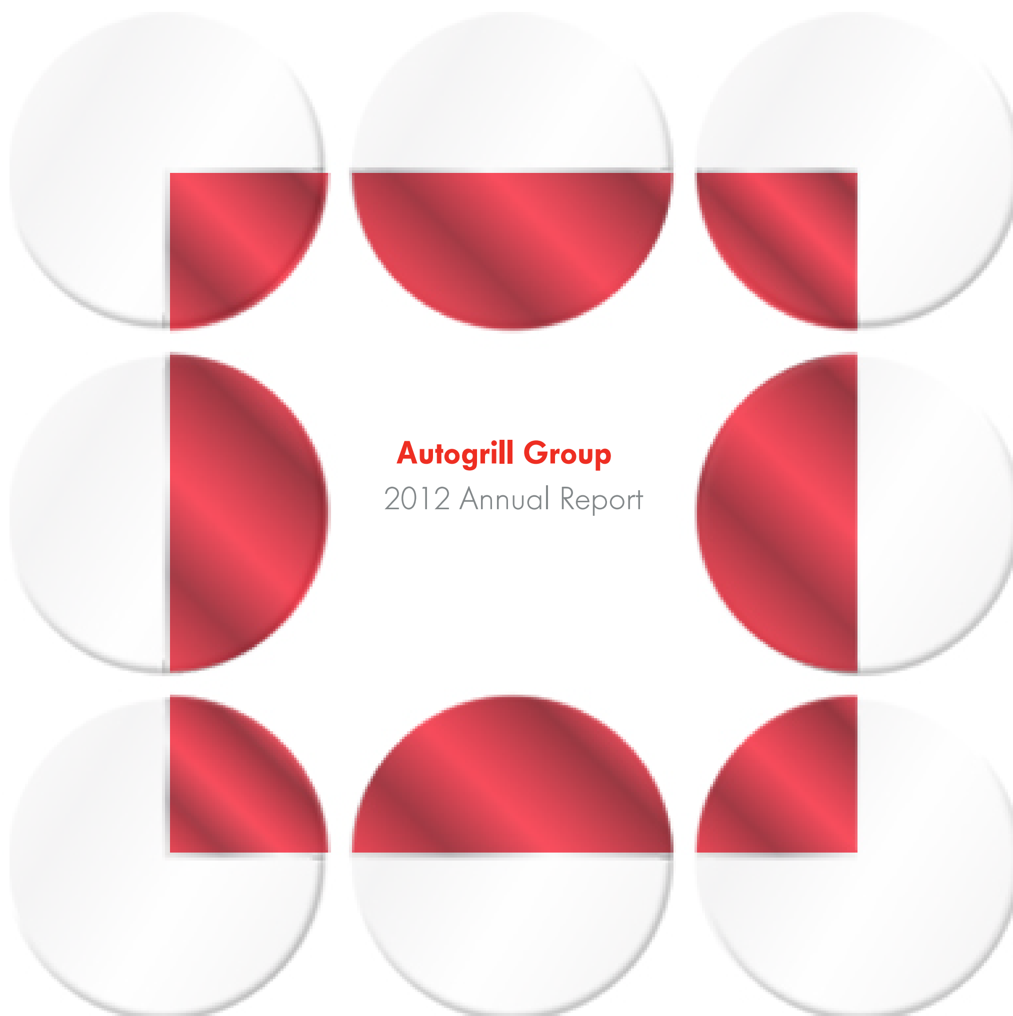

Autogrill Group

2012 Annual Report

Autogrill Group
2012 Annual Report

Translation from the Italian original which remains the definitive version

2

Dear Shareholders,

At Autogrill we have been investing in growth for years and this has enabled our Company to achieve good results despite the persistent fragility of the world economy and the deepening of the recession in certain important countries in the euro area. It also helps to explain how Autogrill managed in such an unpromising scenario to post sales of over six billion euros for the first time, a result that reflects the character and resilience of a structurally internationalized Group.

Our determination to respond to the changing dynamics of mobility has gradually led us to increase our Food & Beverage and Travel Retail operations in airports, whose growth is intrinsically tied to global economic trends. It is in this channel and in rail (that is driven by the development of High-Speed networks) that we will be concentrating our resources and investments, while our approach to motorways, where the business is more exposed to the GDP trends of individual countries, will continue to be more prudent.

While the Food & Beverage and Travel Retail businesses recorded growth in all the airports where the Group operates, the European motorway channel, including the Italian network, was characterized by weak demand and structural issues. Here, the persistent recession caused a further reduction in both light and heavy traffic (in the latter to a greater extent than expected), leading to a drastic reduction in travellers' spending.

Given the obvious overcapacity and the rigidity of contracts on European motorways, a review of our business model has become unavoidable. It is not a question of abandoning the channel but of investing in a new concept of the "motorway stop-off" and one that is well represented in the newly opened Autogrill Villoresi Est, a laboratory of innovation and sustainability that offers a glimpse of a future in which the motorway commercial offering and the operating structure will both be as cutting edge as they already are in our airports.

Chairman's message

Over the course of the year Autogrill continued to strengthen its Travel Retail operations, securing all the contracts up for tender in Spanish airports and entering new markets (including Brazil and Germany). It also expanded its Food & Beverage operations in economically dynamic countries such as Turkey and the Arab Emirates.

2013 will be another difficult year for the global economy. Yet air transport, according to IATA estimates, seems to be growing at a global level, except in Italy.
Pressure on margins even in the airport channel and growing investment commitments will not however deflect us in our determination to expand in this channel with both business sectors.

This, along with our priorities of improving operating and commercial efficiency and continuing to produce positive results in terms of revenues and profitability, is why we have decided to separate our two main businesses by means of a proportional partial demerger of Travel Retail & Duty Free from Food & Beverage. The demerger serves an industrial purpose but also offers the potential to create greater value for all shareholders.
The separation of the two businesses will also facilitate possible business combinations and promote growth by promoting more agile decision-making processes, as well as giving financial markets improved visibility of their different strategies.

In short, it means bringing into sharper focus the value of the Group's experience, its brands and its managerial resources so that we can continue, well into the future, turning aspirations and ambitions into powerful realities.

Gilberto Benetton

4

Dear Stakeholders,

Last year was not an easy one. The world economy was weak and Europe, and especially Italy, continued to be afflicted by stagnation and a contraction in motorway traffic that is now clearly structural in nature.

In this context, Autogrill's year was one characterized by essential stability. The Group's internationalization and the positive trend in its airport business mitigated the effects of the persistent economic crisis, thereby guaranteeing a growth in revenues.

The Company's solidity and the dynamism of its management have enabled us to implement operating efficiencies without losing our ability to see beyond short-term concerns. I refer here specifically to the approaching separation of our principal business areas that will lead to the formation of two distinct and independent groups, making it easier to build on the strengths of each, including through possible future business combinations.

Similarly emblematic of our capacity to weather crises and to look to the future by deploying our ability to innovate was the opening of new points of sale worldwide that combine the concepts of cost efficiency, qualitative excellence and eco-compatibility: from Villoresi Est in Italy to the Delaware Welcome Center in the United States. The Company's dynamism, especially in the airport channel, was also highlighted by the early renewal of Food & Beverage contracts at Amsterdam and Atlanta airports and in the securing of Travel Retail concessions for "core category" products in all Spanish airports until 2020. We thus strengthened our portfolio of long-term contracts, which already included concessions in UK airports until 2023.

Letter from the CEO

Our capacity to seize important opportunities even in a time of crisis is rooted in our conviction that mobility is growing, globally, across the various channels and geographical regions. The UNWTO estimates that the number of tourists worldwide will grow at an annual rate of 3.3% from now until 2030. This trend is partly down to the newly emerging travel possibilities in developing economies which in turn require the appropriate response in terms of infrastructure. This is where Autogrill is keen and ready to play its part by promoting a food culture in line with new modes of travel and capable of providing the services and products that meet consumers' increasingly diverse needs.

Gianmario Tondato Da Ruos

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, the United Kingdom, Canada and Switzerland. 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 management 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 comparison with prior-year figures, the phrase "at constant exchange rates" may also be used, to signify 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 for the period under review.

Revenue: in the directors' report this refers to operating revenue, excluding fuel sales. Costs as a percentage of revenue are calculated on this basis.

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 the IFRS, it could differ from and therefore not be comparable with EBITDA reported by other companies.

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

Comparable basis: this refers to revenue generated only by locations open throughout the comparison period as well as the period under review, without any significant change in products sold or services provided.

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

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

Boards and Officers

Board of Directors[1]

Chairman[2, 3]	Gilberto Benetton
CEO[2, 3, 4]	Gianmario Tondato Da Ruos[E]
Directors	Alessandro Benetton
	Tommaso Barracco [5, I-1, I-2]
	Marco Jesi [5, I-1, I-2]
	Marco Mangiagalli [6, 7, I-1, I-2]
	Stefano Orlando [6, 7, I-1, I-2]
	Arnaldo Camuffo [8, I-1, I-2]
	Francesco Giavazzi [I-1, I-2]
	Alfredo Malguzzi [7, 8, I-1, I-2, L]
	Gianni Mion [5]
	Paolo Roverato [6, 8]
	Massimo Fasanella d'Amore di Ruffano [9, I-1, I-2]
Secretary	Paola Bottero

Board of Statutory Auditors[10]

Chairman	Marco Rigotti [11]
Standing auditor	Luigi Biscozzi [11]
Standing auditor	Eugenio Colucci [11]
Alternate auditor	Giuseppe Angiolini
Alternate auditor	Pierumberto Spanò
Independent auditors[12]	KPMG S.p.A.

1 Elected by the annual general meeting of 21 April 2011; in office until approval of the 2013 financial statements
2 Appointed at the Board of Directors' meeting of 21 April 2011
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 21 April 2011
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 Appointed by the Board of Directors' meeting of 7 March 2012 and confirmed by the annual general meeting of 19 April 2012; in office until approval of the 2013 financial statements
10 Elected by the annual general meeting of 19 April 2012; in office until approval of the 2014 financial statements
11 Certified auditor
12 Engagement granted by the annual general meeting of 27 April 2006; in office until the approval of 2014 financial statements
E Executive Director
I-1 Independent Director as defined by the listed Companies' Code of Conduct adopted by resolution of the Corporate Governance Committee of December 2011 and promoted by Borsa Italiana, ABI, Ania, Assogestione, Assonime and Confindustria
I-2 Independent Director pursuant to articles 147-*ter* (4) and 148 (3) of Legislative Decree 58/1998
L Lead Independent Director

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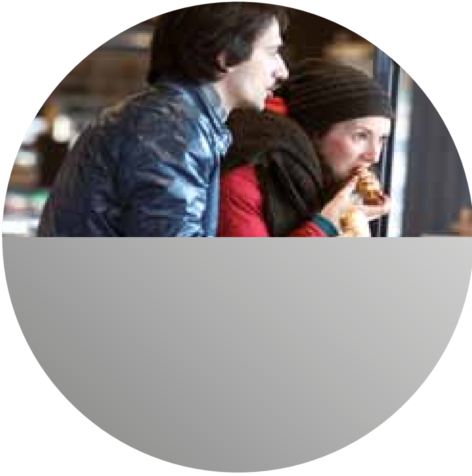


1. Directors' Report

1.1 The Autogrill Group

Operations

Autogrill, listed on the Milan Stock Exchange, is the world's leading provider of food & beverage and retail services for travelers.

Present in 38 countries with a workforce of 63,000, it manages approximately 5,300 points of sale in 1,200 locations. It operates mainly through concessions: at airports, along motorways and in railway stations, with a selective presence on high streets and at shopping centers, trade fairs and cultural attractions.

The Group operates in two business segments: Food & Beverage and Travel Retail & Duty-Free.

Food & Beverage

Autogrill has food & beverage operations at major travel facilities (from airports to motorway rest stops and railway stations), where it serves a local and international clientele. Its main operations are in North America, Italy and other European countries (primarily France, Belgium and Switzerland), and result from a series of acquisitions between 1995 and 2006 that earned Autogrill an even stronger worldwide leadership position in the business of food & beverage under concession. Offerings reflect the local setting, with the use of internally developed concepts and local brands under license, as well as a global character through the use of international standards (Starbucks, Burger King, Brioche Dorée, etc.) to complement proprietary brands such as Puro Gusto, Ciao, Bubbles, Beaudevin and others. Autogrill manages a portfolio of more than 350 brands, directly or under license.

Travel Retail & Duty-Free

The Travel Retail & Duty-Free business takes place at airports, which is the most dynamic channel as it is most closely bound to trends in the international economy and global trade. The largest market is Europe, with a solid presence in the United Kingdom and Spain; in this latter country the Group was awarded a seven-year extension of its existing contracts in December 2012. The Group is also active in the Middle East, the Americas and Asia. The mainly international clientele appreciates a uniform range of products across the different areas, sometimes supplemented by an assortment of local goods. For this reason, as the various businesses acquired over the years have been integrated, some Group-wide activities – such as marketing, purchasing, finance and other functions typical of a parent – have been centralized in the interests of smooth coordination and efficiency.

Strategy

The Group's strategy is to increase cash generation by boosting sales per passenger, to expand operations in the areas and channels served, to ensure the constant innovation of products and concepts while improving customer service, and to enter new, high-growth markets in terms of demographic and traffic trends.

The factors that best summarize the Group's performance are cash generation, size, and the timing of the concession portfolio.

These factors are optimized by constantly adapting concepts, products and services to the evolving needs of consumers and concession grantors.

In the Food & Beverage segment, menus are kept up-to-date through the development of new concepts and the ongoing review of partner brands, so that the most innovative and profitable brands the market has to offer are always in the Group's portfolio. In the airport and railway channel, Autogrill plans to consolidate the achievements it has enjoyed up to now while expanding in its current markets and new countries. In the motorway channel, efforts will be increasingly selective, given the limited growth potential in developed countries and the extensive investments needed to penetrate new markets.

In the Travel Retail & Duty-Free business the Group is focusing on ever-new sales techniques, using its own formats for particular categories of product as well as partnerships with some major brands, in order to apply the best practices for each category to the airport setting. Commercial results, and the cost synergies achieved or soon to be achieved through the integration of newly acquired businesses, make the Group confident that its profitability gains are permanent and that it can support development in new, high-growth countries. With the concession portfolio newly fortified thanks to the renewal of the contracts in Spain, the Group will be even better positioned to pursue growth opportunities, above all in emerging countries.

In both segments, growth is also being pursued through the simplification of organizational charts and business processes and the enhancement of operating efficiency and investments.

Maintaining a well-balanced financial structure is crucial to the Group's objectives. Any opportunities for growth by accretion will be carefully assessed in terms of both business strategy – whether they complement the areas and channels served – and financial sustainability, and will be pursued in a way that keeps the financial structure consistent with the operations performed and the needs of the Group and its stakeholders.

Food & Beverage

Licensed brands

Proprietary brands

Countries

Australia
Austria
Belgium
Canada
Czech Republic
Denmark
Egypt
France
Germany
Greece
India
Ireland
Italy
Malaysia
New Zealand
Poland
Singapore
Slovenia
Spain
Sweden
Switzerland
The Netherlands
Turkey
United Arab Emirates
United Kingdom
USA

Location Food & Beverage

Channel	North America and Pacific Area	Italy	Other countries	Total
Motorways	95	450	211	**756**
Airports	101	13	28	**142**
Railway stations	-	15	39	**54**
Malls	9	54	11	**74**
Other (towns & exhibitions)	-	34	5	**39**
Total	**205**	**566**	**294**	**1,065**

Travel Retail & Duty-Free

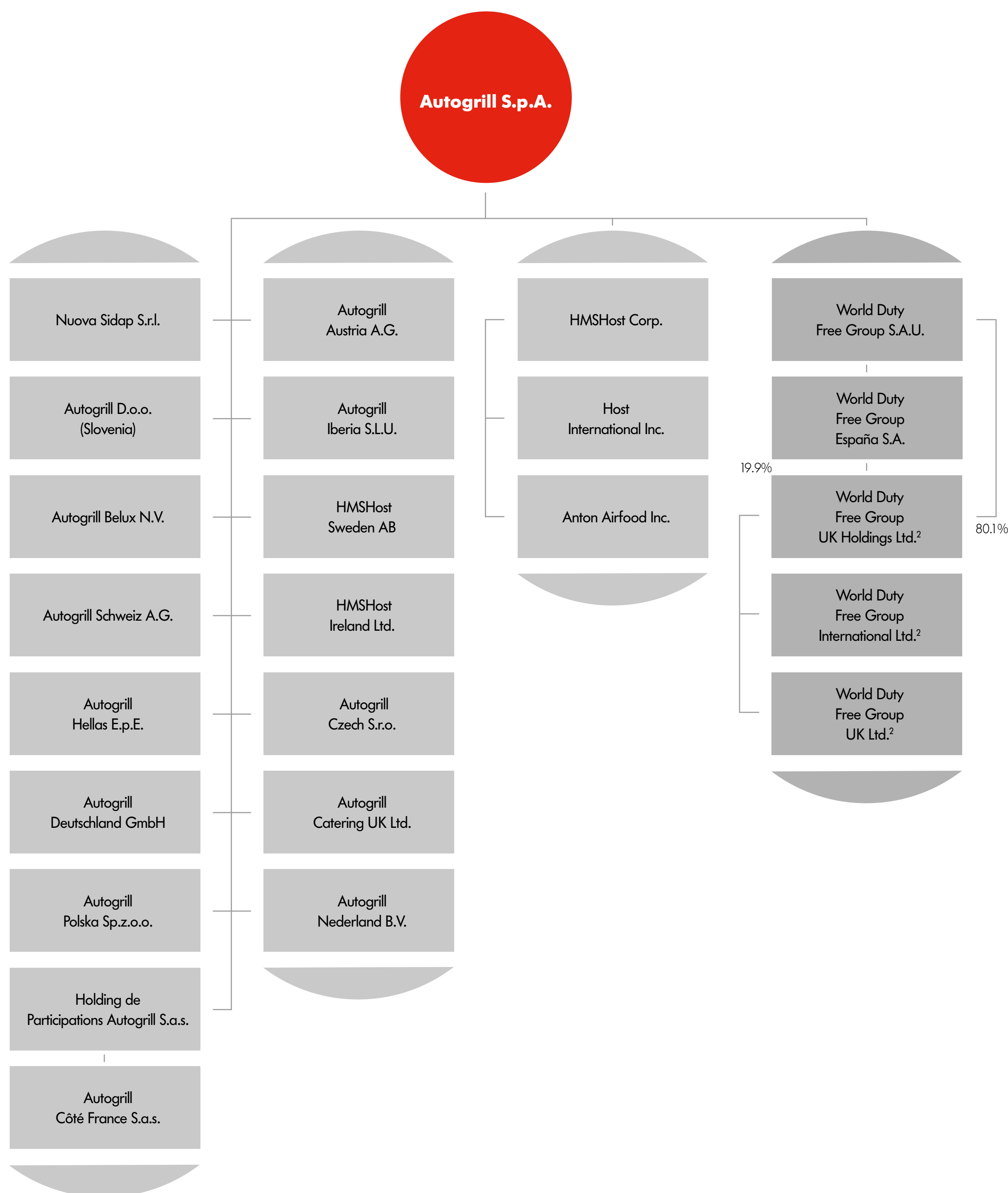
Countries

- Brazil
- Cabo Verde
- Canada
- Chile
- Dutch Antilles
- Germany
- Italy
- Jamaica
- Jordan
- Kuwait
- Mexico
- Panama
- Peru
- Saudi Arabia
- Spain
- Sri Lanka
- United Kingdom
- USA

Location Travel Retail & Duty-Free

Channel	Spain	United Kingdom	Other countries	Total
Airports	21	22	23	66
Museums and historical buildings	34	1	1	36
Total	**55**	**23**	**24**	**102**

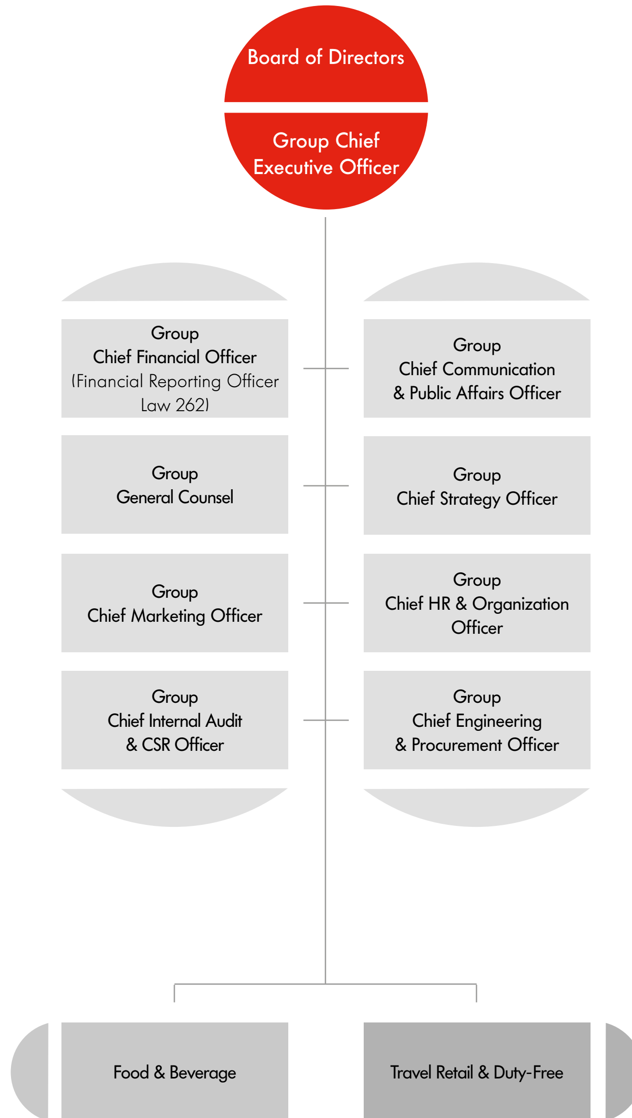
Simplified Group structure[1]



1. Where not otherwise specified, all companies are wholly owned. See the annexes to the Notes for a complete list of equity investments
2. Company names as of March 2013

Organizational structure

The Group is structured in business units, which manage operational levers according to objectives and guidelines defined by the corporate executives of Autogrill S.p.A.



1.2 Group performance

1.2.1 General business context

The growth of OECD countries gradually slowed in 2012, while emerging countries grew at a slower pace than expected. In Europe, the negative trend that began in late 2011 intensified during the year, translating into a recession that is expected to last for at least the entire first half of 2013[3].

With global demand thus weakened, raw material prices went down during the year, reaching levels basically in line with 2011. Those of most significance to the Group, oil and food raw materials, showed disparate trends: oil prices fell slightly (-1%)[4], while foodstuffs increased by 2.6% in the United States[5], where the Group's operations have been most heavily penalized by price hikes over the past few years.

Tourist traffic, another major indicator for the Group, accelerated the growth trend recorded in 2011 with worldwide arrivals increasing to 1,035 million passengers (+4% year-on-year). A detailed analysis shows that the trend was different from 2011 and more in line with the previous years, with the growth in developing countries (+4.1%) outpacing Europe (+3%) and North America (+3%)[6].

1.2.1.1 The air transport industry and the trend in airport traffic

The air transport industry enjoyed an upturn in 2012, with revenue from passenger traffic up by 8.5% on the previous year to $ 508 billion[7].

The financial performance was also positive, returning to the levels of 2006-2007, when economic growth was stronger and the price of oil lower[7].

Both within the United States and for long-range flights, such as North Atlantic routes, a healthier market led to a stabilization in the number of flights offered after several years in which airlines had gradually reduced their schedules[8].

Passenger traffic, after a strong 2011, showed further growth of 3.9% and was driven especially by international traffic (+5.3%), mostly from emerging countries. On the whole, however, growth was slower than the 4.9% recorded in 2011, due to the different macroeconomic context from one year to the next. Traffic in 2012 also reflected the general economic trend, with two separate phases: a substantial increase in passengers in the first half of the year, followed by slower growth in the second[8].

3. Source: OECD Economic Outlook, Volume 2012-2
4. Source: Bloomberg, Crude Oil WT
5. Source: Bureau of Labor Statistics – US Finished Consumer Food Price
6. Source: UNWTO World Tourism Barometer, January 2013
7. Source: IATA – Industry Financial Forecast, December 2012
8. Source: ACI PaxFlash and FreightFlash, December 2012

Of the roughly 4.1 billion passengers worldwide, the OECD countries[9] make up around 60% of the total, with Europe and North America each contributing about 30%. The Asia/Pacific area also accounted for some 30% of passengers[10].

Passengers in North America increased by 1.6% to 1.2 billion, with domestic traffic alone, which accounts for roughly half of global domestic traffic[11], rising by 1.3%[10].

Europe enjoyed a 1.8% increase in traffic thanks to solid international growth, of which about a quarter was driven by countries outside the eurozone[10]. The trend in the countries where the Group's presence is strongest came to a contrasting +1.2% in the United Kingdom[12] and -5.0% in Spain[13]. Growth in the UK factors in the London Olympic Games, which caused a reduction in traffic during the main travel months of the year, July and August. The downward trend in Spain reflects the country's economic crisis, mirrored in the demand for domestic flights and the operations of major airlines, which reduced their capacity (e.g. Iberia and Ryanair) or fell into crisis (Spainair).

Asia made a solid contribution, accounting for a quarter of the growth in global international traffic. Specifically, in 2012 traffic in Asian countries was up by 7.1%; after slowing down in the central months of the year, it began to accelerate again on the strength of renewed confidence in the prospects of the Chinese economy[10]. Traffic in South America (300 million passengers in 2012) progressed by 6.4% thanks to significant economic growth in the area and the expansion of trade with North America and Asia. Growth was also significant in the Middle East (+12.1% to around 150 million passengers), stemming exclusively from international routes[10].

1.2.1.2 The trend in motorway traffic

In Europe, motorway traffic in 2012 took a general turn for the worse, affected not only by the difficult economy but by the persistently high price of fuel at the pump. In Italy, the Group's largest motorway market, traffic fell by 7.1% and the trend was broadly similar for passenger cars (-7%) and heavy vehicles (-7.5%)[14]. Compounding the especially troubled economy was the trend in the price of fuel, which in Italy managed to rise still further with respect to the previous year (+16%)[15]. Conversely, traffic in the United States showed a slight increase (+0.8%) from January to November[16], with positive growth in nearly every month of the year.

9. OECD countries excluding Japan
10. Source: ACI PaxFlash and FreightFlash, December 2012
11. Source: Air Transport Market Analysis, December 2012
12. Source: BAA, Manchester Airport and Gatwick Airport, January-December 2012
13. Source: AENA, January-December 2012
14. Source: AISCAT, January-December 2012
15. Source: Confcommercio
16. Source: Federal Highway Administration (FHWA)

1.2.2 Highlights

(€m)	**2012**	2011	Change 2011	Change At constant exchange rates
Revenue	6,077.6	5,844.6	4.0%	(0.1%)
EBITDA	589.9	617.0	(4.4%)	(8.4%)
EBITDA margin	*9.7%*	*10.6%*		
EBIT	251.9	303.0	(16.9%)	(21.1%)
EBIT margin	*4.1%*	*5.2%*		
Profit for the year	96.8	126.3	(23.4%)	(29.1%)
% of revenue	*1.6%*	*2.2%*		
Net cash flows from operating activities	418.8	314.1		
Net capital expenditure	280.9	209.4	34.1%	35.1%
% of revenue	*4.6%*	*3.6%*		
Earnings per share (€ cents)				
- basic	38.2	49.8		
- diluted	38.2	49.5		

(€m)	**31.12.2012**	31.12.2011	Change 31.12.2011	Change At constant exchange rates
Net invested capital	2,343.3	2,352.2	(8.8)	(11.1)
Net financial position	1,494.7	1,552.8	(58.1)	(59.7)

1.2.3 Income statement results

In 2012, more diversified operations in terms of geography, channel and sector offset the weakness of the motorway channel in Europe, where results were heavily influenced by the economic recession and the drop in consumption.

Because air traffic outperformed motorway traffic, results were better in the businesses and areas where this channel is dominant: Travel Retail & Duty-Free, which had an excellent year for both sales and margins, and the airport Food & Beverage operations run by the subsidiary HMSHost.

Conversely, revenue on European motorways – especially in the Mediterranean area – led to a steep decline in operating profits in the Food & Beverage segment, due to the relatively inflexible cost of labor (as rest stops have to be continually manned) and the fact that rent varies little as a function of sales.

Although performance was not uniformly positive across the segments, net cash generation made a broad improvement on the previous year, supporting the significant investments required as a result of contract renewals in the Food & Beverage business (especially in the United States) and the new Travel Retail & Duty-Free openings in Mexico, Jamaica and Brazil.

Condensed consolidated income statement[17]

(€m)	2012	% of revenue	2011	% of revenue	Change 2011	Change At constant exchange rates
Revenue	6,077.6	100.0%	5,844.6	100.0%	4.0%	(0.1%)
Other operating income	150.7	2.5%	154.0	2.6%	(2.1%)	(2.3%)
Total revenue and other operating income	**6,228.3**	**102.5%**	**5,998.6**	**102.6%**	**3.8%**	**(0.1%)**
Raw materials, supplies and goods	(2,186.2)	36.0%	(2,139.6)	36.6%	2.2%	(1.0%)
Personnel expense	(1,537.7)	25.3%	(1,472.6)	25.2%	4.4%	0.3%
Leases, rentals, concessions and royalties	(1,295.0)	21.3%	(1,193.9)	20.4%	8.5%	4.2%
Other operating costs	(619.4)	10.2%	(575.5)	9.8%	7.6%	3.9%
EBITDA	**589.9**	**9.7%**	**617.0**	**10.6%**	**(4.4%)**	**(8.4%)**
Depreciation, amortization and impairment losses	(321.3)	5.3%	(314.0)	5.4%	2.3%	(0.9%)
Impairment losses on goodwill	(16.7)	0.3%	-	0.0%	-	-
EBIT	**251.9**	**4.1%**	**303.0**	**5.2%**	**(16.9%)**	**(21.1%)**
Net financial expense	(89.6)	1.5%	(82.8)	1.4%	8.2%	5.6%
Impairment losses on financial assets	(0.4)	0.0%	(0.7)	0.0%	(50.6%)	(60.3%)
Profit before tax	**162.0**	**2.7%**	**219.4**	**3.8%**	**(26.2%)**	**(30.7%)**
Income tax	(51.7)	0.9%	(80.3)	1.4%	(35.6%)	(38.6%)
Profit attributable to:	**110.3**	**1.8%**	**139.1**	**2.4%**	**(20.7%)**	**(26.5%)**
- owners of the parent	96.8	1.6%	126.3	2.2%	(23.4%)	(29.1%)
- non-controlling interests	13.5	0.2%	12.8	0.2%	5.4%	(0.5%)

Revenue

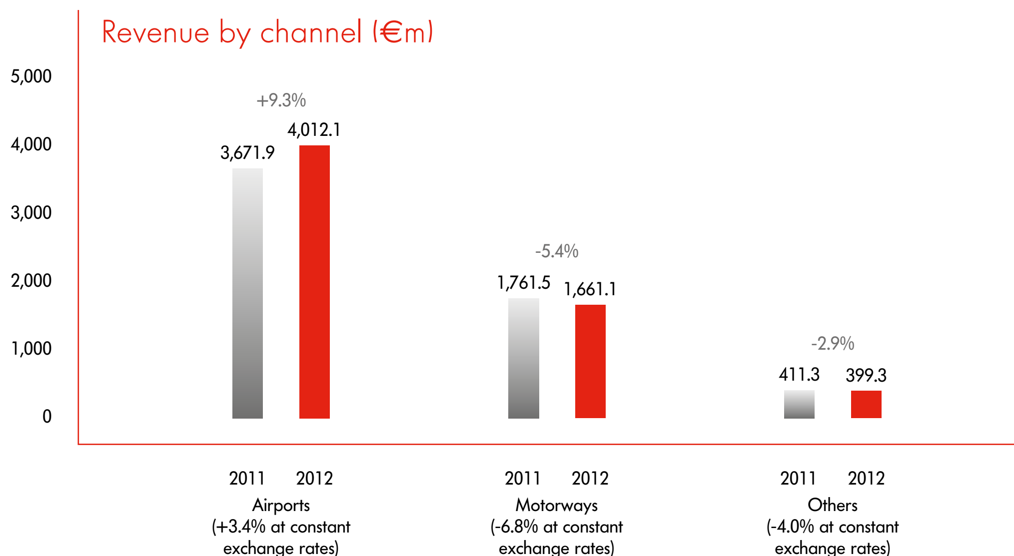
The Group closed 2012 with consolidated revenue of € 6,077.6m, which at constant exchange rates is roughly unchanged on the previous year, despite the especially difficult economy in various areas served. The exchange rate trends of the main currencies in which the Group operates, in particular the depreciation of the euro against the dollar and the pound, had a positive impact on revenue which at current exchange rates increased by 4.0% on the previous year's figure of € 5,844.6m.

Group sales varied distinctly by channel and business segment.

Sales were up by 3.4%[18] at airports, which continued to show robust performance as they are more exposed than the motorway channel to traffic with parts of the world that have suffered less from the global recession. The growth at airports offset a revenue decrease of 6.8%[19] at motorway locations and of about 4%[20] in the other minor channels.

17. "Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the consolidated income statement primarily because they do not include revenue from the sale of fuel and the related cost, 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 € 609.2m in 2012 (€ 577.6m in 2011) and the cost to € 588.5m (€ 555.7m the previous year)
18. +9.3% at current exchange rates
19. -5.4% at current exchange rates
20. -2.9% at current exchange rates

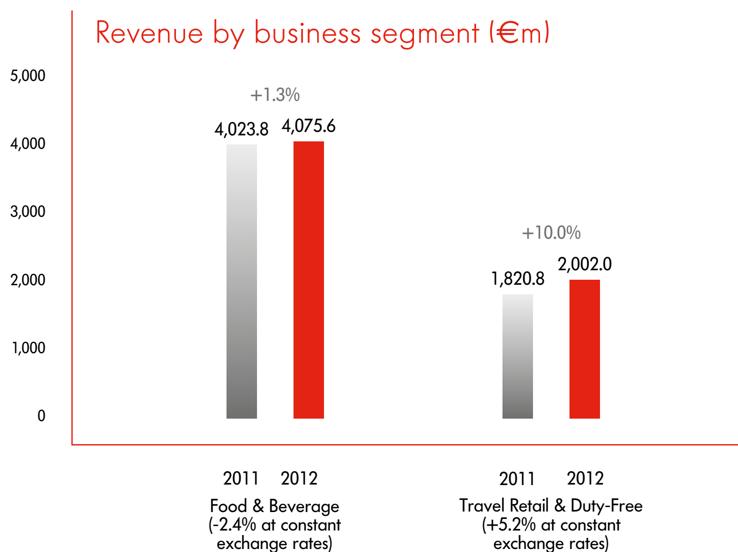
Revenue by channel (€m)



In the breakdown by business segments, Travel Retail & Duty-Free (+5.2% at constant exchange rates)[21] sustained the Group's overall increase in revenue, with its best performances in the United Kingdom, Latin America and the Middle East. In Spain, too, despite the significant reduction in traffic, 2012 closed with an increase in sales.

Conversely, Food & Beverage revenue fell by 2.4% (+1.3% at current exchange rates), due to declining sales in Europe that were only partially counterbalanced by good results in North America.

Revenue by business segment (€m)



EBITDA

Consolidated EBITDA in 2012 amounted to € 589.9m, a decrease of 8.4% (-4.4% at current exchange rates) with respect to the € 617m recorded in 2011. Excluding € 9.9m in reorganization costs incurred in 2012, EBITDA fell by 6.8% (-2.8% at current exchange rates). These non-recurring costs are concentrated in the Food & Beverage segment, and concern the adaptation of local facilities to the changed market

21. +10% at current exchange rates

conditions and the centralization of some activities that used to be conducted locally.

EBITDA amounted to 9.7% of revenue, down from 10.6% the previous year.

The improved EBITDA margin in the Travel Retail & Duty-Free business, achieved through a favorable sales mix by product and a higher share of sales to passengers traveling outside Europe, partly mitigated the reduced profitability of the Food & Beverage segment which suffered from decreased sales in Europe and a relative increase in personnel expense and rent.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses came to € 321.3m for the year, a decrease of 0.9%[22] with respect to 2011. The change at constant exchange rates is due primarily to lower impairment losses on property, plant and equipment and intangible assets, which fell from € 15.1m in 2011 to € 7.7m this year.

Impairment losses on goodwill

In 2012 goodwill on the Spanish food & beverage operations suffered an impairment loss of € 16.7m, due to the continued weakness of sales in the motorway channel. There was no impairment of goodwill in 2011.

Net financial expense

Net financial expense for 2012 came to € 89.6m, up from € 82.8m of the previous year, as a result of the higher average cost of debt due to the refinancing carried out in July 2011. The previous year's figure included € 2.4m in non-recurring charges, namely the portion of bank fees paid in previous years on loans closed out during the refinancing.

The average cost of debt was 5.4% in 2012 (4.9% the previous year). It would have been 3.9% this year excluding amortization of the non-recurring charges that arose from the termination of interest rate hedges in July 2011, as part of the refinancing process.

Income tax

Tax decreased from € 80.3m in 2011 to € 51.7m.

Excluding IRAP (Italian regional business tax), the average tax rate was 26.8%, down from 31.2% in 2011. The improvement principally reflects a refund of € 12.5m in IRES (Italian corporate income tax), after art. 2 of Decree Law 201/2011 formally recognized the deductibility of IRAP pertaining to personnel expense for the years 2007-2011.

Profit for the year

Profit attributable to owners of the parent came to € 96.8m, down from the previous year's profit of € 126.3m, which included € 8m as a residual benefit of the sale of the Flight segment at the end of 2010. Non-controlling interests amounted to € 13.5m (€ 12.8m the previous year).

22. +2.3% at current exchange rates

1.2.4 Financial position

Reclassified consolidated statement of financial position[23]

(€m)	31.12.2012	31.12.2011	Change 2011	Change At constant exchange rates
Intangible assets	2,073.0	2,154.5	(81.5)	(88.9)
Property, plants and equipment	958.0	923.4	34.6	39.3
Financial assets	27.6	26.5	1.1	1.1
A) Non-current assets	**3,058.6**	**3,104.4**	**(45.8)**	**(48.5)**
Inventories	257.1	266.0	(8.9)	(8.6)
Trade receivables	53.6	53.5	0.1	0.5
Other receivables	262.7	227.9	34.8	35.0
Trade payables	(644.0)	(632.4)	(11.6)	(11.7)
Other payables	(443.1)	(406.2)	(36.9)	(38.3)
B) Working capital	**(513.7)**	**(491.2)**	**(22.5)**	**(23.1)**
C) Invested capital, less current liabilities	**2,544.9**	**2,613.2**	**(68.3)**	**(71.5)**
D) Other non-current non-financial assets and liabilities	**(201.6)**	**(261.1)**	**59.5**	**60.5**
E) Assets held for sale	**0.0**	**0.0**	**(0.0)**	**(0.0)**
F) Net invested capital	**2,343.3**	**2,352.2**	**(8.8)**	**(11.1)**
Equity attributable to owners of the parent	822.3	779.8	42.6	42.2
Equity attributable to non-controlling interests	26.4	19.6	6.7	6.3
G) Equity	**848.7**	**799.4**	**49.3**	**48.5**
Non-current financial liabilities	1,318.1	1,571.6	(253.5)	(255.8)
Non-current financial assets	(4.1)	(3.0)	(1.0)	(1.1)
H) Non-current financial indebtedness	**1,314.0**	**1,568.6**	**(254.6)**	**(256.9)**
Current financial liabilities	362.1	214.2	147.9	149.9
Cash and cash equivalents and current financial assets	(181.4)	(230.0)	48.5	47.4
I) Current net financial indebtedness	**180.7**	**(15.8)**	**196.5**	**197.3**
Net financial position (H + I)	**1,494.7**	**1,552.8**	**(58.1)**	**(59.7)**
L) Total as in F)	**2,343.3**	**2,352.2**	**(8.8)**	**(11.1)**

Net invested capital at 31 December 2012 came to € 2,343.3m, a slight decrease (at both current and constant exchange rates) with respect to the previous year.

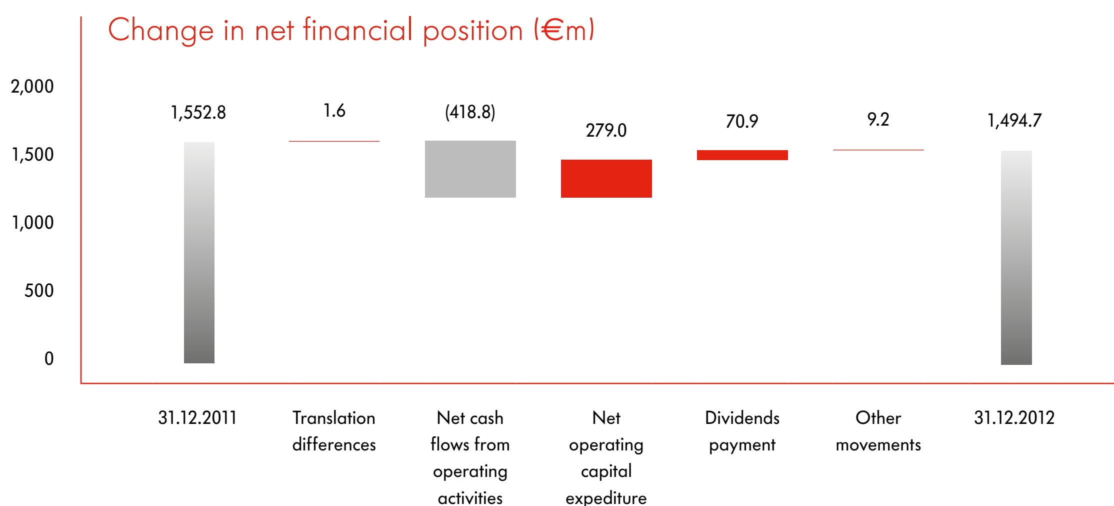
23. The figures in the reclassified consolidated statement of financial position are directly derived from the consolidated financial statements and notes, with the exception of "other receivables" and "other non-current non-financial assets and liabilities", which include deferred tax assets and liabilities (these are shown indistinctly under non-current assets in the consolidated statement of financial position)

Net financial position at 31 December 2012 was € 1,494.7m, a reduction of € 58.1m compared with the previous year-end figure of € 1,552.8m.

The net cash flows from operating activities amounted to € 418.8m, for a significant increase of € 104.7m on the previous year. This made it possible to reduce financial indebtedness despite capital expenditure of € 279.0m (+€ 70.9m with respect to 2011), and to pay dividends of € 70.9m.

The effect produced by the translation of foreign currency items into euro was negligible (€ 1.6m). More specifically, the positive impact on the net financial position produced by dollar/euro translation with respect to the previous year was fully offset by the adverse effect of depreciation against the British pound.

Change in net financial position (€m)



The fair value loss on interest rate hedges at 31 December 2012 was € 9.6m (fair value loss of € 7m at the close of 2011).

At the end of 2012, 31% of consolidated net financial position was denominated in US dollars, 34% in British pounds, and the rest in euros, while 41.7% was originally fixed-rate or converted to fixed-rate by means of interest rate swaps.

The weighted average cost of debt in 2012 was 5.4%, rising from 4.9% the previous year due to the Group refinancing concluded in July 2011.

Debt consists mainly of committed non-current credit lines from banks and bonds (private placements). At 31 December 2012, loans had an average remaining life of two years and seven months.

The loan contracts require the Group to uphold certain financial ratios[24]. At 31 December 2012 all of these were amply satisfied.

24. Namely, a leverage ratio (net debt/EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5. The ratios for contracts signed by Autogrill S.p.A. refer to the Group as a whole, while the ratios for the loan financing the Travel Retail & Duty-Free segment are based solely on that segment's data

Net cash generation

(€m)	2012	2011
EBITDA	589.9	617.0
Change in net working capital	(31.2)	(100.1)
Other items	(2.3)	(2.5)
Cash flow from operating activities	**556.4**	**514.4**
Tax paid	(77.3)	(87.4)
Net interest paid	(60.3)	(112.8)
Net cash flow from operating activities	**418.8**	**314.1**
Net capex paid	(279.0)	(208.2)
Free operating cash flow	**139.8**	**105.9**

The Group generated free operating cash flow of € 139.8m in 2012, an increase of more than 30% compared with the previous year's € 105.9m.

The increase reflects a strong improvement in cash flows from operating activities thanks to the more efficient management of net working capital and a reduction in net interest paid with respect to the 2011 amount, which included € 39.2m for the early termination of some interest rate hedges.

The increased cash flows from operating activities more than offset net capital expenditure of€ 279.0m, which also rose compared to the previous year's capex of € 208.2m. See section 1.4 for a more detailed description of investment by each operating segment.

Capital expenditure

Details of net capital expenditure by business segment are as follows:

			Change	
(€m)	2012	2011	2011	At constant exchange rates
Food & Beverage	246.3	184.6	33.5%	34.7%
Travel Retail & Duty-Free	28.3	18.6	52.4%	50.3%
Corporate and Unallocated	6.2	6.2	(0.5%)	(0.5%)
Total	**280.9**	**209.4**	**34.1%**	**35.1%**

1.3 Business segments

1.3.1 Food & Beverage[25]

(€m)	2012	% of revenue	2011	% of revenue	Change 2011	Change At constant exchange rates
Revenue	4,075.6	100.0%	4,023.8	100.0%	1.3%	(2.4%)
Other operating income	112.2	2.8%	114.0	2.8%	(1.6%)	(1.9%)
Total revenue and other operating income	**4,187.8**	**102.8%**	**4,137.9**	**102.8%**	**1.2%**	**(2.4%)**
Raw materials, supplies and goods	(1,366.2)	33.5%	(1,374.5)	34.2%	(0.6%)	(3.8%)
Personnel expense	(1,313.4)	32.2%	(1,256.6)	31.2%	4.5%	0.2%
Leases, rentals, concessions and royalties	(678.7)	16.7%	(642.0)	16.0%	5.7%	1.1%
Other operating costs	(473.4)	11.6%	(450.9)	11.2%	5.0%	1.0%
EBITDA before Corporate costs	**356.1**	**8.7%**	**413.9**	**10.3%**	**(14.0%)**	**(17.8%)**
Corporate costs	(28.5)	0.7%	(25.3)	0.6%	12.8%	12.8%
EBITDA	**327.6**	**8.0%**	**388.6**	**9.7%**	**(15.7%)**	**(19.7%)**
Depreciation, amortization and impairment losses	(208.7)	5.1%	(192.7)	4.8%	8.3%	4.1%
Impairment losses on goodwill	(16.7)	0.4%	0.0	0.0%	n.s.	n.s.
EBIT	**102.2**	**2.5%**	**196.0**	**4.9%**	**(47.8%)**	**(50.7%)**
Net financial expense	(50.3)	1.2%	(46.9)	1.2%	7.3%	3.8%
Impairment losses on financial assets	(2.2)	0.1%	(2.1)	0.1%	3.6%	(4.4%)
Pre-tax profit/(loss)	**49.7**	**1.2%**	**147.0**	**3.7%**	**(66.2%)**	**(68.2%)**
Income tax	(27.2)	0.7%	(66.1)	1.6%	(58.8%)	(59.4%)
Profit/(Loss) attributable to:	**22.5**	**0.6%**	**80.8**	**2.0%**	**(72.1%)**	**(74.8%)**
- owners of the parent	11.3	0.3%	70.5	1.8%	(84.0%)	(85.6%)
- non-controlling interests	11.2	0.3%	10.4	0.3%	8.4%	1.0%

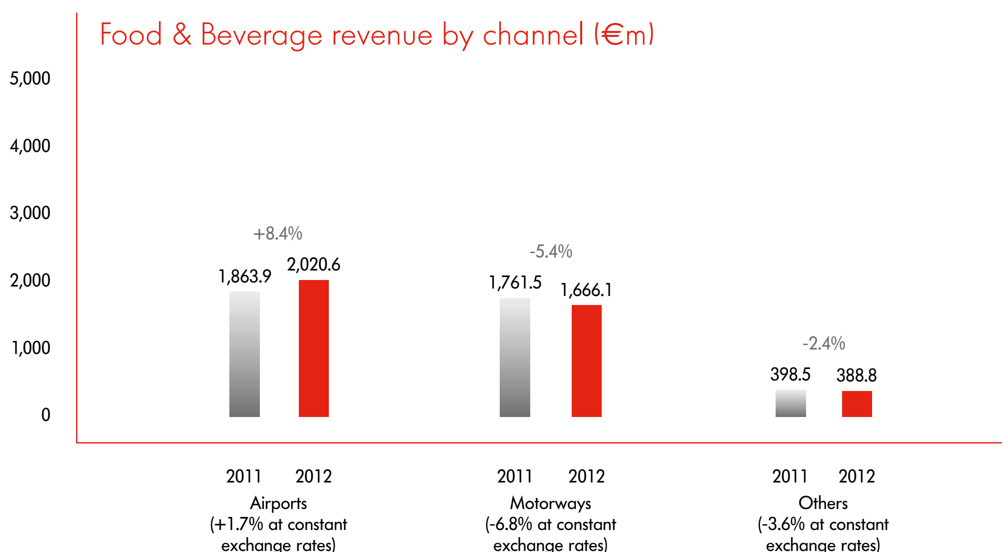
Revenue

Revenue in this segment came to € 4,075.6m, compared with € 4,023.8m the previous year, decreasing by 2.4% at constant exchange rates. At current exchange rates there was an increase of 1.3%, due to the appreciation of the dollar against the euro.

Food & Beverage sales enjoyed growth in the airport channel, thanks to the strong flow of passengers and the higher average purchase per customer, particularly in North America. Sales were weak in the motorway channel in Europe, and especially in the Mediterranean area, where the recession caused a steep decline in motorway traffic and spending by travelers.

25. Unlike in previous editions, since the fourth quarter of 2011 the Food & Beverage segment has been shown together with "Corporate," which covers the centralized functions operating almost exclusively for the Food & Beverage business in the areas of administration, finance and control, strategic planning, legal affairs, human resources and organization, marketing, purchasing and engineering and information and communication technology

Sales by geographical area confirm the trend by channel, with revenue rising in North America – thanks to higher average spending per customer – and falling in Europe, where the recession penalized traffic flows and discretionary spending.



In 2012, **North America** and the **Pacific** generated sales revenue of $ 2,730.0m, up from $ 2,679.0m the previous year (+1.9%).

On a comparable basis[26], revenue at U.S. airports[27] increased by 5.3%, outperforming a 0.8% rise in traffic[28] thanks to the greater number of transactions and, above all, a higher average spending per customer. On an overall (not comparable) basis, the airport channel actually grew by 1.5% due to the temporary closure of more than 150 locations for major renovation work during the year, in connection with the new concession contracts awarded in 2010 and 2011.

Unlike in Europe, in North America revenue in the motorway channel rose by 5.8%, thanks to the positive contribution of the service area on the Delaware Turnpike, new openings on the Ohio Turnpike, and locations on the Ontario Turnpike in Canada. On the U.S. motorways[29], revenue on a comparable basis increased by 5.8% against traffic growth of 0.8%[30], due primarily to the higher average spending per customer.

Overall sales in the other channels were down by 9.6% for the year, mostly because of the Group's exit from certain shopping center locations.

26. Same locations and menus
27. Accounting for around 81% of the channel's revenue
28. Source: A4A, number of passengers, January-December 2012
29. Accounting for around 81% of the channel's revenue
30. Source: Federal Highway Administration, January-November 2012 (stretches of road served by the Group)

Revenue generated in **Italy** in 2012 came to € 1,228.0m, a decrease of 9.4% on the previous year's € 1,356.1m.

The motorway channel closed the year with revenue of € 929.6m, down from € 1,034.8m in 2011 (-10.2%). With traffic down by 7.1%[31], sales on a like-for-like basis decreased by 10.5%, reflecting a shift toward lower spending per customer and a greater concentration in the food sector: while strictly food and beverage sales decreased by 9.3%, revenue from market items fell by 14.6%, with an even sharper decline for non-food products (-19%).

In the airport channel, revenue dropped by 9.7% due in part to the closure of some locations. On a like-for-like basis, sales decreased by 2.9% against a 1.8% drop in traffic[32].

Revenue in other channels was down by 5.3% with respect to 2011. Growth at railway stations (+5.1%) partially offset the negative performance by high street, shopping center and trade fair locations, where overall results were also penalized by the closure of some unprofitable outlets.

Revenue from **other European countries** in 2012 came to € 723m, a decrease of 3.4% on the previous year's € 743.7m (-2.8% at current exchange rates). The healthy performance of the airport and railway channels did not fully compensate for declining sales at motorway locations.

In the motorway channel revenue was off by 7.7% (-7.4% at current exchange rates) with respect to 2011, due to the decline in traffic but also to the closure or sale of locations, mostly in Belgium and France, which was only partly offset by new openings in Germany.

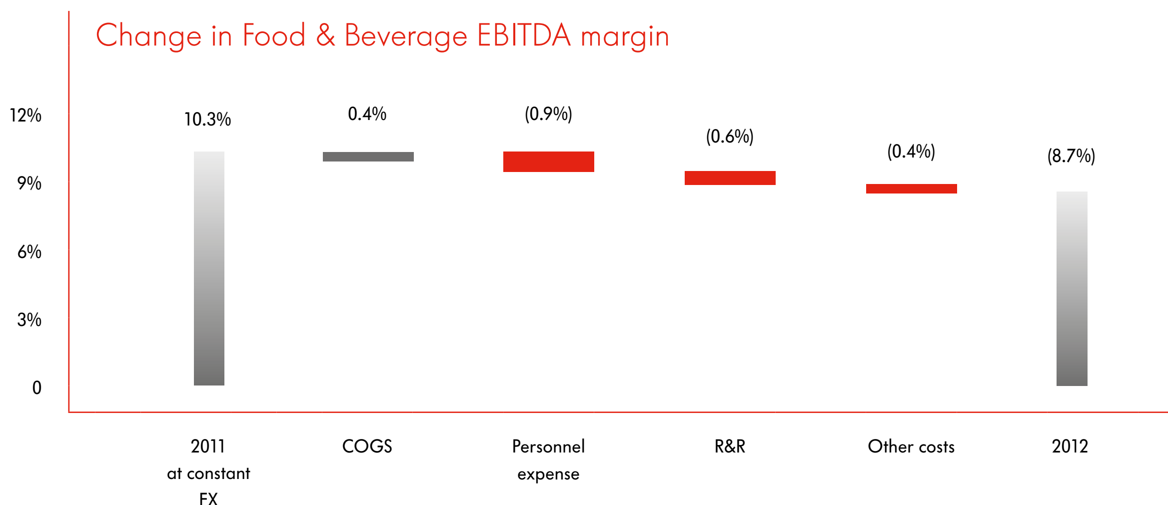
Revenue in the airport channel increased by 2.7% (+4.2% at current exchange rates), with growth in all airports served.

In the other channels, revenue rose from € 148.4m in 2011 to € 150.5m (+0.9% or +1.5% at current exchange rates), thanks mostly to the solid performance at train stations, especially in Belgium (where Starbucks shops were opened) and Switzerland.

EBITDA

In 2012 EBITDA for the Food & Beverage segment came to € 356.1m, down from € 413.9m the previous year (-17.8%, or -14% at current exchange rates). That figure includes reorganization expenses of € 9.5m. The EBITDA margin went from 10.3% to 8.7%, due mainly to the rise in personnel expense and the relative weight of rent and concession fees which, despite significantly lower sales in Europe, proved to be rather inflexible in light of the substantial fixed component.

31. Source: AISCAT, January-December 2012
32. Source: Group estimates on AssoAirports data, January-December 2012 (airports served by the Group)



In **North America** and the **Pacific**, EBITDA amounted to $ 291.5m, a decrease of 6.7% compared with the $ 312.5m reported in 2011. The 2012 result includes reorganization expenses of $ 5.3m. As a percentage of sales, EBITDA came to 10.7% (11.7% the previous year). The decrease in the margin stems from the reorganization costs mentioned above and especially from the rise in personnel expense as a percentage of sales, due to an increase in the average hourly cost and the introduction of new concepts that boost average spending per customer but are also more labor intensive. Especially during the first half of the year, personnel expense was also affected by temporary inefficiencies caused by the closure of various stores for renovation. The cost of goods sold showed a relative increase in the first half and recovered during the second six months.

In **Italy** EBITDA came to € 86.7m, down from € 132.7m the previous year (-34.6%). The 2012 result includes reorganization expenses of € 3.5m. The EBITDA margin fell from 9.8% to 7.1%, reflecting the reduced ability to absorb the fixed component of rent and especially personnel expense, as locations have to be kept open at night and on holidays despite the significant decline in sales. In addition to a drop in productivity attributable to decreased sales of the Group's main offerings, personnel expense was also affected by a rise in the average cost per hour.

EBITDA in **other European countries** amounted to € 41.4m, a decrease of 27.5% on the previous year's € 56.8m (-27.1% at current exchange rates). The 2012 result includes reorganization expenses of € 1.9m, while EBITDA in 2011 benefited from net non-recurring income of € 1.4m. Adjusting for non-recurring items, the decrease in EBITDA comes to 21.7%.

The EBITDA margin went from 7.6% to 5.7%, due to the reduced ability to absorb the fixed components of costs and a highly unfavorable summer season.

Corporate costs

Corporate costs in 2012 amounted to € 28.5m (€ 25.3m the previous year). In 2011 this item benefited from € 8m in non-recurring income relating to the sale of the Flight segment.

Depreciation, amortization and impairment losses

These came to € 208.7m compared with € 192.7m in 2011, for an increase of 4.1% (+8.3% at current exchange rates), due to greater capital expenditure, especially in North America.

Impairment losses on goodwill

Goodwill on Spanish food & beverage operations suffered an impairment loss of € 16.7m in 2012, due to ongoing weakness in the motorway channel that reflects the economic situation in the country. There was no impairment of goodwill in 2011.

Net financial expense

Net financial expense came to € 50.3m, compared with € 46.9m the previous year. The change reflects the higher average cost of debt due to the refinancing completed in July 2011.

Income tax

The decrease in income tax, from € 66.1m in 2011 to € 27.2m, basically reflects reduced profits in this segment as well as a refund of € 12.5m in IRES (Italian corporate income tax), due to the formal recognition of the deductibility of IRAP (Italian regional business tax) pertaining to personnel expense.

Profit for the year

The profit for the Food & Beverage segment (including Corporate costs) came to € 11.3m (€ 70.5m the previous year). Profit attributable to non-controlling interests amounts to € 11.2m, in line with the previous year.

Net invested capital

(€m)	31.12.2012	31.12.2011	Change
Goodwill	789.1	812.8	(23.6)
Other intangible assets	55.9	53.5	2.3
Property, plants and equipment	870.7	826.7	44.0
Financial assets	14.5	16.9	(2.3)
Non-current assets	**1,730.2**	**1,709.9**	**20.3**
Net working capital	(411.8)	(397.5)	(14.3)
Other non-current non-financial assets and liabilities	(147.7)	(177.9)	30.2
Net invested capital	**1,170.8**	**1,134.6**	**36.2**
Net financial position	**933.2**	**913.6**	**19.6**

Net cash generation

(€m)	2012	2011
EBITDA	327.6	388.6
Change in net working capital	(17.3)	(69.0)
Other items	(3.3)	(4.0)
Cash flow from operating activities	**307.0**	**315.6**
Tax paid	(34.8)	(53.3)
Net interest paid	(42.0)	(83.4)
Net cash flow from operating activities	**230.2**	**179.0**
Net capex paid	(250.8)	(184.5)
Free operating cash flow	**(20.6)**	**(5.5)**

Free operating cash flow in the Food & Beverage segment was a negative € 20.6m in 2012, after a negative € 5.5m the previous year.

Regarding cash flows from operating activities, the more efficient management of working capital softened the impact of the decline in sales and margins.

Net cash flows from operating activities, which rose from € 179.0m to € 230.2m, benefited from a lower tax charge and a decrease in net interest paid. In 2011, interest included non-recurring charges of € 39.2m for the early termination of interest rate hedges in the context of the debt refinancing process.

The greater cash flows from operating activities made it possible to finance nearly all of the Group's net capital expenditure, amounting to € 250.8m in 2012 (€ 184.5m the previous year).

Capital expenditure

Details of net capital expenditure by geographical area are shown below:

			Change	
(€m)	2012	2011	2011	At constant exchange rates
North America and Pacific area	156.0	97.4	60.2%	63.3%
Italy	55.2	55.2	(0.0%)	(0.0%)
Other countries	35.1	32.0	9.9%	9.4%
Corporate and unallocated	6.2	6.2	(0.5%)	(0.5%)
Food & Beverage	**252.6**	**190.8**	**32.4%**	**33.6%**

Net capital expenditure was € 252.6m, up from € 190.8m in 2011, and rose from 4.7% to 6.2% of revenue. It mostly concerned the U.S. airports of Atlanta, Phoenix, Las Vegas and Salt Lake City, as well as the Pennsylvania Turnpike.

1.3.2 Travel Retail & Duty-Free

(€m)	2012	% of revenue	2011	% of revenue	Change 2011	Change At constant exchange rates
Revenue	2,002.0	100.0%	1,820.8	100.0%	10.0%	5.2%
Other operating income	25.4	1.3%	24.1	1.3%	5.5%	5.5%
Total revenue and other operating income	**2,027.4**	**101.3%**	**1,844.9**	**101.3%**	**9.9%**	**5.2%**
Raw materials, supplies and goods	(820.0)	41.0%	(765.1)	42.0%	7.2%	3.9%
Personnel expense	(205.9)	10.3%	(192.4)	10.6%	7.0%	3.7%
Leases, rentals, concessions and royalties	(615.5)	30.7%	(551.2)	30.3%	11.7%	7.8%
Other operating costs	(123.7)	6.2%	(107.8)	5.9%	14.7%	11.6%
EBITDA	**262.3**	**13.1%**	**228.3**	**12.5%**	**14.9%**	**11.1%**
Depreciation, amortization and impairment losses	(112.7)	5.6%	(121.3)	6.7%	(7.1%)	(9.1%)
EBIT	**149.7**	**7.5%**	**107.0**	**5.9%**	**39.9%**	**33.5%**
Net financial expense	(18.5)	0.9%	(28.2)	1.5%	(34.4%)	(35.5%)
Impairment losses on financial assets	1.8	0.1%	1.4	0.1%	32.1%	32.1%
Pre-tax profit	**133.0**	**6.6%**	**80.2**	**4.4%**	**65.8%**	**56.7%**
Income tax	(30.2)	1.5%	(16.3)	0.9%	84.9%	75.1%
Profit attributable to:	**102.8**	**5.1%**	**63.9**	**3.5%**	**60.9%**	**51.7%**
- owners of the parent	100.5	5.0%	61.5	3.4%	63.6%	54.0%
- non-controlling interests	2.3	0.1%	2.5	0.1%	(7.4%)	(7.4%)

Revenue

Travel Retail & Duty-Free closed the year with revenue of € 2,002m, an increase of 5.2% with respect to the previous year's € 1,820.8m (+10.0% at current exchange rates), thanks in particular to the excellent performance of shops in the UK, Latin America and the Middle East.

In the **United Kingdom** revenue came to £ 779.9m, compared with £ 746.1m in 2011 (+4.5%). Against traffic growth of just 1.2%[33], this improvement results from the substantial increase in average spending per passenger, thanks to the constant adjustment of commercial offerings in order to capture the attention of travelers flying outside Europe who tend to spend more and to prefer higher-ticket items.

Sales at Heathrow Airport, totaling £ 372.2m, increased by 4.2% in comparison with traffic growth of 0.9%. Gatwick also did well, with sales up by 8.4% on the previous year against a 1.6% rise in traffic, thanks to the opening of new walk-through stores in the South Terminal and the increase in flights to non-European destinations (mainly China, Turkey and Korea). Manchester closed the year with sales growth of 4.9%.

Revenue from **Spanish airports** in 2012 came to € 544.4m, an increase of 2.3% on the previous year (€ 532.1m), despite the steep decline in passenger traffic (-5.0%[34]). The best performance was Barcelona[35], where revenue growth of +11.9% strongly outperformed the 2.2% increase in traffic, due to

33. Source: BAA, Manchester Airport and Gatwick Airport, January-December 2012
34. Source: AENA, January-December 2012
35. Source: AENA, January-December 2012

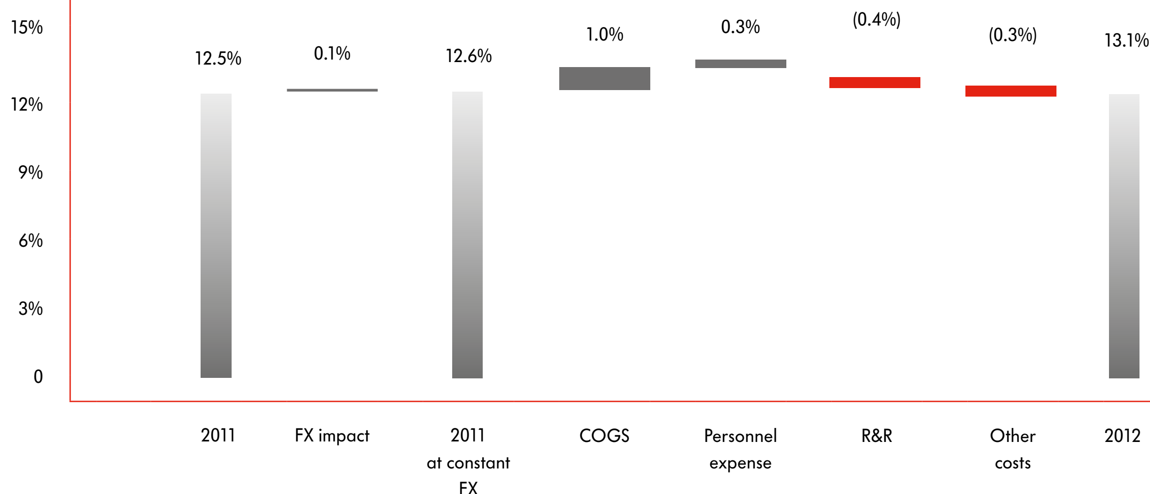
the larger volume of passengers with non-European destinations which translated into higher average spending per person. At Madrid, sales fell by 4.5% to € 169.5m, versus negative traffic growth of 9%. In 2012 this airport was affected by the Spainair crisis, strikes by Iberia personnel, and the elimination of various flights, but here too, the increased spending per passenger helped mitigate the decline in traffic. Results were good at the airports serving tourist destinations.

Sales in **other countries**[36] came to € 449.2m in 2012, up from € 386.8m the previous year (+9.7%, or +16.1% at current exchange rates), despite the closure of locations at Orlando and Atlanta airports. Adjusting for those closures, revenue on a like-for-like basis would have increased by 13.5% (+19.9% at current exchange rates). Of particular note is the excellent performance of Vancouver (+24.8%), thanks to the higher number of flights to Asia and despite the expansion work carried out in the spring. Sales growth was also significant in Chile (+23.6%), Mexico (+21.8%), Peru (+21.9%), Kuwait (+20.6%) and Jordan (+20.5%).

EBITDA

In 2012 EBITDA grew by 11.1% to € 262.3m, up from € 228.3m in 2011 (+14.9% at current exchange rates), more than doubling the increase in sales. The improvement in the EBITDA margin, from 12.5% to 13.1%, reflects the sales mix weighted towards high margin products such as cosmetics, and at the European airports, an increase in passengers with non-European destinations who are more inclined to spend.

Change in Travel Retail & Duty-Free EBITDA margin



Depreciation, amortization and impairment losses

In 2012, depreciation, amortization and impairment losses came to € 112.7m, a decrease of 9.1% (-7.1% at current exchange rates) compared with the previous year's € 121.3m. Amortization of the British and Spanish concessions amounted to € 69.5m (€ 68.7m the previous year). In 2011, due to the non-renewal of concessions at Atlanta and Orlando airports, impairment losses were recognized on contractual rights in the amount of € 8.1m.

36. Mexico, Jordan, Chile, Canada, Kuwait, Peru, United States, Dutch Antilles, France, Cape Verde, Panama, Sri Lanka, India and Italy

Net financial expense

The significant drop in net financial expense, from € 28.2m in 2011 to € 18.5m, reflects the lower average financial indebtedness of this segment and the relative decrease in fixed-rate debt decided as part of the July 2011 refinancing.

Income tax

The increase in taxes from € 16.3m to € 30.2m mirrors the higher profit earned by this segment, while the tax rate was essentially unchanged on the previous year.

Profit for the year

Travel Retail & Duty-Free recognised a profit of € 100.5m, significantly higher than the previous year's € 61.5m (+54.0%), thanks to the improvement in EBITDA and the decrease in financial expense. Profit attributable to non-controlling interests came to € 2.3m (€ 2.5m the previous year).

Net invested capital

(€m)	31.12.2012	31.12.2011	Change
Goodwill	605.1	598.0	7.1
Other intangible assets	622.9	690.1	(67.3)
Property, plants and equipment	87.3	96.7	(9.4)
Financial assets	13.1	9.7	3.4
Non-current assets	**1,328.4**	**1,394.5**	**(66.1)**
Net working capital	(102.0)	(93.7)	(8.2)
Other non-current non-financial assets and liabilities	(53.9)	(83.2)	29.3
Net invested capital	**1,172.5**	**1,217.6**	**(45.0)**
Net financial position	**561.5**	**639.1**	**(77.7)**

Net cash generation

(€m)	2012	2011
EBITDA	262.3	228.3
Change in net working capital	(13.9)	(31.1)
Other non cash items	1.0	1.6
Cash flow from operating activities	**249.4**	**198.8**
Tax paid	(42.5)	(34.2)
Net interest paid	(18.3)	(29.4)
Net cash flow from operating activities	**188.6**	**135.2**
Net capex paid	(28.3)	(23.7)
Free operating cash flow	**160.3**	**111.5**

Free operating cash flow in the Travel Retail & Duty-Free segment continued to improve (+43.8% to € 160.3m) thanks to excellent operating performance, the better management of net working capital, and the reduction in financial expense.

Capital expenditure

Net capital expenditure amounted to € 28.3m (€ 18.6m in 2011), rising from 1% to 1.4% of revenue, and primarily concerned the airports of Gatwick, Vancouver and Jordan.

1.4 Performance in the fourth quarter of 2012

Revenue

Consolidated revenue for the fourth quarter rose from € 1,521.8m in 2011 to € 1,555.1m, an increase of 0.8% at constant exchange rates. The depreciation of the euro against the dollar and the pound, the main currencies in which the Group operates, produced a 2.2% increase in sales at current exchange rates with respect to the final quarter of 2011.

Sales by channel are detailed below:

(€m)	2012	2011	Change 2011	Change At constant exchange rates
Airports	1,037.6	999.6	3.8%	(0.3%)
Motorways	385.8	413.4	(6.7%)	(7.7%)
Other	131.8	108.7	21.2%	20.0%
Total	**1,555.1**	**1,521.8**	**2.2%**	**(0.8%)**

The overall change in revenue results from an increase of 1.4% for Travel Retail & Duty-Free[37] and a decrease of 1.8%[38] for Food & Beverage, which was held back by the troubled economy affecting much of the European Union.

EBITDA

Consolidated fourth-quarter EBITDA in 2012 was € 131.6m, a decrease of 4.5% with respect to the same period last year (€ 133.1m, or -1.1% at current exchange rates). The fourth quarter factors in reorganization costs of € 5m (€ 5.6m in the fourth quarter of 2011), mostly in the Food & Beverage segment. The EBITDA margin was 8.5%, compared with 8.7% in the corresponding period of the previous year.

Capital expenditure

Net capex in the fourth quarter totaled € 91.1m, up from € 89.2m in the same period of 2011.

37. +5.4% at current exchange rates
38. +0.8% at current exchange rates

Food & Beverage

Revenue

Fourth quarter revenue amounted to € 1,070.3m, a decrease of 1.8% with respect to the € 1,061.7m grossed in the last quarter of 2011 (+0.8% at current exchange rates).

Below is the breakdown of Food & Beverage sales by channel:

(€m)	2012	2011	Change 2011	Change At constant exchange rates
Airports	582.0	542.2	7.3%	3.0%
Motorways	385.8	413.4	(6.7%)	(7.7%)
Other	102.6	106.1	(3.3%)	(4.2%)
Total	**1,070.3**	**1,061.7**	**0.8%**	**(1.8%)**

In the last quarter of 2012 revenue at US airports increased by 7.4% on a comparable basis, compared with a 0.1% rise in passenger traffic[39]. During the same period, revenue from American motorways grew by 4.8% on a comparable basis, versus traffic growth of 0.5%[40]. Overall revenue in North America and the Pacific came to $ 806.1m, up from $ 790.8m in the fourth quarter of 2011 (+1.9%). The result in North America is especially good, considering that the first half of November was seriously affected by the aftermath of Hurricane Sandy.

Fourth quarter revenue on Italian motorways amounted to € 211.5m, a decrease of 10.1% on the € 235.2m of the corresponding period of the previous year, due to persistently weak traffic (-6.9%[41]) and reduced consumer confidence throughout 2012. Overall, revenue in Italy for the quarter came to € 283.7m, compared with €313.6m in the fourth quarter of 2011 (-9.5%).

The other European countries reported fourth-quarter revenue of € 163.9m, a decrease of 2.2% on the previous year's € 166.4m (-1.5% at current exchange rates), due mainly to the negative performance of the motorway channel that was only partly offset by sales growth at airports in Northern Europe.

EBITDA

Fourth quarter EBITDA, excluding Corporate costs, fell from € 89.2m in the corresponding period of the previous year 2011 to € 76.9m, for a decrease of 16.4% (-13.8% at current exchange rates). The EBITDA margin was 7.2%, down from 8.4% in the fourth quarter of 2011.

EBITDA in North America and the Pacific totaled $ 82m for the final quarter, compared with $ 82.6m in the corresponding period of the previous year (-0.7%); as a percentage of revenue it showed a slight decline from 10.4% to 10.2%. The lower cost of goods sold offset much of the rise in personnel expense (including $ 3.6m in downsizing costs) and the impact of Hurricane Sandy, estimated at more than $ 2.0m.

39. Source: Airlines for America, October-December 2012
40. Source: Federal Highway Administration (FHWA): October-November 2012 (stretches served by the Group)
41. Source: AISCAT, October-December 2012

Fourth quarter EBITDA in Italy went from € 23.3m in the corresponding period of 2011 to € 10.1m (-56.8%), due primarily to the decrease in sales, and came to 3.6% of revenue (7.4% in the fourth quarter of 2011).

In the other European countries, EBITDA for the final quarter was € 2.5m, down by 50.2% on the previous year's € 4.9m of the corresponding period of the previous year (-49.5% at current exchange rates), and fell from 3% to 1.5% of sales because of the increase in rent.

Capital expenditure

In the fourth quarter, net capital expenditure came to € 78.2m (€ 83.7m in the corresponding period of the previous year).

Travel Retail & Duty-Free

Revenue

In the fourth quarter of 2012, sales in the Travel Retail & Duty-Free segment came to € 484.8m, an increase of 1.4% on the € 460.1m of the corresponding period of the previous year (+5.4% at current exchange rates).

In the United Kingdom, sales of £ 198.4m showed a 3.6% increase on the fourth quarter of 2011, despite traffic growth of just 2.4%[42]. Again in the final quarter, progress in the UK was driven by the excellent performance of Heathrow shops.

Sales at Spanish airports were down by 1.8%, from € 120.9m in the fourth quarter of 2011 to € 118.7m. This quarter suffered from the year's steepest decline in traffic (-8,8%), due to the further elimination of flights by the main airlines and several days of strikes by Iberia employees. The increased spending per passenger, especially those flying outside Europe, counterbalanced the reduction in traffic and helped limit the decrease in sales. Barcelona was once again the airport with the best performance.

Airports in other countries grossed € 110.0m for the fourth quarter, an increase of 1.6% (+5.5% at current exchange rates). Results were excellent at most of the airports served, despite the termination of some contracts. On a like-for-like basis, growth would have come to 9.2% (+13.4% at current exchange rates).

EBITDA

Fourth quarter EBITDA rose from € 55.5m in 2011 to € 58.3m, an increase of 1.5% (+4.9% at current exchange rates), and was in line with the same quarter of the previous year as a percentage of sales.

Capital expenditure

Net capex in the fourth quarter was € 12.9m (€ 5.5m in the corresponding period of the previous year), amounting to 2.6% of sales.

42. Source: BAA, Manchester Airport and Gatwick Airport, October-December 2012

1.5 Outlook

The first two months of 2013 confirmed the trend of the previous year of the airport channel to outperform motorways, in a persistently weak economic environment in most of the eurozone countries.

In the first eight weeks[43] of the year, consolidated sales were up by 1.1%, with growth posted by both segments. In Food & Beverage, the strong performance of North American airports offset the ongoing weakness of Italian motorway locations, allowing a slight increase in revenue (+0.5%). Progress is more evident for Travel Retail (+2.6%), which has outperformed traffic trends.

Given the above, the guidelines for 2013 are to focus on generating cash and implementing the development plans discussed. The two business segments will have specific objectives reflecting their individual dynamics: Food & Beverage will continue to improve efficiency and revise the business model, while Travel Retail will concentrate on projects relating to the renewed concessions in Spain.

The Group will provide more detailed information on forecasts for the year in course when it publishes results for the first quarter of 2013.

Events after the reporting period

Since 31 December 2012, no events have occurred that if known in advance would have entailed an adjustment to the figures reported or required additional disclosures.

On 17 January 2013, HMSHost Corporation (formerly Autogrill Group Inc.) contracted a new bond issue for a total amount of $ 150m, guaranteed by Autogrill S.p.A., maturing in January 2023 with a six-month coupon at a fixed rate 5.12%. The proceeds were used to partially repay the bond issue of 2003. The bond regulations include the determination of economic and financial ratios to be met by HMSHost Corporation and its subsidiaries.

On 1 February 2013, Autogrill announced that it had begun to study the feasibility of a possible industrial and corporate reorganization designed to separate its two business sectors, Food & Beverage and Travel Retail & Duty-Free. This could potentially involve the demerger of the Travel Retail operations currently held by Autogrill.

After being assigned the Travel Retail concessions in Spanish airports in December 2012, on 14 February 2013 World Duty Free Group S.A.U., through its subsidiaries World Duty Free Group España S.A. and Sociedad de Distribución Aeroportuaria de Canarias S.L., and AENA signed a contract for the operation of these businesses until 2020. As agreed in the contract, the company then paid an advance of about € 280m plus VAT covering part of the concession fees as well as € 26m as a guarantee deposit. The advance payment will be deducted from scheduled instalments over the duration of the contract.

43. Average exchange rates used to translate figures in the main non-euro currencies: 2013: €/$ 1.3340, €/£ 0.8447; 2012: €/$ 1.3033, €/£ 0.8336

1.6 Other information

1.6.1 Corporate Social Responsibility

Afuture

For Autogrill, sustainability is a business philosophy, clearly defined in the Group's mission statement: to provide quality catering and retail services to people on the move, with a view to creating value for all stakeholders, while prizing environmental and cultural diversity.

Publication of the first Sustainability Report in 2005 launched a series of sustainability projects within the Group. In 2007, Afuture was established with the goal of building innovative Autogrill locations that would be both environmentally friendly and economically efficient. Over the years, the project has evolved into an international breeding ground for ideas, design concepts and best practices to be shared throughout the Group. The Afuture experience has allowed the business to grow and its people to achieve a greater awareness of sustainability issues, including the value of a process that has now entered a new development phase.

In 2011 Autogrill created a "Sustainability Roadmap" for the period 2012-2015. This is a strategic plan to integrate the sustainable approach with the management of day-to-operations in the two business segments (Food & Beverage and Travel Retail & Duty-Free). It is also a guide to innovation, in order to plan and implement actions in keeping with the sustainability improvements sought by the Group.

The Afuture Roadmap is an integral part of the Group's Sustainability Policy. The document defines the framework for Autogrill's operations; the strategic sustainability plan for the ongoing improvement of performance (including the CSR toolkit with its practical suggestions); sustainability governance, monitoring and reporting; and training, information and communication.

Keeping tabs through the Sustainability Report

Since 2006 we have been publishing a Sustainability Report, prepared on the basis of international standards set by the Global Reporting Initiative (GRI-G3). The information provided below is further detailed in that report, which can be downloaded from the Sustainability section at www.autogrill.com.

"People": Autogrill's policy for employees and consumers

Over the last few years, Autogrill has strengthened its leadership of the Food & Beverage and Travel Retail sectors thanks to significant international expansion, through which its human capital has grown not only numerically but in terms of nationalities, cultures and abilities.

To better integrate the regional and international teams and make the most of the Group's size by leveraging the skills and expertise found in different countries, the organizational structure of Food & Beverage Europe was redesigned in 2012.

At any given location, in the act of serving a customer, each employee represents the company and its philosophy, its know-how and the way it treats the environment. By the same token, a satisfied customer is the best advertisement a company can have. That's why the relationship between the Group and its employees is a strategic asset, fundamental for the creation of value enjoyed by all parties.

"Feel Good?" and "Do you Feel good?"

In the interests of efficient and effective management, Autogrill is always interested in the opinions and suggestions of its stakeholders. Four years ago it launched "Feel Good?", an annual worldwide customer satisfaction program designed to achieve a snapshot of the Autogrill customer's needs and wants and to come up with the right solutions.

In light of that program's success, in 2012 an online survey called "Do you Feel good?" was created for the measurement of employee engagement. The survey involved 14 countries in Autogrill's European Food & Beverage business, as well as all of the countries served by World Duty Free Group (already participants in a similar program), to identify areas in need of improvement and the most effective ways of getting employees more engaged in their work. Of the 22,666 people involved, more than 15,000 (67%) took advantage of this opportunity to make themselves heard.

Work-life balance

A healthy relationship between company and staff is rooted in care for the individual and his or her wellbeing, both on and off the job. For Autogrill, this means working on various themes and initiatives involving employees in their role as workers and as individuals.

For this reason the Autogrill Group commits to a mindful selection process, training and development programs tailored to its employees' profiles, and international job rotation programs.

It also provides its employees with a broad range of initiatives designed to increase leisure time and spending power (discounts on products and services that differ from country to country: from insurance to online shopping).

Health and safety

Autogrill's commitment to the health and safety of all employees and consumers translates into prevention, technology, training, and day-to-day monitoring. Autogrill performs preventive assessments of workplace hazards so it can take the most suitable measures, such as new operating procedures or the purchase of individual protection devices that will eliminate or minimize the risks. To make sure these measures are effective, the number and type of accidents that occur are constantly monitored, along with the steps taken to mitigate the hazards. Comparable data shows that there has been a significant reduction in accidents over the last three years.

Social certification

Autogrill's effort to obtain important certifications regarding employee health and safety is another reflection of its philosophy that each worker is a prized individual:

- in Italy, in 2012 Autogrill renewed its ISO 9001 (quality management systems) and UNI 10854 certification, while its ISO 22000 (food safety) certification (for Milan headquarters, the Giovi Ovest location and Orio al Serio airport) and SA 8000 (Autogrill S.p.A.) are still valid;
- OHSAS 18001 certification, obtained in 2012 for all World Duty Free Group shops in Great Britain, promotes a safe and healthy workplace by maintaining an infrastructure that allows the group to systematically monitor health and safety risks, reduce hazards, foster regulatory compliance and improve overall standards.

"Planet": Autogrill and the environment

Environmental issues – climate change, access to clean water, waste disposal, etc. – concern people, organizations and institutions all over the world.

Autogrill believes it is the personal contribution of each individual that makes the difference. Simple, everyday habits can help reduce emissions without sacrificing quality of life. Although the Autogrill Group's impact on the environment is relatively minor, we feel a responsibility to reduce our consumption of energy, water and raw materials in favor of clean, renewable energies and recycled materials that are friendly to our Earth. We do this by designing green facilities, properly managing resources and processes, monitoring performance and, above all, enlisting the help of our employees.

Conservation awareness

Protecting the environment and conserving energy and water means, first and foremost, consuming less.

And consuming less means a commitment from everyone, from those who design our buildings and their plants & systems to those who run our operations day to day. Our workers are involved in ongoing awareness programs to learn, for example, the proper use of equipment, which can lead to major savings if turned off at slow times of day. Our restaurants in the U.S. share best practices through conference call seminars to which all employees are invited; World Duty Free Group encourages its workers to do something for the environment and gathers the best ideas through its input program "Hear Me".

Innovation and environmental efficiency

Every Autogrill customer, whether at a Food & Beverage outlet or a Travel Retail store, begins his or her experience with a first impression of the facility. The Group's commitment to innovation, however, goes beyond the customer's immediate shopping experience to focus on energy efficiency, better plants and systems, reduced water consumption, and recycling.

Below is a summary of some of the projects carried out in 2012 that are especially important in terms of environmental sustainability.

In Italy, efforts to reduce power consumption led to the completion of two photovoltaic systems on the roofs of the central storage facilities in Pieve Emanuele (MI) and Anagni (FR). Together, the plants produce about 2.4 GWh of power, for self-consumption of between 70 and 90 percent. Also, thanks to the increasingly widespread use of LED lighting technology, the Pieve Emanuele warehouse has reduced its consumption by around 58%, or 250 MWh per year.

The Villoresi Est location opened in early 2013 represents the Group's best international practices for sustainable innovation, by gathering together a number of virtuous solutions that can be reproduced individually at other Autogrill locations around the world. This is a 360° sustainability program that is thoroughly compliant with the energy and carbon footprint standards of the Leadership in Energy and Environmental Design (LEED) Protocol and with the accessibility standards of Dasa-Rägister and Design for All. Of particular note are the geothermal plant with thermal battery and 420 underground probes; the 350 square meter collector roof that captures solar energy or cold, depending on the season; indoor/outdoor LED lighting; and the rainwater and groundwater collection system.

In the United States, HMSHost was recognized by the Chicago Department of Aviation for its active contribution to making O'Hare International Airport more sustainable every day, through initiatives like composting kitchen waste and coffee grounds, buying food produced locally, avoiding the use of polystyrene containers, and donating leftover food to charities. In 2011 at O'Hare, in collaboration with the Chicago Department of Aviation, HMSHost had opened an aeroponic garden: a growing method that does not require soil because the plants, grown on special supports, are nourished by misting the roots with nutrient enriched water. Lettuce, basil, oregano, beans, and parsley are just a few examples of the foods that are grown and then used in the kitchens of the HMSHost restaurants at the airport.

World Duty Free Group UK Ltd. is a founding member of the Heathrow Sustainability Partnership, together with airport management and other companies operating at Heathrow. In 2012 the Group was involved in several projects befitting its interests and areas of expertise: Energy Metering & Monitoring, Energy Reduction, and Energy Communication.

Environmental certification

Autogrill's possession of environmental certification is a natural consequence of its commitment to the world around us. In 2012:

- World Duty Free Group UK Ltd. received the internationally recognized ISO 14001:2004 certification for all of its stores, attesting to the effectiveness of its environmental management system;
- ISO 14001 certification was renewed for the environmental management systems of headquarters, the Brianza Sud location and the outlets at Turin airport, and EMAS certification was renewed for HQ and Brianza Sud.

1.6.2 Main risks and uncertainties faced by the Autogrill Group

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

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

The updated risk matrix is essentially the same as that produced in 2011.

The main business risks and financial risks are presented below. Regarding the former, we describe the main risks common to all of our business segments – given their common denominator, the traveler – followed by the specific risks faced by each one.

Business risks: all segments

Traffic statistics

Operations in the Food & Beverage and Travel Retail & Duty-Free segments are influenced by traffic trends. Any factor with the potential to reduce traffic flows significantly in the countries and channels served by the Group constitutes a threat to the production of value.

Exogenous (hence uncontrollable) factors that may affect the flow of traffic and travelers' inclination to spend include the general economy, the rising price of oil, and the increased cost of travel in general.

The impact of this risk is mainly economic, leading to a reduction in sales and profitability.

One strategic factor that helps mitigate this risk is the diversification of the Group's activities in terms of:
- channels (airports, motorways and railway stations);
- geographical areas served.

The Group also has the following tools available to counter recessions or soften the impact of any concentration of its businesses in channels or areas hit by a downturn:
- constant revision of products and customer services, to keep them competitive in terms of quality and price and adapt to consumers' different spending habits in difficult economic times;
- focus on the profitability of sales, by cutting costs without sacrificing menus and catalogues or the quality of service;
- modulation of investments in order to limit the impact on cash flows.

Reputation

Loss of reputation may occur with customers and/or concession grantors. In the first case, the cause is perceived deterioration of service, which can drive dissatisfied customers away, while in the second it is an inability to satisfy contractual commitments that threatens good business relations and the prospect of extending contracts.

To counter that risk, Autogrill constantly monitors the quality of the service it provides to customers (in terms of perceived satisfaction and product safety) and to the grantor (in light of the quantitative and qualitative standards defined in the concession contract), by way of:

- the constant monitoring of procedures and processes, both internally and by outside firms, to keep service efficient and customers and workers safe;
- portfolio reviews to make sure the company's brands, concepts and products remain appealing;
- training programs to ensure high standards of service.

Loss of reputation can also have indirect causes beyond our control. In Italy, for example, the fact that many travelers use the Group's name to refer to highway rest stops in general ("let's stop at the autogrill") exposes the Food & Beverage operations in this channel to reputation risk caused by any shortcomings on the part of competitors. Suitable brand protection measures are taken in Italy if unpleasant experiences are wrongly attributed to Autogrill. Likewise, for operations involving the sale of third-party brands under license, any reputation damage suffered by the licensor may expose Autogrill to a potential loss of business.

Consumption habits

A change in consumption habits can be a risk if the Group is unable to react in time by adapting its service model and products to what the customer desires.

An extensive portfolio of brands and commercial formulas helps to mitigate this risk.

In developing its concepts and offerings, the Group puts a high premium on innovation and flexibility, so that it can quickly interpret and respond to changes in consumers' purchasing habits and tastes. To that end it conducts specific market research and client satisfaction surveys.

Concession fees

Most Food & Beverage and Travel Retail & Duty-Free operations are conducted under long-term contracts awarded through competitive bidding by the holder of the infrastructure management concession (airport, motorway). Over time, contractual terms have changed so that more of the risk is transferred to the operator of the business.

The risk in question is significant, as it can expose the Group to long-term losses in profitability, especially if it coincides with a wane in traffic or consumer confidence.

In general, the Group mitigates this risk by focusing on the profitability of its contracts and not bidding at all for those considered to offer poor returns, and by following an approach aimed at building and maintaining a long-term partnership arrangement with the concession grantor, based in part on the development of concepts and commercial solutions that maximize the overall gain.

Personnel expense

Labor is a significant production factor, especially in the Food & Beverage segment. The need to maintain service standards acceptable to customers and to the concession grantor, and the complexity of international labor laws, limit the flexibility of HR management.

Major increases in the cost per employee or more stringent regulations can have a significant impact on the Group's profitability.

This risk is mitigated through the constant review of operating procedures in order to make the most efficient use of labor, increase flexibility and reduce occupational hazards.

One of the Group's top priorities is to maintain a constructive dialogue with personnel and trade unions, to ensure that processes are effective and efficient.

Regulatory compliance

The Group's business segments are highly regulated in terms of operating practices and customer and worker safety, which involves personal protections as well as product quality. Any violation of the norms for each segment would not only expose the Group to legal consequences but could diminish its reputation with concession grantors and customers, possibly leading to reduced sales, the loss of existing contracts or the failure to acquire new ones.

To mitigate this risk, with the help of outside specialists, Autogrill stays constantly abreast of legal developments so it can adapt its processes, procedures and controls to the new requirements and bring personnel up to date. It also relies on constant monitoring and frequent audits of service quality with respect to contractual and legal obligations.

Further risks may arise from new legislation in the segments and channels served by the Group, which sometimes introduce procedures, restrictions, or controls that can influence the consumer's propensity to buy, most typically in the airport channel.

These risks are lessened by constantly monitoring consumer behavior when new rules come into force and by incorporating suitable countermeasures into the business model.

Business risks: Food & Beverage

Innovation of concepts and products

The most significant risk specific to the Food & Beverage segment is the failure to keep service standards and products in line with customers' expectations. This has a direct impact on sales and reputation.

The constant innovation of concepts and products, efforts to thwart the risk of reputation loss and regulatory non-compliance (concerning the quality of Food & Beverage preparation and service), and quality controls on raw materials successfully mitigate this threat.

Business risks: Travel Retail & Duty-Free

Shop effectiveness

Customer satisfaction depends on the Group's ability to provide an assortment that is always modern and appealing. Effective and efficient supply chain management are therefore crucial for this segment: a well-balanced core assortment that captures the attention of consumers, along with effective sales personnel, are top priorities for achieving a profitable location while optimizing the investment in stocks.

Exchange rates

Impulse buying at an airport is strongly influenced by the exchange rate between the passenger's country of origin and the destination country of the point of sale. To increase sales, it is therefore essential to monitor the price perceived by the customer as a result of exchange rate fluctuations.

The Group's widespread operations in various parts of the globe mitigate the threat that unfavorable exchange rates may pose to sales in a given area. Meanwhile, its constant attention to product supply and demand in the countries where it operates helps the Group identify the advantage customers will perceive from favorable rates of exchange.

Financial risks

Autogrill manages its financial risks by defining Group-wide guidelines that necessarily inform the financial management of its operating units, as part of an overall policy of financial independence between its two business segments: Food & Beverage and Travel Retail.

To that end, in late 2011 the two segments arranged separate credit lines to cover their borrowing needs. Intergroup lending between the two is therefore of marginal importance.

The Finance department ensures that the segments' financial risk management policies are harmonized, indicating the most suitable financial instruments and monitoring the results achieved.

The Autogrill Group does not allow the use of speculative derivative instruments.

The Group also strives for a certain financial flexibility, maintaining enough cash and committed credit lines to cover its refinancing needs for at least 12 to 18 months.

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.

1.6.3 Corporate Governance

All information on corporate governance is included in the Corporate Governance Report (prepared in accordance with art. 123-*bis* of the Consolidated Finance Act), part of this Annual Report. It is also available online at www.autogrill.com.

1.6.4 Management and coordination

At its meeting of 27 April 2004, the Board of Directors decided that there were no conditions whereby Autogrill would be subject to the management and coordination of the parent, Edizione S.r.l. (formerly Edizione Holding S.p.A.), pursuant to art. 2497-*bis* of the Italian Civil Code. Following Edizione S.r.l.'s transfer of its entire investment in Autogrill to its wholly-owned subsidiary Schematrentaquattro S.r.l., on 18 January 2007 the Board of Directors agreed that there were still no conditions whereby Autogrill would be subject to the management and coordination of its parent, Schematrentaquattro S.r.l. Specifically, at those meetings the Board of Directors 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 Edizione S.r.l. and Schematrentaquattro S.r.l. that might be evidence of management or coordination.

1.6.5 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 the section "Other information" in the notes to the consolidated financial statements for further information on 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.

1.6.6 Statement pursuant to art. 2.6.2(10) of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A.

In respect of art. 36 of Consob Regulation no. 16191 of 29 October 2007 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 full compliance with said rules, and that the conditions stated in art. 36 have been satisfied.

1.6.7 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.

1.6.8 Data protection

For internal purposes, the Parent has decided to update the Data Protection Document based on its particular business needs, although the document is no longer mandatory in accordance with the "Simplification and Development Decree" (D.L. 5/2012). The measures taken by the various Group companies during the course of 2012 can be summarized as follows:

- PCI DSS certification on credit card payment systems was renewed for Autogrill S.p.A. and its Italian subsidiary Nuova Sidap S.r.l.;
- an agreement was signed with the subsidiary Autogrill Schweiz governing Autogrill S.p.A.'s processing of employee data for the Aconnect portal;
- three ICT security policies were adopted for all of the Group's European companies, regarding cloud computing (the remote provision of computing services), network segmentation, and the software development life cycle (SDLC) process;
- changes were made to the means and frequency of data protection training. The course, with a new layout and audio content, is now available to employees over the e-learning platform Moodle. At the end of this process, training took place for all headquarters personnel and store managers;
- having recently switched to Gmail, the Parent revised its policies by adding rules for the use of online collaboration systems and referencing the Google Privacy Policy, to raise users' awareness of data protection issues in a "2.0" world;
- the online payslip system was implemented, allowing headquarters employees to view their payslips through the Aconnect portal.

1.6.9 Shares held by directors, statutory auditors, general managers and other executives with strategic responsibilities

The following table shows the shares of Autogrill S.p.A. and its subsidiaries held by directors and statutory auditors of Autogrill S.p.A., general managers and other executives with strategic responsibilities, and their spouses (unless legally separated) and minor children.

	Shares in	Number of shares held at the end of 2011	Number of shares purchased	Number of shares sold	**Number of shares held at the end of 2012**
Gianmario Tondato Da Ruos	Autogrill S.p.A.	14,700	-	-	14,700
Gianni Mion	Autogrill S.p.A.	5,000	-	-	5,000
Tommaso Barracco *	Autogrill S.p.A.	12,587	-	-	12,587

* Number of shares already held before being appointed to the Board (21 April 2011)

1.6.10 Treasury shares

At 31 December 2012, Autogrill S.p.A. held 1,004,934 treasury shares, or 0.395% of the share capital and this did not vary during the year. Its subsidiaries do not own equity or other instruments representing the share capital of Autogrill S.p.A., and did not at any time during the year, either directly or through trust companies or other intermediaries.

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

1.6.11 Significant non-recurring events and transactions

In 2012, 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.

1.6.12 Atypical or unusual transactions

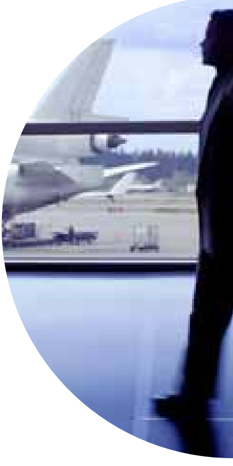
In 2012 there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of 28 July 2006.

1.6.13 Reconciliation between parent and consolidated equity

(€k)	Equity at 31.12.2011	Changes in equity	Profit (loss) for 2012	Equity at 31.12.2012
Autogrill S.p.A. separate financial statements	769,804	(68,865)	(14,578)	686,361
Effect of the consolidation of subsidiaries' financial statements and related deferred taxation *	24,644	1,011	111,331	136,986
Translation reserve	3,880	812	-	4,692
Hedging reserve **	(18,551)	12,841	-	(5,710)
Group consolidated financial statements	**779,776**	**(54,201)**	**96,753**	**822,328**
Equity attributable to non-controlling interests	19,642	(6,801)	13,511	26,351
Total consolidated equity	**799,418**	**(61,002)**	**110,263**	**848,679**

* The amount includes the combined effect of the subsidiaries contribution to consolidated profit (€ 197,217k) and the elimination of dividends paid by subsidiaries to the parent (€ 85,886k)

** Net of tax effect



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2. Consolidated financial statements

2.1 Consolidated financial statements

2.1.1 Statement of financial position

Note	(€k)	31.12.2012	31.12.2011	Change
	ASSETS			
	Current assets	**746,857**	**754,504**	**(7,647)**
I	Cash and cash equivalents	154,562	212,381	(57,819)
II	Other financial assets	26,876	17,579	9,297
III	Tax assets	29,375	13,382	15,993
IV	Other receivables	225,340	191,639	33,701
V	Trade receivables	53,599	53,481	118
VI	Inventories	257,105	266,042	(8,937)
	Non-current assets	**3,168,201**	**3,235,225**	**(67,024)**
VII	Property, plant and equipment	957,999	923,393	34,606
VIII	Goodwill	1,394,254	1,410,806	(16,552)
IX	Other intangible assets	678,724	743,671	(64,947)
X	Investments	12,393	12,355	38
XI	Other financial assets	19,319	17,219	2,100
XII	Deferred tax assets	71,023	94,894	(23,871)
XIII	Other receivables	27,386	32,887	(5,501)
XXI	Post-employment benefits and other defined benefit plan	7,103	-	7,103
	Assets held for sale	**-**	**43**	**(43)**
	TOTAL ASSETS	3,915,058	3,989,772	(74,714)
	LIABILITIES AND EQUITY			
	LIABILITIES	3,066,379	3,190,354	(123,975)
	Current liabilities	**1,449,196**	**1,252,775**	**196,421**
XIV	Trade payables	643,958	632,366	11,592
XV	Tax liabilities	25,164	25,493	(329)
XVI	Other payables	393,563	368,916	24,647
XIX	Due to banks	128,869	183,513	(54,644)
XVII	Other financial liabilities	31,627	30,655	972
XX	Bonds	201,607	-	201,607
XXII	Provisions for risks and charges	24,408	11,832	12,576
	Non-current liabilities	**1,617,183**	**1,937,579**	**(320,396)**
XVIII	Other payables	37,354	71,027	(33,673)
XIX	Loans, net of current portion	1,194,393	1,239,207	(44,814)
XX	Bonds	123,665	332,378	(208,713)
XII	Deferred tax liabilities	146,528	164,331	(17,803)
XXI	Post-employment benefits and other employee benefits	70,929	75,945	(5,016)
XXII	Provisions for risks and charges	44,314	54,691	(10,377)
XXIII	**EQUITY**	**848,679**	**799,418**	**49,261**
	- attributable to owners of the parent	822,328	779,776	42,552
	- attributable to non-controlling interests	26,351	19,642	6,709
	TOTAL LIABILITIES AND EQUITY	3,915,058	3,989,772	(74,714)

2.1.2 Income statement

Note	(€k)	2012	2011	Change
XXIV	Revenue	6,686,721	6,422,193	264,528
XXV	Other operating income	130,089	132,092	(2,003)
	Total revenue and other operating income	**6,816,810**	**6,554,285**	**262,525**
XXVI	Raw materials, supplies and goods	2,774,764	2,695,899	78,865
XXVII	Personnel expense	1,537,714	1,472,616	65,098
XXVIII	Leases, rentals, concessions and royalty	1,295,017	1,193,940	101,077
XXIX	Other operating costs	619,372	574,879	44,493
XXX	Depreciation and amortization	313,632	298,839	14,793
XXX	Impairment losses on property, plant and equipment and intangible assets	24,391	15,138	9,253
	Operating profit	**251,920**	**302,974**	**(51,054)**
XXXI	Financial income	2,648	2,199	449
XXXI	Financial expense	(92,239)	(85,000)	(7,239)
	Adjustment to the value of financial assets	(362)	(733)	371
	Pre-tax profit	**161,966**	**219,440**	**(57,474)**
XXXII	Income tax	(51,702)	(80,315)	28,613
	Profit for the period attributable to:	**110,264**	**139,125**	**(28,861)**
	- owners of the parent	96,753	126,304	(29,551)
	- non-controlling interests	13,511	12,821	690
XXXIII	Earnings per share (in € cents)			
	- basic	38.2	49.8	(11.6)
	- diluted	38.2	49.8	(11.6)

2.1.3 Statement of comprehensive income

Note	(€k)	2012	2011	Change
	Profit for the year	**110,264**	**139,125**	**(28,861)**
XXIII	Effective portion of fair value change in cash flow hedges	(2,157)	(5,254)	3,097
XXIII	Net change in fair value of cash flow hedges reclassified to profit or loss	24,965	17,620	7,345
XXIII	Foreign currency translation differences for foreign operations	14,688	32,350	(17,662)
XXIII	Gains (losses) on net investment hedge	(7,103)	(10,166)	3,063
XXIII	Income tax on comprehensive income	(4,088)	(203)	(3,885)
	Total comprehensive income for the year	**136,569**	**173,472**	**(36,903)**
	- attributable to owners of the parent	114,163	156,142	(41,979)
	- attributable to non-controlling interests	22,405	17,330	5,076

2.1.4 Statement of changes in equity (note XXIII)

(€k)	Share capital	Legal reserve	Hedging reserve	Translation reserve	Other reserves and retained earnings	Treasury shares	Profit for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2010	**132,288**	**26,458**	**(41,397)**	**(16,902)**	**487,121**	**(944)**	**103,408**	**690,032**	**21,335**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	126,304	126,304	12,821
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	9,056	-	-	-	-	9,056	-
Foreign currency translation differences for foreign operations and other changes	-	-	-	27,841	-	-	-	27,841	4,509
Gains (losses) on net investment hedges, net of the tax effect	-	-	-	(7,059)	-	-	-	(7,059)	-
Total comprehensive income for the year	-	-	**9,056**	**20,782**	-	-	**126,304**	**156,142**	**17,330**
Transactions with owners of the parent, recognised directly in equity									
Contributions by and distributions to owners of the parent									
Allocation of 2010 profit to reserves	-	-	-	-	103,408	-	(103,408)	-	-
Dividend distribution	-	-	-	-	(61,026)	-	-	(61,026)	(17,409)
Treasury shares	-	-	-	-	-	(6,780)	-	(6,780)	-
Stock options	-	-	-	-	1,721	-	-	1,721	-
Total contributions by and distributions to owners of the parent	-	-	-	-	**44,103**	**(6,780)**	**(103,408)**	**(66,085)**	**(17,409)**
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests	-	-	-	-	(313)	-	-	(313)	(1,613)
Total transactions with owners of the parent	-	-	-	-	**43,790**	**(6,780)**	**(103,408)**	**(66,398)**	**(19,022)**
31.12.2011	**132,288**	**26,458**	**(32,341)**	**3,881**	**530,911**	**(7,724)**	**126,304**	**779,777**	**19,642**

(€k)	Share capital	Legal reserve	Hedging reserve	Translation reserve	Other reserves and retained earnings	Treasury shares	Profit for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2011	**132,288**	**26,458**	**(32,341)**	**3,881**	**530,911**	**(7,724)**	**126,304**	**779,777**	**19,642**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	96,753	96,753	13,511
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	16,598	-	-	-	-	16,598	-
Foreign currency translation differences for foreign operations and other changes	-	-	-	5,793	-	-	-	5,793	8,895
Gains (losses) on net investment hedges, net of the tax effect	-	-	-	(4,981)	-	-	-	(4,981)	-
Total comprehensive income for the year	-	-	**16,598**	**812**	-	-	**96,753**	**114,163**	**22,405**
Transactions with owners of the parent, recognised directly in equity									
Contributions by and distributions to owners of the parent									
Allocation of 2011 profit to reserves	-	-	-	-	126,304	-	(126,304)	-	-
Dividend distribution	-	-	-	-	(70,951)	-	-	(70,951)	(15,579)
Stock options	-	-	-	-	(778)	-	-	(778)	-
Total contributions by and distributions to owners of the parent	-	-	-	-	**54,575**	-	**(126,304)**	**(71,728)**	**(15,579)**
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests	-	-	-	-	117	-	-	117	(117)
Total transactions with owners of the parent	-	-	-	-	**54,693**	-	**(126,304)**	**(71,611)**	**(15,696)**
31.12.2012	**132,288**	**26,458**	**(15,743)**	**4,693**	**585,604**	**(7,724)**	**96,753**	**822,328**	**26,351**

2.1.5 Statement of cash flows

(€m)	2012	2011
Opening net cash and cash equivalents	**179.6**	**156.9**
Pre-tax profit and net financial expense for the year	251.6	302.2
Amortization, depreciation and impairment losses on non-current assets, net of reversals	338.0	314.0
Adjustment and (gains)/losses on disposal of financial assets	0.4	0.7
(Gain)/losses on disposal of non-current assets	(2.3)	(2.5)
Change in working capital *	0.8	(60.0)
Net change in non-current non-financial assets and liabilities	(32.0)	(40.1)
Cash flow from operating activities	**556.4**	**514.4**
Taxes paid	(77.3)	(87.4)
Interest paid	(60.3)	(112.8)
Net cash flow from operating activities	**418.8**	**314.1**
Acquisition of property, plant and equipment and intangible assets	(282.9)	(216.1)
Proceeds from sale of non-current assets	3.9	7.9
Acquisition of consolidated equity investments	(0.6)	(3.2)
Net change in non-current financial assets	(1.7)	1.3
Net cash flow used in investing activities	**(281.4)**	**(210.1)**
Repayments of bonds	0.0	(46.4)
Repayments of non-current loans, net of new loans	0.9	71.9
Repayments of current loans, net of new loans	(144.0)	(22.6)
Dividends paid	(70.9)	(61.0)
Other cash flows **	(4.8)	(24.9)
Net cash flow used in financing activities	**(218.8)**	**(83.0)**
Cash flow for the period	**(81.4)**	**21.1**
Effect of exchange rate fluctuation on net cash and cash equivalents	(1.4)	1.6
Closing net cash and cash equivalents	**96.8**	**179.6**

* Includes the exchange rate gains (losses) on income components
** Includes dividends paid to non-controlling interests in subsidiaries

Reconciliation of net cash and cash equivalents

(€m)	2012	2011
Opening – net cash and cash equivalents – balance as of 31 December 2011 and as of 31 December 2010	**179.6**	**156.9**
Cash and cash equivalents	212.4	176.1
Current account overdrafts	(32.8)	(19.3)
Closing – net cash and cash equivalents – balance as of 31 December 2012 and as of 31 December 2011	**96.8**	**179.6**
Cash and cash equivalents	154.6	212.4
Current account overdrafts	(57.8)	(32.8)

2.2 Notes to the consolidated financial statements

Group operations

The Autogrill Group operates in the Food & Beverage and Travel Retail sectors at airports, motorway rest stops and railway stations, under contracts known as "concessions." Autogrill is the only group among the main players in its market that operates almost exclusively under concession.

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 Interpretation 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.

Below are 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 2012:
- Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of financial assets.

The application of this standard had no significant impact on the consolidated financial statements.

Below are 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 2013:
- Amendments to IAS 1 Presentation of financial statements – Presentation of items of other comprehensive income;
- Amendments to IAS 19 Employee benefits;
- Amendments to IAS 12 Income taxes – Deferred taxation: recovery of underlying assets;
- Amendments to IAS 32 Financial instruments: Presentation – offsetting financial assets and financial liabilities;
- Amendments to IFRS 7 Financial Instruments: Disclosures – offsetting financial assets and financial liabilities;
- IFRS 13 Fair value measurement.

More in detail, IAS 19 changes the definition of short-term benefits and other long-term employee benefits in order to clarify the difference between the two. In the case of defined benefit plans, the

biggest change introduced by the new accounting standard is that actuarial gains and losses should be recognized in the statement of comprehensive income; the corridor approach used by the Group, as described in greater detail below, will no longer be allowed. Management believes that the different way of recognizing actuarial gains and losses will increase liabilities by approximately € 49.4m as of 1 January 2013 and have an impact on the statement of comprehensive income, net of the tax effect, of € 37.5m.

However, those estimates could vary as a result of changes in the accounting standard for the expected return on plan assets, the effects of which have not yet been formally determined.

Management is also measuring the effects of the amendments to IFRS 13, but believes that the changes to IAS 1 would not affect the consolidated financial statements of the Autogrill Group to an extent requiring mention in these notes.

Below are 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 2014:

- IFRS 10 Consolidated financial statements;
- IFRS 11 Joint arrangements;
- IFRS 12 Disclosure of interests in other entities;
- IAS 27 Separate financial statements;
- IAS 28 Investments in associates and joint ventures.

IFRS 10 establishes a single model of control to determine whether an investee should be consolidated. According to IFRS 11, the Group's investments in joint ventures, i.e. arrangements whereby the parties have rights to the net assets of the entity, will be accounted for using the equity method. There is a possibility that the Group will have to reclassify its joint arrangements and therefore modify its current method of accounting for these investments. IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The Group is currently comparing these new disclosure requirements with those now in force.

The consolidated financial statements were prepared on a going-concern basis using the euro as the presentation currency. Unless otherwise specified, the figures in the financial statements and notes are in thousands of euros (€k), while those in the statement of cash flows are in millions of euros (€m).

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 of operations and cash flows. Formats and standards are consistent over time, save for the exceptions mentioned above.

In accordance with IAS 1 Revised and IAS 7, the formats used in the 2012 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 flows from operating activities.

The financial statements of each company in 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, which approximate those on the transaction date. Income and expense are converted at average exchange rates for the year. 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:

	2012		2011	
	Rate on 31 December	Average rate for the year	Rate on 31 December	Average rate for the year
US Dollar	1.3194	1.2848	1.2939	1.3922
Canadian Dollar	1.3137	1.2842	1.3215	1.3763
Swiss Franc	1.2072	1.2053	1.2156	1.2329
British Sterling	0.8161	0.8109	0.8353	0.8679

Consolidation scope and criteria

The scope of consolidation includes subsidiaries (companies for which the parent, Autogrill S.p.A., has the power to determine financial and operational policies so as to obtain benefits from their business) and joint ventures (entities subject to joint control, as defined by IAS 31). The list of consolidated companies is annexed to these notes.

Specifically, the consolidated financial statements include the financial statements at 31 December 2012 of Autogrill S.p.A. and all companies of which it directly or indirectly holds the majority of the voting rights or over which it exerts dominant influence. These latter include the French companies Sorebo S.A., Soberest S.A., Volcarest S.A. and S.R.S.R.A. S.A., as well as some joint ventures belonging to the American group (see annex), 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 each asset, liability, income and expense item of the individual company 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 Autogrill Group also holds joint control of Caresquick N.V. (Belgium) and the newly formed ITDC – Aldeasa India Pvt. Ltd. (India). They are consolidated using the proportionate method.

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. Any 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 measured using the equity method, or as a financial asset depending on the degree of influence retained.

HMSHost Corporation (formerly Autogrill Group Inc.) and its subsidiaries 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 2012 consolidated financial statements cover the period 31 December 2011 to 28 December 2012, while the previous year's accounts covered the period 1 January 2011 to 30 December 2011.

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 purchase 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 non-controlling interest in the acquiree is measured at fair value or in proportion to the non-controlling interests in 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 purchase 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 amount determined under Italian GAAP, subject to measurement and recognition of any impairment losses.

Acquisitions of non-controlling interests

The Group applies IAS 27 – Consolidated and separate financial statements (2008 revision) to all acquisitions of non-controlling investments. 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 carrying amount of the interest in the net assets acquired on the transaction date.

Associates

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.

The associate's income, expenses, assets and liabilities are recognized in the consolidated financial statements at equity, except where the investment is classified as held for sale.

Under this method investments in associates are initially recognized at cost, adjusted to reflect subsequent changes in the associates' net assets and any impairment losses on individual equity investments.

The amount by which the acquisition cost exceeds the Group's share of the fair value of the associate's assets, liabilities and contingent liabilities identifiable on acquisition is recognized as goodwill.

Joint ventures

Entities set up or acquired on the basis of agreements giving equal powers to each investor are classified as joint ventures. The Group recognizes joint ventures using the proportionate method of consolidation. In this case, the Group's share of the joint venture's assets, liabilities, costs and revenue is incorporated line by line with the equivalent items in the consolidated financial statements.

Unrealized gains and losses on transactions between a Group company and a joint venture are eliminated in proportion to the Group's percentage interest in the joint venture, unless the unrealized losses are evidence of an impairment loss on the transferred asset.

Joint ventures are detailed separately in the list of Group companies at the end of these financial statements.

Recognition of revenue and costs

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 the risks and the benefits connected to ownership of the goods are transferred to the buyer, recovery of the consideration is probable, the associated costs or possible return of the goods can be estimated reliably, there is no continuing management involvement with the goods, 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.

The transfer of the risks and benefits varies with the type of sale made. 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 received, 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, 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.

Loan-related costs that are not directly attributable to the purchase, construction or production cost of an asset that justifies capitalization are recognized in profit or loss for the year using the effective interest method.

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 and non-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, to account for the time that will elapse before actual payment occurs.

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 limited 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. To establish the present value of these economic benefits, the minimum funding requirements applicable to any Group plan are considered. 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. Regarding the actuarial gains and losses arising from the calculation of plan liabilities, the Group uses the "corridor" approach, by which actuarial gains and losses are not reported as long as they are within ±10% of the greater of the plan assets or the present value of the plan obligations. Any excess is recognized in profit or loss on a straight-line basis over the average remaining service lives of the beneficiaries, under the item "personnel expense," except for the financial component which is included under financial expense.

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

The grant-date fair value of share-based payment awards granted to employees is recognized in personnel expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet those conditions at the vesting date. For share-based payments with non-vesting performance conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual conditions.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit expenses in the income statement.

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 relating to business combinations or items 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 the period 2010-2012, Autogrill S.p.A. and its Italian subsidiaries Nuova Sidap S.r.l. and WDFG Italia S.r.l. (formerly Alpha Retail Italia S.r.l.)[1] have joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l., as permitted by the Consolidated Income Tax Act. The regulation signed by the parties provides for payment in full of the amount corresponding to the transferred losses or

1. For WDFG Italy S.r.l. the relevant period is 2011-2013

profits times the IRES (corporate tax) rate, as well as the transfer of any tax assets. 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 are recognized to the extent that future taxable income is likely to be earned allowing use of the deductible temporary differences. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income.

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 expected to apply at the time the asset is realized or the liability is settled, taking account of the tax rates in force at the close of the year. Deferred tax assets are recognized when they are likely to be used against taxable income.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances, when they pertain to the same tax authorities, and when the Group plans to settle its current tax assets and liabilities on a net basis.

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, trademarks and similar rights:	
Software licenses	3–6 years or term of license
License to sell state monopoly goods	Term of license
Trademarks and brands	5–20 years
Contractual rights	Term of the rights
Other:	
Software on commission	3–6 years
Other costs to be amortized	3–10 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 to the extent 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 systematically 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 separately when determining depreciation.

The depreciation rates are as follows:

Industrial buildings	2%–10%
Plant and machinery	7%–34%
Industrial and commercial equipment	10%–33%
Furniture and fittings	10%–20%
Motor vehicles	25%
Other	10%–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 assets"), the asset is written down 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 and increase the carrying amount of the asset. 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.

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 over the life of the contract. Financial expense is recognized in the income statement.

Operating lease payments are recognized 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 recognized on a straight-line basis over the term of the lease.

Impairment of assets

At each annual or interim reporting date, the Group tests whether there is internal or external evidence of impairment of its property, plant and equipment or intangible assets. If so, the recoverable amount of the assets is estimated to determine any impairment loss. 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 lowest level at which goodwill is monitored for internal reporting purposes, though reflecting the maximum level of this aggregation represented by the operating segment. 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 to sell 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 the 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 (or group of units) 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

Assets and liabilities 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 assets held for sale 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;
- assets and liabilities held for sale are shown in the statement of financial position separately from other assets/liabilities and are not offset; the corresponding balances from the prior year are also classified separately from other assets/liabilities for the sake of comparison.

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, calculated using the FIFO method. 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 tested at the end of each year. If the reasons for the impairment loss cease to apply, they are reversed to an amount not exceeding purchase or production cost.

Financial assets and liabilities

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.

In accordance with IAS 39, factored receivables are derecognized 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 amount of the asset transferred and the amount received is recognized in the income statement.

Other financial assets

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

Subsequently, the financial assets that the Group has the intention and capacity to hold to maturity (held to maturity investments) are measured at amortized cost net of impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each year end at fair value. If the financial assets are held for trading, gains and losses arising from changes in fair value are recognized in that year's income statement. Fair value gains and losses on other financial assets available for sale are recognized directly in comprehensive income and presented under equity until they are sold or impaired. In this case total gains or losses previously recognized in equity are taken to the income statement.

Share capital and purchase of treasury shares

The share capital is comprised wholly of ordinary shares, which form part of equity.

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 sale or re-issue of treasury shares is added back to equity. Any positive or negative difference from the transaction is transferred to or from retained earnings.

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 on 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 and borrowings

Interest-bearing loans, 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.

Convertible bonds

Convertible bonds are financial instruments comprised of a liability component and an equity component. The fair value of the liability is measured at the issue date using the spot market interest rate for similar, non-convertible bonds. The difference between the net amount raised by the issue and the fair value assigned to the liability, which represents the embedded option to convert the bonds into shares of Group companies, is recognized in equity.

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. Some Group companies have a policy of converting part of floating-rate debt into fixed-rate. The use of derivatives is governed by Group policies approved by Autogrill S.p.A.'s Board of Directors, which establish precise written procedures concerning the use of derivatives in accordance with the Group's risk management strategies. 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.

See the policy described in section 2.2.5, "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, 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).

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.

Fair value changes are measured as described below.

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 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.

Foreign currency transactions

Transactions in foreign currencies are converted into the presentation 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 rate gains and losses arising from translation are recognized in the income statement.

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 ordinary shareholders of the Parent 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.

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, the fair value of derivatives, provisions for impaired receivables and inventory obsolescence, amortization and depreciation, employee benefits, tax and other provisions. Estimates and assumptions are periodically reviewed and the effect of any change is taken to the income statement of the current and future years.

2.2.2 Notes to the statement of financial position

Current assets

I. Cash and cash equivalents

(€k)	31.12.2012	31.12.2011	Change
Bank and post office deposits	88,995	146,562	(57,567)
Cash and equivalents on hand	65,567	65,819	(252)
Total	**154,562**	**212,381**	**(57,819)**

"Bank and post office deposits" consist mainly of current accounts.

"Cash and equivalents on hand" include 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 carriers.

At constant exchange rates, this item would have decreased by € 55,525k.

II. Other financial assets

(€k)	31.12.2012	31.12.2011	Change
Fair value of interest rate hedging derivatives	11,182	11,929	(747)
Receivables from associates	10,890	2,846	8,044
Fair value of exchange rate hedging derivatives	685	751	(66)
Other financial assets	4,120	2,053	2,066
Total	**26,876**	**17,579**	**9,297**

"Fair value of interest rate hedging derivatives" refers to derivatives outstanding at 31 December 2012, with a combined notional value of $ 75m.

"Receivables from associates" and "Other financial assets" consist mostly of receivables from joint venture partners in North America; the change reflects the increased capital expenditure in 2012.

"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 to the forward purchase and/or sale of currency, in connection with intercompany loans.

See section 2.2.5, "Financial risk management," for a more detailed analysis of how the Group manages these risks.

III. Tax assets

These amount to € 29,375k (€ 13,382k at 31 December 2011) and refer to income tax advances and credits.

IV. Other receivables

(€k)	31.12.2012	31.12.2011	Change
Suppliers	92,994	75,474	17,520
Lease and concession advance payments	27,220	24,111	3,109
Inland revenue and government agencies	27,624	29,177	(1,554)
Receivables from credit cards companies	23,070	25,462	(2,393)
Personnel	2,234	1,726	508
Advances to grantors for investments	10,212	4,994	5,218
Sub-concessionaires	2,153	1,353	800
Receivables from parent company	14,446	3,820	10,627
Other	25,387	25,521	(135)
Total	**225,340**	**191,639**	**33,701**

"Suppliers" refers chiefly to amounts receivable for promotional contributions and supplier bonuses awaiting settlement, as well as advances for services to be received. The change on the previous year is due in part to the higher volume of purchases by the Travel Retail & Duty-Free segment.

"Lease and concession advance payments" consist of lease instalments paid in advance.

Receivables from "Inland revenue and government agencies" relate mostly to indirect taxes.

Amounts due from "Sub-concessionaires" refer to businesses licensed to others, while "Advances to grantors for investments" concern commercial investments carried out on behalf of concession grantors.

"Receivables from parent company" concern the amount due from Edizione S.r.l. to the Italian companies participating in the domestic tax consolidation scheme; they increased from € 3,820k at 31 December 2011 to € 14,446k because of the IRES refund due as a result of the retrospective deduction of IRAP pertaining to personnel expense for the years 2007-2011 in accordance with art. 2 of Decree Law 201/2011.

"Other" includes prepayments for maintenance, insurance policies and local taxes and commissions receivable on commission-generating businesses.

At constant exchange rates, this item would have increased by € 33,577K.

V. Trade receivables

(€k)	31.12.2012	31.12.2011	Change
Third parties	64,258	63,519	739
Allowance for impairment	(10,660)	(10,039)	(621)
Total	**53,599**	**53,481**	**118**

"Third parties" refers mainly to catering service agreements and accounts with affiliated companies.

At constant exchange rates, the change in this item would amount to € +501k.

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

(€k)	
Allowance for impairment at 31.12.2011	**10,039**
Increases	745
Other movements and exchange differences	419
Utilizations	(543)
Allowance for impairment at 31.12.2012	**10,660**

VI. Inventories

(€k)	31.12.2012	31.12.2011	Change
Food & Beverage	111,636	118,613	(6,977)
Travel Retail & Duty-Free	142,462	143,843	(1,381)
Sundry merchandise and other	3,007	3,587	(579)
Total	**257,105**	**266,042**	**(8,937)**

Inventories are shown net of the write-down provision of € 4,721k (€ 4,807k at 31 December 2011), determined on the basis of slow-moving goods. The allocation for the year was € 7,211k and utilizations came to € 7,337k.

At constant exchange rates, this item would have decreased by € 8,636k.

Non-current assets

VII. Property, plant and equipment

	31.12.2012			31.12.2011			
(€k)	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Change
Land and buildings	170,201	(86,113)	84,088	167,500	(82,504)	84,996	(908)
Leasehold improvements	1,068,098	(741,397)	326,701	1,088,751	(766,803)	321,948	4,753
Plant and machinery	282,969	(220,880)	62,089	277,270	(219,879)	57,391	4,698
Industrial and commercial equipment	848,204	(635,852)	212,352	824,011	(609,854)	214,157	(1,805)
Assets to be transferred free of charge	482,990	(370,460)	112,530	472,390	(359,748)	112,642	(112)
Other	66,127	(55,916)	10,211	65,866	(54,245)	11,621	(1,410)
Assets under construction and payments on account	150,028	-	150,028	120,638	-	120,638	29,390
Total	**3,068,617**	**(2,110,618)**	**957,999**	**3,016,426**	**(2,093,033)**	**923,393**	**34,606**

Investments in 2012 amounted to € 291,240k (of which € 17,143k for intangible assets), while the carrying amount of disposals was € 7,876k. Disposals generated net gains of € 2,323k.

In addition to depreciation of € 220,669k, impairment testing of individual locations or contracts resulted in impairment losses of € 7,694k. Impairment testing was based on estimated future cash flows (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 of operation.

At constant exchange rates, the change in this item would amount to € +39,301k.

"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.

The increase in "Assets under construction and payments on account" mainly reflects the greater investments in course in North America.

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

(€k)	31.12.2012			31.12.2011		
	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Gross amount	Accumulated depreciation & impairment losses	Carrying amount
Land and buildings	12,795	(10,416)	2,379	12,795	(10,289)	2,506
Plant and machinery	761	(344)	417	758	(192)	566
Assets to be transferred free of charge	12,788	(10,328)	2,460	12,788	(9,867)	2,921
Leasehold improvements	60	(14)	46	58	(2)	56
Industrial and commercial equipment	7	(2)	5	7	-	7
Other	10	(2)	8	9	-	9
Total	**26,421**	**(21,106)**	**5,315**	**26,415**	**(20,350)**	**6,066**

The financial payable for these goods amounts to € 12,179k and is included under "Other financial liabilities" (current) for € 1,103k (€ 1,688k at the end of 2011) and "Other financial liabilities" (non-current) for € 11,076k (€ 12,200k the previous year). Future lease payments at 31 December 2012 amounted to € 20,990k (€ 23,713k at the end of 2011).

The Group also uses third party assets worth € 1,515k and rents businesses with assets worth € 12,769k.

VIII. Goodwill

At 31 December 2012 goodwill amounted to € 1,394,254k, compared with € 1,410,806k the previous year. The change consists primarily of impairment losses of € 16,700k.

The cash-generating units (CGUs) were identified on the basis of business segments, and in some cases further split by geographical area, consistently with the minimum level at which goodwill is monitored for internal management purposes.

Details of goodwill allocation are provided in the table below:

(€k)	31.12.2012	31.12.2011	Change
Food & Beverage			
Italy	83,631	83,516	115
HMSHost	452,020	460,262	(8,242)
Other	253,486	269,012	(15,526)
Travel Retail & Duty-Free			
Europe	515,371	505,932	9,439
North America	37,670	38,945	(1,275)
Central and South America	5,727	5,840	(113)
Rest of the world	46,348	47,298	(949)
Total	**1,394,254**	**1,410,806**	**(16,552)**

The recoverability of the goodwill allocated to each CGU is tested by estimating their value in use, defined as the present value of estimated future cash flows discounted at a rate reflecting the time value of money (differentiated by currency area) and specific risks of the individual CGUs at the measurement date.

The discount rate was set in consideration of the Capital Assets Pricing Model, which is based, as far as possible, on indicators and variables that can be observed from the market.

Future cash flows have been estimated on the basis of the 2013 budget and forecasts for 2014-2017 (explicit forecast period). Cash flows beyond 2017 have been projected by extrapolating 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, and by using the perpetuity method to calculate terminal value.

Below are the main assumptions used for impairment testing. The discount rate has changed since the previous year, to reflect market conditions at 31 December 2012:

	Forecast nominal growth rate "g"	Discount rate 2012		Discount rate 2011	
		Post tax	Pre tax	Post tax	Pre tax
Food & Beverage					
Italy	1.0%	8.70%	14.53%	8.18%	13.14%
HMSHost	2.0%	5.15%	6.97%	5.63%	7.69%
Other countries	1.0%-2.0%	4.32%-9.95%	5.35%-11.46%	4.73%-12.75%	5.64%-13.62%
Travel Retail & Duty-Free					
Europe	2.0%	5.49%-10.47%	6.62%-17.32%	6.09%-10.78%	7.11%-15.02%
North and South America	2.0%	5.63%-13.16%	8.18%-17.49%	5.63%-13.16%	8.18%-17.49%
Rest of the world	2.0%	6.28%-10.11%	7.40%-18.85%	6.75%-10.60%	7.70%-15.21%

To estimate cash flows for the period 2013-2017, management has made some assumptions including an estimate of air and road traffic volumes, future sales, operating costs, investments, and changes in working capital.

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

Food & Beverage

- Italy: motorway traffic is assumed to slow in 2013 and enjoy a moderate recovery in the following years, while the renewal rate for expiring contracts should be in line with Autogrill's track record. Operating costs, in particular rent, as a percentage of revenue have been revised in accordance with the expiration of leases and concession contracts.
- HMSHost: projections for 2013 assume a moderate recovery in airport traffic. For 2014-2017, average annual growth is expected to outperform the trend in Europe. The renewal rate of existing contracts was estimated on the basis of the Group's historical trends. The total incidence of operating costs is expected to decrease slightly due to the positive effect of operating leverage.
- Other European countries: revenue projections are based on motorway traffic and airport traffic assumptions that differ from country to country. The total weight of location operating costs is expected to decrease thanks to the cost-cutting measures undertaken.

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

Travel Retail & Duty-Free

- Europe: specific traffic assumptions were formed for the United Kingdom and Spain for the years 2013-2017, in line with the available traffic forecasts. For Spain, sales are expected to grow in light of the recent contract renewals and the increased commercial space at the airports served. The other cost items are expected to continue existing trends, save for rent reviews in Spain in connection with the renewal of rental and concession contracts at airports. Higher investment is assumed in parallel with expiring contracts.
- Americas: traffic is expected to grow in 2013-2017, with the highest rates in Central and South America. Profitability is assumed to be stable, based in part on a track record of performance gains.
- Rest of the world: for 2013-2017, traffic growth assumptions are different from country to country. Operating costs as a percentage of revenue have been revised in accordance with the expiration of leases and concession contracts, to reflect the most likely scenarios in terms of contract renewals and rent.

On the basis of these assumptions, the amount of goodwill attributed to each CGU was found to be fully recoverable with the exception of Food & Beverage Spain, due to the ongoing weakness of the motorway channel as a result of the country's economic situation. The impairment loss on goodwill for that CGU, in the amount of € 16,700k, is recognized under "Food & Beverage – other".

The following table shows the levels at which, for the most significant assumptions used in the impairment tests, there would no longer be a gap between the CGU's value in use and its carrying amount:

	Discount rate net of taxes	g
Food & Beverage		
Italy	19.77%	(30.20%)
HMSHost	13.32%	(15.92%)
Switzerland	4.38%	0.93%
Belgium	8.70%	(1.47%)
France	13.78%	(16.85%)
Other countries	7.22%/41.67%	(14.29%)/(0.23%)
Travel Retail & Duty-Free		
Europe	15.45%	(20.25%)
North and South America	21.92%	(*)
Rest of the world	18.17%	(29.59%)

* Even if a very prudential WACC and g are applied, the Cash Generating Unit shows a positive balance

IX. Other intangible assets

(€k)	31.12.2012	31.12.2011	Change
Concessions, licenses, trademarks and similar rights	657,006	725,427	(68,421)
Assets under development and payments on account	9,832	6,102	3,730
Other	11,886	12,142	(256)
Total	**678,724**	**743,671**	**(64,947)**

"Concessions, licenses, trademarks and similar rights" consist mainly of the amounts determined upon fair-value measurement of the assets and liabilities acquired with World Duty Free Group UK Holding Ltd. (formerly World Duty Free Europe Ltd) and World Duty Free España S.A. (formerly Aldeasa S.A.), namely contractual rights for € 518,862k (€ 583,652k at 31 December 2011) and the tradename World Duty Free for € 98,675k (€ 102,745k the previous year).

All "Other intangible assets" have finite useful lives.

The change in this item would amount to € –72,082k at constant exchange rates.

The following table shows movements during the year in property, plant and equipment, goodwill, and other intangible assets.

Intangible assets

(€k)	31.12.2011 Gross carrying amount	31.12.2011 Accumulated amort. and impair. losses	31.12.2011 Carrying amount	Change in gross carrying amount: Change in consolidation scope	Exchange rate gains (losses)	Increases	Decreases
Concessions, licenses, trademarks and similar rights	1,090,225	(364,798)	725,427	254	7,549	6,176	(11,210)
Assets under development and payments on account	6,103	-	6,103	-	-	9,385	(74)
Other	66,138	(53,996)	12,142	-	580	1,582	(1,321)
Total	**1,162,466**	**(418,794)**	**743,672**	**254**	**8,129**	**17,143**	**(12,605)**

(€k)	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount	Change in consolidation scope	Exchange rate gains (losses)	Increases	Decreases
Goodwill	1,446,081	(35,275)	1,410,806	-	396	-	-

Property, plant and equipment

(€k)	31.12.2011 Gross carrying amount	31.12.2011 Accumulated depreciation and impair. losses	31.12.2011 Carrying amount	Change in gross carrying amount: Change in consolidation scope	Exchange rate gains (losses)	Increases	Decreases
Land and buildings	167,500	(82,504)	84,996	-	313	4,344	(225)
Leasehold improvements	1,088,751	(766,803)	321,948	69	(11,443)	44,969	(102,473)
Plant and machinery	277,270	(219,879)	57,391	-	1,161	14,985	(22,237)
Industrial and commercial equipment	824,011	(609,854)	214,157	-	(2,020)	47,104	(56,134)
Assets to be transferred free of charge	472,390	(359,748)	112,642	251	-	17,840	(18,986)
Other	65,866	(54,245)	11,621	-	511	2,368	(3,439)
Assets under construction and payments on account	120,638	-	120,638	-	(1,106)	142,487	(4,362)
Total	**3,016,426**	**(2,093,033)**	**923,393**	**320**	**(12,584)**	**274,097**	**(207,856)**

Change in gross carrying amount		Amortization/Impairment losses					31.12.2012		
			Increases						
Other movements	Total	Exchange rate gains (losses)	Amort.	Imp. losses	Decreases	Total	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount
3,608	6,377	(167)	(85,756)	-	11,125	(74,798)	1,096,602	(439,596)	657,006
(5,582)	3,729	-	-	-	-	-	9,832	-	9,832
3,698	4,539	(564)	(5,712)	-	1,480	(4,796)	70,678	(58,792)	11,886
1,724	**14,645**	**(731)**	**(91,468)**	**-**	**12,605**	**(79,594)**	**1,177,112**	**(498,388)**	**678,724**

Other movements	Total	Exchange rate gains (losses)	Impairment losses	Decreases	Total	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount
-	396	(246)	(16,700)	-	(16,948)	1,446,477	(52,223)	1,394,254

Change in gross carrying amount		Amortization/Impairment losses					31.12.2012		
			Increases						
Other movements	Total	Exchange rate gains (losses)	Deprec.	Imp. losses	Decreases	Total	Gross carrying amount	Accumulated deprec. and impair. losses	Carrying amount
(1,732)	2,700	(176)	(4,068)	471	164	(3,609)	170,201	(86,113)	84,088
48,224	(20,654)	9,413	(78,760)	(6,308)	101,062	25,407	1,068,097	(741,397)	326,701
11,788	5,697	(935)	(20,451)	(821)	21,207	(1,000)	282,969	(220,880)	62,089
34,991	24,192	2,898	(83,911)	(579)	55,595	(25,997)	848,203	(635,852)	212,352
11,746	10,600	-	(30,368)	(448)	20,104	(10,712)	482,990	(370,460)	112,530
820	260	(398)	(4,606)	(6)	3,340	(1,670)	66,127	(55,916)	10,211
(107,629)	29,390	-	-	-	-	-	150,028	-	150,028
(1,792)	**52,185**	**10,802**	**(222,164)**	**(7,691)**	**201,472**	**(17,581)**	**3,068,615**	**(2,110,618)**	**957,999**

X. Investments

This item is mainly comprised of associates, measured at using the equity.

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

Using the equity method, € –362k was recognized in the income statement under "Adjustment to the value of financial assets".

Name	Registered office	Country	% held	Currency	Revenues	Profit/(loss) for the year	Total asset	Total liabilities	Carrying amount (€k)
					Currency/000				
Souk al Mouhajir S.A.	Tangier	Morocco	36%	Dhs	4,169	(406)	18,188	2,746	468
Creuers del Port de Barcelona S.A.	Barcelona	Spain	23%	Euro	18,020	1,789	54,454	12,900	8,668
Dewina Host Sdn Bhd	Kuala Lumpur	Malaysia	49%	Myr	18,556	247	11,275	2,190	1,453
TGIF National Airport Restaurant Joint Venture	Texas	USA	25%	Usd	2,024	59	8	-	-
HKSC Developments L.P. (Projecto)	Winnipeg	Canada	49%	Cad	22,204	(3,978)	54,167	51,386	1,516
HKSC Opco L.P. (Opco)	Winnipeg	Canada	49%	Cad	53	44	295	171	61
Other									227
Total									**12,393**

XI. Other financial assets

(€k)	31.12.2012	31.12.2011	Change
Interest-bearing sums with third parties	3,359	4,515	(1,157)
Guarantee deposits	11,897	9,676	2,221
Other financial receivables from third parties	4,064	3,027	1,036
Total	**19,319**	**17,219**	**2,100**

At constant exchange rates, this item would have increased by € 2,216K.

"Other financial receivables from third parties" are primarily due from US joint venture partners.

XII. Deferred tax assets

Deferred tax assets, shown net of offsettable deferred tax liabilities, amount to € 71,023k (€ 94,894k at 31 December 2011). The change for the year, € –23,871k, would amount to € –23,652k at constant exchange rates.

The main components of this item are detailed below:

- € 25,363k (€ 27,225k at 31 December 2011) for the Italian companies, where deferred tax assets are generated primarily by the different depreciation/amortization period and the deferred deductibility of provisions for risks and charges;

- € 27,877k (€ 39,869k the previous year) for the companies in the Travel Retail & Duty-Free business, mostly in relation to losses carried forward;
- € 10,064k (€ 8,961k at 31 December 2011) for the French Food & Beverage companies, mostly in connection with losses carried forward and the different amortization and depreciation periods.

Tax losses existing at 31 December 2012 on which deferred tax assets have not been recognized amount to € 185,632k.

At 31 December 2012, "Deferred tax liabilities" not offsettable against deferred tax assets amounted to € 146,528k (€ 164,331k at 31 December 2011) and refer mainly to temporary differences concerning the intangible assets to which the Group allocated part of the price paid for the acquisition of World Duty Free Group UK Holding Ltd. (formerly World Duty Free Europe Ltd.) and World Duty Free España S.A. (formerly Aldeasa S.A.).

The change at constant exchange rates would have been € –19,535k.

Total net deferred tax assets at 31 December 2012 (€ 75,505K) are analyzed below:

	2012		2011	
(€k)	Temporary differences	Tax effect	Temporary differences	Tax effect
Trade receivables	10,327	2,843	7,114	1,907
Other receivables	30,667	9,263	39,073	15,524
Property, plant and equipment and other intangible assets	(489,514)	(133,163)	(588,070)	(149,382)
Total temporary differences on assets	**(448,520)**	**(121,056)**	**(541,883)**	**(131,952)**
Other payables	(1,702)	(865)	(2,507)	(709)
Defined benefit plans	(60,992)	(24,193)	(72,547)	(27,634)
Provisions for risks and charges	(17,392)	(5,633)	(31,157)	(9,638)
Other reserves and retained earnings	204,164	15,838	160,733	13,125
Total temporary differences on liabilities and equity	**124,078**	**(14,853)**	**54,522**	**(24,856)**
Net deffered tax		**(106,203)**		**(107,095)**
Deffered tax assets arising from tax losses		30,698		37,658
Total net deferred tax		**(75,505)**		**(69,437)**

The deferred tax liabilities on "Other reserves and retained earnings" refer to the effect of deferred taxation on the retained earnings of subsidiaries.

XIII. Other receivables

Most of the other non-current receivables, € 27,386k at 31 December 2012, consist of premiums due from suppliers in relation to long-term procurement contracts and concession fees paid in advance.

Current liabilities

XIV. Trade payables

Trade payables at 31 December 2012 amounted to € 643,958K, up from € 632,366K at the end of 2011.

The change at constant exchange rates would have been € +11,656k.

XV. Tax liabilities

At € 25,164k, these decreased by € 329k and refer to taxes accrued during the year net of offsettable credits. The income tax balance of the Italian companies participating in Edizione S.r.l.'s domestic tax consolidation scheme is recognized under "Other payables" or "Other receivables".

At constant exchange rates, this item would have decreased by € 347k.

XVI. Other payables

(€k)	31.12.2012	31.12.2011	Change
Personnel expense	162,672	153,923	8,749
Due to suppliers for investments	86,412	80,555	5,857
Social security and defined contribution plans	47,726	42,010	5,716
Indirect taxes	29,631	33,316	(3,685)
Withholding taxes	18,044	14,124	3,919
Other	49,079	44,988	4,091
Total	**393,563**	**368,916**	**24,647**

"Personnel expense" includes, among other items, bonuses on 2012 results and bonuses for the 2010-2012 incentive plan, which will both be paid in 2013.

The heading "Other" includes amounts due to directors and statutory auditors (€ 1,165k), as well as accrued liabilities for insurance, utilities, and maintenance pertaining to 2012.

At constant exchange rates, the change in this item would amount to € +25,832k.

XVII. Other financial liabilities

(€k)	31.12.2012	31.12.2011	Change
Fair value of interest rate hedging derivatives	20,789	18,958	1,831
Accrued expenses and deferred income for interest on loans	7,567	8,481	(913)
Lease payments due to others	1,103	1,688	(585)
Fair value of exchange rate hedging derivatives	1,002	813	189
Other financial accrued expenses and deferred income	1,139	716	422
Liabilities due to others	27	-	27
Total	**31,627**	**30,655**	**972**

"Fair value of interest rate hedging derivatives" refers to the fair value measurement of interest rate swaps outstanding at 31 December 2012, with notional values of € 120m and £ 200m. The change in value reflects the trend in interest rates, net of payments made.

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

Details of the derivatives outstanding at year end are provided in section 2.2.5, "Financial risk management".

Non-current liabilities

XVIII. Other payables

The balance of € 37,354k (€ 71,027k at 31 December 2011) consists mainly of the provision for long-term employee incentive plans and the liability for defined contribution plans. Most of the decrease with respect to 31 December 2011 is due to the reclassification to current liabilities ("Other payables") of the bonuses due to personnel under the 2010-2012 incentive plan, which are payable in 2013.

At constant exchange rates, the change in this item would amount to € –33,187k.

XIX. Loans

(€k)	31.12.2012	31.12.2011	Change
Current account overdrafts	57,792	32,753	25,039
Unsecured bank loans current	14,556	21	14,535
Current portion of non-current debt	56,521	150,740	(94,219)
Total current	**128,869**	**183,513**	**(54,644)**
Unsecured bank loans non-current	1,193,654	1,238,851	(45,197)
Commissions on bond issues	(10,625)	(12,509)	1,883
Lease payments due to others	11,076	12,200	(1,124)
Liabilities due to others	288	665	(377)
Total non-current	**1,194,393**	**1,239,207**	**(44,814)**
Total	**1,323,262**	**1,422,720**	**(99,458)**

At constant exchange rates, this item would have decreased by € 106,340k.

In 2012 the Group terminated a multicurrency revolving credit facility of € 150m, which matured on 9 June 2012.

In June 2012 it obtained a new, 18-month revolving credit facility of € 200m, maturing on 30 November 2013.

The breakdown of "Unsecured bank loans" at the close of 2012 and 2011 is shown below:

		31.12.2012		31.12.2011	
Credit lines	**Expiry**	**Amount (€k)**	**Drawdowns in €k ***	**Amount (€k)**	**Drawdowns in €k ***
Term Loan - Autogrill S.p.A.	June 2015	200,000	200,000	200,000	200,000
2005 Syndicated line		**200,000**	**200,000**	**200,000**	**200,000**
Multicurrency Revolving Facility - Autogrill S.p.A.	June 2012	-	-	150,000	150,740
2010 line		-	-	**150,000**	**150,740**
Multicurrency Revolving Facility - Autogrill S.p.A. **	July 2016	700,000	549,419	700,000	542,809
Multicurrency Revolving Facility - Travel Retail ***	July 2016	650,000	500,756	650,000	496,040
2011 Syndicated lines		**1,350,000**	**1,050,175**	**1,350,000**	**1,038,850**
Revolving facility agreement - HMSHost Corporation ****	June 2014	189,480	-	-	-
Revolving facility agreement - Autogrill S.p.A.	November 2013	200,000	-	-	-
2012 lines		**389,480**	-	-	-
Total lines of credit		**1,939,480**	**1,250,175**	**1,700,000**	**1,389,589**
current portion		***266,666***	***56,521***	***150,000***	***150,740***
Total lines of credit net of current portion		**1,672,814**	**1,193,654**	**1,550,000**	**1,238,851**

* Drawdowns in currency are measured based on exchange rates at 31 December 2012 and 31 December 2011
** This line can be also drawn down by HMSHost Corporation and Host International Inc.
*** The first tranche, of € 400m, provides annually reimbursements starting from 2013
**** Amount to be used solely in US dollars for up to a maximum of $ 250m

At 31 December 2012 the credit facilities maturing after one year had been drawn down by about 67%. Floating interest is charged on all bank loans. The weighted average term of bank loans, including unutilized credit lines, is two years and seven months (approximately four years at 31 December 2011).

The loan contracts require the Group to uphold certain financial ratios: a leverage ratio (net debt/ EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5. The economic and financial ratios for the contracts signed refer to the Group as a whole, while those for the loan financing the Travel Retail & Duty-Free segment are based solely on that segment's data. For the calculation of these ratios, net 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 readily apparent from the financial statements.

At 31 December 2012 all of the above covenants were amply satisfied.

XX. Bonds

(€k)	31.12.2012	31.12.2011	Change
Non-convertible bonds	201,607	-	201,607
Total current	**201,607**	-	**201,607**
Non-convertible bonds	124,508	333,065	(208,557)
Commissions on bond issues	(843)	(687)	(156)
Total non-current	**123,665**	**332,378**	**(208,713)**
Total	**325,272**	**332,378**	**(7,106)**

"Non-convertible bonds" refer to private placements guaranteed by Autogrill S.p.A. and issued by HMSHost Corporation (formerly Autogrill Group Inc.):

- in January 2003 for a total of $ 370m; after the redemption at maturity of $ 44m in January 2010 and $ 60m in January 2011, at the close of the year there was a remaining balance of $ 266m maturing in January 2013, paying interest half-yearly at a fixed annual rate of 6.01%. The private placement was redeemed at maturity, as described in greater detail below;
- in May 2007 for a total of $ 150m, paying fixed annual interest of 5.73% half-yearly and maturing in May 2017. Exposure to fair value fluctuations is partially hedged by an interest rate swap with a notional amount of $ 75m.

Regarding this second private placement, in December 2012 the parties modified the contract to state that the ratios to be satisfied would be determined solely with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.) and that, under certain conditions, the loan would no longer be guaranteed by Autogrill S.p.A.

In January 2013, Autogrill S.p.A. guaranteed a new bond issue of $ 150m, maturing in January 2023 and paying fixed half-yearly interest at 5.12%. The proceeds were used, together with credit facilities existing at 31 December 2012, to pay back the private placement issued in 2003. Under this new issue as well, there are financial ratios to be satisfied with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.), and under certain conditions, the issue will no longer be guaranteed by Autogrill S.p.A.

On the whole, at 31 December 2012 this item amounted to € 325,272k, compared with € 332,378k at the end of 2011. The change reflects the translation effect (€ – 6,423k) and the change in fair value.

In 2012 there was a gain on the hedged item of $ 0.7m (€ 0.5m) and a loss on the hedge of the same amount, so the effect on the income statement was nil. The cumulative amount of fair value changes on the hedged item increased the liability at 31 December 2012 by $ 14.7m (€ 11.2m).

The fair value of the bonds outstanding is measured using 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 of the private placement maturing in May 2017 and of the new bond issue maturing in January 2023 require the maintenance of the following financial ratios: a leverage ratio (gross debt/EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5, calculated solely with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.).

The regulations of the bond issue maturing in January 2013 require a leverage ratio (net debt/EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5, calculated on data for the entire Group.

For the calculation of these ratios, gross and net 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 2012 these contractual requirements were fully satisfied.

XXI. Defined benefit plans

This item amounted to € 70,929k at the close of the year, a decrease of € 5,016k with respect to 31 December 2011.

The change at constant exchange rates would have been € –4,680k.

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 € 70,790k, compared with € 63,636k determined on an actuarial basis.

(€k)	31.12.2012	31.12.2011	Change
Defined benefit plans:			
Post-employment benefit	63,636	65,993	(2,358)
Health insurance plans	304	262	42
Other	6,989	9,689	(2,700)
	70,929	**75,945**	**(5,016)**
Others defined benefit plans	(7,103)	-	(7,103)
Total	**63,826**	**75,945**	**(12,119)**

This item is shown net of the positive fair value of the defined benefit plan of a subsidiary in the amount of € 7,103k.

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognized at 31 December 2012:

(€k)	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of the funded plans	249,895	226,443	212,225	206,172	161,495
Fair value of the plan assets	(213,947)	(198,223)	(189,771)	(167,761)	(139,731)
	35,948	**28,220**	**22,454**	**38,411**	**21,764**
Present value of the unfunded plans	77,242	54,703	65,405	73,640	76,863
Actuarial gains (losses) not recognised	(49,364)	(6,978)	6,860	(10,351)	8,875
Net liabilities recognised	**63,826**	**75,945**	**94,719**	**101,700**	**107,502**

The change in actuarial losses not recognized reflects the trend in market rates.

The actuarial assumptions used to calculate defined benefit plans are summarized in the following table:

(€k)	Italy		Switzerland		Great Britain		Other plans	
	2012	2011	2012	2011	2012	2011	2012	2011
Discount rate	2.7%	6.6%	2.0%	2.5%	4.5%	4.8%	1.9% - 5.3%	3.5% - 6.0%
Inflation rate	2.2%	2.3%	1.8%	1.9%	3.3%	3.1%	2.0%	1.8% - 2.0%
Yield on assets	-	-	2.0%	3.2%	5.3%	5.5%	4.2%	5.8%
Salary increase rate	-	-	1.0%	1.0%	4.3%	4.1%	1.8% - 2.9%	1.8% - 2.2%
Pension increase rate	3.2%	3.3%	-	-	2.1% - 3.1%	1.9% - 3.0%	2.0%	2.0%
Increase in healthcare costs	-	-	-	-	-	-	8.4%	8.7%

The 2012 discount rates were determined based on the yield of high grade corporate bonds at the date of these financial statements.

Below are the amounts recognized in the income statement for defined benefit plans:

(€k)	2012	2011	Change
Current service costs	3,016	2,309	707
Interest expense	11,930	13,366	(1,436)
Estimated yield on plan assets	(9,758)	(9,988)	230
Total	**5,188**	**5,687**	**(499)**

Interest expense is recognized under "Financial expense" net of the expected yield 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	Great Britain	Other plans	Total
Present value of the obligation at 31.12.2010	**60,380**	**71,794**	**124,194**	**21,262**	**277,630**
Current service costs	(234)	1,924	115	504	**2,309**
Interest expense	3,772	2,236	6,425	934	**13,366**
Actuarial losses (gains)	(7,453)	1,350	5,028	(2,465)	**(3,540)**
Employees' share of contributions	-	1,795	120	92	**2,007**
Benefits paid	(5,520)	(5,737)	(3,113)	(746)	**(15,116)**
Exchange rate gains (losses)	-	2,115	4,039	12	**6,166**
Other	(1,614)	-	-	(61)	**(1,675)**
Present value of the obligation at 31.12.2011	**49,331**	**75,475**	**136,808**	**19,532**	**281,146**
Current service costs	730	1,990	181	115	**3,016**
Interest expense	2,202	1,944	6,690	1,094	**11,930**
Actuarial losses (gains)	24,739	4,585	6,837	4,458	**40,619**
Group's share of contributions	-	1,778	109	70	**1,958**
Benefits paid	(4,966)	(5,883)	(3,376)	(1,098)	**(15,322)**
Exchange rate gains (losses)	-	516	3,159	(7)	**3,669**
Other	579	(536)	-	78	**121**
Present value of the obligation at 31.12.2012	**72,615**	**79,870**	**150,410**	**24,243**	**327,137**

This table shows movements in the present value of plan assets:

(€k)	Italy	Switzerland	Great Britain	Other plans	Total
Fair value of the assets at 31.12.2010	-	**69,108**	**104,560**	**16,102**	**189,770**
Estimated yield on plan assets	-	2,224	7,028	736	9,988
Actuarial losses (gains)	-	(12,585)	(2,155)	(2,568)	(17,308)
Employees' share of contributions	-	1,795	120	-	1,915
Group's share of contributions	-	1,929	15,536	304	17,770
Benefits paid	-	(5,739)	(3,113)	(477)	(9,329)
Exchange rate gains (losses)	-	2,010	3,460	-	5,470
Other	-	-	-	(53)	(53)
Fair value of the assets at 31.12.2011	-	**58,742**	**125,436**	**14,044**	**198,223**
Estimated yield on plan assets	-	1,830	7,116	812	9,758
Actuarial losses (gains)	-	(6,733)	2,076	4,023	(634)
Employees' share of contributions	-	1,778	109	-	1,887
Group's share of contributions	-	5,302	6,493	561	12,356
Benefits paid	-	(5,883)	(3,370)	(533)	(9,785)
Exchange rate gains (losses)	-	406	2,900	-	3,306
Other	-	(1,122)	27	(69)	(1,164)
Fair value of the assets at 31.12.2012	-	**54,321**	**140,787**	**18,838**	**213,947**

The main categories of plan assets are:

(€k)	Switzerland	Great Britain	Other plans
Equity instruments	32.7%	50.1%	-
Bonds	-	43.3%	-
Real estate	15.6%	-	-
Other debt instruments issued by third parties	26.2%	-	-
Other securities	25.5%	6.6%	100.0%

XXII. Provisions for risks and charges

(€k)	31.12.2011	Other movements and exchange rate	Allocations	Utilizations	31.12.2012
Provision for taxes	3,064	406	(316)	-	3,154
Other provisions	8,441	(6,529)	7,636	(1,300)	8,248
Provision for legal disputes	-	5,323	7,492	(30)	12,785
Onerous contracts provision	327	0	(106)	-	221
Total provisions for current risks and charges	**11,832**	**(800)**	**14,706**	**(1,330)**	**24,408**
Provision for taxes	4,085	(3,096)	-	(598)	390
Other provisions	28,724	2,639	(5,559)	(4,623)	21,181
Provision for legal disputes	3,458	90	1,083	(1,157)	3,475
Provision for the refurbishment of third party assets	9,421	171	3,354	(250)	12,696
Onerous contracts provision	9,003	27	(310)	(2,149)	6,571
Total provisions for non-current risks and charges	**54,691**	**(169)**	**(1,432)**	**(8,776)**	**44,314**

The change is due to normal allocations and utilizations for the year, and to the release of provisions as described below.

Provision for taxes

The current portion relates primarily to disputes over US companies' direct and indirect tax obligations.

Other provisions

These refer mainly to a US "self-insurance" provision of € 26,329k to cover the deductibles on third-party liability provided for in insurance plans. In 2012, € 7,696k was allocated to this provision and € 5,605k was used for insurance settlements.

In addition, some € 4.5m in provisions no longer considered necessary were released during the year, given the resolution of a commercial dispute with a concession grantor in Italy.

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 during the year as well as revised amounts, where necessary. Most of the change in 2012 concerns a dispute over customs duties with the Indian tax authorities.

Provision for the refurbishment of third party assets

This represents estimated liabilities 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.

XXIII. Equity attributable to owners of the parent

Movements in equity items during the year are detailed in a separate schedule.

Share capital

The share capital of Autogrill S.p.A., fully subscribed and paid in, amounts to € 132,288k and consists of 254,400,000 ordinary shares of par value € 0.52 each.

Schematrentaquattro S.r.l., a wholly-owned subsidiary of Edizione S.r.l., owned shares representing 59.28% of the share capital at 31 December 2012.

Legal reserve

The "Legal reserve" 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. It amounts to € 26,458k, unchanged since the previous year.

Hedging reserve

The "Hedging reserve," amounting to € –15,743k (€ –32,341k at 31 December 2011), corresponds to the effective portion of the fair value of derivatives designated as cash flow hedges.

The increase of € 16,598k relates to the fair value change of derivatives designated as cash flow hedges (€ +22,809k), net of the tax effect (€ –6,211k).

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 proportionate method, net of the fair value of instruments designated as net investment hedges. The increase amounts to € 5,793k in exchange rate gains on the translation of foreign currency financial statements, less € –4,981k for the fair value loss on instruments designated as net investment hedges (€ –7,103k), net of the tax effect (€ +2,122k).

Other reserves and retained earnings

This item includes the profits of subsidiaries not distributed as dividends, consolidation adjustments, and the amount set aside in connection with the recognized costs of the stock option plans.

The change for the year stems primarily from the allocation of the 2011 profit to reserves and the subsequent payment of € 70,951k in dividends on 24 May 2012, based on the resolutions of the annual general meeting of 19 April 2012.

Treasury shares

The shareholders' meeting of 19 April 2012, after revoking the authorization granted on 21 April 2011 and pursuant to arts. 2357 et seq. of the Italian Civil Code, authorized the purchase and subsequent disposal of ordinary shares with a par value of € 0.52 each up to a maximum of 12,720,000 shares.

At 31 December 2012 the parent owned 1,004,934 treasury shares with a carrying amount of € 7,724k and an average carrying amount of € 7.69 per share. No additional shares were purchased in 2012.

Non-controlling interests

Non-controlling interests amount to € 26,351k, compared with € 19,642k at 31 December 2011. The increase is due to the payment of dividends for € 15,579k, partly offset by € 13,511k in profit and € 9,754k in capital contributions.

Other comprehensive income

The following table shows the components of comprehensive income and the relative tax effect:

(€k)	2012			2011		
	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Effective portion of the fair value change of derivatives designated as cash flow hedges	(2,157)	655	(1,502)	(5,254)	1,535	(3,719)
Net change in fair value of cash flow hedges reclassified to profit or loss	24,965	(6,866)	18,100	17,620	(4,845)	12,774
Gains (losses) from translation of financial statements in non-euro currencies	14,688	-	14,688	32,350	-	32,350
Gains (losses) on net investment hedges	(7,103)	2,122	(4,981)	(10,166)	3,107	(7,059)
Total other consolidated comprehensive income	**30,393**	**(4,089)**	**26,305**	**34,550**	**(203)**	**34,347**

2.2.3 Notes to the income statement

Comments on the items making up the income statement are provided below.

XXIV. Revenue

Revenue in 2012 came to € 6,686,721k, an increase of € 264,528k with respect to the previous year's revenue of € 6,422,193k.

The increase at constant exchange rates would have been € 27,273k.

Revenue includes the sale of fuel, mostly at rest stops in Italy and Switzerland, which came to € 609,152k (€ 577,565k the previous year).

For details of performance by segment, see section 2.2.6 (Segment reporting) and the Directors' Report.

XXV. Other operating income

(€k)	2012	2011	Change
Bonuses from suppliers	63,587	53,491	10,096
Income from business leases	10,818	11,360	(542)
Affiliation fees	2,788	3,743	(955)
Gains on sales of property, plant and equipment	3,804	4,673	(869)
Other revenue	49,092	58,825	(9,733)
Total	**130,089**	**132,092**	**(2,003)**

"Other revenue" consists mainly of commissions from the sale of goods and services (e.g. fuel and cell phone top-up cards) for which the Group acts as an agent.

The change at constant exchange rates would have been € –2,345k.

XXVI. Raw materials, supplies and goods

(€k)	2012	2011	Change
Purchases	2,766,072	2,713,320	52,751
Change in inventories	8,692	(17,421)	26,114
Total	**2,774,764**	**2,695,899**	**78,865**

The increase at constant exchange rates would have been € 9,066k.

XXVII. Personnel expense

(€k)	2012	2011	Change
Wages and salaries	1,209,414	1,157,313	52,101
Social security contributions	218,813	208,151	10,662
Employee benefits	30,928	27,530	3,398
Other costs	78,559	79,622	(1,063)
Total	**1,537,714**	**1,472,616**	**65,098**

The increase at constant exchange rates would have been € 4,594k.

"Other costs" includes the portion pertaining to the year of the 2010 stock option plan and the fees paid to members of the Board of Directors (see section 2.2.10 for details).

The average headcount, expressed in terms of equivalent full-time employees, was 47,762 (46,940 the previous year).

XXVIII. Leases, rentals, concessions and royalties

(€k)	2012	2011	Change
Leases, rentals and concessions	1,213,180	1,123,102	90,078
Royalties	81,837	70,839	10,999
Total	**1,295,017**	**1,193,940**	**101,077**

At constant exchange rates, the change in this item would amount to € +51,891k.

The increase is correlated mainly with the rise in sales revenue, especially in the Travel Retail & Duty-Free segment.

XXIX. Other operating costs

(€k)	2012	2011	Change
Utilities	104,137	103,933	204
Maintenance	81,485	80,292	1,194
Cleaning and disinfestations	52,622	52,904	(281)
Consulting services	65,635	48,856	16,780
Commissions on credit card payments	47,470	42,373	5,096
Storage and transport	22,284	22,814	(531)
Advertising and market research	25,618	26,332	(715)
Travel expenses	34,589	30,278	4,311
Telephone and postal charges	18,194	16,687	1,507
Equipment hire and lease	9,561	9,429	132
Insurance	8,067	7,624	443
Surveillance	9,231	8,547	684
Transport of valuables	6,205	5,786	420
Banking services	6,723	5,826	897
Sundry materials	33,924	32,419	1,505
Other services	38,379	33,766	4,614
Costs for materials and services	**564,124**	**527,865**	**36,260**
Impairment losses on receivables	**987**	**376**	**611**
For taxes	(316)	1,125	(1,441)
For legal disputes	8,575	(996)	9,572
For onerous contracts	(416)	(3,650)	3,234
For other risks	1,725	3,888	(2,163)
Provisions for risks	**9,568**	**367**	**9,202**
Indirect and local taxes	**24,182**	**23,181**	**1,002**
Other operating costs	**20,510**	**23,090**	**(2,580)**
Total	**619,372**	**574,879**	**44,493**

The increase at constant exchange rates would have been € 23,741k.

"Sundry materials" refer to the purchase of inexpensive equipment and to various consumables such as uniforms, office supplies, and advertising materials.

"Consulting services" include, among others, strategic consulting in Italy and the United States and consulting costs for the renewal of the duty-free concessions in Spain.

The item "Other services" includes miscellaneous items such as medical check-ups, public relations, general services, and personnel recruitment and training.

The decrease in "Provisions for risks – for other risks" reflects the release of funds due to the resolution of a commercial dispute with a concession grantor in Italy.

In 2011, "Provisions for risks – for onerous contracts" included the reduction of a provision by about € 5m due to the sale of some units in Belgium. Likewise, "Provisions for risks – for other risks" reflected a decrease of € 4m in connection with the sale of the Flight segment.

XXX. Depreciation, amortization and impairment losses

In detail:

(€k)	2012	2011	Change
Other intangible assets	91,467	93,743	(2,277)
Property, plant and equipment	191,798	177,825	13,973
Assets to be transferred free of charge	30,368	27,271	3,096
Total	**313,632**	**298,839**	**14,793**

At constant exchange rates, the increase in this item would have been € 4,383k.

Impairment losses (net of reversals) were recognized in the amount of € 24,391k, following tests of the recoverability of carrying amounts on the basis of the projected cash flows of each cash generating unit.

The following table provides a breakdown by type of asset:

(€k)	2012	2011	Change
Goodwill	16,700	-	16,700
Other intangible assets	-	9,023	(9,023)
Property, plant and equipment	7,244	4,686	2,558
Assets to be transferred free of charge	448	1,429	(982)
Total	**24,391**	**15,138**	**9,253**

See notes VII, VIII and IX for details of the assumptions and criteria used to measure impairment.

XXXI. Financial income and expense

(€k)	2012	2011	Change
Interest income	1,472	1,094	378
Interest differential on exchange rate hedges	308	-	308
Ineffective portion of hedging instruments	43	837	(793)
Other financial income	824	268	556
Total	**2,648**	**2,199**	**449**

(€k)	2012	2011	Change
Interest expense	83,080	73,424	9,656
Discounting of long-term liabilities	2,793	3,534	(742)
Exchange rate losses	418	199	219
Interest differential on exchange rate hedges	-	65	(65)
Fees paid on loans and bonds	530	3,092	(2,562)
Other financial expense	5,418	4,685	734
Total	**92,239**	**85,000**	**7,240**
Total net financial expense	**(89,592)**	**(82,801)**	**(6,791)**

In 2011, "Fees paid on loans and bonds" included € 2,391k in early loan closure fees as part of the Group refinancing process that were paid in 2008 and 2010 and not yet fully expensed.

XXXII. Income tax

The balance of € 51,702k (€ 80,315k in 2011) includes € 42,892k in current taxes (€ 68,721k the previous year) and € 503k in net deferred tax liabilities (net deferred tax assets of € 273k in 2011). Regional tax on production activities (IRAP), which is charged on Italian operations and whose basis is essentially EBIT plus personnel expense, came to € 8,307k (€ 11,867k the previous year).

In 2012 the Group's theoretical tax rate, excluding IRAP, was about 35% and in line with the previous year.

Not counting IRAP, the average effective tax rate was reduced from 31.2% in 2011 to 26.8%, due mainly to the IRES refund resulting from the retrospective deduction of IRAP pertaining to personnel expense for the years 2007-2011 in accordance with art. 2 of Decree Law 201/2011. Gross of that effect, the effective tax rate would have been 34.5%.

Below is a reconciliation between the tax charge recognized in the consolidated financial statements and the theoretical tax charge. The latter was determined by applying the theoretical tax rate to the gross income earned in each jurisdiction, including additional taxes on future profit distributions by subsidiaries.

(€k)	2012	2011
Theoretical income tax	56,701	76,454
Reduced tax due to the direct taxation of minority partners in fully consolidated US joint ventures	(4,002)	(3,600)
Net effect of unrecognised tax losses, of utilization of unrecognized prior-year tax losses and the revision of estimates on the taxability/ deductibility of temporary differences	4,541	3,745
Tax rate variation effects in the United Kingdom	(6,801)	(5,616)
IRES refund resulting from the retrospective deduction of IRAP pertaining to personnel	(12,467)	-
Other permanent differences	5,424	(2,534)
Income tax, excluding IRAP	43,395	68,449
IRAP	8,307	11,867
Recognised income tax	51,702	80,315

XXXIII. Basic and diluted earnings per share

Basic earnings per share is calculated as the Group's share of net profit for the year divided by the weighted average number of ordinary shares outstanding during the year; treasury shares held by the Group are there excluded from the denominator.

Diluted earnings per share takes account of potential dilutive shares deriving from stock option plans when determining the number of shares outstanding.

Below is the calculation of basic earnings per share:

	2012	2011
Profit for the year attributable to owners of the parent (€k)	96,753	126,304
Weighted average no. of outstanding shares (no./000)	253,395	253,395
Basic earning per share (€/cent)	38.2	49.8

	2012	2011
Profit for the year attributable to owners of the parent (€k)	96,753	126,304
Weighted average no. of outstanding shares (no./000)	253,395	253,395
Weighted average no. of shares included in stock option plans (no./000)	-	297
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	253,395	253,692
Diluted earning per share (€/cent)	38.2	49.8

2.2.4 Net financial position

Details of the net financial position at 31 December 2012 and 31 December 2011 are as follows:

Note	(€m)		31.12.2012	31.12.2011	Change
I	A)	Cash on hand	65.6	65.8	(0.2)
I	B)	Cash equivalents	89.0	146.6	(57.6)
	C)	Securities held for trading	-	-	-
	D)	**Cash and cash equivalents (A + B + C)**	**154.6**	**212.4**	**(57.8)**
II	**E)**	**Current financial assets**	**26.9**	**17.6**	**9.3**
XIX	F)	Due to banks, current	(128.9)	(183.5)	54.6
XX	G)	Bonds issued	(201.6)	(0.0)	(201.6)
XVII	H)	Other financial liabilities	(31.6)	(30.7)	(1.0)
	I)	**Current financial indebtedness (F + G + H)**	**(362.1)**	**(214.2)**	**(147.9)**
	J)	**Net current financial indebtedness (I + E + D)**	**(180.7)**	**15.8**	**(196.5)**
XIX	K)	Due to banks, net of current portion	(1,183.0)	(1,226.3)	43.3
XX	L)	Bonds issued	(123.7)	(332.4)	208.7
XIX	M)	Due to others	(11.4)	(12.9)	1.5
	N)	**Non-current financial indebtedness (K + L + M)**	**(1,318.1)**	**(1,571.6)**	**253.5**
	O)	**Net non-current indebtedness (J + N) ***	**(1,498.7)**	**(1,555.8)**	**57.1**
XI	**P)**	**Non-current financial assets**	**4.1**	**3.0**	**1.0**
		Net financial indebtedness (O + P)	**(1,494.7)**	**(1,552.8)**	**58.1**

* As defined in the CESR recommendation of 10 February 2005

For further commentary, see the notes indicated above for each item.

At the close of 2012 and 2011 there were no financial liabilities or assets due to or from related parties.

2.2.5 Financial risk management

The Group is exposed to the following risks:

- market risk;
- credit risk;
- liquidity risk.

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 where there are borrowings paying a floating rate (thus exposing the Group to higher finance costs if interest rates rise) or a fixed rate (which means that lower interest rates do not bring about a reduction in financial expense).

Currently, the ratio of fixed-rate debt to net debt (i.e., net of financial assets, which are generally floating-rate) must as a matter of policy be in the range of 40 to 60% with reference to the Autogrill Group as a whole. At 31 December 2012 the ratio was 42%. The percentage of fixed-rate debt is higher when considering debt denominated in British pounds (48%) and US dollars (54%) as opposed to debt in euros (23%).

At 31 December 2012, gross debt denominated in US dollars amounted to $ 750.6m, including $ 429m in bond issues. Part of the interest rate risk is hedged by fixed-to-floating interest rate swaps for $ 75m, classified as fair value hedges.

Gross debt in British pounds at year end amounted to £ 416m, for drawdowns on committed multicurrency facilities. Part of the interest rate risk is hedged by floating-to-fixed interest rate swaps for a notional amount of £ 200m.

When applying the policy described above, interest rate risk management instruments were accounted for as cash flow hedges in Group companies' financial statements where they were subject to this risk, and thus recognized as financial assets or liabilities with a specific balancing entry in comprehensive income and presented in the hedging reserve under equity. In the year ended 31 December 2012, a fair value change of € +16,598k was recognized in respect of derivatives found to be effective.

The basic details of IRS contracts used as cash flow hedges at 31 December 2012 are as follows:

Underlying	Notional amount	Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Term Loan € 200m	€k 120,000	24.06.2015	4.66%	3 months Euribor	(14,381)
Term Loan £ 385m	£k 200,000	21.07.2016	1.34%	1 month Libor Gbp	(6,408)

Below are the details of financial instruments used to hedge fixed-rate debt of $ 75m at the close of the year:

Underlying	Notional amount	Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Bond issue	$k 75,000	09.05.2017	5.73%	6 months Usd Libor + 0.4755/0.5055%	11,182

These instruments were accounted for as fair value hedges in the financial statements of Group companies subject to this risk, and thus recognized as financial assets or liabilities with a balancing entry in the income statement. In 2012, the change in fair value was a negative $ 0.7m (€ 0.5m), which canceled the effects on the income statement of changes in the payable's fair value.

The fair value of derivatives is measured using 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, with no change on the previous year.

A hypothetical unfavorable change of 1% in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at 31 December 2012 would increase net financial expense by € 9,523k.

Currency risk

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 risk is detailed below, in local currency:

(Currency/000)	Usd	Cad	Gbp	Chf
Equity	416,137	176,557	389,209	189,776
Profit	103,730	9,255	53,343	4,022

If the euro had risen by 5% against the above currencies, at 31 December 2012 equity and profit for the year (in thousands of euros) would have been reduced as shown in the following table:

(Currency/000)	Usd	Cad	Gbp	Chf
Equity	15,019	6,400	22,710	7,486
Profit	3,845	343	3,133	159

This analysis was based on the assumption that the other variables, especially interest rates, remained 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's or its subsidiaries' financial statements of equity investments 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 hedges outstanding at 31 December 2012 is shown below:

Notional amont (currency/000)		Expiry	Spot rate	Forward rate	Fair value (€k)
Usd	32,022	26.03.2013	1.3282-1.3288	1.3284-1.3294	214
Usd	10,176	16.01.2013	1.3276-1.3289	1.3276-1.3289	(57)
Usd	14,250	10.01.2013	-	1.327	60
Usd	7,572	26.03.2013	1.3178-1.3295	1.3185-1.3322	(16)
Gbp	10,162	15.01.2013	-	0.81645	(5)
Gbp	26,000	22.01.2013	0.813	0.813225	(92)
Chf	4,100	22.01.2013	1.2088-1.2090	1.2082-1.2087	3
Cad	50,000	28.01.2013	1.2850-1.2950	1.2874-1.2966	(753)
Cad	4,240	15.01.2013	-	1.3122	(1)
Kwd	4,650	27.03.2013	1.3719-1.3722	1.3723-1.3734	57
Kwd	964	21.01.2013	-	3.3755	(28)
Sek	25,000	22.01.2013	8.6845	8.6935	35
Pen	29,403	26.03.2013	3.368	3.37	(25)
Pen	5,407	16.01.2013	-	3.4217	(25)

For instruments hedging translation risk that are therefore designated as hedges of net investments, the effective component of fair value is recognized in comprehensive income and classified to the translation reserve under equity.

The fair value of these hedges outstanding at 31 December 2012 is shown in the following table:

Notional amont (currency/000)		Expiry	Spot rate	Forward rate	Fair value (€k)
Chf	60,000	23.01.2013	1.2-1.2002	1.1996–1.9930	316

For the purpose of limiting total net exposure in British pounds due to the Group's presence in the UK by way of World Duty Free Group, the Gbp-denominated debt has been partially designated – to the extent allowed by the policy – as a hedge of net investments.

The fair value of derivatives is measured using 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, with no change on the previous year.

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 2.2.8.

Financial assets

Exposure at 31 December 2012 and 31 December 2011 was as follows:

(€k)	31.12.2012	31.12.2011	Change
Bank and post office deposits	88,995	146,562	(57,566)
Other current financial assets	15,010	4,899	10,111
Trade receivables	53,599	53,481	118
Other receivables	254,715	205,022	49,694
Derivative instruments	11,866	12,680	(813)
Other non-current financial assets	19,319	17,219	2,100
Other non-current receivables	27,386	32,887	(5,501)
Total	**470,891**	**472,749**	**(1,858)**

Exposure to credit risk depends on the specific characteristics of each customer. The Group's business model, centered on the relationship with the end consumer, means that trade receivables and thus the relative degree of risk is of little significance in relation to total financial assets, since most sales are paid for in cash.

In most cases, the Group's trade receivables stem from catering service agreements and commercial affiliations.

Other receivables 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.

The following table shows the age of trade receivables by category of debtor at 31 December 2012:

Trade receivables

	31.12.2012					
		Expired not impaired				
(€k)	Not expired	1-3 months	3-6 months	6 months - 1 year	Over 1 year	Total
Airlines	7,191	2,641	5,264	168	16	15,280
Franchises	2,420	519	-	892	-	3,831
Catering services agreements	2,373	4,091	143	353	-	6,960
Other	16,007	7,004	86	4,415	16	27,529
Total	**27,991**	**14,255**	**5,493**	**5,828**	**32**	**53,599**

Trade receivables

	31.12.2011					
		Expired not impaired				
(€k)	Not expired	1-3 months	3-6 months	6 months - 1 year	Over 1 year	Total
Airlines	4,596	2,404	-	64	6	7,070
Franchises	2,086	1,318	-	2,210	-	5,615
Catering services agreements	3,311	3,508	141	381	25	7,366
Other	15,186	12,830	831	4,245	337	33,430
Total	**25,179**	**20,061**	**972**	**6,901**	**367**	53,481

There is no significant concentration of credit risk: the top 10 customers account for 20.9% of total trade receivables, and the largest customer (Eni S.p.A.) for 5.9%.

Liquidity risk

Liquidity risk arises when it proves difficult to meet the obligations relating to financial liabilities.

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 2012 and 2011 were as follows:

Non-derivative financial liabilities

	31.12.2012						
		Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Current account overdrafts	57,792	57,792	54,474	-	3,318	-	-
Unsecured bank loans	1,264,731	1,264,731	14,540	5	56,531	1,193,654	-
Lease payments due to others	12,179	12,179	370	241	491	2,897	8,179
Other financial liabilities	315	315	27	-	-	-	288
Bonds	326,115	326,115	201,607	-	-	124,508	-
Trade payables	643,958	643,958	606,680	31,303	5,720	255	-
Due to suppliers for investments	86,412	86,412	86,398	-	-	14	-
Total	**2,391,501**	**2,391,501**	**964,096**	**31,549**	**66,060**	**1,321,328**	**8,467**

Derivative financial liabilities

	31.12.2012						
		Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Forward foreign exchange derivatives	685	685	685	-	-	-	-
Interest rate swap	11,182	11,182	-	1,336	-	9,846	-
Total	**11,867**	**11,867**	**685**	**1,336**	**-**	**9,846**	**-**

Non derivative financial liabilities

	31.12.2011						
		Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Current account overdrafts	32,753	32,753	29,698	-	-	-	3,055
Unsecured bank loans	1,389,611	1,389,611	6	5	150,750	790,463	448,386
Lease payments due to others	13,888	13,888	893	646	1,019	2,880	8,449
Other financial liabilities	665	665	-	-	-	379	286
Bonds	333,065	333,065	-	-	-	205,544	127,521
Trade payables	632,366	632,366	630,870	1,210	-	46	240
Due to suppliers for investments	80,555	80,555	80,068	473	-	14	-
Total	**2,482,903**	**2,482,903**	**741,535**	**2,334**	**151,770**	**999,326**	**587,938**

Derivative financial liabilities

	31.12.2011						
		Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Forward foreign exchange derivatives	751	751	751	-	-	-	-
Interest rate swap	11,929	11,929	-	1,326	1,254	9,349	-
Total	**12,680**	**12,680**	**751**	**1,326**	**1,254**	**9,349**	-

With regard to exposure to trade payables, there is no significant concentration of suppliers, of whom the largest 10 account for 16.1% of the total and the leading supplier (Autostrade per l'Italia S.p.A.) for 4.8%.

In January 2013, HMSHost Corporation (formerly Autogrill Group Inc.) contracted a new bond issue for a total amount of $ 150m, guaranteed by Autogrill S.p.A., maturing in January 2023 with a six-month coupon at a fixed 5.12%. The proceeds were used, together with credit facilities existing at 31 December 2012, to pay back the private placement issued in 2003. Under this new issue, there are financial ratios to be satisfied with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.), and under certain conditions, the issue will no longer be guaranteed by Autogrill S.p.A.

The loan contracts (note XIX) and bonds (note XX) outstanding at 31 December 2012 require the satisfaction of certain financial ratios, specifically, the leverage ratio (net debt/EBITDA) and interest coverage (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. The subsidiary World Duty Free Group S.A.U. has loans for which they are calculated with reference to the sub-consolidated group of Travel Retail & Duty-Free companies, and the subsidiary HMSHost Corporation (formerly Autogrill Group Inc.) has loans for which the perimeter considered when calculating these ratios is the sub-consolidated entity HMSHost Corporation.

For all loans, the leverage ratio must be less than 3.5 each time it is measured (normally every six months). Over the last two years it has stayed within the range of 2-3. Interest coverage, measured with the same frequency, must be higher than 4.5. Over the last two years it has stayed within the range of 6.9-18.9.

In February 2013 the Group made an outlay in excess of € 300m when the subsidiary World Duty Free Group España signed a contract with AENA, Spain's airport management entity, after winning a contract to operate travel retail shops for the period 2013-2020. The contract calls for the advance payment of part of the fixed portion of rent, which will be deducted from future payments throughout the term of the contract, until 2020. The advance payment to AENA will significantly raise the leverage ratio for a period of 12 to 24 months. It is likely, however, that the ample cash generated by the Travel Retail business will soon bring financial leverage back to entirely safe levels for the loans granted to World Duty Free Group S.A.U. and its subsidiaries.

For the loans held at 31 December 2012 by Autogrill S.p.A., whose boundary for these ratios is the entire Autogrill Group, if the increased leverage of Travel Retail due to the contract with AENA were to be compounded in 2013 by a further significant decline in Food & Beverage revenue in Europe, then the leverage ratio could, for a limited period of time, come very close to the limit of 3.5 – all the more so given the seasonal nature of Food & Beverage whereby the net generation of cash is concentrated in the second and especially the third quarter of the year.

Management believes that the Group has enough flexibility in timing its investments and cutting structural costs to manage any resulting financial tension and continue to satisfy its covenants.

2.2.6 Segment reporting

The Autogrill Group operates exclusively in two business segments, whose common denominator is direct service to people on the move. The two segments are "Food & Beverage" (or F&B) and airport shopping ("Travel Retail & Duty-Free").

Food & Beverage operations take place at major travel facilities (from airports to motorway rest stops and railway stations), serving a local and international clientele. The business is conducted in Italy by Autogrill S.p.A., in other European countries by foreign subsidiaries, and in North America and Asia by HMSHost (and its subsidiaries). Offerings reflect the local setting, with the use of proprietary brands, as well as a more global reach thanks to the use of international brands under license. The operational levers are typically assigned to local organizations that are centralized at the country level and coordinated, at the European level, by central facilities.

The segment's performance is monitored separately for each organization/country, followed by an analysis of performance by sales unit. Only "Italy" and "HMSHost" are presented on their own, while the remaining European units (each of them quite small) are grouped together under the heading "Other". This segment also includes the resources pertaining to "Corporate" functions, i.e. the centralized units in charge of administration, finance and control, strategic planning, legal affairs, human resources and organization, marketing, purchasing and engineering, and information and communication technology.

In the Travel Retail & Duty-Free segment, the international clientele appreciates a mostly uniform range of products across the different areas, sometimes supplemented by an assortment of local goods. For this reason, as the various businesses acquired over the years have been integrated, some Group-wide activities – such as marketing, purchasing, finance and other functions typical of a parent – have been centralized at the head Travel Retail & Duty-Free company in the interests of smooth coordination and efficiency. Group management tracks the performance of this segment as a whole, and then breaks down the trends by airport and type of merchandise.

In the following table, the column "Unallocated" includes the year's share of the financial charges recognized using the amortized cost method, as a result of the refinancing concluded in 2011.

Key information on operating segments is presented below, along with a breakdown of sales by area. The accounting policies used for segment reporting are the same as those employed in the consolidated financial statements.

	2012							
Segment (€k)	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Food & Beverage Corporate	Food & Beverage Total	Travel Retail & Duty Free	Unallocated	Consolidated
Revenue	1,810,972	2,124,868	748,908	-	4,684,748	2,001,973	-	6,686,721
Other operating income	67,914	3,795	31,812	1,152	104,673	25,416	-	130,089
Total revenue and other operating income	**1,878,886**	**2,128,663**	**780,720**	**1,152**	**4,789,421**	**2,027,389**	-	**6,816,810**
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(60,660)	(106,984)	(56,410)	(1,302)	(225,357)	(112,666)	-	(338,023)
Operating profit (loss)	**27,118**	**119,908**	**(14,965)**	**(29,812)**	**102,250**	**149,670**	-	**251,920**
Net financial expense					(50,315)	(18,473)	(20,804)	(89,592)
Adjustment to the value of financial assets					(2,206)	1,844	-	(362)
Pre-tax profit/(loss)					**49,729**	**133,041**	**(20,804)**	**161,966**
Income tax					(27,211)	(30,212)	5,721	(51,702)
Profit (loss) for the year					**22,518**	**102,829**	**(15,083)**	**110,264**

	31.12.2012							
Goodwill	83,631	452,020	253,486	-	789,137	605,117	-	1,394,254
Other intangible assets	1,962	13,730	23,162	16,997	55,851	622,874	-	678,724
Property, plant and equipment	208,358	423,015	198,324	41,016	870,713	87,287	-	957,999
Financial assets	-	-	-	14,537	14,537	13,111	-	27,649
Non-current assets	**293,951**	**888,764**	**474,973**	**72,550**	**1,730,238**	**1,328,389**	-	**3,058,627**
Assets held for sale	-	-	-	-	-	-	-	-
Net working capital	(192,775)	(101,308)	(125,857)	8,170	(411,770)	(101,960)	-	(513,731)
Other non-current non-financial assets and liabilities	(65,260)	(2,958)	(15,595)	(63,866)	(147,679)	(53,880)	-	(201,559)
Net invested capital	**35,916**	**784,498**	**333,521**	**16,854**	**1,170,788**	**1,172,549**	-	**2,343,337**

Segment (€k)	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Food & Beverage Corporate	Food & Beverage Total	Travel Retail & Duty Free	Unallocated	Consolidated
	2011							
Revenue	1,906,841	1,924,294	770,263	-	4,601,399	1,820,794	-	6,422,193
Other operating income	70,014	2,715	29,296	5,983	108,009	24,084	-	132,092
Total revenue and other operating income	**1,976,855**	**1,927,009**	**799,560**	**5,983**	**4,709,407**	**1,844,878**	-	**6,554,285**
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(51,606)	(89,896)	(44,628)	(6,533)	(192,663)	(121,315)	-	(313,978)
Operating profit (loss)	**81,053**	**134,534**	**12,205**	**(31,811)**	**195,981**	**106,992**	-	**302,974**
Net financial expense					(46,887)	(28,166)	(7,747)	(82,800)
Adjustment to the value of financial assets					(2,129)	1,396	-	(733)
Pre-tax profit/loss)					**146,966**	**80,222**	**(7,747)**	**219,440**
Income tax					(66,123)	(16,322)	2,131	(80,315)
Profit (loss) for the year					**80,843**	**63,900**	**(5,617)**	**139,125**
	31.12.2011							
Goodwill	83,516	460,262	269,013	-	812,791	598,015	-	1,410,806
Other intangible assets	(15,327)	13,785	21,696	33,384	53,538	690,133	-	743,671
Property, plant and equipment	202,988	379,350	202,258	42,144	826,741	96,652	-	923,393
Financial assets				16,880	16,880	9,667	-	26,547
Non-current assets	**271,177**	**853,397**	**492,967**	**92,408**	**1,709,950**	**1,394,467**	-	**3,104,417**
Assets held for sale	-	-	-	**43**	**43**	-	-	**43**
Net working capital	(165,788)	(73,655)	(98,461)	(59,558)	(397,462)	(93,721)	-	(491,182)
Other non-current non-financial assets and liabilities	(86,618)	(5,518)	(5,875)	(79,894)	(177,905)	(83,189)	-	(261,094)
Net invested capital	**18,771**	**774,224**	**388,631**	**(47,000)**	**1,134,625**	**1,217,558**	-	**2,352,184**

Geographical area

(€k)	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	Consolidated
	2012						
Food & Beverage revenue	1,810,972	1,977,087	15,093	62,374	772,816	46,406	4,684,748
Travel Retail & Duty-Free revenue	15,164	93,460	961,744	581,565	217	349,823	2,001,973
Total revenue	**1,826,136**	**2,070,547**	**976,837**	**643,940**	**773,033**	**396,229**	**6,686,721**

(€k)	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	Consolidated
	2011						
Food & Beverage revenue	1,906,841	1,784,282	14,102	71,764	781,696	42,714	4,601,399
Travel Retail & Duty-Free revenue	6,748	88,208	859,670	563,070	2,285	300,814	1,820,794
Total revenue	**1,913,589**	**1,872,490**	**873,772**	**634,834**	**783,981**	**343,528**	**6,422,193**

2.2.7 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 2012 results by quarter shows that volumes are concentrated in the second half of the year, and particularly in the third quarter, when business is at a peak due to summer holidays.

	2012			
(€m)	**First quarter**	**First half**	**First nine months**	**Full year**
Revenue	1,241.52	2,763.94	4,522.47	6,077.57
% on full year	*20.4%*	*45.5%*	*74.4%*	*100.0%*
Operating profit (loss)	(4.1)	67.0	230.6	251.9
% on full year	*n.s.*	*26.6%*	*91.5%*	*100.0%*
Pre-tax profit (loss)	(25.6)	22.1	166.0	162.0
% on full year	*n,s,*	*13.6%*	*102.5%*	*100.0%*
Profit (loss) for the year attributable to the owners of the parent	(18.4)	11.9	102.0	96.8
% on full year	*n.s.*	*12.3%*	*105.4%*	*100.0%*

Notes:
- In order to compare data with the figures shown in Directors' Report, revenue does not include fuel sales made primarily in Swiss and Italian motorway service areas
- Profit excludes non-controlling interests

The above figures are merely indicative and cannot be used to predict results.

Seasonal trends are then magnified by cash flows, with the first quarter 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 underway.

2.2.8 Guarantees given, commitments and contingent liabilities

Guarantees

At 31 December 2012 the guarantees given by the Autogrill Group amounted to € 197,208k (€ 179,612k at the close of 2011) and referred to performance bonds and other personal guarantees issued in favor of grantors and business counterparties.

Commitments

Commitments outstanding at 31 December 2012, 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 (€ 1,515k);
- the value of the assets of leased businesses (€ 12,769k);
- the value of sale-or-return products held at Group locations (€ 5,752k).

The Group has also agreed to minimum future payments under operating leases, as detailed in section 2.2.9.

Contingent liabilities

In 2010 and 2011 Autogrill S.p.A. was audited by the tax authorities for, respectively, the year 2007 and the years 2008-2009, leading to preliminary assessment reports that mostly address the subject of "transfer prices".

After providing documentation of its proper conduct to the tax authorities (which agreed with its theoretical arguments), for the sole purpose of concluding the issue without a tax dispute, Autogrill opted to pay the assessments but under considerably more favorable terms than those initially proposed.

In 2012 the Spanish company World Duty Free España S.A. (formerly Aldeasa S.A.) was also audited by the local tax authorities, which concluded with certain findings. Supported by the opinion of local tax experts, Management believes that those findings have insufficient legal bases and that they are highly likely to be rejected when disputed.

2.2.9 Operating leases

For the purposes of these financial statements, operating leases are defined as the various kinds of contract by which Group companies carry on their core business.

The management and provision of catering services along motorways or in airports is assigned by the motorway or airport operator to specialized companies under sub-concession arrangements.

In railway stations, in addition to this kind of contract, there are also commercial leases.

It frequently occurs that a sub-concession 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 specialized firms.

The most common forms of agreement are commercially described as follows.

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 the Autogrill Group), 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.

Area concession

The motorway company authorizes an entity (i) to build a service station and/or shop/restaurant on land which it owns and (ii) to carry on this business against payment of a fee based on turnover, with certain stipulations regarding the way the services are to be provided and the hours of operation.

On expiry of the contract, the assets built for provision of services are to be transferred free of charge to the motorway company.

Usually the holder of an area concession is a petrol company, which in turn can assign management of restaurant services to a specialized firm, generally through a business lease.

Service concession

The motorway operator authorizes separate contractors by means of separate independent contracts to (i) build a service station and/or shop/restaurant on land which it owns and (ii) carry out this business against payment of a fee based on turnover, with certain stipulations regarding the way the services are to be provided and the hours of operation. On expiry of the contract, the assets built for this purpose are to be transferred free of charge to the motorway company.

Service concessions are also used in airport terminals where the contractor is authorized to sell food and beverages after installing the necessary equipment and furnishings at its own expense, against payment of a fee – usually based on turnover – and an agreement to guarantee service during the opening hours specified by the concession grantor. The contractor may have to transfer the assets free of charge when the concession expires, although this is fairly uncommon.

Business lease and commercial lease

Leasing a business or parts thereof 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 these cases 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 comprehensive fee which includes all amounts due to the concession grantor.

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.

Sub-contract

The operator prepares and serves food and beverages using its own equipment and staff, and receives payment based on turnover (sales to the consumer). The party awarding the contract owns the property and has title to all the takings.

The table below gives details by due date of the Group's future minimum lease payments at 31 December 2012:

Year (€k)	Total future lease payments	Sub-lease future payments *	Net future lease payments
2013	653,676	21,820	631,856
2014	600,927	20,914	580,013
2015	572,123	18,202	553,921
2016	524,792	13,371	511,420
2017	476,688	12,595	464,092
After 2017	1,525,204	38,319	1,486,885
Total	**4,353,409**	**125,221**	**4,228,187**

* Refers to part of the sub-concessions granted mainly in the USA and Italy, as agreed with the grantor

In 2012, the fees recognized in the income statement amount to € 1,213,180k for leases (including € 790,146k in future minimum lease payments), net of € 55,989k for sub-leases (including € 24,071k in future minimum lease payments).

2.2.10 Other information

Related party transactions

Autogrill S.p.A. is controlled by Schematrentaquattro S.r.l., which owns 59.28% of the Company's ordinary shares. Schematrentaquattro S.r.l. is a wholly-owned subsidiary of Edizione S.r.l.

All related-party transactions are carried out in the Group's interest and at arm's length.

Transactions with associates are negligible.

No transactions have taken place with Schematrentaquattro S.r.l.

Transactions with Edizione S.r.l.

(€k)	2012	2011	Change
Income statement			
Revenue	2	3	(1)
Other operating income	106	91	15
Personnel expense	129	210	(81)
Other operating cost	49	82	(33)

(€k)	31.12.2012	31.12.2011	Change
Statement of financial position			
Trade receivables	3	4	(1)
Other receivables	14,446	3,820	10,626
Other payables	156	280	(124)

"Other operating income" refers to services rendered by the parent concerning the use of equipped premises at the Rome offices.

"Personnel expense" refers to the accrual at 31 December 2012 for fees due to a director of Autogrill S.p.A., to be recharged over to Edizione S.r.l. where he serves as executive manager.

"Other operating expense" refers to the rental of meeting rooms.

"Other receivables" consist of:

- € 12,467k for the IRES (corporate income tax) refund due as a result of art. 2 of Decree Law 201/2011, which recognized the deductibility of IRAP (regional tax) pertaining to personnel expense paid from 2007 to 2011;
- € 2,024k for the IRES refund for the deduction from taxable income of the portion of IRAP concerning personnel expense paid from 2004 to 2007 (Law 185/2008);
- € 409k for Autogrill S.p.A.'s IRES liability to Edizione S.r.l., representing tax due net of advance payments in 2012.

The amount shown also includes the receivables of Nuova Sidap S.r.l. (€ 200k) and WDFG Italia S.r.l. (€ 164k) for their participation in the tax consolidation scheme of Edizione S.r.l.

In accordance with the tax consolidation rules, the above will be settled by the third day prior to the normal deadline for payment of the IRES balance for 2012 (July 2013) less the balance due for 2012 and the first advance on 2013, with the exception of the tax refunds, which will be settled when they are received from Edizione S.r.l.

"Other payables" include the liability for fees due to a director of Autogrill S.p.A., executive manager of Edizione S.r.l., accrued at 31 December 2012.

Transactions with related companies

Income statement (€k)	Atlantia Group			Gemina Group		
	2012	2011	Change	2012	2011	Change
Revenue	17	10	7	11	-	11
Other operating income	1,381	2,890	(1,509)	-	-	-
Raw materials, supplies and goods	-	-	-	56	-	56
Leases, rentals, concessions and royalties	67,419	77,429	(10,010)	8,864	9,705	(841)
Other operating costs	3,220	1,372	1,848	37	69	(32)
Financial expense	1,774	1,351	423	-	-	-

Statement of financial position (€k)	31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change
Trade receivables	1,450	2,627	(1,177)	252	39	213
Other receivables	54	54	-	-	-	-
Trade payables	33,944	38,233	(4,289)	1,418	1,469	(51)
Other payables	1	1	-	-	-	-

Income statement (€k)	Sagat S.p.A.		
	2012	2011	Change
Revenue	-	-	-
Other operating income	-	-	-
Leases, rentals, concessions and royalties	1,166	1,135	31
Other operating costs	1	-	1

Statement of financial position (€k)	31.12.2012	31.12.2011	Change
Trade receivables	12	22	(10)
Trade payables	456	136	320
Other payables	-	-	-

Bencom S.r.l.			Olimpias S.p.A.			Fabrica S.p.A.		
2012	2011	Change	2012	2011	Change	2012	2011	Change
-	-	-	-	-	-	-	-	-
390	384	6	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	95	210	(115)	-	20	(20)
-	-	-	-	-	-	-	-	-

31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change
455	560	(105)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	36	79	(43)	-	-	-
-	-	-	-	-	-	-	-	-

Verde Sport S.p.A.			Benetton Group S.p.A.			Edizione Property S.p.A.		
2012	2011	Change	2012	2011	Change	2012	2011	Change
18	25	(7)	-	-	-	4	4	-
9	2	7	-	-	-	1	1	-
-	-	-	-	-	-	-	-	-
45	33	12	-	-	-	-	-	-

31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change
2	10	(8)	1	-	1	6	6	-
-	-	-	-	-	-	-	-	-
-	8	(8)	-	-	-	-	-	-

- **Atlantia Group:** "Other operating income" refers to commissions on sales of Viacards (automatic toll collection cards) and the reimbursement of utility costs incurred on behalf of Autostrade per l'Italia S.p.A. "Other operating expense" consists mainly of the purchase of advertising space. "Leases, rentals, concessions and royalties" refer to concession fees and accessory costs pertaining to the year. "Financial expense" reflects interest accrued in relation to the revised payment schedule for concession fees.
- **Gemina Group:** costs refer to rent and ancillary expenses for the management of locations at Rome's Fiumicino and Ciampino airports managed by Aeroporti di Roma S.p.A., while "Other operating expense" concerns telephone, ICT and parking services.
- **Bencom S.r.l.:** "Other operating income" refers to rent and related charges for the sublet of premises in Via Dante, Milan. All liabilities are current; the receivable from Bencom S.r.l. will be settled in installments until the sub-lease expires in April 2017.
- **Sagat S.p.A.:** costs refer to the concession fees and related costs for the management of premises at Turin airport.
- **Verde Sport S.p.A.:** "Revenue" and "Trade receivables" refer to sales of products under the commercial affiliation contract for operating a Spizzico restaurant at La Ghirada – Città dello Sport. "Other operating expense" concerns sponsorships at sporting events.
- **Olimpias S.p.A.:** costs refer to the purchase of uniforms for sales personnel and the purchase of sundry materials.
- **Benetton Group S.p.A.:** Trade receivables refer to catering services provided at the Milan offices.

Summary

	2012		
Income statement (€k)	**Edizione S.r.l. and other related companies**	**Total Group**	**%**
Revenue	52	6,686,721	0.0%
Other operating income	1,887	130,089	1.5%
Raw materials, supplies and goods	56	2,774,764	0.0%
Personnel expense	129	1,537,714	0.0%
Leases, rentals, concessions and royalties	77,449	1,295,017	6.0%
Other operating cost	3,447	619,372	0.6%
Financial expense	1,774	92,239	1.9%

Statement of financial position (€k)	31.12.2012 Edizione S.r.l. and other related companies	Total Group	%
Trade receivables	2,181	53,599	4.1%
Other receivables	14,500	252,726	5.7%
Trade payables	35,854	643,958	5.6%
Other payables	157	430,917	0.0%

Remuneration of directors and executives with strategic responsibilities

The following remuneration was paid to members of the Board of Directors and to executives with strategic responsibilities during the year ended 31 December 2012:

Name	Office held	Term of office	Remune-ration (€)	Bonus and other incentives (€)	Three year long-term incentive plan 2010-2012 (€)	Non-monetary benefits (€)	Other fees (€)
Gilberto Benetton	Chairman	2011-2014	57,800	-	-	-	-
Gianmario Tondato Da Ruos (*)	CEO	2011-2014	529,722	319,214	3,029,538	57,674	401,099
Alessandro Benetton	Director	2011-2014	56,600	-	-	-	-
Francesco Giavazzi	Director	2011-2014	55,400	-	-	-	-
Arnaldo Camuffo	Director	2011-2014	92,600	-	-	-	-
Paolo Roverato	Director	2011-2014	129,200	-	-	-	-
Gianni Mion	Director	2011-2014	95,000	-	-	-	-
Alfredo Malguzzi	Director	2011-2014	95,000	-	-	-	-
Tommaso Barracco	Director	From 21.04.2011 to 2014	95,600	-	-	-	-
Marco Jesi	Director	From 21.04.2011 to 2014	95,600	-	-	-	-
Marco Mangiagalli	Director	From 21.04.2011 to 2014	95,000	-	-	-	-
Stefano Orlando	Director	From 21.04.2011 to 2014	96,200	-	-	-	-
Massimo Fasanella d'Amore di Ruffano	Director	From 07.03.2012 to 2014	47,559	-	-	-	-
Total directors			**1,541,281**	**319,214**	**3,029,538**	**57,674**	**401,099**
Key managers with strategic responsibilities				1,782,884	6,085,244	219,816	3,254,924
Total			**1,541,281**	**2,102,098**	**9,114,782**	**277,490**	**3,656,023**

(*) The CEO's remuneration includes his salary from Autogrill S.p.A. (shown under "Other fees"), bonuses paid under the annual incentive plan, and bonuses accrued under the long-term incentive plan for 2010-2012, which will be paid in 2013. "Remuneration" also includes compensation related to previous years for € 11,922.

The CEO's contract states that if he resigns with just cause or is dismissed by the Parent without just cause, the Parent will top up to € 2m the standard indemnity in lieu of notice provided for in the national collective managers' contract for the commercial sector, when less than this amount.

In 2010 the CEO received 425,000 options under the 2010 Stock Option Plan, and in 2011 and 2012 he received 200,000 units and 225,000 units, respectively, under the "Leadership Team Long Term Incentive Plan Autogrill (L-LTIP)."

A significant portion of the variable compensation received by the CEO and by executives with strategic responsibilities is tied to the achievement of specific targets established in advance by the Board, 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. This was in addition to the three-year incentive plan for 2010-2012 and the L-LTIP plan, described below.

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 were paid to members of the Board of Statutory Auditors in 2012:

Name	Office held	Term of office	Fees (€)	Other fees (€)
Marco Giuseppe Maria Rigotti	Chairman	19.04.2012 -31.12.2014	60,413	-
Luigi Biscozzi	Standing auditor	01.01.2012 -31.12.2014	65,662	25,978
Eugenio Colucci	Standing auditor	01.01.2012 -31.12.2014	55,000	17,788
Ettore Maria Tosi	Standing auditor	01.01.2012 -19.04.2012	2,900	18,822
Total Statutory Auditors			**183,975**	**62,588**

"Other fees" refer to those accrued for statutory auditing duties at the subsidiary Nuova Sidap S.r.l.

Independent auditors' fees for audit and other services

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Parent's auditors	Parent	324
	Parent's auditors	Subsidiaries	51
	Parent's auditors network	Subsidiaries	2,454
Attestation	Parent's auditors	Parent	24
	Parent's auditors	Subsidiaries	26
	Parent's auditors network	Subsidiaries	865
Other services	Parent's auditors	Parent and subsidiaries	13
	Parent's auditors network	Subsidiaries	118

Incentive plans for directors and executives with strategic responsibilities

2010 Stock option plan

On 20 April 2010, the Annual General Meeting approved a stock option plan entitling executive directors and/or employees of Autogrill S.p.A. and/or its subsidiaries to subscribe, i.e., purchase ordinary Autogrill shares at the ratio of one share per option granted. The options are granted to beneficiaries free of charge and may be exercised, once the vesting period has elapsed, at a strike price calculated as the average stock market price for the month preceding the grant date.

The extraordinary Annual General Meeting of 20 April 2010 also approved a share capital increase against payment to service the plan, valid whether subscribed in full or in part, and excluding subscription rights pursuant to art. 2441(5) and (8) of the Italian Civil Code and art. 134(2) of Legislative Decree 58 of 24 February 1998, by a maximum par value of € 1,040,000 (plus share premium), to be carried out no later than 30 May 2015 through the issue of up to 2,000,000 ordinary Autogrill shares in one or more tranches.

The stock option plan approved by the Annual General Meeting states that the options granted will only vest if, at the end of the vesting period, the terminal value of Autogrill shares is € 11 or higher. The terminal value is defined as the average official price of Autogrill S.p.A. ordinary shares during the three months prior to the last day of the vesting period, plus the dividends paid from the grant date until the end of the vesting period.

The number of options vested will then correspond to a percentage of the options granted, ranging from 30% for a terminal value of € 11 per share to 100% for a terminal value of € 17 per share or higher. For each beneficiary there is also a "theoretical maximum capital gain" by virtue of which, regardless of other estimates, the number of options exercisable will be limited to the ratio "theoretical maximum capital gain"/(fair value – strike price)[2]. The plan does not allow beneficiaries to request cash payments in alternative to the assignment of shares.

2. As defined by art. 9(4) of Presidential Decree 917 of 22 December 1986

On 10 November 2010, the Board of Directors granted 1,261,000 options, out of the 2,000,000 available, to 11 beneficiaries meeting the requirements of the plan. The options are exercisable during the period from 20 April 2014 to 30 April 2015, at a strike price of € 9.34. On 29 July 2011 the Board of Directors assigned an additional 188,000 options to two other beneficiaries meeting the plan requirements; these can also be exercised between 20 April 2014 and 30 April 2015, at a strike price of € 8.91. On 16 February 2012, the Board of Directors assigned 120,000 options to a new beneficiary at a strike price of € 8.19, which can likewise be exercised between 20 April 2014 and 30 April 2015.

On 26 January 2012, the Board of Directors approved the assignment to a new beneficiary of 120,000 incentive instruments known as "stock appreciation rights", which can be exercised between 20 April 2014 and 30 April 2015 at a price of € 7.83. These instruments, which allow the payment of a cash benefit (capital gain) instead of the right to acquire shares of the Parent, work in a manner consistent with the 2010 stock option plan.

The status of the plan at 31 December 2012 is as follows.

	Number of options	Fair value existing options (€)
Options assigned at 31.12.2011	**1,209,294**	**1.27**
New options assigned during 2012	120,000	0.51
Options expired/voided during 2012	-	-
Options assigned at 31.12.2012	**1,329,294**	**1.22**

An independent external advisor has been engaged to calculate the fair value of the 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.

The average fair value of the options assigned in 2012 is € 0.51, while the average fair value of the options outstanding at 31 December 2012 is € 1.22.

For the year, the total costs recognized in the income statement in relation to such share-based payment plans amounted to € 491k.

Thorough information on the 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.

New Leadership Team Long Term Incentive Plan Autogrill (L-LTIP)

During the extraordinary general meeting of 21 April 2011, the shareholders approved a new share-based incentive plan for the Group's top management. In addition to cash incentives (the "main plan") pertaining to 2010-2012, Autogrill's New Leadership Team Long Term Incentive Plan (L-LTIP) envisages the free assignment of ordinary Autogrill shares subject to certain conditions, including the achievement of specified Group performance targets during the three-year periods 2010-2013 ("Wave 1") and 2012-2014 ("Wave 2").

The shares assigned may be treasury shares or newly-issued shares, subsequent to a share capital increase reserved to the plan's beneficiaries. To this end, the Board of Directors was granted the power, for a period of five years from the date of the shareholders' approval, to increase share capital in one or more tranches by a maximum of € 1,820,000 through the issue of up to 3,500,000 ordinary shares (par value € 0.52) to be assigned free of charge to the beneficiaries.

Specifically, the plan calls for the assignment of rights to receive free Autogrill shares (called "units") through the exercise of options; the rights are conditional, free of charge and not transferable inter vivos. The number of units assigned to the individual beneficiary depends on the category of that beneficiary, and the conversion factor from units to options is calculated by applying an individual coefficient taking account of the beneficiary's position on the pay scale. For each beneficiary, there is a limit to the number of options that may be assigned, based on the level of remuneration. The plan does not allow for cash payments in alternative to the assignment of shares.

On 29 July 2011, the Board of Directors determined that 1,920,000 units could be assigned to beneficiaries meeting the stated requirements under "Wave 1" of the plan, and on the same date 880,000 units were assigned, corresponding to a maximum of 721,240 options with an average fair value of € 6.95.

In 2012 a further 630,000 units were assigned, corresponding to a maximum of 359,522 shares, with an average fair value of € 6.91.

The options can be exercised by tranche during the period starting from the month after the Board of Directors verifies that the targets have been met (presumably April 2014) and ending on 31 July 2018, at a strike price of zero (as the shares are assigned free of charge).

At 31 December 2012, the Company believes it is unlikely that the minimum performance targets required for implementation of "Wave 1" will be met, so no costs or provisions have been recognized for that plan.

As for 2012-2014 ("Wave 2"), on 16 February 2012 the Board of Directors, implementing the decision of the Annual General Meeting of 21 April 2011, designated a maximum of 1,930,000 units as assignable to the CEO and to executives with strategic responsibilities.

On the same date, the Board assigned 1,875,000 units corresponding to a maximum of 1,405,074 shares, which can be exercised by tranche during the period starting from the month after the Board of Directors verifies that the targets have been met (presumably April 2015) and ending on 31 July 2018, at a strike price of zero (as the shares are assigned free of charge).

In 2012 55,000 units were also voided, corresponding to a maximum of 40,752 shares, with an average fair value of € 6.62.

An independent external advisor has been engaged 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.

At 31 December 2012, Autogrill's management believes it is unlikely that the minimum performance targets required for implementation of "Wave 2" will be met, so no costs or provisions have been recognized for that plan.

The status of the plan at 31 December 2012 is as follows:

Plan Wave 1 (2011-2013)	Number of options	Fair value existing options (€)
Options assigned at 31.12.2011	**654,573**	**6.98**
New options assigned during 2012	179,761	6.91
Options expired/voided during 2012	(19,666)	7.32
Non market condition adjustment	(814,668)	6.96
Options assigned at 31.12.2012	-	-

Plan Wave 2 (2012-2014)	Number of options	Fair value existing options (€)
Options assigned at 31.12.2011	-	-
New options assigned during 2012	702,537	6.25
Options expired/voided during 2012	(20,376)	6.62
Non market condition adjustment	(682,161)	6.24
Options assigned at 31.12.2012	-	-

Thorough information on the 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.

2.2.11 Significant non-recurring events and transactions

In 2012, there were no significant non-recurring events or transactions as defined by Consob's Resolution no. 15519 and Communication DEM/6064293.

2.2.12 Atypical or unusual transactions

No atypical or unusual transactions, as defined by Consob Communications DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006, were performed in 2012.

2.2.13 Events after the reporting period

Since 31 December 2012, no events have occurred that if known in advance would have entailed an adjustment to the figures in the financial statements or required additional disclosures in these Notes.

On 24 January 2013 the Board of Directors voted to take the option provided for by Consob Resolution 18079 of 20 January 2012 that removes the obligation to make available to the public the disclosure documents required by Annex 3B of the Issuer Regulation no. 11971/1999 in the case of significant mergers, demergers, increases in share capital through the transfer of goods in kind, acquisitions and transfers.

On 17 January 2013, HMSHost Corporation (formerly Autogrill Group Inc.) contracted a new bond issue for a total amount of $ 150m, guaranteed by Autogrill S.p.A., maturing in January 2023 with a six-month coupon at a fixed rate 5.12%. The proceeds were used to partially repay the bond issue issued in 2003. The bond regulations include the determination of economic and financial ratios to be met by HMSHost Corporation and its subsidiaries.

On 1 February, Autogrill announced that it had begun to study the feasibility of a possible industrial and corporate reorganization designed to separate its two business sectors, Food & Beverage and Travel Retail & Duty-Free. This could potentially involve the demerger of the Travel Retail operations currently held by Autogrill.

After being assigned in December 2012 the Travel Retail concessions in Spanish airports, on 14 February 2013 the subsidiary World Duty Free Group S.A.U., through its subsidiaries World Duty Free Group España S.A. and Sociedad de Distribución Aeroportuaria de Canarias S.L., and AENA signed a contract for the operation of these businesses until 2020. As agreed in the contract, the company then paid an advance of about € 280m plus VAT covering part of the concession fees as well as € 26m as a guarantee deposit. The advance payment will be deducted from scheduled instalments over the duration of the contract.

2.2.14 Authorization for publication

The Board of Directors authorized the publication of these consolidated financial statements at its meeting of 7 March 2013.

List of consolidated companies and other investments

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2012	Shareholders/quota holders
Parent					
Autogrill S.p.A.	Novara	Eur	132,288,000	59.280%	Schematrentaquattro S.r.l.
Companies consolidated line-by-line:					
Nuova Sidap S.r.l.	Novara	Eur	100,000	100.000%	Autogrill S.p.A.
Autogrill Austria A.G.	Gottlesbrunn	Eur	7,500,000	100.000%	Autogrill S.p.A.
Autogrill Czech S.r.o.	Prague	Czk	154,463,000	100.000%	Autogrill S.p.A.
Autogrill D.o.o.	Lubiana	Eur	1,342,670	100.000%	Autogrill S.p.A.
Autogrill Hellas E.p.E.	Avlonas	Eur	1,696,350	100.000%	Autogrill S.p.A.
Autogrill Polska Sp.zo.o.	Katowice	Pln	14,050,000	100.000%	Autogrill S.p.A.
Autogrill Iberia S.L.U.	Madrid	Eur	7,000,000	100.000%	Autogrill S.p.A.
HMSHost Ireland Ltd.	Cork	Eur	13,600,000	100.000%	Autogrill S.p.A.
HMSHost Sweden A.B.	Stockholm	Sek	2,500,000	100.000%	Autogrill S.p.A.
Autogrill Catering UK Ltd.	London	Gbp	2,154,578	100.000%	Autogrill S.p.A.
Restair UK Ltd. (in liquidation)	London	Gbp	1	100.000%	Autogrill Catering UK Ltd.
Autogrill Deutschland GmbH	Munich	Eur	205,000	100.000%	Autogrill S.p.A.
HMSHost Egypt Catering & Services Ltd.	Cairo	Egp	1,000,000	60.000%	Autogrill Deutschland GmbH
Autogrill Belux N.V.	Antwerp	Eur	10,000,000	99.900%	Autogrill S.p.A.
				0.1000%	Autogrill Nederland B.V.
Ac Restaurants & Hotels Beheer N.V.	Antwerp	Eur	6,650,000	100.000%	Autogrill Belux NV
Autogrill Schweiz A.G.	Olten	Chf	23,183,000	100.000%	Autogrill S.p.A.
Restoroute de Bavois S.A.	Bavois	Chf	2,000,000	73.000%	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Avry devant Pont	Chf	1,500,000	54.300%	Autogrill Schweiz A.G.
World Duty Free Group S.A.U.	Madrid	Eur	1,800,000	100.000%	Autogrill S.p.A.
World Duty Free Group UK Holdings Ltd.	London	Gbp	12,484,002	80.100%	World Duty Free Group S.A.U.
				19.900%	World Duty Free Group España S.A.
Autogrill Holdings UK Ltd	London	Gbp	1,000	100.000%	World Duty Free Group UK Holdings Ltd.
World Duty Free Group UK Ltd.	London	Gbp	360,000	100.000%	World Duty Free Group UK Holdings Ltd.
WDFG Jersey Ltd.	Jersey Airport, St. Peter	Gbp	4,100	100.000%	World Duty Free Group UK Ltd.
Alpha Retail Ireland Ltd. (in liquidation)	Dublin	Eur	1	100.000%	World Duty Free Group UK Ltd.
Autogrill Holdings UK Pension Trustee Ltd.	London	Gbp	100	100.000%	World Duty Free Group UK Ltd.
Alpha Kreol (India) Pvt Ltd.	Mumbai	Inr	100,000	50.000%	World Duty Free Group UK Holdings Ltd.
Autogrill Lanka Ltd.	Fort Colombo	Lkr	30,000,000	99.000%	World Duty Free Group UK Holdings Ltd.
World Duty Free Group International Ltd.	London	Gbp	2	100.000%	World Duty Free Group UK Holdings Ltd.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2012	Shareholders/quota holders
Alpha Airport Retail Holdings Pvt Ltd.	Mumbai	Inr	404,714,590	100.000%	World Duty Free Group UK Holdings Ltd.
Airport Retail Pvt Ltd.	Mumbai	Inr	601,472,800	50.000%	Alpha Airport Retail Holdings Pvt Ltd.
				50.000%	World Duty Free Group UK Holdings Ltd.
Alpha Airports Group (Channel Island) Ltd. (in liquidation)	St. Heliers-Jersey	Gbp	21	100.000%	World Duty Free Group UK Holdings Ltd.
Aldeasa Curaçao N.V.	Curacao	Usd	500,000	100.000%	World Duty Free Group UK Holdings Ltd.
Aldeasa Jordan Airports Duty Free Shops Ltd.	Amman	Usd	705,219	100.000%	World Duty Free Group UK Holdings Ltd.
WDFG Keys Orlando LLC (in liquidation)	Delaware	Usd	-	100.000%	World Duty Free US Inc.
Cancouver Uno S.L.U.	Madrid	Eur	3,010	100.000%	World Duty Free Group UK Holdings Ltd.
World Duty Free Group Canada Inc.	Vancouver	Cad	1,000	100.000%	Cancouver Uno S.L.
WDFG Vancouver L.P.	Vancouver	Cad	12,676,000	99.990%	Cancouver Uno S.L.
				0.010%	WDFD Canada Inc.
Alpha ASD Ltd. (in liquidation)	London	Gbp	20,000	100.000%	World Duty Free Group UK Holdings Ltd.
World Duty Free Group US Inc.	Wilmington	Usd	49,012,087	100.000%	World Duty Free Group UK Holdings Ltd.
World Duty Free US Inc.	Florida	Usd	1,400,000	100.000%	World Duty Free Group US Inc.
Alpha Keys Orlando Retail Associates LLP (in liquidation)	Florida	Usd	100,000	85.000%	World Duty Free US Inc.
Aldeasa Atlanta L.L.C.	Atlanta	Usd	-	100.000%	World Duty Free Group US Inc.
Aldeasa Atlanta JV	Atlanta	Usd	1,672,000	51.000%	Aldeasa Atlanta L.L.C.
				25.000%	World Duty Free Group US Inc.
World Duty Free Group España S.A.	Madrid	Eur	10,772,462	99.890%	World Duty Free Group S.A.U.
Aldeasa Cabo Verde S.A.	Sal Island	Cve	6,000,000	100.000%	World Duty Free Group España S.A.
Aldeasa Chile Ltda.	Santiago (Chile)	Usd	2,516,819	100.000%	World Duty Free Group España S.A.
Aldeasa Colombia Ltda.	Cartagena de Indias	Cop	2,356,075,724	100.000%	World Duty Free Group España S.A.
Aldeasa Duty Free Comercio e Importación de Productos Ltda.	San Paulo	Brl	1,000,000	100.000%	World Duty Free Group España S.A.
Aldeasa Italy S.r.l.	Naples	Eur	10,000	100.000%	World Duty Free Group España S.A.
WDFG Italy S.r.l.	Rome	Eur	10,000	100.000%	World Duty Free Group España S.A.
Aldeasa Jamaica Ltda.	Jamaica	Usd	23,740,395	100.000%	World Duty Free Group España S.A.
World Duty Free Group Germany GmbH	Düsseldorf	Eur	250,000	100.000%	World Duty Free Group España SA
Aldeasa México S.A. de C.V.	Cancun	Mxn	60,962,541	100.000%	World Duty Free Group España S.A.
Aldeasa Servicios Aeroportuarios Ltda. (in liquidation)	Santiago (Chile)	Usd	15,000	99.990%	World Duty Free Group España S.A.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2012	Shareholders/quota holders
Audioguiarte Servicios Culturales S.L.	Madrid	Eur	251,000	100.000%	Palacios y Museos S.L.U.
Palacios y Museos S.L.U.	Madrid	Eur	160,000	100.000%	World Duty Free Group España S.A.
Panalboa S.A.	Panama	Pab	150,000	80.000%	Palacios y Museos S.L.U.
Prestadora de Servicios en Aeropuertos S.A. de C.V.	Cancun	Mxn	50,000	100.000%	World Duty Free Group España S.A.
Sociedad de Distribución Aeroportuaria de Canarias S.L.	Las Palmas	Eur	667,110	60.000%	World Duty Free Group España S.A.
Autogrill Nederland B.V.	Oosterhout	Eur	41,371,500	100.000%	Autogrill S.p.A.
Autogrill Nederland Hotels B.V.	Oosterhout	Eur	1,500,000	100.000%	Autogrill Nederland B.V.
Autogrill Nederland Hotel Amsterdam B.V.	Oosterhout	Eur	150,000	100.000%	Autogrill Nederland B.V.
Holding de Participations Autogrill S.a.s.	Marseille	Eur	84,581,920	100.000%	Autogrill S.p.A.
Autogrill Aéroports S.a.s.	Marseille	Eur	2,207,344	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Côté France S.a.s.	Marseille	Eur	31,579,526	100.000%	Holding de Participations Autogrill S.a.s.
Société Berrichonne de Restauration S.a.s. (Soberest S.a.s.)	Marseille	Eur	288,000	50.005%	Autogrill Côté France S.a.s.
Société Porte de Champagne S.A. (SPC)	Perrogney	Eur	153,600	53.000%	Autogrill Côté France S.a.s.
Société de Restauration de Bourgogne S.A. (Sorebo S.A.)	Marseille	Eur	144,000	50.000%	Autogrill Côté France S.a.s.
Société de Restauration de Troyes-Champagne S.A. (SRTC)	Marseille	Eur	1,440,000	70.000%	Autogrill Côté France S.a.s.
Société Régionale de Saint Rambert d'Albon S.A. (SRSRA) in liquidation	Romens	Eur	515,360	50.000%	Autogrill Côté France S.a.s.
Société de Gestion de Restauration Routière (SGRR S.A.)	Marseille	Eur	1,537,320	100.000%	Autogrill Côté France S.a.s.
Volcarest S.A.	Riom	Eur	1,050,144	50.000%	Autogrill Côté France S.a.s.
Autogrill Restauration Services S.a.s.	Marseille	Eur	15,394,500	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Gares Métropoles S.àr.l.	Marseille	Eur	4,500,000	100.000%	Autogrill Restauration Services S.a.s.
Autogrill Restauration Carrousel S.a.s.	Marseille	Eur	2,337,000	100.000%	Holding de Participations Autogrill S.a.s.
La Rambertine S.n.c.	Romens	Eur	1,524	100.000%	Autogrill Côté France S.a.s.
Société de Gestion Pétrolière Autogrill (SGPA S.àr.l.)	Marseille	Eur	8,000	100.000%	Autogrill Côté France S.a.s.
Autogrill Commercial Catering France S.àr.l.	Marseille	Eur	2,916,480	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Centre Campus S.a r.l.	Marseille	Eur	501,900	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill FFH Autoroutes S.àr.l.	Marseille	Eur	375,000	100.000%	Autogrill Côté France S.a.s.
Autogrill FFH Centres Villes S.àr.l.	Marseille	Eur	375,000	100.000%	Autogrill Restauration Carrousel S.a.s.
Carestel Nord S.àr.l. (in liquidation)	Mulhouse	Eur	76,225	100.000%	Autogrill Commercial Catering France S.a.s.
Autogrill Trois Frontières S.a.s.	Marseille	Eur	621,999	100.000%	Autogrill Aéroports S.a.s.
HMSHost Corporation	Delaware	Usd	-	100.000%	Autogrill S.p.A.
CBR Specialty Retail Inc.	Delaware	Usd	-	100.000%	HMSHost Corporation
HMSHost USA L.L.C.	Delaware	Usd	-	100.000%	HMSHost Corporation

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2012	Shareholders/quota holders
HMSHost International Inc.	Delaware	Usd	-	100.000%	HMSHost Corporation
Anton Airfood Inc.	Delaware	Usd	1,000	100.000%	HMSHost Corporation
Anton Airfood JFK Inc.	New York	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Cincinnati Inc.	Kentucky	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Minnesota Inc.	Minnesota	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of North Carolina Inc.	North Carolina	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Ohio Inc.	Ohio	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Texas Inc.	Texas	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Virginia Inc.	Virginia	Usd	-	100.000%	Anton Airfood Inc.
Palm Springs AAI Inc.	California	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Boise Inc.	Idaho	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Tulsa Inc.	Oklahoma	Usd	-	100.000%	Anton Airfood Inc.
Islip AAI Inc.	New York	Usd	-	100.000%	Anton Airfood Inc.
Fresno AAI Inc.	California	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Newark Inc.	New Jersey	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Seattle Inc.	Washington	Usd	-	100.000%	Anton Airfood Inc.
HMSHost Tollroads Inc.	Delaware	Usd	-	100.000%	HMSHost Corporation
Host International Inc.	Delaware	Usd	-	100.000%	HMSHost Corporation
HMS - Airport Terminal Services Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
HMSHost Family Restaurants Inc.	Baltimora	Usd	2,000	100.000%	Host International Inc.
HMSHost Family Restaurants L.L.C.	Delaware	Usd	-	100.000%	HMSHost Family Restaurants Inc.
Gladieux Corporation	Ohio	Usd	750	100.000%	Host International Inc.
Host (Malaysia) Sdn. Bhd.	Kuala Lumpur	Myr	-	100.000%	Host International Inc.
Host International of Canada Ltd.	Vancouver	Cad	75,351,237	100.000%	Host International Inc.
Host Canada L.P.	Calgary	Cad	-	99.900%	Host International Inc.
				0.100%	Host International of Maryland Inc.
SMSI Travel Centres Inc.	Vancouver	Cad	9,800,100	100.000%	Host International of Canada Ltd.
HMSHost Holdings GP Inc.	Vancouver	Cad	-	100.000%	SMSI Travel Centres Inc.
HMSHost Holdings F&B GP Inc.	Vancouver	Cad	-	100.000%	SMSI Travel Centres Inc.
HMSHost Motorways Inc.	Vancouver	Cad	-	100.000%	SMSI Travel Centres Inc.
HMSHost Motorways L.P.	Winnipeg	Cad	-	99.999%	SMSI Travel Centres Inc.
				0.001%	HMSHost Motorways Inc.
HK Travel Centres GP Inc.	Toronto	Cad	-	51.000%	HMSHost Holding F&B GP Inc.
HK Travel Centres L.P.	Winnipeg	Cad	-	51.000%	HMSHost Motorways L.P.
Host International of Kansas Inc.	Kansas	Usd	1,000	100.000%	Host International Inc.
Host International of Maryland Inc.	Maryland	Usd	1,000	100.000%	Host International Inc.
HMSHost USA Inc.	Delaware	Usd	-	100.000%	Host International Inc.
Host of Holland B.V.	Amsterdam	Eur	18,151	100.000%	Host International Inc.
Horeca Exploitatie Maatschappij Schiphol B.V.	Amsterdam	Eur	45,378	100.000%	Host of Holland B.V.
Host Services Inc.	Texas	Usd	-	100.000%	Host International Inc.
Host Services of New York Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
Host Services Pty Ltd.	North Cairns	Aud	6,252,872	100.000%	Host International Inc.
Las Vegas Terminal Restaurants Inc.	Delaware	Usd	-	100.000%	Host International Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2012	Shareholders/quota holders
Marriott Airport Concessions Pty Ltd.	North Cairns	Aud	3,910,102	100.000%	Host International Inc.
Michigan Host Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
HMSHost Services India Private Ltd.	Bangalore	Inr	668,441,680	99.000%	Host International Inc.
				1.000%	HMSHost International Inc.
HMSHost Singapore Pte Ltd.	Singapore	Sgd	8,470,896	100.000%	Host International Inc.
HMSHost New Zealand Ltd.	Auckland	Nzd	1,520,048	100.000%	Host International Inc.
HMSHost Costa Rica S.A. (in liquidation)	Costa Rica	Crc	-	100.000%	Host International Inc.
HMSHost-Shanghai Enterprise Ltd.	Shanghai	Cny	-	100.000%	Host International Inc.
HMSHost Yiyeecek ve Icecek Hizmetleri AS	Besiktas	Try	50,000	100.000%	Host of Holland B.V.
Host-TFC-RSL. LLC	Kentucky	Usd	-	65.000%	Host International Inc.
Host GRL LIH F&B. LLC.	Delaware	Usd	-	85.000%	Host International Inc.
Host DLFJV DAL F&B LLC	Delaware	Usd	-	51.000%	Host International Inc.
Host Fox PHX F&B. LLC	Delaware	Usd	-	75.000%	Host International Inc.
Host-CMS SAN F&B. LLC	Delaware	Usd	-	65.000%	Host International Inc.
Host Bush Lubbock Airport Joint Venture	Texas	Usd	-	90.000%	Host International Inc.
Host/Diversified Joint Venture	Michigan	Usd	-	90.000%	Host International Inc.
Airside C F&B Joint Venture	Florida	Usd	-	70.000%	Host International Inc.
Host of Kahului Joint Venture Company	Hawaii	Usd	-	90.000%	Host International Inc.
Host/Coffee Star Joint Venture	Texas	Usd	-	50.010%	Host International Inc.
Southwest Florida Airport Joint Venture	Florida	Usd	-	80.000%	Host International Inc.
Host Honolulu Joint Venture Company	Hawaii	Usd	-	90.000%	Host International Inc.
Host/Forum Joint Venture	Baltimora	Usd	-	70.000%	Host International Inc.
HMS/Blue Ginger Joint Venture	Texas	Usd	-	55.000%	Host International Inc.
Savannah Airport Joint Venture	Atlanta	Usd	-	45.000%	Host International Inc.
Host/Aranza Services Joint Venture	Texas	Usd	-	50.010%	Host International Inc.
Host & Garrett Joint Venture	Mississippi	Usd	-	75.000%	Host International Inc.
Tinsley/Host - Tampa Joint Venture Company	Florida	Usd	-	49.000%	Host International Inc.
Phoenix - Host Joint Venture	Arizona	Usd	-	70.000%	Host International Inc.
Host - Taco Joy Joint Venture	Atlanta	Usd	-	80.000%	Host International Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	-	65.000%	Host International Inc.
Host-Tinsley Joint Venture	Florida	Usd	-	84.000%	Host International Inc.
Host/Tarra Enterprises Joint Venture	Florida	Usd	-	75.000%	Host International Inc.
Metro-Host Joint Venture	Michigan	Usd	-	70.000%	Michigan Host Inc.
Ben-Zey/Host Lottery Joint Venture	Florida	Usd	-	40.000%	Host International Inc.
Host D&D St. Louis Airport Joint Venture	Missouri	Usd	-	75.000%	Host International Inc.
East Terminal Chili's Joint Venture	Missouri	Usd	-	55.000%	Host International Inc.
Host/LJA Joint Venture	Missouri	Usd	-	85.000%	Host International Inc.
Host/NCM Atlanta e Joint Venture	Atlanta	Usd	-	75.000%	Host International Inc.
Houston 8/Host Joint Venture	Texas	Usd	-	60.000%	Host International Inc.
Seattle Restaurant Associates	Washington	Usd	-	70.000%	Host International Inc.
Bay Area Restaurant Group	California	Usd	-	49.000%	Host International Inc.
Host - Prose Joint Venture II	Virginia	Usd	-	70.000%	Host International Inc.
HMSHost Coffee Partners Joint Venture	Texas	Usd	-	50.010%	Host International Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2012	Shareholders/quota holders
Host-Grant Park Chili's Joint Venture	Arizona	Usd	-	60.000%	Host International Inc.
Host/JV Ventures McCarran Joint Venture	Nevada	Usd	-	60.000%	Host International Inc.
Airside e Joint Venture	Florida	Usd	-	50.000%	Host International Inc.
Host-CJ & Havana Joint Venture	California	Usd	-	70.000%	Host International Inc.
Host/S.àr.l.Howell - Mickens Joint Venture	Texas	Usd	-	65.000%	Host International Inc.
Miami Airport Retail Partners Joint Venture	Florida	Usd	-	70.000%	Host International Inc.
HSTA JV	Atlanta	Usd	-	60.000%	Host International Inc.
Host PJJD Jacksonville Joint Venture	Florida	Usd	-	51.000%	Host International Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.000%	Host International Inc.
Host CTI Denver Airport Joint Venture	Colorado	Usd	-	90.000%	Host International Inc.
Host /Howell - Mickens Joint Venture III	Texas	Usd	-	51.000%	Host International Inc.
Host of Santa Ana Joint Venture Company	California	Usd	-	75.000%	Host International Inc.
HMS - D/FW Airport Joint Venture	Texas	Usd	-	65.000%	Host International Inc.
HMS - D/FW Airport Joint Venture II	Texas	Usd	-	75.000%	Host International Inc.
Host - Prose Joint Venture III	Virginia	Usd	-	51.000%	Host International Inc.
Host Adevco Joint Venture	Arkansas	Usd	-	70.000%	Host International Inc.
Host Shellis Atlanta Joint Venture	Atlanta	Usd	-	70.000%	Host International Inc.
Host - Houston 8 San Antonio Joint Venture	Texas	Usd	-	63.000%	Host International Inc.
Host - Chelsea Joint Venture #4	Texas	Usd	-	63.000%	Host International Inc.
Host - Houston 8 Terminal E. LLC	Texas	Usd	-	60.000%	Host International Inc.
Host FDY ORF F&B. LLC	Delaware	Usd	-	90.000%	Host International Inc.
LTL ATL JV. LLC	Delaware	Usd	-	70.000%	Host International Inc.
Host ATLChefs JV 3. LLC	Delaware	Usd	-	97.000%	Host International Inc.
Host ATLChefs JV 5. LLC	Delaware	Usd	-	95.000%	Host International Inc.
Host LGO PHX F&B. LLC	Delaware	Usd	-	80.000%	Host International Inc.
Host H8 Terminal E F&B. LLC	Delaware	Usd	-	60.000%	Host International Inc.
Host Grove SLC F&B I. LLC	Delaware	Usd	-	87.500%	Host International Inc.
Host International (Poland) Sp.zo.o. (in liquidation)	Poland	Pln	-	100.000%	Host International Inc.
Shenzhen Host Catering Company. Ltd. (in liquidation)	Shenzhen	Cny	-	100.000%	Host International Inc.
Dubai Branch	Dubai	Aed	-	100.000%	Host International Inc.
Host International of Canada (RD). Ltd.	Vancouver	Cad	-	100.000%	Host International Inc.
Host - Chelsea Joint Venture #3	Texas	Usd	-	63.800%	Host International Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.000%	Anton Airfood Inc.
Host HowellMickens Terminal A Retail. LLC	Wilmington	Usd	-	65.000%	Host International Inc.
Host-Love Field Partners I. LLC	Wilmington	Usd	-	51.000%	Host International Inc.
Host-Love Field Partners II. LLC	Wilmington	Usd	-	51.000%	Host International Inc.
Host-True Flavors SAT Terminal A FB	Wilmington	Usd	-	65.000%	Host International Inc.
Host Havana LAX F&B. LLC	Wilmington	Usd	-	90.000%	Host International Inc.
Host-CTI F&B II. LLC	Wilmington	Usd	-	80.000%	Host International Inc.
Host Solai MDW Retail. LLC	Wilmington	Usd	-	67.000%	Host International Inc.
Host TCC BHM F&B LLC	Wilmington	Usd	-	70.000%	Host International Inc.
Host-ELN MSP Terminal 2 Retail LLC	Wilmington	Usd	-	90.000%	Host International Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2012	Shareholders/quota holders
Host-DMV DTW Retail. LLC	Wilmington	Usd	-	79.000%	Host International Inc.
Host Lee JAX FB. LLC	Wilmington	Usd	-	70.000%	Host International Inc.
Islip Airport Joint Venture	New York	Usd	-	50.000%	Anton Airfood Inc.
Companies consolidated proportionally:					
ITDC-Aldeasa India Pvt. Ltd.	New Delhi	Inr	100,000	50.000%	World Duty Free Group España S.A.
Caresquick N.V.	Bruxelles	Eur	3,300,000	50.000%	Autogrill Belux N.V.
Companies consolidated using the equity method:					
Dewina Host Sdn Bhd	Kuala Lumpur	Myr	-	49.000%	Host International Inc.
TGIF National Airport Restaurant Joint Venture	Texas	Usd	-	25.000%	Host International Inc.
HKSC Developments L.P. (Projecto)	Winnipeg	Cad	-	49.000%	SMSI Travel Centres Inc.
HKSC Opco L.P. (Opco)	Winnipeg	Cad	-	49.000%	HMSHost Motorways L.P.
Souk al Mouhajir S.A. (in liquidation)	Tangier	Dhs	6,500,000	35.840%	World Duty Free Group España S.A.
Creuers del Port de Barcelona S.A.	Barcelona	Eur	3,005,061	23.000%	World Duty Free Group España S.A.

Statement of the CEO and manager in charge of financial Reporting

STATEMENT
about the 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 Alberto De Vecchi 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:

   a) the adequacy of, in relation to the characteristics of the business; and

   b) due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during 2012.

2. No significant findings have come to light in this respect.

3. We also confirm that:

   3.1 the 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 the entities in the scope of consolidation, along with the main risks and uncertainties to which they are exposed.

Milan, 7 March 2013

Gianmario Tondato Da Ruos	Alberto De Vecchi
Chief Executive Officer	Manager in charge of Financial Reporting

Independent Auditors' Report

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Autogrill S.p.A.

1 We have audited the consolidated financial statements of the Autogrill Group as at and for the year ended 31 December 2012, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 21 March 2012 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the Autogrill Group as at and for the year ended 31 December 2012 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Autogrill Group as at 31 December 2012, the results of its operations and its cash flows for the year then ended.

4 The directors of Autogrill S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with

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Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia Cagliari
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Udine Varese Verona

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the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the consolidated financial statements of the Autogrill Group as at and for the year ended 31 December 2012.

Milan, 20 March 2013

KPMG S.p.A.

(signed on the original)

Stefano Azzolari
Director of Audit

Autogrill S.p.A.

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