolidated financial statements and notes, with the exception of "Financial assets," which do not include "Financial receivables from third parties" (€ 15.5m) classified as non-current financial receivables in the net financial position and included in other financial assets (non-current) in the consolidated statement of financial position

CASH FLOW

(€m)	Full year 2018	Full year 2017	Change
EBITDA	386.9	399.0	(12.1)
Change in net working capital	(6.4)	(0.5)	(5.8)
Other non cash items	(3.1)	(1.2)	(1.9)
Cash flows from operating activities	**377.5**	**397.3**	**(19.8)**
Tax paid	(30.3)	(57.1)	26.7
Net interest paid	(23.4)	(26.6)	3.2
Net cash flows from operating activities	**323.7**	**313.6**	**10.1**
Net investment	(290.3)	(273.8)	(16.5)
Net cash flows after investment	**33.4**	**39.7**	**(6.3)**
Le CroBag acquisition	(59.0)	-	(59.0)
Avila acquisition	(17.3)		(17.3)
Free operating cash flows pre dividend	**(42.9)**	**39.7**	**(82.6)**
Dividend payment *	(55.8)	(50.4)	(5.4)
Free operating cash flows	**(98.7)**	**(10.7)**	**(88.1)**

* Includes dividend paid to minority shareholders in subsidiaries, net of capital increase

Net cash flow after capital expenditure decreased by € 6.3m as a result of higher expenditure in connection with the expansion of the contracts portfolio. The decreased cash flow from operating activities, reflecting the reorganization costs, was offset by lower taxes in the United States as a result of the tax reform in addition to a U.S. tax refund of € 8.5m ($ 10m).

Overall, the acquisitions were responsible for net cash absorption of € 76.3m: € 59m for Le CroBag in Germany and € 17.3m for Avila in the United States.

In June 2018 the Group paid a dividend to the shareholders of Autogrill S.p.A. of € 48.3m (€ 40.7m in 2017). Dividends were also paid to the non-controlling shareholders of consolidated companies[14] in the amount of € 7.5m (€ 9.7m the previous year).

NET FINANCIAL POSITION

Net debt at 31 December 2018 was € 671.1m, compared with € 544.0m the previous year. At the close of 2018, 63% of debt was in U.S. dollars (83% at 31 December 2017) and the rest in euros. Fixed-rate debt, including debt converted to fixed-rate by means of interest rate swaps, was 33% of the total compared with 38% at the end of 2017.

The fair value of interest rate hedging derivatives at 31 December 2018 was a negative € 1.7m (essentially nil at the close of 2017).

Debt consists primarily of committed non-current credit lines from banks and of long-term bonds (private placements). Loans have an average remaining life of about three years and eight months, compared with three years and three months at 31 December 2017.

14 Shown net of capital increases

In January 2018, Autogrill S.p.A. obtained two new credit lines:

- an amortizing term loan of € 100m and a revolving credit line of € 200m, packaged into a single facility maturing in January 2023. The amortizing term loan involves two annual payments of € 25m starting in January 2021, with reimbursement of the remaining € 50m on maturity. For the revolving line, the commitment will be reduced through two annual payments of € 62.5m as from January 2021, and the remaining commitment of € 75m will be settled on maturity;
- a revolving facility of € 100m maturing in January 2023.

The two credit lines were used to prepay, in February 2018, the partially drawn down revolving credit line of nominal € 400m that was due to mature in March 2020.

On 26 June 2018 the subsidiary HMSHost Corp. obtained a new loan maturing in June 2023, comprised of an amortizing term loan and a revolving credit line, both in the amount of $ 200m. The term loan involves annual payments of $ 50m starting in June 2020, with reimbursement of the remaining $ 50m on maturity. The two lines were used to prepay the revolving loan of nominal $ 300m (of which $ 200m has been drawn down) ahead of its original maturity in March 2020.

1.3 BUSINESS SEGMENTS

REVENUE BY GEOGRAPHICAL AREA

(€m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
North America	2,389.1	2,396.2	-0.3%	4.2%
International	584.6	512.3	14.1%	17.8%
Italy	*1,023.6*	*1,029.0*	*-0.5%*	*-0.5%*
Other European countries	*698.0*	*657.0*	*6.2%*	*7.1%*
Total Europe	1,721.6	1,686.1	2.1%	2.4%
Total Revenue	**4,695.3**	**4,594.6**	**2.2%**	**5.0%**

EBITDA BY GEOGRAPHICAL AREA

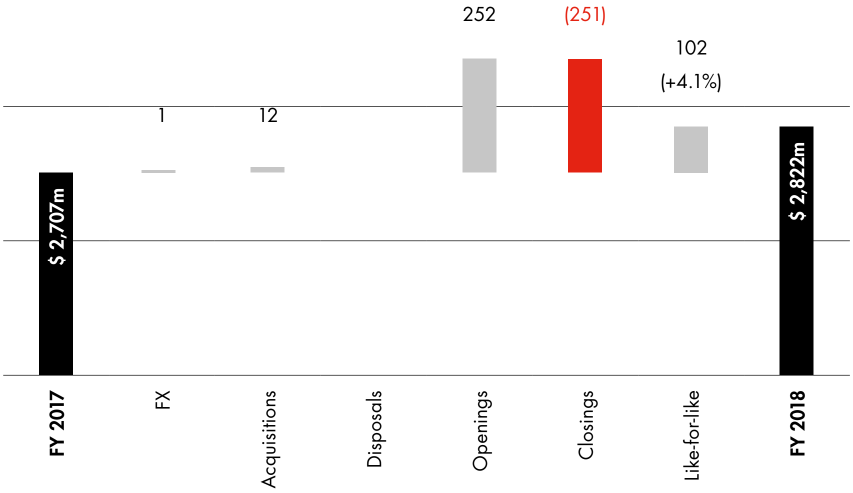
(€m)	Full year 2018	% of revenue	Full year 2017	% of revenue	Change 2017	Change At constant exchange rates
North America	261.6	10.9%	268.8	11.2%	-2.7%	1.7%
International	60.0	10.3%	57.8	11.3%	3.7%	7.4%
Europe	89.5	5.2%	108.7	6.4%	-17.7%	-17.3%
Corporate costs	(24.1)	-	(36.3)	-	33.6%	33.6%
Total EBITDA	**386.9**	**8.2%**	**399.0**	**8.7%**	**-3.0%**	**0.5%**

CAPITAL EXPENDITURE BY GEOGRAPHICAL AREA

(€m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
North America	153.7	133.5	15.1%	20.4%
International	35.7	30.5	17.3%	21.1%
Europe	106.8	95.4	11.9%	12.2%
Corporate	4.7	2.6	81.7%	81.7%
Total capital expenditure	**300.9**	**261.9**	**14.9%**	**18.0%**

NORTH AMERICA[15]

Revenue in North America came to $ 2,822m, an increase of 4.2% at constant exchange rates (also +4.2% at current exchange rates[16]) compared with the previous year's $ 2,707m.



Performance in North America was driven by like-for-like sales growth of 4.1%, with even stronger growth in the airport channel (+5.1%) that was partially offset by weakness in motorway sales.

The acquisition of Avila in September 2018 contributed revenue of $ 12m.

New openings, including at Fort Lauderdale, Charlotte, Baltimore, and Newark airports, made up for closures caused by normal contract turnover and the planned exit from shopping centers.

Sales at airports increased by 5.3%, thanks chiefly to higher average receipts, while motorway sales were slightly lower given the downward trend in traffic.

REVENUE BY GEOGRAPHY

			Change	
($m)	Full year 2018	Full year 2017	2017	At constant exchange rates
US	2,520.2	2,415.7	4.3%	4.3%
Canada	301.4	291.3	3.4%	3.3%
Total revenue	**2,821.5**	**2,707.0**	**4.2%**	**4.2%**

15 This division includes operations in the United States and Canada
16 The change at current exchange rates includes the impact of the appreciation of the US dollar against the Canadian dollar (minimal in 2018)

REVENUE BY CHANNEL

($m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
Airports	2,330.9	2,213.0	5.3%	5.3%
Motorways	469.6	471.5	-0.4%	-0.5%
Other channels	21.1	22.5	-6.3%	-6.3%
Total revenue	**2,821.5**	**2,707.0**	**4.2%**	**4.2%**

($m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
EBITDA	**308.9**	**303.6**	**1.7%**	**1.7%**
% on revenue	*10.9%*	*11.2%*		
EBITDA underlying	**314.0**	**308.4**	**1.8%**	**1.8%**
% on revenue	*11.1%*	*11.4%*		

EBITDA in North America came to $ 308.9m, up from $ 303.6m the previous year (+1.7% at both current and constant exchange rates). EBITDA as a percentage of revenue went from 11.2% to 10.9%, due mainly to the less profitable motorway channel and persistent upward pressure on wages.

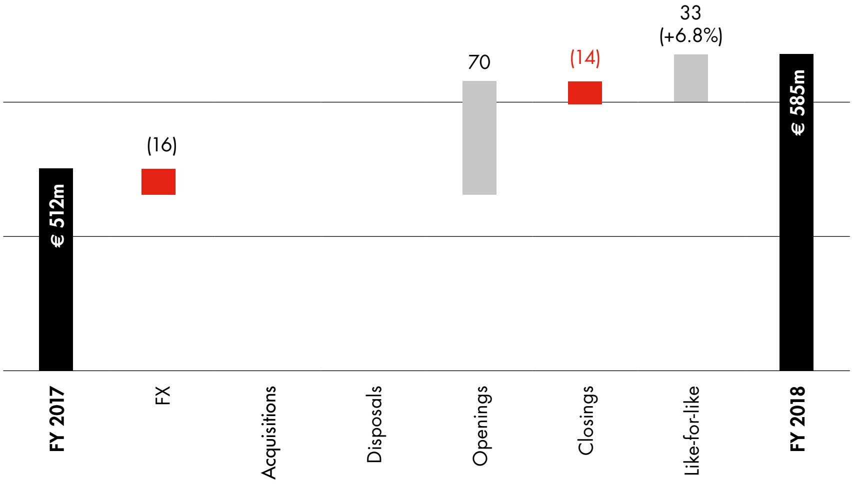
Underlying EBITDA of $ 314m compares with $ 308.4m in 2017, for an increase of 1.8% (at constant and current exchange rates); as a percentage of sales it moved from 11.4% the previous year to 11.1%.

($m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
Capex	**181.5**	**150.8**	**20.4%**	**20.4%**
% on revenue	*6.4%*	*5.6%*		

Most capital expenditure went toward airport concessions at New York La Guardia, Phoenix, Orlando, Dallas, Charlotte, Seattle, and Fort Lauderdale and to locations on the New Jersey Turnpike.

INTERNATIONAL[17]

Revenue totaled € 584.6m in 2018, an increase of 17.8% (+14.1% at current exchange rates) compared with € 512.3m the previous year.



The excellent performance in this area reflects 6.8% like-for-like growth, driven by both airports and railway stations.

Revenue in the **airport channel** increased by 17.6% (+13.5% at current exchange rates), thanks to strong performance in Vietnam and India and the contribution of new openings, particularly in Norway (Oslo, Stavanger, and Bodo), Vietnam (Cam Ranh and Da Nang), and India (New Delhi).

In **Other channels**, revenue growth reflects improved performance at Dutch and English railway stations and outlet malls in Holland.

REVENUE BY GEOGRAPHY

			Change	
(€m)	Full year 2018	Full year 2017	2017	At constant exchange rates
Northern Europe	415.7	372.3	11.7%	12.4%
Rest of the world	168.9	140.1	20.6%	33.3%
Total revenue	**584.6**	**512.3**	**14.1%**	**17.8%**

17 This area covers locations in Northern Europe (Schiphol Airport in Amsterdam; railway stations and designer outlets in the Netherlands, the United Kingdom, Ireland, Sweden, Denmark, Finland and Norway) and other countries (United Arab Emirates, Turkey, Russia, India, Indonesia, Malaysia, Vietnam, Australia, New Zealand and China)

REVENUE BY CHANNEL

(€m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
Airports	516.9	455.3	13.5%	17.6%
Other channels	67.8	57.0	18.8%	19.1%
Total revenue	**584.6**	**512.3**	**14.1%**	**17.8%**

($m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
EBITDA	**60.0**	**57.8**	**3.7%**	**7.4%**
% on revenue	*10.3%*	*11.3%*		
EBITDA underlying	**60.4**	**59.4**	**1.8%**	**5.5%**
% on revenue	*10.3%*	*11.6%*		

EBITDA for this region came to € 60m, up from € 57.8m in 2017, increasing by 7.4% (3.7% at current exchange rates) thanks to the growth of sales. Costs incurred for start-up operations in various countries new to the Group, and some delayed openings in Northern Europe and China, led to a decrease in EBITDA as a percentage of revenue, from 11.3% to 10.3%.

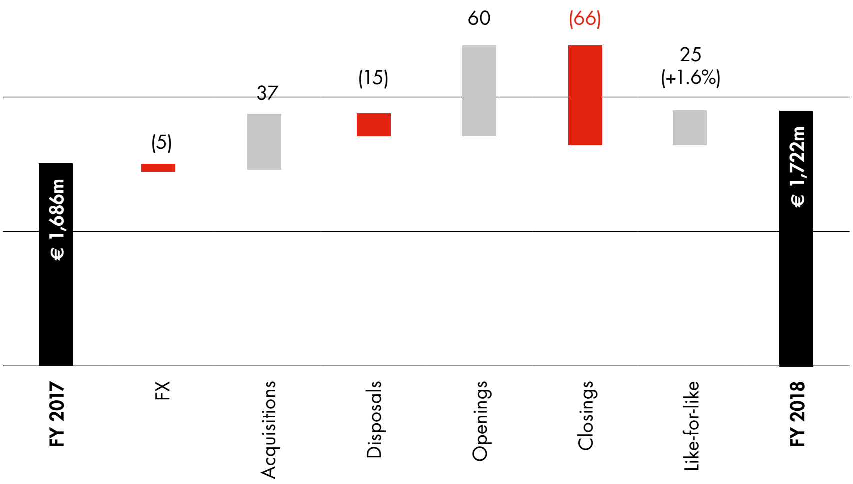
Underlying EBITDA of € 60.4m compares with € 59.4m the previous year, showing an increase of 5.5% (+1.8% at current exchange rates) and amounting to 10.3% of sales (11.6% in 2017).

(€m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
Capex	**35.7**	**30.5**	**17.3%**	**21.1%**
% on revenue	*6.1%*	*5.9%*		

In the **International** region, most capital expenditure went towards airport locations in Oslo, Bergen, Copenhagen, Manchester, Dubai, Istanbul (Sabiha Gokcen), and Cam Ranh in Vietnam.

EUROPE

Revenue in Europe totaled € 1,722m, compared with € 1,686m in 2017, showing an increase of 2.4% at constant exchange rates (+2.1% at current exchange rates).



Like-for-like sales were up by 1.6%.

In **Italy**, like-for-like sales at motorway locations slowed by 0.4%, reflecting weak traffic, but the trend was offset by good performance in the other channels. The net balance from openings and closures was negative, due mainly to the departure in 2017 from various rest stops following selective renewals in 2016.

In **Other European countries**, growth fuelled by the airport channel (especially in Switzerland, Belgium, and Germany) was partially offset by the negative performance of motorway locations in France and Spain, caused by a decline in traffic.

Sales in "Other channels" were up by 22.5% at constant exchange rates (+22.0% at current exchange rates), thanks primarily to the acquisition of Le CroBag and its consolidation as from March 2018.

REVENUE BY GEOGRAPHY

			Change	
(€m)	Full year 2018	Full year 2017	2017	At constant exchange rates
Italy	1,023.6	1,029.0	-0.5%	-0.5%
Other European countries	698.0	657.0	6.2%	7.1%
Total revenue	**1,721.6**	**1,686.1**	**2.1%**	**2.4%**

REVENUE BY CHANNEL

(€m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
Motorways	1,191.0	1,211.9	-1.7%	-1.5%
Airports	251.7	245.5	2.5%	3.3%
Other channels	278.9	228.6	22.0%	22.5%
Total revenue	**1,721.6**	**1,686.1**	**2.1%**	**2.4%**

($m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
EBITDA	**89.5**	**108.7**	**-17.7%**	**-17.3%**
% on revenue	*5.2%*	*6.4%*		
EBITDA underlying	**113.8**	**111.6**	**1.9%**	**2.4%**
% on revenue	*6.6%*	*6.6%*		

EBITDA in Europe came to € 89.5m (€ 108.7m in 2017), decreasing by 17.3% at constant exchange rates (-17.7% at current exchange rates), due mainly to the costs of the early retirement and efficiency plan implemented in Italy in March 2018 (€ 23.4m).

Underlying EBITDA of € 113.8m compares with € 111.6m in 2017, for an increase of 2.4% (+1.9% at constant exchange rates); as a percentage of sales it was roughly unchanged at 6.6%.

(€m)	Full year 2018	Full year 2017	Change 2017	Change At constant exchange rates
Capex	**106.8**	**95.4**	**11.9%**	**12.2%**
% on revenue	*6.2%*	*5.7%*		

Capital expenditure went primarily towards rest stops in Italy and France and airports in Switzerland (Zurich), Spain (Barcelona and Gran Canaria), and Greece (Athens).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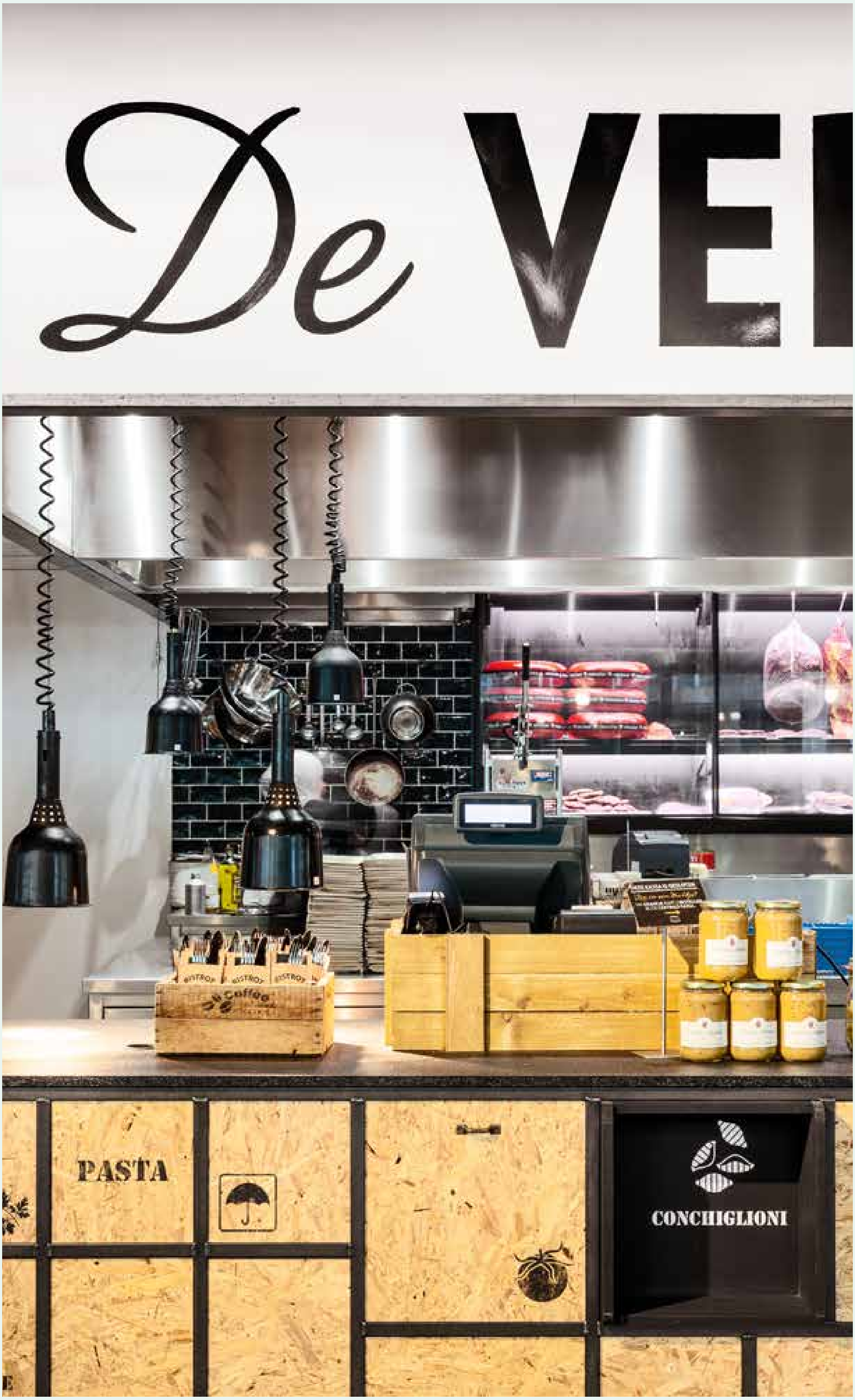
1.4 OUTLOOK[18]

Performance in early 2019 is in line with forecasts; revenue is growing strongly in North America and International and is stable in Europe. In 2019 the Autogrill Group will complete its three-year plan, based on revenue growth, structural efficiency, and improved profitability, as well as acquisitions in strategic geographical areas and the streamlining of non-core operations.

SUBSEQUENT EVENTS

Since 31 December 2018, no events have occurred that would have entailed an adjustment to the figures reported or required additional disclosures.

18 This section includes forecasts and estimates that reflect management's current thinking (forward-looking statements), especially as regards future performance, capital expenditure, cash flow, and changes in the financial structure. By nature, forward-looking statements have an element of risk and uncertainty because they depend on the occurrence of future events. Actual results may differ, even significantly, as a result of various factors such as travel trends in the countries and channels served; the outcome of concession contract renewals and bids for new concessions; how the competition develops; the trend in exchange rates against the euro, especially of the US dollar and British pound; the trend in interest rates on those currencies; future demand; the price of oil and food raw materials; general macroeconomic conditions; geopolitical factors and regulatory changes in the countries served; and other changes in business conditions. The Group's business volumes correlate with travel trends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1.5 CONSOLIDATED NON-FINANCIAL STATEMENT

PURSUANT TO ARTS. 3 AND 4 OF LEGISLATIVE DECREE 254/2016

CONTENTS

1.5.1 INTRODUCTION

In order to provide disclosures that reflect the Autogrill Group's business model, the non-financial statement (NFS) is structured according to the following four sustainability areas identified as material to its business.

A-Company: the "A-Company" dimension covers the creation of economic value, the effectiveness and transparency of decision-making processes, anti-corruption measures, and competitive practices.

Autogrill People: the "A-People" dimension concerns the Group's employee care policies and initiatives that put its team in a position to provide quality service to customers and the local community. It covers employee relations, human resource development and training, occupational health and safety, labour union relations, diversity, and equal opportunity.

Autogrill Product: the "A-Product" dimension describes the Group's commitment to offering safe, high-quality products that add value and content to the consumer experience. It covers product quality and safety, product labelling and marketing, supply chain management, accessibility, and quality of services.

Autogrill Planet: the "A-Planet" dimension is centered on the Group's policies and initiatives for protecting the environment and covers the management of energy, emissions and waste.

The NFS is introduced by chapters on the sustainability management model and stakeholder engagement.

The NFS provides the disclosures required by Legislative Decree 254/2016 (the "Decree"), sometimes by referencing other corporate documents drawn up in compliance with the law (the Group Annual Report and Financial Statements and the Corporate Governance and Ownership Report) if the information is contained therein.

In particular:
- **the management and organizational model on corporate liability** is presented in the Directors' Report, in the sections "The Autogrill Group" and "Group performance";
- **risk management**, including with regard to non-financial risks, is described in the Directors' Report under "Financial and non-financial risk management";
- **Group policies and social and environmental performance indicators** are reported in the sections below.

The following table reconciles the disclosures required by the Decree (where identified as material) with the corporate documents that provide those disclosures.

REQUIRED DISCLOSURES AND WHERE TO FIND THEM BY LEGISLATIVE DECREE 254/2016

Area covered by Decree 254/2016	Disclosures required by Decree 254/2016	2018 documents containing the disclosures	
Business management model	Art. 3.1(a) Description of the business management and organizational model, including any corporate liability policies pursuant to Legislative Decree 231/2001	DR	pp. 9-42
		CGR	Sections 2, 4, 6-10, 13-14
		NFS	Policies and guidelines of the Autogrill Group
Policies	Art. 3.1(b) Description of corporate policies, including due diligence	NFS	Policies and guidelines of the Autogrill Group Preventing corruption People: the people of the Autogrill Group Planet: environmental protection Product: product quality and safety
Risk management	Art. 3.1(b) Description of the main risks generated by or incurred in business operations	DR	pp. 95-102
People	Art. 3.2(d) Information on human resource management, including gender parity, adoption of international organization conventions and dialogue with workers' rights groups	NFS	People: the people of the Autogrill Group
	Art. 3.2(c) Health and safety disclosures	NFS	People: Health and safety in the workplace
Environment	Art 3.2(a)(b)(c) Use of energy, distinguishing between renewable and non-renewable sources; water consumption; emissions of greenhouse gases and pollutants; impact on the environment	NFS	Planet: environmental protection
Social	Art. 3.2(d) Information on social aspects	NFS	Product: product quality and safety and focus on the customer Product: responsible supply chain management People: community. Development and engagement
Human rights	Art. 3.2(e) Information on respect for human rights and measures taken to prevent violations and discrimination	NFS	People: protection of human rights Product: Responsible supply chain management
Anti-corruption	Art. 3.2(f) Disclosures on countering active and passive corruption	NFS	Preventing corruption

Key:
DR: Directors' report; CGR: Corporate governance and ownership report; NFS: Non-financial statement.

GRI Standard
103-2, 103-3

SOCIO-ENVIRONMENTAL POLICIES AND GUIDELINES OF THE AUTOGRILL GROUP

The Autogrill Group has a system of socio-environmental policies and guidelines that start with the Code of Ethics and are detailed in the Corporate Liability Policy and protocols pursuant to Law 231/01, the Anti-Corruption Policy, and the Supply Chain Sustainability Guidelines. The parent company, in its Corporate Liability Policy pursuant to Legislative Decree 231/01, has established a protocol for environmental compliance specifying the principles to be followed with respect to the environment and natural resources.

Policies and guidelines are inspired by the principles of fairness, transparency, honesty and integrity that characterize the Group in all it does, in keeping with the main international guidelines and standards on responsible business management. The management of and responsibility for everyday operations are strongly local affairs. This is reflected at the procedural level, where observance of the Group's founding principles is balanced with consideration for the local setting and full compliance with the laws of the countries served. The policies and guidelines are enforced by the individual business units, which define the necessary processes, procedures, roles, and responsibilities. Environmental policies and procedures are managed by the individual business units in relation to the specificities of the business and local laws and regulations.

The Autogrill Group sets a high priority on keeping its policies and procedures up to date. In December 2018 the Board of Directors approved a new Sustainability Policy that defines Autogrill's key standards with respect to social and environmental issues and provides its business units with guidelines for a sustainable approach to operations. The goal of the policy is to render the Group ever more sensitive to this topic and its understanding increasingly mature, and to share good practices among business units while taking account of their different legal, geographical, and sociocultural contexts. Its implementation by subsidiaries will be completed in 2019.

Below is a summary of the Autogrill Group's main documents pertinent to the socio-environmental issues defined by Legislative Decree 254/2016. The following sections disclose the practices and procedures of the business units and, where relevant, of individual countries.

POLICIES AND GUIDELINES OF AUTOGRILL GROUP

People, health and safety and human rights

Documents: Group Code of Ethics

Promise to:
- create and manage workplace environments that are conducive to employee health and safety;
- promote a working environment and behaviours based on:
  - respect, starting with the recruitment and selection process; the dignity of every person as an individual;
  - preventing discrimination and abuse of all kinds;
  - valuing the inventive spirit;
  - defining roles and responsibilities and providing thorough information.

Supply chain

Documents: Autogrill Group Supply Chain Sustainability Guidelines

Promise to have the entire supply chain:
- respect, support and promote all internationally recognized human rights and labor rights;
- minimize environmental impact and improve environmental performance;
- ensure the highest standards of integrity, honesty and fairness in all business operations;
- attribute the utmost importance to product safety and quality and always comply with government and corporate food safety standards.

Product quality and safety

Documents: Group Code of Ethics, Liability Protocol for the preparation and sale of products

Promise to:
- satisfy customers by providing quality products and services;
- observe rules and regulations applicable to the markets served;
- provide customers with products and services of an appropriate quality standard, in addition to meeting all health and hygiene standards applicable to the products and the places they are prepared;
- fully comply with laws and regulations on consumer protection, product labelling and marketing.

Anti-corruption

Documents: Group Anti-corruption Policy

Promise to:
- act at all times with integrity, fairness, transparency and honesty and within the confines of the law;
- reject and prohibit all forms of bribery, bar none, in dealings with public and private parties;
- observe the anti-corruption laws of all countries served and make it against the rules for anyone to offer, promise, give, pay, or authorize someone to give or pay, directly or indirectly, an economic benefit or other favour to a public official or anyone acting in the name of an entity or a private individual ("active bribery"); accept or solicit the offer or promise of, or authorize someone to accept or solicit, directly or indirectly, an economic benefit or other favour ("passive bribery").

People, Product, Planet

Document: Sustainability Policy - summary of contents

Promise to:
- respect the worth and dignity of every individual by valuing diversity, rejecting any kind of discrimination or abuse, rejecting all forms of child labor or forced labor, and protecting the right to freedom of association and collective bargaining;
- foster a safe and healthy working environment that appreciates and values local cultures and holds human rights legislation in the highest regard;
- encourage the search for new ways of reducing energy consumption, using recycled and low-impact materials, and reducing food waste and the overconsumption of natural resources, in compliance with all environmental regulations;
- ensure product quality and safety by following specific standards and using quality ingredients, in accordance with local laws and food safety standards;
- generate a positive socio-environmental impact, by working with suppliers and employees to serve products made according to the highest ethical and quality standards.

1.5.2. A-COMPANY: THE AUTOGRILL GROUP

OUR VISION

To be recognized as the world's best company in food & beverage services for travellers, in terms of dependability and focus on the customer.

OUR MISSION

We want travellers to reach their destination happier, safer, and more satisfied thanks to our products and services. We value their time and strive to make their trip more enjoyable by adding value to their experience, whether by eating, drinking or shopping.

OUR VALUES

Every person the Group employs, in locations all over the world, has the same objective: their own and their customers' wellbeing. Passion, openness, rapidity, reliability, and simplicity are the values that guide us every day.

GRI Standard 103-2, 103-3, 201-1, 102-43

CREATING AND DISTRIBUTING ECONOMIC VALUE

Creating and distributing economic value is the ability to generate wealth and spread it among the stakeholders. In 2018, the Group created more than €5.2 billion in economic value, and distributed more than € 4.9 billion. Of all value created, 94% was distributed to the internal and external stakeholders, while the remaining 6% was retained within the Group.

Statement of economic value (€k)	2018	2017	Stakeholders
Economic value created by the Group	**5,215,052**	**5,085,423**	
Revenue and other operating income	5,223,912	5,086,559	Consumers
Financial income	2,061	1,316	
Adjustment to the value of financial assets *	13	797	
Provision for doubtful accounts	(1,859)	(2,170)	
Impairment losses	(9,075)	(1,079)	
Economic value distributed	**4,956,642**	**4,811,249**	
Reclassified operating costs	3,253,606	3,140,167	Concession grantors, suppliers and brand partners
Remuneration of personnel	1,538,525	1,501,661	Personnel
Remuneration of lenders and shareholders**	99,840	93,822	Lenders and shareholders
Remuneration of public institutions	61,119	71,691	Government
Donations	3,552	3,909	Community
Economic value retained by the Group	**258,410**	**274,174**	
Depreciation and amortization	227,807	212,662	
Provisions	12,823	13,672	
Reserves	17,780	47,840	

* Including profit/loss from discontinued operations
** The remuneration of shareholders consists of the share of 2018 profits that will be paid as dividends in 2019, as proposed to the annual general meeting by the Board of Directors

GOVERNANCE AND COMPLIANCE

GRI Standard 103-2, 103-3

Autogrill has adopted a traditional governance system based on the proper balance between international best practices and the particularities of its business. The Group is geared toward transparency in managerial decisions and on behavioural practices that create a relationship of trust with the stakeholders. For all information on corporate governance matters, see the Corporate Governance and Ownership Report drawn up in accordance with Art. 123 bis of Legislative Decree 58 of 24 February 1998 and approved by the Board of Directors together with the Directors' Report (with reference to Legislative Decree 254/2016 in particular, see Section 4 "Board of Directors," Section 6 "Board committees," Section 7 "Nominations Committee," Section 8 "Human Resources Committee," Section 10 "Control, Risk and Corporate Governance Committee," Section 13 "Election of the Board of Statutory Auditors," and Section 14, "Membership and functioning of the Board of Statutory Auditors").

ANTI-CORRUPTION

GRI Standard 103-2, 103-3, 205-2

In addition to the Corporate Liability Policy of Autogrill S.p.A. and its Italian subsidiaries, the Group has an Anti-corruption Policy approved in 2017 by the Board of Directors, which formalizes obligations and rules of conduct applying throughout the Group. Through this document, the Group confirms its across-the-board commitment to reject and prohibit corruption under all circumstances, with public officials and private parties alike, and its promise to observe anti-corruption laws in every country served. Group General Counsel is in charge of monitoring proper enforcement of the policy, while the local Legal Counsels monitor its implementation and enforcement by other companies in the Group. The Group's Internal Audit department independently reviews and evaluates the internal control system to make sure the policy provisions are duly observed, based on the annual audit program approved by the Board of Directors, while Group General Counsel goes over the policy periodically to ensure its effective enforcement. Group companies and their individual personnel must report any infringement (or reasonable suspicion of infringement) of the policy and/or anti-corruption laws, using the Group's whistleblowing system.

Each country arranges its own anti-corruption training and information sessions, as a general topic and with reference to local laws and regulations. In 2018 a total of 2,200 employees were trained at **European** headquarters and food and beverage locations. In Italy, anti-corruption training is given in the context of the Corporate Liability Model pursuant to Legislative Decree 231/01. All location managers, area managers, and headquarters employees receive such training every three years. In France, the program is calibrated to the employee's job description, position, and exposure to risk. In the other countries, anti-corruption training is given systematically to all employees when they are hired, as part of their instruction on the Code of Ethics.

In **North America**, anti-corruption training is spread out over various events and focus sessions. These include new hire induction, when the Code of Conduct is discussed along with the principles of the Foreign Corrupt Practices Act (FCPA)[19] and general anti-corruption guidelines, supply chain classes that explain the Supplier Code of Ethical Conduct, and specific training for the Development and Strategic Alliances divisions with regard to interacting with public officials, gifts, etc. Every year, in addition, location managers and area managers take a "Legal and

19 A legal corpus with rules to prevent American companies from bribing foreign public officials in order to create or maintain business relationships

Compliance" course covering anti-corruption policies and procedures and the whistleblower system. In 2018, 50 headquarters employees attended focus sessions on various anti-corruption topics, in view of a new training program to be launched in 2019.

In the **International segment**, new hires are brought up to speed on the Code of Ethics, and there are online FCPA courses for positions considered to be potential corruption risks. During the year, 2,543 people received training.

GRI Standard 103-2, 103-3

SUSTAINABILITY FOR THE AUTOGRILL GROUP

The Autogrill Group is committed to doing business in a climate of dialogue and openness with all stakeholders and to fostering respect for individuals, their fundamental rights, and the specifics of their local context. Over the years, Autogrill has developed projects regarding various aspects of sustainability, placing them conceptually within three broad areas: "People," "Planet," and "Product." Operations are defined on a three-year basis within the **Afuture Roadmap**, considering analyses of materiality and the international context as well as the United Nations Sustainable Development Goals. The Roadmap is part of the **Afuture Framework**, the instrument the Group has created to define sustainability-related topics and set priorities for them within operational and reporting activities.

In this context, the role of the Autogrill Group's CSR department is to promote a shared philosophy of sustainable development and to facilitate stakeholder engagement. For every topic identified in the Afuture Framework, Autogrill has also named a sustainability leader, responsible for implementing and monitoring the pertinent initiatives.

GRI Standard 102-40, 102-42, 102-43, 102-44

STAKEHOLDER ENGAGEMENT

The Group's care for its stakeholders is based on the values laid down in the Code of Ethics, which sets guidelines for relations with each kind of stakeholder and the applicable priorities, principles and forms of conduct. Monitoring external dynamics, considering long-term global trends, and listening to stakeholder demands are fundamental activities for a business that values sustainability. The Group therefore fosters ongoing dialogue and sets the conditions for lasting cooperation and partnerships with its stakeholders.

Stakeholders	Feedback and engagement
Autogrill for employees	Email address for reporting problems, SA8000 mailbox, Aconnect intranet portal, open line.
Autogrill for consumers	Annual "Feel good?" customer satisfaction survey, CRM activities, market research.
Autogrill for suppliers	Assessment and development process for new products/concepts, quality audits, one-on-one conferences.
Autogrill for concession grantors and brand partners	Quality survey for concession grantors on material CSR topics; newsletter for 500 concession grantors; collaboration for the development of ad hoc projects, concepts and services; participation at trade events; one-on-one conferences.
Autogrill for shareholders and the financial community	Top executives meet regularly with investors and financial analysts to discuss the Group's strategy, objectives, risks and opportunities and to present its periodic results. In addition to these periodic performance sessions, listed each year on the calendar, the Group pursues an active Investor Relator program that takes the form of roadshows and conferences in the main international finance hubs and the organization of on-site visits, which Autogrill considers very useful for fostering an understanding of what it does and putting investors in direct contact with the people who work day in and day out in the service of consumers. Autogrill's website contains a wealth of information on the Group's history, operations, governance, policies and financial results and on its stockmarket performance. The annual general meeting of Autogrill S.p.A. is a chance to interact with the shareholders and for the shareholders to meet the executive and non-executive members of the Board of Directors and the management of the listed company.
Autogrill for the community	Support and engagement projects; one-on-one meetings; participation in national and international events and conferences.
Autogrill for the environment	Support and engagement projects; collaboration with partners and employee engagement; meetings with non-profits and participation in trade events/multi-stakeholder roundtables.

MATERIALITY ANALYSIS

GRI Standard 102-11, 102-47, 103-1

Material topics are identified based on management's active participation in the analysis and discussion of results and on the outcome of stakeholder engagement activities. Through a management self-assessment survey, topics are analyzed from the point of view of their materiality for the company (internal perspective) and the importance given to them by the stakeholders (external perspective). The output is a list of material topics expressing the relevance of sustainability issues within the Group, including in consideration of the Global Reporting Initiative (GRI) topics and the relevant aspects of Legislative Decree 254/2016.

MATERIAL TOPICS OF THE AUTOGRILL GROUP[20]

Business & Governance	Anti-corruption	Stakeholder engagement
	Competitive practices	
	Creation of economic value	
	Effectiveness and transparency of decision-making	
A-People	Diversity and equal opportunity	
	Health and safety in the workplace	
	Human resource development and appraisal	
	Labour union relations	
	Quality of employee relations	
A-Product	Accessibility and quality of services	
	Product labelling and marketing	
	Product quality and safety	
	Supply chain management	
A-Planet	Climate change (energy efficiency and emissions)	
	Waste management	

20 In alphabetical order for each strategic area

GRI Standard
102-43, 102-44,
103-2, 103-3,
102-8, 405-1

1.5.3 PEOPLE: PEOPLE OF AUTOGRILL GROUP

Autogrill is a “people” company that offers products and services to the public: the centrality of the human being is the foundation of all its policies concerning employees, customers, and the community. Passion, openness, rapidity, reliability, and simplicity are the values the Group promotes in the management of activities and people.

Human resource management, based on principles laid down in the **Code of Ethics** and in accordance with local laws and collective employment contracts, lets the Group install good relationships with its employees and help them develop their skills and abilities so that individuals can grow professionally and share what they know. The human touch is a distinctive factor in Autogrill’s employee relations: from recruitment throughout a person’s career, the Group insists on treating him or her with integrity and as an individual to be valued at all times. The resulting corporate culture reflects this concern for individuals, wherever they are assigned, and translates into a safe, healthy workplace free from discrimination.

The Group recognizes that valuing a diverse, multicultural workforce is a core trait of a successful business, one that makes the most of human capital to the benefit of the company climate. In every country where it operates, Autogrill welcomes the individuality of its people with interest and respect, fostering open, ongoing dialogue and building trust and mutual respect. Autogrill’s market leadership owes to significant international expansion, through which its human capital has not only grown in quantity but also diversified in terms of nationalities, cultures and abilities.

North America

32,030 employees

40% under 30 years old

61% women

World

60,052 employees in the Group

41% under 30 years old

59% women

Europe

16,624 employees

21% under 30 years old

63% women

International

11,398 employees

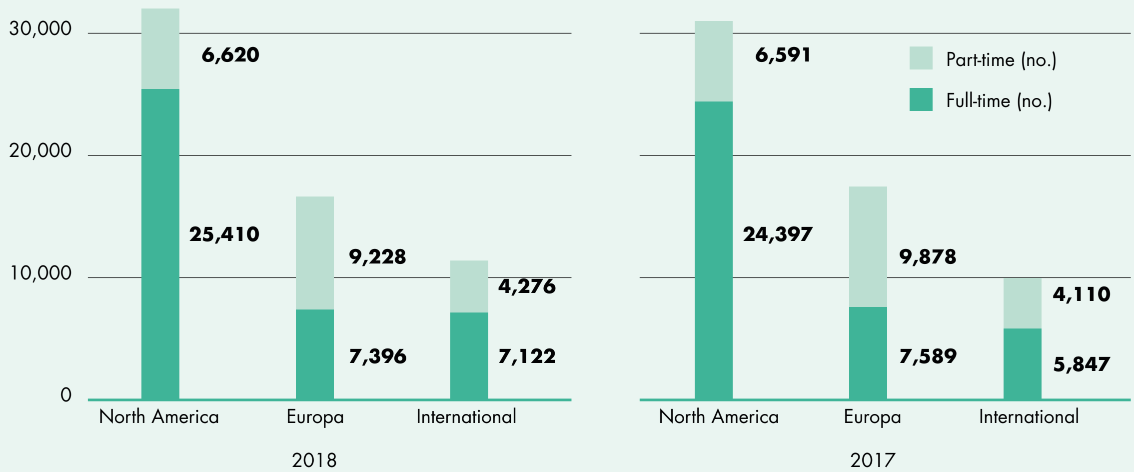
69% under 30 years old

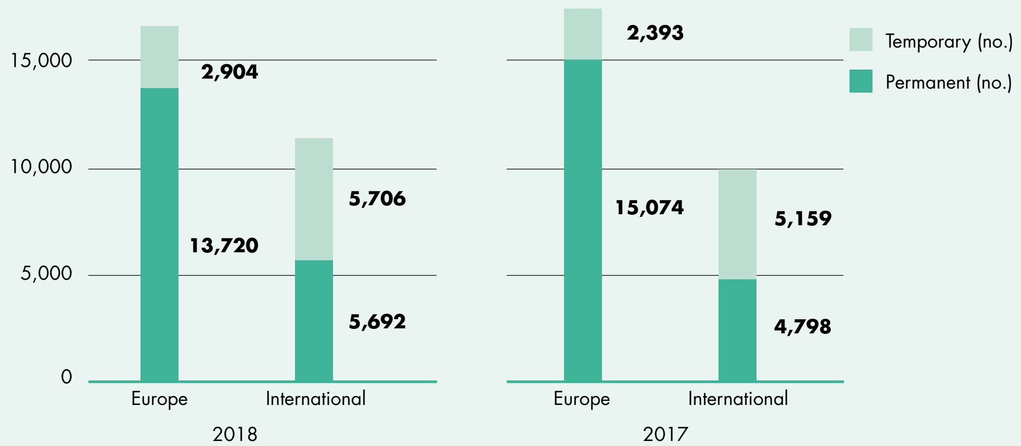
50% women

About 60% of the more than 60 thousand people who work for the Group are women, demonstrating a healthy gender balance, thanks to specific hiring policies especially at the middle management level. Ninety-seven percent of the workforce is employed at the approximately 4,000 locations, while the remaining 3% work in administration. Comprehensive data for the various geographical regions shows a substantial increase in employees at International locations (+14%) due to the intense pace of new openings, while in Europe the workforce declined slightly (-5%) at both retail locations and headquarters, due in part to Italy's "intergenerational agreement" and to a net decrease in locations in various countries. Along with a 3% increase in **North America**[21], these two trends led to overall growth of 3% for the Group's workforce.

Once again this year, the distribution of the different contract types was fairly homogeneous, with an increase in permanent contracts at International locations (+19%) thanks to the gradual stabilization of new openings, while in Europe permanent contracts continue to prevail for both men (80%) and women (84%). As for part-time versus full-time contracts, there is a higher proportion of part-time employees in Europe (56%), due to the intrinsic characteristics of the business with its peaks in traffic and seasonal factors.

PART-TIME VS. FULL-TIME AND EMPLOYEES BY TYPE OF CONTRACT[22]





21 The raise in the Group's organic is also related to the inclusion of Stellar Partners Inc. within the North American region
22 The "Temporary" category does not apply to workers in North America, who are classified according to current legislation by which both parties can terminate employment at any time ("at-will employment")

GRI Standard
102-12, 103-2,
103-3, 404-1,
404-2, 404-3

HUMAN RESOURCE DEVELOPMENT AND APPRAISAL

TRAINING

As the Autogrill Group moves forward, employee training is constantly evolving through development plans built around the person, who takes an active role in professional growth through direct, proactive involvement. Training takes the form of traditional classroom lessons but also an increasing emphasis on online, social and interactive learning.

Academy, for example, is the training program held at venues around **Europe**, designed to develop the abilities of each employee by offering specific learning opportunities according to the professional milestones reached. There are numerous leadership development programs, offered internally through coaching arrangements or in collaboration with institutes outside the Group, as well as induction and training programs for new hires in the form of group orientation days and online courses. In all European countries, employees at food and beverage locations receive on-the-job training in their everyday tasks. In Italy, the new “Academy Excellence” program launched in 2018 is an internal development system involving classroom, online, and on-the-job training to give employees the knowledge and tools they need to boost sales performance. In France, directors and managers follow a leadership development program in collaboration with a business school. In Spain Autogrill has embarked on a new project to improve its ability to attract and retain talent, in a partnership with Great Place to Work.

In **North America**, in addition to the Manager-in-Training program for newly hired or newly promoted managers, in 2018 the “Unlocking Engagement” workshop taught managers how to create a favorable working environment. There are two leadership development programs: Corporate Leadership Development for senior directors and vice presidents, and Operations Leadership Development for future front-line managers. Both of these two-year programs provide instruction in leadership skills, the chance to work on interdepartmental projects, a mentoring system, and the possibility to work and interact with higher levels of management. Sales personnel receive on-the-job training to improve their everyday skill sets.

The **International area** is also setting up training programs with a view to harmonizing and integrating the system across the different countries, without neglecting their specific needs and any requirements imposed by locations and local laws. The most widely held activities are induction programs, coaching, performance appraisals, and job-specific technical courses. The new offerings in 2018 include courses on the GDPR and the Group’s whistle-blowing systems. In China and in Ireland, the Group now offers management courses to build the careers of the most talented staff, while in Denmark and Finland the Nordic Manager Training program is built on the 70:20:10 model according to which 70% of training should be informal and gained through experience, 20% should be in the form of coaching and mentoring, and 10% should be formal through structured courses.

PER CAPITA TRAINING HOURS: NON-HQ LOCATIONS

Hours	2018	2017
Area managers	15.3	17.9
Store directors	31.8	27.7
Managers	32.2	29.0
Heads of service	35.1	21.0
Multi-service operator	18.0	35.9

In 2018, the Group provided more than 1.2 million man-hours of training. Consisting mostly of continuing education initiatives at food and beverage locations, training programs amounted to an average of 20.5 hours per employee. Out of all training initiatives for the enhancement and growth of Autogrill's people, most are geared toward middle management (store directors and unit heads). At headquarters, professional development often takes the form of workshops, conferences and seminars, especially at the top executive level, for which data is not reported. The changes from 2017 to 2018 are explained by improvements in the reporting system. Specifically, in 2017 the system recognized the training program of the entire brand portfolio, without specifying by job title.

In 2018, it was also possible to include the hours of training received by employees of the U.S. headquarters.

While the International area continues to develop a training monitoring system to be shared across the different countries, North America is running a feasibility study for an e-learning platform that would gather, evaluate and systematize the entire supply of courses so the company can closely monitor its offerings. At the moment, data is estimated based on the individual training plan that the U.S. subsidiary draws up for each new hire.

HUMAN RESOURCE DEVELOPMENT AND APPRAISAL

With a view to fostering professional growth, Autogrill uses a performance appraisal system that measures the skills applied in pursuit of assigned objectives, assessing the technical capacities specific to the role as well as managerial skills. The process is well established in Europe, and in 2018 was also formalized in the International area through the "Be Competent" initiative. In **North America** the Group is working on its talent acquisition strategy, focusing in particular on hiring dynamics and placing a greater emphasis on engagement. On the whole, performance appraisals covered 87% of the headquarters population and 57% of store personnel. That percentage does not include general employees who currently participate in the formal appraisal system in certain countries only, as they are often hired for short periods or seasonal work.

In 2018, as part of the development of a **Europe-wide** appraisal system, a two-year process of mapping human capital was launched in order to stimulate reflection on the Group's current leadership capacity and what it will need to achieve priority business goals in the medium- to long-term future. The purpose is to set new objectives and identify problem areas, create action plans for further growth, and develop response plans so Autogrill will be prepared for any changes occurring within or outside the Group. In addition to the mapping process, in 2018 a new performance management system called "Autogrill To Be - Boost your Energy" was implemented in all countries of the Europe area for headquarters personnel and front-line top managers. This is a new concept of performance management that does away with the annual appraisal in favor of continuous improvement, thanks to a leaner individual performance assessment and quarterly "check-ins" between employees and supervisors.

The **International** HR department also works constantly to create a working environment that attracts and develops talent, through employer branding and engagement initiatives developed at the local level. In 2018, a new employer-branding program was launched throughout the area, including special events like "Compliment Day," "Smiling Day," and "Culinary Day," when employees are recognized and rewarded for their dedication and outstanding performance.

During the year, **Autogrill Italia** launched the "Intergenerational Agreement" as part of a path forward endorsed by the unions. This is an investment on Autogrill's part that gives employees close to retirement the chance to enjoy an early, guaranteed pension and builds the company's momentum through the hiring of talented young workers. In Austria, Autogrill supports assisted partial retirement, whereby older employees can reduce their hours by 40-60% without losing any benefits or pension rights. In Switzerland, employees nearing pension age also have the opportunity to attend a free retirement preparation seminar.

In **North America**, the Income Extension Plan guarantees that U.S. employees who lose their job due to unit closings, overstaffing, or temporary lay-offs will be paid for a period of time, determined on a case-by-case basis according to the employee's position.

GRI Standard
102-13, 103-2,
103-3,102-16

DIVERSITY AND EQUAL OPPORTUNITY

As defined in the Group's policy documents like the Code of Ethics, in keeping with the highest standards of the International Labour Organization, respect for diversity and equal opportunity and the prevention of all forms of discrimination are the principles to which Autogrill is committed at every stage of the employment relationship: recruitment and selection, the salary offer, growth opportunities, and the eventual parting of ways. This commitment is also recognized externally: in Italy Autogrill has had SA 8000 certification since 2009.

In an ongoing effort to encourage transparency and a sense of individual and collective responsibility, a platform called "Open Line" serves as an additional two-way channel of communication between the Group and its staff. This is a direct means of drawing attention to any conduct inconsistent with the Group's Code of Ethics, and also to highlight excellent behaviour, while ensuring the confidentiality of information and the privacy of individuals.[23]

In **North America**, all employees have access to a toll-free telephone service open 24 hours a day, seven days a week where they can lodge complaints or discuss any topic of concern. In the International area, there are dedicated tools for submitting complaints and fostering open dialogue between employees and management.

Many initiatives are in place to promote a culture of tolerance and respect. For several years, for example, **Autogrill Italia** has been a member of Valore D, Italy's first association of large firms dedicated to supporting women in leadership roles. In Belgium, workshop are organized on diversity and working together without prejudice. France promotes equal opportunity between men and women through collective agreements that are reviewed and updated once a year. In Spain, the Management Committee is tasked with enforcing the Equality Plan signed in 2009, which calls for equal treatment of women and men, a healthy work-life balance, and zero discrimination based on gender or sexual orientation.

23 Open Line is available in Italy, Spain, France, Switzerland, Belgium, Germany, and Greece. Feasibility studies are underway in the Netherlands and Vietnam

In the **International area**, guaranteeing equal opportunities and respect for diversity is a guiding management principle. In every country, the Group is committed to creating a workplace consistent with the Code of Conduct, based on mutual respect, cooperation, and cultural exchange. All employees have access to anonymous channels where they can report any unethical or discriminatory conduct. During the year, Autogrill International worked on a handbook to be distributed throughout the area, to ensure uniform behaviour standards inspired by international best practices. Some countries have specific equal opportunity policies covering all aspects of human resources management, from hiring to professional development.

In North America, an internal program called Women's Leadership network (WLN) provides women with opportunities for networking and improved leadership skills to enhance their personal and professional growth. WLN aims to support diversity in leadership roles at all levels of the business, to help the company and the sector succeed.

REMUNERATION

GRI Standard 103-2, 103-3, 401-2

Autogrill's remuneration policies are designed to ensure competitiveness in the labor market in line with its objectives of growth and employee retention and to differentiate pay according to skills and qualifications (job description, role and level), working constantly with market data and external benchmarks and ensuring compliance with collective employment agreements and local laws.

Remuneration policies include salary adjustments that are likewise tied to performance and growth targets, through a fixed and a variable component, which reinforce the equal opportunity principle and avoid the risk of discriminatory pay. In all countries with a local minimum wage, Autogrill studies economic conditions and employment levels to ensure stability.

For years, Autogrill has followed policies and taken action for empowerment and gender equality in order to foster equal opportunity and diversity in every form, including through a merit-based compensation & benefit system that ensures fair and equal treatment in terms of gender, title, and seniority. Entry-level wages are established in accordance with the local laws and collective employment contracts in place in the various countries.

Regarding benefits, too, the Group insists on treating employees with clarity and transparency. Benefits are roughly the same for temporary and permanent contracts and for full- and part-time workers, but vary by geographical region, depending on laws that include or exclude certain benefits and/or social security and insurance coverage (health insurance, accident insurance, maternity and paternity leave, disability payments, etc.).

The benefits employees receive depend on local custom and may include healthcare, life insurance, accident and disability insurance, parental leave, vouchers for cultural events or sports, and discounts on public transportation. In some countries, there are retirement benefits such as the 401K plan in the United States.

LABOUR RELATIONS

GRI Standard 102-41, 103-2, 103-3, 402-1

Over the years the Group has maintained a constructive dialogue with the labour unions in the various countries served, so it can help find the best solutions to reconcile its needs with those of its people. All employees enjoy a transparent working relationship and full protection of their rights, regardless of the contracts typical of their countries. Autogrill protects their right to freedom of association and collective bargaining, recognizing the paramount importance of these freedoms, in accordance with national laws governing collective contracts, individual bargaining and freedom of association.

This commitment to transparency translates to the management of various forms of contract: from national collective bargaining to collective contracts by company and/or location, to individually negotiated agreements.

	2018			2017		
	North America	Europe	International	North America	Europe	International
Employees covered by collective bargaining (%)	39% Canada 48% United States	97%	91% [24]	39% Canada 48% United States	98%	82%

These figures reflect the legislation in different countries.[25] When it needs to make organizational changes, Autogrill complies with all provisions of laws and collective contracts by informing the unions and involving them, where applicable, in talks. The minimum notice period in case of organizational changes thus depends on national and local laws, and ranges from one to 16 weeks. Labour relations and talks follow the highest standards of transparency and fair dealing, in strict accordance with the law, and promote constructive dialogue with a view to hearing feedback from workers' representatives and maintaining a mutually beneficial working environment.

GRI Standard 103-2, 103-3, 403-2

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of its workers is a fundamental standard on which Autogrill places maximum emphasis by means of preventive measures, technological progress, training, and day-to-day monitoring. In all of the main countries served, health and safety commissions have been set up and include various positions (depending on local policies), from executives to workers' representatives, who monitor compliance with applicable laws. The commissions review findings on health and safety issues in search of the best solutions to reduce the risk of injuries to a minimum. To make sure these efforts are effective and share insights and initiatives on health and safety, a system is in place to monitor the number and type of injuries in the main countries served by the Group.

In **Italy**, the management systems for occupational health and safety included in the Integrated Management System are governed by Legislative Decree 81/08, as amended. Autogrill S.p.A. is also certified to the ethical standard SA8000, meaning that specific conditions of health, safety and ethical conduct in the workplace are guaranteed to all employees. In addition, headquarters and airport locations are certified to BS OHSAS 18001, and Autogrill is one of the first airport operators in the world to achieve ISO 45001. During the year, an external provider certified the "Document Unique de Prévention des Risques Professionnels" in France; this occupational risk prevention policy addresses primary, secondary, and tertiary prevention as well as store layouts, personal and collective prevention kits, e-learning courses, and the provision of psychological care in response to distressing events.

In **North America**, the Health and Safety Policy gives all employees a set of principles and procedures to follow for safety in the workplace and for the identification, prevention and handling of any accidents involving workers or customers. Individual locations also have their own Safety Teams made up of managers and front-line

24 Of countries where unions exist
25 Countries have their own worker protection policies and regulations. For example, Canada has the Provincial Employment Standards Act, in Great Britain the Works Council protects the rights of workers not covered by collective bargaining, and in the United States disputes are resolved by arbitration committees

personnel, who conduct audits to map the most frequent causes of injuries. Various locations in 2018 adopted an app called Mobile Data Safety Tool that automates monthly self-assessments on in-store safety issues. This tool makes it possible to take corrective measures during the audit procedure itself, which reduces the frequency of accidents and promotes a safer workplace.

In the **International area**, the Group ensures a safe and healthy working environment by following a manual on workplace conditions in accordance with local laws and by way of courses, audits, and other worker protection initiatives. In Vietnam, for example, all employees have a medical check-up once a year, while in the United Kingdom the Group works with an external partner for the health and safety management system. Health and safety outcomes were added to the MBO program of several managers in 2018. The manual developed in the Netherlands has become a formal policy and is gradually being extended to the other countries.

	2018				2017			
Injury rate [26]	North America	Europe	International	Total	North America	Europe	International	Total
Workplace injuries (no.)	**1,122**	**555**	**291**	**1,968**	**1,134**	**592**	**162**	**1,888**
Frequency rate	28.1	25.0	22.9	26.3	27.8	26.4	25.1	27.1
Severity rate	0.2	0.5	0.1	0.2	0.1	0.6	0.1	0.3

Frequency rate: ((total number injuries + total number of deaths) / total hours worked) x 1,000,000
Severity rate: (total number of days lost due to injuries / total hours worked) x 1,000

Injury rates are consistent between Europe, the International area and North America and the severity of injuries is low, consisting primarily of cuts and burns. The trend since 2017 should be considered in light of the expanded scope of the International area; on a like-for-like basis (excluding Ireland and the U.K.), the frequency rate would be 25.0 and the severity rate 0.1, in line with the previous year. Throughout the Group, despite the 5% increase in the workforce, injury numbers were consistent with 2017 and showed a decrease in total frequency rate (-3%) and severity rate (-14%).

PROTECTION OF HUMAN RIGHTS

GRI Standard 103-2, 103-3, 414-1

In addition to respecting and protecting the rights of its own employees, Autogrill acknowledges its role and responsibilities as an international leader that does business around the world.

Following its Code of Ethics at all times and embracing the highest international standards, Autogrill works to instill a responsible business culture in everything it does and along the entire value chain, by building trust and mutual satisfaction with its trading partners and employees and observing all local, national, and supranational laws for the protection of human rights.

Autogrill rejects the exploitation of minors throughout its organization and does not use or support child labor, as defined by the ILO. In addition, Autogrill is opposed to forced labor and all other forms of exploitation, abuse or psychological or physical coercion of its own employees and of workers employed along the production chain, and strongly condemns human trafficking and exploitation in any form.

In the materiality analysis, this issue did not emerge as being highly relevant, due in part to the fact that most operations take place under concession arrangements inside airports that are highly regulated and supervised by airport authorities.

26 Injury rates for 2018 do not include Asia-Pacific, Germany, and the Netherlands

One aspect that is very relevant to the Group is the evaluation and monitoring of suppliers, governed by the Autogrill Group Supply Chain Sustainability Guidelines, which set the standards for a sustainable supply chain management approach.

GRI Standard 102-13, 102-43, 102-44, 201-1

COMMUNITY DEVELOPMENT AND ENGAGEMENT

Autogrill believes firmly in respecting and valuing local cultures and works to protect traditions, customs, and environmental and cultural assets, thereby contributing to the economic wellbeing and growth of the communities it serves. Under its concession arrangements, the Group sometimes deals directly with local institutions, and its widespread presence (especially in Italy) often makes it one of the leading employers in the region. Autogrill is increasingly involved in developing projects consistent with its own business, such as the donation of food and meals to non-profits serving the needy. Many of its direct donations and fundraisers support long-term partnerships with entities involved in healthcare and medical research, childcare, and the fight against hunger and poverty. These are in addition to associations the Group supports from year to year, thanks in part to contributions from employees and customers.

In 2018 the Group's donations exceeded €4 million (7% direct, 12% indirect and 81% in kind). Donations in kind in 2018 went to a number of local and national food banks, mainly in North America. The amount of donations in kind in Europe was affected by the temporary interruption in work with the food bank.

In 2018, **Autogrill Italia** signed an agreement with Slow Food to support the "Buona Strada" project serving the earthquake-damaged areas of central Italy. The funds were raised through the sale of the "Abbraccio Marche" sandwich. The project accounts for much of the increase in direct and indirect donations. Autogrill also makes annual donations to Fondazione ANT for activities to prevent skin cancer. In Spain, Autogrill continued to work with Fundación SEUR, an organization that collects bottle caps from companies and individuals and sends them for recycling in exchange for cash. The funds are then used to provide medical care to children with serious illnesses or disabilities. The project also makes a positive contribution to the environment by making sure bottle caps are disposed of correctly and recycled.

In **North America**, HMSHost Foundation combats poverty in local communities and gives a boost to the new generations with training and development initiatives to help them find jobs. In this region the Group works with Food Donation Connection, which serves as the liaison between restaurants/food service companies interested in donating surplus food and local social service agencies that distribute it to people in need. About 115 locations at airports, rest stops and malls take part in the program, working with over 100 associations that received more than 3 million portions of food. Finally, the Group supports the urban farming educational and training initiatives of the Windy Harvest Youth Farm of Chicago.

In the **International area**, the Group is a strong supporter of the Made Blue program, which offsets the use of fresh water by businesses with projects that ensure access to water in developing countries. Each country is also engaged in local initiatives according to need; in India, for example, it has financed schooling for underprivileged children. In Indonesia Autogrill gave support to local communities after the recent earthquake in Lombok, and its employees helped clean up beaches in Tuban and Bali. In Vietnam, the "Helping Hands" project was launched in 2018, based on five pillars: community care, ecology, sustainability, vocational training, and "I Love Vietnam" (in support of local suppliers). In all, employees in the International area donated 2,230 hours of corporate volunteering in 2018.

1.5.4 PLANET: ENVIRONMENTAL PROTECTION

GRI Standard 103-2. 103-3

The Autogrill Group is fully aware that the environment is a global priority involving people, organizations and institutions around the world, which is why it takes responsibility for helping to reduce energy consumption and the use of natural resources in favor of clean energy, recycled materials, and a lesser environmental impact. In practical terms, this means it promotes strategies to reduce its impact by improving environmental performance and finding innovative, energy-efficient concepts and solutions, while strictly complying with environmental laws and regulations in all parts of the world. Autogrill supports and develops programs for the reduction and correct management of waste, including circular economy initiatives along the food chain. At locations where it is not directly responsible for procuring energy and related services, the Group works to develop virtuous, cooperative relationships with concession grantors and business partners in order to find areas for improvement and greater efficiency.

In addition to improving its own performance, Autogrill promotes the responsible use of resources through internal awareness campaigns and imaginative ways of involving stakeholders in a philosophy of sustainability and care for the natural environment. "Startsomewhere" is a program in place in North America that aims to convince employees of the importance of their own contribution to environmental sustainability. Various awareness campaigns are also organized for Earth Day. The International area participates in Origin Green, the sustainability program of Bord Bia (Irish Food Board), through which it has devised a four-year plan of activities and targets in Sustainable Sourcing, Operations (environmental impact), Health & Nutrition, and Social Sustainability.

ENERGY AND EMISSIONS MANAGEMENT

GRI Standard 103-2, 103-3, 302-1

Autogrill hates to waste energy, and at new locations where the Group handles utilities directly, it has installed the latest generation of monitoring systems to oversee consumption patterns and take corrective measures.

At some locations, including many airports and railway stations, the physical structures and utilities are managed by the concession grantor; in these cases the Group does not always have access to consumption and cost details as utilities are often part of the concession contract. This reduces the Group's field of vision and leverage, although in recent years, concession grantors have become increasingly attentive to the subject.

Autogrill has taken a multi-pronged approach to monitoring and reducing waste in several countries, especially in the motorway channel: changing set point temperatures [27], preventing malfunctions through high-tech alarms, training personnel during on-site inspections, analyzing consumption on a weekly basis to see whether short-term measures are effective, keeping consumption records to check for abnormalities, and promptly reporting breakdowns that might cause increased energy use. The Group is committed to the increasingly precise, systematic monitoring of consumption indexes with a view to constantly improving its efficiency, including through targeted energy audits.

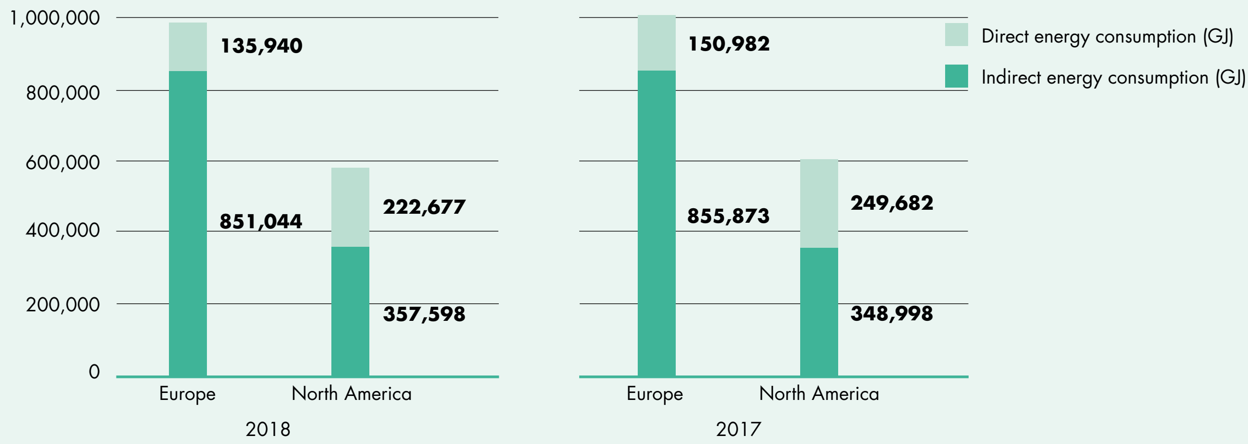
27 Set point temperatures are the ideal temperatures at which an indoor environment should be kept

In **Italy** in particular, Autogrill has developed a new energy saving plan that works on two main levers: monitoring and managing the electricity consumption of food & beverage locations, and raising awareness about the rational use of energy. Technical investments were made to improve the control and monitoring systems, while the awareness campaign took the form of an "energy game" for employees at all Italian locations designed to encourage virtuous behavior and reduce careless waste. To limit consumption at locations to be opened in the future, an Energy Book was printed with guidelines for the design, construction, and management of more energy-efficient, environmentally sensitive locations.

In **North America**, too, the Group monitors consumption through external audits and has also installed its own monitoring systems so it can construct a benchmark of electricity use and develop strategies to lower consumption.

Consistent with Group best practices, the **International area** is very mindful of energy efficiency: it favors low-impact technologies and appliances, incentivizes the use of eco-friendly materials (paints, tiles, and enamel coatings), and encourages employees to adopt sustainable conduct.

GROUP ENERGY CONSUMPTION BY INDUSTRIAL AREA (EUROPE AND NORTH AMERICA)[28]



Direct energy [29] use consists of the primary consumption of diesel and gasoline for company vehicles, and the consumption of natural gas for the heating systems in various countries. In 2018, the figures for **Europe** show a slight decrease in consumption associated with the car fleet and the use of diesel. Italy, for example, which accounts for roughly 50% of total consumption, is the area where Autogrill is focused on the installation of heat pumps rather than boilers in order to reduce energy consumption, boost efficiency, and protect the environment.

Indirect energy [30] consumption refers mainly to electricity, used for interior comfort (e.g. air conditioning), quality maintenance (e.g. refrigeration), and cooking and preparing foods for customers. In **Europe**, Italy accounts for around 65% of electricity consumption, as a direct consequence of its size relative to other European operations. In some countries, including Italy, the use of electric ovens and induction stove tops has shifted consumption toward indirect energy and away from direct sources like natural gas. With respect to 2017, energy consumption in Italy was stable, mirroring the overall trend in Europe.

28 Figures for direct and indirect energy consumption refer mainly to motorway locations where utilities are managed directly by the Group. Data is not available for North American airports and malls and for some other channels in Europe, as explained in the methodological note
29 Direct energy is the use of energy sources like natural gas, diesel, and gasoline, which generate emissions directly
30 Indirect energy is purchased externally, like electricity, and generates emissions indirectly

In **North America** most of the energy consumed is natural gas for heating (down 9% since 2017), while electricity is only used for lighting (unchanged from one year to the next).

In 2018, thanks to ongoing improvements by the Group, some countries in the **International area** were able to set up an information gathering system regarding their direct and indirect energy consumption. Direct energy consumption data was collected from about 30% of the locations in this area (25,613 GJ of natural gas, diesel, and gasoline for company cars) and indirect energy consumption data from about 70% (90,462 GJ, mostly of electric power). This is a small fraction of the Group's total consumption and comes from the everyday functioning of locations: electricity, fuel oil for heating, and gasoline and diesel for company cars.

ENVIRONMENTAL CERTIFICATIONS

One natural consequence of Autogrill's care for the environment is the chance to obtain important certifications. In recent years it has focused chiefly on LEED® New Construction for Retail.

Certification	Applies to:
LEED® Gold	Italy – Autogrill S.p.A.: Villoresi Est
	Canada – HMSHost: 4 rest stops
	USA – HMSHost: Bethesda HQ
LEED® Silver	Canada – HMSHost: 16 rest stops
	USA – HMSHost: Delaware House Travel Plaza
ISO 50001: 2015	Italy – Autogrill S.p.A.: Villoresi Est
ISO14001: 2015	Italy – Autogrill S.p.A.: HQ, Villoresi Est, Brianza Sud and for locations at Caselle Airport in Turin, Nuova Sidap
EMAS	Italy – Autogrill S.p.A.: HQ, Villoresi Est, Brianza Sud
HQE (High Quality Environmental)	France – Autogrill Côté France: Canaver, Ambrussum
RT 2012 (Low Consumption Building)	France – Autogrill Côté France: Ambrussum, Manoirs du Perche, Plaines de Beauce, Chartres Gasville, Chartres Bois Paris, Lochères, Miramas, Villeroy, Jardin d'Arbres, Wancourt, Porte de la Drôme N&S, Granier
California Green Building Code - level I and California Energy Standard - title 24	USA – HMSHost: locations at Los Angeles International Airport
Energy Star	USA – Equipment at locations
ISO 14064 (Greenhouse gases)	Italy – Autogrill S.p.A.: Rozzano headquarters and Sebino

Note also that the Adda Sud location in Italy has obtained energy rating A1.

WASTE MANAGEMENT

GRI Standard 103-2, 103-3, 306-2

Waste is produced during food preparation and service: preparation requires the disposal of scraps and packaging, and once customers are served, there might be leftovers or disposable tableware. The right approach to each of these phases is a fundamental aspect of Autogrill's commitment to environmentally sound practices. The Group's business units have a country-by-country program for monitoring the volume of waste produced, based on local laws and the characteristics of each location, including the collection and recycling system. On motorways, Autogrill takes care of waste collection and disposal directly, using the public service and private collectors. At malls, railway stations, and airports, it is almost always the infrastructure operator that takes care of collecting and disposing of waste.

The Group's waste management ethos is illustrated by its policies around the globe. In

Europe, for example, an increasing number of locations separate frying oil (for the production of biodiesel and green energy), plastic, and paper, and have customers separate plastic and glass bottles wherever possible. There are numerous initiatives to reduce the quantity of waste: in Slovenia, the Group has awareness programs for employees that help decrease the amount of packaging that will end up being discarded. At rest stops in Switzerland, the Group works with external providers to collect different kinds of waste, and the packaging used for takeaway food is made from recycled materials. French locations have introduced recyclable "disposables," banned plastic bags, and installed automatic water machines.

In Italy in the last quarter of the year, the groundwork was laid for a new project — launched in early 2019 — to increase recycling on the motorways.

A circular economy project called "**Wascoffee**" applies an ecodesign philosophy by making furnishings out of recycled coffee grounds. A major participant in the project is the Politecnico di Milano, which conducted a life cycle assessment for the use of coffee grounds as an innovative material, including for the purpose of formulating a development plan at Bistrot and Puro Gusto locations on a national and international scale. In all locations operated by the International area at Schiphol Airport in Amsterdam, most of the packaging is 100% recyclable; utensils are biodegradable, and the Ecolabel napkins are made from 100% recycled fibers and distributed through waste-reducing dispensers. The objective is to take a circular economy approach and collect and recycle more plastic (PET) bottles and coffee cups at the airport, so the resulting best practices can be shared with other International locations.

In the other countries, too, the Group is committed to reducing waste: in India, plastic bags, cutlery, and plates will be gradually replaced with items made from wood, paper, or corn starch; in Australia, at Cairns Airport in Queensland, the "Bring your Own" campaign encourages travelers to bring a cup from home, while straws, "BioCups" for coffee, and bags are now made of compostable materials. In the United Kingdom, a partnership with Starbucks has customers pay an extra 5 cents for every paper cup used, and the money is donated to an environmental protection group. At various other airports in **Northern Europe**, Autogrill works with Coca-Cola to collect plastic bottles and recycle them into chairs and T-shirts (80% recycled PET and 20% cotton) worn by staffers at certain locations.

FOOD WASTE

Autogrill's internal management systems, developed and refined over the years thanks to experience and technology, allow it to calculate with a relatively low margin of error the number of people that each location should be ready to welcome on each day of the year. This reduces food waste and overproduction to a minimum, by calculating as precisely as possible the quantities of food to prepare, while making sure items do not run out. Method and procedures are the first step in reducing waste, including food waste, by managing the production process efficiently. Any leftover food is donated to food banks both in Italy and in North America, or sold at a discount at day's end.

At **Italian** rest stops, for example, some sandwiches are sold at a reduced price at night so as to throw out as little as possible. There are similar initiatives in Switzerland, France, and Germany, where a collaboration with the "Too Good to Go" app was implemented in 2018. In Switzerland the Group is also producing a manual that describes strategies for reducing food waste.

In **North America**, every Starbucks location is required to keep to a weekly budget for the purchase of food and beverages, to reduce the risk of ordering more than it will use. In addition, this area has a program in place that encourages customers to buy products that may have esthetic imperfections but are otherwise perfectly sound.

The **International area** is working on several projects to monitor and limit food waste. In Malaysia, the initiatives launched in previous years have now led to the Environmental Management Recognition Scheme that encourages all trading partners to implement green technologies for food & beverage, throw out less food, and produce less waste in general while recycling more. In Norway the Group has signed up for a food waste reduction program, and in Denmark, items that are unsold at the end of the day are donated to a Copenhagen food bank.

1.5.5 PRODUCT: PRODUCT QUALITY AND SAFETY AND FOCUS ON THE CUSTOMER

The Autogrill Group is committed to ensuring the safety and quality of what it serves, day after day: from raw materials to the finished product, following the right preparation standards and using quality ingredients in accordance with all local regulations and food safety standards. The Group requires its foods to be prepared under the strictest hygiene and sanitary conditions and actively involves its employees in understanding and appreciating these rules. For Autogrill, serving quality products also means assuring food safety throughout the procurement and production chain. In this vein the Group develops concepts, menus, and recipes made from safe, nutritious ingredients that meet different dietary needs and preferences.

FOCUS ON THE CUSTOMER

GRI Standard 102-43, 102-44, 103-2, 103-3

The Group encourages customer feedback and the development of innovative products and services that will meet society’s demands over the long-term horizon. New consumption patterns lead to ideas for increasing the excellence of the travel food experience and pursuing the utmost satisfaction of customers and all other stakeholders.

In 2018, the customer satisfaction survey “Feel good?” switched to a new methodology that provides a more accurate measure of the strength of customer relations, in order to guide strategic decisions and integrate the diverse approaches to customer understanding developed in different countries. A new program called “Customer voice” uses an interactive platform where customers can share their experiences at food & beverage locations, providing the Group with information and tips for improvement. The approach has been implemented at 135 locations in Europe, where the active solicitation of customer feedback now makes it possible to monitor satisfaction every day and step in to address problem areas.

The program has also been launched in North America, where customer satisfaction is also tracked through a partnership with the Global Response agency and through sentiment analysis on social media. Complaint management is another key component of customer relations; here, employees learn how to respond to the most difficult situations by, for example, replacing the product, offering a Be Our Guest card, or giving the customer a refund.

The International area has several ways of measuring customer satisfaction. In China, customers who complete a satisfaction questionnaire receive a free menu item; in

Qatar an online comments form was launched in 2018; in Indonesia the Group analyzes the social media response; in the United Kingdom feedback is collected through the "Hospitality Gem" questionnaire; and at Schiphol Airport in Amsterdam, satisfaction is monitored through the use of mystery shoppers.

GRI Standard 103-2, 103-3

HEALTHY, BALANCED MENUS

Offering quality menus also means demanding and ensuring food safety along the entire production chain, from farm to table. The Autogrill Group develops concepts, menus, and recipes made from safe, nutritious ingredients that meet a variety of dietary needs and preferences. Trends do indicate that consumers around the world are showing a growing preference for healthy, balanced lifestyles, starting with what they eat. Autogrill interprets travelers' needs so it can quickly respond to the complexity of these changes and translate them into innovative menus.

In all **European** countries served, there are many different options for vegan and vegetarian diners and those who prefer a healthy, low-calorie lifestyle. At Italian locations, the new Agile project aims to source simple, genuine ingredients and create balanced meals endorsed by nutritionists and popular scientists; the collaboration with Slow Food Italia also falls under this umbrella. In the other European countries, external partnerships have been developed for the supply of quality gluten-free and organic foods. Many options are available throughout the Group for those who choose a vegan diet, and halal and gluten-free products are now marked with their own sticker.

In the **United States**, since 2017 the "Eat Well, Travel Further" program has offered a range of healthy, ready-to-eat lunch boxes, drinks, and snacks that satisfy specific nutritional and dietary needs. These items make three promises: 500 calories or less per serving, no artificial colors/flavors/sweeteners, and no hydrogenated fats or high fructose corn syrup. In North America the Group also extended the "Fresh Attractions" program, an extensive menu of healthy, easy-to-carry items like sandwiches, wraps, and salads.

In the **International area**, too, Autogrill is constantly improving its offerings for people with special dietary needs and has expanded its range of gluten-free, high protein, lactose-free, and halal items in keeping with religious and cultural needs, habits, and customs. In Indonesia, for example, two halal-certified locations were opened during the year, and in the U.K., animal-free options have been expanded in response to the growing numbers of vegan and vegetarian customers.

ANIMAL WELFARE

The Group acknowledges its responsibility to promote animal welfare as a key element in ensuring the safety and quality of its menus. Carefully considering its different markets and their cultures, Autogrill is committed to sustainable, responsible purchasing that protects animal welfare in accordance with laws, regulations, and international best practices.

For its directly managed locations and proprietary brands, **Autogrill Italia** only uses shell eggs and egg mixes sourced, at a minimum, from cage-free hens. It was one of the first companies in the industry to promise not to use eggs from battery-grown hens, which in 2009 won it the Good Egg award from Compassion in World Farming, the largest international farm animal welfare organization.

In **North America**, in March 2016 the more than 2,000 airport and motorway locations in the United States committed to using only cage-free eggs by 2025. For other animal welfare issues in North America, the Group undergoes audits by the qualified international entity it uses to monitor purchasing. In **the Netherlands**, an agreement has been struck with a zero-impact organic farm that guarantees the highest animal welfare standards.

The practice has been partially implemented in most of the Group's European countries, and will be gradually extended to all directly managed proprietary concepts. Autogrill Europe is therefore committed to using only cage-free eggs and egg mixes in all European locations by 2025.

SERVICES: QUALITY AND ACCESSIBILITY

GRI Standard 103-2, 103-3

The Group works hard to keep its services up to date and develops dedicated services and special formulas to meet the needs of its diverse clientele.

In the major **European countries**, Autogrill has set up locations with baby rooms and children's play spaces. The Customer Relationship Management (CRM) team, after analyzing data on purchasing behaviors, has developed services and promotions for truckers, frequent travelers, and business customers with the e-invoicing service. Initiatives include fidelity programs for truckers in Germany, and agreements with tour operators for welcoming busloads of travelers in Spain. Thanks to some technological investments, in Germany and Switzerland it is possible to pre-order using digital kiosks, which reduces lines and makes the customer experience faster and better.

For a few years, these kiosks have already been part of the long-term digital strategy in North America, and are used for both ordering and paying. In the United States Autogrill has also launched the Network Operation Center, a new system to ensure the highest level of security for electronic payments and the best customer experience for the wi-fi services offered at most locations.

Improving services also means expanding and facilitating payment options. In Vietnam, a payment app for airport locations has been used on an experimental basis since October 2018, and in the Netherlands a new Asian restaurant was recently opened with an app that allows customers to see the menu, order, and pay directly from their smartphones.

PRODUCT QUALITY AND SAFETY

GRI Standard 103-2, 103-3, 416-1

Autogrill has a primary responsibility to ensure the safety and quality of what it serves, day after day: from raw materials to the finished product, following the right preparation standards and using quality ingredients in accordance with all local regulations and food safety standards.

The quality and safety of the products served is guaranteed by a management system that begins with the supplier selection process and is based on values and objectives that are strongly shared by the Group and its trading partners. To that end, suppliers are periodically screened by way of questionnaires, direct or indirect information gathering, spot checks and, where necessary, audits. In addition to these assessments and controls is a self-screening program falling within the management system used in the various countries, consisting of a set of centrally coordinated procedures carried out on-site to ensure compliance with all hygiene and sanitary standards.

In **North America** and **Europe**, suppliers go through a pre-approval process to test their level of compliance with the Group's **HACCP** [31] standards, which call for strict microbiological, content and chemical/physical analyses along the entire supply chain, at intervals established according to a risk assessment approach. In Italy in particular, the results of **HACCP** audits at individual locations are included in the MBO [32] system for store managers; in 2018, 1,300 of these audits were performed in addition to supplier inspections and document checks, product and food analyses, and environmental swabs. In Spain, a procedure was implemented during the year for the handling of non-compliance by area managers, and in Greece, ISO 22000 certification was obtained for the food safety management system.

In **North America**, the Group has a quality control and food safety program administered by an outside company, based on the Food and Drug Administration Food Code in the United States and the Safe Food for Canadians Act in Canada. Each location is inspected without notice at least twice a year, and the Quality Assurance department reviews the audits and oversees implementation of the improvement plans proposed by the store managers. There is also an audit program that traces new small suppliers in a database and provides a support tool so they can meet the required quality standards.

In the **International area**, observance of each country's local standards is assured by procedures drawn up in accordance with **HACCP** guidelines, in a process of ongoing improvement that is helping several locations obtain ISO 9001 certification. Facilities may be subject to external audit by third parties and to internal controls ensuring compliance with the Group's quality standards. All suppliers, in addition to signing the Autogrill Code of Conduct, are selected on the basis of detailed procedures and checklists.

As a brand licensee, the Group itself is subject to audits by brand partners as well as concession grantors. Staff training in food safety standards and HACCP processes completes the Group's oversight program. Training is organized in accordance with local regulations and may be given internally or in collaboration with external providers; during the year, food safety training programs began to be harmonized so that an integrated approach can be developed and shared throughout the Group.

GRI Standard 103-2, 103-3

PRODUCT LABELING AND MARKETING

Laws on disclosing the ingredients of food products are followed scrupulously in all countries served. In particular, information on allergens is a top priority at every location. In addition to local laws, each country develops its own initiatives for promoting a healthy lifestyle and a balanced diet. In the United States, in accordance with Food and Drug Administration rules, all prepackaged, grab-and-go products are labeled for allergens and for their nutritional and calorie content. This also applies to northern Europe, on top of the allergen information required by law. Every International location keeps detailed pamphlets on allergens, including gluten and dairy, and for some products the information can be viewed directly with a barcode reader.

Autogrill strictly complies with the laws in each country regarding alcohol and tobacco sales, and is committed to the responsible consumption of these products. In North America, the ServSafe Alcohol® program trains employees in the correct serving of alcoholic beverages. Marketing at U.S. locations includes the "We ID" message asking all customers to present identification when they purchase alcohol.

31 HACCP: Hazard Analysis and Critical Control Points
32 MBO: Management by Objectives

PRINCIPAL CERTIFICATIONS

The Group views the certifications it has obtained as proof of its successful business models and as encouragement to strive for constant improvement.

Certification	Applies to:
ISO 9001:2015 on Quality Management Systems	Italy: Autogrill S.p.A. and Nuova Sidap
UNI 10854 (self-screening based on HACCP)	Italy: Autogrill S.p.A. and Nuova Sidap
ISO 22000 on Food Safety Management	Italy: Autogrill S.p.A.
ISO 9001:2015 (provision of technical project management services)	Greece: Autogrill Hellas EpE
ISO 9001:2015 (provision of technical project management services)	Italy: Autogrill S.p.A.
BS OHSAS 18001:2007	Italy: Autogrill S.p.A. - airport stores
Halal certification from MUI (Majelis Ulama Indonesia)	Pizza Hut at Bali airport, stores at Bangalore airport (HMSHost International), Majia Sumai (China), Pizza Hut and Burger King in Jakarta, airport stores at Bangalore and Hyderabad (HMSHost International)
Diverse Food Safety program	Stores in Bali (HMSHost International), stores at Schiphol airport (HMSHost International)
FSSAI (Food Safety and Standards Authority of India)	Airport stores at Bangalore and Hyderabad (HMSHost International)
NVWA (Netherlands Food and Consumer Product Safety Authority)	Stores at Schiphol airport (HMSHost International)
EIQA Irish Food Safety Quality Awards	HMSHost Ireland (every year since 2010)
Bord Bia Origin Green sustainability awards	HMSHost Ireland (obtained in 2017 and retained in 2018)
Shop & Establishment/Trade	India

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

GRI Standard 103-2, 103-3, 102-9, 102-12, 308-1, 414-1

Relations with suppliers are key to obtaining products of consistently excellent quality and services that meet customers' expectations. The Group strives to create stable, long-term relationships where both partners share the same values and therefore acts with transparency, integrity, impartiality, and contractual fairness, favouring domestic suppliers wherever possible as a way of supporting each country's economy.

Autogrill's supply chain is made up chiefly of food and beverage vendors: for fresh foods they are mostly local, while for non-perishables, the Group takes advantage of its multinational dimension to enter into supply contracts in different countries. There is also a small number of providers of technical goods and services, such as maintenance and cleaning.

The procurement processes and partnership arrangements with suppliers are often guided by the Procurement units and by specialists working at headquarters in the different countries, sometimes with support from specialized intermediaries. On the same basis, in North America, for its procurement process services the Group uses a qualified international operator as well as the supply chains of its brand partners.

It is in Autogrill's interest to verify the suitability of suppliers for the sake of a long-term relationship. The care it takes in building solid relationships with providers of goods and services is important on the ethical plane and also for the quality and safety of products. For this reason, the Autogrill Group Supply Chain Sustainability Guidelines were published for the first time in 2017, with input from the Global Compact Network Italy Foundation, which defines general standards for the evaluation of suppliers and the basic principles of the Group's sustainable supply chain management approach.

Thanks to the Group Supply Chain Sustainability Guidelines, each geographical region is involved in the development of specific procedures for the management and monitoring of its suppliers, with a view to greater transparency and awareness of its own supply chain. Beyond absolute compliance with local regulations and quality control procedures, the individual countries are integrating their supplier monitoring processes as laid down in the guidelines.

In **European countries**, suppliers sign the Code of Ethics as part of the qualification process and must also meet specific socio-environmental criteria. In Greece, for example, suppliers have to satisfy certain prerequisites established by the ISO 22000 system, while in Italy, they are bound to the certification standards of SA8000. It is important to note that especially in countries where supplier quality cannot be audited, supply chain risk is managed by giving priority to large companies that are already certified and subject to external audits. In North America, vendors are required to sign the Supplier Code of Conduct governing the purchase of food and non-alcoholic beverages. This applies to suppliers the Group contracts directly and to any intermediaries that help it manage the procurement process.

In 2018, the **International area** made the Supply Chain Sustainability Guidelines part and parcel of all new vendor contracts, requiring suppliers to observe the standards that apply throughout the Group.

1.5.6 AUTOGRILL GROUP'S SOCIAL AND ENVIRONMENTAL DATA

EMPLOYEES BY AGE, GENDER, AND PROFESSIONAL CATEGORY

GRI Standard 102-8, 405-1

	2018				2017			
(No.)	North America[33]	Europe	International	Total	North America	Europe	International	Total
TOTAL EMPLOYEES	**32,030**	**16,624**	**11,398**	**60,052**	**30,988**	**17,467**	**9,957**	**58,412**
Of which: women	19,581	10,417	5,699	35,697	18,813	10,912	5,205	34,930
	61%	*63%*	*50%*	*59%*	*61%*	*62%*	*52%*	*60%*
HEADQUARTERS	**604**	**651**	**731**	**1,986**	**578**	**671**	**729**	**1,978**
Top managers	**86**	**40**	**47**	**173**	**82**	**38**	**21**	**141**
Women	34	5	7	**46**	28	5	5	**38**
< 30 years	-	-	-	**-**	-	-	-	**-**
30-50 years	38	19	31	**88**	39	17	13	**69**
> 50 years	48	21	16	**85**	43	21	8	**72**
Senior managers	**128**	**47**	**59**	**234**	**130**	**52**	**70**	**252**
Women	55	18	24	**97**	58	16	25	**99**
< 30 years	1	2	2	**5**	1	1	3	**5**
30-50 years	77	32	48	**157**	79	41	56	**176**
> 50 years	50	13	9	**72**	50	10	11	**71**
Managers	**172**	**162**	**134**	**468**	**164**	**164**	**103**	**431**
Women	74	84	64	**222**	73	82	45	**200**
< 30 years	10	8	15	**33**	11	7	27	**45**
30-50 years	108	115	111	**334**	108	114	74	**296**
> 50 years	54	39	8	**101**	45	43	2	**90**
White collars	**218**	**402**	**491**	**1,111**	**202**	**417**	**535**	**1,154**
Women	149	260	207	**616**	129	269	282	**680**
< 30 years	35	48	233	**316**	35	55	318	**408**
30-50 years	112	233	237	**582**	111	242	194	**547**
> 50 years	71	121	21	**213**	56	120	23	**199**

33 The 2018 figures for North America include Stellar Partners Inc.

	2018				2017			
(No.)	North America[33]	Europe	International	Total	North America	Europe	International	Total
LOCATIONS	**31,426**	**15,973**	**10,667**	**58,066**	**30,410**	**16,796**	**9,228**	**56,434**
Area managers	**137**	**56**	**80**	**273**	**116**	**60**	**72**	**248**
Women	41	10	15	**66**	32	11	22	**65**
< 30 years	-	-	8	**8**	-	3	8	**11**
30-50 years	66	36	70	**172**	51	34	63	**148**
> 50 years	71	20	2	**93**	65	23	1	**89**
Store managers	**1,219**	**517**	**243**	**1,979**	**1,076**	**537**	**205**	**1,818**
Women	577	178	91	**846**	510	165	83	**758**
< 30 years	155	19	64	**238**	106	18	48	**172**
30-50 years	708	361	168	**1,237**	644	361	148	**1,153**
> 50 years	356	137	11	**504**	326	158	9	**493**
Managers	**858**	**533**	**481**	**1,872**	**884**	**655**	**418**	**1,957**
Women	501	270	191	**962**	499	370	178	**1,047**
< 30 years	245	91	200	**536**	258	127	171	**556**
30-50 years	449	322	260	**1,031**	486	394	232	**1,112**
> 50 years	164	120	21	**305**	140	134	15	**289**
Head of service	**3,311**	**2,118**	**1,121**	**6,550**	**2,954**	**1,852**	**844**	**5,650**
Women	2,237	1,309	536	**4,082**	1,992	1,100	400	**3,492**
< 30 years	1,402	297	651	**2,350**	1,277	147	574	**1,998**
30-50 years	1,333	1,376	451	**3,160**	1,163	1,328	255	**2,746**
> 50 years	576	445	19	**1,040**	514	377	15	**906**
Multiservice operators	**25,901**	**12,749**	**8,742**	**47,392**	**25,380**	**13,692**	**7,689**	**46,761**
Women	15,913	8,283	4,564	**28,760**	15,492	8,894	4,165	**28,551**
< 30 years	11,117	3,027	6,746	**20,890**	11,064	3,287	6,041	**20,392**
30-50 years	8,848	6,911	1,722	**17,481**	8,640	7,549	1,413	**17,602**
> 50 years	5,936	2,811	274	**9,021**	5,676	2,856	235	**8,767**
Vulnerable categories/ employees with disabilities	**N/A**	**535**	**61**	**596**	**N/A**	**580**	**106**	**686**

For North America, information on employees in protected categories is not available because of privacy laws.

33 The 2018 figures for North America include Stellar Partners Inc.

EMPLOYEES BY TYPE OF CONTRACT

GRI Standard 102-8, 405-1

(No.)	2018 North America[34]	2018 Europe	2018 International	2018 Total	2017 North America	2017 Europe	2017 International	2017 Total
Total employees	**32,030**	**16,624**	**11,398**	**60,052**	**30,988**	**17,467**	**9,957**	**58,412**
Of which: women	19,581	10,417	5,699	35,697	18,813	10,912	5,205	34,930
	61%	*63%*	*50%*	*59%*	*61%*	*62%*	*52%*	*60%*
Permanent	**32,030**	**13,720**	**5,692**	**51,442**	**30,988**	**15,074**	**4,798**	**50,860**
Of which: women	19,581	8,736	3,003	**31,320**	18,813	9,615	2,515	**30,943**
Temporary[35]	**n/a**	**2,904**	**5,706**	**8,610**	**n/a**	**2,393**	**5,159**	**7,552**
Of which: women	n/a	1,681	2,696	**4,377**	n/a	1,297	2,690	**3,987**
Full time	**25,410**	**7,396**	**7,122**	**39,928**	**24,397**	**7,589**	**5,847**	**37,833**
Of which: women	15,455	3,771	3,050	**22,276**	14,706	3,869	2,613	**21,188**
Part time	**6,620**	**9,228**	**4,276**	**20,124**	**6,591**	**9,878**	**4,110**	**20,579**
Of which: women	4,126	6,646	2,649	**13,421**	4,107	7,043	2,592	**13,742**

PER CAPITA TRAINING HOURS BY EMPLOYEE CATEGORY

GRI Standard 404-1

Group (hours)	2018	2017
HEADQUARTERS		
Top managers	**8.3**	**12.4**
Women	11.2	17.5
Men	7.3	11.4
Senior managers	**10.2**	**24.3**
Women	11.0	22.4
Men	9.7	25.3
Managers	**12.9**	**18.5**
Women	15.3	21.0
Men	10.7	16.3
White collars	**9.3**	**8.3**
Women	8.9	8.4
Men	9.7	8.2

Group (hours)	2018	2017
STORES		
Area managers	**15.3**	**17.9**
Women	8.8	15.0
Men	17.3	18.9
Store managers	**31.8**	**27.7**
Women	28.5	25.2
Men	34.3	29.4
Managers	**32.2**	**29.0**
Women	27.5	27.7
Men	37.1	30.5
Head of service	**35.1**	**21.0**
Women	35.0	18.9
Men	35.1	24.4
Multiservice operators	**18.0**	**35.9**
Women	17.8	35.2
Men	18.4	37.2

34 The 2018 figures for North America include Stellar Partners Inc.
35 The "Temporary" category does not apply to workers in North America, who are classified according to current legislation by which both parties can terminate employment at any time ("at-will employment")

The currently available figures for training hours in North America were estimated on the basis of the individual training plan drawn up for each new hire. Also, at headquarters, professional development (especially for top managers) often takes place in the form of workshops, conferences and seminars which are not subject to reporting. The change in per capita training hours between 2017 and 2018 should also be viewed in light of more specific data collection and the expanded reporting boundary (in 2018 it was also possible to include the hours of training received by U.S. headquarters personnel).

GRI Standard 404-3

EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS

Group[36] (%)	2018	2017		2018	2017
Headquarters			**Stores**		
Top managers			**Area managers**	**79%**	**89%**
Women	n.a.	n.a.	Women	80%	85%
Men	n.a.	n.a.	Men	79%	91%
Senior managers	**90%**	**82%**	**Store managers**	**79%**	**90%**
Women	90%	84%	Women	79%	90%
Men	90%	81%	Men	79%	91%
Managers	**89%**	**88%**	**Managers**	**81%**	**84%**
Women	90%	89%	Women	80%	87%
Men	88%	87%	Men	81%	81%
White collars	**86%**	**78%**	**Head of service**	**42%**	**38%**
Women	88%	77%	Women	40%	35%
Men	84%	78%	Men	47%	43%
			Multiservice operators	**15%**	**15%**
			Women	14%	14%
			Men	17%	16%

The change in the percentage of non-head-office employees who received performance reviews is due mainly to high turnover and the opening of new stores, especially in countries that only give reviews once an employee has been working for six months. Data for **top managers** is not included because it refers to a management by objectives approach that differs from the performance review programs in place for other employees. See the Remuneration Report for further information.

36 Data are calculated as following: number of employees who received a performance review / number of employees at 31 December in countries with a performance review system. Does not include some smaller payrolls such as Austria, the Czech Republic, and Slovenia in Europe and China in the International area

NEW HIRES AND DEPARTURES

GRI Standard 401-1

	2018				2017			
	North America	Europe[37]	International	Total	North America	Europe	International	Total
New hires (no.)	**24,256**	**12,009**	**8,751**	**45,016**	**22,884**	**8,198**	**8,203**	**39,285**
Women	15,057	7,093	4,393	26,543	14,057	4,473	4,166	22,696
Men	9,199	4,916	4,358	18,473	8,827	3,725	4,037	16,589
< 30 years	17,177	7,116	7,204	31,497	16,714	5,027	6,919	28,660
30-50 years	5,602	4,367	1,395	11,364	4,808	2,806	1,194	8,808
> 50 years	1,477	526	152	2,155	1,362	365	90	1,817
Departures (no.)	**23,173**	**12,556**	**7,397**	**43,126**	**22,715**	**7,306**	**6,434**	**36,455**
Women	14,325	7,421	3,785	25,531	13,831	4,016	3,240	21,087
Men	8,848	5,135	3,612	17,595	8,884	3,290	3,194	15,368
< 30 years	15,976	6,716	6,078	28,770	16,032	4,092	5,494	25,618
30-50 years	5,486	4,831	1,181	11,498	4,998	2,583	875	8,456
> 50 years	1,711	1,009	131	2,851	1,685	631	65	2,381
Turnover, incoming (%)	**76%**	**72%**	**77%**	**75%**	**74%**	**47%**	**82%**	**67%**
Women	77%	68%	77%	74%	75%	41%	80%	65%
Men	74%	79%	76%	76%	73%	57%	85%	71%
< 30 years	132%	204%	91%	129%	131%	138%	96%	122%
30-50 years	48%	46%	45%	47%	42%	28%	49%	37%
> 50 years	20%	14%	40%	19%	20%	10%	28%	17%
Turnover, outgoing (%)	**72%**	**76%**	**65%**	**72%**	**73%**	**42%**	**65%**	**62%**
Women	73%	71%	66%	72%	74%	37%	62%	60%
Men	71%	83%	63%	72%	73%	50%	67%	65%
< 30 years	123%	192%	77%	118%	126%	112%	76%	109%
30-50 years	47%	51%	38%	47%	44%	26%	36%	35%
> 50 years	23%	27%	34%	25%	24%	17%	20%	22%

Percentages represent turnover rates (incoming and outgoing) and are calculated in relation to the total number of employees for each area, gender and age range.

37 The change in turnover between 2017 and 2018 in Europe relates to improvements in the data collection system for the sake of uniform reporting throughout the Group

GRI Standard 403-2

INJURY RATES[38]

	2018				2017			
	North America	Europe	International	Total	North America	Europe	International	Total
Workplace injuries (no.)	**1,122**	**555**	**291**	**1,968**	**1,134**	**592**	**162**	**1,888**
Women	703	372	164	**1,239**	723	374	97	1,194
Men	419	183	127	**729**	411	218	65	694
Injury rate (IR)	**28.1**	**25.0**	**22.9**	**26.3**	**27.8**	**26.4**	**25.1**	**27.1**
Women	30.1	28.1	28.8	**29.3**	30.5	27.9	39.7	**30.2**
Men	25.4	20.5	18.2	**22.5**	24.0	24.3	16.2	**23.1**
Severity rate	**0.2**	**0.5**	**0.1**	**0.2**	**0.1**	**0.6**	**0.1**	**0.3**
Women	0.2	0.5	0.1	**0.3**	0.2	0.7	0.1	**0.3**
Men	0.1	0.4	0.1	**0.2**	0.1	0.5	0.1	**0.2**
Occupational illness rate	0.00	0.04	0.16	**0.04**	0.00	0.03	0.03	**0.01**
Women	0.00	0.03	0.21	**0.04**	0.00	0.03	0.08	**0.02**
Men	0.00	0.04	0.11	**0.04**	0.00	0.02	0.00	**0.01**

Frequency rate: (number of workplace injuries)/total hours worked) x 1,000,000
Severity rate: (Number of days lost due to injuries/total hours worked) x 1,000
Occupational illness rate: Number of cases of occupational illness/total hours worked) x 200,000

Data is collected from all countries except for the International area's new legal entity APAC [39], where an injury reporting system is currently being implemented. Likewise for Germany and the Netherlands, although the reporting system is up and running, it is not yet possible to extract data on absences and hours worked. These countries were therefore excluded from the perimeter in 2018, while Ireland and the United Kingdom (International area) were included. On a like-for-like basis, the International area (which in 2017 did not include the Netherlands, the U.K., Ireland, and APAC) had both a frequency rate (25.0) and a severity rate (0.1) in line with the previous year.

The reporting system in North America does not count commuting accidents. As such, for the sake of fair comparison, commuting accidents were excluded from all injury rates. In any case, there were 151 commuting accidents in Europe (150 in 2017), while the International area reported 22 commuting accidents and 2 traffic deaths, compared with 24 accidents the previous year. In North America the Group is also refining its injury monitoring software so it will report absences caused by injuries, which at the moment are partly estimated.

38 The Group will conduct further analysis considering the significance of contract (non-employee) workers
39 Asia-Pacific headquarters

DONATIONS BY TYPE AND GEOGRAPHICAL AREA

	2018				2017			
Donations (€)	**North America**	**Europe**	**International**	**Total**	**North America**[40]	**Europe**	**International**	**Total**
Direct donations	10,627	223,255	33,444	267,326	7,541	140,215	23,511	171,267
Indirect donations	438,142	23,968	37,542	499,653	381,415	2,042	36,125	419,582
Donations in kind	3,268,177	360	15,950	3,284,486	3,581,185	155,917	151	3,737,253
Total	**3,716,946**	**247,583**	**86,936**	**4,051,464**	**3,970,140**	**298,174**	**59,787**	**4,328,101**

ENVIRONMENT – ENERGY CONSUMPTION AND EMISSIONS

GRI Standard 302-1, 305-1, 305-2

		2018			2017		
		North America	**Europe**	**Total**	**North America**	**Europe**	**Total**
HQ + PoS							
Direct energy consumption	**GJ**	**222,677**	**135,940**	**358,617**	**249,682**	**150,982**	**400,664**
Energy from non-renewable sources:							
Natural gas	m^3	5,560,750	1,659,503	**7,220,253**	6,091,829	1,816,721	**7,908,550**
Diesel oil	l	-	977,039	**977,039**	-	1,151,972	**1,151,972**
LPG	l	-	298,612	**298,612**	-	284,798	**284,798**
Propane	kg	-	-	**-**	-	828	**828**
Energy from vehicles owned:							
Fuel	l	-	5,598	**5,598**	-	6,614	**6,614**
Diesel oil	l	-	639,128	**639,128**	-	658,939	**658,939**
Indirect energy consumption	**GJ**	**357,598**	**851,044**	**1,208,642**	**348,997**	**855,873**	**1,204,870**
From non-renewable sources	MWh	99,333	236,323	**335,656**	96,944	237,539	**334,483**
From renewable sources	MWh	-	78	**78**	-	203	**203**
Emissions		**60,891**	**86,046**	**146,937**	**61,114**	**88,265**	**149,379**
Direct emissions	$t\ CO_{2eq}$	**11,379**	**8,076**	**19,455**	**12,793**	**8,934**	**21,727**
From non-renewable sources		11,379	6,385	17,764	12,793	7,217	20,010
From vehicles owned		-	1,691	1,691	-	1,717	1,717.1
Indirect emissions[41]	$t\ CO_2$	**49,512**	**77,970**	**127,482**	**48,322**	**79,330**	**127,652**
Electricity		49,512	77,970	127,482	48,322	79,330	127,652

Data on direct and indirect energy consumption refers mainly to headquarters and motorway locations, where utilities are contracted directly by the Group. In 2018, thanks to efforts to gather information and raise awareness at individual locations, it was possible to see the utility bills of some airports and railway stations in the International area that were previously excluded form reporting. Direct energy

40 Due to improvements in the reporting system, the 2017 figure for direct donations in North America has been restated. For data published previously, see the 2017 non-financial statement, in the Investors section at www.autogrill.com. The change has also affected the items "Reclassified operating costs" and "Donations" in the Statement of economic value on page 47

41 The calculation with the "market based" methodology is not considered applicable since the energy suppliers' contracts managed at country level, the Group refers to the market mix associated

consumption data was made available for about 30% of the locations in this area and indirect energy consumption data for about 70% of the locations, for a total of 25,613 GJ of energy consumed directly (natural gas, diesel, and gasoline for company cars) and 90,462 GJ of energy (mostly electricity) consumed indirectly. The Group will continue to build awareness and expand the reporting area to the extent such data becomes available.

At locations where utilities are included in the rent, it is not always possible to know how much is consumed; these locations, therefore, will continue to be excluded from reporting. This limitation applies mainly to airports and shopping centers in North America.

The factors used to compute indirect emissions were published by the Department for Business, Energy & Industrial Strategy (BEIS) in 2015 (complete with emissions factors by country), while for direct emissions, the Group used the more recent document published in 2018.

GRI Standard 306-2

ENVIRONMENT – WASTE DISPOSAL

	Europe	
Means of disposal	**2018**	**2017**
Hazardous waste[42] (t)	**17.01**	**16.5**
Recycled	7.48	8.5
Incinerator	9.53	7.8
Landfill	-	0.2
Non-hazardous waste (t)	**30,608.1**	**19,464.0**
Recycled	9,470.9	5,661.9
Incinerator	7,057.6	6,566.5
Landfill	14,079.5	7,235.6

Because of the particularities of the Group's business, it is important to note that waste disposal data can only cover locations where the Group uses a private waste management firm. To give a more complete picture of the reporting area, in 2018 the Group estimated some figures, mostly in the Italian motorway channel for waste collected by local public operators, on the basis of comparable businesses. The figures in the table do not refer to the same reporting boundary and are therefore not directly comparable. On a like-for-like basis, non-hazardous waste in the Europe area would amount to 20,890 tonnes in 2018.

The figures are thus partially estimated and do not include locations in Slovenia, Switzerland, and Spain, where all waste is collected by public entities. International and North American locations are not included because waste management is primarily handled by the infrastructure operators.

42 Hazardous waste includes electronic devices, batteries, waste oils, oil filters, absorbent materials, and packaging containing hazardous substances (produced by the oil business)

1.5.7 DRAFTING CRITERIA

GRI Standard 102-4, 102-10, 102-13, 102-46, 102-48, 102-50, 102-51, 102-52, 102-54, 103-2, 103-3

REPORTING STANDARDS

The consolidated non-financial statement of the Autogrill Group (hereinafter also "Statement"), prepared in accordance with Arts. 3 and 4 of Legislative Decree 254/2016, as amended, (hereinafter also "Decree"), contains disclosures on environmental, social, personnel, human rights, and anti-corruption topics to the extent needed to ensure a full understanding of what the Autogrill Group does (hereinafter also "Group"), how it has performed, and the impact of its operations. The main risks generated or incurred in connection with these topics and arising from business activities are described in the "Financial and non-financial risk management" section of the Directors' Report.

This statement, approved by the Board of Directors on 14 March 2019, will be published annually and has been drawn up according to the GRI Sustainability Reporting Standards (Core option) defined in 2016 by the Global Reporting Initiative (the Group is a member of the GRI Gold Community). The GRI Standards are the most widely followed in the world for non-financial reporting, and have been chosen by Autogrill as its reference standards for compliance with Decree 254/2016. To help readers locate information within the document, the GRI content index is provided on pages 82-90.

The non-financial disclosures in this report reflect the principle of materiality (relevance), as provided for by law and featured in the GRI standards: the issues discussed are those which, following a materiality analysis described on page 38 of this document, were found to be relevant as they reflect the Group's social and environmental impact or influence the decisions of its stakeholders. Given the Group's operations, the materiality analysis did not find water consumption to have a significant environmental impact, so it is not a topic addressed in this statement. The issue of human rights did not emerge as material, but is still highly important to the Group, especially in the selection and evaluation of suppliers and relations with employees and the community. These aspects are governed by policies and procedures such as the Group Sustainability Policy, the Code of Ethics, and the Supply Chain Sustainability Guidelines. Materiality is reviewed with a frequency and according to a methodology defined on the basis of developments within and outside the Group. The document highlights the ways in which the Group's actions are connected with the United Nations Sustainable Development Goals (UN SDGs).

REPORTING BOUNDARY

The quali and quantitative disclosures in the consolidated non-financial statement refer to the Autogrill Group for the year ended 31 December 2018. As required by Art. 4 of Decree 254/2016, the consolidated non-financial statement includes data for the parent company (Autogrill S.p.A.) and its wholly-owned subsidiaries, unless otherwise specified, and breaks down results for the Group's three business segments.

The boundary for income statement figures is the same as that for the Group's 2018 Annual Report. The boundary for non-financial disclosures consists of the companies consolidated on a line-by-line basis in the Autogrill Group's consolidated financial statements for the year ended 31 December 2018, except for dormant companies, those in liquidation, and acquisitions finalized during the year. Note, however, that headquarters and locations where the Group does not contract utilities directly and therefore has no precise consumption data — mostly at malls, railway stations and airports — are not always included in the reporting on environmental figures. This limitation primarily concerns North America and International. Compared with 2017, the Group has worked with the different business units to improve and complete the data collection process and has managed to expand the perimeter for environmental data to a larger number of locations in Europe and the International area, using estimates where necessary and as duly noted. Any other boundary limitations are stated within the document. In 2018 it was also possible to include the data of Stellar Partners, Inc. for its workforce as of 31 December, but not the socio-environmental data of Le CroBag, whose acquisition was finalized during the year.

REPORTING PROCESS

The preparation of the Autogrill Group's 2018 consolidated non-financial statement was based on a structured reporting process entailing:

- the involvement of all units/departments responsible for the material topics included in the report and the pertinent disclosures. Each was responsible for its own area and was asked to help analyze and consolidate the relevant data and check and validate the information reported. More specifically, the disclosures in this statement derive from the Group's IT system for management and accounting and from a non-financial reporting system (data collection forms) implemented for the sake of compliance with Decree 254/2016 and the GRI Standards. Individual data points were then extracted and run through calculations; where specifically noted, estimates were also used (see, for example, the section on Human resource development and appraisal). Data on economic performance, assets and liabilities was taken from the 2018 consolidated financial statements;
- approval of the statement by the Board of Directors, called to approve the 2018 financial statements, after being reviewed by the Risk Control and Corporate Governance Committee;
- issuance of a compliance assessment by Deloitte & Touche, in the form of a limited inspection;
- publication of the statement on the corporate website, for consultation by all interested stakeholders.

1.5.8 MATRIX LINKING MATERIAL TOPICS AND RELATED GRI ASPECTS

GRI Standard 103-1

Area	Topic	GRI disclosure	Applies to: Where	Applies to: Type of impact
Economic & Governance	Anti-corruption	Anti-corruption	Autogrill Group	Direct
	Creation of economic value	Economic performance	Autogrill Group	Direct
	Competitive practices	Anti-competitive behaviour, Socio-economic compliance	Autogrill Group	Direct
	Effectiveness and transparency of decision-making[43]	n.a.	Autogrill Group	Direct
People	Quality of employee relations	Employment	Autogrill Group	Direct
	Health and safety in the workplace	Occupational health and safety	Autogrill Group employees	Direct
	Human resource development and appraisal	Training and education	Autogrill Group	Direct
	Labor union relations	Labor/management relations	Autogrill Group	Direct
	Diversity and equal opportunity	Diversity and equal opportunity, non discrimination	Autogrill Group	Direct
Product	Product labeling and marketing	Marketing and product labeling	Autogrill Group, consumers	Direct
	Supply chain management	Supplier environmental assessment, Supplier social assessment	Autogrill Group, supply chain	Direct and indirect
	Accessibility and quality of services[43]	n.a.	Autogrill Group, supply chain, consumers	Direct and indirect
	Product quality and safety	Customer health and safety	Autogrill Group, supply chain, consumers	Direct and indirect
Planet	Energy efficiency and emissions	Energy, Emissions, Environmental compliance	Autogrill Group, supply chain	Direct and indirect
	Waste management	Waste collection	Autogrill Group, consumers, community	Direct and indirect

43 For the material topics "Effectiveness and transparency of decision-making" and "Accessibility and quality of services," not directly associated with GRI Standards, Autogrill reports its management approach

Standard
102-54. 102-55

1.5.9 GRI CONTENT INDEX

The Autogrill Group's non-financial statement has been prepared in accordance with the **GRI Standards: Core option**. The table below shows Group disclosures based on the GRI Standards published in 2016 by the Global Reporting Initiative, with reference to Autogrill's materiality analysis and pertaining to 2017 and 2018.

UNIVERSAL STANDARDS

GRI Standard	Page no.	Disclosure
GRI 102: General Disclosures		
Organizational profile		
102-1	DR, Simplified Group structure, p. 18.	Name of the organization.
102-2	DR, The Autogrill Group, p. 13.	Brands, products, and services.
102-3	Centro Direzionale Milanofiori. Palazzo Z, Strada 5, 20089 Rozzano (MI) – Italy.	Location of headquarters.
102-4	DR, Autogrill around the world, p. 14; Drafting criteria, p. 80-81.	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.
102-5	DR, Simplified Group structure, p. 18; DR, Organizational structure as at 14 March 2019 , p. 19.	Nature of ownership and legal form.
102-6	DR, Autogrill around the world, p. 14; DR, Group performance p. 21; DR, Business segments p. 33.	Markets served, including geographic locations, sectors, and types of customers and beneficiaries.
102-7	DR, The Autogrill Group, p. 13; DR, Condensed consolidated income statement p. 24; DR, Revenue p. 27; Reclassified consolidated statement of financial position, p. 30-32, DR, Equity p. 157-158.	Scale of the organization.
102-8	The people of the Autogrill Group, p. 51; Autogrill Group's social and environmental data, p. 72-78.	Number of employees by contract and gender.
102-9	Responsible supply chain management, p. 70.	Description of the organization's supply chain.
102-10	DR, Change in scope of consolidation and other corporate actions pp. 22-23; Drafting criteria, p 80-81.	Significant changes to the organization's size, structure, or supply chain.
102-11	DR, Financial and non-financial risk management, pp. 95-102; Sustainability for the Autogrill Group p. 49.	Whether and how the organization applies the Precautionary Principle or approach.
102-12	Human resource development and appraisal, p. 55; Responsible supply chain management, p. 70.	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes.
102-13	Diversity and equal opportunity, p. 57; Drafting criteria, p. 80-81.	Memberships of national or international advocacy organizations.
Strategy		
102-14	DR, Letter to the shareholders.	Statement from senior decision-maker.
102-15	DR, Financial and non-financial risk management, pp. 95-102.	Description of key impacts, risks, and opportunities.
Ethics and integrity		
102-16	Diversity and equal opportunity, p. 57; Code of Ethics, http://www.autogrill.com/it/governance/modello-organizzativo-e-codice-etico.	Values, principles, standards, and norms of behaviour.
Governance		
102-18	CGR, pp. 21, 54, 56, 58, 65.	Governance structure of the organization.
Stakeholder engagement		
102-40	Stakeholder engagement, p. 49-50.	List of stakeholder groups engaged by the organization.
102-41	Labour relations, p. 58.	Percentage of employees covered by collective bargaining agreements.

GRI Standard	Page no.	Disclosure
102-42	Stakeholder engagement, p. 49-50.	Basis for identifying stakeholders with whom to engage.
102-43	Creating and distributing economic value, p. 47; Stakeholder engagement, p. 49-50; People: the people of the Autogrill Group, p. 51; Community development and engagement, pp. 61; Focus on the customer, p. 66.	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.
102-44	Stakeholder engagement, p. 39; People: the people of the Autogrill Group, p. 51; Focus on the customer, p. 60.	Key topics and concerns raised through stakeholder engagement and how the organization has responded, including through its reporting. List of the stakeholder groups that raised each of the key topics and concerns.
Reporting practice		
102-45	Consolidated financial statements, List of consolidated companies and other investments, pp. 189-193.	Entities included in the organization's consolidated financial statements or equivalent documents.
102-46	Drafting criteria, pp. 80-81.	Process for defining the report content and topic boundaries
102-47	Materiality analysis, p. 50.	Material topics identified in the process for defining report content.
102-48	Autogrill Group's social and environmental data, p. 72-78.	Restatements of information given in previous reports, and the reasons for such restatements.
102-49	Materiality analysis, p. 50.	Significant changes from previous reporting periods in the list of material topics and topic boundaries.
102-50	Drafting criteria, p. 80-81.	Reporting period (fiscal or calendar year).
102-51	The NFS was issued in May 2018 .	Date of most recent report (if applicable).
102-52	Drafting criteria, p. 80-81.	Reporting cycle (annual/biennial).
102-53	IA&CSR department. Tel. (+39) 0248263490.	Contact point for questions regarding the report.
102-54	Drafting criteria, p. 80-81; GRI content index, p. 83-90.	Specify which GRI Standards option the organization has chosen (Core or Comprehensive).
102-55	GRI content index, pp. 83-90.	GRI content index.
102-56	Independent Auditors' Report, pp. 91-93.	External assurance.

ORGANIZATIONAL PROFILE

GRI standard	Page no.	Omission	Disclosure
GRI 200: ECONOMIC SERIES			
Economic performance 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Creating and distributing economic value, p. 47; Community development and engagement, pp. 61.		The management approach and its components.
103-3	Creating and distributing economic value, p. 47; Community development and engagement, pp. 61; Autogrill Group's social and environmental data, p. 72-78.		Evaluation of the management approach.
GRI 201: Economic Performance			
201-1	Creating and distributing economic value, p. 47; Autogrill Group's social and environmental data, p. 72-78.		Direct economic value generated and distributed.
Anti-corruption 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, pp. 45-46; Anti-corruption, pp. 48-49.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, pp. 45-46; Anti-corruption, pp. 48-49.		Evaluation of the management approach.
GRI 205: Anti-corruption			
205-3	In 2018, there were no definitive rulings against employees concerning active or passive corruption.		Confirmed incidents of corruption and actions taken.
Anti-competitive behaviour 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 95-102.		The management approach and its components.
103-3	Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 95-102.		Evaluation of the management approach.
GRI 206: Anti-competitive behaviour			
206-1	In 2018, no legal action was taken against the Group for anti-competitive behaviour, anti-trust, and monopoly issues.		Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.
GRI 300: ENVIRONMENTAL SERIES			
Energy 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, pp. 45-46; Energy and emissions management, pp. 62; Drafting criteria, pp. 80-81.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, pp. 45-46; Energy and emissions management, pp. 62; Autogrill Group's social and environmental data, p. 72-78; Drafting criteria, pp. 80-81.		Evaluation of the management approach.

GRI standard	Page no.	Omission	Disclosure
GRI 302: Energy			
302-1	Energy and emissions management, pp. 62; Autogrill Group's social and environmental data, p. 72-78.		Energy consumption within the organization.
Emissions 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Energy and emissions management, pp. 62; Drafting criteria, p. 80-81.		The management approach and its components.
103-3	Energy and emissions management, pp. 62; Autogrill Group's social and environmental data, p. 72-78; Drafting criteria, p. 80-81.		Evaluation of the management approach.
GRI 305: Emissions			
305-1	Autogrill Group's social and environmental data, p. 72-78.		Direct GHG emissions
305-2	Autogrill Group's social and environmental data, p. 72-78.		Energy indirect GHG emissions.
Waste 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Waste management, pp. 64; Drafting criteria, p. 80-81.		The management approach and its components.
103-3	Waste management, pp. 64; Autogrill Group's social and environmental data, p. 72-78; Drafting criteria, p. 80-81.		Evaluation of the management approach.
GRI 306: Effluents and waste			
306-2	Autogrill Group's social and environmental data, p. 72-78.		Total weight of waste, by type and disposal method.
Environmental compliance 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Planet: environmental protection, p. 62.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Planet: environmental protection, p. 62.		Evaluation of the management approach.
GRI 307: Environmental compliance			
307-1	No significant fines or non-monetary sanctions were received in 2018.		Amount of fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.
Supplier environmental assessment 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 84.		Explanation of the material topic and its boundary.
103-2	Planet: environmental protection, p. 62; Responsible supply chain management, p. 70.		The management approach and its components.
103-3	Planet: environmental protection, p. 62; Responsible supply chain management, p. 70.		Evaluation of the management approach.
GRI 308: Supplier environmental assessment			

GRI standard	Page no.	Omission	Disclosure
308-1	Responsible supply chain management, p. 70.	In 2018, the implementation process began for the Autogrill Group Supply Chain Sustainability Guidelines, which set general standards for supplier assessment. The Code of Supplier Business Conduct has been published in North America. Once the guidelines are implemented locally, it will be possible to report the exact number of suppliers assessed.	Percentage of new suppliers that were screened using environmental criteria.
GRI 400: SOCIAL SERIES			
Employment 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Diversity and equal opportunity, p. 57; Remuneration, p. 58.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Diversity and equal opportunity, p. 57; Remuneration, p. 58; Autogrill Group's social and environmental data, p. 72-78.		Evaluation of the management approach.
GRI 401: Employment			
401-1	Autogrill Group's social and environmental data, p. 72-78.		New employee hires and employee turnover.
401-2	Remuneration, p. 48.		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.
Labour/management relations 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Labour relations, p. 58.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Labour relations, p. 58.		Evaluation of the management approach.
GRI 402: Labour/management relations			
402-1	Labour relations, p. 58.		Minimum notice periods regarding operational changes and whether the notice periods are specified in collective agreements.
Health and safety 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, pp. 45-46; People: the people of the Autogrill Group, pp. 51-53; Occupational health and safety, pp. 59.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Occupational health and safety, pp. 59.		Evaluation of the management approach.

GRI standard	Page no.	Omission	Disclosure
GRI 403: Occupational health and safety			
403-2	Occupational health and safety, pp. 59; Autogrill Group's social and environmental data, p. 72-78.	Absentee rates are not reported because workable hours are not available. The Group is working on a system that will gather that information by reporting year 2020. Data for external personnel is currently unavailable.	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities, by region and gender.
Training and education 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Human resource development and appraisal, pp. 56.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Human resource development and appraisal, pp. 56; Autogrill Group's social and environmental data, pp. 72-78.		Evaluation of the management approach.
GRI 404: Training			
404-1	Human resource development and appraisal, p. 56; Autogrill Group's social and environmental data, pp. 72-78.		Average yearly hours of training per employee, by gender and category.
404-2	Human resource development and appraisal, pp. 56.		Programs for upgrading employee skills and transition assistance programs.
404-3	Autogrill Group's social and environmental data, p. 72-78.		Percentage of employees receiving regular performance reviews.
Diversity and equal opportunity 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Diversity and equal opportunity, p. 57.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Diversity and equal opportunity, p. 57.		Evaluation of the management approach.
GRI 405: Diversity and equal opportunity			
405-1	People: the people of the Autogrill Group, pp. 51-53; Autogrill Group social and environmental data, p. 72-78; CGR, pp. 108-109.		Diversity of governance bodies and employees.
Non-discrimination 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Diversity and equal opportunity, p. 57; Protection of human rights, p. 60.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, pp. 51-53; Diversity and equal opportunity, p. 57; Protection of human rights, p. 60.		Evaluation of the management approach.
GRI 406: Non-discrimination			

GRI standard	Page no.	Omission	Disclosure
406-1	In 2018, there were no significant incidents of discrimination. Any complaints received through the dedicated channels were handled promptly by the units in charge.		Incidents of discrimination and corrective actions taken
Supplier social assessment 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Responsible supply chain management, p. 70; Protection of human rights, p. 60.		The management approach and its components.
103-3	Responsible supply chain management, p. 70; Protection of human rights, p. 60.		Evaluation of the management approach.
GRI 414: Supplier social assessment			
414-1	Responsible supply chain management, p. 70.	In 2018, the implementation process began for the Autogrill Group Supply Chain Sustainability Guidelines, which set general standards for supplier assessment. The Code of Supplier Business Conduct has been published in North America. Once the guidelines are implemented locally, it will be possible to report the exact number of suppliers assessed.	New suppliers that were screened using social criteria.
Customer health and safety 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Product quality and safety, p. 68.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, pp. 45-46; Product quality and safety, p. 68.		Evaluation of the management approach.
GRI 416: Customer health and safety			
416-1	Product quality and safety, p. 68.		Percentage of product and service categories for which health and safety impacts are assessed.
Marketing and labelling 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, pp. 45-46; Product labelling and marketing, p. 69.		The management approach and its components.
103-3	Policies 45-46; Product labelling and marketing, p. 69.		Evaluation of the management approach.
GRI 417: Marketing and labelling			
417-3	In 2018 there were no incidents of non-compliance concerning product and service marketing communications.		Incidents of non-compliance concerning marketing communications.
Socioeconomic compliance 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 87-95		The management approach and its components.
103-3	Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 87-95.		Evaluation of the management approach.
GRI 419: Socioeconomic compliance			

GRI standard	Page no.	Omission	Disclosure
419-1	In 2018, there were no fines or non-monetary sanctions for non-compliance with laws and regulations in the social and economic area.		Amount of fines and number of non-monetary sanctions for non-compliance with laws and regulations in the social and economic area.
Effectiveness and transparency of decision-making 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Governance and compliance, p. 48; Financial and non-financial risk management, p. 95-102.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Governance and compliance, p. 48; Financial and non-financial risk management, p. 95-102.		Evaluation of the management approach.
Accessibility and quality of services 2016			
GRI 103: Management Approach			
103-1	Materiality analysis, p. 50; Matrix linking material topics and related GRI aspects, p. 82.		Explanation of the material topic and its boundary.
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Services: quality and accessibility, p. 68; Product labelling and marketing, p. 69.		The management approach and its components.
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Services: quality and accessibility, p. 68; Product labelling and marketing, p. 69.		Evaluation of the management approach.

1.5.10 INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY, 2018

To the Board of Directors of
Autogrill S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Autogrill S.p.A. and its subsidiaries (hereinafter the "Autogrill Group" or the "Group") as of December 31, 2018 prepared on the basis of article 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 14, 2019 (hereinafter the "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards") which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.

2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.

3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Autogrill Group.

4. Understanding of the following matters:

   - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
   - policies adopted by the Group in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
   - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

   Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

   In particular, we carried out interviews and discussions with the management of Autogrill S.p.A. and with the employees of Nuova Sidap S.r.l., HMSHost Corporation, HMSHost International B.V. and Autogrill Iberia S.L.U. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and uploading of non-financial data and information to the department responsible for the preparation of the NFS.

Deloitte.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:

  a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to review, on a sample basis, the correct aggregation of data.

- for the following companies, divisions and sites, Milan Headquarters for Autogrill S.p.A. and Nuova Sidap S.r.l., Bethesda site (Maryland, United States) for HMSHost Corporation, Haarlemmermeer site for HMSHost International B.V. and Madrid site for Autogrill Iberia S.L.U., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met the local management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Autogrill Group as of December 31, 2018 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 11, 2019

This report has been translated into the English language solely for the convenience of international readers.


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1.6 OTHER INFORMATION

1.6.1 FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT

The Autogrill Group is exposed to external risks and uncertainties arising from general economic conditions or those specific to its industry, from the financial markets, and from frequent changes in legislation, as well as to risks generated by strategic decisions and operating procedures.

The Group's Enterprise Risk Management department ensures the uniform handling of risks across the different organizational units. Autogrill has developed a model based on the systematic identification, analysis and assessment of the risk areas that may hinder the achievement of strategic goals. The model helps evaluate the Group's overall exposure to risks and orient the necessary mitigation efforts, so as to reduce volatility with respect to the achievement of business objectives.

The main risk areas — strategic, operational and financial — are presented below.

This analysis also includes risks relating to social and environmental responsibility that are addressed in greater detail in Section 1.5 of the Directors' Report, in accordance with Arts. 3 and 4 of Legislative Decree 254/2016 on non-financial reporting.

Risks	Mitigating factors
STRATEGIC RISKS	
BUSINESS AND MARKET CONTEXT	
The Group's operations are influenced by exogenous (hence uncontrollable) factors that may affect traffic flows and travelers' propensity to consume. These include: • the general macroeconomic situation and its contributing trends: consumer confidence, unemployment, and cost-push inflation when it cannot be transferred to prices ; • rising oil prices and, in general, the increasing cost of transport; • changes in travel habits, influenced in part by growing social and environmental concerns; • changes in travelers' tastes and consumption needs — weather events that affect mobility;	This risk is mitigated by the Group's diversified presence in terms of channels (airports, motorways and railway stations) and geographical regions. The Group also has a system for the constant monitoring of performance, the market, and consumer behavior so that it can react promptly by updating its menus and service propositions.

Strategic risks

- legislative or regulatory changes affecting the channels served by the Group or the concession system;
- competitive developments in the air traffic industry and changes in airline policies.

CONCESSION CONTRACTS

Most of the Group's operations are conducted under long-term contracts, awarded through competitive bidding, that grant it the right to operate in designated areas of airports, motorways and railway stations. These contracts are therefore fundamental to the Group for achieving its strategic goals.

Risks in this area concern:
- a diminished capacity to renew concession contracts or win new ones;
- the possibility that contracts will be less profitable than expected at the time they were awarded, which would reduce the return on investment, and possibly even cause losses given that many contracts include an obligation to pay minimum rent regardless of the revenue earned;
- the possibility that contracts will be terminated or otherwise cease to be valid for various reasons—some of them beyond the Group's control—such as cancellation by the authorities or the courts, the loss of permits, licenses or certificates required by national laws, or counterparties' failure to obtain approval in the case of extraordinary operations;
- any clauses that place limits on Autogrill's management of local operations and prevent it, for example, from adapting menus or commercial practices to customers' changing needs and preferences;
- the option generally given to concession grantors, even without breach of contract by the operator, to change certain conditions unilaterally (sometimes without compensation for the operator) for reasons of public interest or safety.

Mitigating factors

The Group mitigates these risks by maintaining a large number of concession contracts, diversified geographically and by channel, so that no single contract can have a significant impact on earnings if it is rescinded or if its conditions or profitability worsen.

In addition, the Group follows an approach aimed at building and maintaining a collaborative partnership with concession grantors, based in part on the constant development of innovative concepts and commercial solutions that help both parties achieve maximum gain from the infrastructure.

BRANDS AND CONCEPTS

The Group operates through proprietary brands and concepts as well as many owned by third parties, which range from local favorites to international household names.

The main risks concern:
- the loss of significant partnerships or the inability to strike up new ones that will draw clientele;
- the decreased attractiveness of concepts or brands in the portfolio, both of which could affect the ability to compete for new contracts and therefore attain development goals.

The main mitigation factor is the breadth of the Group's portfolio, which limits its dependence on any third-party brand.

Corporate teams keep menus up-to-date by developing new concepts, monitoring up-and-coming brands, and constantly reviewing partnerships so that the most innovative and attractive brands the market has to offer are always in the Group's portfolio.

This risk is also mitigated by Autogrill's emphasis on maintaining good relationships with its partners and with licensors of the most popular brands.

Strategic risks

COMPETITION

The food and beverage industry is growing because of macrotrends like increased mobility and dining outside the home, which may make it attractive to both long-standing operators in neighboring industries and to newer, smaller competitors.

The growing demand for local as opposed to international brands has also widened the playing field when concession contracts are tendered, opening opportunities for small, usually monobrand operators and requiring a more diversified approach to bidding along with revised economy-of-scale models. These factors increase competition, both real and potential, and could therefore decelerate the Group's growth and/or profitability.

Mitigating factors

The Group closely analyzes trends in its industry and operating channels. One of its strengths is a broad range of proprietary and third-party brands, which it updates constantly on the basis of market trends.

Over time, Autogrill has earned a strong reputation with concession grantors for its solidity and the variety of brands it can offer, an important factor in the tendering and renewal process.

INNOVATION

Consumer tastes are evolving at an increasing pace, and while the Group has teams focused on innovation, there is a risk that they will misinterpret a trend or fail to implement a change in time. The result could be a temporary decline in customer satisfaction, leading to a decrease in sales that is correctable when the Group revises its offerings.

The Group mitigates this risk by:
- monitoring performance (quality of service, positioning, attractiveness of menus and of the brand and concept portfolio);
- constantly revising menus in terms of products, concepts and services, while adapting to the latest technologies and the digital world;
- reviewing the portfolio of partner brands to offer the most attractive, innovative names available on the market;
- developing customer retention initiatives and client satisfaction analyses;
- training workers periodically to ensure high standards of service.

REPUTATION

The key stakeholders from this point of view are customers, concession grantors and licensors. Reputation is a significant factor when grantors decide to award or renew concessions.

Reputation damage entails the risk of:
- making the brand less attractive to customers;
- harming relationships with grantors and licensors;
- threatening contract renewals.

The causes stem primarily from the perceived deterioration of customer service, an inability to satisfy contractual commitments with grantors and licensors, and an inability to let the business model evolve in response to stakeholders' expectations of social and environmental sustainability.

Loss of reputation can also have indirect causes beyond Autogrill's control.

The Group constantly monitors the quality of the service it provides to:
- customers (satisfaction and product safety);
- concession grantors (quantitative and qualitative parameters set out in the contract);
- licensors (observance of operating and development standards), including—for the largest and most sensitive brands—through brand champions hired centrally to support local teams.

In addition, suitable brand protection measures are taken in Italy if unpleasant experiences are wrongly attributed to Autogrill. The Group's commitment to social and environmental sustainability is clear from the values espoused in its Code of Ethics.

On environmental issues in particular, it works to promote responsible behavior in the conviction

Strategic risks

For operations involving the sale of third-party brands under license or commercial partnerships (a model used widely in emerging markets), any reputation damage suffered by the licensor or partner may expose Autogrill to a potential loss of business due to factors beyond its control.

The widespread and ever growing use of online channels (websites, social media, etc.) is a powerful communications tool because large numbers of people can be reached very quickly, but it also means that false or defamatory news is magnified and may create crisis situations requiring specialized intervention.

Mitigating factors

that protecting our environment is a global priority for people, businesses and institutions all over the world.

To protect its web reputation, Autogrill has implemented specific policies designed to regulate interaction with the web community and to govern crisis management procedures.

DEVELOPMENT AND PARTNERSHIPS

The Group operates in various markets through partnerships with local operators that in some cases require their active participation in store management. Working with local partners is a long-standing practice in North America and is also a way of expanding into emerging markets. There is a risk that local partners will fail to meet their contractual obligations in terms of planned investments and/or the operating standards needed to ensure satisfactory quality and service, which could affect the Group's profitability and reputation and its commitments to concession grantors.

The Group pursues and favors contracts that leave it in financial control of operations and commercial aspects.

In any case, Autogrill is entitled by contract to perform audits ensuring compliance with service and quality standards.

COUNTRY RISK

Autogrill could potentially be affected by political or social instability or the establishment/enforcement of trade restrictions.

To mitigate this risk, the Group monitors the geopolitical situation in the countries served. Its operations are not concentrated in any one country with an above-average risk of instability.

HUMAN CAPITAL RISKS

Any lessening of the Group's ability to attract, motivate and retain key employees would make it vulnerable to losing personnel with crucial expertise.

Furthermore, although Autogrill promotes behaviors that value the dignity and protect the rights of all individuals, from the selection process throughout their careers, it cannot rule out the risk of discriminatory conduct in the workplace, which could damage the working environment, affect employee retention and harm its reputation.

As a market leader, the Group is very attractive to talented employees.

It conducts periodic salary reviews in order to reward employee dedication and success, thereby fostering a sense of belonging, and to ensure its policies are competitive with respect to consumer goods multinationals whose complexity and distribution intensity are equivalent to Autogrill's.

It has implemented a human resource management policy based on principles laid down in the Code of Ethics, which encourages good relationships with employees and helps them develop their skills and abilities. As enshrined in the Code of Ethics, the Group is committed to promoting a safe, healthy, and non-discriminatory workplace that lets everyone reach their potential.

Operational risks

Mitigating factors

BUSINESS INTERRUPTION

Business may be interrupted briefly or for longer periods, generally as a result of events such as:
- natural disasters and weather emergencies;
- structural damage to infrastructure;
- acts or threats of terrorism;
- pandemics;
- hostilities or wars;
- strikes;
- political instability.

Such events could:
- involve Autogrill locations directly and force them to close;
- halt or significantly reduce traffic;
- hurt critical points of the supply chain (suppliers or partners interdependent with Autogrill);
- damage or affect the functioning of IT systems and network infrastructures that support key business processes.

In the case of IT systems, this can also take the form of cyber attacks.

To mitigate business interruption risks, the Group has security and prevention systems and emergency management plans specific to each type of event.

It can also rely on Group-wide and local policies with major insurers, including coverage for material damage and interruption of business and for third-party liability.

In addition, many concession agreements protect the Group against infrastructure closures (and therefore lost business) caused by force majeure.

DATA SECURITY

Cyber risks are exacerbated by the growing enjoyment and distribution of goods and services over expanding global networks, and the use of information technologies to communicate and transfer data in real time with people all over the world.

The main cyber risks consist of:
- cyber attacks through the use of malware or ransomware:
- the hacking or counterfeiting of a company's e-mail in order to steal information or order payments to non-entitled parties.

The impact may extend to:
- reputation damage caused by an attack designed to steal sensitive data or identities;
- the loss of customer data and violation of customer privacy;
- difficulty with standard operations if the attack aims to thwart access to necessary computer systems by authorized users (e.g. supply chain management);
- fines, in the event that sensitive data has not been protected in accordance with the latest international directives.

The Group has implemented personnel information and awareness campaigns on the risks of internet, social media and e-mail, as well as a graduated system for evaluating threats and the resiliency of existing protections to cyber attacks, including through the use of vulnerability tests.

It can also rely on Group-wide and local plans with major insurers that include coverage for cyber risks.

LABOR

Labor is a significant factor for the Group, whose business has a strong customer service component. The need to

The human resource management policy is based on principles laid down in the Code of Ethics,

Operational risks

keep service quality up to customers' and concession grantors' standards, and the complexity of regulations in the many countries served by the Group, may give it less flexibility to manage its workforce.

The main risk is a significant increase in the cost per employee, as a result of labor market trends caused by the economy or government regulations, with a consequent decline in productivity. For example, the "living wage laws" enacted in some states of the U.S. increase minimum wages and will be gradually extended to other states.

Mitigating factors

which encourages the Group to instill good relationships with its employees and help them develop their skills and abilities.

The risks in question are mitigated through the constant review of operating procedures in order to make the best, most efficient use of labor by matching skills to the tasks at hand.

The Group has also launched technological innovations designed to revamp operating procedures with an eye toward a more efficient and effective workforce.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

Autogrill's industry is highly regulated in terms of operating practices and worker and customer health and safety. This applies to consumer protection and product quality, from raw materials to the finished product, through the use of proper food preparation processes and quality ingredients in compliance with all local regulations and accepted standards of food and environmental safety.

The Group is committed to complying with all procedures and regulations that keep its customers satisfied and safe.

Nevertheless, unforeseeable events or improperly evaluated factors could result in some non-compliance at the local, national, or international level.

These norms, which are highly complex as they apply to concession operators or companies in the oil business, could expose the Group to lawsuits and civil or criminal penalties that might in turn affect its reputation.

The Group has set up region-wide quality assurance systems to ensure high standards for all its products and services.

These are based on risk assessment processes for raw materials, products and their suppliers to measure compliance with quality standards defined by the company following an HACCP approach; on systematic monitoring and control using specific KPIs; and on verifying the effectiveness of these measures through different kinds of specialized audits conducted periodically by internal and external industry professionals.

The Group is committed to the highest standards of health and safety for its employees, primarily through the ongoing review of policies and procedures, but also through technical improvements, constant technology upgrades, personal protective equipment, and training on the job.

In almost all countries served, the Group has set up health and safety committees involving management and workers' representatives (depending on each country's policies), to monitor compliance with laws and regulations and take steps to reduce, if not eliminate, the risk of accidents.

On the environmental front, the Group has adopted high safety standards and solid, reliable practices, including in the oil business, to ensure compliance with laws and regulations and the proper handling of potential environmental emergencies with a view to protecting people, natural settings, operations, property, and the affected communities.

Operational risks

Mitigating factors

The Group is always on the lookout for ways to reduce its environmental impact by improving its energy performance and basing new commercial concepts on innovative solutions, inspired by energy efficiency and sustainability and the consequent lowering of emissions, in accordance with the legislation in force in all countries served.

In addition to improving its own performance, Autogrill promotes the responsible use of resources through internal awareness campaigns.

Its own units therefore stay constantly abreast of legal developments and adapt their procedures and control systems accordingly, while bringing personnel up to date.

There is also a monitoring system that constantly audits the quality of service with respect to customers' expectations and contractual/legal requirements, as well as the controls in place with regard to reducing accidents in the workplace.

SUPPLY CHAIN

There are two main risks associated with the supply chain: events that might interfere with the proper functioning and continuity of the supply chain or internal distribution system and therefore prevent Autogrill from maintaining a complete, balanced and effective assortment that satisfies its customers, and rising prices for goods and services.

Any circumstance that hurts a main supplier's ability to produce and/or distribute its products could result in Autogrill locations that are missing necessary ingredients or goods. The impact could be magnified if such problems affect suppliers of non-substitutable products, logistical service providers, or vendors to which the Group is highly exposed.

Likewise, events interfering with the Group's internal distribution system could leave locations short on ingredients or goods.

Rising globalization has also raised the risk that suppliers will not adopt socially responsible behavior in their commercial dealings or will ignore international standards and principles on matters of personal dignity, working conditions, and health, safety and the environment.

To counter procurement risks, the Group has continuity plans as mentioned in the "business interruption" section, and plans for similar or replacement ingredients to keep its assortment complete.

As for raw material prices, specialized internal units constantly strive to meet efficiency targets by negotiating agreements with key suppliers; for strategic materials, prices may be indexed to protect the Group, at least temporarily, from spikes.

The mix of offerings is periodically reviewed to optimize the interaction of quality and efficiency.

On the topic of sustainability and human rights, the Group expects its suppliers to comply with the principles laid down in its Code of Ethics.

In addition to supplier selection procedures based on a risk assessment approach, the Group has adopted the "Autogrill Group Supply Chain Sustainability Guidelines" that set general standards for the evaluation of vendors and instruct Group companies to work with suppliers that share its sustainability principles and run their businesses ethically and responsibly with respect to people and the environment. The Guidelines set supplier qualifications that are based on the most

Operational risks	Mitigating factors
	important international agreements, conventions and standards and are in line with the Group's Code of Ethics.
CORRUPTION	
Violations of the Group's Code of Ethics or of anti-corruption and other laws by Autogrill, its commercial partners, agents or other parties acting in its name or on its behalf may expose the Group and its employees to criminal or civil penalties and damage Autogrill's reputation.	The Group has adopted: • its own Code of Ethics, which requires all Group companies along with their top executives, managers and employees to conduct themselves according to the principles of legality, fairness and integrity; • an Anti-Corruption Policy that instructs all directors, managers, employees, and internal auditors of Group companies, and everyone who works in Italy or abroad in Autogrill's name or on its behalf, what principles and rules they must follow to ensure compliance with anti-corruption laws. Through this document, the Group formalizes its across-the-board commitment to reject and prohibit corruption under all circumstances, with public officials and private parties alike, and its promise to observe anti-corruption laws in every country served.

Financial risks	Mitigating factors
Regarding the management of financial risks, consisting mostly of interest rate, exchange rate and liquidity risk, see the financial risk management section of the notes.	

1.6.2 CORPORATE GOVERNANCE

All information on this subject is included in the Corporate Governance Report, prepared in accordance with art. 123 bis of Legislative Decree 58 of 24 February 1998 and approved by the Board of Directors along with the annual report. It is available at Autogrill's headquarters and secondary office, at the online market storage site www.1info.it, and on the Group's website, www.autogrill.com (Governance section).

1.6.3 MANAGEMENT AND COORDINATION

At its meeting of 18 January 2007, the Board of Directors had decided that there were no conditions whereby Autogrill would be subject to the management and coordination of the parent, Schematrentaquattro S.r.l. (Schematrentaquattro S.p.A. since 18 November 2013), pursuant to Art. 2497 bis of the Italian Civil Code. Specifically, at that meeting the Board had verified that there were no indicators of effective dominant influence by the controlling shareholder, given Autogrill's extensive managerial, organizational and administrative autonomy and the lack of instructions or directives from Schematrentaquattro S.p.A.

In 2017, Autogrill S.p.A. began a process to evaluate whether the reasons for its decision of 18 January 2007 (no management and coordination by the parent) still applied. In a resolution of 28 September 2017, the Board of Directors confirmed the absence of elements that would suggest management and coordination by the direct parent, Schematrentaquattro S.p.A., or by the ultimate parent, Edizione S.r.l including in light of the following considerations:

1. the Company defines its own budgets and/or strategic, business and financial plans and carries them out independently;
2. the Company does not receive, and is not in any way subject to, directives or instructions in matters of finance or lending and borrowing;
3. commercial strategies are freely and independently assessed by the Board of Directors of the Company, which negotiates in full autonomy with customers and suppliers;
4. the Company is not subject to group policies for the purchase of goods or services in the market;
5. the Company does not receive directives or instructions with regarding to acquisitions and disposals;
6. the Company is not a party to any cash pooling agreement or other support or coordination arrangements of a financial nature;
7. the Company does not receive, and is in no way subject to, directives concerning extraordinary operations and/or investment initiatives;
8. the Company has independently drawn up and approved the organizational chart of Autogrill S.p.A. and the Autogrill Group; and
9. the Company has no obligation to comply with codes of conduct or policies imposed by Schematrentaquattro or other companies held by Edizione S.r.l.

1.6.4 RELATED PARTY TRANSACTIONS

Transactions with the Group's related parties do not qualify as atypical or unusual and fall within the normal sphere of operations. They are conducted in the interests of Autogrill S.p.A. and the Group on an arm's length basis.

See Section 1.2.2 on the corporate reorganization that took effect on 1 January 2018 (above) and the "Other information" section in the notes to the consolidated financial statements for further details of related party transactions, including the disclosures required by Consob Resolution 17221 of 12 March 2010 (amended with Resolution 17389 of 23 June 2010). The "Procedure for related party transactions" is available online at www.autogrill.com (Governance section/ Related parties).

1.6.5 STATEMENT PURSUANT TO ART. 2.6.2(8) OF THE REGULATIONS FOR MARKETS ORGANIZED AND MANAGED BY BORSA ITALIANA S.P.A.

In respect of Art. 15 of Consob Regulation no. 20249 of 28 December 2017 on conditions for the listing of companies that control entities formed or governed under the laws of countries outside the European Union that are of material significance to the consolidated financial statements, we report that two companies fall under these provisions (HMSHost Corp. and Host International Inc.), that suitable procedures have been adopted to ensure total compliance with said rules, and that the conditions stated in Art. 15 have been satisfied.

1.6.6 RESEARCH AND DEVELOPMENT

In relation to the nature of its activities, the Group invests in innovation, product development, and improvements to the quality of service.

It does not conduct technological research as such.

1.6.7 TREASURY SHARES

The annual general meeting of 24 May 2018, after revoking the authorization granted on 25 May 2017 and pursuant to Arts. 2357 et seq. of the Italian Civil Code, authorized the purchase and subsequent disposal of ordinary stock up to a maximum of 12,720,000 shares.

At 31 December 2018 Autogrill S.p.A. owned 181,641 treasury shares (unchanged since the end of 2017), with a carrying amount of € 720k and an average carrying amount of € 3.96 per share. No treasury shares were purchased or disposed of in 2018.

Autogrill S.p.A. does not own equities or other securities representing the share capital of the ultimate parents, and did not at any time during the year, either directly or through subsidiaries, trust companies or other intermediaries.

1.6.8 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Except for the corporate reorganization completed in December 2017 and effective as of 1 January 2018, during the year there were no significant non-recurring events or transactions as defined by Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006.

1.6.9 ATYPICAL OR UNUSUAL TRANSACTIONS

In 2018 there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of 28 July 2006.

1.6.10 INFORMATION PURSUANT TO ARTS. 70 AND 71 OF CONSOB REGULATION NO. 11971/1999

On 24 January 2013 the Board of Directors of Autogrill S.p.A. voted to take the option provided for by Consob Resolution 18079 of 20 January 2012 that exempts companies from issuing the public disclosure documents required by Arts. 70 and 71 of the Listing Rules (Consob Regulation 11971/1999) in the case of significant mergers, demergers, increases in share capital through contributions in kind, acquisitions, and transfers.

Given the extensive scale of Autogrill S.p.A.'s corporate reorganization as described in Section 1.2.2 above, on 28 December 2017 Autogrill voluntarily published the Disclosure Document in the format provided for by Art. 71 of the Consob Regulation (format 3 of Annex 3B).

1.6.11 RECONCILIATION BETWEEN PARENT AND CONSOLIDATED EQUITY

(k€)	Equity at 31.12.2017	Changes in the equity	Profit for the year 2018 **	Equity at 31.12.2018
Autogrill S.p.A. separate financial statements *	500,684	(46,347)	15,207	469,545
Effect of the consolidation of subsidiaries' financial statements and related deferred taxation	126,325	892	53,453	180,670
Translation reserve	22,885	12,777		35,662
Group consolidated financial statements	649,894	(32,677)	68,660	685,876
Equity attributable to non-controlling interests	45,371	(8,027)	17,815	55,159
Total consolidated equity	695,265	(40,703)	86,475	741,035

* Changes in the equity include dividends paid to shareholders (€ 48,300k)
** The amount includes the combined effect of the subsidiaries contribution to consolidated profit € 86,817k and the elimination of dividends paid by subsidiaries to the parent € 33,364k

CONSOLIDATED FINANCIAL STATEMENTS

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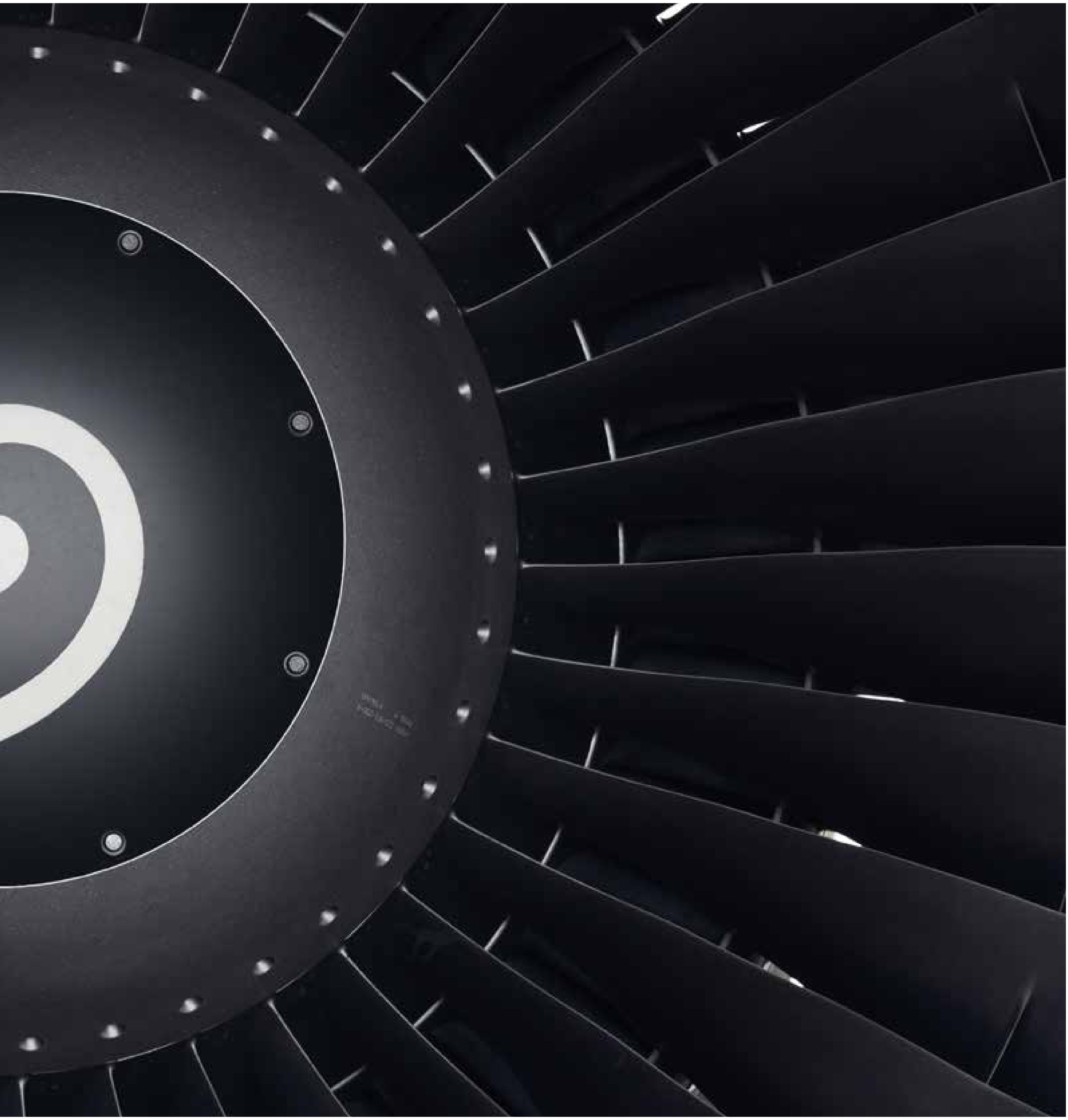


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2.1 CONSOLIDATED FINANCIAL STATEMENTS

2.1.1 STATEMENT OF FINANCIAL POSITION

Note	(€k)	31.12.2018	Of which related parties	31.12.2017	Of which related parties
	ASSETS				
	Current assets	**587,290**		**511,642**	
I	Cash and cash equivalents	214,699		169,590	
II	Other financial assets	36,424		31,213	
III	Tax assets	19,572		15,373	
IV	Other receivables	147,013	18,405	130,292	16,223
V	Trade receivables	47,971	1,526	48,972	2,081
VI	Inventories	121,611		116,202	
	Non current assets	**2,049,337**		**1,837,260**	
VII	Property, plant and equipment	982,682		880,916	
VIII	Goodwill	839,666		795,928	
IX	Other intangible assets	121,221		75,679	
X	Investments	1,891		3,506	
XI	Other financial assets	42,949	7,272	33,344	6,285
XII	Deferred tax assets	51,050		37,815	
XIII	Other receivables	9,878		10,072	
	Assets for discontinued operations	-		-	
	TOTAL ASSETS	**2,636,627**		**2,348,902**	
	LIABILITIES AND EQUITY				
	LIABILITIES	**1,895,592**		**1,653,637**	
	Current liabilities	**844,130**		**942,194**	
XIV	Trade payables	376,460	32,043	351,168	27,964
XV	Tax liabilities	4,726		3,566	
XVI	Other payables	369,425	4,568	343,773	3,146
XIX	Bank loans and borrowings	68,968		218,244	
XVII	Other financial liabilities	8,294		7,202	
XXIII	Provision for risks and charges	16,257		18,241	
	Non-current liabilities	**1,051,462**		**711,443**	
XV	Tax liabilities	8,541		4,916	
XVIII	Other payables	29,495		33,230	
XIX	Loans, net of current portion	549,912		235,442	
XX	Other financial liabilities	7,478		6,000	
XXI	Bonds	303,026		290,413	
XII	Deferred tax liabilities	43,728		28,517	
XXII	Defined benefit plans	71,036		80,110	
XXIII	Provision for risks and charges	38,246		32,815	
	Liabilities for discontinued operations	-		-	
XXIV	**EQUITY**	**741,035**		**695,265**	
	– attributable to owners of the parent	685,876		649,894	
	– attributable to non-controlling interests	55,159		45,371	
	TOTAL LIABILITIES AND EQUITY	**2,636,627**		**2,348,902**	

2.1.2 INCOME STATEMENT

Note	(€k)	Full year 2018	Of which related parties	Full year 2017	Of which related parties
XXV	Revenue	5,113,140	59	4,990,594	44
XXVI	Other operating income	110,772	2,154	95,965	2,358
	Total revenue and other operating income	**5,223,912**		**5,086,559**	
XXVII	Raw materials, supplies and goods	1,843,114	128	1,796,885	164
XXVIII	Personnel expense	1,556,983	10,388	1,519,776	7,412
XXIX	Leases, rentals, concessions and royalties	876,522	78,986	828,201	75,479
XXX	Other operating expense	560,364	3,807	542,707	3,220
XXXI	Depreciation and amortization	227,807		212,662	
XXXI	Impairment losses on property, plant and equipment and intangible assets	9,075		1,079	
	Operating profit	**150,047**		**185,249**	
XXXII	Financial income	2,061	101	1,316	91
XXXII	Financial expense	(31,145)	-	(28,626)	-
	Income (expense) from investments	13		797	
	Pre-tax profit	**120,976**		**158,736**	
XXXIII	Income tax	(34,501)		(45,700)	
	Profit/(loss) for discontinued operations	-		-	
XXXIV	**Profit for the year**	**86,475**		**113,036**	
	Profit for the year attributable to:				
	– owners of the parent	68,660		96,176	
	– non-controlling interests	17,815		16,860	
XXXIV	**Earnings per share (in € cents)**				
	– basic	27.0		37.8	
	– diluted	27.0		37.8	

2.1.3 STATEMENT OF COMPREHENSIVE INCOME

Note	(€k)	2018	2017
	Profit for the year	**86,475**	**113,036**
	Items that will never be reclassified to profit or loss		
XXIV	Remeasurements of the defined benefit (liabilities)/asset	703	1,352
XXIV	Tax effect on items that will never be reclassified to profit or loss	(356)	(377)
		347	**975**
	Items that may be subsequently reclassified to profit or loss		
XXIV	Equity-accounted investee - share of other comprehensive income	(32)	(242)
XXIV	Foreign currency translation differences for foreign operations	15,964	(53,384)
XXIV	Gain/(loss) on net investment hedge	423	(449)
XXIV	Tax effect on items that may be subsequently reclassified to profit or loss	(106)	112
		16,249	**(53,963)**
	Total other comprehensive income for the year	**103,071**	**60,048**
	– attributable to owners of the parent	81,785	47,713
	– attributable to non-controlling interests	21,286	12,335

2.1.4 STATEMENT OF CHANGES IN EQUITY (NOTE XXIV)

(€k)	Share capital	Legal reserve	Translation reserve	Other reserve and retained earnings	Treasury shares	Profit/(loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2017	**68,688**	**13,738**	**22,885**	**449,127**	**(720)**	**96,176**	**649,894**	**45,371**
Total other comprehensive income for the year								
Profit for the year						68,660	68,660	17,815
Foreign currency translation differences for foreign operations	-	-	12,493	-	-	-	12,493	3,471
Gain/(loss) on net investment hedge, net of the tax effect	-	-	317	-	-	-	317	-
Equity-accounted investee - share of other comprehensive income	-	-	(32)	-	-	-	(32)	-
Remeasurements of the defined benefit (liabilities)/asset, net of the tax effect	-	-	-	347	-	-	347	-
Total other comprehensive income for the year	**-**	**-**	**12,777**	**347**	**-**	**68,660**	**81,785**	**21,286**
Transaction with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contributions by and distributions to owners of the parent	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Stock options	-	-	-	1,903	-	-	1,903	-
Allocation of 2017 profit to reserves	-	-	-	96,176	-	(96,176)	-	-
Capital increase	-	-	-	-	-	-	-	21,589
Dividend distribution	-	-	-	(48,300)	-	-	(48,300)	(33,164)
Total contributions by and distributions to owners of the parent	**-**	**-**	**-**	**49,779**	**-**	**(96,176)**	**(46,397)**	**(11,575)**
Sale of non-controlling interests	-	-	-	595	-	-	595	77
Total transactions with owners of the parent	**-**	**-**	**-**	**50,374**	**-**	**(96,176)**	**(45,802)**	**(11,498)**
31.12.2018	**68,688**	**13,738**	**35,662**	**499,848**	**(720)**	**68,660**	**685,876**	**55,159**

(€k)	Share capital	Legal reserve	Hedging reserve	Translation reserve	Other reserve and retained earnings	Treasury shares	Available-for-sale financial assets reserve	Profit/(loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2016	**68,688**	**13,738**	**-**	**72,323**	**392,078**	**(1,447)**	**-**	**98,228**	**643,608**	**43,997**
Total other comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	96,176	96,176	16,860
Foreign currency translation differences for foreign operations	-	-	-	(48,859)	-	-	-	-	(48,859)	(4,525)
Gain/(loss) on net investment hedge, net of the tax effect	-	-	-	(337)	-	-	-	-	(337)	-
Equity-accounted investee - share of other comprehensive income	-	-	-	(242)	-	-	-	-	(242)	-
Remeasurements of the defined benefit (liabilities)/ asset, net of the tax effect	-	-	-	-	975	-	-	-	975	-
Total other comprehensive income for the year	**-**	**-**	**-**	**(49,438)**	**975**	**-**	**-**	**96,176**	**47,713**	**12,335**
Transaction with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contributions by and distributions to owners of the parent	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Stock options	-	-	-	-	34	727	-	-	761	-
Allocation of 2016 profit to reserves	-	-	-	-	61,773	-	-	(61,773)	-	-
Capital increase	-	-	-	-	-	-	-	-	-	15,539
Dividend distribution	-	-	-	-	(4,220)	-	-	(36,455)	(40,675)	(25,362)
Total contributions by and distributions to owners of the parent	**-**	**-**	**-**	**-**	**57,587**	**727**	**-**	**(98,228)**	**(39,914)**	**(9,823)**
Changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sale of non-controlling interests	-	-	-	-	(1,513)	-	-	-	(1,513)	(1,138)
Total transactions with owners of the parent	**-**	**-**	**-**	**-**	**56,074**	**727**	**-**	**(98,228)**	**(41,427)**	**(10,961)**
31.12.2017	**68,688**	**13,738**	**-**	**22,885**	**449,127**	**(720)**	**-**	**96,176**	**649,894**	**45,371**

2.1.5 STATEMENT OF CASH FLOWS

(€k)	2018	2017
Opening net cash and cash equivalents	**141,693**	**128,698**
Pre-tax profit and net financial expense for the year	150,060	186,046
Amortisation, depreciation and impairment losses on non-current assets, net of reversals	236,882	213,742
Adjustment and gains on disposal of financial assets	(13)	(797)
Gain on disposal of non-current assets	(5,019)	(1,197)
Other non cash items	1,903	-
Change in working capital	6,681	11,161
Net change in non-current non-financial assets and liabilities	(13,033)	(11,675)
Cash flow from operating activities	**377,461**	**397,280**
Taxes paid	(30,326)	(57,054)
Interest paid	(23,424)	(26,650)
Net cash flow from operating activities	**323,711**	**313,576**
Acquisition of property, plant and equipment and intangible assets paid	(299,847)	(278,061)
Proceeds from sale of non-current assets	9,536	4,216
Acquisition of consolidated equity investments	(5,989)	(6,537)
Disposal of consolidated equity investments	672	1,809
Acquisition of Le CroBag (*)	(59,026)	-
Acquisition of Avila (**)	(17,271)	-
Net change in non-current financial assets	(3,335)	(6,863)
Net cash flow used in investing activities	**(375,260)**	**(285,436)**
Repayments of bond	-	(132,779)
Utilisations of non-current credit lines	-	202,376
Issue of new non-current loans	394,602	150,000
Repayment of non-current credit lines	(247,078)	(200,478)
Issue of new current loans, net of repayments	(18,347)	17,023
Dividends paid	(48,300)	(40,675)
Exercise of stock options 2010	-	761
Other cash flow (***)	(5,907)	(11,498)
Net cash flow used in financing activities	**74,970**	**(15,270)**
Cash flow for the year	**23,421**	**12,870**
Effect of exchange on net cash and cash equivalents	1,201	125
Closing net cash and cash equivalents	**166,315**	**141,693**

* Includes cash out for acquisition (€ 47,982k), financial debt (€ 13,498k) and acquired cash (€ 2,454k)
** Includes cash acquired
*** Includes dividend paid to minority shareholders in subsidiaries, net of capital increase for € 7.5m in 2018 (€ 9.7m in 2017)

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

(€k)		
Opening – net cash and cash equivalents - balance as of 1st January 2018 and as of 1 January 2017	**141,693**	**128,698**
Cash and cash equivalents	169,590	158,744
Current account overdrafts	(27,897)	(30,046)
Closing – net cash and cash equivalents - balance as of 31 December 2018 and as of 31 December 2017	**166,315**	**141,693**
Cash and cash equivalents	214,699	169,590
Current account overdrafts	(48,384)	(27,897)


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2.2 NOTES TO THE FINANCIAL STATEMENTS

GROUP OPERATIONS

The Autogrill Group operates in the food & beverage industry, mainly at airports, motorway rest stops and railway stations, under contracts known as concessions.

2.2.1 ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

GENERAL STANDARDS

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. IFRS means International Financial Reporting Standards including International Accounting Standards (IAS), supplemented by the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

The financial statements are also compliant with the rules on reporting formats adopted by Consob in accordance with Art. 9 of Legislative Decree 38/2005 and with the other Consob regulations on financial reporting.

The financial statements were prepared on a going-concern basis using the euro as the functional currency. Unless otherwise specified, the figures in the financial statements and notes are in thousands of euros (€k).

The accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2018 are:

- IFRS 9 - Financial instruments and
- IFRS 15 - Revenue from contracts with customers (with amendments).

The new standard **IFRS 9 - Financial Instruments** replaces IAS 39 - Financial instruments: recognition and measurement; the main impact concerns the classification and measurement of financial assets and liabilities and the impairment of financial assets, as well as hedge accounting and the treatment of changes to financial liabilities.

IFRS 15 - Revenue from Contracts with Customers replaces IAS 18 – Revenue and IAS 11 – Construction contracts, as well as IFRIC 13 - Customer loyalty programs, IFRIC 15 – Agreements for the construction of real estate, IFRIC 18 – Transfers of assets from customers, and SIC 31 – Revenue: Barter transactions involving advertising services. It governs the criteria for recognizing revenue/costs from contracts with customers/suppliers and, in particular, the method of allocating the various components of revenue (associated goods and services or "performance obligations") and cost.

- Amendments to IFRS 15: Revenue from Contracts with Customers.
- Amendments to IFRS 2 – Share-based Payments, clarifying how the standard applies to specific cases (cash-settled transactions and share-based transactions that offer the choice between settlement in cash or in equity instruments).

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in years beginning on or after 1 January 2019 that the Group did not choose to apply early in the 2018 financial statements:

- IFRIC 23: Uncertainty over Income Tax Treatments.
- Amendments to IFRS 9: Financial Instruments - Prepayment Features with Negative Compensation.
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures.

The application of the above standard and amendments, given the current makeup of Autogrill's statement of financial position (financial assets and liabilities with a portfolio of wholly-owned investments), is not expected to have a significant impact on the measurements or classification of items.

Given the current makeup of Autogrill's statement of financial position (financial assets and liabilities) and the characteristics of the business (revenue from the sale of consumer products and paid almost entirely on the spot), the new IFRS 9 and IFRS 15 have not had a significant impact on the 2018 financial statements in terms of either classification or measurement.

NEW ACCOUNTING STANDARD IFRS 16

In January 2016, the IASB issued IFRS 16 – Leases that will replace the previous standard IAS 17 - Leases, as well as the interpretations IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 – Evaluating the substance of the transactions involving the legal form of a lease. The new standard has introduced a new definition of lease based on the right to use an identified asset substantially obtaining all the economic benefits from the control and the direction of the use of the underlying asset, for a period of time in exchange for consideration. IFRS 16 is, therefore, not applicable to service contracts, but only to lease contracts or contracts including lease components.

The new standard IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The new standard provides a comprehensive model for the accounting of lease arrangements which requires the lessee to recognize, on the assets side, the right of use of the leased asset, and on the liabilities side the net present value of future minimum annual guaranteed lease payments, thus eliminating the accounting distinction between operating and financial leases (from the lessee's side) as previously required under IAS 17. Therefore, application of the new standard will not impact those arrangements previously classified as finance leases, nor will it entail significant changes for the lessor.

The Group has opted to apply IFRS 16 using a modified retrospective approach. Therefore, on first-time application, Autogrill has reported the cumulative effect of applying the new standard to equity at 1 January 2019, without restating comparative figures for the previous year.

At the transition date, the Group decided to make use of some of the practical expedients envisaged under the transitional provisions of the new standard. Specifically:

- the contractual perimeter falling within the scope of IFRS 16 (lease contracts or contracts containing lease components) was identified based on the conclusions the Group reached in the past, pursuant to IFRIC 4 and IAS 17; the Group therefore recognized a right of use for all contracts previously classified as operating leases;
- for the purposes of onerous contracts accounting, and as alternative to the impairment test activity to be carried out on the right of use at 1 January 2019, the assessment was based on the rules envisaged in IAS 37 - Provisions, contingent liabilities and contingent assets, thus already adjusting the right of use by any provision for onerous contracts outstanding at 31 December 2018;
- the Group elected to apply the recognition exemption to short-term leases, namely those expiring by 31 December 2019, and to leases on "low-value" assets, namely those with an underlying assets worth than € 10,000 when new; for those contracts, the introduction of IFRS 16 will not result in the recognition of the lease liability and the right of use at 1 January, while the lease instalments will continue to be recognized in profit or loss on a straight line basis over the lease term;
- the Group elected not to recognize its initial direct costs (consulting, legal expenses, "key money," etc.), therefore no reclassifications were made on first-time application;
- the right of use has been adjusted to reflect any one-off lease payments made at or before the commencement date and any prepayments already recognized in the statement of financial position at 31 December 2018, as well as lease incentives received before 1 January 2019.

The Group assessed the impact of first-time application of the standard at the transition date (1 January 2019), through an in-depth analysis of the contracts potentially eligible as leases (area concessions, business leases and commercial leases) and the clauses contained therein, in order to understand the main clauses relevant for the purposes of IFRS 16. It is also completing the implementation and integration of local accounting and reporting systems to be used to determine the impact on the Group's consolidated income statement and statement of financial position as of 1 January 2019, and the updating of the administrative and control processes used to oversee critical areas within the scope of the new IFRS 16.

On the basis of current information and in line with the assumptions set out above, the Group's statement of financial position at 1 January 2019 will show an increase in non-current assets (right of use) against an estimated increase in financial liabilities of between € 2,300m and € 2,600m. The amount of any third party sub-leases (most of them in effect in the United States) with a residual life equal to the head lease has deducted from the right of use, which is also adjusted to reflect the use of the practical expedients mentioned above.

The initial estimate of the impact of first-time application may change between the date of these consolidated financial statements and the condensed interim consolidated financial statements at 30 June 2019, as the implementation of new accounting (or reporting) systems and the definitive recognition of contracts qualifying as leases is still underway.

The transition to IFRS 16 required certain professional judgements to be made, including the definition of some accounting policies and the use of assumptions and estimates. In this regard, the Group decided the following:

- to not apply IFRS 16 to leases of intangible assets;

- to use the information available at the transition date to determine the lease term of leases with renewal and early termination options;
- as the implicit interest rate is not available for all the Group's leases, to determine the lease liabilities by applying to future minimum lease payments a discount rate, equal to the risk-free rate of each country where the leases were drawn up, with maturities in line with the duration of the leases plus a country-specific credit spread.

The difference between the estimated impact of IFRS 16 adoption at 1 January 2019 (between € 2,300m and € 2,600m) and the operating lease commitments pursuant to IAS 17 as reported in note 2.2.11 below (€ 2,981m at 31 December 2018) is mainly attributable to the effect of discounting these commitments, as well as to the exclusion of short-term leases (with a residual duration of less than 12 months) and low-value leases as permitted by the practical expedients mentioned above.

What emerges from the above is that application of IFRS 16 will significantly change the presentation of the consolidated financial statements starting from 30 June 2019 and the associated key performance indicators.

Lastly, as agreed with lenders, the adoption of this standard will not affect the calculation of existing covenants on loans.

STRUCTURE, FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are clearly presented and give a true and fair view of the Group's financial position, results and cash flows. Formats and standards are constant over time.

Pursuant to IAS 1(24) and IAS 1(25), the consolidated financial statements have been prepared on a going concern basis.

In accordance with IAS 1 and IAS 7, the formats used in the 2018 consolidated financial statements are as follows:
- Statement of financial position, with assets and liabilities split between current and non-current items;
- Income statement, with costs classified by nature;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows, using the indirect method to determine cash flow from operating activities.

The financial statements of each company included the scope of consolidation are prepared in the currency of its primary location (functional currency). For the purposes of the consolidated financial statements, the assets and liabilities of foreign subsidiaries with a functional currency other than the euro, including goodwill and fair value adjustments generated by the acquisition of a foreign business, are translated at the rates prevailing at year end. Income and expense are converted at average exchange rates for the year, which approximate those in force when the corresponding transactions took place. Exchange differences are recognized in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity. Exchange gains and losses arising from receivables or payables with foreign operations, the collection or payment of which is neither planned nor likely in the foreseeable future, are treated as part of the net investment in foreign operations and are recognized in other comprehensive income and shown under "translation reserve" in the statement of changes in equity.

Below are the exchange rates used to translate the financial statements of the main subsidiaries with a functional currency other than the euro:

	2018		2017	
	Rate on 31 December	Average rate for the year	Rate on 31 December	Average rate for the year
US Dollar	1.1450	1.1810	1.1993	1.1297
Canadian Dollar	1.5605	1.5294	1.5039	1.4647
Swiss Franc	1.1269	1.1550	1.1702	1.1117
British Sterling	0.8945	0.8847	0.8872	0.8767

BASIS OF CONSOLIDATION

The scope of consolidation includes subsidiaries for which the Group, pursuant to IFRS 10, is exposed to or has rights to variable returns and is able to affect those returns through power over these investees. The list of consolidated companies is annexed to these notes.

The consolidated financial statements include the 2018 financial statements of Autogrill S.p.A. and all companies it directly or indirectly controls or controlled during the year. The scope of consolidation also some French companies that are not wholly owned and others belonging to the U.S. subsidiary HMSHost Corporation (see the annex "List of consolidated companies and other investments"), which are controlled on the basis of a 50% or lower stake and an agreement that puts their business under the management of Autogrill.

The financial statements of subsidiaries are consolidated on a line-by-line basis, i.e. by recognizing the full amount of their assets and liabilities at the close of the year and their income and expenses for the entire year or for the portion of the year during which control was maintained, and eliminating the carrying amount of the consolidated equity investments held by the parent against the relative share of equity.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from equity attributable to the owners of the parent. They are determined on the basis of the non-controlling investors' share of the fair value of the assets and liabilities recognized at the date of acquisition (see "Business combinations") and of changes in equity attributable to non-controlling interests after that date.

Any material unrealized gains and losses arising out of transactions between consolidated companies are eliminated, as are all significant payables, receivables, income and expenses between Group companies. These adjustments, like the other consolidation adjustments, take account of any deferred tax effects.

The income and expense of subsidiaries acquired or sold during the year are included in the consolidated income statement from the actual date of acquisition or to the actual date of disposal, with slight timing adjustments where these dates do not coincide with monthly accounting dates. If necessary, adjustments are made to subsidiaries' financial statements to bring their accounting policies into line with those of the Group.

If control of a subsidiary is lost, the Group eliminates assets and liabilities, non-controlling interests, and other components of equity relating to the former subsidiaries. Gain or loss resulting from loss of control is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value on the date of loss of control. It is subsequently valued using the net equity method, or as a financial asset depending on the degree of influence retained.

HMSHost Corporation and its subsidiaries, following common practice in English-speaking countries, close their fiscal year on the Friday closest to 31 December and divide it into 13 four-week periods, which in turn are grouped into 12-week quarters with the exception of the last which is a 16-week quarter. As a result, the accounts included in the 2018 consolidated financial statements cover the period 30 December 2017 to 28 December 2018, while the previous year's accounts covered the period 31 December 2016 to 29 December 2017. This has had no significant impact on the statement of financial position at 31 December 2018 or on results for the year.

As explained in greater detail below, on 28 February 2018, through the subsidiary Autogrill Deutschland GmbH, the Group acquired 100% of the companies Le CroBag

GmbH & Co. KG and F.F.N. GmbH, which operate Le CroBag food & beverage locations at railway stations in Germany, Austria and Poland.

On 31 August 2018, as part of the Group's expansion in the North American airport channel, the U.S. subsidiary HMSHost Corporation acquired Avila Retail Development & Management ("Avila") through the airport retail firm Stellar Partners.

ACCOUNTING POLICIES

The Group follows the historical cost principle, except for items that in accordance with IFRS are measured at fair value, as specified in the individual accounting policies below.

BUSINESS COMBINATIONS

BUSINESS COMBINATIONS CARRIED OUT SINCE 1 JANUARY 2008

Since 1 January 2008, the Group has followed the rules of IFRS 3 (2008) - Business combinations.

The Group accounts for all business combinations using the acquisition method. The consideration transferred in a business combination includes the fair value, as of the acquisition date, of the assets and liabilities transferred and of the interests issued by the Group, as well as the fair value of any contingent consideration and of the incentives included in share-based payments recognized by the acquiree that have to be replaced in the business combination. If the business combination settles a pre-existing relationship between the Group and the acquiree, the lesser of the settlement provision, as established by contract, and the off-market price of the element is deducted from the consideration transferred and recognized under other costs.

The identifiable assets acquired and the identifiable liabilities assumed are measured at their respective acquisition-date fair values.

A contingent liability of the acquiree is assumed in a business combination only if this liability represents a current obligation deriving from past events and when its fair value can be reliably measured.

For each business combination, any minority interest in the acquiree is measured at fair value or in proportion to the minority share of the acquiree's net identifiable assets.

Goodwill arising from the acquisition is recognized as an asset and is initially measured as the excess between the consideration transferred and the acquisition-date net amount of the identifiable assets acquired and the identifiable liabilities assumed.

In case of a business combination achieved in stages, the interest previously held in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in profit or loss.

The costs relating to the acquisition are recognized in profit or loss in the period in which the costs are incurred and the services received; the sole exception is for the cost of issuing debt securities or equities.

BUSINESS COMBINATIONS CARRIED OUT FROM 1 JANUARY 2004 TO 31 DECEMBER 2007

The Group accounts for all business combinations using the acquisition method. The cost of each combination is determined as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to a business combination also form part of its overall cost.

The acquiree's identifiable assets, liabilities and contingent liabilities that can be recognized under IFRS 3 - Business Combinations are posted at their fair value on the date of acquisition.

Goodwill arising from the acquisition is recognized as an asset and valued initially at cost, i.e., the amount by which the acquisition cost exceeds the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognized on acquisition.

Non-controlling interests in the acquiree are initially measured according to their percentage interest in the fair value of the assets, liabilities and contingent liabilities recognized on acquisition.

BUSINESS COMBINATIONS CARRIED OUT BEFORE 1 JANUARY 2004

On first-time adoption of IFRS (1 January 2005), the Group decided not to apply IFRS 3 – Business Combinations retroactively to the acquisitions made prior to the date of changeover to IFRS (1 January 2004). Consequently, goodwill arising on acquisitions made prior to that date has been maintained at the previous value determined under Italian GAAP, subject to measurement and recognition of any impairment losses.

BUSINESS COMBINATIONS UNDER COMMON CONTROL

A business combination in which the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, when that control is not transitory, qualifies as a combination "under common control." Business combinations under common control are outside the scope of IFRS 3 "Business Combinations" and of other IFRS. In the absence of an accounting principle that deals specifically with these transactions, the most suitable accounting principle to be chosen should meet the general object of IAS 8, that is, faithful and reliable presentation of the transaction. Furthermore, the accounting treatment of business combinations under common control should reflect the economic substance of the transaction, regardless of its legal form. The pre-eminence of economic substance is therefore the key factor guiding the method chosen to account for these business combinations. Economic substance must refer to the creation of added value that translates into significant changes in the cash flows of the net assets transferred.

The accounting treatment of the transaction should also take account of current interpretations and trends, in particular OPI 1 (Orientamenti Preliminari Assirevi in tema di IFRS - Preliminary Orientations on IFRS by the Italian Association of Auditors), "Accounting treatment of business combinations of entities under common control in separate and consolidated financial statements."

The Autogrill Group recognizes the net assets transferred at the carrying amounts presented in the consolidated financial statements of the common parent and treats the resulting difference between the acquisition price and the value of the net assets transferred as an adjustment of net equity reserves attributable to the Group. Conversely, in the case of discontinued operations, the difference between the disposal price and the value of the net assets transferred is treated as an adjustment of the Autogrill Group's share of net equity reserves.

ACQUISITIONS OF NON-CONTROLLING INTERESTS

The Group applies IFRS 10 to all acquisitions carried out after control is assumed. On that basis, such acquisitions are treated as transactions carried out with shareholders in their capacity as owners, and do not give rise to goodwill. Adjustments to non-controlling investments are based on a proportional amount of the subsidiary's net assets. Previously, the recognition of goodwill from the acquisition of a non-controlling interest in a subsidiary represented the excess cost of the additional investment with respect to the book value of the interest in the net assets acquired on the transaction date.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is a company over which the Group has a significant influence, but not control or joint control, through participation in decisions regarding the associate's financial and operational policies; a joint venture is an agreement through which the Group has rights to net assets, rather than rights to assets and obligations for liabilities.

The income, expenses, assets and liabilities of associates and joint ventures are recognized in the consolidated financial statements using the equity method, except where the investment is classified as held for sale.

Accordingly, investments in associates and joint ventures are initially recognized at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the investees' profits or losses, recognized using the equity method, up to the date it no longer has significant influence or joint control.

RECOGNITION OF REVENUE AND COSTS

On 28 May 2014, the IASB published IFRS 15 – Revenue from Contracts with Customers. The standard sets out the following new model for recognizing revenue:
- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract.
- revenue is recognized when the entity satisfies each performance obligation.

In this context, purchases and sales of goods are recognized on transfer of title at fair value, i.e., the price paid or received net of returns, rebates, sales discounts and year-end bonuses.

Revenue is recognized when (or gradually as) the risks and the benefits connected to ownership of the goods are transferred to the buyer and the amount of the revenue can be accurately measured. If it is probable that discounts will be granted and the amount can be measured reliably, the discount is charged as a reduction of revenue when the sale is recognized.

Goods are transferred when the customer acquires control, meaning the ability to decide how an asset is used and to reap its benefits. In the case of a retail sale, the transfer generally takes place when the goods are delivered and the consumer has paid the consideration asked. In the instance of wholesale transactions, the transfer usually coincides with the arrival of the products in the client's warehouse.

Service revenue and costs are recognized according to the stage of completion at year end. Stage of completion is determined according to measurements of the work performed. When the services covered under a single contract are provided in different years, the consideration will be broken down by service provided on the basis of the relative fair value.

When the Group is acting as an agent and not as a principal in a sales transaction, the revenue recognized is the net amount of the Group's commission.

Recoveries of costs borne on behalf of third parties are recognized as a deduction from the related cost.

RECOGNITION OF FINANCIAL INCOME AND EXPENSE

Financial income includes interest on invested liquidity (including financial assets available for sale), dividends approved, proceeds from the transfer of financial assets available for sale, fair value changes in financial assets recognized in profit or loss, income arising from a business combination due to the remeasurement at fair value of the interest already held, gains on hedging instruments recognized in profit or loss, and the reclassification of net gains previously recognized in other comprehensive income. Interest income is recognized on an accruals basis using the effective interest method. Dividends are recognized when the Group's right to receive them is established.

Financial expense includes interest on loans, the release of discounting on provisions and deferred income, losses from the transfer of financial assets available for sale, fair value changes in financial assets recognized in profit or loss and in contingent consideration, impairment losses on financial assets (other than trade receivables), losses on hedging instruments recognized in profit or loss, and the reclassification of net losses previously recognized in other comprehensive income.

Net foreign exchange gains or losses on financial assets/liabilities are shown under financial income and expense on the basis of the net gain or loss produced by foreign currency transactions.

EMPLOYEE BENEFITS

All employee benefits are recognized and disclosed on an accruals basis.

Group companies provide defined benefit and defined contribution plans.

Post-employment benefit plans are formalized agreements whereby the Group provides post-employment benefits to one or more employees. The manner in which these benefits are provided varies according to legal, fiscal and economic conditions in the countries in which the Group operates, and are normally based on compensation and years of service.

Defined-contribution plans are post-employment benefit plans under which the Group pays pre-determined contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions should the fund have insufficient assets to pay all benefits to employees.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans may be unfunded or else entirely or partly funded by contributions paid by the employer, and sometimes by the employee, to a company or fund which is legally separate from the company that pays the benefits.

The amount accrued is projected forward to estimate the amount payable on termination of employment and is then discounted using the projected unit credit method, which determines the liability on the basis of employment conditions in effect on the date it is measured.

The liability is recognized in the accounts net of the fair value of any plan assets. If the calculation generates a benefit for the Group, the amount of the asset recognized is equal to the sum of any unrecognized cost for previous employment and the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group when it can be realized throughout the duration of the plan or upon settlement of the plan liabilities.

Actuarial valuations are made by actuaries outside the Group. Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income.

Due to changes in the system of post-employment benefits (trattamento di fine rapporto or TFR) brought about by Law 296 of 27 December 2006 and by the decrees and regulations issued in early 2007 (the "Social security reform"):

- TFR accrued at 31 December 2006 by employees of the Group's Italian companies is treated as a defined benefit plan in accordance with IAS 19. The benefits promised to employees in the form of TFR, which are paid upon termination of service, are recognized in the period in which the right vests;
- TFR accrued from 1 January 2007 is treated as a defined contribution plan, so contributions accrued during the period are fully recognized as costs. The portion not yet paid into the funds is listed under "Other payables."

SHARE-BASED PAYMENTS

In the case of share-based payment transactions settled with equity instruments of the company, which include the new Performance Share Units plan, the grant-date fair value of the options granted to employees is recognized in personnel expense with a corresponding increase in equity ("Other reserves and retained earnings"), over the period in which the employees become unconditionally entitled to the awards. The fair value of options is estimated on the basis of all market-based vesting conditions, such as the performance of Autogrill shares and market indexes. Also, so that the final amount is based on the number of options that will actually vest, the cost is adjusted to reflect both service conditions and non-market conditions. There is no true-up for differences between expected and actual conditions.

In the case of cash-settled share-based payment transactions (or those settled with equity or other financial instruments issued by a different entity), which include the Group's Phantom Stock Option plans, the fair value of the amount payable to employees is recognized as a cost, with an increase in liabilities as a contra entry over the period during which the employees have the unconditional right to receive payment. The liability is measured at each year-end and at the settlement date, based on the remeasurement of the fair value of the option rights. Any changes in the fair value of the liability are recognized in profit or loss under personnel expense (employee benefits).

INCOME TAX

Tax for the year is the sum of current and deferred taxes recognized in the profit or loss for the year, with the exception of those recognized directly in equity or in other comprehensive income.

Current tax is calculated on taxable income for the year. Taxable income differs from the result reported in the income statement because it excludes costs and income that will be deducted or taxed in other years, as well as items that will never be deducted or taxed. Current tax liabilities are determined using the tax rates in effect (on an official or de facto basis) on the reporting date in the countries where the Group operates.

For three-year period 2016-2018, Autogrill S.p.A. and its Italian subsidiary Nuova Sidap S.r.l. have joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l. as permitted by the Consolidated Income Tax Act.

The companies formed as a result of the corporate reorganization (Autogrill Italia S.p.A., Autogrill Europe S.p.A., and Autogrill Advanced Business Service S.p.A.) have also joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l. for the three-year period 2018-2020.

The regulation signed by the parties provides for:
- payment in full of the amount corresponding to the transferred profit times the IRES (corporate tax) rate;
- payment in full of the amount corresponding to the transferred loss times the IRES (corporate tax) rate, when utilized by Edizione S.r.l.;
- the transfer of any tax assets, also with respect to the subgroup including the Italian companies formed as a result of the reorganization, as acknowledged in the regulations defining transactions with Edizione S.r.l.

The net current tax asset or liability for the year, in respect of IRES only, is therefore recognized as a receivable or payable due from/to Edizione S.r.l. and is therefore not shown under tax assets or liabilities but under "Other receivables" or "Other payables."

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets, arising from deductible temporary differences and losses carried forward, are recognized and maintained in the financial statements to the extent that future taxable income is likely to be earned allowing use of those assets. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income, also with respect to the subgroup including the Italian companies formed as a result of the reorganization, as acknowledged in the Consolidated Income Tax Agreement with Edizione S.r.l.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or, for transactions other than business combinations, of other assets or liabilities in transactions that have no influence either on accounting profit or on taxable income. Deferred tax liabilities are recognized on taxable temporary differences relating to equity investments in subsidiaries, associates or joint ventures, unless the Group is able to monitor the reversal of the temporary differences and they are unlikely to be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rate that will apply at the time the asset is realized or the liability is settled, taking account of the tax rates in force at the end of the year.

Current and deferred tax assets and liabilities are offset when there is a legal right to do so and when they pertain to the same tax authorities.

NON-CURRENT ASSETS

GOODWILL

Goodwill arising from the acquisition of subsidiaries is shown separately in the statement of financial position.

Goodwill is not amortized, but is subject to impairment testing on a yearly basis or when specific events or changed circumstances indicate the possibility of a loss in value. After its initial recognition, goodwill is measured at cost net of any accumulated impairment losses.

Upon the sale of a company or part of a company whose previous acquisition gave rise to goodwill, account is taken of the residual value of the goodwill in determining the capital gain or loss from the sale.

OTHER INTANGIBLE ASSETS

"Other intangible assets" are recognized at purchase price or production cost, including ancillary charges, and amortized over their useful life when it is likely that use of the asset will generate future economic benefits.

The Group reviews the estimated useful life and amortization method of these assets at each year end and whenever there is evidence of possible impairment losses. If impairment losses arise - determined in accordance with the section "Impairment losses on assets" - the asset is impaired accordingly.

The following are the amortization periods used for the various kinds of intangible asset:

Concessions, licenses, brands and similar rights:	
Software licenses	2-10 years or term of license
License to sell state monopoly goods	Term of license
Contractual rights	
Other:	**Term of the rights**
Software on commission	3-6 years
Other costs to be amortized	2-10 years or term of underlying contract

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized when it is probable that use of the asset will generate future benefits and when the cost of the asset can be reliably determined. They are stated at purchase price or production cost, including ancillary charges and direct or indirect costs according to the share that can reasonably be attributed to the asset.

On transition to IFRS, any revaluations carried out in accordance with monetary revaluation laws were maintained in the financial statements as they are consistent with IFRS 1.

Property, plant and equipment are depreciated on a straight-line basis at rates deemed to reflect their estimated useful lives. The Group reviews the useful life of each asset at every year end. Cost includes reasonably estimated expenses (if compatible with IAS 37) that are likely to be incurred on expiry of the relevant contract to restore the asset to the contractually agreed condition, assuming that maintenance will continue to be carried out properly and with the usual frequency. Components of significant value (in excess of €500k) or with a different useful life (50% longer or shorter than that of the asset to which the component belongs) are considered individually when determining depreciation.

The following are the depreciation periods used for property, plant and equipment:

Property, plant and equipment	Useful life (year)
Industrial buildings	5-50
Plant and machinery	3-14
Industrial and commercial equipment	3-23
Other	3-33

Land is not depreciated.

For "Assets to be transferred free of charge", these rates, if higher, are replaced by those corresponding to the term of the concession contract. An asset's useful life is reviewed annually, and is changed when maintenance work during the year has involved enhancements or replacements that materially change its useful life.

Regardless of depreciation already recognized, if there are impairment losses (determined as described under "Impairment losses on non-financial assets"), the asset is impaired accordingly.

Costs incurred to enhance and maintain an asset that produce a material and tangible increase in its productivity or safety or extend its useful life are capitalized to the asset and amortized over its useful life. Routine maintenance costs are taken directly to the income statement.

Leasehold improvements are included in property, plant and equipment on the basis of the type of cost incurred. They are depreciated over the asset's residual useful life or the term of the contract, whichever is shorter.

The gain or loss from the sale of property, plant or equipment is the difference between the net proceeds of the sale and the asset's carrying amount, and is recognized under "Other income" or "Other operating expense."

LEASED ASSETS

Lease contracts are classified as finance leases if the terms of the contract are such to transfer all risks and benefits of ownership to the lessee. All other lease contracts are treated as operating leases. Until IFRS 16 comes into force, all other leases are currently classified as operating leases.

Assets acquired under finance leases are recognized at fair value as of the commencement date of the contract less ancillary charges and any expenses for replacing another party in the lease, or, if lower, at the present value of the minimum payments due under the contract. The corresponding liability to the lessor is charged to "Other financial liabilities." Lease payments are divided into principal and interest, using a constant interest rate for the full duration of the contract. Financial expense is recognized in the income statement.

Operating lease payments are calculated over the term of the lease. Benefits received or to be received, and those given or to be given, as incentives for taking out operating leases are also recognized on a straight-line basis for the entire duration of the lease (see Section 2.2.11 "Operating leases").

IMPAIRMENT LOSSES AND REVERSALS ON NON-FINANCIAL ASSETS

At each annual or interim reporting date, the Group tests whether there is internal or external evidence of impairment or impairment reversal concerning its property, plant and equipment or intangible assets. If so, the recoverable amount of the assets is estimated to determine any impairment loss or reversal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs; a cash-generating unit is a group of assets that generates cash flows broadly independent from other assets or groups of assets. With regard to property, plant and equipment used in the sales network, this minimum aggregation unit is the sales outlet or sales outlets covered by a single concession agreement.

Goodwill and assets under development are tested for impairment at each year end and any time there is evidence of possible impairment.

The cash generating units to which goodwill has been allocated are grouped so that the level of detection of impairment reflects the level of greatest detail at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the cash-generating units expected to benefit from the synergies of the combination.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In determining value in use, the estimated future cash flows are discounted to their current value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, it is reduced to recoverable amount. Impairment losses are recognized in the income statement.

Impairment losses on cash-generating units are first deducted from the carrying amount of any goodwill attributed to the unit; any remainder is deducted from the other assets of the unit in proportion to their carrying amount.

If the reason for the impairment no longer exists, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the carrying amount net of depreciation/amortization that the asset would have had if the impairment loss had not been charged. The reversal of impairment is taken to the income statement.

ASSETS/LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

A discontinued operation is part of a group whose activities and financial flows are clearly distinguishable from the rest of the group, and which:

- constitutes a major independent branch or geographical area of business,
- is part of a single coordinated plan to dispose of a major independent branch or geographical area of business, or
- is a subsidiary acquired for the sole purpose of reselling it.

An operation is listed as discontinued when it is sold or when it meets the conditions for being classified as “held for sale,” whichever comes first.

When an operation is listed as discontinued, the comparative statement of comprehensive income is redetermined as if the operation had been discontinued as of the beginning of the year of comparison.

The assets and liabilities of operations being discontinued are classified as held for sale if their carrying value has been or will be recovered mainly through their sale and not through continued use. Once an asset/liability is classified as held for sale, it is recognized at the lower of carrying value and fair value net of costs to sell.

In the financial statements:

- the net profit or loss of discontinued operations is shown separately in the income statement, net of tax effects and transfer costs (if sold), along with any capital gain or loss realized with the sale; the corresponding amounts from the prior year are reclassified for the sake of comparison;
- financial assets and liabilities held for sale and discontinued operations are shown in the statement of financial position separately from other assets/liabilities and are not offset.

CURRENT ASSETS AND CURRENT & NON-CURRENT LIABILITIES

INVENTORIES

Inventories are recognized at the lower of purchase or production cost and market value. Purchase or production cost includes directly attributable expenses, net of discounts, rebates, annual bonuses and similar contributions from suppliers, and is calculated using the FIFO method or with criteria that approximate FIFO. When the carrying value of inventories is higher than their net realizable value, they are written down and an impairment loss is charged to the income statement. The recoverability of inventories is verified at each reporting date. If the reasons for the impairment loss cease to apply, they are reversed to an amount not exceeding purchase or production cost.

TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables are initially recognized at fair value, and subsequently at amortized cost using the effective interest method. They are reduced by estimated impairment losses, determined according to procedures that may involve both writedowns of individual positions, if material, where the receivables are objectively uncollectable in whole or in part, or generic impairment calculated on the basis of historical and statistical data.

In accordance with IFRS 9, factored receivables are eliminated from the accounts if the contract entails the full transfer of the associated risks and rewards (contractual rights to receive cash flows from the asset). The difference between the carrying value of the asset transferred and the amount received is recognized in the income statement under financial expense.

OTHER FINANCIAL ASSETS

"Other financial assets" are recognized or derecognized on the transaction date and are initially measured at fair value, including direct transaction costs.

Subsequently, financial assets that the Group holds for the sole purpose of collecting contractual cash flows (principal and interest) are measured at amortized cost net of impairment losses.

Financial assets held for collecting contractual cash flows (principal and interest) and for subsequent sale are measured initially at fair value including transaction costs. After first-time recognition they are carried at fair value, and any changes in fair value, other than impairment losses, are recognized as other comprehensive income and presented in the fair value reserve. When a financial asset is derecognized, the cumulative loss or gain is reclassified from other comprehensive income to profit (loss) for the year.

Financial assets other than the above are measured at fair value at the end of each period and gains and losses from fair value changes are recognized in financial income and expense.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and current accounts with banks and post offices, as well as demand deposits and other highly liquid short-term financial investments (maturity of three months or less from the acquisition date) that are immediately convertible to cash; they are stated at face value as they are subject to no significant risk of impairment.

LOANS, BANK LOANS, BONDS AND OVERDRAFTS

Interest-bearing bank loans, bonds and account overdrafts are initially recognized at fair value taking account of the amounts received, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

TRADE PAYABLES

Trade payables are initially recognized at fair value (normally the same as face value) net of discounts, returns and billing adjustments, and subsequently at amortized cost, if the financial effect of payment deferral is material.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group's liabilities are exposed primarily to financial risks due to changes in interest and exchange rates. To manage these risks the Group uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. The use of derivatives is governed by the "Financial Management and Financial Risks Policy" and the "Annual Financial Strategy" approved by Autogrill S.p.A.'s Board of Directors, which set standards and guidelines for the Group's financial risk hedging strategy. Derivative contracts have been entered into with counterparties deemed to be financially solid, with the aim of reducing default risk to a minimum. Group companies do not use derivatives for purely trading purposes, but rather to hedge identified risks.

For further information see the policy described in section 2.2.8.2 "Financial risk management".

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if: (i) at the inception of the hedge there is formal designation and documentation of the hedging relationship, and the hedge is assumed to be effective; (ii) effectiveness can be reliably measured; (iii) the hedge is effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are initially measured at fair value in accordance with IFRS 13 and IAS 39, with the related transaction costs recognized in profit or loss when incurred. They are subsequently carried at fair value. More specifically, the fair value of forward exchange contracts is based on the listed market price, where available.

If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current spot rate for the residual maturity of the contract using a risk-free interest rate (based on government securities) of the country/currency of the instrument's user.

For interest rate swaps, fair value is determined using the cash flows estimated on the basis of the conditions and remaining life of each contract, and according to the year-end market interest rates of comparable instruments.

When financial instruments qualify for hedge accounting, the following rules apply:

- Fair value hedge: if a derivative financial instrument is designated as a hedge against changes in the fair value of a recognized asset or liability attributable to a particular risk that may affect profit or loss, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts its carrying amount and is recognized in profit or loss;
- Cash flow hedge: if a financial instrument is designated as a hedge against exposure to variations in the future cash flows of a recognized asset or liability or a forecast transaction that is highly probable and could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognized in comprehensive income and presented in the "hedging reserve" under equity. The cumulative gain or loss is reclassified from comprehensive income and recognized

in profit or loss in the same year in which the economic effect of the hedged transaction is recognized. Fair value gains and losses associated with a hedge (or part of a hedge) which has become ineffective are recognized in the income statement immediately. If a hedge or a hedging relationship is terminated, but the hedged transaction has not yet taken place, the gains or losses accrued up to that time in the statement of comprehensive income are reclassified to profit or loss as soon as the transaction occurs. If the transaction is no longer expected to take place, the gains or losses not yet realized that have been included in comprehensive income are reclassified immediately to profit or loss;
- Hedge of net investment: if a derivative is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediary holding company, the effective portion of the gain or loss on the hedge is recognized in comprehensive income and presented in the "translation reserve" under equity, while the ineffective portion is taken to profit or loss. On disposal of the foreign operation, the gain or loss on the effective portion of the hedge that has been cumulatively recognized in the translation reserve is also taken to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the financial derivative are immediately recognized in the income statement.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recognized when the Group has a present obligation as a result of a past event and will likely have to use resources in order to produce economic benefits that satisfy that obligation, and when the amount of the obligation can be reliably determined. Provisions are based on the best estimate of the cost of fulfilling the obligation as of the reporting date, and when the effect is material, are discounted to their present value.

An onerous contracts provision is recognized when the unavoidable costs necessary to fulfil the obligations of a contract are greater than the economic benefits the Group can expect to obtain therefrom. The provision is measured at the present value of the lower of the cost of terminating the contract and the net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment losses on the assets associated with the contract.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced. Future operating costs are not provided for.

SHARE CAPITAL AND PURCHASE OF TREASURY SHARES

The share capital is comprised wholly of ordinary shares, which form part of equity. Incremental costs directly attributable to the issue of ordinary shares are deducted from net equity, net of the tax effects.

If treasury shares are purchased, the amount paid - including directly attributable expenses and net of tax effects - is deducted from equity. The shares thus purchased are classified as treasury shares and reduce the amount of total equity. The amount received from the subsequent disposal of the treasury shares is added back to equity. Any positive or negative difference from the transaction is transferred to or from retained earnings.

EARNINGS PER SHARE

Autogrill presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, as defined above, for the effects of all dilutive potential ordinary shares and stock options granted to employees.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are converted into the functional currency at the exchange rate in effect on the transaction date. Foreign currency assets and liabilities are converted at the year end exchange rate. Exchange gains and losses arising from the conversion are recognized in the income statement under financial income and expense.

USE OF ESTIMATES

The preparation of the consolidated financial statements and notes requires management to make estimates and assumptions that affect the carrying amounts of assets, liabilities, costs and income and the disclosure about contingent assets and liabilities at the year-end date. Actual results may differ. Estimates are used to determine the effects of business combinations, asset impairment losses/reversals, the fair value of derivatives, provisions for bad debts and inventory obsolescence, amortization and depreciation, employee benefits, taxes, and provisions for risks and charges. Estimates and assumptions are periodically reviewed and the effect of any change is taken to the income statement of the years to which the changes pertain. The estimation criteria used for these financial statements are the same as those followed the previous year, unless otherwise specified.

2.2.2 BUSINESS COMBINATIONS

LE CROBAG GROUP

Through the subsidiary Autogrill Deutschland GmbH, the Autogrill Group has acquired 100% of the companies Le CroBag GmbH & Co. KG and F.F.N. GmbH, which operate Le CroBag food & beverage locations at railway stations in Germany, Austria and Poland. Le CroBag has 118 locations (113 of them in Germany), managed both directly and under license. The cost of the acquisition was € 67.7m, including € 13.5m discharged by paying the company's financial debts and € 6.2m deferred to 2019. It took place on 28 February 2018 and the Le CroBag Group has been consolidated since that date. The transaction involved the acquisition of Le CroBag's assets and liabilities, whose fair value was determined using measurement techniques generally employed in acquisitions. The acquisition resulted in:

- the recognition of € 4.9m in deferred tax assets, considering the expected tax benefits from the deduction in Germany of goodwill and the Le CroBag trademark;
- the recognition of the Le CroBag trademark for € 30.6m, to be amortized over 15 years;
- a € 19.3m increase in goodwill.

Details of the impact of the acquisition on consolidated assets and liabilities are presented below:

(m€)	Le CroBag	Adjustments to the acquisition situation	Le CroBag adjusted
Property, plant and equipment	8.6	-	8.6
Intangible assets	2.9	30.6	33.4
Financial assets	2.0	-	2.0
A) Non current assets	**13.6**	**30.6**	**44.1**
B) Working capital	**(3.1)**	**-**	**(3.1)**
C) Other non-current non-financial assets and liabilities	**-**	**4.9**	**4.9**
D) Net invested capital (A+B+C)	**10.5**	**35.5**	**46.0**
Equity attributable to owners of the parent	(0.5)	35.5	34.9
Equity attributable to non-controlling interests	-	-	-
E) Equity	**(0.5)**	**35.5**	**34.9**
F) Net debt	**11.0**	**-**	**11.0**
G) Total, as in D)	**10.5**	**-**	**46.0**
Cost of acquisition (*)			54.2
Goodwill			19.3

(*) Includes the price paid (€ 48m) and € 6.2m with deferred payment to 2019

The income statement for the year benefits from € 37.4m in revenue from the acquired company.

Because of the value for tax purposes of the goodwill and trademark acquired in an amount exceeding their carrying amounts as defined by German tax law, deferred tax assets have been recognized in the amount of € 4,924k (Note XII).

AVILA

On 31 August 2018, the U.S. subsidiary HMSHost Corporation acquired Avila Retail Development & Management ("Avila") through the airport retail firm Stellar Partners, for $ 20.2m. At the time of the acquisition, Avila had more than 60 locations at 14 airports in the United States. The transaction involved the acquisition of the assets and liabilities of Avila, whose fair value was determinate by applying valuation techniques generally used in acquisitions, increasing concessions by € 9,215k ($ 10,883k) and property, plant and equipment by € 4,535k ($ 5,357k). The IFRS 3 revised allows the setting of any additional items that may be detected on the acquisition date, within the 12 month period following the acquisition date itself and therefore the above is to be considered provisional.

2.2.3 NOTES TO THE STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

I. CASH AND CASH EQUIVALENTS

(€k)	31.12.2018	31.12.2017	Change
Bank and post office deposits	161,390	124,053	37,337
Cash and equivalents on hand	53,309	45,537	7,772
Total	**214,699**	**169,590**	**45,109**

"Cash and equivalents on hand" includes cash floats at stores and amounts in the process of being credited to bank accounts. The amount may vary substantially depending on the frequency of pick-ups for deposit, which are generally handled by specialized third-party carriers.

The statement of cash flows presents the various sources and uses of cash that contributed to the change in this item, along with the balance of current account overdrafts.

II. OTHER FINANCIAL ASSETS

(€k)	31.12.2018	31.12.2017	Change
Financial receivables from third parties	24,513	13,665	10,848
Receivables from credit card companies	11,471	15,157	(3,686)
Fair value of interest rate hedging derivatives	-	536	(536)
Fair value of exchange rate hedging derivatives	440	1,855	(1,415)
Total	**36,424**	**31,213**	**5,211**

"Other financial receivables from third parties" consists primarily of amounts due from the non-controlling shareholders of some North American subsidiaries and some non-subsidiary companies for capital advances, taking account of their ability to pay the sums back with future earnings. The increase is due almost entirely to North American operations.

The net decrease in "Receivables from credit card companies" is explained by the different concentration of settlements for credit card payments in 2018 and 2017.

The "fair value of interest rate hedging derivatives" includes the current portion of the fair value measurement of derivatives outstanding at 31 December 2017, with a combined notional value of $ 100m.

The "fair value of exchange rate hedging derivatives" refers to the fair value measurement of the derivatives entered into to hedge exchange rate risk, in particular the forward purchase and/or sale of currency, in connection with loans and the payment of dividends.

III. TAX ASSETS

These amount to € 19,572k (€ 15,373k at 31 December 2017) and refer to income tax advances and credits, mostly for North American operations.

IV. OTHER RECEIVABLES

(€k)	31.12.2018	31.12.2017	Change
Suppliers	55,224	40,377	14,847
Lease and concession advance payments	20,975	16,420	4,555
Inland revenue and government agencies	16,914	21,920	(5,006)
Receivables from grantors for investments	2,591	2,864	(273)
Sub-concessionaires	3,458	1,750	1,708
Receivables from the parent for tax consolidation	12,437	12,599	(162)
Personnel	1,127	648	479
Other	34,287	33,714	573
Total	**147,013**	**130,292**	**16,721**

"Suppliers" refers to amounts receivable for promotional contributions and supplier bonuses awaiting settlement, as well as advances for services to be received. The increase essentially concerns Italian operations.

"Lease and concession advance payments" consists of lease instalments paid in advance, as required by contract.

Most of the net decrease of "Indirect taxes" is attributable to Italian operations.

"Receivables from grantors for investments" relate to commercial investments made on behalf of concession grantors in accordance with the terms of contracts.

The amounts due from the item "Sub-concessionaires" refer to businesses licensed to others and consist mainly of rent receivable.

"Receivables from the parent for tax consolidation" concerns the amount due from Edizione S.r.l. to the Italian companies in the Group that participate in the domestic tax consolidation scheme (see Section 2.2.12 - Other information - Related party transactions).

"Other" consists mainly of prepayments for maintenance fees, insurance policies and reimbursements, as well as advances on local taxes, and refer mainly to North America.

V. TRADE RECEIVABLES

(€k)	31.12.2018	31.12.2017	Change
Third parties	53,679	53,649	30
Allowance for impairment	(5,708)	(4,677)	(1,031)
Total	**47,971**	**48,972**	**(1,001)**

"Third parties" refers mainly to catering service agreements and accounts with affiliated companies. In relation to IFRS 9 (effective since 1 January 2018), the default risk of receivables has already been estimated, as in previous years, on the basis of the general default risk of receivables not yet due on the reporting date as inferred from past performance.

Movements in the "Allowance for impairment" are shown below:

(€k)	
Allowance for impairment at 31 December 2017	**4,677**
Increases, net of use	1,967
Other movements and exchange rate differences	124
Utilizations	(1,060)
Allowance for impairment at 31 December 2018	**5,708**

Net allocations of € 1,967k in 2018 reflect revised estimates as to the recoverability of disputed receivables and the general default risk applicable to receivables not yet due.

Utilizations, amounting to € 1,060k, refer particularly to the settlement of disputes during the year against which bad debt provisions had been made in the past.

VI. INVENTORIES

Inventories, totalling € 121,611k at 31 December 2018 (up from € 116,202k the previous year), are shown net of the write-down provision of € 1,527k (€ 1,382k at 31 December 2017), determined considering revised recoverability estimates based on the disposal of slow-moving goods. Inventories are concentrated mostly in Italy (where the Group uses centralized warehouses to handle logistics) and the United States, and consist chiefly of food raw materials, drinks, packaged products, and goods sold under government monopoly.

NON-CURRENT ASSETS

VII. PROPERTY, PLANT AND EQUIPMENT

The following tables show movements in "property, plant and equipment" at 31 December 2018 and 31 December 2017.

(€k)	Land and buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Assets to be transferred free of charge	Other	Assets under construction and payments on account	Total
Gross carrying amount								
Balance at 1 January 2017	**132,982**	**1,206,715**	**194,969**	**854,791**	**343,582**	**52,473**	**133,336**	**2,918,848**
Acquisitions	-	1,495	-	397	-	-	-	1,892
Disposals	-	(1,642)	(44)	(1,322)	-	(200)	(62)	(3,270)
Exchange rate gains (losses)	(5,462)	(99,355)	(9,066)	(47,615)	-	(1,474)	(11,766)	(174,738)
Increase	565	56,005	4,858	46,523	19,351	2,478	116,603	246,383
Decrease	(395)	(64,501)	(5,806)	(48,603)	(33,606)	(504)	(4)	(153,419)
Other movements	1,548	69,906	15,232	38,030	(3,371)	(146)	(121,929)	(730)
Balance at 31 December 2017	**129,238**	**1,168,623**	**200,143**	**842,201**	**325,956**	**52,627**	**116,178**	**2,834,966**
Acquisitions	-	4,536	-	50,322	-	-	39	54,897
Disposals	-	-	-	-	-	-	-	-
Exchange rate gains (losses)	2,377	30,185	4,347	13,667	-	627	4,009	55,212
Increase	1,902	14,854	3,247	24,135	18,939	900	221,364	285,341
Decrease	(17,590)	(52,500)	(9,515)	(50,831)	(11,621)	(786)	(905)	(143,748)
Other movements	562	108,080	11,040	77,163	4,066	1,243	(203,838)	(1,684)
Balance at 31 December 2018	**116,489**	**1,273,778**	**209,262**	**956,657**	**337,340**	**54,611**	**136,847**	**3,084,984**
Depreciation/Impairment losses								
Balance at 1 January 2017	**(78,347)**	**(778,074)**	**(168,912)**	**(669,333)**	**(280,057)**	**(47,592)**	**-**	**(2,022,315)**
Disposals	-	421	27	940	-	160	-	1,548
Exchange rate gains (losses)	3,859	60,198	7,706	33,269	-	1,251	-	106,283
Increase	(2,561)	(90,229)	(9,322)	(69,429)	(16,561)	(2,505)	-	(190,607)
Impairment losses	(267)	(1,054)	(27)	(466)	776	(3)	-	(1,041)
Decrease	-	62,945	5,797	48,435	33,602	504	-	151,283
Other movements	(1)	(1,882)	(1,001)	(3,676)	6,738	621	-	799
Balance at 31 December 2017	**(77,317)**	**(747,675)**	**(165,732)**	**(660,260)**	**(255,502)**	**(47,564)**	**-**	**(1,954,050)**
Change in consolidation scope	-	-	-	(40,920)	-	-	-	(40,920)
Disposals	-	-	-	-	-	-	-	-
Exchange rate gains (losses)	(1,706)	(18,503)	(3,483)	(9,815)	-	(536)	-	(34,043)
Increase	(2,556)	(95,037)	(9,798)	(77,331)	(15,280)	(2,449)	-	(202,451)
Impairment losses	-	(3,930)	1,709	(2,092)	(4,070)	(17)	(77)	(8,477)
Decrease	14,003	52,164	8,283	50,304	11,617	780	-	137,151
Other movements	283	1,027	-	(1,211)	396	(7)	-	488
Balance at 31 December 2018	**(67,293)**	**(811,954)**	**(169,021)**	**(741,325)**	**(262,839)**	**(49,793)**	**(77)**	**(2,102,302)**
Carrying amount								
31 December 2017	**51,921**	**420,948**	**34,411**	**181,941**	**70,454**	**5,063**	**116,178**	**880,916**
31 December 2018	**49,196**	**461,824**	**40,241**	**215,332**	**74,501**	**4,818**	**136,770**	**982,682**

Capital expenditure in 2018 amounted to € 285,341k, while the net carrying amount of disposals was € 6,597k. The disposals produced capital gains of € 5,019k, mostly for the sale of a warehouse in Italy and a hotel in Belgium. The directors' report contains a more detailed analysis of capital expenditure.

Acquisitions for 2018 mostly refer to Le CroBag (€ 8,641k) and Avila (€ 4,535k), as discussed in Section 2.2.2, along with other minor acquisitions for € 801k.

In addition to depreciation of € 202,451k, impairment testing of individual locations resulted in net impairment losses of € 8,477k, including the reversal of losses charged in previous years (up to historical amortized cost as of the reversal date) where the reasons for impairment no longer exist. Consistently with the method followed in the 2017 financial statements, impairment testing was based on the estimated future cash flows for each location (without incorporating any assumed efficiency gains), discounted at the average cost of capital, which reflects the cost of money and the specific business risk associated with each country.

Leasehold improvements refer to expenses incurred to set up or adapt leased premises and concessions. This includes costs for the development of locations managed at airports, at shopping centers in North America, and at several motorway locations.

Assets under construction and payments on account are concentrated mostly in the United States and include investments for new openings and contract renewals.

In accordance with the financial method, this item includes the contractual value of the following property, plant and equipment held under finance leases:

	31.12.2018			31.12.2017		
(€k)	Gross amount	Accumulated depreciation and impairment losses	Carrying amount	Gross amount	Accumulated depreciation and impairment losses	Carrying amount
Land and buildings	5,536	(3,872)	1,664	5,536	(3,789)	1,747
Industrial and commercial equipment	816	(567)	249	608	(445)	163
Total	**6,352**	**(4,439)**	**1,913**	**6,144**	**(4,234)**	**1,910**

The financial payable for leased goods amounts to € 4,372k and is included under "Other financial liabilities" (current) for € 303k (€ 292k at the end of 2017) and "Other financial liabilities" (non-current) for € 4,069k (€ 4,200k the previous year) (Notes XVII and XX). Future lease payments due after 31 December 2018 amount to € 6,547k (€ 6,904k at the end of 2017).

The nature and location of capital expenditure are discussed in the "Business segments" section of the Directors' Report.

VIII. GOODWILL

At 31 December 2018 goodwill amounts to € 839,666k, compared with € 795,928k of the previous year. The cash-generating units (CGUs) are identified on the basis of business segment, following a geographical/operational logic, consistently with the minimum level at which goodwill is monitored for internal management purposes.

In consideration of the corporate reorganization completed at the end of 2017 (see Section 2.2.1 in the report to the financial statements of Autogrill S.p.A.), the Group's redefined structure, and the strongly integrated, centralized nature of operations in Italy, continental Europe and southern Europe, in keeping with the minimum level at which goodwill is monitored for internal management purposes, the European CGUs that were considered separately until have been combined into a single CGU called "Other European countries" (including France, Switzerland, Belgium, Germany, Spain, Austria, Greece, Czech Republic, Poland and Slovenia). The Italian business, although it falls within the European organizational structure headed by Autogrill Europe S.p.A., will continue to operate as a separate CGU given the size and distinctive characteristics of the motorway business under concession.

The CGUs are therefore defined as North America, International, Italy, and other European countries.

The carrying amounts of goodwill by CGU, as configured above, are as follows:

(€k)	31.12.2018	31.12.2017	Change
North America	441,025	422,784	18,241
International	59,755	58,297	1,458
Europe			
Italy	83,631	83,631	-
Other European countries	255,255	231,216	24,039
Total	**839,666**	**795,928**	**43,738**

The changes since the previous year are due to goodwill from the acquisition of Le CroBag (€ 19,252k) and exchange differences (€ 24,486k).

The recoverability of the goodwill allocated to each CGU is tested by estimating its value in use, defined as the present value of estimated future cash flows discounted at a rate differentiated by geographical area reflecting the specific risks of the individual CGUs at the measurement date. The discount rate was set in consideration of the Capital Assets Pricing Model, based on indicators and variables observable in the market.

The estimated future cash flows of each CGU for the period 2019-2023, used to determine recoverable amount, have been approved by the Chief Executive Officer and the Group Chief Financial Officer and reviewed by the Board of Directors. They have been estimated on the basis of the 2019 budget and forecasts for 2020-2023 (explicit forecast period), and adjusted for compliance with the provisions of IAS 36. Cash flows beyond 2023 have been projected by normalizing information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of each CGU's sector and country of operation (consistently with medium- to long-term inflation forecasts by the International Monetary Fund), and by using the perpetuity method to calculate terminal value. These considerations are also supported by a Fairness Opinion from an independent third company confirming that the chosen methodology is reasonable and appropriate.

Below are the main assumptions used for impairment testing.

	Forecast nominal growth rate "g"	Discount rate 2018	Discount rate 2017
North America	2.0%	6.5%	6.0%
International	2.7%	7.5%	7.1%
Italy	1.0%	7.1%	6.9%
Other European countries	1.3%	5.7%	5.6%

To estimate cash flows for the period 2019-2023, management has made several assumptions, most importantly of air and motorway traffic volumes, future sales, operating costs and capital expenditures.

The principal assumptions used to estimate cash flows are broken down below by business segment:

- North America: average annual sales are expected to rise consistently with traffic growth in the airport channel (based on estimates by the Federal Aviation Administration). The renewal rate of existing contracts was estimated on the basis of historical trends. Operating leverage thanks to higher sales and targeted efficiency measures help absorb upward pressure on the cost of labor.
- International: strong growth is suggested by traffic forecasts from Airport Council International and, where not available, by estimated GDP performance in the individual countries. The assumed growth rate outpaces the average in Autogrill's markets, but is consistent with the past performance of these operations. The rise in sales more than offsets the cost of expanding operations and starting up new projects, under new and renewed contracts.
- Italy: based on internal projections, there should be a moderate increase in motorway traffic, in line with past performance. The introduction of new concepts, along with improved offerings and targeted efficiency measures, will help make up for lost margins.
- Other European Countries: sales projections have been developed on the basis of motorway and airport traffic estimates that differ from country to country, based on forecasts provided by Airport Council International and, where not available, on estimated GDP growth in each individual country. Operating costs are expected to go down as a share of revenue, thanks to targeted efficiency measures. The renewal rate of existing contracts was estimated on the basis of historical trends.

For all CGUs, development investments are correlated with the expiration of contracts, while maintenance investments are assumed to be consistent with historical trends.

On the basis of these assumptions, the amount of goodwill attributed to each CGU was found to be fully recoverable.

The following table shows the discount rates or growth rates at which there would no longer be a gap between the CGU's value in use and book value (Impairment Stress Test).

	Discount rate net of taxes	g
North America	15.0%	(18.3%)
International	23.4%	n.a.
Italy	10.3%	(4.2%)
Europe	8.6%	(3.0%)

This simulation makes it clear that on the basis of the currently expected trends in endogenous and exogenous variables, there is no risk of impairment of the carrying amounts in the financial statement at 31 December 2018.

Certain simulations have been performed, in addition to the stress tests reported above, such as:

- a sensitivity analysis, considering specific risk factors inherent to plans in the different countries and CGUs, as well as changes in the discount rate and g rate;
- a comparison between the CGUs' value in use for 2018 and 2017 with the related gap analysis.

These steps also confirmed the reasonableness of the assumptions used in support of the full recoverability of goodwill.

IX. OTHER INTANGIBLE ASSETS

The following tables show movements in "Other intangible assets" at 31 December 2018 and 31 December 2017.

(€k)	Concessions, licenses, trademarks and similar rights	Other	Assets under development and payments on account	Total
Gross carrying amount				
Balance at 1 January 2017	**172,431**	**82,217**	**6,573**	**261,221**
Acquisitions	411	-	-	411
Disposals	(1,064)	(76)	-	(1,140)
Exchange rate gains (losses)	(8,894)	(10)	-	(8,904)
Increase	12,094	3,901	5,656	21,651
Decrease	(4,856)	(29)	-	(4,885)
Other movements	(5,130)	12,081	(6,170)	781
Balance at 31 December 2017	**164,993**	**98,084**	**6,059**	**269,136**
Acquisitions	43,634	7,562	-	51,196
Disposals	-	-	-	-
Exchange rate gains (losses)	2,358	82	-	2,440
Increase	9,264	5,334	7,881	22,479
Decrease	(9,461)	(1,854)	(331)	(11,646)
Other movements	6,508	947	(5,459)	1,996
Balance at 31 December 2018	**217,296**	**110,155**	**8,150**	**335,601**
Amortization/Impairment losses				
Balance at 1 January 2017	**(110,689)**	**(69,243)**	**-**	**(179,932)**
Disposals	690	29	-	719
Exchange rate gains (losses)	3,864	22	-	3,886
Increase	(13,727)	(8,328)	-	(22,055)
Impairment losses	(38)	-	-	(38)
Decrease	4,780	29	-	4,809
Other movements	1,778	(2,624)	-	(846)
Balance at 31 December 2017	**(113,342)**	**(80,115)**	**-**	**(193,457)**
Acquisitions	(0)	(4,924)	-	(4,924)
Disposals	-	-	-	-
Exchange rate gains (losses)	(922)	(46)	-	(968)
Increase	(16,063)	(9,293)	-	(25,356)
Impairment losses	(598)	-	-	(598)
Decrease	9,444	1,758	-	11,202
Other movements	(2,829)	2,550	-	(279)
Balance at 31 December 2018	**(124,310)**	**(90,070)**	**-**	**(214,380)**
Carrying amount				
31 December 2017	**51,651**	**17,969**	**6,059**	**75,679**
31 December 2018	**92,986**	**20,085**	**8,150**	**121,221**

Investments in 2018 came to € 22,479k, mostly for business software and concession rights, while amortization totalled € 25,356k.

As described above and pursuant to IFRS 3, "Acquisitions" for 2018 mostly concern the difference between the amount paid and the fair value of the net assets taken in with the acquisition of Le CroBag (€ 33,443k) and Avila (€ 9,215k), as well as other American acquisitions (€ 3,614k).

"Other movements" consists mainly of the reclassification upon completion of assets under construction.

Impairment testing of individual locations, carried out in conjunction with the property, plant and equipment testing mentioned in Note VII, led to net impairment losses of € 598k.

All "Other intangible assets" have finite useful lives.

X. INVESTMENTS

This item is mainly comprised of associates and joint ventures, measured using the equity method. The decrease for the year is therefore explained by the exchange effect and the Group's share of profit and loss.

Any surplus of an investment's carrying amount over *pro rata* equity represents future profitability inherent in the investment.

For the sake of thoroughness, we report that using the equity method, a net positive € 13k was recognized in the income statement under "Income (expense) from investments" and a negative € 32k for exchange losses was recorded in the statement of comprehensive income.

Investments at 31 December 2018 and 31 December 2017 are detailed below:

	31.12.2018								
					Revenues	Total assets	Total liabilities	Profit/(loss) for the year	Carrying amount
Name	Registered office	Countries	% held	Currency	Currency/000			€/000	
Dewina Host Sdn. Bhd.	Kuala Lumpur	Malaysia	49%	Myr	33,438	15,710	3,588	275	1,249
HKSC Developments L.P.	Winnipeg	Canada	49%	Cad	9,845	3,609	830	1,021	872
HSCK Opco L.P.	Winnipeg	Canada	49%	Cad	68	199	131	21	21
Autogrill Middle East. LLC	Abu Dhabi	United Arab Emirates	50%	Aed	25,482	75,924	50,415	(1,441)	(911)
Arab Host for Services. LLC	Doha	Qatar	49%	Qar	11,615	22,933	56,615	-	-
Caresquick N.V.	Antwerpen	Belgium	50%	Eur	7,247	3,134	1,842	138	646
Other								-	13
Total 31 December 2018								**13**	**1,891**

Name	Registered office	Countries	% held	Currency	Revenues	Total assets	Total liabilities	Profit/(loss) for the year	Carrying amount
					31.12.2017				
					Currency/000			€/000	
Dewina Host Sdn. Bhd.	Kuala Lumpur	Malaysia	49%	Myr	32,872	13,673	4,235	15	952
HKSC Developments L.P.	Winnipeg	Canada	49%	Cad	10,024	4,088	1,141	1,812	957
HSCK Opco L.P.	Winnipeg	Canada	49%	Cad	69	122	41	21	26
Autogrill Middle East. LLC	Abu Dhabi	United Arab Emirates	50%	Aed	28,656	60,825	39,784	(732)	550
Arab Host for Services. LLC	Doha	Qatar	49%	Qar	4,502	32,744	49,251	-	-
Caresquick N.V.	Antwerpen	Belgium	50%	Eur	7,936	2,732	715	-	1,008
Other								(319)	12
Total 31 December 2017								**797**	**3,506**

XI. OTHER FINANCIAL ASSETS

(€k)	31.12.2018	31.12.2017	Change
Interests-bearing sums with third parties	7,177	5,431	1,746
Guarantee deposits	20,284	15,420	4,864
Other financial receivables from third parties	15,488	12,493	2,995
Total	**42,949**	**33,344**	**9,605**

"Interest-bearing sums with third parties" consists of security deposits on which the Group receives interest.

Most of the increase in "Guarantee deposits" concerns amounts deposited in connection with newly won contracts, in particular in the International segment, Spain and Le CroBag, acquired in 2018.

"Other financial receivables from third parties" consists primarily of amounts due from the non-controlling shareholders of some North American subsidiaries and some non-subsidiary companies for capital advances, taking account of their ability to pay the sums back with future earnings.

XII. DEFERRED TAX ASSETS AND LIABILITIES

At the end of 2018, "Deferred tax assets" not offsettable against deferred tax liabilities amounted to € 51,050k (€ 37,815k at 31 December 2017). "Deferred tax liabilities", shown net of deferred tax assets available for offset, amounted to € 43,728k (€ 28,517k the previous year).

Deferred tax liabilities and deferred tax assets are broken down as follows:

(€k)	31.12.2018	31.12.2017
Deferred tax liabilities gross	82,399	75,449
Deferred tax assets available for offset	(38,671)	(46,931)
Deferred tax liabilities	**43,728**	**28,517**
Deferred tax assets non available for offset	**51,050**	**37,815**

The following tables show gross movements in deferred taxes at 31 December 2018 and 31 December 2017.

(€k)	31.12.2017	Recognised in profit and loss	Recognised in other comprehensive income	Exchange rate gains/(losses)	Consolidation perimeter variation	31.12.2018
Deferred tax assets:						
Property, plant and equipment and intangible assets	19,822	3,179	-	(1,592)	4,924	26,333
Trade receivables	3,947	231	-	(41)	-	4,137
Other assets	288	353	(106)	1,337	-	1,872
TFR and other employee benefit	25,651	(934)	(356)	935	-	25,296
Provision for risks and charges	2,455	(161)	-	(1,058)	-	1,236
Other liabilities	7,042	(5,696)	-	(935)	-	411
Carry-forward tax losses	25,540	5,246	-	(350)	-	30,436
Total	**84,746**	**2,217**	**(462)**	**(1,703)**	**4,924**	**89,720**
Deferred tax liabilities:						
Property, plant and equipment and intangible assets	53,715	3,683	-	(212)	-	57,187
Other assets	14,828	2,362	-	756	30	17,977
Provision for risks and charges	257	(113)	-	7	-	151
TFR and other employee benefit	1,041	416	-	47	-	1,504
Other reserves and retained earnings	4,036	(853)	-	3	-	3,186
Other liabilities	1,571	221	-	602	-	2,394
Total	**75,449**	**5,716**	**-**	**1,203**	**30**	**82,399**

(€k)	31.12.2016	Recognised in profit and loss	Recognised in other comprehensive income	Exchange rate gains/(losses)	Consolidation perimeter variation	31.12.2017
Deferred tax assets:						
Property, plant and equipment and intangible assets	22,506	(1,708)	-	(977)	-	19,822
Trade receivables	5,805	(1,332)	-	(526)	-	3,947
Other assets	303	(15)	-	-	-	288
TFR and other employee benefit	40,971	(11,380)	(377)	(3,563)	-	25,651
Provision for risks and charges	2,135	318	-	2	-	2,455
Other liabilities	9,378	(1,434)	112	(1,015)	-	7,042
Carry-forward tax losses	23,959	1,542	-	39	-	25,540
Total	**105,057**	**(14,008)**	**(265)**	**(6,040)**	**-**	**84,746**
Deferred tax liabilities:						
Property, plant and equipment and intangible assets	68,934	(9,653)	-	(5,566)	-	53,715
Other assets	22,460	(5,341)	-	(2,291)	-	14,828
Provision for risks and charges	287	(7)	-	(23)	-	257
TFR and other employee benefit	886	240	-	(85)	-	1,041
Other reserves and retained earnings	2,872	1,173	-	(10)	-	4,036
Other liabilities	2,315	(589)	-	(155)	-	1,571
Total	**97,754**	**(14,177)**	**-**	**(8,129)**	**-**	**75,449**

The net increase includes € 4,924k in deferred tax assets in connection with the acquisition of Le CroBag, considering the value for tax purposes of the goodwill and trademark acquired in an amount exceeding their carrying amounts as defined by German tax law.

Tax losses existing at 31 December 2018 on which deferred tax assets have not been recognized amount to € 216,294k. The corresponding unrecognized tax benefit would be € 53,312k.

As mentioned in the section on accounting standards, deferred tax assets on tax losses are recognized prudently up to the amount that is certain to be recovered.

XIII. OTHER RECEIVABLES

Most of the “Other receivables” classified as non current at 31 December 2018 of € 9,878k (€ 10,072k at 31 December 2017) consists mainly of rent paid in advance.

CURRENT LIABILITIES

XIV. TRADE PAYABLES

Trade payables at 31 December 2018 came to € 376,460k. The increase with respect to the previous year's balance of € 351,168k is due primarily to the timing of payments to suppliers and different strategies for the seasonal procurement of products.

XV. TAX LIABILITIES

Current tax liabilities amount to € 4,726k (€ 3,566k at 31 December 2017) and refer to taxes accrued during the year net of offsettable credits. The income tax balance of the Italian companies participating in the domestic tax consolidation scheme of the ultimate parent, Edizione S.r.l., is recognized under "Other receivables" in current assets (Note XIII).

The non-current portion of € 8,541k (€ 4,916k at 31 December 2017) refers to the income tax liability provided for by the U.S. subsidiary as a result of the tax reform. The increase is explained by the recalculation, on the basis of the final tax law published in 2018, of the one-time tax on profits earned outside the United States by the subsidiaries of HMSHost Corp. since 1986.

XVI. OTHER PAYABLES

(€k)	31.12.2018	31.12.2017	Change
Personnel expense	154,422	140,228	14,194
Due to suppliers for additions of capital expenditure	81,163	75,048	6,115
Social security and defined contribution plans	44,190	44,543	(353)
Indirect taxes	32,269	32,544	(275)
Withholding taxes	13,459	13,805	(346)
Other	43,922	37,605	6,317
Total	**369,425**	**343,773**	**25,652**

Most of the change in "Personnel expense" reflects the amount due for early retirement benefits and the "intergenerational agreement" in force in Italy.

Amounts "Due to suppliers for additions of capital expenditure" went up mainly because of the seasonal pattern of investments, which for the Group are typically concentrated in the fourth quarter of the year.

The item "Social security and defined contribution plans" refers chiefly to the amount due to local social security institutions and payments due under defined contribution programs.

Most of the change in "Indirect taxes" concerns value added tax.

The heading "Other" includes amounts due to directors and statutory auditors (€ 953k) as well as deferred promotional contributions from suppliers and accrued liabilities for utilities and maintenance pertaining to the year.

XVII. OTHER FINANCIAL LIABILITIES

(€k)	31.12.2018	31.12.2017	Change
Fair value of interest rate hedging derivatives	310	-	310
Accrued expense and deferred income for interest on loans	7,271	6,493	778
Lease payments due to others (note VII)	303	292	11
Fair value of exchange rate hedging derivatives	410	411	(1)
Other financial accrued expense and deferred income	-	6	(6)
Total	**8,294**	**7,202**	**1,092**

The "Fair value of interest rate hedging derivatives" includes the current portion of the fair value measurement of derivatives outstanding at 31 December 2018, with a combined notional value of $ 100m. The non-current portion is listed under "Other financial liabilities" (non-current) for € 1,367k (Note XX).

"Accrued expenses and deferred income for interest on loans" consists mainly of interest on the American bond loan contracted by the subsidiary HMSHost Corporation.

The "fair value of exchange rate hedging derivatives" refers to the fair value measurement of the derivatives entered into to hedge currency risk, in particular to the forward sale and/or purchase of currency, in connection with intercompany loans and dividends.

NON-CURRENT LIABILITIES

XVIII. OTHER PAYABLES

These amount to € 29,495k (€ 33,230k at 31 December 2017) and include a deferred payment of € 6.2m for the acquisition of Le CroBag and the liability to personnel for long-term incentives and defined contribution plans. The decrease reflects the reclassification to current liabilities of amounts due to managers under Wave 1 of the 2016 Phantom Stock Option (Section 2.2.12).

XIX. LOANS

(€k)	31.12.2018	31.12.2017	Change
Current account overdrafts	48,384	27,897	20,487
Unsecured bank loans	20,584	190,434	(169,850)
Commissions on loans	-	(87)	87
Total current	**68,968**	**218,244**	**(149,276)**
Unsecured bank loans	551,672	236,717	314,955
Commissions on loans	(1,760)	(1,275)	(485)
Total non-current	**549,912**	**235,442**	**314,470**
Total	**618,880**	**453,686**	**165,194**

The breakdown of "Unsecured bank loans" at the close at 31 December 2018 and 31 December 2017 is presented below:

		31.12.2018		31.12.2017	
	Expiry	Amount (€k)	Drawdowns in k€ *	Amount (€k)	Drawdowns in k€ *
Term Amortizing Facility - HMSHost Corporation **	June 2023	174,672	174,672		
Revolving Amortizing Facility - HMSHost Corporation **	June 2023	174,672	-	-	-
2018 Line		**349,344**	**174,672**	**-**	**-**
Revolving Facility Agreement - HMSHost Corporation **	March 2020	-	-	250,146	86,717
2013 Line		**-**	**-**	**250,146**	**86,717**
Term Amortizing Facility - Autogrill S.p.A. ***	January 2023	100,000	100,000		
Revolving Amortizing Facility - Autogrill S.p.A. ***	January 2023	200,000	52,000	-	-
2018		**300,000**	**152,000**	**-**	**-**
Revolving Facility - Autogrill S.p.A. ***	January 2023	100,000	75,000		
2018 Line		**100,000**	**75,000**	**-**	**-**
Term Loan Facility - Autogrill S.p.A.	August 2021	150,000	150,000	150,000	150,000
2017 Line		**150,000**	**150,000**	**150,000**	**150,000**
Revolving Facility - Autogrill S.p.A.	March 2020	-	-	400,000	160,000
2015 Syndicated lines		**-**	**-**	**400,000**	**160,000**
Total		**899,344**	**551,672**	**800,146**	**396,717**
of which current portion		**-**	**-**	**160,000**	**160,000**
Total lines of credit net of current portion		**899,344**	**551,672**	**640,146**	**236,717**

* Drawdowns in currency are measured based on exchange rates at 31 December 2018 and 31 December 2017
** On 26 June 2018 HMSHost Corp. obtained a new credit facility of $ 400m used to repay the loan of $ 300m, with original deadline of March 2020
*** Credit line, obtained in January 2018 and used to repay in advance the Revolving Facility of € 400m

At 31 December 2018 the Group's committed credit facilities had been drawn down by about 61%.

In August 2017, Autogrill S.p.A. had obtained a € 150m term loan maturing in August 2021, used to prepay the partially drawn down amortizing term loan of nominal € 200m that was due to mature in 2020.

In January 2018, Autogrill S.p.A. obtained two new credit facilities:

- an amortizing term loan of € 100m and a revolving credit line of € 200m, packaged into a single facility maturing in January 2023. The amortizing term loan involves two annual payments of € 25m starting in January 2021, with reimbursement of the remaining € 50m on maturity. For the revolving line, the commitment will be reduced through two annual payments of € 62.5m as from January 2021, and the remaining commitment of € 75m will be settled on maturity;
- a revolving facility of € 100m maturing in January 2023.

The two facilities were used to prepay, in February 2018, the partially drawn down revolving credit line of nominal € 400m that was due to mature in March 2020.

The € 150m loan obtained in August 2017 and the new loans totalling € 400m, obtained in January 2018, involve the same set of covenants that apply to the loan of € 400m.

The above contracts require the Group to uphold certain financial ratios: a leverage ratio (net debt/EBITDA) of 3.5 or less and an interest coverage ratio (EBITDA/net financial expense) of at least 4.5, referring to the Group as a whole. At 31 December 2018 all such covenants were satisfied. Forecasts confirm that they will continue to be met over the next 12 months.

On 26 June 2018 the subsidiary HMSHost Corp. obtained a new loan maturing in June 2023, comprised of a term loan and a revolving credit facility, both in the amount of $ 200m. The term loan involves two annual payments of $ 50m starting in January 2020, with reimbursement of the remaining $ 50m on maturity. The two lines were used to prepay the revolving loan of nominal $ 300m (of which $ 200m has been drawn down) ahead of its original maturity.

The contract for the new facility contracted by HMSHost Corporation requires it to uphold a leverage ratio (gross debt/EBITDA) of 3.5 or less and interest coverage ratio (EBITDA/net financial expense) of at least 4.5, referring solely to the companies headed up by HMSHost Corporation. At 31 December 2018 all such covenants were satisfied. Forecasts confirm that they will continue to be met over the next 12 months.

For the calculation of these ratios, net and gross debt, EBITDA and financial charges are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, the final ratios are not directly identifiable from the financial statements. As agreed with lenders, the adoption of IFRS 16 will not affect the calculation of existing covenants.

XX. OTHER FINANCIAL LIABILITIES

(€k)	31.12.2018	31.12.2017	Change
Lease payments due to others (Note VII)	4,069	4,200	(131)
Fair value of interest rate hedging derivatives	1,367	533	834
Liabilities due to others	2,042	1,267	775
Total	**7,478**	**6,000**	**1,478**

The “Fair value of interest rate hedging derivatives” includes the non-current portion of the fair value measurement of derivatives outstanding at 31 December 2018 and 31 December 2017, with a combined notional value of $ 100m. The current portion is included under “Other financial liabilities” (current) for € 310k (Note XVII).

“Liabilities due to others” refers mainly to financial payables to the non-controlling shareholders of certain subsidiaries.

XXI. BONDS

(€k)	31.12.2018	31.12.2017	Change
Bonds (non-current)	304,055	291,577	12,478
Commissions on bond issues	(1,029)	(1,164)	135
Total non-current	**303,026**	**290,413**	**12,613**
Total	**303,026**	**290,413**	**12,613**

The item “Bonds” refers to private placements issued by HMSHost Corporation:
- in January 2013 for a total of $ 150m, maturing in January 2023 and paying interest half-yearly at a fixed annual rate of 5.12%;
- in March 2013 for a total of $ 200m, paying interest half-yearly and split into tranches as summarized in the table below:

Nominal Amount ($m)	Issue date	Annual Fixed rate	Expiry
25	March 2013	4.75%	September 2020
40	March 2013	4.97%	September 2021
80	March 2013	5.40%	September 2024
55	March 2013	5.45%	September 2025

At 31 December 2018, “Bonds” as a whole amounted to € 303,026k, up from € 290,413k a year earlier. The increase reflects € 13,737k in exchange differences.

Regarding the interest rate hedges of a notional $ 100m covering the bonds issued in 2013, a gain of € 1,308k was recorded at 31 December 2018 and a loss of similar amount was recognized on the hedging instrument, for a substantially zero effect on the income statement (Note XXXII).

The fair value of the bonds outstanding is measured using valuation techniques based on parameters other than price that can be observed in the open market. They can therefore be classified in level 2 of the fair value hierarchy (as defined by IFRS 7), with no change on the previous year.

The regulations for these bonds require the maintenance of certain financial ratios: a leverage ratio (gross debt/EBITDA) of 3.5 or less and interest coverage ratio (EBITDA/net financial expense) of at least 4.5, calculated solely with respect to HMSHost Corporation and its subgroup. For the calculation of these ratios, gross debt, EBITDA and financial charges are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, they are not readily apparent from the financial statements. At 31 December 2018 these contractual requirements were satisfied. Forecasts confirm that they will continue to be met over the next 12 months. As agreed with lenders, the adoption of IFRS 16 will not affect the calculation of existing covenants.

XXII. DEFINED BENEFIT PLANS

At 31 December 2018 this item amounted to € 71,036k (€ 80,110k at the close of the previous year).

The table below shows details of employee benefits recognized as "Defined benefit plans". The legal obligation for Italian post-employment benefits (trattamento di fine rapporto or "TFR") is € 40,995k, compared with € 44,173k determined on an actuarial basis.

(€k)	31.12.2018	31.12.2017	Change
Defined benefit plans:			
Post-employment benefit	44,173	51,903	(7,730)
Health insurance plans	-	236	(236)
Other defined benefit plans	26,863	27,971	(1,108)
Total	**71,036**	**80,110**	**(9,074)**

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognized:

(€k)	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Present value of the funded plans	94,741	92,547	99,076	116,001	106,491
Fair value of the plan assets	(71,695)	(69,430)	(70,457)	(82,313)	(77,263)
	23,046	**23,117**	**28,619**	**33,688**	**29,228**
Present value of the unfunded plans	47,990	56,993	62,216	66,507	72,608
Net liabilities recognised	**71,036**	**80,110**	**90,835**	**100,195**	**101,836**

The actuarial assumptions used to calculate defined benefit plans are summarized in the following table:

	Italy		Switzerland		Other plans	
	2018	2017	2018	2017	2018	2017
Discount rate	1.1%	0.9%	1.0%	0.6%	1.3%-1.9%	1%-2.8%
Inflation rate	1.5%	1.5%	1.0%	1.0%	1%-1.5%	1%-1.5%
Yield on assets	-	-	1.0%	1.0%	1.9%	1.9%
Salary increase rate	-	-	1.0%	1.0%	1.0%-2.5%	1.0%-2.5%
Pension increase rate	2.6%	2.6%	-	-	-	-
Increase in healthcare costs	-	-	-	-	-	6.8%

The discount rates were determined based on the yield of corporate bonds of high standing at the date of these financial statements.

Below are the amounts recognized in the income statement for defined benefit plans:

(€k)	2018	2017	Change
Current service costs	2,388	2,423	(35)
Past service costs	(1,709)	(1,214)	(495)
Net interest expense	631	692	(61)
Total	**1,310**	**1,901**	**(591)**

Interest expense is recognized under "Financial expense" net of interest income on plan assets, while the post-employment benefit cost is recognized under "Personnel expense".

Movements in the present value of post-employment benefit obligations are as follows:

(€k)	Italy	Switzerland	Other plans	Total
Present value of the obligation at 31 December 2016	**56,508**	**96,788**	**7,996**	**161,292**
Current service costs	-	1,704	719	2,423
Past service cost	327	-	(1,541)	(1,214)
Interest expense	461	597	137	1,195
Actuarial losses (gains) due to:				
– demographic assumptions	-	-	200	200
– financial assumptions	(44)	275	563	794
– experience adjustments	(76)	478	121	523
Employees' share of contributions	-	2,590	64	2,654
Benefit paid	(5,359)	(5,781)	(346)	(11,486)
Exchange rate losses/(gains)	-	(7,958)	(37)	(7,995)
Other	86	-	1,068	1,154
Present value of the obligation at 31 December 2017	**51,903**	**88,693**	**8,944**	**149,540**
Current service costs	-	1,632	756	2,388
Past service cost	-	-	(1,709)	(1,709)
Interest expense	453	549	124	1,126
Actuarial losses (gains) due to:				
– demographic assumptions	-	2,966	(116)	2,850
– financial assumptions	(1,016)	(4,145)	(9)	(5,170)
– experience adjustments	106	(1,250)	(100)	(1,244)
Employees' share of contributions	-	2,526	48	2,574
Benefit paid	(7,757)	(3,815)	(223)	(11,795)
Exchange rate losses/(gains)	-	3,370	6	3,376
Other	484	-	311	795
Present value of the obligation at 31 December 2018	**44,173**	**90,526**	**8,032**	**142,731**

This table shows movements in the present value of plan assets:

(€k)	Italy	Switzerland	Other plans	Total
Fair value of the assets at 31 December 2016	**-**	**68,189**	**2,268**	**70,457**
Interest income	-	436	67	503
Estimated yield on plan assets, except interest income	-	2,924	(55)	2,869
Employees' share of contributions	-	2,590	64	2,654
Group's share of contributions	-	3,169	396	3,565
Benefits paid	-	(5,781)	(125)	(5,906)
Exchange rate gains/(losses)	-	(5,778)	-	(5,778)
Other			1,066	1,066
Fair value of the assets at 31 December 2017	**-**	**65,749**	**3,681**	**69,430**
Interest income	-	422	73	495
Estimated yield on plan assets, except interest income	-	(2,880)	18	(2,862)
Employees' share of contributions	-	2,526	48	2,574
Group's share of contributions	-	3,085	368	3,453
Benefits paid	-	(3,815)	(90)	(3,905)
Exchange rate gains/(losses)	-	2,510	-	2,510
Fair value of the assets at 31 December 2018	**-**	**67,597**	**4,098**	**71,695**

The main categories of plan assets are:

	Switzerland	Belgium
Cash and cash equivalents	6.9%	100.0%
Equity instruments	21.1%	0.0%
Bonds	39.8%	0.0%
Real estate	27.7%	0.0%
Other securities	4.5%	0.0%

Equity instruments and bonds have official market prices.

The occurrence of reasonably possible variations in actuarial assumptions at the end of the year would have affected the defined benefit obligation as quantified in the table.

	Italy		Switzerland		Belgium	
	+0.25%	-0.25%	+0.25%	-0.25%	+0.5%	-0.5%
Discount rate	(784)	808	(2,812)	3,010	(368)	382
Salary increase rate	-	-	453	n.a.	-	-
Pension increase rate	-	-	-	-	-	-
Inflation rate	497	(490)	-	-	-	-

At the close of the year, the weighted average duration of the defined benefit obligation was 16.6 years, unchanged since 2017.

XXIII. PROVISIONS FOR RISKS AND CHARGES

The change is due to normal allocations and utilizations for the year, and to the release of provisions as described below.

(€k)	31.12.2017	Other movements and exchange rate	Allocations	Reversals	Utilizations	31.12.2018
Provision for taxes	3,630	146	-	(683)	(42)	3,051
Other provisions	12,758	(808)	11,432	-	(12,899)	10,483
Provision for legal disputes	1,852	104	1,450	(43)	(640)	2,723
Total provisions for current risks and charges	**18,241**	**(558)**	**12,883**	**(725)**	**(13,581)**	**16,257**
Other provisions	23,290	3,691	999	(702)	(302)	26,975
Provision for legal disputes	2,081	334	1,051	(956)	(674)	1,836
Provision for the refurbishment of third party assets	6,493	36	1,709	-	-	8,238
Onerous contracts provision	952	0	893	(618)	(30)	1,197
Total provisions for non-current risks and charges	**32,815**	**4,061**	**4,653**	**(2,277)**	**(1,006)**	**38,246**

(€k)	31.12.2016	Other movements and exchange rate	Allocations	Reversals	Utilizations	31.12.2017
Provision for taxes	3,294	(428)	765	-	-	3,630
Other provisions	11,384	(2,412)	12,948	-	(9,163)	12,758
Provision for legal disputes	2,090	(234)	1,267	(75)	(1,194)	1,852
Total provisions for current risks and charges	**16,768**	**(3,074)**	**14,979**	**(75)**	**(10,357)**	**18,241**
Other provisions	30,341	(1,270)	1,240	(1,112)	(5,909)	23,290
Provision for legal disputes	2,376	(258)	830	(266)	(602)	2,081
Provision for the refurbishment of third party assets	7,348	(523)	312	(217)	(427)	6,493
Onerous contracts provision	2,858	(123)	-	(1,655)	(128)	952
Total provisions for non-current risks and charges	**42,922**	**(2,174)**	**2,382**	**(3,250)**	**(7,065)**	**32,815**

PROVISION FOR TAXES

The current portion relates primarily to disputes over U.S. companies' direct and indirect tax obligations and reflect the advice of the Group's tax advisors (Note XXX). The release during the year relates to North American operations.

OTHER PROVISIONS

These consist primarily of a United States "self-insurance" provision covering the deductibles on third-party liability contained in insurance plans, settled on an annual basis. In 2018, € 11,432k was allocated to the current portion of this provision on the basis of track records and forecasts regarding accidents, while settlements for the period came to € 12,899k.

PROVISION FOR LEGAL DISPUTES

This provision covers the risk of losing lawsuits brought against Group companies, and takes account of the opinions of the Group's legal advisors. Utilizations concern actual payments, in line with forecasts. Allocations for the year, net of amounts released due to changed estimates of existing risks, came to € 1,502k.

PROVISION FOR THE REFURBISHMENT OF THIRD PARTY ASSETS
This represents the estimated liability for ensuring that leased assets are returned in the contractually agreed condition.

ONEROUS CONTRACTS PROVISION
This refers to long-term leases or concession agreements on commercial units that are not profitable enough to cover the rent. It has been updated using projections at 31 December 2018, with the release of provisions for units whose profitability has improved.

XXIV. EQUITY

Movements in equity items during the year are detailed in the statement of changes in shareholders' equity.

SHARE CAPITAL
At 31 December 2018 the share capital of Autogrill S.p.A., fully subscribed and paid in, amounts to € 68,688k and consists of 254,400,000 ordinary shares.

At 31 December 2018 Schematrentaquattro S.p.A., wholly owned by Edizione S.r.l., held 50.1% of the share capital.

LEGAL RESERVE
The "legal reserve" (€ 13,738k) is the portion of Autogrill S.p.A. profits that cannot be paid out as dividends, in accordance with art. 2430 of the Italian Civil Code.

TRANSLATION RESERVE
Translation differences are generated by the translation into euros of the foreign currency financial statements of companies consolidated on a line-by-line basis or using the equity method, net of the fair value of instruments designated as "Net investment hedges". Of the increase, € 12,493k concerns exchange rate differences from the translation of financial statements in foreign currencies and € 317k the change in the fair value of instruments designated as "Net investment hedges", net of the related tax effect, offset by € 32k for the portion of comprehensive income for investments valued using the equity method (Note X).

OTHER RESERVES AND RETAINED EARNINGS
These include the profits of subsidiaries not distributed as dividends and the amount set aside in connection with the recognized costs of the stock option plans.

Other reserves and retained earnings also include unrealized actuarial gains and losses (net of the tax effect) arising from the remeasurement defined benefit plan assets and liabilities.

The change in this item was caused mainly by the allocation to reserves of the 2017 profit on the basis of the Shareholders' Meeting resolution of 24 May 2018 and by the payment of € 48,300k in dividends.

TREASURY SHARES
The annual general meeting of 24 May 2018, pursuant to arts. 2357 et seq. of the Italian Civil Code and after revoking the authorization granted on 25 May 2017, authorized the purchase and subsequent disposal of ordinary shares up to a maximum of 12,720,000 shares.

At 31 December 2018 the parent owns 181,641 treasury shares with a carrying amount of € 720k and an average carrying amount of € 3.96 per share.

NON-CONTROLLING INTERESTS

Non-controlling interests amount to € 55,159k, compared with € 45,371k at 31 December 2017. Most of the increase is due to the profit of the year (€ 17,815k) and capital injections (€ 21,589k) made mainly by the non-controlling shareholders of the U.S. companies, net of dividends paid (€ 33,164k).

OTHER COMPREHENSIVE INCOME

The following table shows the components of comprehensive income and the relative tax effect:

	2018			2017		
(€k)	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Remeasurements of the defined benefit (liabilities)/ asset	703	(356)	347	1,352	(377)	975
Items that will never be reclassified to profit or loss	**703**	**(356)**	**347**	**1,352**	**(377)**	**975**
Equity-accounted investee - share of other comprehensive income	(32)	-	(32)	(242)	-	(242)
Foreign currency translation differences for foreign operations	15,964	-	15,964	(53,384)	-	(53,384)
Gain/(loss) on net investment hedge	423	(106)	317	(449)	112	(337)
Items that may be subsequently reclassified to profit or loss	**16,355**	**(106)**	**16,249**	**(54,075)**	**112**	**(53,963)**
Total other comprehensive income	**17,058**	**(462)**	**16,596**	**(52,723)**	**(265)**	**(52,988)**

2.2.4 NOTES TO THE INCOME STATEMENT

XXV. REVENUE

Revenue for 2018 was made up as follows:

(€k)	2018	2017	Change
Food & Beverage sales	4,695,271	4,594,625	100,646
Oil sales	417,869	395,969	21,900
Total	**5,113,140**	**4,990,594**	**122,546**

The increase reflects higher business volumes, specifically in North America and in various countries covered by HMSHost International, as well as the acquisition of Le CroBag in Germany and Avila in the United States.

The oil sales of fuel take place mainly at rest stops in Italy and Switzerland.

For details of the trend in revenue, see Section 2.2.8 (Segment reporting) and the Directors' Report.

XXVI. OTHER OPERATING INCOME

(€k)	2018	2017	Change
Bonus from suppliers	43,753	43,943	(190)
Income from business leases	15,950	7,745	8,205
Affiliation fees	4,757	2,298	2,459
Gain on sales of property, plant and equipment	5,184	1,816	3,368
Other revenue	41,128	40,163	965
Total	**110,772**	**95,965**	**14,807**

The increase in "Income from business leases" and "Affiliation fees" is attributable mainly to the acquired company Le CroBag and its franchised locations.

The increase in "Gain on sales of property, plant and equipment" reflects the sale of a warehouse in Italy and a hotel in Belgium.

"Other revenue" includes € 20,896m (€ 21,135m the previous year) in commissions from the sale of goods and services for which the Group acts as an agent (mostly telephone cards, fuel and lottery tickets). It also includes income from services, reimbursements from third parties and insurance payments.

XXVII. RAW MATERIALS, SUPPLIES AND GOODS

(€k)	2018	2017	Change
Purchases	1,843,671	1,798,074	45,597
Change in inventories	(557)	(1,189)	632
Total	**1,843,114**	**1,796,885**	**46,229**

The increase in this item is correlated mainly with the growth in Group revenue.

XXVIII. PERSONNEL EXPENSE

(€k)	2018	2017	Change
Wages and social security contribution	1,391,249	1,369,096	22,153
Employee benefits	37,189	36,356	833
Other costs	128,545	114,324	14,221
Total	**1,556,983**	**1,519,776**	**37,207**

The increase in "Personnel expense" is associated with revenue growth and upward pressure on wages, especially in the United States.

This item includes € 23.4m in early retirement incentives under the "intergenerational agreement" launched in Italy in March 2018 , and efficiency-building actions in the U.S. (€ 1.6m).

"Other costs" includes the portion of the stock option plans pertaining to the year and fees paid to the Board of Directors, as detailed in Section 2.2.12 below.

The average headcount, expressed in terms of equivalent full-time employees, was 42,353 (41,142 in 2017).

XXIX. LEASES, RENTALS, CONCESSIONS AND ROYALTIES

(€k)	2018	2017	Change
Leases, rentals and concessions	756,394	713,226	43,168
Royalties	120,128	114,975	5,153
Total	**876,522**	**828,201**	**48,321**

The increase in this item reflects the expansion of the Group's operations, particularly in the United States and the International segment.

XXX. OTHER OPERATING EXPENSE

(€k)	2018	2017	Change
Utilities	88,299	89,119	(820)
Maintenance	79,819	77,986	1,833
Cleaning and disinfections	53,432	54,008	(576)
Consulting and professional services	44,272	39,392	4,880
Commissions on credit card payments	56,770	54,369	2,401
Storage and transport	19,283	17,899	1,384
Advertising	17,151	13,738	3,413
Travel expenses	30,559	28,645	1,914
Telephone and postal charges	17,397	18,539	(1,142)
Insurance	5,907	5,700	207
Surveillance	3,163	3,256	(93)
Transport of valuables	4,737	4,739	(2)
Banking services	5,416	5,074	342
Sundry materials	39,734	37,883	1,851
Other services	40,772	37,888	2,884
Costs for materials and services	**506,711**	**488,235**	**18,476**
Impairment losses on receivables (Note V)	**1,859**	**2,170**	**(311)**
For taxes	(683)	495	(1,178)
For legal disputes	1,502	1,756	(254)
For onerous contracts	275	(1,655)	1,930
For other risks	11,729	13,075	(1,346)
Allocation to provisions for risks (Note XXIII)	**12,823**	**13,671**	**(848)**
Indirect and local taxes	**26,618**	**25,991**	**627**
Other operating expense	**12,353**	**12,640**	**(287)**
Total	**560,364**	**542,707**	**17,657**

In general, the rise in costs reflects the growth of business.

The "Advertising" expense increases as a result of greater initiatives to boost sales.

Travel and accommodation costs are likewise associated with expanding business.

The "Consulting and professional services" includes expenses for services received primarily in Italy and the United States, including € 3.0m in acquisition consulting.

The "Sundry materials" refers to the purchase of inexpensive equipment and to various consumables such as uniforms, office supplies, and advertising materials.

The item "Other services" includes miscellaneous items such as medical check-ups, public relations, general services, and personnel recruitment and training.

XXXI. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The following table summarizes this item by asset category:

(€k)	2018	2017	Change
Other intangible assets	25,356	22,055	3,301
Property, plant and equipment	187,171	174,046	13,125
Assets to be transferred free of charge	15,280	16,561	(1,281)
Total	**227,807**	**212,662**	**15,145**

The increase for "Property, plant and equipment" is explained by greater investments in late 2017 and in 2018.

Impairment losses (net of reversals) were recognized in the amount of € 9,075k (€ 1,079k in 2017), following tests of the recoverability of carrying amounts on the basis of the projected cash flows of each food & beverage location. These losses were concentrated in Italy, Spain, and outlet malls in China.

The following table provides a breakdown by type of asset:

(€k)	2018	2017	Change
Other intangible assets	598	38	560
Property, plant and equipment	4,407	1,817	2,589
Assets to be transferred free of charge	4,070	(776)	4,847
Total	**9,075**	**1,079**	**7,996**

See notes VII and IX for details of the assumptions and criteria used to measure the recoverability of these categories of non-current assets.

XXXII. FINANCIAL INCOME AND EXPENSE

(€k)	2018	2017	Change
Interest income	955	918	37
Exchange rate income	-	58	(58)
Ineffective portion of hedging instruments	-	1	(1)
Other financial income	1,106	339	767
Total financial income	**2,061**	**1,316**	**745**

(€k)	2018	2017	Change
Interest expense	25,937	25,342	595
Discounting of long-term liabilities	907	997	(90)
Exchange rate losses	2,477	-	2,477
Interest differential on exchange rate hedges	678	704	(26)
Fees paid on loans and bonds	867	1,177	(310)
Other financial expense	279	406	(127)
Total financial expense	**31,145**	**28,626**	**2,519**
Total net financial expense	**(29,084)**	**(27,310)**	**(1,774)**

The increase in net financial expense reflects higher exchange losses with respect to 2017 and greater borrowing, partially offset by a reduction in the average cost of debt, from 3.8% to 3.4%.

XXXIII. INCOME TAX

The balance of € 34,501k (€ 45,700k in 2017) includes € 27,879k in current taxes (€ 44,605k the previous year) and € 3,498k in net deferred tax liabilities (€ 169k in net deferred tax assets in 2017). IRAP, which is charged on Italian operations and whose basis is essentially EBIT plus personnel expense for fixed-term labor, came to € 1,902k in 2018 (€ 168k the previous year). CVAE, charged on French operations and calculated on the basis of revenue and value added, amounted to € 1,222k (€ 1,096k in 2017).

In 2017, current taxes included the net benefit of the U.S. tax reform, whose guiding principle was to reduce the corporate tax rate. That benefit amounts to € 7,361k for 2017 and is determined as follows:
- a benefit of € 13,034k for the release of deferred tax provisions set aside in previous years for depreciation of tangible assets, and
- a cost of € 5,673k for the one-time tax on income produced outside the United States by the subsidiaries of HMSHost Corp. since 1986.

For 2018, current taxes include a one-time charge of € 4,431k from the recalculation, on the basis of the final tax law published during the course of the year, of the one-time tax on profits earned outside the United States since 1986 by the subsidiaries of HMSHost Corp.

In 2018 a tax refund of € 8.5m ($ 10m) was received in the United States.

Below is the reconciliation between theoretical income tax and recognized income tax:

(€k)	2018	%	2017	%
Theoretical income tax	**30,327**	**25.1%**	**63,827**	**40.2%**
Reduced tax due to the direct taxation of minority partners in fully consolidated US joint ventures	(4,354)		(6,441)	
Net effect of unrecognised tax losses, of utilization of unrecognised prior-year tax losses and the revision of estimates on the taxability/deductibility of temporary differences	9,859		2,176	
US tax reform impact	4,431		(7,361)	
Tax concession on the labour cost in the United States	(8,701)		(7,380)	
Permanent differences	(185)		(385)	
Income tax, excluding IRAP and CVAE	**31,377**	**25.9%**	**44,436**	**28.0%**
IRAP and CVAE	3,124		1,264	
Recognised income tax	**34,501**	**28.5%**	**45,700**	**28.8%**

XXXIV. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated as the Group's share of net profit divided by the weighted average number of ordinary Autogrill S.p.A. shares outstanding during for the period; treasury shares held by the Group are therefore excluded from the denominator.

Diluted earnings per share takes account of dilutive potential shares deriving from stock option plans when determining the number of shares outstanding. The new

Performance Share Units plan launched in 2018 does not entail the issue of new shares and will therefore have no dilutive effect.

Below is the calculation of basic and diluted earnings per share:

	2018	2017
Profit/(loss) for the period attributable to owners of the parent (€k)	68,660	96,176
Weighted average no. of outstanding shares (no./000)	254,218	254,138
Basic earnings per share (€/cents.)	**27.0**	**37.8**

	2018	2017
Profit/(loss) for the period attributable to owners of the parent (€k)	68,660	96,176
Weighted average no. of outstanding shares (no./000)	254,218	254,138
Dilution effect of shares included in stock option plans (no./000)	-	-
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	254,218	254,138
Diluted earnings per share (€/cents.)	**27.0**	**37.8**

2.2.5 NET FINANCIAL POSITION

Details of the net financial position at 31 December 2018 and 31 December 2017 are as follows:

Note	(m€)		31.12.2018	31.12.2017	Change
I	A)	Cash on hand	53.3	45.5	7.8
I	B)	Cash equivalents	161.4	124.1	37.3
	C)	Securities held for trading	-	-	-
	D)	**Cash and cash equivalent (A + B + C)**	**214.7**	**169.6**	**45.1**
II	**E)**	**Current financial assets**	**36.4**	**31.2**	**5.2**
XIX	F)	Bank loans and borrowings, current	(69.0)	(218.2)	149.3
XXI	G)	Bond issued	(0.0)	(0.0)	-
XVII	H)	Other financial liabilities	(8.3)	(7.2)	(1.1)
	I)	**Current financial indebtedness (F + G + H)**	**(77.3)**	**(225.4)**	**148.2**
	J)	**Net current financial indebtedness (I + E + D)**	**173.9**	**(24.6)**	**198.5**
XIX	K)	Bank loans and borrowings, net of current portion	(549.9)	(235.4)	(314.5)
XXI	L)	Bond issued	(303.0)	(290.4)	(12.6)
XX	M)	Due to others	(7.5)	(6.0)	(1.5)
	N)	**Non-current financial indebtedness (K + L + M)**	**(860.4)**	**(531.9)**	**(328.6)**
	O)	**Net financial indebtedness (J + N) ***	**(686.6)**	**(556.5)**	**(130.1)**
XI	**P)**	**Non-current financial assets**	**15.5**	**12.5**	**3.0**
		Net financial position - total	**(671.1)**	**(544.0)**	**(127.1)**

* As defined by Consob communication 28 July 2006 and ESMA/2011/81 recommendations

Most of the increase in net financial position reflects dividend payments, the cost of the Le CroBag and Avila acquisitions, and capital expenditure for the year, which were only partially offset by net cash flow from operating activities.

For further comments, see the notes indicated for each item.

At 31 December 2018 and 31 December 2017, there are financial receivables due from related parties; see Section 2.2.12 ("Other information") for details.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As required by IAS 7 (§44A), the following table reconciles changes in liabilities arising from financing activities, distinguishing between those arising from cash flows and other non-monetary changes.

			Non-monetary movements			
(€m)	Balances as of 01.01.2018	Cash Flow (3)	Currency translation differences (4)	Other movements (6)	Total movements	Balances as of 31.12.2018
Bank loans and borrowings (1) (2)	426.3	136.2	7.1	1.9	9.0	571.5
Bonds (1)	296.4	-	14.0	(1.1)	12.9	309.3
Other financial liabilities (1)	6.7	0.9	0.0	0.9	0.9	8.5
Other financial assets (5)	(41.2)	(7.9)	(2.0)	(0.1)	(2.2)	(51.3)
Total	**688.2**	**129.2**	**19.1**	**1.5**	**20.7**	**838.0**

(1) The balances as of 31 December 2018 of "Other financial liabilities" include the items listed in the Note XX for € 7.5m (€ 6m as of 1 January 2018) and in the Note XVII for € 8.3m (€ 7.2m as of 1 January 2018) net of accrued expense and deferred income for interest on loans, totally amounting € 7.2m (€ 6.5m as of 1 January 2018) and reclassified among "Bank loans and borrowings" for € 1m (€ 0.5m as of 1 January 2018) and "Bonds" for € 6.2m (€ 6m as of 1 January 2018)
(2) The amounts as of 31 December 2018 of "Bank loans and borrowings" include the items listed in the Note XIX, net of current account overdraft amounting € 48.4m (€ 27.9m as of 1 January 2018)
(3) Cash flows from the statement of cash flows of cash and cash equivalents
(4) The change is mainly due to the currency translation difference on HMSHost Corp bond in US Dollars
(5) The balances as of 31 December 2018 of "Other financial assets" include the items listed in the Note II for € 36.4m (€ 31.2m as of 1 January 2018) and in the Note XI for € 42.9m (€ 33.3m as of 1 January 2018) net of bearing escrow accounts for € 27.5m (€ 20.8m as of 1 January 2018) and fair value of hedging derivative instruments for € 0.4m (€ 2.5m as of 1 January 2018)
(6) The column "Other movements" includes the provision for accrued interest for the year

2.2.6 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

2.2.8.1 FAIR VALUE HIERARCHY

The following tables break down assets and liabilities by category at 31 December 2018 and 2017 and financial instruments measured at fair value by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities either directly (prices) or indirectly (derived from prices);

Level 3 – inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

In light of the first-time adoption of IFRS 9, the company has recognized financial assets according to the business model test for the use of amortized cost (hold to collect) or fair value through other comprehensive income (hold to collect and sell), based on facts and circumstances at the time the standard was adopted.

	31.12.2018							
	Carrying amount				Fair value			
(€k)	FVTPL - hedging instruments	Amortised cost	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Fair value of exchange rate hedging derivatives	440	-	-	440	-	440	-	440
	440	**-**	**-**	**440**				
Financial assets not measured at fair value								
Cash and cash equivalent	-	214,699	-	214,699	-	-	-	-
Trade receivables	-	47,971	-	47,971	-	-	-	-
Other current receivables	-	81,755	-	81,755	-	-	-	-
Other non current receivables	-	9,878	-	9,878	-	-	-	-
Other financial assets (current)	-	35,984	-	35,984	-	-	-	-
Other financial assets (non-current)	-	42,949	-	42,949	-	-	-	-
	-	**433,236**	**-**	**433,236**				
Financial liabilities measured at fair value								
Fair value of interest rate hedging derivatives	1,677	-	-	1,677	-	1,677	-	1,677
Fair value of exchange rate hedging derivatives	410	-	-	410	-	410	-	410
	2,087	**-**	**-**	**2,087**				
Financial liabilities not measured at fair value								
Bank overdrafts	-	48,384	-	48,384	-	-	-	-
Unsecured bank loans *	-	570,496	-	570,496	-	377,826	-	377,826
Finance leases	-	4,372	-	4,372	-	-	-	-
Financial liabilities due to others	-	2,042	-	2,042	-	-	-	-
Bonds	-	303,026	-	303,026	-	318,695	-	318,695
Trade payables	-	376,460	-	376,460	-	-	-	-
Due to suppliers for investments	-	81,163	-	81,163	-	-	-	-
Total	**-**	**1,385,943**	**-**	**1,385,943**				

* Fair value refers to Autogrill S.p.A. credit lines, drawndown for € 377,000k at 31 December 2018

(€k)	31.12.2017 Carrying amount FVTPL - hedging instruments	Amortised cost	FVTOCI	Total	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Fair value of interest rate hedging derivatives	536	-	-	536	-	536	-	536
Fair value of exchange rate hedging derivatives	1,855	-	-	1,855	-	1,855	-	1,855
	2,391	**-**	**-**	**2,391**				
Financial assets not measured at fair value								
Cash and cash equivalent	-	169,590	-	169,590	-	-	-	-
Trade receivables	-	48,972	-	48,972	-	-	-	-
Other current receivables	-	67,262	-	67,262	-	-	-	-
Other non current receivables	-	10,072	-	10,072	-	-	-	-
Other financial assets (current)	-	28,822	-	28,822	-	-	-	-
Other financial assets (non-current)	-	33,344	-	33,344	-	-	-	-
	-	**358,061**	**-**	**358,061**				
Financial liabilities measured at fair value								
Fair value of interest rate hedging derivatives	533	-	-	533	-	533	-	533
Fair value of exchange rate hedging derivatives	411	-	-	411	-	411	-	411
	944	**-**	**-**	**944**				
Financial liabilities not measured at fair value								
Bank overdrafts	-	27,897	-	27,897	-	-	-	-
Unsecured bank loans *	-	425,789	-	425,789	-	310,417	-	310,417
Finance leases	-	4,492	-	4,492	-	-	-	-
Financial liabilities due to others	-	1,267	-	1,267	-	-	-	-
Bonds	-	290,413	-	290,413	-	304,799	-	304,799
Trade payables	-	351,168	-	351,168	-	-	-	-
Due to suppliers for investments	-	75,048	-	75,048	-	-	-	-
Total	**-**	**1,176,074**	**-**	**1,176,074**				

* Fair value refers to Autogrill S.p.A. credit lines, drawndown for € 310,000k at 31 December 2017

Information on the fair value of assets and liabilities is not included when the carrying amount is a reasonable approximation of fair value.

In 2018 there were no transfers between different hierarchical levels.

(a) Level 1 financial instruments
The fair value of a financial instrument traded in an active market is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price.

(b) Level 2 financial instruments
The fair value of financial instruments not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For level 2, the specific valuation techniques are as follows:
- the fair value of interest rate swaps has been estimated considering the present value of future cash flows based on observable yield curves. This fair value takes into account the credit risk of the counterparty determined based on observable market data. It also takes into account the credit risk of the Group, calculated on the basis of credit and other financial ratios and benchmarking. The adjustments to the aforementioned risks are considered not significant at 31 December 2018;
- the fair value of loans and bonds was estimated by discounting future cash flows at a risk-free market interest rate gross of a spread determined on the basis of the Group's credit risk, financial ratios and benchmarking.

2.2.8.2 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks:
- market risk;
- credit risk;
- liquidity risk.

The overall responsibility for the creation and supervision of a Group risk management system lies with Autogrill S.p.A.'s Board of Directors, which has formed a sub-committee for Control, Risk and Corporate Governance. The sub-committee is responsible for looking into matters concerning Autogrill's control and risk management system and helping the Board of Directors reach informed decisions on these issues.

The Group's risk management policies are designed to identify and analyze the risks to which the Group is exposed, establish appropriate limits and controls, and monitor the risks and compliance with those limits. These policies and the corresponding systems are revised regularly to reflect any changes in market conditions and the Group's operations. Through training, standards and official procedures, the Group aims to create a disciplined and constructive environment in which its employees are aware of their roles and responsibilities. The Internal Audit unit complements the sub-committee for Control, Risk and Corporate Governance in its monitoring activities, conducting periodic reviews and spot checks of the controls and risk management procedures and reporting results to the Board of Directors.

This section describes the Group's exposure to each of the risks listed above, its risk objectives and policies, and its means of managing and assessing these risks.

MARKET RISK

Market risk is the risk that the fair value or future cash flows from a financial instrument may fluctuate due to changes in exchange rates, interest rates or equity instrument prices. The aim of market risk management is to monitor these risks and keep them within acceptable levels, along with their potential impact on the Group's results and financial position.

Autogrill's financial policy places a strong emphasis on the management and control of market risk, in particular with respect to interest rates and exchange rates, given the extent of the Group's borrowings and its international profile.

INTEREST RATE RISK

The aim of interest rate risk management is to control financial expense and its volatility. This entails, through a mix of fixed- and floating-rate liabilities, the predetermination of a portion of financial expense out to a time horizon in keeping with the structure of debt, which in turn must be in line with capital structure and future cash flows. Where it is not possible to obtain the desired risk profile in the capital markets or through banks, it is achieved by using derivatives of amounts and maturities in line with those of the liabilities to which they refer. The derivatives used are mainly interest rate swaps (IRS).

Hedging instruments are allocated to companies with significant exposure to interest rate risk, through debt charging a floating rate (thus exposing the Group to higher finance costs if interest rates rise) or a fixed rate (which means that lower or higher interest rates do not bring about a reduction or an increase in the amount payable).

Interest rate hedging instruments are accounted for as cash flow hedges in the financial statements of Group companies exposed to this risk. They are recognized under financial assets or liabilities, on a separate line of the statement of comprehensive income, and in the "Hedging reserve" in net equity.

Financial instruments hedging the risk of changes in the fair value of liabilities are accounted for as fair value hedges in the financial statements of Group companies exposed to this risk, and recognized as financial assets or liabilities with a balancing entry in the income statement.

At 31 December 2018, fixed-rate debt, including debt converted to fixed-rate by means of interest rate swaps, was 33% of the total compared with 38% at the end of 2017.

Gross debt denominated in US dollars amounted to $ 578.2m at the close of the year, including $ 347m in bond loans. Part of the interest rate risk is hedged by fixed-to-floating interest rate swaps for $ 100m, classified as fair value hedges.

Below are the details of financial instruments used to hedge fixed-rate debt of $ 100m at the close of the year:

Underlying	Notional amount		Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Bond issue	k$	25,000	January 2023	2.24%	USD Libor 6 months	(424)
Bond issue	k$	45,000	September 2024	2.38%	USD Libor 6 months	(743)
Bond issue	k$	30,000	September 2025	2.44%	USD Libor 6 months	(510)

A hypothetical 1-point unfavorable change in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at 31 December 2018 would increase net financial expense by € 5.2m.

EXCHANGE RATE RISK

The Group operates in various countries with functional currencies other than the euro. In these countries, the procurement policy dictates that raw material purchases and other operating expense have to be conducted in the same currencies, thereby minimizing exchange rate risk. Such a risk remains with respect to intragroup loans, when granted to subsidiaries that use non-euro currencies. Under these circumstances, the objective of currency risk management is to neutralize some of this risk in respect of payables and receivables in foreign currency arising from lending transactions in currencies other than the euro.

The Group's exposure to currency translation risk is detailed below, in local currency:

(Currency/000)	Usd	Cad	Chf
Equity	363,374	82,389	37,651
Profit	95,071	8,660	8,869

If the euro had risen or fallen by 10% against the above currencies, at 31 December 2018 equity and profit for the year would have been altered as shown in the following table (in thousands of euros):

	Usd 1.145		Cad 1.5605		Chf 1.1269	
(€k)	+10%	-10%	+10%	-10%	+10%	-10%
Equity	(28,851)	35,262	(4,800)	5,866	(3,037)	3,712
Profit	(7,318)	8,944	(515)	629	(698)	853

This analysis was based on the assumption that the other variables, especially interest rates, remain unchanged.

Hedging instruments are allocated to companies with significant exposure to currency risk in terms of translation risk (i.e., the risk attending conversion into euros in the parent company's or its subsidiaries' accounts of equity investments denominated in foreign currency) or financial assets or liabilities in a currency other than the reporting currency. These transactions are recognized at fair value under financial assets or liabilities.

Fluctuations in the fair value of hedges of foreign currency financial assets or liabilities are taken to profit or loss, as is the corresponding change in the amount of the hedged assets and liabilities.

The fair value of exchange rate hedges outstanding at 31 December 2018 is shown below:

Notional amount (currency/000)		Expiry	Forward rate	Fair value (€k)
Usd	33,250	January 2019	1.14750	(93)
Usd	10,000	February 2019	1.1472	(25)
Usd	7,512	January 2019	1.1768	(292)
Cad	9,000	January 2019	1.3627	324
Sek	70,700	January 2019	10.4440	88
Dkk	9,000	January 2019	7.4567	1
Nok	80,117	February 2019	9.7495	26
Usd	100	January 2019	1.1768	-
Usd	900	January 2019	1.1768	-
Usd	500	January 2019	1.1768	-
Usd	250	January 2019	1.1426	-
Usd	100	January 2019	1.1363	-

CREDIT RISK

Credit risk is the risk that a customer or a financial instrument counterparty may cause a financial loss by defaulting on an obligation. It arises principally in relation to the Group's trade receivables and financial investments.

The carrying amount of the financial assets is the Group's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties, as detailed in Section 2.2.12.

Exposure at 31 December 2018 and 31 December 2017 was as follows:

Financial assets (€k)	31.12.2018	31.12.2017	Change
Bank and post office deposits	161,390	124,053	37,337
Other current financial assets	35,984	28,822	7,162
Trade receivables	47,971	48,972	(1,001)
Other current receivables	81,755	67,261	14,494
Derivative instruments	440	2,392	(1,952)
Other non-current financial assets	42,949	33,344	9,605
Other non-current receivables	9,878	10,072	(194)
Total	**380,367**	**314,916**	**65,451**

Exposure to credit risk is modest because the Group serves consumers who pay in cash or by credit/debit card; this means that trade receivables and thus the relative degree of risk is of limited significance in relation to total financial assets.

In most cases, the Group's trade receivables stem from catering service agreements and commercial affiliations.

Other receivables (current and non-current) consist mainly of amounts due from Inland Revenue and other government agencies, fees paid in advance, and advances for services or commercial investments made on behalf of concession grantors, for which the degree of credit risk is low.

Financial assets are recognized net of impairment losses calculated on the basis of the counterparty's risk of default. Impairment is determined according to local procedures, which may require impairment of individual positions, if material, where there is evidence of an objective condition of uncollectability of part or all of the amount due, or generic impairment calculated on the basis of historical and statistical data.

	31.12.2018					
		Expired not impaired				
Trade receivables (€k)	Not expired	1–3 months	3–6 months	6 months–1 year	Over 1 year	Total
Airlines	2,371	1,921	350	171	-	**4,812**
Franchises	4,240	5,496	438	1,107	2,359	**13,641**
Catering services agreements	1,768	1,364	312	161	977	**4,583**
Motorway partners	1,520	1,122	114	1,040	708	**4,506**
Other	12,830	5,545	801	271	981	**20,429**
Total	**22,730**	**15,449**	**2,016**	**2,750**	**5,026**	**47,971**

	31.12.2017					
		Expired not impaired				
Trade receivables (€k)	Not expired	1–3 months	3–6 months	6 months–1 year	Over 1 year	Total
Airlines	4,023	1,094	235	36	-	**5,387**
Franchises	3,594	2,061	246	1,100	1,725	**8,726**
Catering services agreements	3,518	3,124	694	-	-	**7,335**
Motorway partners	1,306	1,564	447	841	3,629	**7,787**
Other	12,870	5,415	642	456	353	**19,737**
Total	**25,310**	**13,257**	**2,264**	**2,434**	**5,707**	**48,972**

There is no significant concentration of credit risk: the ten largest clients account for 24.15% of total trade receivables, and the largest one, Beijing Capital Airport Catering Management Co. Ltd., accounts for 6.95%.

LIQUIDITY RISK

Liquidity risk arises when it proves difficult to meet the obligations relating to financial liabilities.

The Group manages liquidity by ensuring that to the extent possible, it always has sufficient funds to meet its obligations on time, without incurring excessive charges or risking damage to its reputation.

The elements that make up the Group's liquidity are the resources generated or absorbed by operating and investing activities, the characteristics of its debt, the liquidity of its financial investments, and financial market conditions.

Exposure and maturity data at the close of 2018 and 2017 were as follows:

31.12.2018								
		Contractual cash flows						
Non-derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3–6 months	6 months–1 year	1–2 years	2–5 years	Over 5 years
Current account overdrafts	48,384	**48,384**	48,384	-	-	-	-	-
Unsecured bank loans	572,256	**572,256**	20,000	-	584	-	551,672	-
Lease payments due to others	4,372	**4,372**	51	51	201	221	879	2,969
Liabilities due to others	2,042	**2,042**	-	-	-	1,733	309	-
Bonds	304,055	**304,055**	-	-	-	21,834	165,547	116,674
Trade payables	376,460	**376,460**	376,460	-	-	-	-	-
Due to suppliers for investments	81,163	**81,163**	81,158	-	-	-	-	5
Total	**1,388,732**	**1,388,732**	**526,053**	**51**	**785**	**23,788**	**718,406**	**119,648**

31.12.2018								
		Contractual cash flows						
Non-derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3–6 months	6 months–1 year	1–2 years	2–5 years	Over 5 years
Forward foreign exchange derivatives	410	**410**	410	-	-	-	-	-
Interest rate swap	1,677	**1,677**	310	-	-	-	1,367	-
Total	**2,087**	**2,087**	**720**	**-**	**-**	**-**	**1,367**	**-**

31.12.2017								
		Contractual cash flows						
Derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3–6 months	6 months–1 year	1–2 years	2–5 years	Over 5 years
Current account overdrafts	27,897	**27,897**	27,897	-	-	-	-	-
Unsecured bank loans	427,151	**427,151**	190,434	-	-	-	236,717	-
Lease payments due to others	4,492	**4,492**	72	73	148	271	706	3,222
Liabilities due to others	1,267	**1,267**	-	-	-	970	297	-
Bonds	291,577	**291,577**	-	-	-	-	54,198	237,378
Trade payables	351,168	**351,168**	349,756	1,404	4	4	-	-
Due to suppliers for investments	75,048	**75,048**	74,934	108	-	-	-	6
Total	**1,178,600**	**1,178,600**	**643,093**	**1,585**	**151**	**1,245**	**291,919**	**240,607**

31.12.2017								
		Contractual cash flows						
Derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3–6 months	6 months–1 year	1–2 years	2–5 years	Over 5 years
Forward foreign exchange derivatives	411	411	411	-	-	-	-	-
Interest rate swap	533	533	-	-	-	-	-	533
Total	**944**	**944**	**411**	**-**	**-**	**-**	**-**	**533**

With regard to exposure to trade payables, there is no significant concentration of suppliers, of which the largest 10 account for 25.23% of the total and the leading supplier (Autostrade per l'Italia S.p.A.) for 6.73%.

The bond regulations call for compliance with certain financial ratios, calculated solely with respect to the companies headed up by HMSHost Corporation. They are not guaranteed by Autogrill S.p.A. There are also limits on the distribution of dividends by HMSHost Corporation to the parent, Autogrill S.p.A., if the leverage ratio of the HMSHost subgroup exceeds a certain amount.

The loans (Note XIX) and bonds (Note XXI) outstanding at 31 December 2018 require the satisfaction of certain financial ratios, specifically, the leverage ratio (net debt/EBITDA) and interest coverage ratio (EBITDA/net financial expense). These are measured with different criteria and for different groupings of companies depending on the loan and the beneficiary. In particular, Autogrill S.p.A. has outstanding loans for which the above ratios are calculated on figures pertaining to the Autogrill Group as a whole.

At 31 December 2018 all such covenants were satisfied. As for the new credit lines detailed in the "Loans" section (Note XIX), forecasts for 2018 confirm that their covenants will also be met over the next 12 months.

The weighted average term of bank loans and bonds at 31 December 2018, including unutilized credit lines, is approximately three years and eight months (three years and three months at the end of 2017).

2.2.7 DISCLOSURE OF NON-CONTROLLING INTERESTS

Non-controlling interests refer mainly to investments in U.S. subsidiaries held by accredited Disadvantaged Business Enterprises (DBE), whose participation in the operation of concessions is regulated by state and federal law. The Group maintains control of these companies and is principally responsible for the concession fees due to the grantor.

At 31 December 2018, these companies had net assets of $ 206m ($ 167m at 31 December 2017); for the year they generated revenue of $ 934.5m ($ 796.5m in 2017) and net profit of $ 56m ($ 74.7m the previous year). The non-controlling interests in shareholders' equity amount to $ 49.1m ($ 37.8m at 31 December 2017) and in net profit to $ 18.8m ($ 16.2m the previous year).

2.2.8 SEGMENT REPORTING

The Group operates in the food & beverage industry, mainly at airports, motorway rest stops and railway stations, serving a local and international clientele. The business is conducted in Europe by Autogrill S.p.A. (directly in Italy and through subsidiaries in other European countries), and in North America, the Netherlands, the United Kingdom, Ireland, Scandinavian countries, the Middle East, and Asia by HMSHost Corporation and its subsidiaries. The Group serves its own proprietary brands as well as third-party brands under license. The operational levers are typically assigned to local organizations and coordinated, at the European level, by central facilities.

Performance is monitored separately for each business unit: Europe, North America, and International (the latter covering Northern Europe, Middle East and Asia). "Europe" consists of the "Italy" and "other European countries" cash generating units, as well as costs for European support.

Costs are shown separately for "Corporate" functions, which include the centralized units in charge of administration, finance and control, investor relations, strategic planning, legal and corporate affairs, enterprise risk management, communications, human resources and organization for the Group as a whole.

Key information on operating segments is presented below. The accounting policies used for segment reporting are the same as those applicable to the consolidated financial statements.

	2018				
Profit & Loss (€k)	**North America**	**International**	**Europe**	**Corporate**	**Consolidated**
Total revenue and other operating income	**2,396,959**	**587,740**	**2,238,879**	**334**	**5,223,912**
Depreciation, amortisation and impairment losses on property, plant, equipment and intangible assets	(117,979)	(35,427)	(81,579)	(1,896)	**(236,882)**
Operating profit/(loss)	**143,609**	**24,542**	**7,889**	**(25,994)**	**150,047**
Net financial expense					(29,084)
Adjustment to the value of financial assets					13
Pre-tax profit					**120,976**
Income tax					(34,501)
Result for the year					**86,475**

	31.12.2018				
Net invested capital at (€k)	**North America**	**International**	**Europe**	**Corporate**	**Consolidated**
Goodwill	441,025	59,755	338,886	-	**839,666**
Other intangible assets	36,786	17,371	64,460	2,604	**121,221**
Property, plant and equipment	534,526	92,333	350,587	5,236	**982,682**
Financial assets	9,134	11,074	8,273	871	**29,352**
Non-current assets	**1,021,471**	**180,533**	**762,206**	**8,711**	**1,972,921**
Net working capital	**(228,515)**	**(56,827)**	**(197,655)**	**52,296**	**(430,701)**
Other non-current non financial assets and liabilities	(83,070)	2,704	(58,761)	9,009	(130,118)
Net invested capital	**709,886**	**126,410**	**505,790**	**70,016**	**1,412,102**

Profit & Loss (€k)	2017 North America	International	Europe	Corporate	Consolidated
Total revenue and other operating income	**2,402,233**	**514,523**	**2,169,443**	**360**	**5,086,559**
Depreciation, amortisation and impairment losses on property, plant, equipment and intangible assets	(113,897)	(26,963)	(72,735)	(146)	**(213,741)**
Operating profit/(loss)	**154,891**	**30,870**	**35,938**	**(36,450)**	**185,249**
Net financial expense					(27,310)
Adjustment to the value of financial assets					797
Pre-tax profit					**158,736**
Income tax					(45,700)
Result for the period					**113,036**

Net invested capital at (€k)	31.12.2017 North America	International	Europe	Corporate	Consolidated
Goodwill	422,784	58,297	314,846	-	**795,928**
Other intangible assets	29,880	13,704	31,625	470	**75,679**
Property, plant and equipment	468,687	90,268	321,627	334	**880,916**
Financial assets	7,460	10,573	6,324	-	**24,357**
Non-current assets	**928,811**	**172,842**	**674,423**	**803**	**1,776,880**
Net working capital	**(250,454)**	**(55,994)**	**(167,557)**	**68,099**	**(405,906)**
Other non-current non financial assets and liabilities	(66,393)	548	(60,297)	(5,559)	(131,702)
Net invested capital	**611,964**	**117,396**	**446,568**	**63,343**	**1,239,272**

2.2.9 SEASONAL PATTERNS

The Group's volumes are closely related to the flow of travelers, which is highly seasonal in some businesses, and this in turn affects consolidated results. A breakdown of 2018 results by half-year shows that volumes are concentrated in the second six months of the year, when business is at a peak due to summer holidays.

(€m)	Full year 2018 First 6 months	Full year
Revenue	2,105.8	4,695.3
% of full year	*44.8%*	*100.0%*
Operating profit/(loss)	24.2	150.0
% of full year	*16.1%*	*100.0%*
Pre-tax profit/(loss)	11.7	121.0
% of full year	*9.7%*	*100.0%*
Profit/(loss) attributable to owners of the parent	(3.4)	68.7
% of full year	*n.s.*	*100.0%*

Notes: In order to compare data with the figures shown in the Directors' interim report on operations, revenue does not include fuel sales made primarily in Swiss and Italian motorway service areas

The percentages shown are general indications only and should not be used to predict results or the generation of cash. Indeed, seasonal trends are further magnified by cash flows, with the first half-year usually seeing a concentration of annual payments (namely concession fees), both as settlement of amounts accrued in the previous year and as advances on the year in course.

2.2.10 GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES

At 31 December 2018 the guarantees given by the Autogrill Group amounted to € 434,138k (€ 320,310k at the close of 2017) and referred to performance bonds and other personal guarantees issued in favor of grantors and business counterparties.

The increase derives mainly from the issue of guarantees by Autogrill S.p.A. to banks on behalf of the Italian subsidiaries formed as a result of the corporate reorganization concluded in 2017.

COMMITMENTS

Commitments outstanding at 31 December 2018, essentially unchanged since the previous year, concern:
- € 2,272k to be paid for the purchase of two commercial properties;
- the value of third-party assets in use (€ 89k);
- the value of the assets of leased businesses (€ 12,769k);
- the value of goods on consignment held at Group locations (€ 5,535k€);
- commitments for service contracts (€ 74,180k).

The Group has also agreed to minimum future payments under operating leases, as detailed in Section 2.2.11.

CONTINGENT LIABILITIES

At 31 December 2018, there were no contingent liabilities as described in IAS 37.

2.2.11 OPERATING LEASES

The Group operates primarily through the following types of contract, concerning motorway rest stops, airports and railway stations, as well as high streets, shopping centers, trade fairs and cultural attractions.

AREA CONCESSION

With these contracts, the infrastructure operator (motorway or airport) grants a concession to a specialized entity to arrange and provide food & beverage and/or fuel services, authorizing it (i) to build and install, on land owned by the grantor, buildings, plant, furnishings and fittings designed for the sale of food and drink, complementary products and groceries and/or for the distribution of fuel, and (ii) to carry on this business against payment of a fee based on turnover, with certain stipulations regarding the means and continuity of service provision during the business hours established by the grantor.

It frequently occurs that the subconcession for all the services of an entire motorway service area or airport terminal is assigned to a single entity, which then sub-assigns each individual service to a number of additional specialized firms.

Usually, on expiry of the contract, the assets built for the provision of motorway services must be transferred free of charge to the grantor, while this is almost never the case for airport terminals.

ACCESS CONCESSION

An access concession exists when ownership of the land and buildings along the motorway is in the hands of a private firm (like Autogrill), which negotiates access rights with the motorway Company with the commitment to sell fuel and lubricants and/or food and beverages to motorway users. The firm accepts the obligation to pay rent to the motorway as well as certain stipulations regarding the way the services are to be provided and the hours of operation.

BUSINESS LEASE AND COMMERCIAL LEASE

Leasing a business or business branches allows an operator to use rights and/or buildings, equipment etc. organized to serve food and beverage products. In some cases the business consists of an authorization to operate and of administrative licenses, in which case the operator incurs the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorization and the necessary buildings and equipment. Leasing a company in the concession business entails the obligation to ensure continuity of service and payment of a fee; for primary concession contracts between a petrol company and a motorway operator, it also entails reimbursement of the royalties due by the petrol company.

In a commercial lease, the operator uses buildings for business activity against payment of rent. The premises are equipped and furnished according to the specifications and at the expense of the operator, who must clear the premises when the lease expires.

These kinds of concession are common (i) along motorways, where there are area or service sub-concessions assigned to a petrol company, which then turns to a caterer, and (ii) in cities, railway stations and shopping centers, according to the business objectives of the owner of the property.

The fees due for these contracts may be a set amount and/or a percentage of revenue earned. In the latter case, there may also be an annual minimum payment that can either be fixed over the life of the contract, or periodically revised on the basis of certain variables measured during the previous period (e.g. total rent due for the year, inflation rate or index of passenger traffic).

The table below gives details by due date of the Group's future minimum payments, i.e. fixed fees and/or guaranteed minimums, the latter based on the variables mentioned above as of 31 December 2018:

Year (€k)	Total future minimum lease payments	Future minimum sub-lease payment *	Net future minimum lease payments
2019	418,890	15,586	403,303
2020	381,810	12,885	368,925
2021	348,067	9,276	338,791
2022	300,523	5,237	295,286
2023	270,136	2,997	267,139
After 2023	1,317,484	10,025	1,307,459
Total	**3,036,910**	**56,006**	**2,980,903**

* Refers to part of the sub-concessions granted mainly in the USA and Italy, as agreed with the grantor

In 2018, the fees recognized in the income statement amount to € 756.394k (Note XXIX) for operating leases (including € 483.810k in guaranteed minimums), net of € 47.929k for sub-leases (including € 21.054k in guaranteed minimums).

See Section 2.2.1 with regard to the comparison between commitments for lease instalments due and financial liabilities from the application of IFRS 16.

2.2.12 OTHER INFORMATION

RELATED PARTY TRANSACTIONS

Autogrill S.p.A. is controlled by Schematrentaquattro S.p.A., which owns 50.1% of its ordinary shares. Schematrentaquattro S.p.A. is a wholly-owned subsidiary of Edizione S.r.l.

All related-party transactions are carried out in the Company's interest and at arm's length.

In 2018 Autogrill S.p.A. had no transactions with its direct parent, Schematrentaquattro S.p.A.

	Revenue		Other operating income		Raw materials, supplies and goods	
Income statement (€k)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Parent:						
Edizione S.r.l.	-	-	29	17	-	-
Other related parties:						
Atlantia Group	58	38	479	529	128	162
Benetton Group S.r.l.	-	-	-	129	-	-
Verde Sport S.p.A.	1	6	-	-	-	-
Olimpias Group S.r.l.	-	-	-	-	-	2
Edizione Property S.p.A.	-	-	10	9	-	-
Equity investments	-	-	1,636	1,673	-	-
Other related parties *	-	-	-	-	-	-
Total Related parties	**59**	**44**	**2,154**	**2,358**	**128**	**164**
Total Group	**5,113,140**	**4,990,594**	**110,772**	**95,965**	**1,843,114**	**1,796,885**
Incidence	**0.0%**	**0.0%**	**1.9%**	**2.5%**	**0.0%**	**0.0%**

	Trade receivables		Other receivables		Trade payables	
Statement of financial position (€k)	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Parent:						
Edizione S.r.l.	5	7	12,437	12,599	5	-
Other related parties:						
Atlantia Group	1,502	2,045	4,035	2,172	32,038	27,963
Benetton Group S.r.l.	8	8	-	-	-	-
Verde Sport S.p.A.	-	1	-	-	-	-
Olimpias Group S.r.l.	-	-	-	-	-	1
Edizione Property S.p.A.	11	20	-	-	-	-
Equity investments	-	-	1,933	1,451	-	-
Other related parties *	-	-	-	-	-	-
Total Related parties	**1,526**	**2,081**	**18,405**	**16,223**	**32,043**	**27,964**
Total Group	**47,971**	**48,972**	**147,013**	**130,292**	**376,460**	**351,168**
Incidence	**3.2%**	**4.2%**	**12.5%**	**12.5%**	**8.5%**	**8.0%**

* The Other related parties refer to transactions with directors and executives with strategic responsibilities

Leases, rentals, concessions and royalties		Other operating expense		Personnel expense		Financial (expense)/income	
2018	2017	2018	2017	2018	2017	2018	2017
-	-	16	25	100	102	-	-
80,383	76,835	3,759	3,027	-	-	-	-
-	-	-	408	-	-	-	-
-	-	45	45	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,397)	(1,357)	(386)	(463)	-	-	101	91
-	-	373	178	10,288	7,310	-	-
78,986	**75,479**	**3,807**	**3,220**	**10,388**	**7,412**	**101**	**91**
876,522	**828,201**	**560,364**	**542,707**	**1,556,983**	**1,519,776**	**(29,084)**	**(27,310)**
9.0%	**9.1%**	**0.7%**	**0.6%**	**0.7%**	**0.5%**	**-0.3%**	**-0.3%**

Other payables		Financial receivables	
31.12.2018	31.12.2017	31.12.2018	31.12.2017
104	116	-	-
915	893	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	14	7,272	6,285
3,549	2,123	-	-
4,568	**3,146**	**7,272**	**6,285**
369,425	**343,773**	**42,949**	**33,344**
1.2%	**0.9%**	**16.9%**	**18.8%**

Edizione S.r.l.: "Other operating income" refers to services rendered by the parent concerning the use of equipped premises at the Rome offices.

"Personnel expense" refers to fees earned by a director of Autogrill S.p.A. and paid back to Edizione S.r.l. where he serves as executive manager.

"Other payables" mostly originate from the same transactions.

"Other receivables" include € 12,423k for the IRES (corporate income tax) refund requested by the consolidating company Edizione S.r.l., on behalf of Autogrill S.p.A. and Nuova Sidap S.r.l. for € 14k, due as a result of the retroactive recognition of the deductibility of IRAP (regional tax) pertaining to personnel expense for the years 2007-2011 (Art. 2 of Law 201/2011). The change is explained by the receipt of € 162k for taxes withheld in 2016 and transferred to the consolidating company Edizione S.r.l.

Atlantia group: "Other operating income" refers to commissions on sales of Viacards (automatic toll collection cards).

"Other operating expense" refers chiefly to the management of motorway locations.

"Leases, rentals, concessions and royalties" refer to concession fees and accessory costs pertaining to the year.

"Trade receivables" and "Trade payables" originate from the same transactions.

"Other receivables" consist primarily of fees for cleaning services at rest stops and co-marketing fees.

Verde Sport S.p.A.: "Other operating expense" concerns the commercial sponsorship of youth sports at the facilities housed at "La Ghirada - Città dello Sport."

"Revenue" refers to the sale of products relating to the commercial affiliation contract for the operation of an outlet at those facilities.

REMUNERATION OF DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The following remuneration accrued to members of the Board of Directors and to executives with strategic responsibilities in 2018:

Name	Office held	Term of office	Remuneration (€)	Bonus and other incentives (€)	Non-monetary benefits (€)	Other fees (€)
Gilberto Benetton	Chairman	2017 to 22.10.2018	48,493			
Gianmario Tondato da Ruos	CEO	2017/2019	520,000	732,183	39,234	400,000
Alessandro Benetton	Director	2017/2019	60,000			
Paolo Roverato	Director	2017/2019	100,000			
Massimo Fasanella D'Amore di Ruffano *	Director	2017/2019	100,000			24,041
Francesco Chiappetta	Director	2017/2019	90,000			
Ernesto Albanese	Director	2017/2019	70,000			
Marco Patuano	Director	from 26.01.2017 to 2019	80,000			
Franca Bertagnin Benetton	Director	from 25.05.2017 to 2019	60,000			
Cristina De Benetti	Director	from 25.05.2017 to 2019	83,200			
Catherine Gérardin Vautrin	Director	from 25.05.2017 to 2019	80,000			
Maria Pierdicchi	Director	from 25.05.2017 to 2019	80,000			
Elisabetta Ripa *	Director	from 25.05.2017 to 2019	90,000			24,041
Total directors			**1,461,693**	**732,183**	**39,234**	**448,082**
Key managers with strategic responsibilities (8 people)				4,458,770	335,259	2,813,018
Total			**1,461,693**	**5,190,953**	**374,493**	**3,261,100**

* The other remuneration relates to the office of director respectively in Autogrill Europe S.p.A. and Autogrill Italia S.p.A., from 15 January 2018

On 7 February 2019, on the advice of the Human Resources Committee and with input from the Board of Statutory Auditors, the Board of Directors decided to recognize Paolo Zannoni — chairman of the board, co-opted after the death of Gilberto Benetton and later elected chairman — a set fee for this position in addition to the annual remuneration he is due as a member of the Board of Directors.

The CEO's remuneration includes his executive salary from Autogrill S.p.A., which is shown under "Other fees." According to the Board of Directors resolution of 29 June 2017, which governs the CEO's employment, if the CEO resigns with just cause or is dismissed by the Company without just cause, the Company will top up to €2m the standard indemnity in lieu of notice and any other indemnity or leaving compensation provided for in the national collective managers' contract for the commercial sector, when less than that amount. Also, given the CEO's strategic role at the Company, he is bound by a non-compete agreement and a ban on poaching Autogrill Group personnel for 18 months, under a specific agreement that entails a penalty for breach thereof.

Under the 2014 Phantom Stock Option plan described below, the CEO received 883,495 options in Wave 1, 565,217 options in Wave 2 and 505,556 options in Wave 3. In 2018 he exercised all of his Wave 1 and Wave 2 options and 395,652 of the Wave 3 options granted under that plan.

Under the 2016 Phantom Stock Option plan described below, the CEO has been assigned 679,104 options in Wave 1.

Under the 2018 Performance Share Units plan described below, the CEO received 136,701 options in Wave 1 and 122,830 options in Wave 2.

A significant portion of the variable compensation received by the CEO and by the eight executives with strategic responsibilities is tied to the achievement of specific targets established in advance by the Board of Directors, by virtue of their participation in management incentive plans. In particular, the CEO and top managers participated during the year in an annual bonus system involving earnings and financial targets and other strategic objectives for the Group and/or the relevant business unit, as well as individual objectives. Should the CEO leave office for any reason, he shall retain the right to variable remuneration under the incentive plans of which he is a beneficiary, subject to the achievement of the targets and the satisfaction of any other condition stated in each plan, regulation, or program and in an amount proportional to the service rendered during the relevant period of time.

In 2018, two key management employees terminated their employment with Autogrill.

Late in the year, the departure of another key management employee was negotiated, resulting in a definitive outcome in March 2019. Leaving indemnities are included in the item "Bonuses and other incentives."

In 2018 the company hired a new key management employee whose hiring bonus is also included in the item "bonuses and other incentives."

See the section "Incentive plans for directors and executives with strategic responsibilities" for a description of the plans in force.

STATUTORY AUDITORS' FEES

The following fees accrued to members of the Board of Statutory Auditors in 2018:

Name	Office held	Term of office	Remuneration (€)	Other fees (€)
Marco Giuseppe Maria Rigotti	Chairman	01.01.2018-31.12.2020	78,000	-
Eugenio Colucci	Standing auditor	01.01.2015-24.05.2018	19,726	-
Eugenio Colucci *	Standing auditor	15.01.2018-31.12.2020	-	40,000
Massimo Catullo	Standing auditor	24.05.2018-31.12.2020	31,627	-
Antonella Carù **	Standing auditor	01.01.2018-31.12.2020	50,000	15,600
Total Statutory Auditors			**179,353**	**55,600**

* Other remuneration refers to the office of chairman of the board of auditors in Autogrill Europe S.p.A. and Autogrill Italia S.p.A.
** Other remuneration refers to the office of standing auditor in Autogrill Advanced business S.p.A.

INDEPENDENT AUDITORS' FEES FOR AUDIT AND OTHER SERVICES

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Parent's auditors	Parent	263
	Parent's auditors	Subsidiaries	265
	Parent's auditors network	Subsidiaries	2,176
Attestation	Parent's auditors	Parent	82
	Parent's auditors	Subsidiaries	81
	Parent's auditors network	Subsidiaries	1,290

INCENTIVE PLANS FOR DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

2014 PHANTOM STOCK OPTION PLAN

On 28 May 2014, the general meeting of shareholders approved a new incentive plan referred to as the "2014 Phantom Stock Option plan." The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

This plan, which expires on 30 June 2021, is split into three sub-plans or "Waves" which grant each beneficiary the right to receive, for each option exercised, a gross cash amount equal to the difference between the terminal value and the allocation value of the Autogrill shares (the "Bonus"), subject to certain conditions and in any case not exceeding a given cap. Specifically, the terminal value of the shares is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the exercise date, plus dividends paid from the grant date until the date of exercise. The allocation value is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the allocation date.

On 16 July 2014, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. Under Wave 1 (vesting period from 16 July 2014 to 15 July 2016), a total of 3,268,995 options were assigned. A total of 2,835,967 options were assigned under Wave 2 (vesting period from 16 July 2014 to 15 July 2017).

On 12 February 2015, under Wave 3 (vesting period from 12 February 2015 to 11 February 2018), a total of 2,752,656 options were assigned.

In 2017, 142,867 options were cancelled.

Under the 2014 Phantom Stock Option plan, the CEO received 883,495 options in Wave 1, 565,217 options in Wave 2 and 505,556 options in Wave 3. In 2018 he exercised all of his Wave 1 and Wave 2 options and 395,652 of the Wave 3 options granted under that plan.

Movements in options in 2017 and 2018 are shown below:

	Options		
	Wave 1	Wave 2	Wave 3
Options at 1st January 2017	**3,091,901**	**2,846,932**	**2,617,441**
Options exercized in 2017	(3,054,201)	(1,790,117)	-
Options cancelled in 2017	-	(132,665)	(142,847)
Options at 31 December 2017	**37,700**	**924,150**	**2,474,594**
Options exercized in the first half 2018	(37,700)	(924,150)	(1,849,038)
Options cancelled in the first half 2018	-	-	(107,250)
Options at 31 December 2018	**-**	**-**	**518,286**

An independent external advisor has been hired to calculate the fair value of the phantom stock options, based on the value of shares on the grant date and the reporting date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

Thorough information on the 2014 Phantom Stock Option plan is provided in the Disclosure Document prepared in accordance with Art. 84 bis (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com.

2016 PHANTOM STOCK OPTION PLAN

On 26 May 2016, the general meeting of shareholders approved a new incentive plan referred to as the "2016 Phantom Stock Option plan." The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

This plan, which expires on 30 June 2024, is split into three sub-plans or "Waves" which grant each beneficiary the right to receive, for each option exercised, a gross cash amount equal to the difference between the terminal value and the allocation value of the Autogrill shares (the "Bonus"), subject to certain conditions and in any case not exceeding a given cap. Specifically, the terminal value of the shares is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the exercise date, plus dividends paid from the grant date until the date of exercise. The allocation value is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the allocation date.

On 26 July 2016, the plan was implemented and the terms and conditions of Wave 1 were defined. With a vesting period from 26 May 2016 to 25 May 2019, a total of 4,825,428 options were assigned.

Under the 2016 Phantom Stock Option plan, the CEO has been assigned 679,104 options in Wave 1.

An independent external advisor has been hired to calculate the fair value of the phantom stock options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

Movements in options in 2017 and 2018 are shown below:

	Options
Options exercized in 2017	4,734,010
Options cancelled in 2017	(331,107)
Options at 31 December 2017	**4,402,903**
Options exercized in the first half 2018	-
Options cancelled in the first half 2018	(385,696)
Options at 31 December 2018	**4,017,207**

Thorough information on the 2016 Phantom Stock Option plan is provided in the Disclosure Document prepared in accordance with Art. 84 bis (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com (/Governance/Shareholders' meeting).

The costs incurred in 2018 for the 2014 and 2016 Phantom Stock Option plans amounted to -€ 0.4m (€16.4m in 2017). The 2017 cost included the adjustment of estimates with respect to the provisions made at 31 December 2016 on the basis of the stock market performance of Autogrill shares.

2018 PERFORMANCE SHARE UNITS PLAN

On 24 May 2018, the general meeting of shareholders approved a new incentive plan referred to as the "2018 Performance Share Units plan." The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

The plan is split into cycles or "Waves" which grant each beneficiary the right to exchange options for Autogrill shares if the Group's stock market performance and financial results both satisfy given conditions.

On 24 May 2018, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. For Wave 1 (vesting period from 24 May 2018 to 23 May 2020), a total of 866,032 options were assigned. A total of 789,906 options were assigned for Wave 2 (vesting period from 24 May 2018 to 23 May 2021).

An independent external advisor has been hired to calculate the fair value of the options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

Thorough information on the 2018 Performance Share Units plan is provided in the Disclosure Document prepared in accordance with Art. 84 bis (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com (/Governance/Shareholders' meeting).

The costs associated with this plan came to € 1.9m in 2018.

2.2.13 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Except for the corporate reorganization completed in December 2017 and effective as of 1 January 2018 (see Section 1.2.2 of the Directors' Report), during the year there were no significant non-recurring events or transactions as defined by Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006.

2.2.14 ATYPICAL OR UNUSUAL TRANSACTIONS

In 2018 there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of 28 July 2006.

2.2.15 SUBSEQUENT EVENTS

Since the close of the reporting period, no events have occurred that would require an adjustment to the financial statement figures or additional disclosures in these Notes.

2.2.16 AUTHORIZATION FOR PUBLICATION

The Board of Directors authorized the publication of these consolidated financial statements at its meeting of 14 March 2019.

ANNEXES

LIST OF CONSOLIDATED COMPANIES AND OTHER INVESTMENTS

Company	Registered office	Currency	Share capital	% held at 31.12.2018	Shareholders
Parent					
Autogrill S.p.A.	Novara	Eur	68,688,000	50.1000%	Schematrentaquattro S.p.A.
Companies consolidated line by line					
Nuova Sidap S.r.l.	Novara	Eur	100,000	100.0000%	Autogrill Italia S.p.A.
Autogrill Europe S.p.A.	Novara	Eur	50,000,000	100.0000%	Autogrill S.p.A.
Autogrill Italia S.p.A.	Novara	Eur	68,688,000	100.0000%	Autogrill S.p.A.
Autogrill Advanced Business Service S.p.A.	Novara	Eur	1,000,000	100.0000%	Autogrill S.p.A.
Autogrill Austria GmbH	Gottlesbrunn	Eur	7,500,000	100.0000%	Autogrill Europe S.p.A.
Autogrill Czech Sro	Prague	Czk	154,463,000	100.0000%	Autogrill Europe S.p.A.
Autogrill D.o.o.	Lubljana	Eur	1,342,670	100.0000%	Autogrill Europe S.p.A.
Autogrill Hellas Single Member Limited Liability Company	Avlonas	Eur	3,696,330	100.0000%	Autogrill Europe S.p.A.
Autogrill Polska Sp.zo.o.	Katowice	Pln	1,405,000	100.0000%	Autogrill Europe S.p.A.
Autogrill Iberia S.L.U.	Madrid	Eur	7,000,000	100.0000%	Autogrill Europe S.p.A.
Autogrill Deutschland GmbH	Munich	Eur	205,000	100.0000%	Autogrill Europe S.p.A.
Le CroBag GmbH & Co KG	Hamburg	Eur	904,867	98.8700%	Autogrill Deutschland GmbH
				1.1300%	Le Fournil de Frédéric Neuhauser GmbH
Le CroBag Polska Sp.zo.o.	Warsaw	Pln	100,000	100.0000%	Le CroBag GmbH & Co KG
Le Fournil de Frédéric Neuhauser GmbH	Hamburg	Eur	25,565	100.0000%	Autogrill Deutschland GmbH
Autogrill Belgie N.V.	Antwerpen	Eur	6,700,000	99.9900%	Autogrill Europe S.p.A.
				0.0100%	AC Restaurants & Hotels Beheer N.V.
AC Restaurants & Hotels Beheer N.V.	Antwerpen	Eur	3,250,000	99.9900%	Autogrill Belgie NV
Autogrill Schweiz A.G.	Olten	Chf	23,183,000	100.0000%	Autogrill Europe S.p.A.
Restoroute de Bavois S.A.	Bavois	Chf	2,000,000	73.0000%	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Pont-en-Ogoz	Chf	1,500,000	54.3300%	Autogrill Schweiz A.G.
Holding de Participations Autogrill S.a.s.	Marseille	Eur	84,581,920	100.0000%	Autogrill Europe S.p.A.
Autogrill Côté France S.a.s.	Marseille	Eur	31,579,526	100.0000%	Holding de Participations Autogrill S.a.s.
Volcarest S.a.s.	Champs	Eur	1,050,144	50.0000%	Autogrill Côté France S.a.s.
Autogrill Restauration Carrousel S.a.s.	Marseille	Eur	2,337,000	100.0000%	Holding de Participations Autogrill S.a.s.
Société de Gestion Pétrolière Autogrill S.àr.l. (SGPA)	Marseille	Eur	8,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Autoroutes S.àr.l.	Marseille	Eur	375,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Centres Villes S.àr.l.	Marseille	Eur	375,000	100.0000%	Autogrill Restauration Carrousel S.a.s.
HMSHost Corporation	Delaware	Usd	-	100.0000%	Autogrill S.p.A.
HMSHost International. Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost USA. LLC	Delaware	Usd	-	100.0000%	HMSHost Corporation
Host International. Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost Tollroads Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMS Airport Terminal Services. Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.
Host International of Maryland. Inc.	Maryland	Usd	1,000	100.0000%	Host International, Inc.
Michigan Host. Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.

Company	Registered office	Currency	Share capital	% held at 31.12.2018	Shareholders
Host Services of New York. Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.
Host International of Kansas. Inc.	Kansas	Usd	1,000	100.0000%	Host International, Inc.
Host Services Inc.	Texas	Usd	-	100.0000%	Host International, Inc.
Anton Airfood of Cincinnati. Inc.	Kentucky	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood. Inc.	Delaware	Usd	1,000	100.0000%	HMSHost Corporation
Anton Airfood of Newark. Inc.	New Jersey	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of JFK. Inc.	New York	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Minnesota. Inc.	Minnesota	Usd	-	100.0000%	Anton Airfood, Inc.
Palm Springs AAI. Inc.	California	Usd	-	100.0000%	Anton Airfood, Inc.
Fresno AAI. Inc.	California	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Seattle. Inc.	Washington	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Tulsa. Inc.	Oklahoma	Usd	-	100.0000%	Anton Airfood, Inc.
Islip AAI. Inc.	New York	Usd	-	100.0000%	Anton Airfood, Inc.
Stellar Partners. Inc.	Florida	Usd	25,500	100.0000%	Host International, Inc.
Host International (Poland) Sp.zo.o. (in liquidation)	Warsaw	Usd	-	100.0000%	Host International, Inc.
Shenzhen Host Catering Company. Ltd. (in liquidation)	Shenzhen	Usd	-	100.0000%	Host International, Inc.
Host Services Pty. Ltd.	North Cairns	Aud	11,289,360	100.0000%	Host International, Inc.
Host International of Canada. Ltd.	Vancouver	Cad	75,351,237	100.0000%	Host International, Inc.
Horeca Exploitatie Maatschappij Schiphol. B.V.	Haarlemmermeer	Eur	45,400	100.0000%	HMSHost International B.V.
Marriott Airport Concessions Pty. Ltd.	North Cairns	Aud	2,665,020	100.0000%	Host International, Inc.
HMSHost Services India Private. Ltd.	Balgalore	Inr	668,441,680	99.0000%	Host International, Inc.
HMSHost Singapore Private. Ltd.	Singapore	Sgd	8,470,896	100.0000%	Host International, Inc.
Host (Malaysia) Sdn.Bhd.	Kuala Lumpur	Myr	2	100.0000%	Host International, Inc.
HMSHost New Zealand Ltd.	Auckland	Nzd	1,520,048	100.0000%	Host International, Inc.
HMSHost (Shanghai) Enterprise Management Consulting Co., Ltd. (in liquidation)	Shanghai	Cny	-	100.0000%	Host International, Inc.
HMSHost International B.V.	Haarlemmermeer	Eur	18,090	100.0000%	Host International, Inc.
HMSHost Hospitality Services Bharath Private. Ltd.	Karnataka	Inr	100,000,000	99.0000%	HMSHost Services India Private Ltd
				1.0000%	HMSHost International, Inc.
NAG B.V.	Haarlemmermeer	Eur	-	60.0000%	HMSHost International B.V.
HMSHost Finland Oy	Helsinki	Eur	2,500	100.0000%	HMSHost International B.V.
Host -Chelsea Joint Venture #3	Texas	Usd	-	63.8000%	Host International, Inc.
Host Bush Lubbock Airport Joint Venture	Texas	Usd	-	90.0000%	Host International, Inc.
Airside C F&B Joint Venture	Florida	Usd	-	70.0000%	Host International, Inc.
HSI Kahului Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International, Inc.
HSI Southwest Florida Airport Joint Venture	Florida	Usd	-	78.0000%	Host International, Inc.
HSI Honolulu Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International, Inc.
HMS/Blue Ginger Joint Venture	Texas	Usd	-	55.0000%	Host International, Inc.
Host/Java Star Joint Venture	Texas	Usd	-	50.0100%	Host International, Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	-	65.0000%	Host International, Inc.
Host-Tinsley Joint Venture	Florida	Usd	-	84.0000%	Host International, Inc.
HSI/Tarra Enterprises Joint Venture	Florida	Usd	-	75.0000%	Host International, Inc.
Host D&D STL FB. LLC	Missouri	Usd	-	75.0000%	Host International, Inc.
Host/LJA Joint Venture	Missouri	Usd	-	85.0000%	Host International, Inc.
Seattle Restaurant Associates	Olympia	Usd	-	70.0000%	Host International, Inc.
Bay Area Restaurant Group	California	Usd	-	49.0000%	Host International, Inc.
Host/JV Ventures McCarran Joint Venture	Nevada	Usd	-	60.0000%	Host International, Inc.

Company	Registered office	Currency	Share capital	% held at 31.12.2018	Shareholders
HSI Miami Airport FB Partners Joint Venture	Florida	Usd	-	70.0000%	Host International, Inc.
Host DEI Jacksonville Joint Venture	Florida	Usd	-	51.0000%	Host International, Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.0000%	Host International, Inc.
Host CTI Denver Airport Joint Venture	Colorado	Usd	-	90.0000%	Host International, Inc.
Host -Chelsea Joint Venture #4	Texas	Usd	-	63.0000%	Host International, Inc.
Host-CMS SAN F&B. LLC	Delaware	Usd	-	100.0000%	Host International, Inc.
Host GRL LIH F&B. LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host Fox PHX F&B. LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host FDY ORF F&B. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
LTL ATL JV. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host ATLChefs JV 3. LLC	Delaware	Usd	-	95.0000%	Host International, Inc.
Host ATLChefs JV 5. LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host LGO PHX F&B. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host-Love Field Partners I. LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host-True Flavors SAT Terminal A FB	Delaware	Usd	-	65.0000%	Host International, Inc.
Host Havana LAX F&B. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host-CTI DEN F&B II. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host Lee JAX FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host/DFW AF. LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host Havana LAX TBIT FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host Houston 8 IAH Terminal B. LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
HHL Cole's LAX F&B. LLC	Delaware	Usd	-	80.0000%	Host Havana LAX F&B, LLC
Host CMS LAX TBIT F&B. LLC	Delaware	Usd	-	100.0000%	Host International, Inc.
Host JQE RDU Prime. LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host Howell Terminal A F&B. LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MCA FLL FB. LLC	Delaware	Usd	-	76.0000%	Host International, Inc.
Host MCA SRQ FB. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
HOST ECI ORD FB. LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host Aranza Howell DFW B&E FB. LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host MGV IAD FB. LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MGV DCA FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host CTI DEN F&B STA. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host MGV DCA KT. LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host MBA LAX SB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host H8 IAH FB I. LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host BGV IAH FB. LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host TBL TPA FB. LLC	Delaware	Usd	-	71.0000%	Host International, Inc.
Host JQE CVG FB. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host MBA CMS LAX. LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host VDV CMH FB LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
HOST OHM GSO FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host JQE RSI LIT FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host JVI PDX FB. LLC	Delaware	Usd	-	84.0000%	Host International, Inc.
Host TFC SDF FB. LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host JQE RDU CONC D. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host SMI SFO FB. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host Ayala LAS FB. LLC	Delaware	Usd	-	55.0000%	Host International, Inc.

Company	Registered office	Currency	Share capital	% held at 31.12.2018	Shareholders
Stellar Partners Tampa. LLC	Florida	Usd	-	90.0000%	Stellar Partners, Inc.
Host LBL LAX T2 FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host BGI MHT FB. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host SCR SAV FB. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host Chen ANC FB LLC	Delaware	Usd	-	88.0000%	Host International, Inc.
Host SCR SAN FB. LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host SCR SNA FB. LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Stellar LAM SAN. LLC	Florida	Usd	-	80.0000%	Stellar Partners, Inc.
Host DII GRR FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host Java DFW MGO. LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host SHI PHL FB LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host VDV DTW SB. LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
MCO Retail Partners. LLC	Delaware	Usd	-	80.0000%	Stellar Partners, Inc.
Host VDV DTW 3 SB. LLC	Delaware	Usd	-	79.0000%	Host International, Inc.
HMSHost Family Restaurants. Inc.	Maryland	Usd	2,000	100.0000%	Host International, Inc.
HMSHost UK. Ltd.	London	Gbp	217,065	100.0000%	HMSHost International B.V.
HMSHost Sweden A.B.	Stockholm	Sek	2,500,000	100.0000%	HMSHost International B.V.
HMSHost Ireland Ltd.	Cork	Eur	13,600,000	100.0000%	HMSHost International B.V.
HMSHost Nederland B.V.	Haarlemmermeer	Eur	100	100.0000%	HMSHost International B.V.
HMSHost Huazhuo (Beijing) Catering Management Co., Ltd.	Beijing	Cny	80,000,000	100.0000%	HMSHost International B.V.
HMSHost - UMOE F&B Company AS	Bærum	Nok	120,000	51.0000%	HMSHost International B.V.
PT EMA INTI MITRA (Autogrill Topas Indonesia)	Jakarta	Idr	46,600,000,000	65.0000%	HMSHost International B.V.
SMSI Travel Centres. Inc.	Vancouver	Cad	10,800,100	100.0000%	Host International of Canada, Ltd.
HMSHost Yiyecek Ve Icecek Hizmetleri A.S.	Istanbul	Trl	16,521,730	100.0000%	HMSHost International B.V.
Autogrill VFS F&B Co. Ltd.	Ho Chi Minh City	Vnd	104,462,000,000	70.0000%	HMSHost International B.V.
Limited Liability Company Autogrill Rus	St. Petersburg	Rub	10,000	100.0000%	NAG B.V.
PT Autogrill Services Indonesia	Jakarta	Idr	32,317,805,500	99.0000%	HMSHost International B.V.
				1.0000%	HMSHost Nederland B.V.
HMSHost Vietnam Company Limited	Ho Chi Minh City	Vnd	-	100.0000%	HMSHost International B.V.
HMSHost Family Restaurants. LLC	Delaware	Usd	-	100.0000%	HMSHost Family Restaurants, Inc.
HMSHost Motorways L.P.	Winnipeg	Cad	-	99.9999%	SMSI Travel Centres, Inc.
				0.0001%	HMSHost Motorways, Inc.
HMSHost Motorways. Inc.	Vancouver	Cad	-	100.0000%	SMSI Travel Centres, Inc.
HMSHost Antalya Yiyecek Ve Içecek Hizmetleri A.S.	Antalya	Trl	2,140,000	51.0000%	HMSHost Yiyecek Ve Icecek Hizmetleri A.S.
HK Travel Centres GP. Inc.	Toronto	Cad	-	51.0000%	HMSHost Motorways, Inc.
HK Travel Centres L.P.	Winnipeg	Cad	-	50.9990%	HMSHost Motorways L.P.
				0.0010%	HK Travel Centres GP, Inc.
Stellar Retail Group ATL. LLC	Tampa	Usd	-	59.0000%	Stellar Partners, Inc.
Host CEI KSL MSY. LLC	Delaware	Usd	-	63.0000%	Host International, Inc.
Host MCA ATL FB. LLC	Delaware	Usd	-	64.0000%	Host International, Inc.
Stellar RSH DFW. LLC	Tampa	Usd	-	65.0000%	Stellar Partners, Inc.
Stellar Retail Partners DFW. LLC	Tampa	Usd	-	65.0000%	Stellar Partners, Inc.
Host HTB DEN FB. LLC	Delaware	Usd	-	67.0000%	Host International, Inc.
Host DSL DEN FB. LLC	Delaware	Usd	-	67.0000%	Host International, Inc.
Host MCL DFW SB. LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MCL DFW Bar. LLC	Delaware	Usd	-	75.0000%	Host International, Inc.

Company	Registered office	Currency	Share capital	% held at 31.12.2018	Shareholders
Host DCG ATL SB. LLC	Delaware	Usd	-	59.0000%	Host International, Inc.
Host MCA HLM ATL FB. LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host TGI DEN GD FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host TGI DEN STA FB. LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host D&D STL 3KG FB. LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host JAVA DFW SBC-GAB. LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host IBC MCO FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host BGB SCA MSP. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
HMSHost Maldives Pvt Ltd	Maldives	Mvr		99.0000%	HMSHost International B.V.
				1.0000%	HMSHost Nederland B.V.
HMSHost Rus Limited Liability Company	Russia	Rub	-	90.0000%	HMSHost International B.V.
				10.0000%	HMSHost Nederland B.V.
HMSHost (Shanghai) Catering Management Co., Ltd.	China	Cny	-	100.0000%	HMSHost International B.V,
Stellar DML GCG MCO. LLC	Delaware	Usd	-	70.0000%	Stellar Partners, Inc.
Host CEG KSL LGA FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host TRA BNA STA FB. LLC	Delaware	Usd	-	84.0000%	Host International, Inc.
Host TRA BNA FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
HSI BFF SEA FB. LLC	Delaware	Usd	-	51.0000%	Host Services, Inc.
Stellar PHL. LLC	Delaware	Usd	-	65.0000%	Stellar Partners, Inc.
Stellar Retail Group PHX. LLC	Delaware	Usd	-	55.0000%	Stellar Partners, Inc.
Stellar LAM PHX. LLC	Tampa	Usd	-	70.0000%	Stellar Partners, Inc.
Host NMG EWR SB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host PHE LDL MCO FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host AAC SFO FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
HSI MCA LBL LAX T6-TBIT. LLC	Delaware	Usd	-	75.0000%	Host Services, Inc.
Host LDL MCO FB. LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host WSE SJC FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host LDL BWI FB. LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Stellar DOC1 DCGG DEN. LLC	Delaware	Usd	-	75.0000%	Stellar Partners, Inc.
Host LPI SEA FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Stellar MGV BWI. LLC	Delaware	Usd	-	60.0000%	Stellar Partners, Inc.
HSI MCA MIA SB. LLC	Delaware	Usd	-	51.0000%	Host Services, Inc.
HSI MCA BOS FB. LLC	Delaware	Usd	-	80.0000%	Host Services, Inc.
Host DCG AUS FB. LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host IBC PIE FB. LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
HSI HCL SEA FB. LLC	Delaware	Usd	-	75.0000%	Host Services, Inc.
Stellar BDI PIE. LLC	Delaware	Usd	-	90.0000%	Stellar Partners, Inc.
Stellar DCA BNA. LLC	Delaware	Usd	-	50.0100%	Stellar Partners, Inc.
Stellar DCA SLA BNA. LLC	Delaware	Usd	-	49.9900%	Stellar Partners, Inc.
Companies consolidated using the equity method:					
Caresquick N.V.	Bruxelles	Eur	1,020,000	50.000%	Autogrill Belgie N.V.
Autogrill Middle East. LLC	Abu Dhabi	Aed	100,000	50.000%	HMSHost International B.V.
Dewina Host Sdn. Bhd.	Kuala Lumpur	Myr	350,000	49.000%	Host International, Inc.
HKSC Opco L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HKSC Developments L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HMSHost and Lite Bite Pte. Ltd.	Bangalore	Inr	100,000	51.000%	HMSHost Services India Private Limited
Arab Host Services LLC	Qatar	Qar	200,000	49.000%	Autogrill Middle East, LLC

ATTESTATION BY THE CEO AND MANAGER IN CHARGE OF FINANCIAL REPORTING

Attes**tation about the condensed consolidated financial statements pursuant to Art. 81-*ter* of Consob Regulation 11971 of 14 May 1999 (as amended)**

1. We, the undersigned, Gianmario Tondato Da Ruos as Chief Executive Officer and Camillo Rossotto as manager in charge of Financial Reporting of Autogrill S.p.A., hereby declare, including in accordance with Art. 154-*bis* (3) and (4) of Legislative Decree no. 58 of 24 February 1998:
   - the adequacy of, in relation to the characteristics of the business; and
   - due compliance with the administrative and accounting procedures for the preparation of the condensed consolidated financial statements during the course of 2017.

2. No significant findings have come to light in this respect.

3. We also confirm that:
   - **3.1** the condensed consolidated financial statements:
     - **a)** have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
     - **b)** correspond to the ledgers and accounting entries;
     - **c)** provide a true and fair view of the financial position and results of operations of Autogrill S.p.A. and of companies included in the consolidation;
   - **3.2** the Directors' report includes a reliable description of the performance and financial position of the issuer and of companies included in the consolidation, along with the main risks and uncertainties to which they are exposed.

Milan, 14 March 2019

Gianmario Tondato Da Ruos	**Camillo Rossotto**
Chief Executive Officer	Manager in charge of Financial Reporting

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Autogrill S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Autogrill Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Autogrill S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters, accordingly.

Deloitte.

Impairment Test of Goodwill

Description of the key audit matter	Non-Current Assets of the consolidated financial statements as at December 31, 2018 include goodwill for Euro 839.7 million which increased during the year for Euro 43.7 million as a result of acquisition of investments in Germany and foreign exchange differences. Goodwill represents approximately 32% of the total assets and is subject to *Impairment Test*, at least on a yearly basis, as established by the accounting principle IAS 36. Consistently with the minimum level at which goodwill is monitored by the Group's management for internal management purposes, the CGUs (Cash Generating Units) identified are North America, International, Italy and Other European Countries; for each CGU, the Impairment Test has been executed through the comparison between the carrying amount of goodwill reported in the consolidated financial statements as at December 31, 2018 and the relative recoverable amount, determined as the value in use, defined as the present value of estimated future cash flows of the CGUs, discounted at different rate for geographic areas. The impairment process carried out by the Management is complex since it includes several assumptions regarding the forecasted future cash flows of each CGU, the definition of appropriate discount rates (WACC) and long-term growth rates (g-rate). In this respect, the Management has been supported by a Fairness Opinion from an independent consultant confirming that the chosen methodology is reasonable and appropriate. For the determination of the recoverable amount, the Company based its assumptions on financial forecasts for the period 2019-2023 of each CGU prepared by Management, validated by the Chief Executive Officer and the Group Chief Financial Officer, and reviewed by the Board of Directors. The determination of forecasted future cash flows used in the Impairment Test exercises resulting from the financial forecasts mentioned above, is based also on external factors such as the traffic forecasts, as developed by third parties, when available, renewal rates for existing contracts estimated on the basis of the historical trends, and the capex expenditure linked to contract expiration. As a result of the Impairment Test exercise performed, no reason of write-down of goodwill resulted. Taking into consideration the relevant value of goodwill reported in the consolidated financial statements and the subjectivity of the estimates used to determine future cash flows and key variables for the Impairment Test exercise, we considered the Impairment Test to represent a key audit matter for the Group consolidated financial statements. The notes "VIII - Goodwill" and the paragraph "2.2.1. – Accounting Policies and basis of consolidation – Use of estimates" of the notes to the consolidated financial statements provide the disclosure of the captions reported above and of the Impairment Test exercise, with the listing of the main assumptions adopted in the determination of cash flows for the 5-year period 2019-2023, the determination of the terminal value, the growth rates and the discount rates adopted in the Impairment Tests exercise; notes report, as well, the results of the sensitivity analysis carried out through the variation of the growth rates, discount rates and other specific risk factors.

Deloitte.

Audit procedures performed

We performed, among others, the following procedures, also through the support of Deloitte specialists:

- analysis of the accounting procedures applied in the determination of the value in use of the CGUs;
- check of the compliance to accounting policies indicated in the notes of the Impairment Test exercises adopted by Management;
- observation of procedures and relevant controls undertaken by the Group on the Impairment Test exercise; in this respect, we analyzed also the report of the independent consultant, prepared for the Directors' benefit, as well organizing meetings for the comprehension and analysis of data and methodology adopted;
- analysis of the appropriateness of the main assumptions adopted for the determination of financial forecasts, also through the analysis of sector data and external sources, like market growth rates and estimates of foreign currency trends;
- analysis on actual data in comparison to initial forecasts, with the aim to evaluate their differences and the reliability on the financial forecasts determination process, checking as well the consistency between contract renewal rates and historical data of each CGU;
- check of the discount and long-term growth rates reasonability and testing on the mathematical accuracy of the model used for the determination of the CGUs' value in use;
- independent testing of the sensitivity analysis performed by Management and by the independent consultant identified by the Company with reference to the discount rate, the growth rate and the main business variables;
- check of the appropriateness of the disclosure included in the notes to the consolidated financial statements on Impairment Test and its compliance in accordance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and we inform them about any relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autogrill S.p.A. has appointed us on May 28, 2015 as auditors of the Company's separate and consolidated financial statements for the years from 2015 to 2023.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Autogrill S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Autogrill Group as at December 31, 2018, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and certain specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Autogrill Group as at December 31, 2018 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and certain specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Autogrill Group as at December 31, 2018 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the CONSOB Regulation for the implementation of Legislative Decree 30 December 2016, no. 54

The Directors of Autogrill S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

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We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 11, 2019

This report has been translated into the English language solely for the convenience of international readers.

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