Annual Report

2017

Autogrill Group

Autogrill Group

2017 Annual Report

(Translated from the original version issued in Italian)

LETTER TO SHAREHOLDERS

Dear Shareholders,

Autogrill celebrated its 40th anniversary in 2017 and looked back at a history which witnessed its transformation from an Italian reality into a global leader in the travel services sector with an extensive geographic reach and multichannel experience.

The development of the Group's presence in all our geographies is key to our strategy: in 2017 our Group succeeded once again in growing our contract portfolio which is now worth a total of €36 billion.

Along with the numerous renewals, including the New Jersey Turnpike, the Maui and Zurich airports, contract wins were also signed in locations which were new to Autogrill like the Austin, New Orleans and Jakarta airports, in addition to the agreements which made it possible to further expand our presence in locations like the Copenhagen, San Francisco and Beijing airports.

In 2017 our Company achieved important results in terms of both growth in revenue, which reached €4.6 billion, and profitability.

Our commitment to you, our Shareholders, was steadfast and confirmed by the proposed dividend which, consistent with the Group's shareholder remuneration policy, amounts to 50% of the consolidated net profit.

In order to consolidate our leadership in an ever changing market, our Company focused on streamlining the organization and optimizing all areas of business. Toward this end, in 2017 Autogrill undertook and completed an important corporate reorganization project with a view to separating the Italian Food&Beverage operations, together with the administrative activities and services provided to the wholly-owned European subsidiaries, from the Group management and administration carried out by the holding company.

We are convinced that we have all the tools we need to strengthen our competitive position in all our geographies and across all the channels in which we operate, which will allow us to successfully pursue the growth targets for sales and profitability in line with the three-year guidance.

The commitment of our employees to customer service is the cornerstone of these objectives, strongly rooted in sustainability which takes into account the social and environmental aspects of our development which are, and will increasingly be, an integral part of our way of doing business.

We have a history of 40 years of growth, international development and success: we, therefore, look ahead to the coming years with confidence and determination, aware that we have the experience, the expertise and the people needed to achieve even better and more satisfying results for our Company and you, our Shareholders.

Gilberto Benetton
Chairman

Gianmario Tondato Da Ruos
CEO


NORDIC KITCHEN
BISTRO
NORDIC
DELI, BAR

Boards and officers

BOARD OF DIRECTORS [1]

Chairman [2, 3]
Gilberto Benetton

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

Directors
(until 24 May 2017)
Ernesto Albanese [7, I]
Tommaso Barracco
Alessandro Benetton
Francesco Umile Chiappetta [6, 7, I]
Massimo Di Fasanella D'Amore Di Ruffano [5, 8, I, L]
Carolyn Dittmeier
Giorgina Gallo
Stefano Orlando
Marco Patuano [5]
Paolo Roverato [6, 8]
Neriman Ulsever

Directors
(from 25 May 2017)
Ernesto Albanese [7, I]
Alessandro Benetton
Franca Bertagnin Benetton
Francesco Umile Chiappetta [6, 7, I]
Cristina De Benetti [6, I]
Massimo Di Fasanella D'Amore Di Ruffano [5, 8, I, L]
Catherine Gérardin Vautrin [5, I]
Marco Patuano [5]
Maria Pierdicchi [8, I]
Elisabetta Ripa [5, 7, I]
Paolo Roverato [6, 8]

Secretary
Paola Bottero

BOARD OF STATUTORY AUDITORS[9]

Chairman
Marco Rigotti [10]

Standing auditor
Antonella Carù [10]
Eugenio Colucci [10]

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

Independent auditors [11]

Deloitte & Touche S.p.A.

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

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1 DIRECTORS' REPORT ON OPERATIONS

DEFINITIONS AND SYMBOLS

Exchange rates: more than half the Group's operations are located in countries which use a non-euro currency, primarily the United States of America, Canada, Switzerland, and the countries in the International division. Due to the local nature of the business, in each country revenue is generally expressed in the same currency as costs and investments. The Group also has a currency risk policy, financing most of its net assets in the principal non-euro currencies with debt in the same currency, or entering into currency hedges that achieve the same effect. However, this does not neutralize the impact of exchange rate fluctuations when translating individual financial statement items. In comparisons with prior-year figures, the phrase "At constant exchange rates" 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. Fuel sales are classified net of the corresponding cost under "Other operating income".

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

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

Underlying: an alternative performance measure calculated by excluding certain revenue or cost items in order to improve the interpretation of the Group's normalized profitability for the year. Specifically, it excludes the cost of the phantom stock option plan, capital gains from the disposal of operating activities, corporate reorganization costs, and the non-recurring benefit stemming from the 2017 U.S. tax reform.

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

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

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

1.1 The Autogrill Group

Operations

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

Present in 31 countries with a workforce of more than 58,000, it manages about 4,000 establishments in approximately 1,000 locations. It operates mainly through concessions and subconcessions: at airports, along motorways and in railway stations, as well as on high streets and at shopping centers, trade fairs and cultural attractions.

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

Strategy

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

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

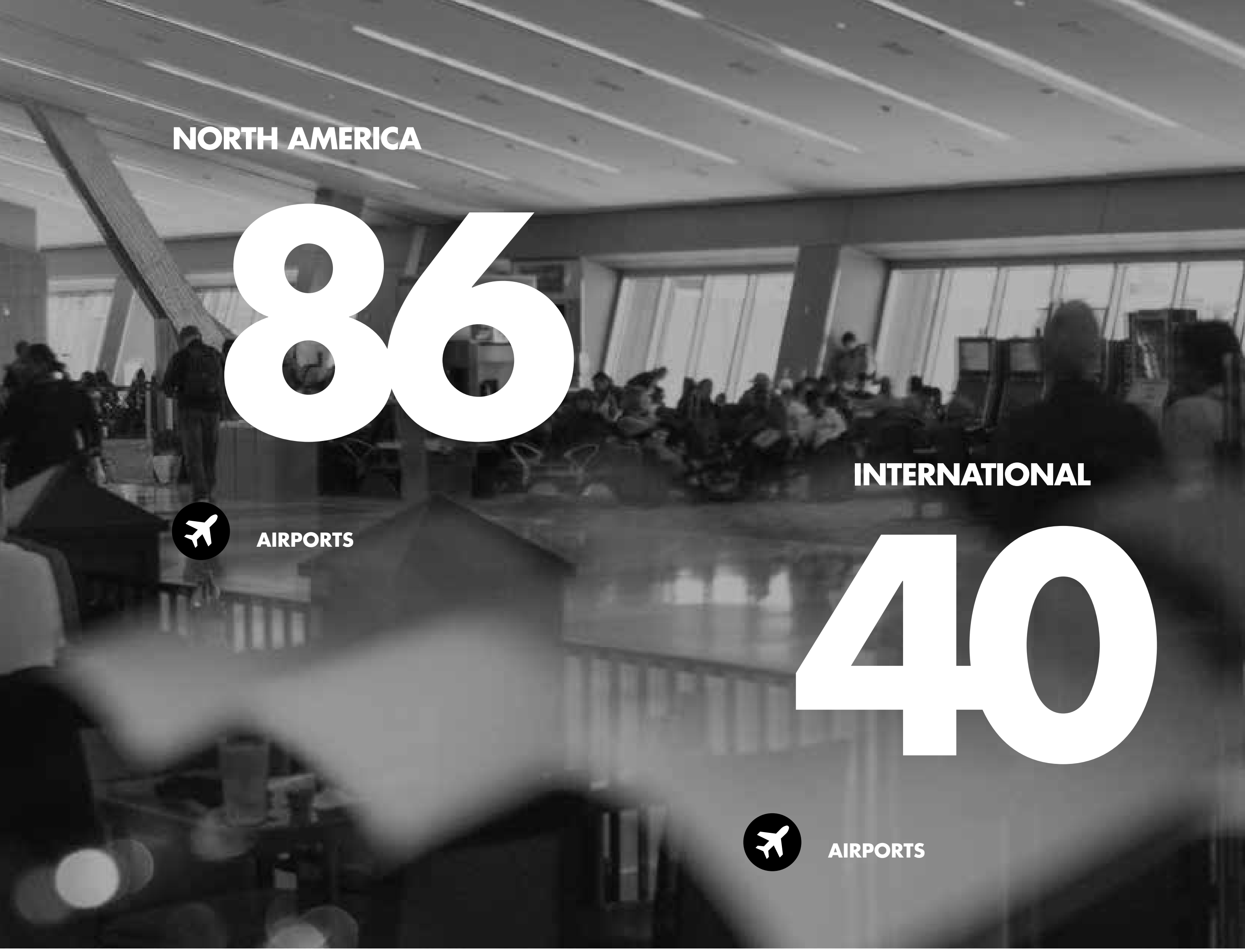
The Autogrill Group has operations in 31 countries:

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

918

locations in the world

New Zealand, The Netherlands, Poland, Qatar, Russia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Arab Emirates, United Kingdom, United States of America, Vietnam



Locations by channel

Channel of activity	North America	International	Europe	Total
Airports	86	40	19	145
Motorways	107	-	541	648
Railway stations	-	5	44	49
Others	1	4	71	76
Total	194	49	675	918

EUROPE

541

MOTORWAY STATIONS

Proprietary brands

Puro Gusto
beaudevin
Délice Maison
A café
spizzico
Two Tigers
Asia Street Cooking
Ciao
Pork & Pickle
territori d'Italia
Motta
amo
PZA
Umaizushi
The Burger Federation
Ice
Bubbles
Storie di Caffè
Bistrot
La Tapenade Café Méditerranéen
Grab&Fly

Licensed brands

Blaze Pizza
Wolfgang Puck
Tim Hortons
Tortas Frontera
Burger King
Dunkin' Donuts
Eataly
LongHorn Steakhouse
La Place
Brioche Dorée
California Pizza Kitchen
Crystal Jade
Pizza Hut
smashburger
Panda Express
Chick-fil-A
Leon
Pret
Shake Shack

Simplified Group structure[1,2]

Autogrill S.p.A.

- Autogrill Italy S.p.A.
  - Nuova Sidap S.r.l.
- Autogrill Europe S.p.A.
  - Autogrill Austria GmbH
  - Autogrill Czech S.r.o.
  - Autogrill D.o.o. (Slovenia)
  - Autogrill Polska Sp.zo.o.
  - Autogrill Iberia S.L.U.
  - Autogrill Deutschland GmbH
  - Holding de Participations Autogrill S.a.S.
    - Autogrill Côte France S.a.S.
  - Autogrill Belgie N.V.
  - Autogrill Schweiz A.G.
  - Autogrill Hellas Single Member Limited Liability company
- HMSHost Corp.
  - Host International. Inc.
    - HMSHost International B.V.

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

Organizational structure as at 28 February 2018

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

BOARD OF DIRECTORS

Group Chief Internal Audit & CSR Officer

GROUP CHIEF EXECUTIVE OFFICER

- Group Chief Financial Officer (Dirigente Preposto 262)
- Group General Counsel
- Group Chief Marketing Officer
- Group Chief Engineering & Procurement Officer
- Group Corporate Communication Manager
- Group Public Affairs Director
- Group HR and Organization Director

- CEO North America[3]
- CEO International[4]
- CEO Europe[5]

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


Motta
MILANO 1928

1.2 Group performance

1.2.1 GENERAL BUSINESS CONTEXT

1.2.1.1 The trend in airport traffic[6]

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

In North America, the Group's largest airport market, passengers increased by 3.5% in 2017 with respect to 2016, with domestic traffic up by 3.1% and international traffic by 5.7%. In the United States in particular, traffic in 2017 rose by 3.5%[7].

In Europe there was an 8.5% increase in passengers with respect to 2016. Asia-Pacific saw traffic expand by 7.8%, while growth in the Middle East came to 4.7%.

1.2.1.2 The trend in motorway traffic

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

In Italy, the Group's largest motorway market, traffic in 2017 increased by 2.2%[8]. The growth was driven by both light traffic (+1.8%) and heavy vehicles (+3.5%).

In North America, Autogrill's presence in the motorway channel is concentrated in the eastern United States and eastern Canada. In the United States, traffic showed an increase of 1.2%[9] with respect to 2016.

6. Source: ACI – Airports Council International – 22 February 2018
7. Source: Bureau of Transportation Statistics
8. Source: AISCAT (provisional data, not adjusted for leap year)
9. Source: Federal Highway Administration

1.2.2 CHANGE IN SCOPE OF CONSOLIDATION AND OTHER CORPORATE ACTIONS

Corporate reorganization plan [10]

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

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

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

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

The transaction did not affect the Group's consolidated figures, since it qualifies as a business combination under common control pursuant to IFRS 3.

Other transactions

In 2016, through the U.S. subsidiary HMSHost Corporation, the Group had conducted the following acquisitions in North America:

- as part of a strategy to expand its presence in the airport food & beverage market, on 20 August 2016 the Group finalized the purchase of the airport F&B operations of Concession Management Services, Inc. (CMS);
- in the context of general expansion, on 10 October 2016 it finalized the acquisition of Stellar Partners Inc., specialized in the convenience retail business at airports.

10. For further details, see section 2.2.1 ("Corporate reorganization") of the separate financial statements of Autogrill S.p.A. and the Disclosure Document voluntarily published on 28 December 2017

In 2017, CMS and Stellar Partners generated combined revenue of $ 91.4m ($ 24.9m in 2016).

In October 2017 the Group sold all operations of Autogrill Polska Sp.zo.o., which grossed € 3.2m for the year (€ 3.5m in 2016).

In 2016 Autogrill S.p.A. had disposed of the following:
- food & beverage operations at various railway stations in France, for € 27.5m, generating a capital gain of € 14.7m; in the first five months of 2016 this business unit earned € 26.4m in revenue;
- Autogrill Nederland B.V. and its subsidiaries. In accordance with IFRS 5 ("Non-current assets held for sale and discontinued operations"), the effects on profit/loss and on the statement of financial position were classified separately for the first 10 months of 2016.

On 21 December 2017 the Group announced that it had entered exclusive negotiations for the purchase of Le CroBag GmbH & Co. KG and F.F.N. GmbH, which manage Le CroBag food & beverage outlets in Germany, Austria and Poland. In late February 2018 it finalized the acquisition for € 65m. In 2017, Le CroBag grossed € 80m, including € 57m from the outlets it operates directly.

Group performance

Sales in 2017 increased by 2.9%, with like-for-like growth of 3.3%, driven by like-for-like performance at airports (+5%) which are the Group's primary business channel.

Profit-wise, there was a strong improvement in underlying EBITDA at constant exchange rates (+5.3%), thanks to revenue growth and cost efficiencies. The underlying net profit was also up sharply at constant exchange rates: +21.5% with respect to 2016.

Notable progress was achieved thanks to the companies acquired in 2016 (CMS and Stellar) and the ongoing strategy of focusing on and building up the more strategic channels through the actions launched in 2017 (the reorganization of Autogrill S.p.A., the sale of Polish operations and the purchase of German brand Le CroBag).

The contracts portfolio expanded further[11], to € 35.82bn at the end of 2017, with an average duration of 7.5 years. New contracts and those renewed during the year (worth respectively € 1.7 bn and € 8 bn) have an average duration of about 15 years.

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

Below are the details by geographical area:

New and renewed contracts

(€bn)	New	Renewed
North America	0.77	6.88
International	0.52	0.03
Europe	0.45	1.11
Total	**1.74**	**8.02**

Condensed consolidated income statement[12]

(€m)	Full Year 2017	% of revenue	Full Year 2016	% of revenue	Change 2016	Change At constant exchange rates
Revenue	4,594.6	100.0%	4,519.1	100.0%	1.7%	2.9%
Other operating income	116.4	2.5%	123.6	2.7%	-5.8%	-5.4%
Total revenue and other operating income	**4,711.1**	**102.5%**	**4,642.6**	**102.7%**	**1.5%**	**2.6%**
Raw materials, supplies and goods	(1,421.4)	30.9%	(1,410.3)	31.2%	0.8%	1.7%
Personnel expense	(1,519.8)	33.1%	(1,495.7)	33.1%	1.6%	2.8%
Leases, rentals, concessions and royalties	(828.2)	18.0%	(803.5)	17.8%	3.1%	4.4%
Other operating expense	(542.7)	11.8%	(536.1)	11.9%	1.2%	2.4%
Gain on operating activity disposal	-	-	14.7	0.3%	-	-
EBITDA	**399.0**	**8.7%**	**411.6**	**9.1%**	**-3.1%**	**-1.6%**
Depreciation, amortisation and impairment losses	(213.7)	4.7%	(210.6)	4.7%	1.5%	2.8%
EBIT	**185.2**	**4.0%**	**201.0**	**4.4%**	**-7.8%**	**-6.2%**
Net financial expense	(27.3)	0.6%	(31.6)	0.7%	-13.5%	-12.2%
Income (expenses) from investments	0.8	0.0%	0.9	0.0%	-7.1%	-5.0%
Pre-tax Profit	**158.7**	**3.5%**	**170.3**	**3.8%**	**-6.8%**	**-5.1%**
Income tax	(45.7)	1.0%	(54.6)	1.2%	-16.2%	-14.8%
Result from continuing operations	**113.0**	**2.5%**	**115.8**	**2.6%**	**-2.4%**	**-0.6%**
Result from discontinued operations	-	-	(1.2)	0.0%	-	-
Result attributable to:	**113.0**	**2.5%**	**114.5**	**2.5%**	**-1.3%**	**0.5%**
– owners of the parent	96.2	2.1%	98.2	2.2%	-2.1%	-0.3%
– non-controlling interests	16.9	0.4%	16.3	0.4%	3.5%	5.5%
Earnings per share (€ cents):						
– basic	37.8		38.7			
– diluted	37.8		38.7			

12. "Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the consolidated income statement primarily because they do not include revenue and costs from fuel sales, the net amount of which is classified as "Other operating income" in accordance with management's protocol for the analysis of Group figures. This revenue came to € 396.0m in 2017 (€ 421.9m in 2016) and the cost to € 375.5m (€ 399.1m the previous year)

Alternative performance measures

Comparisons with the previous year are affected by the following factors that influenced results:

- costs for the phantom stock option plans (€ 16.4m, compared with € 6.8m in 2016), which are heavily impacted by the price of Autogrill stock at the end of each year;
- costs for the corporate reorganization plan (€ 3.3m);
- the net positive non-recurring impact of the U.S. tax return passed in late 2017 (€ 7.4m);
- the capital gain from the sale of French railway station operations in 2016 (€ 14.7m).

An income statement that does not show the standalone impact of these components provides a distorted comparison of the Group's profitability of the two comparative years, and thus limits the significance of the condensed consolidated income statement (shown above) and the accounts prepared in accordance with IAS 1.

Considering the significant impact of the above factors on the Group's performance, and given the possibility of their recurring in future years, the following alternative performance measures are thought to be useful: underlying EBITDA, underlying EBITDA margin, underlying EBIT, and underlying net profit (attributable to shareholders of the parent company). These are calculated as shown below:

			Change	
(€m)	Full Year 2017	Full Year 2016	2016	At constant exchange rates
EBITDA	**399.0**	**411.6**	**-3.1%**	**-1.6%**
EBITDA margin	**8.7%**	**9.1%**	**-**	**-**
Management incentive plan's cost	16.4	6.8	-	-
Corporate reorganization project costs	3.3	-	-	-
Gain on operating activity disposal	-	(14.7)	-	-
EBITDA underlying	**418.8**	**403.7**	**3.7%**	**5.3%**
EBITDA margin underlying	**9.1%**	**8.9%**	**-**	**-**

			Change	
(€m)	Full Year 2017	Full Year 2016	2016	At constant exchange rates
Operating profit (EBIT)	**185.2**	**201.0**	**-7.8%**	**-6.2%**
Management incentive plan's cost	16.4	6.8	-	-
Corporate reorganization project costs	3.3	-	-	-
Gain on operating activity disposal	-	(14.7)	-	-
Operating profit (EBIT) underlying	**205.0**	**193.1**	**6.1%**	**8.1%**

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
Net profit (attributable to shareholders of the parent)	**96.2**	**98.2**	**-2.1%**	**-0.3%**
Management incentive plan's cost	16.4	6.8	-	-
Corporate reorganization project costs	3.3	-	-	-
Gain on operating activity disposal	-	(14.7)	-	-
Tax effect	(1.6)	(0.6)	-	--
US tax reform impact	(7.4)	-	-	-
Net profit underlying (attributable to shareholders of the parent)	**106.9**	**89.8**	**19.1%**	**21.5%**

Revenue

The Group earned consolidated revenue of € 4,594.6m in 2017, an increase of 1.7% (+2.9% at constant exchange rates) on the previous year's revenue of € 4,519.1m.

(€m)	Full Year 2017	Full Year 2016	FX	Organic growth: Like-for-like		Organic growth: Openings	Organic growth: Closings	Organic growth: Calendar	Acquisitions	Disposals
North America *	2,396.2	2,357.6	(42.4)	58.5	2.9%	262.1	(298.4)	-	58.9	-
International	512.3	437.0	(7.7)	41.3	10.5%	76.9	(29.7)	0.8	-	(6.2)
Europe	1,686.1	1,724.4	(2.6)	31.1	1.9%	54.7	(90.8)	(4.1)	-	(26.8)
of which										
Italy	*1,029.0*	*1,042.0*	-	*9.2*	*0.9%*	*39.6*	*(59.4)*	*(2.4)*	-	-
Other European countries	*657.0*	*682.5*	*(2.6)*	*21.8*	*3.5%*	*15.1*	*(31.4)*	*(1.7)*	-	*(26.8)*
Total Group	**4,594.6**	**4,519.1**	**(52.8)**	**130.9**	**3.3%**	**393.7**	**(418.9)**	**(3.3)**	**58.9**	**(33.0)**
* North America (m$)	*2,707.0*	*2,609.6*	*5.8*	*66.1*	-	*296.1*	*(337.1)*	-	*66.5*	-

Most of the increase was driven by solid like-for-like revenue growth and by the acquisitions completed in North America in 2016. Like-for-like growth was a strong +3.3% with all regions contributing, especially in the airport channel, despite the temporary slowdown in traffic caused in the second half of the year (most notably in September 2017) by Hurricanes Harvey and Irma in the southern United States.

Revenue in 2017 included new openings in North America, Northern Europe and Asia, in particular the new airport locations in Charlotte, Oslo and Da Nang and Hanoi in Vietnam. Conversely, closures include locations at Tampa airport (United States) and completion of the plan launched in 2016 to reduce the Group's motorway presence in Italy and Germany. Acquisitions and disposals resulted in a net positive contribution to revenue growth in 2017: acquisitions in the United States in the second half of 2016 contributed € 58.9m[13] this year, more than offsetting the departure from the French railway station business completed in June 2016.

13. Revenue generated by the acquisitions from the start of 2017 until the month corresponding to the purchase date in 2016

Revenue by channel

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates	Change Like-for-like
Airports	2,659.7	2,537.2	4.8%	6.6%	5.0%
Motorways	1,629.3	1,653.3	-1.4%	-1.0%	1.1%
Other channels	305.6	328.6	-7.0%	-6.4%	1.8%
Total Revenue	**4,594.6**	**4,519.1**	**1.7%**	**2.9%**	**3.3%**

In the **airport channel**, sales were up by 4.8% (6.6% at constant exchange rates), thanks to all of the regions served. This channel shows like-for-like growth of 5.0%, driven by North America (in spite of the hurricanes), northern Europe and Vietnam.

In the **motorway channel**, revenue decreased by 1.4% (-1.0% at constant exchange rates), due exclusively to the Group's streamlined presence in Europe; like-for-like performance was a positive 1.1%.

Revenue in **other channels** was down by 7.0% (-6.4% at constant exchange rates) due to the disposal of French railway stations business and to the exit from various shopping center locations in the United States. Like-for-like growth was a positive 1.8%.

EBITDA

EBITDA of € 399.0m in 2017 compared with € 411.6m the previous year (-3.1% at current exchange rates and -1.6% at constant rates), amounting to 8.7% of revenue (9.1% in 2016). EBITDA in 2016 had benefited from the capital gain on the disposal of the French railway station business (€ 14.7m).

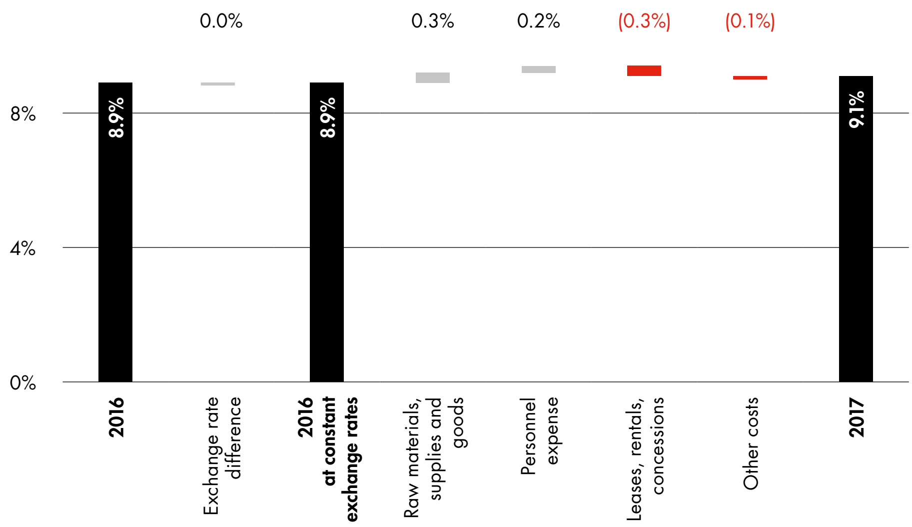
Underlying EBITDA rose from € 403.7m in 2016 to € 418.8m, an increase of 3.7% (5.3% at constant exchange rates), and from 8.9% to 9.1% of sales thanks to revenue growth and further efficiencies in the cost structure.

EBITDA in 2017 includes € 16.4m (€ 6.8m in 2016) in costs for the phantom stock option plans. The increase reflects greater final costs for the options that vested in 2017 and the adjustment of estimates for the remaining plans compared with the amounts provided for at the end of 2016 (€ 4.8m), on the basis of Autogrill's stock market performance which rose from € 8.60 per share at 31 December 2016 to € 11.50 per share at the end of this year.

(€m)	Full Year 2017	Full Year 2016
North America	4.2	1.6
International	1.5	0.5
Europe	2.9	1.5
Corporate	7.8	3.3
Stock Option Plan total costs	**16.4**	**6.8**

Along with the corporate reorganization costs (€ 3.3m), the increase in expenses for the stock option plans are the determining factor behind the rise in corporate costs, from € 27.3m in 2016 to € 36.3m.

Change in underlying EBITDA margin



Depreciation, amortization and impairment losses

These came to € 213.7m, up from € 210.6m in 2016 (+1.5% or +2.8% at constant exchange rates). The change reflects the increase in capital expenditure during the second half of 2016 and in 2017, partially offset by a decrease in impairment losses, from € 6.1m to € 1.1m. As a percentage of sales, this item was stable at 4.7%.

Net financial expense

Net financial expense in 2017 came to € 27.3m, down from € 31.6m the previous year, as a result of lower exchange losses and a decrease in the average cost of debt (from 4.0% in 2016 to 3.8% this year).

Income tax

Tax decreased from € 54.6m in 2016 to € 45.7m. This item includes taxes charged on operating profit (IRAP in Italy and CVAE in France), amounting to € 1.3m (€ 3.4m in 2016). The U.S. tax reform had a positive impact of € 7.4m on 2017[14].

The average tax rate, excluding IRAP and CVAE for both years, the positive impact of the U.S. tax reform (€ 7.4m), and for 2016 only, the capital gain of € 14.7m realized in France, went from 32.9% in 2016 to 32.6%.

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

Profit for the year

The 2017 profit attributable to the owners of the parent amounted to € 96.2m, compared with € 98.2m in 2016, when it included the capital gain from the sale of the French railway station business and a lower impact from the cost of the phantom stock option plans.

The underlying net profit increased from € 89.8m in 2016 to € 106.9m, as shown in the section "Alternative performance measures".

Non-controlling interests came to € 16.9m (€ 16.3m the previous year).

1.2.3 FINANCIAL POSITION

Reclassified consolidated statement of financial position [15]

			Change	
(€m)	31.12.2017	31.12.2016	2016	At constant exchange rates
Intangible assets	871.6	950.6	(79.0)	0.2
Property, plant and equipment	880.9	896.5	(15.6)	51.0
Financial assets	24.4	15.3	9.1	9.8
A) Non-current assets	**1,776.9**	**1,862.4**	**(85.5)**	**61.0**
Inventories	116.2	119.5	(3.3)	1.1
Trade receivables	49.0	58.1	(9.1)	(7.6)
Other receivables	145.7	121.9	23.8	21.3
Trade payables	(351.2)	(359.8)	8.7	(4.8)
Other payables	(365.6)	(382.1)	16.5	(8.3)
B) Working capital	**(405.9)**	**(442.5)**	**36.6**	**1.7**
Invested capital (A+ B)	**1,371.0**	**1,419.9**	**(49.0)**	**62.8**
C) Other non-current non-financial assets and liabilities	**(131.7)**	**(154.4)**	**22.7**	**10.6**
D) Net invested capital (A + B + C)	**1,239.3**	**1,265.6**	**(26.3)**	**73.4**
Equity attributable to owners of the parent	649.9	643.6	6.3	51.5
Equity attributable to non-controlling interests	45.4	44.0	1.4	2.8
E) Equity	**695.3**	**687.6**	**7.7**	**54.2**
Non-current financial liabilities	531.9	520.0	11.9	52.0
Non-current financial assets	(12.5)	(7.7)	(4.8)	(5.7)
F) Non-current financial indebtedness	**519.4**	**512.3**	**7.0**	**46.3**
Current financial liabilities	225.4	262.9	(37.5)	(16.3)
Cash and cash equivalents and current financial assets	(200.8)	(197.3)	(3.5)	(10.9)
G) Current net financial indebtedness	**24.6**	**65.6**	**(41.0)**	**(27.2)**
Net financial position (F + G)	**544.0**	**578.0**	**(33.9)**	**19.1**
H) Total (E + F + G), as in D)	**1,239.3**	**1,265.6**	**(26.3)**	**73.4**

Comments on changes in the statement of financial position can be found in the notes to the financial statements.

15. The figures in the reclassified consolidated statement of financial position are directly derived from the consolidated financial statements and notes, with the exception of "Financial assets," which do not include "Financial receivables from third parties" (€ 12.5m) classified as non-current financial receivables in the net financial position and included in other financial assets (non-current) in the consolidated statement of financial position

Cash flow

(€m)	Full Year 2017	Full Year 2016	Change
EBITDA *	399.0	396.9	2.1
Change in net working capital	(0.5)	(1.4)	0.9
Other non cash items	(1.2)	(3.6)	2.4
Cash flows from operating activities	**397.3**	**391.9**	**5.4**
Tax paid	(57.1)	(45.4)	(11.7)
Net interest paid	(26.6)	(28.1)	1.4
Net cash flows from operating activities	**313.6**	**318.4**	**(4.9)**
Net investment	(273.8)	(214.5)	(59.3)
Net cash flows after investment	**39.7**	**103.9**	**(64.2)**
Acquisition/disposal	-	4.6	(4.6)
Free operating cash flows pre dividend	**39.7**	**108.5**	**(68.8)**
Dividend payment **	(50.4)	(43.4)	(7.0)
Free operating cash flows	**(10.7)**	**65.1**	**(75.8)**

* 2016 does not include the gain generated by the sale of french railway station
** Includes dividend payment to minority shareholders, net of capital increases

Net cash flow after capital expenditure decreased by € 64.2m, due mainly to the greater absorption of cash as a result of higher expenditure in connection with the expansion of the contracts portfolio and a change in timing with respect to 2016. The previous year's figure benefits from a tax refund received in the United States.

Cash flow in 2016 also reflects the major extraordinary operations that year[16]: specifically, the outlays for the acquisition of CMS ($ 37.7m or € 33.3m) and Stellar Partners ($ 11.7m or € 10.6m) in the United States, and the proceeds of the sale of the railway station business in France (€ 27.5m) and the motorway operations in the Netherlands (€ 20.9m).

In June 2017 the Group paid a dividend to the shareholders of Autogrill S.p.A. of € 40.7m (€ 30.5m in 2016).

Dividends were also paid to the non-controlling shareholders of consolidated companies[17] in the amount of € 9.7m (€ 12.9m the previous year).

16. Net of cash acquired or transferred
17. Shown net of capital increases

Net financial position

Net debt at 31 December 2017 amounted to € 544m (€ 578m a year earlier). The decrease reflects the depreciation of the U.S. dollar, in which a significant share of long-term debt is denominated.

At the end of 2017, 83% of debt was in U.S. dollars (74% at 31 December 2016) and the rest in euros. Fixed-rate debt, including debt converted to fixed-rate by means of interest rate swaps, decreased from 62% of the total in 2016 to 38%, due to the redemption of a fixed-rate bond loan of $ 150m.

The fair value of interest rate hedging derivatives at 31 December 2017 was essentially nil (€ 0.3m at 31 December 2016).

Debt consists primarily of committed non-current credit lines from banks and of long-term bonds (private placements). Loans have an average remaining life of about three years and three months, compared with three years and six months at 31 December 2016.

As mentioned earlier, in May 2017 a $ 150m bond loan with a fixed interest rate of 5.73%, issued by controlled HMSHost Corporation in May 2007, was redeemed at its natural maturity through the use of available long-term credit facilities.

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

Finally, in January 2018, Autogrill S.p.A. obtained two new credit facilities:
- an amortizing term loan of € 100m and a revolving credit line of € 200m, packaged into a single facility maturing in March 2023. The amortizing term loan involves two annual payments of € 25m starting in January 2021, with reimbursement of the remaining € 50m on maturity;
- a revolving facility ("Revolving Facilities Agreement") of € 100m maturing in 2023.

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

1.3 Business segments

REVENUE BY GEOGRAPHICAL AREA

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
North America	2,396.2	2,357.6	1.6%	3.5%
International	512.3	437.0	17.2%	19.3%
Italy	*1,029.0*	*1,042.0*	*-1.2%*	*-1.2%*
Other European countries	*657.0*	*682.5*	*-3.7%*	*-3.4%*
Total Europe	1,686.1	1,724.4	-2.2%	-2.1%
Total revenue	**4,594.6**	**4,519.1**	**1.7%**	**2.9%**

EBITDA BY GEOGRAPHICAL AREA

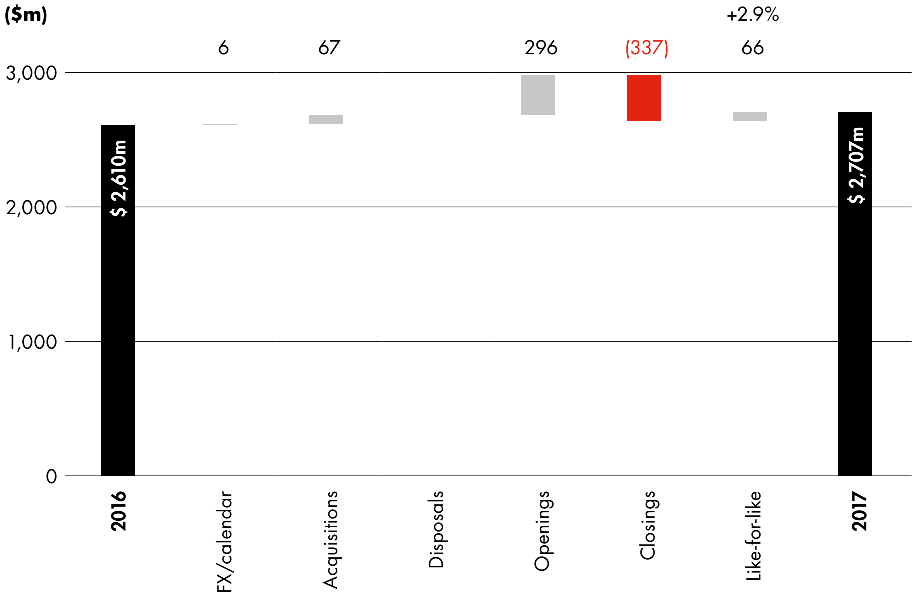
(€m)	Full Year 2017	% of revenue	Full Year 2016	% of revenue	Change 2016	Change At constant exchange rates
North America	268.8	11.2%	266.5	11.3%	0.9%	2.8%
International	57.8	11.3%	51.0	11.7%	13.3%	15.6%
Europe	108.7	6.4%	121.4	7.0%	-10.5%	-10.3%
Corporate costs	(36.3)	-	(27.3)	-	-32.8%	-32.8%
Total EBITDA	**399.0**	**8.7%**	**411.6**	**9.1%**	**-3.1%**	**-1.6%**

CAPITAL EXPENDITURE BY GEOGRAPHICAL AREA

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
North America	133.5	123.7	7.9%	9.9%
International	30.5	27.8	9.8%	10.7%
Europe	98.0	81.3	20.5%	20.7%
Total capital expenditure	**261.9**	**232.7**	**12.5%**	**13.8%**

North America [18]

Revenue in North America came to $ 2,707m, an increase of 3.5% at constant exchange rates (+3.7% at current exchange rates [19]) compared with the previous year's $ 2,609.6m.



Performance in North America was driven by like-for-like sales growth of 2.9%, despite the slowdown in the second half of the year caused by the hurricanes in Florida and Texas.

The contribution of CMS and Stellar, acquired in 2016, more than offset the smaller number of locations at Tampa airport and the Group's departure from the shopping center channel.

Sales at airports increased by 4.6% (+4.8% at current exchange rates) thanks to the higher average purchase per customer and the increased number of transactions, despite the temporary slowdown in traffic due to the adverse weather events.

Revenue in the motorway channel rose by 0.7% (+1.2% at current exchange rates) as a result of the higher average purchase per customer.

Revenue by geography

			Change	
(m$)	Full Year 2017	Full Year 2016	2016	At constant exchange rates
US	2,415.7	2,328.3	3.8%	3.8%
Canada	291.3	281.3	3.6%	1.5%
Total revenue	**2,707.0**	**2,609.6**	**3.7%**	**3.5%**

18. This division includes operations in the United States and Canada
19. The difference using current exchange rates reflects the appreciation of the US dollar against the Canadian dollar ($ 5.8m)

Revenue by channel

(m$)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
Airports	2,213.0	2,111.9	4.8%	4.6%
Motorways	471.5	465.9	1.2%	0.7%
Other channels	22.5	31.7	-29.1%	-29.1%
Total revenue	**2,707.0**	**2,609.6**	**3.7%**	**3.5%**

(m$)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
EBITDA	**303.6**	**295.0**	**2.9%**	**2.8%**
% on revenue	*11.2%*	*11.3%*		

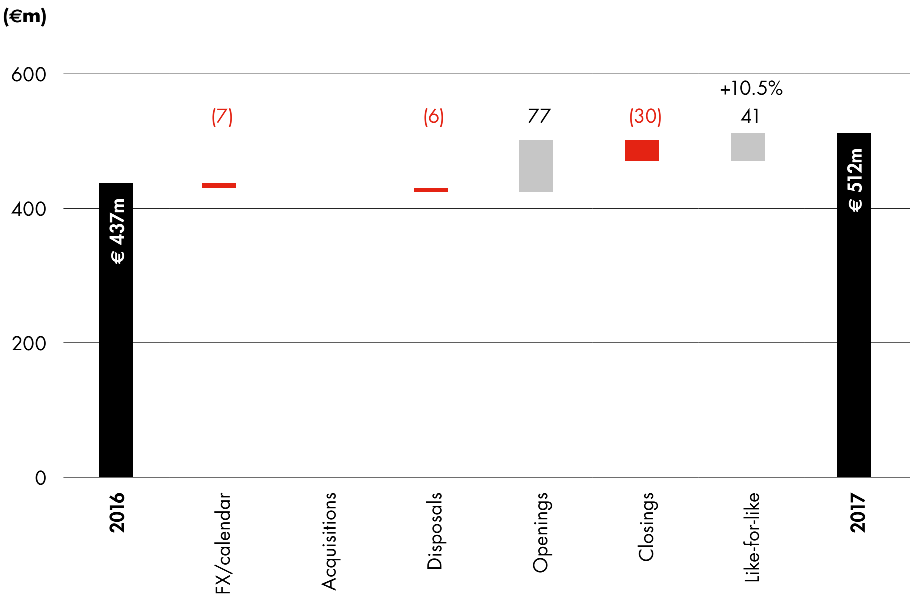
EBITDA in North America came to $ 303.6m, up from $ 295m the previous year (+2.9% or +2.8% at constant exchange rates). Growth, the sales mix, and an improvement in operating costs absorbed the inefficiencies caused by the bad weather and the increase in costs for the phantom stock option plans ($ 4.8m, up from $ 1.7m in 2016). As a result of these trends, EBITDA as a percentage of revenue was essentially stable (11.2% compared to 11.3% the previous year). Underlying EBITDA of $ 308.4m compares with $ 296.7m in 2016, for an increase of 3.9% (3.8% at constant exchange rates); as a percentage of sales it was unchanged at 11.4%.

(m$)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
Capex	**150.8**	**136.9**	**10.2%**	**9.9%**
% on revenue	*5.6%*	*5.2%*		

Capital expenditure mostly concerned the airports at Los Angeles, Seattle and Fort Lauderdale and rest stops on the Indiana Turnpike.

International[20]

Revenue totaled € 512.3m in 2017, an increase of 19.3% (+17.2% at current exchange rates) compared with € 437m the previous year.



The excellent performance in this area reflects double-digit like-for-like growth of 10.5% and the contribution of new locations. The disposals took place further to the segregation of Indonesian operations into a joint venture in early 2017. The Group's presence in this country will continue to grow, in any case, thanks to a new contract at Jakarta airport.

In the **airport channel**, sales were up by 18.4% (+16.4% at current exchange rates) thanks to excellent performance in the Netherlands (Schiphol), Vietnam and India, expanded operations in the United Kingdom and Finland, and new openings in Norway.

In the **Other channel**, growth was driven mainly by the performance of railway stations in the Netherlands and the UK, as well as new openings, including at Roermond designer outlets in Holland.

Revenue by geography

			Change	
(€m)	Full Year 2017	Full Year 2016	2016	At constant exchange rates
Northern Europe	372.3	314.2	18.5%	20.0%
Rest of the world	140.1	122.8	14.0%	17.7%
Total Revenue	**512.3**	**437.0**	**17.2%**	**19.3%**

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

Revenue by channel

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
Airports	455.3	391.1	16.4%	18.4%
Other channels	57.0	45.9	24.2%	27.3%
Total Revenue	**512.3**	**437.0**	**17.2%**	**19.3%**

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
EBITDA	**57.8**	**51.0**	**13.3%**	**15.6%**
% on revenue	*11.3%*	*11.7%*		

EBITDA for this region came to € 57.8m, up from € 51m in 2016, increasing by 15.6% (13.3% at current exchange rates) thanks to the rapid growth of sales. Costs incurred for the new headquarters in China and for the start-up phase in various countries new to the Group led to a decrease in EBITDA as a percentage of revenue, from 11.7% to 11.3%. The figure for 2017 also includes € 1.5m in costs for the phantom stock option plans (€ 0.5m in 2016).

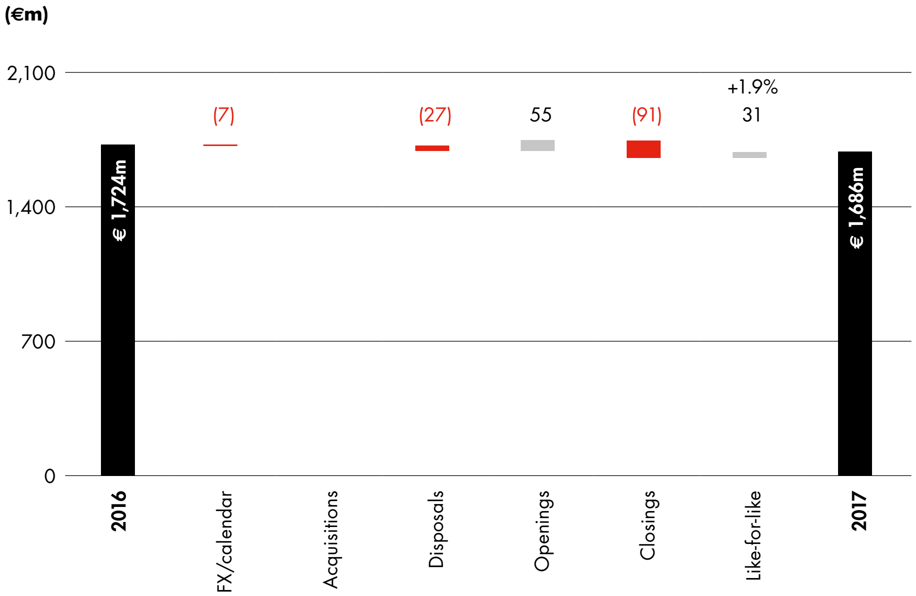
Underlying EBITDA of € 59.4m compares with € 51.5m the previous year, showing an increase of 17.6% (15.3% at current exchange rates) and amounting to 11.6% of sales (11.8% in 2016).

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
Capex	**30.5**	**27.8**	**9.8%**	**10.7%**
% on revenue	*5.9%*	*6.3%*		

In the **International** region, most capital expenditure went towards the Roermond shopping center in the Netherlands and the airports in Vietnam and in Oslo, Norway.

Europe

Revenue in Europe totaled € 1,686.1m, compared with € 1,724.4m in 2016, showing a decrease of 2.1% at constant exchange rates (2.2% at current exchange rates) due primarily to the disposal in June 2016 of the French railway station business and to selective renewals in the European motorway channel.



Like-for-like sales increased by 1.9%.

In **Italy**, like-for-like sales at motorway locations grew by 1.1%, with a like-for-like increase of 1.5% for primary (catering and minimarket) sales. Net openings and closures reflect the Group's efforts to streamline its motorway presence. Like-for-like performance at airports was also strong, while in the other channels, revenue declined due to the Group's departure from some shopping center and high street locations.

In the **Other European countries** there was a sales like-for-like increase of 2%, while the overall decrease reflects the Group's departure from various low-profit locations on German motorways. In the airport channel, sales went up thanks to solid performance in Germany and the return to normal operating conditions at Brussels airport. In Other channels, sales went down by 10.0% due to the departure from railway stations in France.

Revenue by geography

			Change	
(€m)	Full Year 2017	Full Year 2016	2016	At constant exchange rates
Italy	1,029.0	1,042.0	-1.2%	-1.2%
Other European countries	657.0	682.5	-3.7%	-3.4%
Total Revenue	**1,686.1**	**1,724.4**	**-2.2%**	**-2.1%**

Revenue by channel

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
Motorways	1,211.9	1,232.3	-1.7%	-1.6%
Airports	245.5	238.1	3.1%	3.6%
Other channels	228.6	253.9	-10.0%	-9.8%
Total revenue	**1,686.1**	**1,724.4**	**-2.2%**	**-2.1%**

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
EBITDA	**108.7**	**121.4**	**-10.5%**	**-10.3%**
% on revenue	*6.4%*	*7.0%*		

EBITDA in Europe came to € 108.7m (€ 121.4m in 2016), decreasing by 10.5% (10.3% at current exchange rates) compared to the previous year, which included the capital gain from the sale of the French railway station business (€ 14.7m). Net of the capital gain, EBITDA grew by 2.0% at constant exchange rates and rose from 6.2% to 6.4% of sales.

The greater profitability mostly reflects an improvement on that front in Belgium and efforts to reduce operating costs, which also made it possible to absorb the increase in costs for the phantom stock option plans (from € 1.5m in 2016 to € 2.9m this year).

Underlying EBITDA came to € 111.6m (€ 108.3m in 2016), increasing by 3.1% (3.3% at constant exchange rates) and rising from 6.3% of revenue in 2016 to 6.6% in 2017.

(€m)	Full Year 2017	Full Year 2016	Change 2016	Change At constant exchange rates
Capex	**98.0**	**81.3**	**20.5%**	**20.7%**
% on revenue	*5.8%*	*4.7%*		

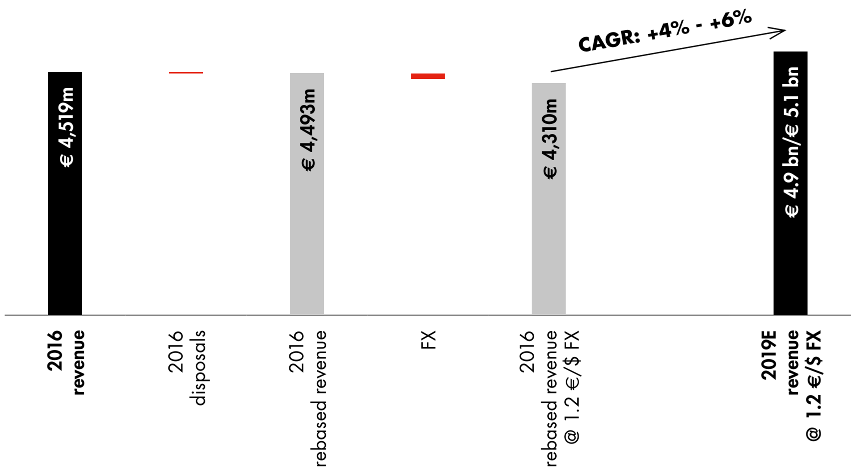
Capital expenditure went primarily towards the Cantagallo rest stop (Italy), the Plaines de Beauce rest stop and Miramas designer outlet (France), and Frankfurt airport (Germany).

1.4 Outlook[21]

In December 2017 the United States legislature passed a tax reform that will have a positive impact throughout the Autogrill Group, given that it earns nearly half its revenue in the U.S. The Group's tax rate as a result of the reform will be around 25%.

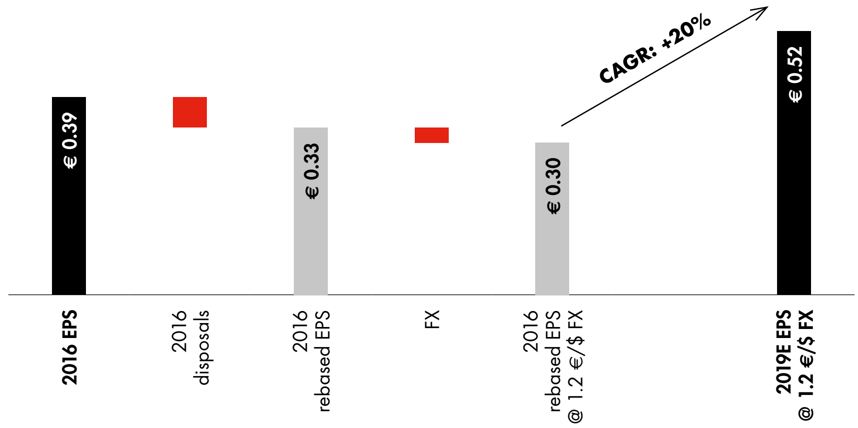
The guidance for 2016-2019 presented to the market in March 2017 has therefore been updated to reflect the U.S. tax reform and changes in the €/$ exchange rate over the past 12 months:

- in March 2017, the forecast CAGR from 2016 to 2019 was 5-7% for revenue and 15% for EPS (assuming organic growth only and a €/$ exchange rate for 2017-2019 of 1.06[22])[23];
- revenue guidance is confirmed: CAGR ranges from 4% to 6% due exclusively to the €/$ exchange rate.



21. This section includes forecasts and estimates that reflect management's current thinking (forward-looking statements), especially as regards future performance, capital expenditure, cash flow, and changes in the financial structure. By nature, forward-looking statements have an element of risk and uncertainty because they depend on the occurrence of future events. Actual results may differ, even significantly, as a result of various factors such as travel trends in the countries and channels served; the outcome of concession contract renewals and bids for new concessions; how the competition develops; the trend in exchange rates against the euro, especially of the US dollar and British pound; the trend in interest rates on those currencies; future demand; the price of oil and food raw materials; general macroeconomic conditions; geopolitical factors and regulatory changes in the countries served; and other changes in business conditions. The Group's business volumes correlate with travel trends
22. A change of 0.01 in the €/$ exchange rate has:
    - an impact of around € 20-30m on annual revenue from 2017 to 2019;
    - an impact of around € 0.3 cents on annual EPS from 2017 to 2019
23. CAGR for revenue and EPS were calculated on 2016 starting figures after eliminating the effects of disposals during the year. With those adjustments, revenue was taken as € 4.49bn (instead of the actual reported figure of € 4.52bn) and EPS was taken as € 0.33 (instead of the actual € 0.39)

- EPS guidance has improved: CAGR for 2016-2019 is up from 15% to 20%.



As for 2018, the Group will maintain its focus on increasing revenue and the excellence of its operating model, in order to continue its profitable growth.

- revenue is expected to grow on the strength of like-for-like performance and the net positive balance of openings and closures.
- the Group expects underlying EBITDA and EBIT to improve further, thanks to ongoing structural efficiencies.
- as a result, there should be an improvement in earnings per share and pre-dividend cash generation.

SUBSEQUENT EVENTS

Since 31 December 2017, no events have occurred that would have entailed an adjustment to the figures reported or required additional disclosures.


Pizza

1.5 Consolidated non-financial statement

(pursuant to the Arts. 3 and 4 of Legislative Decree no. 254/2016)

Contents

1.5.1 INTRODUCTION

In order to provide a disclosure that reflects the Autogrill Group's business model, the consolidated non-financial statement (NFS) is structured according to the sustainability areas identified as material to its business.

Business & Governance: the "A-Company" dimension covers the creation of economic value, the efficiency and transparency of decision making processes, the fight against corruption and the unfair competition.

Autogrill People: the "A-People" dimension covers employee relations, human resource development and training, occupational health and safety, labor union relations, diversity, and equal opportunity.

Autogrill Product: the "A-Product" dimension covers product quality and safety, product labeling and marketing, supply chain management, accessibility, and quality of services.

Autogrill Planet: the "A-Planet" dimension covers the management of energy, emissions and waste.

The NFS is introduced by chapters on creating and distributing economic value among the stakeholders, preventing and fighting corruption, the Group's sustainability management model, and stakeholder engagement.

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

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

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

Required disclosures and where to find them (by Decree 254/2016)

Area covered by Decree 254/2016	Disclosures required by Decree 254/2016	2017 documents containing the disclosures	
Business management model	Art. 3.1(a) Description of the business management and organizational model, including any corporate liability policies pursuant to Legislative Decree 231/2001	DR	p. 13-41
		CGR	Sections 2, 4, 6-10, 13-14
		NFS	Policies and guidelines of the Autogrill Group
Policies	Art. 3.1(b) Description of corporate policies, including due diligence	NFS	Policies and guidelines of the Autogrill Group Anti-corruption People: the people of the Autogrill Group Planet: environmental protection Product: product quality and safety
Risk management	Art. 3.1(b) Description of the main risks generated by or incurred in business operations	DR	p. 89-96
People	Art 3.2(d) Information on human resource management, including gender parity, adoption of international organization conventions and dialogue with workers' rights groups	NFS	People: the people of the Autogrill Group
	Art 3.2(c) Health and safety disclosures	NFS	People: Occupational health and safety
Environment	Art 3.2(a)(b)(c) Use of energy, distinguishing between renewable and non-renewable sources; water consumption; emissions of greenhouse gases and pollutants; impact on the environmentì	NFS	Planet: environmental protection
Social	Art 3.2(d) Information on social aspects	NFS	Product: product quality and safety and focus on the customer Product: responsible supply chain management People: community development and engagement
Human rights	Art 3.2(e) Information on respect for human rights and measures taken to prevent violations and discrimination	NFS	People: protection of human rights Product: responsible supply chain management
Anti-corruption	Art 3.2(f) Disclosures on countering active and passive corruption	NFS	Anti-corruption

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

GRI 103-2, 103-3

Socio-environmental policies and guidelines of the Autogrill Group

The Autogrill Group has a system of policies and guidelines, namely the Code of Ethics, the Organization, Management and Control Model pursuant to Legislative Decree 231/01, the Anti-Corruption Policy, and the Supply Chain Sustainability Guidelines, which set the standards on social and environmental issues and provide guidance to facilitate a sustainable approach to the business. These documents were written in the spirit of building sensitivity to such topics while instilling good practices throughout the Group, taking into account the different legal, geographical and sociocultural contexts in which it operates. They are inspired by the principles of fairness, transparency, honesty and integrity that characterize the Group and its activities, in keeping with the main international guidelines and standards on responsible business management. Implementation responsibility and control are managed locally, as well as procedures that reflect the local setting, in line with the Group's founding principles and in full compliance with the laws of the countries served. The policies and guidelines are enforced by the individual business units through their operating practices and procedures.

Environmental policies and procedures are managed by the individual business units in relation to the specificities of the business and local laws and regulations. The parent company, in its corporate liability policy pursuant to Legislative Decree 231/01, has established a protocol for environmental compliance specifying the principles to be followed with respect to the environment and natural resources.

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

GRI 103-2, 103-3

People, health and safety and human rights

Documents: Group Code of Ethics

Promise to:

- create and managing workplace environments that are conducive to employee health and safety;
- promote a working environment and behaviors based on:
  - respect for personal dignity, starting with the recruitment and selection process;
  - preventing discrimination and abuse of all kinds;
  - valuing the inventive spirit;
  - defining roles and responsibilities and providing thorough information.

Supply chain

Documents: Autogrill Group Supply Chain Sustainability Guidelines

Promise to have the entire supply chain:

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

Product quality and safety

Documents: Code of Ethics, Liability Protocol 231 for the preparation and sale of products

Promise to:

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

Anti-corruption

Documents: Group Anti-corruption Policy

Promise to:

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

Environment

Documents: Liability: environmental protocol 231

Promise to:

- scrupulously respect all environmental legislation;
- ensure the proper use of technologies and, where possible, reduce negative environmental impacts;
- define and implement information and awareness projects to help develop a culture of sustainability and encourage green behaviors;
- select suppliers and contractors after making sure they are technically suitable and follow standards consistent with Autogrill's environmental policy;
- properly handle potential emergencies that might have an impact on the environment;
- prevent the violation of laws protecting animal or plant species and their habitats;
- properly dispose of hazardous waste, using specialized companies.

1.5.2 A-COMPANY: THE AUTOGRILL GROUP

The Vision

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

The Autogril Mission

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

The Autogrill Values

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

Creating and distributing economic value

The economic value generated and distributed by the Group represents the ability to generate wealth and spread it among the stakeholders. In 2017, the Group created more than € 5bn in economic value, and distributed more than € 4.8bn. Of all value created, 95% was distributed to the internal and external stakeholders, while the remaining 5% was kept within the Group.

Statement of economic value (€k)	2017	Stakeholder
Economic value created by the Group	**5,085,423**	
Revenue and other operating income	5,086,559	Consumers
Financial income	1,316	
Adjustment to the value of financial assets*	797	
Provision for doubtful accounts	(2,170)	
Impairment losses	(1,079)	
Economic value distributed	**4,811,249**	
Reclassified operating costs	3,139,194	Concession grantors, suppliers and brand partners
Remuneration of personnel	1,501,661	Personnel
Remuneration of lenders and shareholders **	93,822	Lenders and shareholders
Remuneration of public institutions	71,691	Government
Donations	4,881	Community
Economic value withheld by the Group	**274,174**	
Depreciation and amortization	212,662	
Provisions	13,672	
Reserves	47,840	

* Including profit/loss from discontinued operations
** The remuneration of shareholders consists of the share of 2017 profits that will be paid as dividends in 2018, as proposed to the annual general meeting by the Board of Directors

Governance and compliance

GRI 103-2, 103-3

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

Anti-corruption

GRI 103-2, 103-3

In addition to Autogrill S.p.A.'s Corporate Liability Policy, in 2017 the Group drew up a new Anti-corruption Policy reviewed and approved by the Board of Directors, which formalizes obligations and rules of conduct applying throughout the Group. Through this document, the Group confirms its across-the-board commitment to reject and prohibit corruption under all circumstances, with public officials and private parties alike, and its promise to observe anti-corruption laws in every country served. All Autogrill Group companies along with their top executives, management and employees are firmly committed to performing all of their responsibilities with fairness, integrity, transparency and honesty and in accordance with the law, and must scrupulously follow, enforce, and see that others enforce the rules of the Anti-Corruption Policy in all of their professional dealings.

Group General Counsel is in charge of monitoring proper enforcement of the policy, while the local Legal Counsels monitor its implementation and enforcement by other companies in the Autogrill Group. Meanwhile, training activities are supervised by Autogrill's Human Resources department. The Group's Internal Audit department independently reviews and evaluates the internal control system to make sure the policy provisions are duly observed, on the basis of the annual audit program approved by the Board of Directors, while Group General Counsel goes over the policy periodically to ensure its effective enforcement. In case of infringement, Group General Counsel determines whether revising the policy might help prevent such infringements in the future. In addition, each Group company is required to respond suitably in order to remedy any problems that may arise with regard to the policy. All Autogrill personnel must report without delay any infringement (or reasonable suspicion of infringement) of the policy and/or anti-corruption laws, using the Group's reporting system.

In 2017, Autogrill S.p.A. held 401 hours of anti-corruption training under the Corporate Liability Policy for all headquarters staff. Training for executives and area managers was completed in previous years in accordance with the three-year plan.

Sustainability for the Autogrill Group

GRI 102-11

Over the years, Autogrill has developed plans and projects regarding various aspects of sustainability, placing them conceptually within three broad areas: "People," "Planet," and "Product". Operations are defined on a three-year basis within the Afuture Roadmap, starting from the outcome of analyses of materiality and of the external and international context, in keeping with the United Nations Sustainable Development

Goals. The Roadmap, in turn, is part of the Afuture Framework, the instrument the Group has created to define sustainability-related topics and set priorities for them within operational and reporting activities.

In this context, the role of Autogrill's CSR department is to promote within the Group a shared philosophy of sustainable development and to facilitate stakeholder engagement. For every topic identified in the Afuture Framework, the Group has also named a sustainability leader (for each of the Human Resources, Strategic Marketing, and Engineering & Procurement departments), responsible for implementing and monitoring the pertinent initiatives in consideration of the different legislative, geographical and sociocultural contexts in which the Group operates.

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

Stakeholder Engagement

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

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

During the year the Group launched a major stakeholder engagement program, to conclude in 2018, with the goal of involving and consulting concession grantors - identified as priority stakeholders - on sustainability issues that are important to business development.

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

Materiality analysis

The methodology implemented to identify material topics, in continuity with the approach used in previous years, is characterized by the sharing of the process within the organization, by the actively participation of the management in the analysis and, later, internal discussion of results. In 2017, management conducted a self-assessment activity to analyse the relevant topics from the point of view of their importance for the company (internal perspective) and the importance given to them by the stakeholders (external perspective). The output was a list of material topics that expresses the relevance of sustainability issues within the Group. The issues assessed were identified on the basis of the Group's materiality analysis, taking into consideration also the

Global Reporting Initiative (GRI) topics and the relevant aspects of Legislative Decree 254/2016.

Because legal compliance is a fundamental component of business citizenship, it was given high priority when determining an issue's materiality. The new process, consistent with the outcomes obtained in prior years, identified products & services and employee care as material topics for Autogrill. The results also highlighted some new topics, including stakeholder engagement, which plays a cardinal role in the planning of business processes, anti-corruption efforts, diversity, and equal opportunity. Another new topic is the supply chain, whose responsible management is both necessary for a credible sustainability policy and useful in creating value for suppliers, partners, customers and the community. From an environmental standpoint, the topic of energy efficiency and emissions is important for demonstrating an awareness of how the fight against climate change involves the business world and all of society.

Material topics of the Autogrill Group [24]

GRI 103-1, 102-47

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

24. In alphabetical order for each strategic area

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

1.5.3 PEOPLE: THE PEOPLE OF THE AUTOGRILL GROUP

Autogrill starts from the assumption that the responsible, transparent management of its employees gives it a competitive edge, because employees are the Group's human capital: the wealth of skills, competencies and qualifications that make it stand out. Autogrill promotes behaviors that value the dignity and protect the rights of all individuals from the selection process throughout their careers. In doing so it promotes a culture that values each individual at all of its different locations, along with a safe, healthy, and non-discriminatory workplace that lets everyone reach their potential. The Group fosters open, ongoing dialogue with all of its people, to build trust and mutual respect. Feedback is the norm in all countries where the Group operates, in the form of an open door policy where the relationship between parties at every level - locally and at head offices - is open and encouraging. In most countries there is a system in place to gather complaints, opinions and requests from employees.

Human resource management, based on principles laid down in the Code of Ethics and in accordance with local laws and collective employment contracts, lets the Group instill good relationships with its employees and help them develop their skills and abilities so that individuals can grow professionally and share what they know.

Autogrill's market leadership owes to significant international expansion, through which its human capital has not only grown in quantity but also diversified in terms of nationalities, cultures and abilities. In this respect, and in light of the Group's particular path towards growth, making the most of a diverse, multicultural workforce is a core value that contributes to a healthy and successful business climate.

North America

30,988 employees

41% under 30 years old

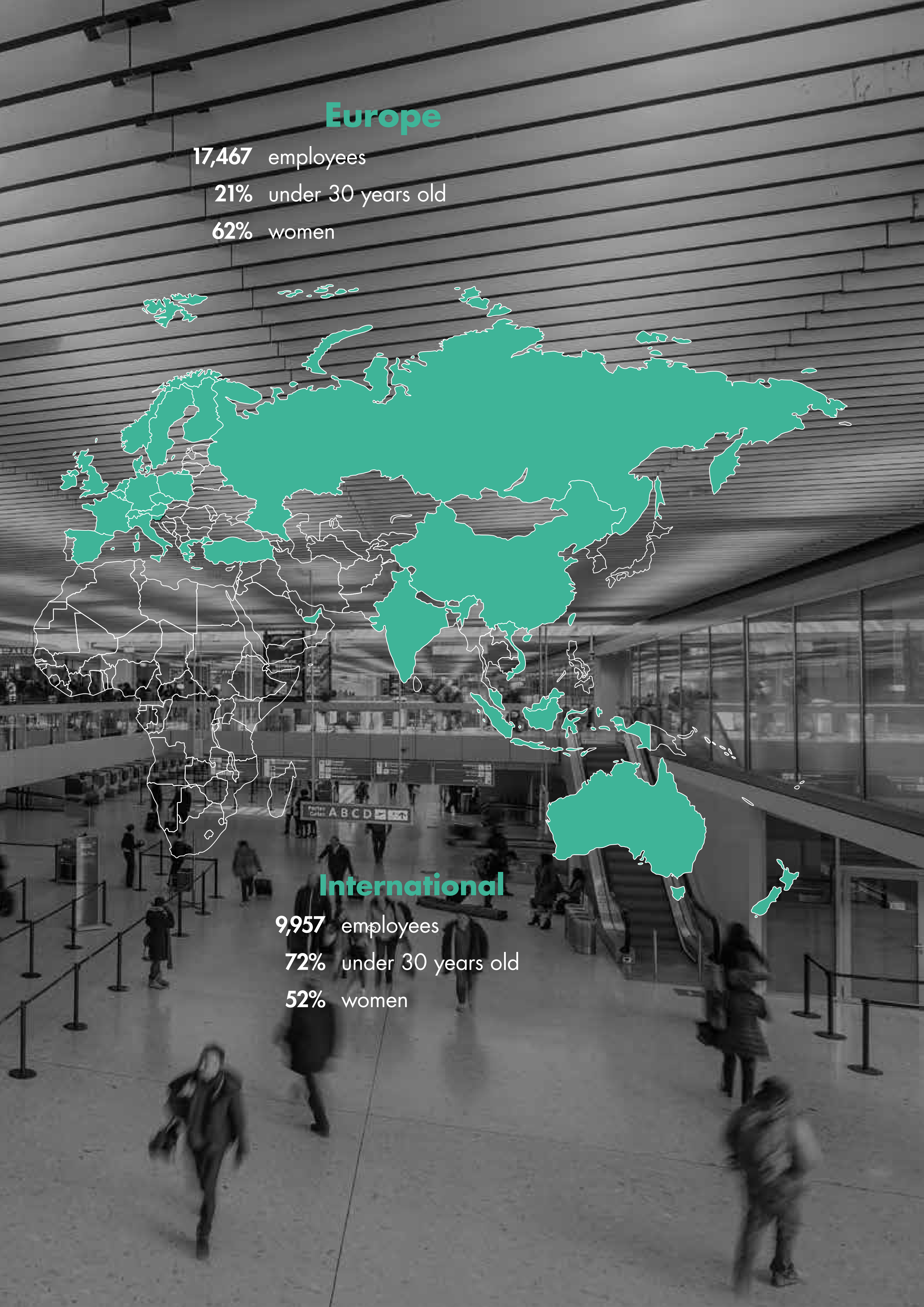
61% women

World

58,412 employees in the Group

40% under 30 years old

60% women



Europe

17,467 employees

21% under 30 years old

62% women

International

9,957 employees

72% under 30 years old

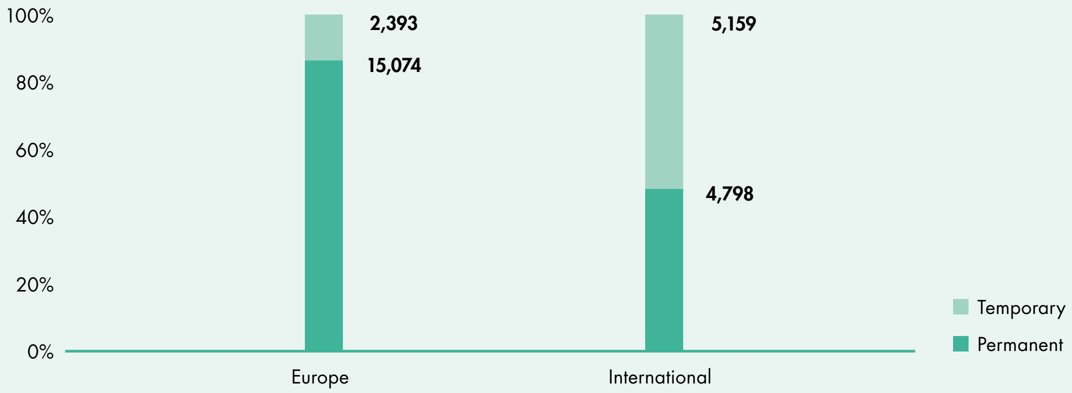
52% women

About 60% of the more than 58,000 people who work for the Group are women, demonstrating a healthy gender balance, thanks to specific hiring policies especially at the middle management level. 97% of the workforce is employed at the approximately 4,000 locations, while the remaining 3% work at headquarters.

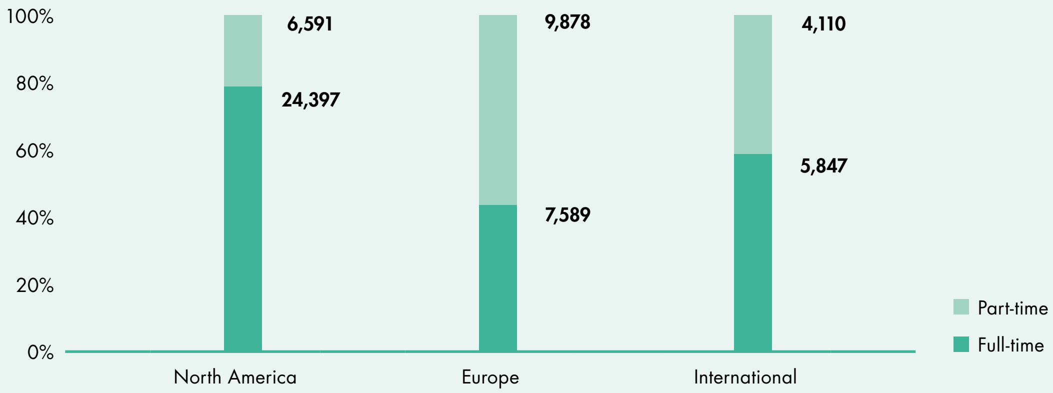
GRI 102-44, 103-2, 103-3, 102-8

Comprehensive data for the various geographical regions shows a fairly homogeneous situation, with a prevalence of temporary contracts in the International area due to the intense pace of new openings, while in Europe most contracts are permanent for both men (83%) and women (88%). As for part-time versus full-time contracts, there is a higher proportion of part-time employees in Europe due in part to the seasonal nature of the motorway business, especially in Italy.

Employees by type of contract [25]



Part-time vs. full-time employees



25. The "Temporary" category does not apply to workers in North America, who are classified according to current legislation ("at-will employment") by which both parties can terminate the employment contract at any time

GRI 103-2, 103-3, 404-2

Human resource development and appraisal

In the context of the Autogrill Group's steady growth, employee training is considered an investment of value to both people and the organization. Over the years, development and training plans have been built around the person, who takes an active role in professional growth through direct, proactive involvement. Autogrill believes that taking charge of one's own professional growth makes the process more successful, which is why it fosters and supports this approach through internal and external partnerships, checks its performance against outside benchmarks, and constantly monitors the results achieved.

Training takes the form of traditional classroom lessons but also an increasing emphasis on online, social and interactive learning. "Academy", for example, is the European training program designed to develop the abilities of each employee by offering specific learning opportunities according to the professional milestones reached. The program also aims to improve integration among co-workers by providing occasions to meet and interact and creating a common language and culture. For store personnel, "Academy Operations" is a training program that combines managerial and front-line skills through a curriculum of classroom and online courses.

Academy offers various initiatives for ongoing employee development, including targeted actions to improve technical skills as well as training programs designed to meet specific needs of the organization and of the individual countries served. In Italy, for example, the new e-learning platform MyAcademy was released in 2017. In Belgium, Academy is geared towards team leaders who accompany the natural career development of their team, with an emphasis on the transition to managerial positions. The tutoring and coaching method helps reinforce employee commitment and is a fine example of supporting internal growth and encouraging potential. In France, through its partnership with the government placement agency Pôle Emploi, Autogrill has the chance to select unskilled workers and teach them what they need to become part of the team, especially for the roll-out of new locations or concepts.

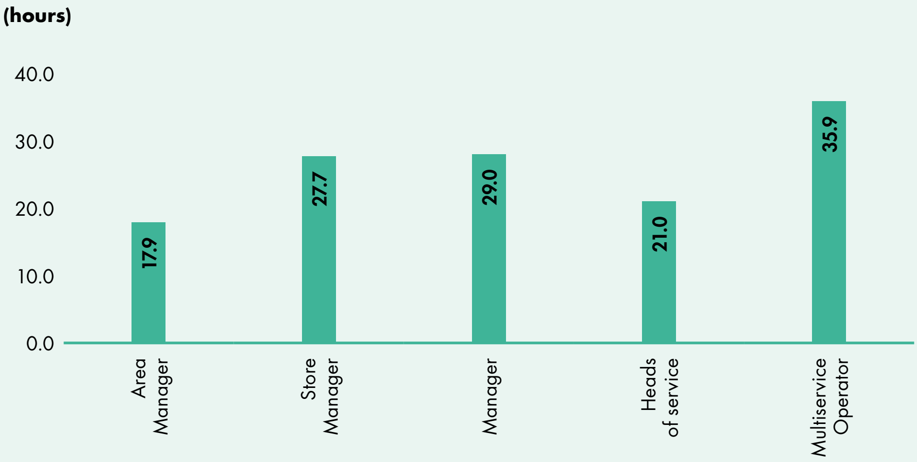
In North America, the Manager in Training program is designed for newly hired or newly promoted managerial staff. The goal is to provide essential skills in a number of aspects—from human resource management to IT, safety and security, cash administration and the handling of food products—and create a basic team of operations managers. The new program Essential Skills for Supervisors is focused on leadership skills, relationship management, communication and training. On-the-job training provides technical and operational skills to store personnel. There is also a Web-Ex platform to announce all developments concerning policies and procedures. HMSHost offers two leadership development programs: Corporate Leadership Development for senior directors and vice presidents, and Operations Leadership Development for future front-line managers. Both of these two-year programs provide instruction in leadership skills, the chance to work on interdepartmental projects, a mentoring system, and the possibility to work and interact with higher levels of management.

The International area has also set up training and e-learning programs. The International HR department works constantly to create a working environment that attracts and develops talent, through employer branding and engagement initiatives developed at the local level. For training courses, the curriculum is managed locally on the basis of specific needs and any requirements imposed by the location and includes programs aimed at both employees and management, with content covering hospitality, sales, teamwork and coaching.

In 2017 the Group organized more than 1.9 million hours of training, mostly at store locations, through continuing education programs. Out of all training initiatives for the enhancement and growth of Autogrill's people, most are geared toward middle management (store directors and managers). At headquarters, professional development often takes the form of workshops, conferences and seminars, especially at the top executive level, for which data is not reported. According to the information on hand, more than 50% of training hours are focused on managerial skills, while for store personnel the emphasis is on operational skills as well as quality, health, safety and hygiene.

GRI 103-2, 103-3, 404-1, 404-2

Group per capita training hours: points of sale



While the International area is intent on developing a training monitoring system that is uniform and applicable to all countries, North America is considering an e-learning platform that would gather, evaluate and systematize the entire supply of courses so the company can closely monitor its offerings. At the moment, data is estimated on the basis of the individual training plan that HMSHost draws up for each new hire.

With a view to fostering professional growth, Autogrill uses a performance appraisal system that measures the skills applied in pursuit of assigned objectives, assessing the technical capacities specific to the role as well as managerial skills for a comprehensive evaluation. Within the Group there are mechanisms in place to strengthen the Europe organizational model developed in recent years, including the definition of common grading, weighting and incentive systems, in particular for executives. The process of appraising skills and performance is normally split and optimized in pursuit of two separate objectives: personal development and training, and the evaluation of individual performance. The process is well established in Europe and North America, and in 2017 was also formalized in the International area through the "Be Competent" initiative.

Diversity and equal opportunity

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

As defined in the Code of Ethics, in keeping with the highest standards of the International Labour Organization, respect for diversity and equal opportunity and the prevention of all forms of discrimination are the principles to which Autogrill is committed at every stage of the employment relationship: recruitment and selection, the salary offer, growth opportunities, and the eventual parting of ways. In most countries, the Group has also set up systems for the reporting of any discriminatory conduct. For all Europe Headquarters staff, the training curriculum of Autogrill Academy includes courses on cross-cultural sensitivity and the development of cross-cultural skills, while the International and North American areas meet the language challenge by offering English courses and training in multi-cultural teamwork.

In an ongoing effort to encourage transparency and a sense of individual and collective responsibility, a platform called "Open Line" has been launched in 2016, as an additional two-way channel of communication between Autogrill and its staff. This is an immediate and user-friendly way of drawing attention to any conduct inconsistent with the Group's Code of Conduct, but also of signaling excellent behavior, while ensuring the confidentiality of information and the privacy of individuals. In 2017, monthly use of the platform increased by 40%. It was also found that 45% of people reporting a case through Open Line decided to share their personal data. This is encouraging when compared to the external benchmark (in Europe, 66% of people prefer to remain anonymous). In 2018 the Group plans to extend the platform from five to nine countries[26]. For a few years, Autogrill Italia has been a member of Valore D, Italy's first association of large firms dedicated to promoting women in leadership roles. Valore D fosters an innovative corporate organization that gives female executives the tools and knowledge they need for professional growth and promotes a new cultural paradigm in which women are full participants in the economic and social life of the country. In Belgium, workshop are organized on diversity and working together without prejudice, along with German courses for French-speaking personnel. In North America, an internal program called Women's Leadership network (WLN) provides women with opportunities for networking and improved leadership skills to enhance their personal and professional growth. WLN aims to support diversity in leadership roles at all levels of the business, to help the company and the sector succeed.

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

Remuneration

Autogrill's remuneration policies are designed to ensure competitiveness in the labor market in line with its objectives of growth and employee retention and to differentiate pay according to skills and qualifications (job description, role and level), working constantly with market data and external benchmarks and ensuring compliance with collective employment agreements and local laws. Remuneration policies include salary adjustments that are likewise tied to performance and growth targets, through a fixed and a variable component.

At both headquarters and in the field, pay packages are based on the dual principle of compliance with local laws and collective contracts and the offer of fair remuneration commensurate with the individual's qualifications, skills and experience, thus observing the equal opportunity principle and preventing the risk of discriminatory pay. In all countries with a local minimum wage, Autogrill studies economic conditions and employment levels to ensure the aforementioned stability (Germany and Belgium, for example). For years, Autogrill has followed policies and taken action for empowerment and gender equality in order to foster equal opportunity and diversity in every form, including through a merit-based compensation & benefit system that ensures fair and equal treatment in terms of gender, title and seniority. Entry-level wages are established in accordance with the local laws and collective employment contracts in place in the various countries.

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

26. Open Line has been set up in Italy, Spain, France, Switzerland and Belgium. In 2018 the Group plans to expand it to Germany, Greece, the Netherlands and Vietnam

Labor relations

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

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

This commitment to transparency translates to the management of various forms of contract: from national collective bargaining to collective contracts by company and/or location, to individually negotiated agreements. In Europe, 98% of employees are covered by national collective contracts. In North America this ranges from 39% in Canada to 48% in the United States, while in the International area, considering the countries where labor unions exist, 82% of employees are covered. These figures reflect the legislation in different countries, which have their own worker protection policies and regulations. For example, Canada has the Provincial Employment Standards Act, in Great Britain the Works Council protects the rights of workers not covered by collective bargaining, and in the United States disputes are resolved by arbitration committees.

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

Occupational health and safety

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

The health and safety of its workers is a fundamental standard on which Autogrill places maximum emphasis by means of prevention, technological progress, training and day-to-day monitoring. In all of the main countries served, health and safety commissions have been set up and include various positions (depending on local policies), from executives to workers' representatives, who monitor compliance with applicable laws. The commissions review findings on health and safety issues in search of the best solutions that will eliminate, or reduce to a minimum, the risk of injuries. The Group ensures the highest safety standards for its workers, primarily through the ongoing review of policies and procedures, but also through technical measures, constant technology upgrades, personal protective equipment and training on the job. To make sure these efforts are effective and share insights and initiatives on health and safety, a system is in place to monitor the number and type of injuries in the main countries served by the Group.

In Italy, the management systems for occupational health and safety included in the Integrated Management System are governed by Legislative Decree 81/08, as amended. Autogrill S.p.A. is also certified to the ethical standard SA8000. Compliance with that standard means that specific conditions of health, safety and ethical conduct in the workplace are guaranteed to all employees.

In North America, the Health, Safety and Risk Management Policy gives all employees a set of principles and procedures to follow for safety in the workplace and for the identification, prevention and handling of any accidents involving workers or customers. Individual locations also have their own Safety Teams made up of managers and front-line personnel, who conduct audits to map the most frequent causes of injuries. This makes it possible to adopt new equipment and personal protective devices, update existing procedures, and develop new training courses. In 2017, on an experimental basis, certain locations were provided with an app so managers could conduct self-assessments on this important topic.

2017	North America	Europe	International	Total
Workplace injuries [27]	**1,134**	**592**	**162**	**1,888**
No. of employees [28]	**30,988**	**16,169**	**5,420**	**52,577**
Injury rate (IR)	27.8	26.4	25.1	27.1
Severity rate	0.1	0.6	0.1	0.3

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

Injury rates are consistent between Europe, the International area and North America and the severity of injuries is low, consisting primarily of cuts and burns. In North America, the increasing use of the "Light Duty"[29] program has a positive effect on this indicator and reduces absences due to injury.

GRI 103-2, 103-3

Protection of human rights

In addition to respecting and protecting the rights of its own employees, Autogrill acknowledges its role and responsibilities as an international leader that does business around the world. Following its Code of Ethics at all times and embracing the highest international standards, Autogrill works to instill a responsible business culture in everything it does and along the entire value chain, by building trust and mutual satisfaction with its trading partners and employees and observing all local, national, and supranational laws for the protection of human rights. In the materiality analysis, this issue did not emerge as being highly relevant, due in part to the fact that most operations take place under concession arrangements inside airports that are highly regulated and supervised by airport authorities.

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

Meanwhile, Autogrill believes firmly in respecting and valuing local cultures and works to protect traditions, customs, and environmental and cultural assets, thereby contributing to the economic well-being and growth of the communities it serves. The Group promotes constructive dialogue and supports social, cultural and educational projects designed to uplift people, improve their living conditions, and protect the natural heritage.

27. During 2017 no fatalities have occurred
28. Not including Germany, Ireland, United Kingdom and the Netherlands. For further details, see the section "Autogrill Group social and environmental data"
29. "Light Duty" is a state program that allows injured employees to return to work and perform a less physically demanding job until they are healed

Community development and engagement

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

Autogrill keeps up an ongoing dialogue with the communities it serves through the development of projects of mutual interest. It has long supported local, national and international non-profits in the form of donations from Group companies (direct donations); fundraisers involving consumers, employees and suppliers (indirect donations); and gifts of foods and/or material goods used in the ordinary course of business (donations in kind). The Group also develops relationships with the community in its dealings with local business partners. Under its concession arrangements, the Group sometimes deals directly with local institutions, and its widespread presence (especially in Italy) often makes it one of the leading employers in the region. In recent years Autogrill has been developing projects consistent with its own business, such as the donation of food and meals to non-profits serving the needy. Many of its direct donations and fundraisers support long-term partnerships with entities involved in healthcare and medical research, childcare, and the fight against hunger and poverty. These are in addition to associations the Group supports from year to year, thanks in part to contributions from employees and customers.

GRI 102-13, 102-43, 103-3, 201-1

2017 (€)	North America	Europe	International	Total
Donations				
Direct donations	9,584.5	140,215.4	23,510.8	173,310.7
Indirect donations	484,786.1	2,042.0	36,125.0	522,953.1
Donations in kind	4,551,761.4	155,916.9	151.5	4,707,829.8
Total	**5,046,131.9**	**298,174.3**	**59,787.4**	**5,404,093.6**

In 2017 the Group's donations exceeded € 5m (3% direct, 10% indirect and 87% in kind). Of particular note is the support given to our HMSHost employees in the wake of the hurricanes that struck the southeastern United States. The U.S. subsidiary made an immediate donation to cover basic necessities and organized a fundraiser to get other Group companies involved, through direct contributions as well as donations from their employees.

Donations in kind in 2017 went to a number of local and national food banks, mainly in Italy and North America. Autogrill Italia renewed its commitment to helping the needy by donating food primarily to Fondazione Banco Alimentare and to other community organizations.

In North America, HMSHost Foundation has been set up to combat poverty in local communities and give a boost to the new generations with training and development initiatives to help them find jobs. North America has also worked for several years with Food Donation Connection, involving its airport and motorway locations. Food Donation Connection is a privately owned American company that serves as the liaison between restaurants/food service companies interested in donating surplus food, and local social service agencies that distribute food to people in need. About 115 locations at airports, rest stops and malls take part in the program, which in 2017 worked with 121 associations and distributed more than 3 million portions of food (sandwiches, fruit salads, etc.).

GRI 103-2, 103-3

1.5.4 PLANET: ENVIRONMENTAL PROTECTION

The Autogrill Group is fully aware that the environment is a global priority involving people, organizations and institutions around the world, which is why it takes responsibility for helping to reduce energy consumption and the use of natural resources in favor of clean energy, recycled materials and a lesser environmental impact. In practical terms, this means it constantly seeks ways to reduce its impact by improving environmental performance and finding innovative, energy-efficient solutions for its new commercial concepts, thereby reducing harmful emissions in accordance with laws and regulations.

In addition to improving its own performance, Autogrill promotes the responsible use of resources through internal awareness campaigns and imaginative ways of involving stakeholders in a philosophy of sustainability and care for the natural environment. At locations where it is not directly responsible for procuring energy and related services, the Group works to develop virtuous, cooperative relationships with concession grantors and business partners in order to find areas for improvement and greater efficiency.

In 2016, HMSHost International joined Origin Green, the sustainability program of Bord Bia (Irish Food Board), through which it devised a four-year plan of activities and targets in Sustainable Sourcing, Operations (environmental impact), Health & Nutrition, and Social Sustainability.

GRI 103-2, 103-3

Energy and emissions management

Autogrill is committed to avoid energy waste, and at new locations where the Group handles utilities directly, it has installed the latest generation of monitoring systems to oversee consumption patterns and take corrective measures. Where the physical locations are managed by the concession grantor, such as at airports and railway stations, the Group does not have access to consumption and cost details as utilities are often part of the concession contract. This reduces the Group's field of vision and leverage, although in recent years, concession grantors at airports have become increasingly more attentive to the subject. The 42% of the airports served by the Group are members of the Airport Carbon Accreditation Program (80% of the airports in Europe, 53% in the International area and 28% in North America), which aims to reduce CO_2 emissions. Of these, 16 have reached carbon neutrality with a net zero carbon footprint.

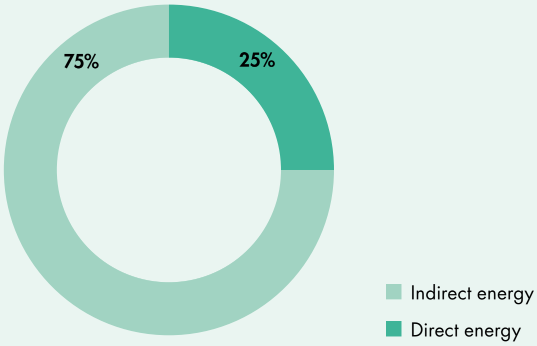
Autogrill has taken a multi-pronged approach to monitoring and reducing waste, especially in the motorway channel: changing set point temperatures, preventing malfunctions through high-tech alarms, training personnel during on-site inspections, analyzing consumption on a weekly basis to see whether short-term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

Villoresi Est is an example of the Group's best practices for sustainable innovation. It was entirely designed and built according to the energy efficiency and ecological standards of the LEED (Leadership in Energy and Environmental Design) Protocol, which has awarded it Gold certification, and has also earned ISO 14001/ISO 50001 certification and EMAS registration. At the Autogrill in Stradella (province of Pavia), an exterior door has been painted using a technology that significantly improves the quality of the nearby air. Called Airlite, this is a 100% natural, VOC-free paint that purifies the surrounding air when activated by natural sunlight. It can reduce pollution by up to 88.8%, eliminate 99.9% of germs and bacteria, prevent mold from forming, and make the building absorb less heat. In addition to its pleasing look against the surrounding greenery, it needs no maintenance, repels dust, and is self-cleaning.

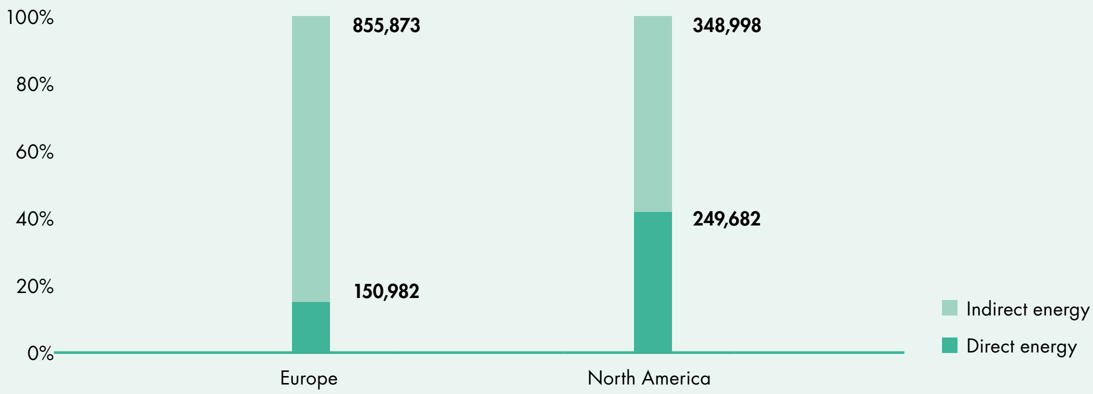
Similarly, in the United States, the Delaware Welcome Center is the HMSHost flagship location: the 4,000-square-meter building was designed according to LEED principles, with 75% of its material reused from the demolition of the previous structure. LED lighting at new locations is becoming the norm in all the Group's major countries, as is the use of energy-efficient equipment like high-speed panini grills procured through a partnership with Electrolux, which combine three different cooking technologies in a single press.

Energy consumption – Europe and North America[30]

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



Energy consumption by region



Indirect energy consumption refers to electricity only, which is mainly used for interior comfort (e.g. air conditioning), quality maintenance (e.g. refrigeration), and cooking and preparing foods for customers. In Europe, Italy accounts for around 64% of electricity consumption, as a direct consequence of its size relative to other European operations. Despite their different concepts, the various locations show fairly even patterns of consumption. In some countries, including Italy, the use of electric ovens and induction stovetops has shifted consumption toward indirect energy and away from direct sources like natural gas.

30. Figures for direct and indirect energy consumption refer mainly to motorway locations where utilities are managed directly by the Group. Data for the International area (airports and railway stations only) and for North American airports is not included because utilities are contracted by the infrastructure operator and cannot be monitored in detail

Directly energy use consists of the primary consumption of diesel and gasoline for company vehicles, and the consumption of natural gas for the heating systems in various countries. In Italy, Autogrill is moving towards heat pumps instead of furnaces as a way to reduce consumption, improve efficiency and make a smaller environmental impact. In North America most of the energy consumed is natural gas for heating, while electricity is only used for lighting.

Environmental certifications

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

Certification	Applies to
LEED® Gold	Italy – Autogrill S.p.A.: Villoresi Est Canada – HMSHost: 4 rest stops USA – HMSHost: Bethesda HQ
LEED® Silver	Canada – HMSHost: 16 rest stops USA – HMSHost: Delaware House Travel Plaza
ISO 50001 - Energy Management Systems	Italy – Autogrill S.p.A.: Villoresi Est
ISO14001: 2015	Italy – Autogrill S.p.A.: HQ, Villoresi Est, Brianza Sud and for locations at Caselle Airport in Turin, Nuova Sidap
EMAS	Italy – Autogrill S.p.A.: HQ, Villoresi Est, Brianza Sud
HQE (High Quality Environmental)	France – Autogrill Côté France: Canave, Ambrussum
RT 2012 (Low Consumption Building)	France – Autogrill Côté France: Ambrussum, Manoirs du Perche Plaines de Beauce, Chartres Gasville, Chartres Bois Paris, Lochères, Miramas
California Green Building Code - Level I and California Energy Standard - Title 24	USA – HMSHost: stores at Los Angeles International Airport
Energy Star	USA – Equipment at stores

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

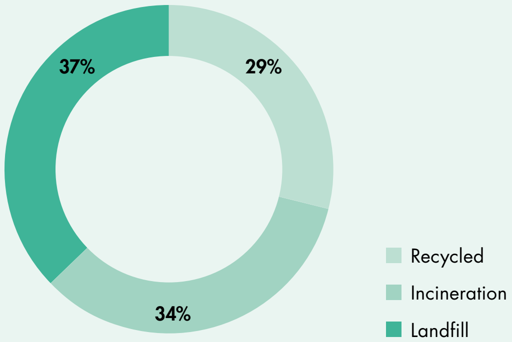
GRI 103-2, 103-3, 306-2

Waste management

Waste is produced during food preparation and service: preparation requires the disposal of scraps and packaging, and once customers are served, there might be leftovers or disposable tableware. The right approach to each of these phases is another fundamental aspect of environmentally sound practices. Working under concessions at airports, stations, and malls also means having to follow the infrastructure operator's waste management policies. On motorways, where Autogrill takes care of waste directly, the Group uses the public service wherever possible and otherwise makes arrangements with private collectors. This affects many aspects relating to waste separation and recycling. At all locations where local conditions permit, Autogrill has a policy of separating waste. The Group's business units have a country-by-country program for monitoring the volume of waste produced, based on local laws and the characteristics of each location, including the collection and recycling system. Autogrill is working to reduce non-recycled waste by implementing collection and recycling systems at the rear of stores, and is also installing compactors and glass crushers in order to decrease overall volumes so that fewer pickups are required.

In Europe, an increasing number of locations separate frying oil (for the production of biodiesel and green energy), plastic and paper, and have customers separate plastic and glass bottles (wherever possible). At locations where waste is handled by private collectors, Autogrill still contributes to the recycling chain given that even mixed waste is sent to treatment, selection and sorting plants and is therefore recovered in part.

Destination of non-hazardous waste - Europe[31]



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

In Europe, 99.9% of waste can be classified as non-hazardous urban waste, of which 14% is paper/cardboard and plastic. Other categories that are separated directly on site or during a second phase at the collection plants are glass, organic waste, and frying oil, this latter in increasing quantities. Again in Europe, as much as 63% of total waste is sent to recycling or waste-to-energy plants. Some significant steps were taken in 2017 to further reduce the portion of waste that is not recycled. In France, for example, Autogrill has introduced recyclable disposable tableware, reduced packaging for chemical products, and decreased the use of plastic by installing automatic water dispensers. Experimental projects for the recycling of organic waste have been fortified in various countries, from composting to biogas production.

In Italy Autogrill has developed a circular economy project called "Wascoffee", an ecodesign concept that makes furnishings out of recycled coffee grounds. A major participant in the project is the Politecnico di Milano, which conducted a life cycle assessment for the use of coffee grounds as an innovative material, including for the purpose of formulating a development plan at Bistrot and Puro Gusto locations on a national and international scale. The goal for 2018 is to extend the project to the main Bistrot locations for all of the major furnishings that format entails. The Group is also experimenting with ways to reuse other kinds of materials.

HMSHost International has launched a partnership with Coca-Cola for the collection of plastic bottles and their recycling into chairs and T-shirts (80% recycled PET and 20% cotton) worn by staffers at certain locations. Initially tested at the Dutch airport, the project has been extended to the other airports in Northern Europe. Each T-shirt is made from ten half-liter PET Coca-Cola bottles.

In all locations operated by HMSHost at Amsterdam airport, most of the packaging is 100% recyclable. Utensils are biodegradable, and the Ecolabel napkins are made from 100% recycled fibers and distributed through waste-reducing dispensers. Waste separation at Schiphol (paper, plastic, organic, aluminium, frying oil, glass, porcelain, wood, chemical products and electrical materials) is handled through a specialized waste management firm.

Food waste

Autogrill's internal management systems, developed and refined over the years thanks to experience and technology, allow it to calculate with a relatively low margin of error the number of people that each location should be ready to welcome on each day of the

31. Data regarding the production and disposal of waste refers mainly to the motorway channel and covers only those locations where the Group uses private waste management firms. Therefore, data for Europe does not include Germany, Slovenia and Spain. Data for the International area (airports and railway stations only) and for North America is not included because waste management is contracted by the infrastructure operator and cannot be monitored in detail

year. This reduces food waste and overproduction to a minimum, by calculating as precisely as possible the quantities of food to prepare, while making sure items do not run out.

Method and procedures are the first step in reducing waste, including food waste, by managing the production process efficiently. Any leftover food is donated to food banks both in Italy and in North America. For further information, see the section "Community development and engagement". In France, at Carrousel du Louvre in Paris and the rest stop at Miramas, a system has been in place for two years by which products that would be thrown out at the end of the day can be purchased at a discount.

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

Autogrill has a primary responsibility to ensure the safety and quality of what it serves, day after day: from raw materials to the finished product, following the right preparation standards and using quality ingredients in accordance with all local regulations and food safety standards. The Group requires its foods to be prepared under the strictest hygiene and sanitary conditions and actively involves its employees in understanding the risks and how to prevent them.

GRI 102-43, 102-44

Focus on the customer

With society in constant flux, Autogrill is always busy adapting to the emerging needs in the countries it serves, by upgrading or creating new concepts and menus and making product innovation and the cross-fertilization of skills its greatest strength. In recent years, its key focus has been on making the most of the customer relationship: a customer-centric approach puts the consumer's experience at the heart of product and service design and the consumer's needs at the core of new models and formulas. The Group encourages customer feedback and the development of innovative products and services that will meet society's demands over the long-term horizon. New consumption patterns lead to ideas for increasing the excellence of the travel food experience by working with concession grantors and brand partners to share the expertise acquired in day-to-day operations, and the Group's good relations with these entities help it pursue the utmost satisfaction of customers and all other stakeholders.

In 2009, Autogrill launched its customer satisfaction program "Feel good?" to measure the level of quality perceived by consumers and develop ways of perfecting its service, products and brand reputation. In 2017 the program reached its ninth edition: at selected locations in Belgium, France, Germany, Italy, the Netherlands, Spain, the US and Switzerland, the Group asked consumers to complete an online survey about menus, service, cleanliness and atmosphere. More than 45,000 people replied. Their responses helped map customers' needs and expectations more specifically and precisely than ever, so that new solutions can be developed to increase their satisfaction in the various channels and at the concept level in every country: the survey results have served as the starting point for national marketing plans in terms of both short-term tactics and long-term development strategies. From 2014 to 2017 there was an average increase of 3.4% in the customer satisfaction index. Even in the countries not covered by the "Feel good?" program, online surveys were given in collaboration with the locations or through direct consumer contact.

Starting in 2018, the goal is to implement a new method of assessing customer satisfaction that will better measure the strength of customer relations and guide strategic decisions by anticipating and integrating the customer understanding approaches followed in the individual areas. Scalable and adaptable, the new method will provide a better understanding of the key factors that guide customer relationships and emotional insights.

Healthy, balanced menus

Offering quality menus in line with consumers' needs and tastes is a top priority for the entire Autogrill Group. Trends indicate that consumers around the world are showing a growing preference for healthy, balanced lifestyles, starting with what they eat. Autogrill interprets travelers' needs so it can quickly respond to the complexity of these changes and translate them into innovative menus. Airports, in particular, are where the Autogrill Group experiments with cutting-edge solutions and services so it can offer a pleasing variety that also encourages the drive for healthy choices.

Good nutrition is always a priority and is featured in many different ways. In Europe, for example, several concepts include a broad choice of fruits and vegetables, and whole-grain options are widely available at locations that sell baked goods and sandwiches. More fish is now featured at "Ciao" restaurants in Italy; a campaign is underway in France to emphasize various seasonal products; at Brussels airport in Belgium there are more veggie and gluten-free options; and at all concept locations with table service, low-calorie and gluten-free meals are highlighted in the menus. In Spain there is now a healthy breakfast menu, while in Switzerland, the "Greens" concept, developed in collaboration with the local BioSuisse association, offers organic food to consumers following a low-fat, low-salt diet. Many options are available throughout the Group for those who choose a vegan diet, and halal and gluten-free products are now marked with their own sticker.

In the United States, HMSHost has launched a pilot project called "Eat Well. Travel Further" based on ready-to-eat products for specific nutritional and dietary needs, including paleo and protein boxes and probiotic drinks. In the International area, too, Autogrill has expanded its options for people with special dietary needs, such as gluten-free, high protein, lactose-free and halal.

Accessibility and quality of services

GRI 103-2, 103-3

The Group works hard to keep its services up-to-date and meet the needs of its many kinds of consumers, who include children, families, people with disabilities, business executives, truckers, motorcyclists, and even people traveling with pets. For each group, Autogrill develops dedicated formulas or services.

In the major European countries, Autogrill has set up locations with baby rooms and children's play spaces. The Customer Relationship Management (CRM) team, after analyzing data on purchasing behaviors, has developed services and promotions for truckers, frequent travelers, and business customers with the e-invoicing service in Italy.

In North America, tools have been rolled out to improve customer service, such as kiosks for ordering and paying electronically. In the United States HMSHost has launched the Network Operation Center, a new system to ensure the highest level of security for electronic payments and the best customer experience for the wi-fi services offered at most HMSHost locations.

At Amsterdam Schipol airport, HMSHost International has opened a new Asian restaurant "Kebaya" where customers can use the QikServe app to see the menu, order, and pay directly from their smartphone.

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

Product quality and safety

The quality and safety of the products served is guaranteed by a management system that begins with the supplier selection process and is based on values and objectives that are strongly shared by the Group and its trading partners. Evaluation, pre-approval and control are all necessary to ensuring high quality standards for products and services. To that end, suppliers are periodically screened by way of questionnaires, direct or indirect information gathering, spot checks and, where necessary, audits. The quality of materials procured is monitored constantly through monthly checks against product specifications and ongoing dialogue between locations, central support units, and suppliers so that any corrective measures can be taken. In North America and Europe, suppliers go through a pre-approval process to test their level of compliance with the Group's HACCP[32] standards, which call for strict microbiological, content and chemical/physical analyses along the entire supply chain, at intervals established according to a risk assessment approach. In the International area, all product suppliers are selected on the basis of detailed procedures and checklists, and every contract includes the HMSHost code of conduct. In North America there is a new audit program that traces all new small suppliers in a database and provides a support tool so they can meet the required quality assurance standards. In addition to these assessments and controls is a self-screening program falling within the management system used in the various countries: a set of centrally coordinated procedures that are carried out on-site to ensure compliance with all hygiene and sanitary standards. To make sure those standards are met and that the program is properly followed, various kinds of audit are conducted periodically by internal and external industry professionals. In Italy, the results of HACCP audits on individual locations count towards the MBO system[33] followed for store managers.

More specifically, HMSHost in North America has a quality control and food security program administered by an outside company (audits are based on the Food and Drug Administration Food Code). Each location is inspected without notice at least twice a year, and the Quality Assurance department reviews the audits and oversees implementation of the improvement plans proposed by the store managers. Quality Assurance watches how results trend so it can help managers focus on the right areas; organizes webinars to discuss audit findings, targets, and any changes to the program; and meets with the auditing firm to improve the process. In 2017 an estimated 95% of food products and 99% of non-alcoholic beverages underwent quality controls and audits.

Quality control is assured for all operations in the International area by verifying compliance with the local standards in each country in accordance with specific procedures and HACCP guidelines, in a process of ongoing improvement that is helping several locations obtain ISO 9001 certification. Facilities may also be subject to external audit by third parties and to internal controls ensuring compliance with the Group's quality standards. Spot checks are conducted on products to assess their quality. As a brand licensee, Autogrill itself is subject to audits by brand partners as well as concession grantors. Staff training in food safety standards and HACCP processes completes the Group's oversight program.

GRI 103-2, 103-3

Product labeling and marketing

Laws on disclosing the ingredients of food products are followed scrupulously in all countries served. In particular, information on allergens is a top priority at every location. In addition to local laws, each country develops its own initiatives for

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

promoting a healthy lifestyle and a balanced diet. In the United States, in accordance with Food and Drug Administration rules, all pre-packaged, grab-and-go products are labeled for allergens and for their nutritional and calorie content. This also applies to northern Europe, on top of the allergen information required by law. Every HMSHost International location keeps detailed pamphlets on allergens, including gluten and dairy, and for some products the information can be viewed directly with a barcode reader.

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

Principal certifications

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

Certification	Applies to
ISO 9001:2015 on Quality Management Systems	Italy: Autogrill S.p.A. and Nuova Sidap
UNI 10854 (self-screening based on HACCP)	Italy: Autogrill S.p.A.
ISO 22000 on Food Safety Management	Italy: Autogrill S.p.A. Greece: Autogrill Hellas Single Member Limited Liability Company
ISO 9001:2015 (provision of technical project management services)	Italy: Autogrill S.p.A.
Mistery Audit pursuant to UNI TS 11312 on audit for certifying Quality Management Systems	Italy: Autogrill S.p.A.
BS OHSAS 18001:2007	Italy: Autogrill S.p.A. - airport stores
Halal certification from MUI (Majelis Ulama Indonesia)	Pizza Hut at airport, stores at Bangalore airport (HMSHost International)
Diverse Food Safety program	Stores at Bali (HMSHost International)
FSSAI (Food Safety and Standards Authority of India)	Airport stores at Bangalore and Hyderabad (HMSHost International)
NVWA (Dutch Authority of Food products and services)	Stores at Schipol airport (HMSHost International)

Responsible supply chain management

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

Relations with suppliers are key to obtaining products of consistently excellent quality and services that meet customers' expectations. As for all business processes, supplier selection aims to ensure quality, flexibility, and the utmost professionalism. The selection and procurement of raw materials (food and non-food) is fundamental to Autogrill as a going concern, as is the choice of partnerships. There is, in fact, a direct connection between supplier relations and the quality of products and services offered to consumers. Autogrill's supply chain is made up chiefly of food and beverage vendors: for fresh foods they are mostly local, while for non-perishables, the Group takes advantage of its multinational dimension to enter into supply contracts in different countries. There is also a small number of providers of technical goods and services, such as maintenance and cleaning. The procurement processes and partnership arrangements with suppliers are guided by the Procurement units and by specialists working at head offices in the different countries, with support from some specialized brokers. On the same basis, in North America, HMSHost uses a qualified international operator for its procurement process services.

Relations between the Group and its partners are governed by specific procedures. Beyond strict compliance with local laws and established quality control procedures, in most European countries the Group requires suppliers to sign onto its Code of Ethics and General Purchasing Conditions, and in North America its Supplier Code of Conduct. This applies to suppliers it contracts directly and to any brokers that help it manage the procurement process.

It is in Autogrill's interest to verify the suitability of suppliers for the sake of a long-term relationship. The care it takes in building solid relationships with providers of goods and services is important on the ethical plan and also for the quality and safety of products. For this reason, the Autogrill Group Supply Chain Sustainability Guidelines were published for the first time in 2017, with input from the Global Compact Network Italy Foundation, which defines general standards for the evaluation of suppliers and the basic principles of the Group's sustainable supply chain management approach. As a multinational company, Autogrill works with suppliers in different countries and in different cultural, social and economic environments. The main purpose of the Guidelines is to have Group companies work with suppliers that share its sustainability principles and that manage their businesses ethically and responsibly, respecting people and the environment. The supplier prerequisites stated in the document are based on the most important international agreements, conventions and standards (such as the 10 principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the ISO 26000 Guidelines, and the UN Guiding Principles on Business and Human Rights) and are perfectly aligned with the Code of Ethics.

Thanks to the Group Supply Chain Sustainability Guidelines, each geographical region will be involved in the development of specific procedures for the management and monitoring of its suppliers, with a view to greater transparency and awareness of its own supply chain.

1.5.6 AUTOGRILL GROUP'S SOCIAL AND ENVIRONMENTAL FIGURES

Employees by age, gender and professional category

GRI 405-1

2017	North America	Europe	International	Total
Total employess	**30,988**	**17,467**	**9,957**	**58,412**
Of which women	18,813	10,912	5,205	34,930
	61%	*62%*	*52%*	*60%*

Headquarters	***578***	***671***	***729***	***1,978***
Top Manager	**82**	**38**	**21**	**141**
Women	28	5	5	38
< 30 years	-	-	-	-
30-50	39	17	13	69
> 50	43	21	8	72
Senior Manager	**130**	**52**	**70**	**252**
Women	58	16	25	99
< 30 years	1	1	3	5
30-50	79	41	56	176
> 50	50	10	11	71
Manager	**164**	**164**	**103**	**431**
Women	73	82	45	200
< 30 years	11	7	27	45
30-50	108	114	74	296
> 50	45	43	2	90
White collars	**202**	**417**	**535**	**1,154**
Women	129	269	282	680
< 30 years	35	55	318	408
30-50	111	242	194	547
> 50	56	120	23	199

2017	North America	Europe	International	Total
Stores	***30,410***	***16,796***	***9,228***	***56,434***
Area Manager	**116**	**60**	**72**	**248**
Women	32	11	22	65
< 30 years	-	3	8	11
30-50	51	34	63	148
> 50	65	23	1	89
Store managers	**1,076**	**537**	**205**	**1,818**
Women	510	165	83	758
< 30 years	106	18	48	172
30-50	644	361	148	1,153
> 50	326	158	9	493
Managers	**884**	**655**	**418**	**1,957**
Women	499	370	178	1,047
< 30 years	258	127	171	556
30-50	486	394	232	1,112
> 50	140	134	15	289
Head of Service	**2,954**	**1,852**	**844**	**5,650**
Women	1,992	1,100	400	3,492
< 30 years	1,277	147	574	1,998
30-50	1,163	1,328	255	2,746
> 50	514	377	15	906
Multi-service employees	**25,380**	**13,692**	**7,689**	**46,761**
Women	15,492	8,894	4,165	28,551
< 30 years	11,064	3,287	6,041	20,392
30-50	8,640	7,549	1,413	17,602
> 50	5,676	2,856	235	8,767
Vulnerable categories/Employees with disabilities	-	**580**	**106**	**686**

For North America, information on employees in protected categories is not available for legal reasons.

GRI 102-8, 405-1

Employees by type of contract

2017	North America	Europe	International	Total
Total Employess	**30,988**	**17,467**	**9,957**	**58,412**
Of which women	18,813	10,912	5,205	34,930
	61%	*62%*	*52%*	*60%*
Permanent employees	**30,988**	**15,074**	**4,798**	**50,860**
Of which women	18,813	9,615	2,515	30,943
Temporary employees	*	**2,393**	**5,159**	**7,552**
Of which women	*	1,297	2,690	3,987
Full-time employees	**24,397**	**7,589**	**5,847**	**37,833**
Of which women	14,706	3,869	2,613	21,188
Part-time employees	**6,591**	**9,878**	**4,110**	**20,579**
Of which women	4,107	7,043	2,592	13,742

* The "Temporary" category does not apply to workers in North America, who are classified according to current legislation ("at-will employment") by which both parties can terminate the employment contract at any time

Per capita training hours by employee category

GRI 404-1

2017- Group Headquarters	
Top Managers	**12.4**
Women	17.5
Men	11.4
Senior Managers	**24.3**
Women	22.4
Men	25.3
Manager	**18.5**
Women	21.0
Men	16.3
White collar	**8.3**
Women	8.4
Men	8.2

Stores	
Area Managers	**17.9**
Women	15.0
Men	18.9
Store managers	**27.7**
Women	25.2
Men	29.4
Managers	**29.0**
Women	27.7
Men	30.5
Head of Service	**21.0**
Women	18.9
Men	24.4
Multi-service employees	**35.9**
Women	35.2
Men	37.2

Training hours at HMSHost North America were estimated on the basis of the individual training plan drawn up for each new hire. Also, at the head offices, professional development (especially for top managers) often takes place in the form of workshops, conferences and seminars which are not subject to reporting.

Employees receiving regular performance reviews

GRI 404-3

2017- Group Headquarters	
Top Managers	
ns	
ns	
Senior Managers	**82%**
Women	84%
Men	81%
Manager	**88%**
Women	89%
Men	87%
White collar	**78%**
Women	77%
Men	78%

Stores	
Area Managers	**89%**
Women	85%
Men	91%
Store managers	**90%**
Women	90%
Men	91%
Managers	**84%**
Women	87%
Men	81%
Head of Service	**38%**
Women	35%
Men	43%
Multi-service employees	**15%**
Women	14%
Men	16%

Data for top managers is not included because it refers to a management by objectives approach that differs from the performance review programs in place for other employees.

GRI 103-1, 401-1

New hires and termination

2017	North America No. of new hires	North America %	Europe No. of new hires	Europe %	International No. of new hires	International %	Total No. of new hires	Total %
New hires	**22,884**	**74%**	**8,198**	**47%**	**8,203**	**82%**	**39,285**	**67%**
Women	14,057	75%	4,473	41%	4,166	80%	22,696	65%
Men	8,827	73%	3,725	57%	4,037	85%	16,589	71%
< 30 years	16,714	131%	5,027	138%	6,919	96%	28,660	122%
30-50	4,808	42%	2,806	28%	1,194	49%	8,808	37%
> 50	1,362	20%	365	10%	90	28%	1,817	17%

	No. of departures	%	No. of departures	%	No. of departures	%	No. of departures	%
Departures	**22,715**	**73%**	**7,306**	**42%**	**6,434**	**65%**	**36,455**	**62%**
Women	13,831	74%	4,016	37%	3,240	62%	21,087	60%
Men	8,884	73%	3,290	50%	3,194	67%	15,368	65%
< 30 years	16,032	126%	4,092	112%	5,494	76%	25,618	109%
30-50	4,998	44%	2,583	26%	875	36%	8,456	35%
> 50	1,685	24%	631	17%	65	20%	2,381	22%

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

GRI 103-3, 403-2

Injury rates

2017	North America	Europe	International	Total
Total Injuries	**1,134**	**592**	**162**	**1,888**
Women	723	374	97	1,194
Men	411	218	65	694
Total Employees *	**30,988**	**16,169**	**5,420**	**52,577**
Women	18,813	10,186	2,465	31,464
Men	12,175	5,983	2,955	21,113
Injury Rate (IR)	**27.8**	**26.4**	**25.1**	**27.1**
Women	30.5	27.9	39.7	30.2
Men	24.0	24.3	16.2	23.1
Severity rate	**0.1**	**0.6**	**0.1**	**0.3**
Women	0.2	0.7	0.1	0.3
Men	0.1	0.5	0.1	0.2

Injury rate (IR): (no. of injuries + total no. of fatalities)/Total worked hours) x 1,000,000
Severity rate: (n. of days lost due to injury x 1,000/hours worked) x 1,000

* The scope does not include Germany, Ireland, UK and The Netherlands. For further information see chapter Autogrill Group's social and environmental figures. No deaths were reported in 2017

For Europe, Germany is not included because a new injury monitoring system is being implemented and will take effect in 2018. The International area does not include Ireland, the Netherlands and the United Kingdom because the type of absence was not reported. For the sake of thoroughness we note that these three countries had 20, 60, and 11 minor incidents, respectively (mainly burns and cuts). Also, for the sake of comparison, because the reporting system in North America does not count commuting accidents, the injury rates do not include this kind of accident for any geographical region. In any case, in 2017 there were 150 commuting accidents in Europe and 24 in International. In the International area there was a single case of occupational disease, in Finland.

Environment – Group energy consumption and emissions

GRI 103-3, 302-1, 305-1, 305-2

2017	Units	North America	Europe	Total
Number of stores		**101**	**580**	**681**
Direct energy consumption	**GJ**	**249,681.8**	**150,982.2**	**400,663.9**
Energy from non-renewable sources:				
Natural gas	m^3	6,091,829.5	1,816,720.1	7,908,549.6
Diesel oil	l	-	1,151,971.8	1,151,971.8
LPG	m^3	-	284,798.3	284,798.3
Propane	kg	-	828.0	828.0
Energy from vehicles owned:				
Fuel	l	-	6,614.0	6,614.0
Diesel oil	l	-	658,939.0	658,939.0
Inirect energy consumption:	**GJ**	**348,998.0**	**855,872.5**	**1,204,870.5**
Electricity				
From non-renewable sources	MWh	96,943.9	237,539.3	334,483.2
From renewable sources	MWh	-	203.1	203.1
Emissions	**t CO_2e**	**61,114.4**	**88,264.8**	**149,379.2**
Direct emissions:	**t CO_2e**	**12,792.7**	**8,934.3**	**21,727.0**
From non-renewable sources	t CO_2e	12,792.7	7,217.1	20,009.9
From vehicles owned	t CO_2e	0.0	1,717.1	1,717.1
Indirect emissions	**t CO_2e**	**48,321.7**	**79,330.5**	**127,652.1**
Electricity	t CO_2e	48,321.7	79,330.5	127,652.1

Data on direct and indirect energy consumption refers mainly to head offices and motorway locations, where utilities are contracted directly by the Group. Data for the International area (airports and railway stations only) and for North American airports is not included because utilities are contracted by the infrastructure operator.

The factors used to compute emissions were published by the Department for Business, Energy & Industrial Strategy (BEIS) in 2015.

GRI 306-2

Environment – waste production disposal method

2017	Units	Europe
Waste disposal procedures		
Hazardous waste:	**t**	**16.5**
Recycling	t	8.5
Incineration	t	7.8
Landfill	t	0.2
Non-hazardous waste:	**t**	**19,464.0**
Recycling	t	5,661.9
Incineration	t	6,566.5
Landfill	t	7,235.6

Data regarding the production and disposal of waste refers mainly to the motorway channel and covers only those locations where the Group uses a private waste management firm. Therefore, data for Europe does not include Germany, Slovenia and Spain. Data for the International area (airports and railway stations only) and for North America is not included because waste management is contracted by the infrastructure operator.

GRI 102-4, 102-10, 102-13, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 103-2, 103-3

Drafting criteria

Reporting standards

The consolidated non-financial statement of the Autogrill Group (hereinafter also “Statement”), prepared in accordance with Arts. 3 and 4 of Legislative Decree 254/2016 (hereinafter also “Decree”), contains disclosures on environmental, social, employees, human rights, and anti-corruption topics to the extent needed to ensure a full understanding of the Autogrill Group (hereinafter also “Group”) main activities, its performance and results and its impact. The main risks generated or incurred in connection with these topics and arising from business activities are described in the “Financial and non-financial risk management” section of the Directors’ Report.

This Statement, approved by the Board of Directors on March 8th, 2018, will be published on an annual basis and has been prepared according to the GRI Sustainability Reporting Standards established in 2016 by the GRI-Global Reporting Initiative and was drafted in compliance with the Core option (The Group is a member of the GRI Gold Community). The GRI Standards are the most widely followed at international level for non-financial reporting, and have been chosen by Autogrill as its reference standards for compliance with Decree 254/2016. To help readers locate information within the document, the GRI content index is provided on pages 78-84.

The non-financial disclosures in this report reflect the principle of materiality, also called relevance, as required not only by the Decree but also in the GRI Standards. The topics presented in this Statement are those that, after conducting the materiality analysis described at page 41 of this document, were found to be relevant as they reflect the social and environmental impact of the Group and/or have the ability to influence the decisions of the Group’ stakeholders. Given the Group’s main activities, water consumption was not identified as a significant environmental impact by the materiality analysis, and therefore it is not included in the topics addressed in this Statement. The topic of human rights was not identified as a material topic, but is still highly relevant for the Group, especially in the selection and evaluation of suppliers and the relationship with employees and the community. Therefore these elements are managed by specific policies and procedures such as the Group Code of Ethics and the Supply Chain Sustainability Guidelines. Also, as provided for by Decree 254/2016, this first non-financial Statement includes only brief and qualitative comparisons with previous years' disclosures.

Reporting boundary

The quali- and quantitative disclosures in the Statement refer to the Autogrill Group for the year ended December 31st, 2017. As required by Art. 4 of Decree 254/2016, the consolidated non-financial Statement includes data for the parent company (Autogrill S.p.A.) and its wholly-owned subsidiaries, unless otherwise specified, including the breakdown for the three Group's business segments.

The boundary for income statement figures is the same as that for the Group's 2017 Annual Report. The boundary for non-financial disclosures consists of the companies consolidated on a line-by-line basis in the Autogrill Group's consolidated financial statements for the year ended December 31st, 2017, except for non-operative companies, those in liquidation, and acquisitions finalized during the year. Note, however, that locations (head offices and stores) for which the Group does not directly contract utilities and therefore has no possibility to monitor the consumptions — mainly malls, railway stations and airports—are not included in the reporting boundary of environmental figures. This limitation primarily concerns North America and International. In addition, data referred to production and disposal of wastes refers mainly to motorway locations and includes only those stores in which the Group collaborates with a private waste management firm. Therefore, data for the International area, referring only to airports and railway stations stores, and for North America, are not included in the reporting boundary because waste management is contracted directly by the infrastructure operator. Any possible other boundary limitations is presented within the document. The non-financial statement does not include the social and environmental data of Stellar Partners, Inc., whose acquisition was finalized at the end of 2016.

Reporting process

The preparation of the Autogrill Group's 2017 consolidated non-financial Statement was based on a structured reporting process entailing:
- the involvement of all units/departments responsible for the material aspects included in the report and the relative Group's disclosures of data and information. Each was responsible for its own area and was asked to help analyze and consolidate the relevant data and check and validate the information reported. More specifically, the disclosures in this Statement derive from the Group's IT system for management and accounting and from a non-financial reporting system (data collection forms) implemented for the sake of compliance with Decree 254/2016 and the GRI Standards. Data were then extracted and run through calculations and, where specifically noted, estimations were also used (see, for example, the section on Human resource development and appraisal). Data on economic performance, assets and liabilities was taken from the 2017 consolidated financial statements;
- approval of the Statement by the Board of Directors, called to approve the 2017 financial Statements, after being reviewed by the Risk Control and Corporate Governance Committee;
- issuance of a conformity assessment by Deloitte & Touche, in the form of a limited assurance engagement;
- publication of the Statement on the Corporate website, for consultation by all interested stakeholders.

GRI 103-1

Matrix linking material topics and related GRI aspects

Area	Topic	Gri disclosure	Applies to	
Economic & Governance	Efficiency and transparency of decision making processes[34]	n/a	Autogrill Group	
	Creation of economic value	Economic performance	Autogrill Group	
	Competitive practices	Anti-competitive behaviour, Socioeconomic compliance	Autogrill Group	
	Anti-corruption	Anti-corruption	Autogrill Group	
People	Quality of employee relations	Employment	Autogrill Group	
	Occupational health and safety	Occupational health and safety	Autogrill Group	
	Human resource development and appraisal	Training and education	Autogrill Group	
	Labor union relations	Labor/management relations	Autogrill Group	
	Diversity and equal opportunity	Diversity and equal opportunity, Non-discrimination	Autogrill Group	
Product	Product labeling and marketing	Marketing and product labeling	Autogrill Group	Consumers
	Supply chain management	Supplier environmental assessment, Supplier social assessment	Autogrill Group	Supply chain
	Accessibility and quality of services	n/a	Autogrill Group	Supply chain, consumers
	Product quality and safety	Customer health and safety	Autogrill Group	Supply chain, consumers
Planet	Energy efficiency and emissions	Energy, Emissions, Environmental compliance	Autogrill Group	Supply chain
	Waste management	Effluents and waste	Autogrill Group	Consumers, community

34. For the material topic Efficiency and transparency of decision making processes, where there is no directly corresponding GRI standard, Autogrill describes its management approach in the non-financial statement
35. For the material topic Accessibility and quality of services, where there is no directly corresponding GRI standard, Autogrill describes its management approach in the non-financial statement

GRI Content Index

GRI 102-54, 102-55

The Autogrill Group's non-financial statement has been prepared in accordance with the GRI Standards: Core option. The table below shows Group disclosures based on the GRI Standards published in 2016 by the Global Reporting Initiative, with reference to Autogrill's materiality analysis and pertaining to 2017. Due to the expansion of the reporting boundary, it was not possible to provide data for previous years.

Universal Standards

GRI Standard	Document and page	Disclosure
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational profile		
102-1	DR, Simplified Group structure, p. 18	Name of the organization
102-2	DR, The Autogrill Group, p. 13	Activities, brands, products, and services
102-3	Centro Direzionale Milanofiori. Palazzo Z, Strada 5, 20089 Rozzano (MI) – Italy	Location of headquarters
102-4	DR, Autogrill around the world, p. 14-15; Drafting criteria, p. 75-77	Location of operations
102-5	DR, Simplified Group structure, p. 18; DR, Organizational structure as at 28 February 2018, p. 19	Ownership and legal form
102-6	DR, Autogrill around the world, p. 14-15; DR, Group performance p. 21; DR, Business segments p. 33	Markets served
102-7	DR, The Autogrill Group, p. 13; DR, Condensed consolidated income statement p. 24; DR, Revenue p. 26; Reclassified consolidated statement of financial position, p. 29	Scale of the organization
102-8	The people of the Autogrill Group, p. 51; Autogrill Group's social and environmental figures, p. 71	Information on employees and other workers
102-9	Responsible supply chain management, p. 71	Supply chain
102-10	Drafting criteria, p. 75-77; DR, Change in scope of consolidation and other corporate actions p. 22-23	Significant changes to the organization and its supply chain
102-11	Sustainability for the Autogrill Group p. 49; Materiality analysis, p. 49; DR, Financial and non-financial risk management, p. 89-98	Precautionary Principle or approach
102-12	Responsible supply chain management, p. 68	External initiatives
102-13	Diversity and equal opportunity, p. 57; Community development and engagement, p. 60-61; Drafting criteria, p. 75-77	Membership of associations
Strategy		
102-14	DR - Letter to the shareholders	Statement from senior decision-maker
102-15	DR, Financial and non-financial risk management, p. 89-98	Key impacts, risks, and opportunities
Ethics and integrity		
102-16	Diversity and equal opportunity, p. 56; Code of Ethics, www.autogrill.com/it/governance/modello-organizzativo-e-codice-etico	Values, principles, standards, and norms of behavior
Governance		
102-18	CGR, p. 48, 50, 52, 60	Governance structure
Stakeholder engagement		
102-40	Stakeholder engagement, p. 49	List of stakeholder groups
102-41	Labor relations, p. 58	Collective bargaining agreements
102-42	Stakeholder engagement, p. 49	Identifying and selecting stakeholders

GRI Standard	Document and page	Disclosure
102-43	Creating and distributing economic value, p. 47; Stakeholder engagement, p. 49; People: the people of the Autogrill Group, p. 51; Community development and engagement, p. 60; Focus on the customer, p. 65-66	Approach to stakeholder engagement
102-44	Stakeholder engagement, p. 49; People: the people of the Autogrill Group, p. 51; Focus on the customer, p. 65-66	Key topics and concerns raised
Reporting practice		
102-45	Consolidated financial statements, List of consolidated companies and other investments, p. 185-189	Entities included in the consolidated financial statements
102-46	Drafting criteria, p. 75-77	Defining report content and topic Boundaries
102-47	Materiality analysis, p. 49	List of material topics
102-48	Drafting criteria, p. 75-77	Restatements of information
102-49	Drafting criteria, p. 75-77	Changes in reporting
102-50	Drafting criteria, p. 75-77	Reporting period
102-51	Drafting criteria, p. 75-77	Date of most recent report
102-52	Drafting criteria, p. 75-77	Reporting cycle
102-53	IA&CSR department; Tel. (+39) 0248263490	Contact point for questions regarding the report
102-54	Drafting criteria, p. 75-77; GRI content index, p. 78	Claims of reporting in accordance with the GRI Standards
102-55	GRI content index, p. 78-84	GRI content index
102-56	Independent Auditors' Report , p. 85-87	External assurance

Topic-specific standards

GRI standard	Document and page	Reason for omission	Disclosure
GRI 200: ECONOMIC SERIES			
Economic performance			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Creating and distributing economic value, p. 47		The management approach and its components
103-3	Creating and distributing economic value, p. 47; Community development and engagement, p. 60		Evaluation of the management approach
GRI 201: Economic Performance 2016			
201-1	Creating and distributing economic value, p. 47; Community development and engagement, p. 60		Direct economic value generated and distributed
Anti-corruption			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Anti-corruption, p. 48		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Anti-corruption, p. 48		Evaluation of the management approach
GRI 205: Anti-corruption 2016			
205-3	In 2017 there were no definitive measures against employees concerning active or passive corruption		Confirmed incidents of corruption and actions taken
Anti-competitive behavior			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 89-98		The management approach and its components
103-3	Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 89-98		Evaluation of the management approach
GRI 206: Anti-competitive behavior 2016			
206-1	In 2017 no legal action was taken against the Group for anti-competitive behavior, anti-trust, and monopoly issues		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
GRI 300: ENVIRONMENTAL SERIES			
Energy			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Energy and emissions management, p. 61-63; Drafting criteria, p. 75-77		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Energy and emissions management, p. 61-63; Autogrill Group's social and environmental figures, p. 74; Drafting criteria, p. 75-77		Evaluation of the management approach
GRI 302: Energy 2016			
302-1	Energy and emissions management, p. 63-64; Autogrill Group's social and environmental figures, p. 74		Energy consumption within the organization
Emissions			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Energy and emissions management, p. 61-63; Drafting criteria, p. 75-77		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Energy and emissions management, p. 61-63; Autogrill Group's social and environmental figures, p. 74; Drafting criteria, p. 75-77		Evaluation of the management approach

GRI standard	Document and page	Reason for omission	Disclosure
GRI 305: Emissions 2016			
305-1	Autogrill Group's social and environmental figures, p. 74		Direct (Scope 1) GHG emissions
305-2	Autogrill Group's social and environmental figures, p. 74		Energy indirect (Scope 2) GHG emissions*
Waste			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Waste management, p. 63-65; Drafting criteria, p. 75-77		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Waste management, p. 63-65; Autogrill Group's social and environmental figures, p. 75; Drafting criteria, p. 75-77		Evaluation of the management approach
GRI 306: Effluents and waste 2016			
306-2	Waste management, 63-65; Autogrill Group's social and environmental figures, p. 75		Waste by type and disposal method
Environmental compliance			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Planet: environmental protection, p. 61-65		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Planet: environmental protection, p. 61-65		Evaluation of the management approach
GRI 307: Environmental compliance 2016			
307-1	No significant fines or non-monetary sanctions were received in 2017		Non-compliance with environmental laws and regulations
Supplier environmental assessment			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Planet: environmental protection, p. 61; Responsible supply chain management, p. 68		The management approach and its components
103-3	Planet: environmental protection, p. 61; Responsible supply chain management, p. 68		Evaluation of the management approach
GRI 308: Supplier environmental assessment 2016			
308-1	Responsible supply chain management, p. 68	Supplier selection and assessment are based on specific policies applied at the regional level; all suppliers must strictly comply with local laws and regulations as well as established quality control procedures. In most European countries the Group requires suppliers to sign onto its Code of Ethics and General Purchasing Conditions or, in North America, its Supplier Code of Conduct. Also, in 2017, the Autogrill Group Supply Chain Sustainability Guidelines were published that set general standards for supplier assessment. Once the guidelines are implemented locally, it will be possible to report the exact number of suppliers assessed	New suppliers that were screened using environmental criteria

GRI standard	Document and page	Reason for omission	Disclosure
GRI 400: SOCIAL SERIES			
Employment			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Human resource development and appraisal, p. 55-56; Diversity and equal opportunity, p. 56-57; Remuneration, p. 57		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Human resource development and appraisal, p. 55-56; Diversity and equal opportunity, p. 56; Remuneration, p. 57; Autogrill Group's social and environmental figures, p. 70-74		Evaluation of the management approach
GRI 401: Employment 2016			
401-1	Autogrill Group's social and environmental figures, p. 70-73		New employee hires and employee turnover
401-2	Remuneration, p. 57		Benefits provided to full-time employees that are not provided to temporary or part-time employees
Labor/management relations			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	People: the people of the Autogrill Group, p. 51-54; Labor relations, p. 58		The management approach and its components
103-3	People: the people of the Autogrill Group, p. 51-54; Labor relations, p. 58		Evaluation of the management approach
GRI 402: Labor/management relations 2016			
402-1	Labor relations, p. 58		Minimum notice periods regarding operational changes
Health and safety			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Occupational health and safety, p. 58-59		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Occupational health and safety, p. 58-59; Autogrill Group's social and environmental figures, p. 73		Evaluation of the management approach
GRI 403: Occupational health and safety 2016			
403-2	Occupational health and safety, p. 58-59; Autogrill Group's social and environmental figures, p. 73	Absentee rates are not reported because workable hours are not available. The Group will set up a system for gathering that information by reporting year 2020. Data for external personnel is currently unavailable	Workers with high incidence or high risk of diseases related to their occupation
Training and education			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Human resource development and appraisal, p. 55-56		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Human resource development and appraisal, p. 55-56; Autogrill Group's social and environmental figures, p. 74		Evaluation of the management approach
GRI 404: Training and education 2016			
404-1	Human resource development and appraisal, p. 56-57; Autogrill Group's social and environmental figures, p. 72		Average hours of training per year per employee
404-2	Human resource development and appraisal, p. 72		Programs for upgrading employee skills and transition assistance programs
404-3	Autogrill Group's social and environmental figures, p. 72		Percentage of employees receiving regular performance and career development reviews

GRI standard	Document and page	Reason for omission	Disclosure
Diversity and equal opportunity			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Diversity and equal opportunity, p. 56-57		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Diversity and equal opportunity, p. 56-57		Evaluation of the management approach
GRI 405: Diversity and equal opportunity 2016			
405-1	People: the people of the Autogrill Group, p. 51; Autogrill Group social and environmental data, p. 70-71; CGR, p. 31-33, 82-83		Diversity of governance bodies and employees
Non-discrimination			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Diversity and equal opportunity, p. 57; Protection of human rights, p. 60		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; People: the people of the Autogrill Group, p. 51-54; Diversity and equal opportunity, p. 56-57; Protection of human rights, p. 59		Evaluation of the management approach
GRI 406: Non-discrimination 2016			
406-1	In 2017 there were no significant incidents of discrimination. Any complaints received through the dedicated channels were handled promptly by the units in charge	Incidents of discrimination and corrective actions taken	Incidents of discrimination and corrective actions taken
Supplier social assessment			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Responsible supply chain management, p. 68; Protection of human rights, p. 59		The management approach and its components
103-3	Responsible supply chain management, p. 68; Protection of human rights, p. 59		Evaluation of the management approach
GRI 414: Supplier social assessment 2016			
414-1	Responsible supply chain management, p. 68	Supplier selection and assessment are based on specific policies applied at the regional level; all suppliers must strictly comply with local laws and regulations as well as established quality control procedures. In most European countries the Group requires suppliers to sign onto its Code of Ethics and General Purchasing Conditions or, in North America, its Supplier Code of Conduct. Also, in 2017, the Autogrill Group Supply Chain Sustainability Guidelines were published that set general standards for supplier assessment. Once the guidelines are implemented locally, it will be possible to report the exact number of suppliers assessed	New suppliers that were screened using social criteria
Customer health and safety			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 50; Product quality and safety, p. 67		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 50; Product quality and safety, p. 67		Evaluation of the management approach
GRI 416: Customer health and safety 2016			
416-1	Product quality and safety, p. 67		Assessment of the health and safety impacts of product and service categories

GRI standard	Document and page	Reason for omission	Disclosure
Marketing and labelling			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Product labeling and marketing, p. 67-68		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Product labeling and marketing, p. 67-68		Evaluation of the management approach
GRI 417: Marketing and labelling 2016			
417-3	In 2017 there were no incidents of non-compliance concerning product and service marketing and communications	Incidents of non-compliance concerning marketing communications	Incidents of non-compliance concerning information and labelling
Socioeconomic compliance			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 89-98		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Governance and compliance, p. 48; DR, Financial and non-financial risk management, p. 89-98		Evaluation of the management approach
GRI 419: Socioeconomic compliance 2016			
419-1	In 2017 there were no fines or non-monetary sanctions for non-compliance with laws and regulations in the social and economic area		Non-compliance with laws and regulations in the social and economic area
Efficiency and transparency of decision making processes			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Governance and compliance, p. 48; CGR Internal control and risk management system, p. 89-98		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Governance and compliance, p. 48; CGR Internal control and risk management system, p. 89-98		Evaluation of the management approach
Accessibility and quality of services			
GRI 103: Management Approach 2016			
103-1	Materiality analysis, p. 49; Matrix linking material topics and related GRI aspects, p. 77		Explanation of the material topic and its boundary
103-2	Policies and guidelines of the Autogrill Group, p. 45-46; Accessibility and quality of services, p. 66; Product labelling and marketing, p. 67-68		The management approach and its components
103-3	Policies and guidelines of the Autogrill Group, p. 45-46; Accessibility and quality of services, p. 66; Product labelling and marketing, p. 67-68		Evaluation of the management approach

* The indirect emissions (scope 2) in accordance with the GHG Protocol are measured with the "location based" methodology. The factors used for the emissions' calculation are published from the Department for Business, Energy & Industrial Strategy (BEIS) in 2015. The calculation with the "market based" methodology is not considered applicable since the energy suppliers' contracts are managed at country level, the Group only refers to the associated market mix

INDEPENDENT AUDITORS' REPORT

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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Autogrill S.p.A. and its subsidiaries (hereinafter the "Autogrill Group" or the "Group") as of December 31, 2017 prepared on the basis of article 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 8, 2018 (hereinafter the "NFS").

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

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

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

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

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

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

Auditor's Independence and quality control

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

Deloitte.

Auditor's responsibility

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

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

Specifically we carried out the following procedures:

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

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

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

4. Understanding of the following matters:

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

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

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

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

Deloitte.

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

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

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

- for the following companies, divisions and sites, Milan Headquarters for Autogrill S.p.A., Bethesda site (Maryland, United States) for HMSHost Corporation and Marseille site for Holding de Participations Autogrill S.a.S., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met the local management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Autogrill Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 12, 2018

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


TUCANO

1.6 Other information

1.6.1 FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT

The Autogrill Group is exposed to external risks and uncertainties arising from general economic conditions or those specific to the industry 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 Enterprise Risk Management department ensures the uniform handling of risks across the different organizational units. Autogrill has developed a model based on the systematic identification, analysis and assessment of the risk areas that may hinder the achievement of strategic goals. The model helps evaluate the company's overall exposure to risks, guide the necessary mitigation efforts, and reduce the volatility of business objectives.

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

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

Strategic risks

Business and market context

The Group's operations are influenced by exogenous (hence uncontrollable) factors that may affect traffic flows and travelers' propensity to consume. These include:

- the general economic situation and its contributing trends: consumer confidence, unemployment, and inflation that cannot be transferred to prices;
- rising oil prices and, in general, the increasing cost of transport;
- changes in travel habits, influenced in part by growing social and environmental concerns;
- changes in travelers' tastes and consumption needs with an increasing focus on nutrition and on healthier, more environmentally friendly products (such as organic and locally produced foods);
- weather events that affect mobility;

Mitigating factors

This risk is mitigated by the Group's diversified presence in terms of channels (airports, motorways and railway stations) and geographical regions.

The Group also has a system for the constant monitoring of performance, the market, and consumer behavior so that it can react quickly to signs of changes in exogenous factors by updating its menus or service propositions.

Strategic risks

- legislative or regulatory changes affecting the channels served by the Group or the concession system;
- the introduction of more restrictive procedures, regulations and controls that can influence consumers' propensity to buy, most typically in the airport channel;
- competitive developments in the air traffic industry and changes in airline policies.

Concessions

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

Risks in this area concern:

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

Mitigating factors

The Group mitigates these risks by following an approach aimed at building and maintaining a collaborative partnership with the concession grantor, based in part on the constant development of innovative concepts and commercial solutions that help both parties achieve maximum gain from the infrastructure.

Brands and concepts

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

The main risks concern:

- the loss of significant partnerships or the inability to strike up new ones that will draw clientele;

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

There are teams dedicated to keeping menus up-to-date through the development of new concepts consistent with emerging trends, the monitoring of up-and-coming brands, and the ongoing review of partner

Strategic risks	Mitigating factors
• the decreased attractiveness of concepts or brands in the portfolio, both of which could affect the ability to compete for new contracts and therefore attain development goals.	brands, so that the most innovative and attractive brands the market has to offer are always in the Group's portfolio. This risk is also mitigated by the Group's emphasis on building and maintaining good relationships with its partners and with licensors of the most popular brands.
Competition	
The food and beverage industry is growing and becoming ever more attractive to both long-standing operators and newer, smaller ones. The growing demand for local as opposed to international brands also tilts the playing field towards local operators, which have a better chance of closing deals with brands based in the community than their larger, internationally known competitors. These factors increase competition, both real and potential, and could therefore hamper the Group's growth and/or profitability.	Autogrill has a solid reputation with concession grantors, an important factor in the tendering and renewal process. In addition, the Group's broad range of proprietary and third-party brands, both local and international, enable it to compete successfully for commercially viable and profitable locations. In any case, the Group has a system for analyzing industry and channel trends so it can monitor its position at all times.
Innovation	
The Group's ability to maintain a constant process of innovation for its products, concepts and services allows it to react promptly to changes in the consumption habits and tastes of its clientele and is therefore key to satisfying customers and concession grantors. The risk is that this ability would be diminished, given the speed with which new trends take root, including in light of the increasing focus on healthy food choices that are also ecologically sound.	The Group mitigates this risk by: • monitoring performance (quality of service, positioning, attractiveness of menus and of the brand and concept portfolio); • constantly revising menus in terms of products, concepts and services, while adapting to the latest technologies and the digital world; • reviewing the portfolio of partner brands to offer the most attractive, innovative names available on the market; • developing customer retention initiatives and client satisfaction analyses; • training workers periodically to ensure high standards of service.
Reputation	
The key stakeholders from this point of view are customers, concession grantors and licensors. Reputation is a significant factor when grantors decide to award or renew concessions. Therefore, reputation damage entails the risk of: • harming relationships with grantors and licensors; • threatening contract renewals; • making the brand less attractive to customers.	The Group constantly monitors its quality of service with respect to customers (perceived satisfaction and product safety), concession grantors (quantitative and qualitative parameters set out in the contract) and licensors (observance of operating and development standards); for the largest and most sensitive brands, this includes brand champions hired by headquarters and assigned to support local teams. In addition, suitable brand protection measures are taken in Italy if unpleasant experiences are wrongly attributed to Autogrill.

Strategic risks

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

Loss of reputation can also have indirect causes beyond Autogrill's control. 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") may expose its operations in the motorway channel to reputation risk caused by any shortcomings on the part of competitors that are mistakenly attributed to the Group.

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

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

Mitigating factors

The Group's commitment to social and environmental sustainability is clear from the values espoused in its Code of Ethics.

On environmental issues in particular, it works to promote responsible behavior in the conviction that protecting our environment is a global priority for people, businesses and institutions all over the world.

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

Development in emerging markets

The Group operates in various emerging markets through partnerships with local operators that in some cases require their active participation in store management; it hopes to expand into others.

In addition to risks such as political or social instability and the establishment/enforcement of trade restrictions, it is possible that local partners will fail to meet their contractual obligations, including in terms of the operating standards needed to ensure a good level of quality and service—which could affect profitability and/or reputation.

The Group pursues and favors contracts that leave it in control of operations and commercial aspects. In any case, Autogrill is entitled by contract to perform audits ensuring compliance with service and quality standards.

Human capital risks

Autogrill believes that a transparent policy of responsibility toward its employees gives it a competitive edge, because employees are the Group's human capital: the wealth of skills, competencies and qualifications that make it stand out.

Therefore, any lessening of the Group's ability to attract, motivate and retain key employees would

To mitigate these risks, the Group:
- uses bonus systems designed to reward employee dedication and success, thereby fostering a sense of belonging, and follows salary policies that ensure constant comparison with multinational and Italian companies in the consumer goods industry whose complexity, distribution intensity and capital expenditure are comparable to Autogrill's.

Strategic risks

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

Mitigating factors

To foster fairer treatment among its companies, the Group distributes international guidelines on various aspects of compensation, while fully respecting national laws and local differences.

It also adopts policies and initiatives designed to motivate and retain talent:

- has set up dedicated phone lines or email addresses in most of the countries where it operates, to receive any complaints of behavior that does not live up to its standards of fairness, integrity, transparency, honesty, ethics and legality. It has also created a European platform as a direct means of drawing attention to any conduct inconsistent with the Group's Code of Ethics, but also of signaling excellent behavior, while ensuring the confidentiality of information and the privacy of individuals;
- has designed a human resource management policy based on principles laid down in the Code of Ethics, which encourages the Group to instill good relationships with its employees and help them develop their skills and abilities;
- is committed, as enshrined in the Code of Ethics, to promoting a safe, healthy, and non-discriminatory workplace that lets everyone reach their potential.

Operational risks

Business interruption

Business may be interrupted briefly or for longer periods, generally as a result of uncontrollable events such as:

- natural disasters and weather emergencies;
- acts or threats of terrorism;
- pandemics;
- hostilities or wars;
- strikes;
- political instability.

Such events could:

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

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

Mitigating factors

Business interruption

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

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

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

Operational risks

Data security

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

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

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

Mitigating factors

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

Labor

Labor is a significant factor for the Group, whose business has a strong customer service component. The need to keep service quality up to customers' and concession grantors' standards, and the complexity of regulations in the many countries served by the Group, give it less flexibility to manage its workforce.

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

The human resource management policy is based on principles laid down in the Code of Ethics, which encourages the Group to instill good relationships with its employees and help them develop their skills and abilities.

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

Quality, health, safety and environment

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

The Group has set up region-wide quality assurance systems to ensure high standards for all its products and services. These are based on risk assessment processes for raw materials, products and their suppliers to measure compliance with quality standards defined by the company following an HACCP approach, on systematic monitoring and control using specific KPIs, and on verifying the effectiveness of these measures through different

Operational risks	Mitigating factors
Any violation of or non-compliance with these complex norms at the local, national or supranational level, as they apply to concession operators or companies in the oil business, would not only expose the Group to lawsuits and civil or criminal penalties but could also diminish its reputation.	kinds of specialized audits conducted periodically by internal and external industry professionals. The Group is committed to the highest standards of health and safety for its employees, primarily through the ongoing review of policies and procedures, but also through technical improvements, constant technology upgrades, personal protective equipment and training on the job. In almost all countries served, the Group has set up health and safety committees involving management and workers' representatives (depending on each country's policies), to monitor compliance with laws and regulations and take steps to reduce, if not eliminate, the risk of accidents. On the environmental front, the Group has adopted high safety standards and solid, reliable practices to ensure compliance with laws and regulations and the proper handling of potential environmental emergencies, with a view to protecting people, natural settings, operations, property and the affected communities. The Group is always on the lookout for ways to reduce its environmental impact by improving its energy performance and basing new commercial concepts on innovative solutions, inspired by energy efficiency and sustainability and the consequent lowering of emissions, in accordance with the legislation in force in all countries served. In addition to improving its own performance, Autogrill promotes the responsible use of resources through internal awareness campaigns. The internal units, with assistance from experts on the various topics, thus stay constantly abreast of legal developments and adapt their procedures and control systems accordingly while bringing personnel up to date. There is also a monitoring system that constantly audits the quality of service with respect to customers' expectations and contractual/legal requirements, as well as the controls in place with regard to reducing accidents in the workplace.
Supply chain	
There are two main risks associated with the supply chain: events that might interfere with the proper functioning and continuity of the supply chain or internal distribution system and therefore prevent Autogrill from maintaining a complete, balanced and effective assortment that satisfies its customers, and rising raw material prices. Any circumstance that hurts a main supplier's ability to produce and/or distribute its products could result in Autogrill locations that are missing necessary ingredients or goods. The impact could be magnified	To counter procurement risks, the Group has continuity plans as mentioned in the "business interruption" section. As for raw material prices, specialized internal units constantly strive to meet efficiency targets by negotiating agreements with key suppliers; for strategic materials, prices may be indexed to protect the Group, at least temporarily, from spikes. On the topic of sustainability and human rights, the Group expects its suppliers to comply with the

Operational risks

if such problems affect suppliers of non-substitutable products, logistical service providers, or vendors to which the Group is highly exposed.

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

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

Corruption

Violations of the Code of Ethics or of anti-corruption and other laws by Autogrill, its commercial partners, agents or other parties acting in its name or on its behalf may expose the Group and its employees to criminal or civil penalties and damage Autogrill's reputation.

Mitigating factors

principles laid down in its Code of Ethics.

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

Corruption

The Group has adopted:
- its own Code of Ethics, which requires all Group companies along with their top executives, managers and employees to conduct themselves according to the principles of legality, fairness and integrity;
- an Anti-Corruption Policy that instructs all directors, statutory auditors, managers and employees of Group companies and everyone who works in Italy or abroad in Autogrill's name or on its behalf what principles and rules they must follow to ensure compliance with anti-corruption laws. Through this document, the Group formalizes its across-the-board commitment to reject and prohibit corruption under all circumstances, with public officials and private parties alike, and its promise to observe anti-corruption laws in every country served.

Financial risks

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.

Mitigating factors

Autogrill manages its financial risks by defining Group-wide guidelines that inform financial management of its operating units, as part of an overall policy of financial independence.

The Finance department ensures that the 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.

1.6.2 CORPORATE GOVERNANCE

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

1.6.3 MANAGEMENT AND COORDINATION

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

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

1.6.4 RELATED PARTY TRANSACTIONS

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

See the previous section on Corporate reorganization completed in December 2017 with effect from 1st January 2018 and "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 (Governance section/Related parties).

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

In respect of Art. 15 of CONSOB Regulation no. 20249 of 28 December 2017 (ex Art. 36 of CONSOB Regulation no. 16191/2007) of on conditions for the listing of companies that control entities formed or governed under the laws of countries outside the European Union that are of material significance to the consolidated financial statements, we report that two companies fall under these provisions (HMSHost Corp. and Host International Inc.), that suitable procedures have been adopted to ensure total compliance with said rules, and that the conditions stated in Art. 15 have been satisfied.

1.6.6 RESEARCH AND DEVELOPMENT

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

It does not conduct technological research as such.

1.6.7 TREASURY SHARES

The annual general meeting of 25 May 2017, after revoking the authorization granted on 26 May 2016 and pursuant to Arts. 2357 et seq. of the Italian Civil Code, authorized the purchase and subsequent disposal of ordinary stock up to a maximum of 12,720,000 shares.

At 31 December 2017 Autogrill S.p.A. owned 181,641 treasury shares (365,212 at the end of 2016), with a carrying amount of € 720k and an average carrying amount of € 3.96 per share. In 2017, 183,571 treasury shares were sold to beneficiaries of the 2010 stock option plan who exercised their options.

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

1.6.8 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Except the Corporate reorganization completed in December 2017 with effect from 1st January 2018, in 2017 there were no significant non-recurring events or transactions as defined by CONSOB Resolution no. 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006.

1.6.9 ATYPICAL OR UNUSUAL TRANSACTIONS

In 2016 there were no atypical and/or unusual transactions as defined by CONSOB Communication DEM/6064293 of 28 July 2006.

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

On 24 January 2013 the Board of Directors of Autogrill S.p.A. voted to take the option provided for by CONSOB Resolution no. 18079 of 20 January 2012 that removes the obligation to make available to the public the disclosure documents required by Arts. 70 and 71 of the Listing Rules (CONSOB Regulation no. 11971/1999) in the case of significant mergers, demergers, increases in share capital through contributions in kind, acquisitions and transfers.

Given the extensive scale of Autogrill S.p.A.'s corporate reorganization as described in Section 1.2 above, on 28 December 2017 Autogrill voluntarily published the Disclosure Document in the format provided for by Art. 71 of the CONSOB Regulation (format 3 of Annex 3B).

1.6.11 RECONCILIATION BETWEEN PARENT AND CONSOLIDATED EQUITY

(k€)	Equity at 31.12.2016	Changes in the equity	Profit for the year 2017 **	Equity at 31.12.2017
Autogrill S.p.A. separate financial statements *	481,097	(39,805)	59,392	500,684
Effect of the consolidation of subsidiaries' financial statements and related deferred taxation	90,188	(647)	36,784	126,325
Translation reserve	72,323	(49,438)	-	22,885
Group consolidated financial statements	**643,608**	**(89,890)**	**96,176**	**649,894**
Equity attributable to non-controlling interests	43,997	(15,486)	16,860	45,371
Total consolidated equity	**687,605**	**(105,376)**	**113,036**	**695,265**

* Changes in the equity include dividends paid to shareholders (€ 40,675k)
** The amount includes the combined effect of the subsidiaries contribution to consolidated profit (€ 124,373k) and the elimination of dividends paid by subsidiaries to the parent (€ 87,589k)

2 CONSOLIDATED FINANCIAL STATEMENTS


CKER PARK
SEAFOOD & SUSHI


BISTROT
GENÈVE
AÉROPORT
CITRONNADE
FAITE MAISON
AVEC DE LA MENTHE
HOMEMADE LEMONADE
WITH MINT

2.1 Consolidated Financial Statements

2.1.1 STATEMENT OF FINANCIAL POSITION

Note	(€k)	31.12.2017	Of which related parties	31.12.2016	Of which related parties
	ASSETS				
	Current assets	**511,642**		**496,761**	
I	Cash and cash equivalents	169,590		158,744	
II	Other financial assets	31,213		38,563	
III	Tax assets	15,373		3,268	
IV	Other receivables	130,292	16,223	118,625	14,314
V	Trade receivables	48,972	2,081	58,105	2,781
VI	Inventories	116,202		119,456	
	Non current assets	**1,837,260**		**1,922,782**	
VII	Property, plant and equipment	880,916		896,533	
VIII	Goodwill	795,928		869,318	
IX	Other intangible assets	75,679		81,289	
X	Investments	3,506		4,610	
XI	Other financial assets	33,344	6,285	18,325	3,792
XII	Deferred tax assets	37,815		41,644	
XIII	Other receivables	10,072		11,063	
	Assets for discontined operations	-		-	
	TOTAL ASSETS	**2,348,902**		**2,419,543**	
	LIABILITIES AND EQUITY				
	LIABILITIES	**1,653,637**		**1,731,938**	
	Current liabilities	**942,194**		**1,004,886**	
XIV	Trade payables	351,168	27,964	359,832	31,529
XV	Tax liabilities	3,566		8,619	
XVI	Other payables	343,773	3,146	356,728	2,121
XIX	Bank loans and borrowings	218,244		108,046	
XVII	Other financial liabilities	7,202		11,716	
XXI	Bonds	-		143,177	
XXIII	Provision for risks and charges	18,241		16,768	
	Non-current liabilities	**711,443**		**727,052**	
XV	Tax liabilities	4,916		-	
XVIII	Other payables	33,230		38,980	
XIX	Loans, net of current portion	235,442		181,989	
XX	Other financial liabilities	6,000		7,603	
XXI	Bonds	290,413		330,381	
XII	Deferred tax liabilities	28,517		34,342	
XXII	Defined benefit plans	80,110		90,835	
XXIII	Provision for risks and charges	32,815		42,922	
	Liabilities for discontinued operations	-		-	
XXIV	**EQUITY**	**695,265**		**687,605**	
	– attributable to owners of the parent	649,894		643,608	
	– attributable to non-controlling interests	45,371		43,997	
	TOTAL LIABILITIES AND EQUITY	**2,348,902**		**2,419,543**	

2.1.2 INCOME STATEMENT

Note	(€k)	2017	Of which related parties	2016	Of which related parties
XXV	Revenue	4,990,594	44	4,940,989	41
XXVI	Other operating income	95,965	685	100,745	1,420
	Total revenue and other operating income	**5,086,559**	**-**	**5,041,734**	**-**
XXVII	Raw materials, supplies and goods	1,796,885	164	1,809,451	141
XXVIII	Personnel expense	1,519,776	7,412	1,495,748	6,771
XXIX	Leases, rentals, concessions and royalties	828,201	75,479	803,533	74,984
XXX	Other operating expense	542,707	4,893	536,094	4,601
XXXI	Depreciation and amortization	212,662	-	204,423	-
XXXI	Impairment losses on property, plant and equipment and intangible assets	1,079	-	6,143	-
XXXII	Gain on operating activity disposal	-	-	14,669	-
	Operating profit	**185,249**	**-**	**201,011**	**-**
XXXIII	Financial income	1,316	91	1,344	24
XXXIII	Financial expense	(28,626)	-	(32,904)	(483)
	Income (expense) from investments	797	-	859	-
	Pre-tax profit	**158,736**	-	**170,310**	-
XXXIV	Income tax	(45,700)	-	(54,551)	-
	Profit for the year - continuing operations	**113,036**	-	**115,759**	-
XXXV	Profit/(loss) for discontinued operations	-	-	(1,237)	-
	Profit for the year	**113,036**	-	**114,522**	-
	Profit for the year attributable to:		-		-
	– owners of the parent	96,176	-	98,228	-
	– non-controlling interests	16,860	-	16,294	-
XXXVI	**Earnings per share (in € cents)**				
	– basic	37.8		38.7	
	– diluted	37.8		38.7	

2.1.3 STATEMENT OF COMPREHENSIVE INCOME

Note	(€k)	2017	2016
	Profit for the year	**113,036**	**114,522**
	Items that will never be reclassified to profit or loss		
XXIV	Remeasurements of the defined benefit (liabilities)/asset	1,352	832
XXIV	Tax on items that will never be reclassified to profit or loss	(377)	(228)
		975	**604**
	Items that may be subsequently reclassified to profit or loss		
XXIV	Equity-accounted investee - share of other comprehensive income	(242)	179
XXIV	Foreign currency translation differences for foreign operations	(53,384)	16,954
XXIV	Gain/(loss) on net investment hedge	(449)	(187)
XXIV	Tax on items that may be subsequently reclassified to profit or loss	112	44
		(53,963)	**16,990**
	Total other comprehensive income for the year	**60,048**	**132,116**
	– attributable to owners of the parent	47,713	114,877
	– attributable to non-controlling interests	12,335	17,239

2.1.4 STATEMENT OF CHANGES IN EQUITY (NOTE XXIV)

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

(€k)	Share capital	Legal reserve	Hedging reserve	Translation reserve	Other reserve and retained earnings	Treasury shares	Available-for-sale financial assets reserve	Profit/(loss) for the period	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2015	**68,688**	**13,738**	**-**	**56,278**	**358,162**	**(1,447)**	**-**	**64,153**	**559,572**	**40,400**
Total other comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	98,228	98,228	16,294
Foreign currency translation differences for foreign operations	-	-	-	16,009	-	-	-	-	16,009	945
Gain/(loss) on net investment hedge, net of the tax effect	-	-	-	(143)	-	-	-	-	(143)	-
Equity-accounted investee - share of other comprehensive income	-	-	-	179	-	-	-	-	179	-
Remeasurements of the defined benefit (liabilities)/ asset, net of the tax effect (XXII)	-	-	-	-	604	-	-	-	604	-
Total other comprehensive income for the year	**-**	**-**	**-**	**16,045**	**604**	**-**	**-**	**98,228**	**114,877**	**17,239**
Transaction with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contributions by and distributions to owners of the parent	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocation of 2015 profit to reserves	-	-	-	-	33,669	-	-	(33,669)	-	-
Capital increase	-	-	-	-	-	-	-	-	-	11,620
Dividend distribution	-	-	-	-	-	-	-	(30,484)	(30,484)	(24,366)
Total contributions by and distributions to owners of the parent	**-**	**-**	**-**	**-**	**33,669**	**-**	**-**	**(64,153)**	**(30,484)**	**(12,746)**
Changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effect of acquisition of non-controlling interests	-	-	-	-	(357)	-	-	-	(357)	(896)
Total transactions with owners of the parent	**-**	**-**	**-**	**-**	**33,312**	**-**	**-**	**(64,153)**	**(30,841)**	**(13,642)**
31.12.2016	**68,688**	**13,738**	**-**	**72,323**	**392,078**	**(1,447)**	**-**	**98,228**	**643,608**	**43,997**

2.1.5 STATEMENT OF CASH FLOWS

(€k)	2017	2016
Opening net cash and cash equivalents	**128,698**	**108,845**
Pre-tax profit and net financial expense for the year	186,046	201,871
Amortisation, depreciation and impairment losses on non-current assets, net of reversals (Note XXXI)	213,742	210,566
Adjustment and (gains)/losses on disposal of financial assets	(797)	(859)
(Gain)/losses on disposal of non-current assets (Note VII)	(1,197)	(3,621)
Gain on operating activity disposal (Note XXXII)	-	(14,669)
Change in working capital	11,161	(9,482)
Net change in non-current non-financial assets and liabilities	(11,675)	8,078
Cash flow from operating activities	**397,280**	**391,884**
Taxes paid	(57,054)	(45,399)
Interest paid	(26,650)	(28,056)
Net cash flow from operating activities	**313,576**	**318,429**
Acquisition of property, plant and equipment and intangible assets paid	(278,061)	(220,168)
Proceeds from sale of non-current assets	4,216	5,643
Acquisition of consolidated equity investments	(6,537)	(3,819)
Disposals of consolidated equity investments	1,809	-
Acquisitions/Disposals *	-	4,601
Net change in non-current financial assets	(6,863)	3,182
Net cash flow used in investing activities	**(285,436)**	**(210,561)**
Repayments of bond "Private Placement"	(132,779)	-
Issue of new non-current loans	150,000	-
Utilisations of non-current credit lines	202,376	-
Repayments of non-current loans	(200,478)	(39,339)
Issue of new current loans, net of repayments	17,023	(9,021)
Dividends paid	(40,675)	(30,484)
Excercise of stock options	761	-
Other cash flows **	(11,498)	(7,727)
Net cash flow used in financing activities	**(15,270)**	**(86,571)**
Cash flow for the year - continuing operations	**12,870**	**21,297**
Net cash flow from operating activities - discontinued operations	-	2,518
Net cash flow used in investing activities - discontinued opeations	-	(734)
Net cash flow used in financing activities - discontinued operations	-	(531)
Cash flow for discontinued operations	**-**	**1,253**
Effect of exchange on net cash and cash equivalents	125	(2,697)
Closing net cash and cash equivalents	**141,693**	**128,698**

* See paragraph "2.2.2 Discontinued operations"
** Includes dividend paid to minority shareholders in subsidiaries

Reconciliation of net cash and cash equivalents

(€k)

Opening – net cash and cash equivalents – balance as of 1st January 2017 and as of 1st January 2016	**128,698**	**108,845**
Cash and cash equivalents	158,744	161,834
Current account overdrafts	(30,046)	(52,989)
Closing — net cash and cash equivalents – balance as of 31st December 2017 and as of 31st December 2016	**141,693**	**128,698**
Cash and cash equivalents	169,590	158,744
Current account overdrafts	(27,897)	(30,046)

2.2 Notes to the financial statements

Group operations

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

2.2.1 ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

General standards

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

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

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

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 2017:
- Amendments to IAS 12 - Income taxes: clarifies the accounting of deferred tax assets on debt instruments measured at fair value.
- Amendments to IAS 7 - Statement of cash flows: provides some clarifications to improve disclosures about financial liabilities. In particular, the amendments require disclosures enabling the users of financial statements to understand changes in liabilities arising from financing transactions, including changes arising from monetary and non-monetary movements. However, the changes require entities to provide a reconciliation between the opening balance and the closing balance for liabilities arising from financial transactions. Comparative figures for previous years need not be presented. In compliance with the amendments, the Group has included the required reconciliation in the notes to the financial statements.

The application of the standards and interpretations listed above did not affect the Group's financial statements 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 years beginning on or after 1 January 2018 that the Group did not choose to apply early in the 2017 financial statements:

- IFRS 9: Financial instruments.
- IFRS 15: Revenue from contracts with customers.
- Amendments to IFRS 15: Revenue from contracts with customers.
- IFRS 16: Leasing (effective from 1 January 2019).

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

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

Given the current structure of the Autogrill Group's statement of financial position (financial assets and liabilities) and the characteristics of the business (revenue from the sale of consumer products, mostly immediately paid), the new IFRS 9 and IFRS 15 are unlikely to have an impact on the 2018 financial statements large enough to be quantified in these notes, both form a classification and measurements.

The new IFRS 16 requires the recognition of assets and liabilities for all leasing arrangements in course, entailing the calculation of net present value at 1 January 2019 by discounting fixed minimum guaranteed rents based on alternative measurement options allowed by the accounting principle that can have different effect on assets and liabilities recorded during its first time adoption. Considering the significant volume of future commitments for operating leases, the Group is specifically investigating the likely impact of the new standard by reviewing the details of leasing contracts, and is looking into the possible implementation and/or adjustment of administrative and accounting processes should this prove to be necessary. The adoption of this new accounting principle will not have any impact on the calculation of financial ratios, as per specific loan agreements with banks.

Structure, format and content of the consolidated financial statements

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

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

In accordance with IAS 1 and IAS 7, the formats used in the 2017 consolidated financial statements are as follows:

- Statement of financial position, with assets and liabilities split between current and non-current items;

- Income statement, with costs classified by nature;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows, using the indirect method to determine cash flow from operating activities.

In 2017 a new reporting system was implemented for all companies in the International business (subsidiaries of HMSHost Corp). This entailed a detailed analysis of the accounts used by group companies and led to a different classification of some line items with respect to 2016. As a result, changes since the previous year in some assets liabilities may not be immediately intelligible as they are affected by reclassifications not reported in the 2016 figures, given that they are not material to the overall representation of the Group's financial position.

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. Income and expense are converted at average exchange rates for the year, which approximate those in force when the corresponding transactions took place. Exchange differences are recognized in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity. Exchange gains and losses arising from receivables or payables with foreign operations, the collection or payment of which is neither planned nor likely in the foreseeable future, are treated as part of the net investment in foreign operations and are recognized in other comprehensive income and shown under "translation reserve" in the statement of changes in equity.

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

	2017		2016	
	Rate on 31 December	Average rate for the year	Rate on 31 December	Average rate for the year
US Dollar	1.1993	1.1297	1.0541	1.1069
Canadian Dollar	1.5039	1.4647	1.4188	1.4659
Swiss Franc	1.1702	1.1117	1.0739	1.0902
British Sterling	0.8872	0.8767	0.8562	0.8195

Basis of consolidation

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

The consolidated financial statements include the 2017 financial statements of Autogrill S.p.A. and all companies it directly or indirectly controls or controlled during the year. The scope of consolidation also some French companies that are not wholly owned and others belonging to the US subsidiary HMSHost Corporation (see the annex "List of consolidated companies and other investments"), which are controlled on the basis of a 50% or lower stake and an agreement that puts their business under the management of Autogrill.

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

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

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

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

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

HMSHost Corporation and its subsidiaries, following common practice in English-speaking countries, close their fiscal year on the Friday closest to 31 December and divide it into 13 four-week periods, which in turn are grouped into 12-week quarters with the exception of the last which is a 16-week quarter. As a result, the accounts included in the 2017 consolidated financial statements cover the period 31 December 2016 to 29 December 2017, while the previous year's accounts covered the period 2 January 2016 to 30 December 2016. This has had no significant impact on the statement of financial position at 31 December 2017 or on results for the year.

On 9 June 2016, Autogrill S.p.A. (through the French subsidiary Holding de Participations Autogrill S.a.s.) finalized the sale of Autogrill Restauration Services S.a.s., which handled food & beverage operations at French railway stations, to the Elior Group for € 27.5m. The gain of € 14.7m has been recognized in the income statement under "Capital gain from disposal of operating activities". In the first five months of 2016, that company earned revenue of € 26.4m and EBIT of € 1.1m.

In addition, on 3 November 2016 Autogrill S.p.A. completed the disposal of Autogrill Nederland B.V. and its subsidiaries. Consequently, in accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), the profit and loss and cash flow figures for 2016 are presented, respectively, under "Profit from discontinued operations" and "Cash flow from discontinued operations", consistently with their presentation in the financial statements for the year ended 31 December 2016.

Through the subsidiary HMSHost Corporation, the Group made the following acquisitions in 2016:

- in the context of building up its presence in the food & beverage business at North American airports, on 20 August 2016 the Group finalized the purchase

of the airport F&B operations of Concession Management Services, Inc. ("CMS") for $ 37.9m;
- in the context of general expansion in North America, on 10 October 2016 it finalized the acquisition of Stellar Partners Inc., specialized in the convenience retail business at airports, for $ 16.2m (of which $ 2.3m will be paid in installments).

The acquisition of Concession Management Services, Inc. and Stellar Partners Inc. meant that their results were consolidated for all of 2017, while in 2016 when the purchases were finalized, results were consolidated for four and three months, respectively.

In 2017, CMS and Stellar Partners generated combined revenue of $ 91.4m ($ 24.9m in 2016).

In November 2017 the Group sold all operations of Autogrill Polska Sp.Zo.o., which grossed € 3.2m for the year (€ 3.5m in 2016).

Accounting policies

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

Business combinations

Business combinations carried out since 1 January 2008

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

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

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

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

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

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

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

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

Business combinations carried out from 1 January 2004 to 31 December 2007

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

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

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

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

Business combinations carried out before 1 January 2004

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

Business combinations under common control

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

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

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

Acquisitions of non-controlling interests

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

Investments in associates and joint ventures

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

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

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

Recognition of revenue and costs

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

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

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

Employee benefits

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

Group companies provide defined benefit and defined contribution plans.

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

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

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

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

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

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

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

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

Share-based payments

In the case of share-based payment transactions settled with equity instruments of the company, the grant-date fair value of the options granted to employees is recognized in personnel expense with a corresponding increase in equity ("Other reserves and retained earnings"), over the period in which the employees become unconditionally entitled to the awards. The fair value of options is estimated on the basis of all market-based vesting conditions, such as the performance of Autogrill shares and market indexes. Also, so that the final amount is based on the number of options that will actually vest, the cost is adjusted to reflect both service conditions and non-market conditions.

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

Income tax

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

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

For three-year period 2016-2018, Autogrill S.p.A. and its Italian subsidiary Nuova Sidap S.r.l. have joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l. as permitted by the Consolidated Income Tax Act. The regulation signed by the parties provides for: payment in full of the amount corresponding to the transferred profit times the IRES (corporate tax) rate; payment in full of the amount corresponding to the transferred loss times the IRES (corporate tax) rate, when utilized by Edizione S.r.l.; the transfer of any tax assets. The net current tax asset or liability for the year, in respect of IRES only, is therefore recognized as a receivable or payable due from/to Edizione S.r.l. and is therefore not shown under tax assets or liabilities but under “Other receivables” or “Other payables”.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets, arising from deductible temporary differences and losses carried forward, are recognized and maintained in the financial statements to the extent that future taxable income is likely to be earned allowing use of those assets. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income.

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

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

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

Non-current assets

Goodwill

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

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

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

Other intangible assets

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

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

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

Concessions, licenses, brands and similar rights:	
Software licenses	2-10 years or term of license
License to sell state monopoly goods	Term of license
Contractual rights	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 according to the share that can reasonably be attributed to the asset.

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

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

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

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

Land is not depreciated.

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

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

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

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

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

Leased assets

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

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

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

Impairment losses and reversals on non-financial assets

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

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

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

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

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

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

Assets/liabilities held for sale and discontinued operations

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

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

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

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

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

In the financial statements:

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

Current assets and current & non-current liabilities

Inventories

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

Trade and other receivables

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

In accordance with IAS 39, factored receivables are eliminated from the accounts if the contract entails the full transfer of the associated risks and rewards (contractual rights to receive cash flows from the asset). The difference between the carrying value of the asset transferred and the amount received is recognized in the income statement under financial expense.

Other financial assets

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

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

Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs. After first-time recognition they are carried at fair value, and any changes in fair value, other than impairment losses, are recognized as other comprehensive income and presented in the fair value reserve. When a financial asset is derecognized, the cumulative loss or gain is reclassified from other comprehensive income to profit (loss) for the year.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each period 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 under financial income and expense.

With respect to the consolidated financial statements for the year ended 31 December 2015, for the sake of clarity, receivables from credit card companies have been reclassified from "Other current receivables" to "Other current financial assets" in the amount of € 15,487k.

Cash and cash equivalents

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

Loans, bank loans, bonds and overdrafts

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

Trade payables

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

Derivative financial instruments and hedge accounting

The Group's liabilities are exposed primarily to financial risks due to changes in interest and exchange rates. To manage these risks the Group uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. The use of derivatives is governed by the "Financial Management and Financial Risks Policy" and the "Annual Financial

Strategy" approved by Autogrill S.p.A.'s Board of Directors, which set standards and guidelines for the Group's financial risk hedging strategy. Derivative contracts have been entered into with counterparties deemed to be financially solid, with the aim of reducing default risk to a minimum. Group companies do not use derivatives for purely trading purposes, but rather to hedge identified risks.

For further information see the policy described in section 2.2.6.2 "Financial risk management".

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

All derivative financial instruments are initially measured at fair value in accordance with IFRS 13 and IAS 39, with the related transaction costs recognized in profit or loss when incurred. They are subsequently carried at fair value. More specifically, the fair value of forward exchange contracts is based on the listed market price, where available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current spot rate for the residual maturity of the contract using a risk-free interest rate (based on government securities) of the country/currency of the instrument's user.

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

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

- Fair value hedge: if a derivative financial instrument is designated as a hedge against changes in the fair value of a recognized asset or liability attributable to a particular risk that may affect profit or loss, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts its carrying amount and is recognized in profit or loss;
- Cash flow hedge: if a financial instrument is designated as a hedge against exposure to variations in the future cash flows of a recognized asset or liability or a forecast transaction that is highly probable and could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognized in comprehensive income and presented in the "hedging reserve" under equity. The cumulative gain or loss is reclassified from comprehensive income and recognized in profit or loss in the same year in which the economic effect of the hedged transaction is recognized. Fair value gains and losses associated with a hedge (or part of a hedge) which has become ineffective are recognized in the income statement immediately. If a hedge or a hedging relationship is terminated, but the hedged transaction has not yet taken place, the gains or losses accrued up to that time in the statement of comprehensive income are reclassified to profit or loss as soon as the transaction occurs. If the transaction is no longer expected to take place, the gains or losses not yet realized that have been included in comprehensive income are reclassified immediately to profit or loss;
- Hedge of net investment: if a derivative is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediary holding company, the effective portion of the gain or loss on the hedge is recognized in comprehensive income and presented in the "translation reserve" under equity, while the ineffective portion is taken to profit or loss. On disposal of the foreign operation, the gain or loss on the effective portion of the hedge that has been cumulatively recognized in the translation reserve is also taken to profit or loss.

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

Provisions for risks and charges

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

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

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

Share capital and purchase of treasury shares

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

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

Earnings per share

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

Foreign currency transactions

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

Use of estimates

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

2.2.2 DISCONTINUED OPERATIONS

In accordance with IFRS 5 ("Non-current assets held for sale and discontinued operations"), the income statement and cash flow figures of Autogrill Nederland B.V. and its subsidiaries for the first 10 months of 2016 have been recognized, respectively, under "Profit/loss from discontinued operations" and "Cash flow from discontinued operations".

Below are the income statement and statement of cash flows of discontinued operations for the first 10 months of 2016 (Note XXXV).

Income statement

(€k)	First 10 months 2016
Revenue	28,270
Other operating income	1,161
Total revenue and other operating income	**29,431**
Raw materials, supplies and goods	4,826
Personnel expense	9,840
Leases, rentals, concessions and royalties	3,107
Other operating expense	7,162
Depreciation and amortization	2,229
Operating profit	**2,267**
Financial expense	(210)
Pre-tax profit	**2,057**
Income tax	9
Profit for the period	**2,066**

Statement of cash flows

(€k)	First 10 months 2016
Opening net cash and cash equivalents	**542**
Pre-tax profit and net financial expense for the period	2,267
Amortisation, depreciation and impairment losses on non-current assets, net of reversals	2,229
Change in working capital	(1,818)
Cash flow from operating activities	**2,678**
Interest paid	(160)
Net cash flow from operating activities	**2,518**
Acquisition of property, plant and equipment and intangible assets paid	(734)
Net cash flow used in investing activities	**(734)**
Repayments of current loans, net of new loans	(531)
Net cash flow used in financing activities	**(531)**
Cash flow for the period	**1,253**
Closing net cash and cash equivalents	**1,795**

Reconciliation of net cash and cash equivalents

(€k)	
Opening – net cash and cash equivalents – balance as of 1st January 2016	542
Closing – net cash and cash equivalents – balance as of 31 October 2016	1,795

2.2.3 NOTES TO THE STATEMENT OF FINANCIAL POSITION

Current assets

I. Cash and cash equivalents

(€k)	31.12.2017	31.12.2016	Change
Bank and post office deposits	124,053	107,914	16,139
Cash and equivalents on hand	45,537	50,830	(5,293)
Total	**169,590**	**158,744**	**10,846**

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

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

II. Other financial assets

(€k)	31.12.2017	31.12.2016	Change
Financial receivables from third parties	13,665	22,066	(8,401)
Receivables from credit card companies	15,157	14,801	356
Fair value of interest rate hedging derivatives	536	1,018	(482)
Fair value of exchange rate hedging derivatives	1,855	678	1,177
Total	**31,213**	**38,563**	**(7,350)**

"Financial receivables from third parties" consists mostly of current receivables due from the non-controlling shareholders of some North American subsidiaries. The variation is mainly due to the receivables collected during the year.

"Receivables from credit card companies" is in line with the previous year.

"Fair value of interest rate hedging derivatives" includes the current portion of the fair value measurement of derivatives outstanding at 31 December 2017 and 31 December 2016, with a combined notional value of $ 100m. The non-current portion is listed under "Other financial liabilities" (non-current) for € 533k (Note XX).

"Fair value of exchange rate hedging derivatives" refers to the fair value measurement of the derivatives entered into to hedge exchange rate risk at 31 December 2017, in particular the forward purchase and/or sale of currency, in connection with loans and the payment of dividends.

III. Tax assets

This amounts to € 15,373k (€ 3,268k at 31 December 2016) and refers to income tax advances and credits. The increase is due to the excess advances paid in the United States in 2017 on the basis of tax laws in effect at the time of the payment of such advances, with respect to the amount effectively payable as a result of the new legislation approved in December 2017, especially as regards the higher amount of tax-deductible depreciation in the year of investment.

IV. Other receivables

(€k)	31.12.2017	31.12.2016	Change
Suppliers	40,377	32,702	7,675
Lease and concession advance payments	16,420	15,784	636
Inland revenue and government agencies	21,920	11,177	10,743
Receivables from grantors for investments	2,864	2,795	69
Sub-concessionaires	1,750	1,459	291
Receivables from the parent for tax consolidation	12,599	12,457	142
Personnel	648	504	144
Other	33,714	41,747	(8,033)
Total	**130,292**	**118,625**	**11,667**

"Suppliers" refers to amounts receivable for promotional contributions and supplier bonuses awaiting settlement, as well as advances for services to be received.

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

Receivables from "Inland revenue and government agencies" relate mostly to indirect taxes. The increase is mainly due to the switch from a debtor to a creditor position as concerns Italian VAT.

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

Amounts due from "Sub-concessionaires" refers to businesses licensed to others and consist mainly of rent receivable.

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

"Other" consists mainly of prepayments for maintenance fees, insurance policies and reimbursements, and advances on local taxes. Most of the decrease stems from the different timing of payments with respect to the previous year.

V. Trade receivables

(€k)	31.12.2017	31.12.2016	Change
Third parties	53,649	62,823	(9,174)
Allowance for impairment	(4,677)	(4,718)	41
Total	**48,972**	**58,105**	**(9,133)**

"Third parties" refers mainly to catering service agreements and accounts with affiliated companies. The change reflects sums collected during the period. Following the first-time adoption of IFRS 9 from 1 January 2018, the default risk of receivables has already been estimated, as in previous years, also considering the general default risk of receivables not yet due at the reporting date, as inferred from past performance.

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

(€k)	
Allowance for impairment at 31 December 2016	**4,718**
Increases, net of use	2,076
Other movements and exchange rate differences	(103)
Utilizations	(2,014)
Allowance for impairment at 31 December 2017	**4,677**

Net allocations of € 2,076k in 2017 reflect revised estimates as to the recoverability of disputed receivables and the general default risk applicable to receivables not yet due.

Utilizations, amounting to € 2,014k, refer to the settlement of disputes during the year against which bad debt provisions had been made in the past.

VI. Inventories

Inventories, totalling € 116,202k at 31 December 2017 (down slightly from € 119,456k the previous year), are shown net of the write-down provision of € 1,382k (€ 1,430k at 31 December 2016), determined considering the revised recoverability estimates based on disposal strategies for slow-moving goods. Inventories are concentrated mostly in Italy (where the Group uses centralized warehouses to handle logistics) and the United States, and consist mainly of food raw materials, drinks, packaged products, and goods sold under government monopoly.

Non-current assets

VII. Property, plant and equipment

The following tables show movements in "Property, plant and equipment" in 2017 and 2016.

(€k)	Land and buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Assets to be transferred free of charge	Other	Assets under construction and payments on account	Total
Gross carrying amount								
Balance at 1 January 2016	**162,425**	**1,107,934**	**203,158**	**847,096**	**398,209**	**51,011**	**109,752**	**2,879,585**
Acquisitions	-	15,352	-	2,213	-	24	130	17,719
Disposals	(31,047)	-	(8,834)	(25,871)	(42,692)	(1,164)	(1,364)	(110,972)
Exchange rate gains (losses)	594	28,205	901	8,148	-	268	3,288	41,404
Increase	995	13,406	3,104	15,099	11,057	1,065	175,796	220,522
Decrease	(1,256)	(45,316)	(6,708)	(42,036)	(32,036)	(565)	(717)	(128,634)
Other movements	1,271	87,134	3,348	50,142	9,044	1,834	(153,549)	(776)
Balance at 31 December 2016	**132,982**	**1,206,715**	**194,969**	**854,791**	**343,582**	**52,473**	**133,336**	**2,918,848**
Acquisitions	-	1,495	-	397	-	-	-	1,892
Disposals	-	(1,642)	(44)	(1,322)	-	(200)	(62)	(3,270)
Exchange rate gains (losses)	(5,462)	(99,355)	(9,066)	(47,615)	-	(1,474)	(11,766)	(174,738)
Increase	565	56,005	4,858	46,523	19,351	2,478	116,603	246,383
Decrease	(395)	(64,501)	(5,806)	(48,603)	(33,606)	(504)	(4)	(153,419)
Other movements	1,548	69,906	15,232	38,030	(3,371)	(146)	(121,929)	(730)
Balance at 31 December 2017	**129,238**	**1,168,623**	**200,143**	**842,201**	**325,956**	**52,627**	**116,178**	**2,834,966**
Depreciation/Impairment losses								
Balance at 1 January 2016	**(87,764)**	**(722,385)**	**(172,647)**	**(651,131)**	**(323,322)**	**(46,352)**	**-**	**(2,003,601)**
Disposals	12,331	-	6,716	20,753	30,952	1,083	-	71,835
Exchange rate gains (losses)	(419)	(16,804)	(826)	(6,352)	-	(212)	-	(24,613)
Increase	(3,346)	(85,551)	(9,691)	(69,805)	(17,448)	(2,606)	-	(188,447)
Impairment losses	(350)	(2,209)	(94)	(1,598)	(1,423)	(42)	-	(5,716)
Decrease	1,201	45,229	6,653	41,654	32,035	546	-	127,318
Other movements	-	3,646	977	(2,854)	(851)	(9)	-	909
Balance at 31 December 2016	**(78,347)**	**(778,074)**	**(168,912)**	**(669,333)**	**(280,057)**	**(47,592)**	**-**	**(2,022,315)**
Disposals	-	421	27	940	-	160	-	1,548
Exchange rate gains (losses)	3,859	60,198	7,706	33,269	-	1,251	-	106,283
Increase	(2,561)	(90,229)	(9,322)	(69,429)	(16,561)	(2,505)	-	(190,607)
Impairment losses	(267)	(1,054)	(27)	(466)	776	(3)	-	(1,041)
Decrease	-	62,945	5,797	48,435	33,602	504	-	151,283
Other movements	(1)	(1,882)	(1,001)	(3,676)	6,738	621	-	799
Balance at 31 December 2017	**(77,317)**	**(747,675)**	**(165,732)**	**(660,260)**	**(255,502)**	**(47,564)**	**-**	**(1,954,050)**
Carrying amount								
Balance at 31 December 2016	**54,635**	**428,641**	**26,057**	**185,458**	**63,525**	**4,881**	**133,336**	**896,533**
Balance at 31 December 2017	**51,921**	**420,948**	**34,411**	**181,941**	**70,454**	**5,063**	**116,178**	**880,916**

Capital expenditure in 2017 amounted to € 246,383k, while the net carrying amount of disposals was € 2,136k. The disposals generated net gains of € 1,197k. The Directors' report on operations contains a more detailed analysis of capital expenditure.

"Acquisitions" and "Disposals", shown separately in the movements for 2016, refer to the acquisition of CMS and Stellar in the United States and the disposal of the Dutch railway station business, while "Disposals" in 2017 refer to the Polish operations. "Other movements" consists mainly of the reclassification upon completion of assets under construction. The significant impact of exchange differences on movements between the two years is due to the greater change in the average USD/€ exchange rate in 2017 with respect to 2016.

In addition to depreciation of € 190,607k, impairment testing of individual locations resulted in net impairment losses of € 1,041k, including the reversal of losses charged in previous years (up to historical amortized cost as of the reversal date) where the reasons for impairment no longer exist. Consistently with the method followed in the 2016 financial statements, impairment testing was based on the estimated future cash flows for each location (without incorporating any assumed efficiency gains), discounted at the average cost of capital, which reflects the cost of money and the specific business risk associated with each country.

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

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

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

	31.12.2017			31.12.2016		
(€k)	Gross amount	Accumulated depreciation and impairment losses	Carrying amount	Gross amount	Accumulated depreciation and impairment losses	Carrying amount
Land and buildings	5,536	(3,789)	1,747	5,536	(3,706)	1,830
Assets to be transferred free of charge	-	-	-	5,108	(3,541)	1,567
Industrial and commercial equipment	608	(445)	163	660	(455)	205
Total	**6,144**	**(4,234)**	**1,910**	**11,304**	**(7,702)**	**3,602**

The financial payable for leased goods amounts to € 4,492k and is included under "Other financial liabilities" (current) for € 292k (€ 551k at the end of 2016) and "Other financial liabilities" (non-current) for € 4,200k (€ 4,484k the previous year) (Notes XVII and XX). Future lease payments due after 31 December 2017 amount to € 6,904k (€ 7,773k at the end of 2016).

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

VIII. Goodwill

At 31 December 2017 goodwill amounted to € 795,928k, compared with € 869,318k the previous year. The cash-generating units (CGUs) were identified on the basis of business segment, following a geographical/operational logic, consistently with the minimum level at which goodwill is monitored for internal management purposes.

In consideration of the corporate reorganization completed at the end of 2017 (see Section 2.2.1 in the report to the financial statements of Autogrill S.p.A.) and the strongly integrated, centralized nature of operations in Italy, continental Europe and southern Europe, the European CGUs that were considered separately in 2016 (France, Switzerland, Belgium, Germany, Spain, Austria, Greece, Czech Republic, Poland and Slovenia) have been combined into a single CGU called "Other European countries". Italy, although it falls within the same European organizational structure, will continue to operate as a separate CGU given the size and distinctive characteristics of the motorway business under concession.

The carrying amounts of goodwill by CGU are therefore as follows:

(€k)	31.12.2017	31.12.2016	Change
North America	422,784	479,412	(56,628)
International	58,297	63,886	(5,589)
Europe			
Italy	83,631	83,631	-
Other European countries	231,216	242,389	(11,173)
Total	**795,928**	**869,318**	**(73,390)**

The decrease on the previous year is due to exchange differences only, with the exception of the aggregate CGU mentioned above.

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

Future cash flows have been estimated on the basis of the 2018 budget and forecasts for 2019-2022 (explicit forecast period), adjusted for compliance with IAS 36. Cash flows beyond 2022 have been projected by normalizing information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of each CGU's sector and country of operation (consistently with medium- to long-term inflation forecasts by the International Monetary Fund), and by using the perpetuity method to calculate terminal value.

Below are the main assumptions used for impairment testing. The discount rate has changed since the previous year, to reflect the different market conditions at 31 December 2017 and the risks of carrying out the plan:

	Forecast nominal growth rate "g"	Discount rate 2017	Discount rate 2016
North America	2.0%	6.0%	5.4%
International	2.4%	7.1%	5.9%
Italy	1.0%	6.9%	5.8%
Other European countries	1.4%	5.6%	4.4%

To estimate cash flows for the period 2018-2022, management has made several assumptions, most importantly of air and motorway traffic volumes, future sales, operating costs and capital expenditure.

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

- North America: average annual sales are expected to rise consistently with traffic growth in the airport channel (based on estimates by the Federal Aviation Administration). The renewal rate of existing contracts was estimated on the basis of historical trends. Operating costs are expected to go down as a share of revenue, thanks to higher sales and targeted efficiency measures.
- International: strong growth is suggested by traffic forecasts from Airport Council International and, where not available, by internal estimates. The assumed growth rate outpaces the average in Autogrill's markets, but is consistent with the past performance of these operations. The rise in sales more than offsets the cost of expanding operations and starting up new projects, under new and renewed contracts.
- Italy: based on internal projections, there should be a moderate increase in motorway traffic, in line with past performance. The selective strategy for future investments will reduce the sphere of operations, though only to a limited degree. Improved offerings and targeted efficiency measures will more than make up for this smaller scale.
- Other European countries: sales projections have been developed on the basis of motorway and airport traffic estimates that differ from country to country, based on forecasts provided by Airport Council International and, where not available, on internal forecasts. Operating costs are expected to go down as a share of revenue, thanks to targeted efficiency measures. The renewal rate of existing contracts was estimated on the basis of historical trends.

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

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

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

	Discount rate net of taxes	g
North America	15.9%	(24.7%)
International	23.0%	n.a.
Italy	8.2%	(0.8%)
Europe	8.3%	(2.4%)

This simulation makes it clear that on the basis of the currently expected trends in endogenous and exogenous variables, there is no risk of impairment.

Additional simulations included:
- a sensitivity analysis, considering specific risk factors inherent to plans in the different countries and CGUs, as well as changes in the discount rate and g rate;
- a comparison between the CGUs' value in use for 2017 and 2016 with gap analysis.

These steps also confirmed the reasonableness of the assumptions used to confirm the full recoverability of goodwill.

As required by IAS 36, due to a change in the configuration of CGUs, management also tested whether value in use is greater than book values using the previous configuration; here too, the recoverability of country-by-country goodwill was fully confirmed.

IX. Other intangible assets

The following tables show movements in "Other intangible assets" in 2017 and 2016.

(€k)	Concessions, licenses, trademarks and similar rights	Other	Assets under development and payments on account	Total
Gross carrying amount				
Balance at 1 January 2016	**143,593**	**75,635**	**5,713**	**224,941**
Acquisitions	28,294	-	-	28,294
Disposals	(2,969)	(265)	-	(3,234)
Exchange rate gains (losses)	3,339	(4)	-	3,335
Increase	5,056	1,576	6,179	12,811
Decrease	(3,106)	(23)	(102)	(3,231)
Other movements	(1,776)	5,298	(5,217)	(1,695)
Balance at 31 December 2016	**172,431**	**82,217**	**6,573**	**261,221**
Acquisitions	411	-	-	411
Disposals	(1,064)	(76)	-	(1,140)
Exchange rate gains (losses)	(8,894)	(10)	-	(8,904)
Increase	12,094	3,901	5,656	21,651
Decrease	(4,856)	(29)	-	(4,885)
Other movements	(5,130)	12,081	(6,170)	781
Balance at 31 December 2017	**164,993**	**98,084**	**6,059**	**269,136**
Amortization/Impairment losses				
Balance at 1 January 2016	**(105,089)**	**(62,975)**	**-**	**(168,064)**
Disposals	2,726	265	-	2,991
Exchange rate gains (losses)	(906)	-	-	(906)
Increase	(11,914)	(6,291)	-	(18,205)
Impairment losses	(427)	-	-	(427)
Decrease	3,094	23	-	3,117
Other movements	1,827	(265)	-	1,562
Balance at 31 December 2016	**(110,689)**	**(69,243)**	**-**	**(179,932)**
Disposals	690	29	-	719
Exchange rate gains (losses)	3,864	22	-	3,886
Increase	(13,727)	(8,328)	-	(22,055)
Impairment losses	(38)	-	-	(38)
Decrease	4,780	29	-	4,809
Other movements	1,778	(2,624)	-	(846)
Balance at 31 December 2017	**(113,342)**	**(80,115)**	**-**	**(193,457)**
Carrying amount				
31 December 2016	**61,742**	**12,974**	**6,573**	**81,289**
31 December 2017	**51,651**	**17,969**	**6,059**	**75,679**

Investments in 2017 came to € 21,651k, mostly for business software and concession rights, while amortization is equal to € 22,055k. As described above and pursuant to IFRS 3, "Acquisitions" in 2016 concern the difference between the amount paid and the fair value of the net assets taken in with the acquisition of CMS and Stellar Partners. "Disposals" in 2016 refer to the Dutch railway station business, and in 2017 to the Polish operations. "Other movements" consists mainly of the reclassification upon completion of assets under construction.

The significant impact of exchange differences on movements in 2017 with respect to 2016 is due to the greater change in the average USD/€ exchange rate in the year ended 31 December 2017.

Impairment testing of individual locations, carried out in conjunction with the property, plant and equipment testing mentioned in Note VII, led to net impairment losses of € 38k.

All "Other intangible assets" have finite useful lives.

X. Investments

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

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

For a full understanding of the topic, we report that using the equity method, a positive € 797k was recognized in the income statement under "Adjustments to the value of financial assets" and a negative € 242k for exchange losses was recorded in the statement of comprehensive income.

Investments at 31 December 2017 and 31 December 2016 are detailed below:

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

Name	Registered office	Countries	% held	Currency	31.12.2016 Revenues	Total assets	Total liabilities	Profit/(loss) for the year	Carrying amount
					Currency/000			€k	
Dewina Host Sdn. Bhd.	Kuala Lumpur	Malaysia	49%	MYR	28,276	11,648	2,358	(157)	962
HKSC Developments L.P.	Winnipeg	Canada	49%	CAD	10,010	9,946	7,057	1,181	999
HSCK Opco L.P.	Winnipeg	Canada	49%	CAD	68	119	1	20	41
Autogrill Middle East, LLC	Abu Dhabi	United Arab Emirates	50%	AED	26,823	41,770	26,713	180	1,411
Arab Host for Services, LLC	Doha	Qatar	49%	QAR	-	24,226	28,405	-	-
Caresquick N.V.	Antwerpen	Belgium	50%	EUR	7,364	2,805	789	(85)	1,008
Other								(281)	189
Total as of 31 December 2016								**859**	**4,610**

XI. Other financial assets

(€k)	31.12.2017	31.12.2016	Change
Interests-bearing sums with third parties	5,431	2,860	2,571
Guarantee deposits	15,420	7,811	7,609
Other financial receivables from third parties	12,493	7,654	4,839
Total	**33,344**	**18,325**	**15,019**

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

The increase of "Security deposits" is mainly due to amounts deposited in connection with newly won contracts, in particular in the International segment.

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

XII. Deferred tax assets and liabilities

At the end of 2017, "Deferred tax assets" not offsettable against deferred tax liabilities amounts to € 37,815k (€ 41,644k at 31 December 2016). Deferred tax liabilities, shown net of deferred tax assets available for offset, amount to € 28,517k (€ 34,342k the previous year).

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

(€k)	31.12.2017	31.12.2016
Deferred tax liabilities gross	75,449	97,754
Deferred tax assets available for offset	(46,931)	(63,413)
Deferred tax liabilities	**28,517**	**34,342**
Deferred tax assets non available for offset	**37,815**	**41,644**

The following tables show gross movements in deferred taxes in 2017 and 2016.

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

(€k)	31.12.2015	Recognised in profit and loss	Recognised in other comprehensive income	Exchange rate gains/(losses)	Consolidation perimeter change	31.12.2016
Deferred tax assets						
Property, plant and equipment and intangible assets	24,394	(2,379)	-	491	-	22,506
Trade receivables	6,462	(808)	-	151	-	5,805
Other assets	1,218	(804)	-	(69)	(42)	303
TFR and other employee benefit	40,073	1,331	(228)	1,118	(1,323)	40,971
Provision for risks and charges	2,483	(149)	-	(47)	(151)	2,135
Other liabilities	7,713	1,273	-	392	-	9,378
Carry-forward tax losses	20,604	3,610	-	(255)	-	23,959
Total	**102,947**	**2,074**	**(228)**	**1,781**	**(1,516)**	**105,057**
Deferred tax liabilities						
Property, plant and equipment and intangible assets	71,159	(172)	-	1,477	(3,530)	68,934
Other assets	18,813	2,912	-	735	-	22,460
Provision for risks and charges	331	-	-	(45)	-	287
TFR and other employee benefit	-	873	-	13	-	886
Other reserves and retained earnings	6,593	(3,724)	-	3	-	2,872
Other liabilities	1,995	266	-	54	-	2,315
Total	**98,892**	**155**	**-**	**2,238**	**(3,530)**	**97,754**

The decrease of the net deferred tax liabilities in 2017 is mainly due to the tax reform in the United States, which in reducing the corporate tax rate led to the redetermination of net deferred tax liabilities with a positive impact of € 13,034k recognized to income.

Tax losses existing at 31 December 2017 on which deferred tax assets have not been recognized, as business is not expected to be profitable enough to generate taxable income allowing their use, amount to € 191,647k. The corresponding unrecognized tax benefit would be € 46,753k.

XIII. Other receivables

Most of the other non-current receivables of € 10,072k (€ 11,063k at 31 December 2016) consist of rent paid in advance.

Current liabilities

XIV. Trade payables

Trade payables at 31 December 2017 came to € 351,168k. The decrease with respect to the previous year's balance of € 359,832k is due primarily to the timing of payments to suppliers and different strategies for the seasonal procurement of products.

XV. Tax liabilities

At 31 December 2017 tax liabilities amount to € 3,566k; these decreased by € 5,053k and refer to taxes accrued during the year net of offsettable credits. The income tax balance of the Italian companies participating in the domestic tax consolidation scheme of the ultimate parent, Edizione S.r.l., is recognized under "Other receivables" in current assets.

The non-current portion of € 4,916k refers to the income tax liability provided for by the U.S. subsidiary as a result of the tax reform.

XVI. Other payables

(€k)	31.12.2017	31.12.2016	Change
Personnel expense	140,228	150,176	(9,948)
Due to suppliers for additions of capital expenditure	75,048	91,644	(16,596)
Social security and defined contribution plans	44,543	42,521	2,022
Indirect taxes	32,544	29,892	2,652
Withholding taxes	13,805	12,775	1,030
Other	37,605	29,720	7,885
Total	**343,773**	**356,728**	**(12,955)**

The decrease in "Personnel expense" is mainly due to the payment of bonuses for 2016 and the outlays under Wave 1 and Wave 2 of the 2014 Phantom Stock Option Plan (see Section 2.2.12). For the years 2016 and 2017, this item includes the payables for Wave 3 of the 2014 Phantom Stock Option Plan, whose vesting period ended on 11 February 2018.

"Due to suppliers for additions of capital expenditure" went down mainly because of the different distribution of payments, which for the Group is typically concentrated in the fourth quarter of the year.

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

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

The heading “Other” includes amounts due to directors and statutory auditors as well as deferred promotional contributions from suppliers and accrued liabilities for insurance, utilities, and maintenance pertaining to the year.

XVII. Other financial liabilities

(€k)	31.12.2017	31.12.2016	Change
Accrued expense and deferred income for interest on loans	6,493	9,237	(2,744)
Lease payments due to others (note VII)	292	551	(259)
Fair value of exchange rate hedging derivatives	411	1,925	(1,514)
Other financial accrued expense and deferred income	6	3	3
Total	**7,202**	**11,716**	**(4,514)**

The main reason for the decrease in “Accrued expenses and deferred income for interest on loans” is the redemption of the $ 150m bond loan with half-yearly coupons of 5.73% p.a. that matured in May 2017.

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

Non-current liabilities

XVIII. Other payables

These amount to € 33,230k (€ 38,980k at 31 December 2016) and include mainly the liability to personnel for long-term incentives and for defined contribution plans.

XIX. Loans

(€k)	31.12.2017	31.12.2016	Change
Current account overdrafts	27,897	30,046	(2,149)
Unsecured bank loans (current)	190,434	78,000	112,434
Commissions on loans	(87)	-	(87)
Total current	**218,244**	**108,046**	**110,198**
Unsecured bank loans (non-current)	236,717	185,000	51,717
Commissions on loans	(1,275)	(3,011)	1,736
Total non-current	**235,442**	**181,989**	**53,453**
Total	**453,686**	**290,035**	**163,651**

The increase in this item reflects the use of a credit facility to redeem the $ 150m bond loan that matured in May 2017.

The breakdown of "Unsecured bank loans" at the close of 2017 and 2016 is presented below:

		31.12.2017		31.12.2016	
	Expiry	Amount (€k)	Drawdowns in €k *	Amount (€k)	Drawdowns in €k *
Revolving Facility Agreement - HMSHost Corporation **	March 2020	250,146	86,717	284,603	-
2013 Line		**250,146**	**86,717**	**284,603**	**-**
Term Amortizing Facility - Autogrill S.p.A. ***	March 2020			200,000	200,000
Revolving Facility - Autogrill S.p.A.	March 2020	400,000	160,000	400,000	45,000
2015 Syndicated lines		**400,000**	**160,000**	**600,000**	**245,000**
Term Loan Facility - Autogrill S.p.A. ****	August 2021	150,000	150,000	-	-
2017 lines		**150,000**	**150,000**	**-**	**-**
Total		**800,146**	**396,717**	**884,603**	**245,000**
of which current portion		***160,000***	***160,000***	***60,000***	***60,000***
Total lines of credit net of current portion		**640,146**	**236,717**	**824,603**	**185,000**

* Drawdowns in currency are measured based on exchange rates at 31 December 2017 and 31 December 2016
** Original line of $ 250m, increased to $ 300m as per term agreement. On March 2015 the loan maturity was extended from March 2016 to March 2020
*** In August 2017 the credit line was terminated early compared to the original deadline of March 2020
**** The credit line, expiring in August 2021, obtained in August 2017 and used to repay in advance the term amortizing credit line of € 200m

At 31 December 2017 the Group's committed credit facilities have been drawn down by about 50%.

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

In January 2018, Autogrill S.p.A. obtained two new credit facilities. The first is an Amortizing Term Loan of € 100m and a revolving credit line of € 200m, packaged into a single facility maturing in March 2023. The Amortizing Term Loan involves two annual payments of € 25m starting in January 2021, with reimbursement of the remaining € 50m on maturity. The second is a Revolving Facility of € 100m maturing in 2023. The two facilities were used in part to prepay, in February 2018, the partially drawn down revolving credit line of nominal € 400m that was due to mature in March 2020. The amount paid back (€ 160m) was classified as "Due to banks" at 31 December 2017.

The contract for the € 600m loan (made up of a € 400m revolving line and a € 200m amortizing term line) required Autogrill to maintain certain financial ratios: a Leverage Ratio (net debt/EBITDA) of 3.5 or less and an Interest Coverage Ratio (EBITDA/net financial expense) of at least 4.5. Those ratios were calculated on consolidated figures or aggregates thereof, and hence referred to the group as a whole. At 31 December 2017 all such covenants were satisfied.

The € 150m loan obtained in August 2017 sets the same parameters as the € 600m facility above. At 31 December 2017 all such covenants were satisfied. Forecasts for 2018 confirm that they will be met over the next 12 months.

The new loans totalling € 400m, obtained in January 2018, also involve the same set of covenants. Forecasts for 2018 confirm that they will be met over the next 12 months.

XX. Other financial liabilities

(€k)	31.12.2017	31.12.2016	Change
Lease payments due to others (note VII)	4,200	4,484	(284)
Fair value of interest rate hedging derivatives	533	752	(219)
Liabilities due to others	1,267	2,367	(1,100)
Total	**6,000**	**7,603**	**(1,603)**

"Fair value of interest rate hedging derivatives" includes the non-current portion of the fair value measurement of derivatives outstanding at 31 December 2017 and 31 December 2016, with a combined notional value of $ 100m. The current portion is included under "Other financial assets" (current) for € 536k (Note II).

"Liabilities due to others" refer mainly to financial payables to the non-controlling shareholders of certain subsidiaries.

XXI. Bonds

(€k)	31.12.2017	31.12.2016	Change
Bonds (current)	-	143,252	(143,252)
Commissions on bond issues	-	(75)	75
Total current	**-**	**143,177**	**(143,177)**
Bonds (non-current)	291,577	331,900	(40,323)
Commissions on bond issues	(1,164)	(1,519)	355
Total non-current	**290,413**	**330,381**	**(39,968)**
Total	**290,413**	**473,558**	**(183,145)**

"Bonds" refer to private placements issued by HMSHost Corporation:

- in January 2013 for a total of $ 150m, maturing in January 2023 and paying interest half-yearly at a fixed annual rate of 5.12%;
- in March 2013 for a total of $ 200m, paying interest half-yearly and split into tranches as summarized in the table below:

Nominal amount (m$)	Issue date	Annual fixed rate	Expiry
25	March 2013	4.75%	September 2020
40	March 2013	4.97%	September 2021
80	March 2013	5.40%	September 2024
55	March 2013	5.45%	September 2025

At 31 December 2017, "Bonds" as a whole amounted to € 290,413k, down from € 473,558k a year earlier. The change reflects the redemption at maturity (in May 2017) of the $ 150m bond issued in 2007, using available long-term credit facilities, and the depreciation of the US dollar.

Regarding the interest rate hedges of a notional $ 100m covering the bonds issued in 2013, a gain of € 148k ($ 167k) was recorded at 31 December 2017 and a loss of similar amount was recognized on the hedging instrument, for a substantially zero effect on the income statement (Note XXXIII).

The fair value of the bonds outstanding is measured using valuation techniques based on parameters other than price that can be observed in the open market. They can therefore be classified in level 2 of the fair value hierarchy (as defined by IFRS 7), with no change on the previous year.

The regulations for these bonds require the maintenance of certain financial ratios: a Leverage Ratio (gross debt/EBITDA) of 3.5 or less and Interest Coverage Ratio (EBITDA/net financial expense) of at least 4.5, calculated solely with respect to HMSHost Corporation and its subgroup. For the calculation of these ratios, gross debt, EBITDA and financial charges are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, they are not readily apparent from the financial statements. At 31 December 2017 these contractual requirements were satisfied. Forecasts for 2018 confirm that they will be met over the next 12 months.

XXII. Defined benefit plans

At 31 December 2017 this item amounts to € 80,110k (€ 90,835k at the close of the previous year).

The table below shows details of employee benefits recognized as defined benefit plans. The legal obligation for Italian post-employment benefits (*trattamento di fine rapporto* or "TFR") is € 47,314k, compared with € 51,903k determined on an actuarial basis.

(€k)	31.12.2017	31.12.2016	Change
Defined benefit plans:			
Post-employment benefit	51,903	56,508	(4,605)
Health insurance plans	236	345	(109)
Other defined benefit plans	27,971	33,982	(6,011)
Total	**80,110**	**90,835**	**(10,725)**

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

(€k)	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Present value of the funded plans	91,481	99,076	116,001	106,491	91,005
Fair value of the plan assets	(68,364)	(70,457)	(82,313)	(77,263)	(74,601)
	23,117	**28,619**	**33,688**	**29,228**	**16,404**
Present value of the unfunded plans	56,993	62,216	66,507	72,608	73,932
Net liabilities recognised	**80,110**	**90,835**	**100,195**	**101,836**	**90,336**

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

	Italy		Switzerland		Other plans	
	2017	2016	2017	2016	2017	2016
Discount rate	0.9%	0.9%	0.6%	0.7%	1%-2.8%	1%-2.9%
Inflation rate	1.5%	1.5%	1.0%	1.0%	1%-1.5%	1.5%-2%
Yield on assets	-	-	1.0%	1.0%	1.9%	-
Salary increase rate	-	-	1.0%	1.0%	1.0%-2.5%	1.0%-2.5%
Pension increase rate	2.6%	2.6%	-	-	-	-
Increase in healthcare costs	-	-	-	-	6.8%	7.0%

The 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)	2017	2016	Change
Current service costs	2,423	2,853	(430)
Past service costs	(1,214)	-	(1,214)
Net interest expense	692	1,150	(458)
Total	**1,901**	**4,003**	**(2,102)**

Interest expense is recognized under "Financial expense" net of interest income on plan assets, while the post-employment benefit cost is recognized under "Personnel expense".

Movements in the present value of post-employment benefit obligations are as follows:

(€k)	Italy	Switzerland	The Netherlands (discontinuing operations)	Other plans	Total
Present value of the obligation at 31 December 2015	**59,773**	**94,182**	**21,819**	**6,734**	**182,508**
Current service costs	-	2,068	-	785	2,853
Past service cost	-	-	-	-	-
Interest expense	797	754	466	177	2,194
Actuarial losses (gains) due to:					
– demographic assumptions	-	(2,147)	(199)	3	(2,343)
– financial assumptions	1,167	603	4,563	155	6,488
– experience adjustments	(452)	23	-	(310)	(739)
Employees' share of contributions	-	2,554	-	72	2,626
Benefit paid	(4,808)	(2,118)	(544)	(361)	(7,831)
Exchange rate losses/(gains)	-	869	-	10	879
Other *	31	-	-	1,893	1,924
Disposals	-	-	(26,105)	(1,162)	(27,267)
Present value of the obligation at 31 December 2016	**56,508**	**96,788**	**-**	**7,996**	**161,292**
Current service costs	-	1,704	-	719	2,423
Past service cost	327	-	-	(1,541)	(1,214)
Interest expense	461	597	-	137	1,195
Actuarial losses (gains) due to:					
– demographic assumptions	-	-	-	200	200
– financial assumptions	(44)	275	-	563	794
– experience adjustments	(76)	478	-	121	523
Employees' share of contributions	-	2,590	-	64	2,654
Benefit paid	(5,359)	(5,781)	-	(346)	(11,486)
Exchange rate losses/(gains)	-	(7,958)	-	(37)	(7,995)
Other	88	-	-	-	88
Present value of the obligation at 31 December 2017	**51,905**	**88,693**	**-**	**7,876**	**148,474**

* "Other" includes the balance at 1 January 2016 of the defined benefit plans in Belgium

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

(k€)	Italy	Switzerland	The Netherlands (discontinuing operations)	Other plans	Total
Fair value of the assets at 31 December 2015	**-**	**62,947**	**19,366**	**-**	**82,313**
Interest income	-	522	416	56	994
Estimated yield on plan assets, except interest income	-	526	3,712	-	4,238
Employees' share of contributions	-	2,554	-	72	2,626
Group's share of contributions	-	3,125	-	383	3,508
Benefits paid	-	(2,118)	(544)	(121)	(2,783)
Exchange rate gains/(losses)	-	633	-	-	633
Other*	-	-	-	1,878	1,878
Disposals	-	-	(22,950)	-	(22,950)
Fair value of the assets at 31 December 2016	**-**	**68,189**	**-**	**2,268**	**70,457**
Interest income	-	436	-	67	503
Estimated yield on plan assets, except interest income	-	2,924	-	(55)	2,869
Employees' share of contributions	-	2,590	-	64	2,654
Group's share of contributions	-	3,169	-	396	3,565
Benefits paid	-	(5,781)	-	(125)	(5,906)
Exchange rate gains/(losses)	-	(5,778)	-	-	(5,778)
Fair value of the assets at 31 December 2017	**-**	**65,749**	**-**	**2,615**	**68,364**

* "Other" includes the balance at 1 January 2016 of the defined benefit plans in Belgium

Due to a legislative change, on 1 January 2016 the defined contribution plans in Belgium were converted into defined benefit plans.

The amount shown for "Transfers" with respect to "Other plans" concerns the disposal of the French railway station business.

The main categories of plan assets are:

	Switzerland	Belgium
Cash and cash equivalents	6.3%	100%
Equity instruments	23%	0%
Bonds	40%	0%
Real estate	19%	0%
Other securities	12%	0%

Equity instruments and bonds have official market prices.

The impact on the benefit plan obligation deriving from reasonably possible variations in actuarial assumptions at the end of the year is quantified in the following table.

	Italy			Switzerland			Other plans		
(€k)	Increase	Decrease	Change	Increase	Decrease	Change	Increase	Decrease	Change
Discount rate	(930)	961	0.25%	(2,920)	3,102	0.25%	(588)	613	0.50%
Salary increase rate	-	-	-	463	n,d,	0.25%	-	-	-
Pension increase rate	-	-	-	-	-	-	-	-	-
Inflation rate	590	(581)	0.25%	-	-	-	118	(107)	0.25%

At the close of the year, the weighted average duration of the defined benefit obligation was 16.6 years, unchanged since 2016.

XXIII. Provisions for risks and charges

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

(€k)	31.12.2016	Other movements and exchange rate	Allocations	Reversals	Utilizations	31.12.2017
Provision for taxes	3,294	(428)	765	-	-	3,630
Other provisions	11,384	(2,412)	12,948	-	(9,163)	12,758
Provision for legal disputes	2,090	(234)	1,267	(75)	(1,194)	1,852
Total provisions for current risks and charges	**16,768**	**(3,074)**	**14,979**	**(75)**	**(10,357)**	**18,241**
Other provisions	30,341	(1,270)	1,240	(1,112)	(5,909)	23,290
Provision for legal disputes	2,376	(258)	830	(266)	(602)	2,081
Provision for the refurbishment of third party assets	7,348	(523)	312	(217)	(427)	6,493
Onerous contracts provision	2,858	(123)	-	(1,655)	(128)	952
Total provisions for non-current risks and charges	**42,922**	**(2,174)**	**2,382**	**(3,250)**	**(7,065)**	**32,815**

(€k)	31.12.2015	Other movements and exchange rate	Disposals	Allocations	Reversals	Utilizations	31.12.2016
Provision for taxes	2,642	110	-	542	-	-	3,294
Other provisions	13,228	(7,672)	-	15,335	-	(9,506)	11,384
Provision for legal disputes	3,384	41	-	1,009	(16)	(2,328)	2,090
Onerous contracts provision	2	-	-	-	(2)	-	-
Total provisions for current risks and charges	**19,256**	**(7,521)**	**-**	**16,886**	**(18)**	**(11,834)**	**16,768**
Provision for taxes	132	-	(36)	-	(38)	(59)	-
Other provisions	23,219	9,084	(178)	1,463	(444)	(2,803)	30,341
Provision for legal disputes	2,696	-	(160)	1,043	(174)	(1,030)	2,376
Provision for the refurbishment of third party assets	7,309	(15)	-	312	(104)	(155)	7,348
Onerous contracts provision	3,544	42	(65)	985	(990)	(659)	2,858
Total provisions for non-current risks and charges	**36,900**	**9,111**	**(438)**	**3,803**	**(1,749)**	**(4,705)**	**42,922**

Provision for taxes

The current portion relates primarily to disputes over US companies' direct and indirect tax obligations and reflect the advice of the Group's tax advisors.

Other provisions

These refer almost entirely to a United States "self-insurance" provision covering the deductibles on third-party liability contained in insurance plans, settled on an annual basis. In 2017, € 12,948k was allocated to this provision on the basis of track records and forecasts regarding accidents, while settlements for the period came to € 14,408k (including € 5,245k from the non-current portion).

Provision for legal disputes

This provision covers the risk of losing lawsuits brought against Group companies, and takes account of the opinions of the Group's legal advisors. Utilizations concern actual payments, in line with forecasts. Allocations for the period, net of amounts released due to changed estimates of existing risks, came to € 1,756k.

Provision for the refurbishment of third party assets

This represents the estimated liability for ensuring that leased assets are returned in the contractually agreed condition.

Onerous contracts provision

This refers to long-term leases or concession agreements on commercial units that are not profitable enough to cover the rent. It has been updated using profitability projections as of 31 December 2017.

XXIV. Equity

Movements in equity items during the year are detailed in the statement of changes in shareholders' equity.

Share capital

At 31 December 2017 the share capital of Autogrill S.p.A., fully subscribed and paid in, amounts to € 68,688k and consists of 254,400,000 ordinary shares.

At 31 December 2017 Schematrentaquattro S.p.A., wholly owned by Edizione S.r.l., held 50.1% of the share capital.

Legal reserve

The "Legal reserve" (€ 13,738k) is the portion of Autogrill S.p.A. profits that cannot be paid out as dividends, in accordance with art. 2430 of the Italian Civil Code.

Translation reserve

Translation differences are generated by the translation into euros of the foreign currency financial statements of companies consolidated on a line-by-line basis or using the equity method, net of the fair value of instruments designated as net investment hedges. Of the decrease, € 48,859k concerns exchange rate differences from the translation of financial statements in foreign currencies, € 242k the portion of comprehensive income for investments valued using the equity method (Note X), and € 337k the change in the fair value of instruments designated as net investment hedges, net of the tax effect.

Other reserves and retained earnings

These include the profits of subsidiaries not distributed as dividends and the amount set aside in connection with the recognized costs of the stock option plans.

Other reserves and retained earnings also include unrealized actuarial gains and losses (net of the tax effect) arising from the remeasurement defined benefit plan assets and liabilities.

The change in this item was caused mainly by the allocation to reserves of the 2016 profit on the basis of the shareholders' meeting resolution of 25 May 2017 and by the payment of € 40,675k in dividends.

Treasury shares

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

At 31 December 2017 the parent owned 181,641 treasury shares (365,212 at the end of 2016) with a carrying amount of € 720k and an average carrying amount of € 3.96 per share. In 2017, 183,571 treasury shares were sold to beneficiaries of the 2010 stock option plan who exercised their options.

Non-controlling interests

Non-controlling interests amount to € 45,371k, compared with € 43,997k at 31 December 2016. Most of the increase is due to the profit the year (€ 16,860k) and capital injections (€ 15,539k) made chiefly by the non-controlling shareholders of the US companies, net of dividends paid (€ 25,362k).

Other comprehensive income

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

(€k)	2017 Gross amount	2017 Tax benefit/ expense)	2017 Net amount	2016 Gross amount	2016 Tax benefit/ (expense)	2016 Net amount
Remeasurements of the defined benefit (liabilities)/ asset	1,352	(377)	975	832	(228)	604
Items that will never be reclassified to profit or loss	**1,352**	**(377)**	**975**	**832**	**(228)**	**604**
Equity-accounted investee - share of other comprehensive income	(242)	-	(242)	179	-	179
Foreign currency translation differences for foreign operations	(53,384)	-	(53,384)	16,954	-	16,954
Gain/(loss) on net investment hedge	(449)	112	(337)	(187)	44	(143)
Items that may be subsequently reclassified to profit or loss	**(54,075)**	**112**	**(53,963)**	**16,946**	**44**	**16,990**
Total other comprehensive income	**(52,723)**	**(265)**	**(52,988)**	**17,778**	**(184)**	**17,594**

2.2.4 NOTES TO THE INCOME STATEMENT

XXV. Revenue

Revenue for 2017 was made up as follows:

(€k)	2017	2016	Change
Food & Beverage sales	4,594,625	4,519,075	75,550
Oil sales	395,969	421,914	(25,945)
Total	**4,990,594**	**4,940,989**	**49,605**

The change reflects higher business volumes, specifically in North America and in various countries covered by HMSHost International.

The sale of fuel takes place mainly at rest stops in Italy and Switzerland. The decrease for the year is mainly due to the lower quantities sold.

For details of the trend in revenue, see section 2.2.8 (Segment reporting) and the Directors' Report.

XXVI. Other operating income

(€k)	2017	2016	Change
Bonus from suppliers	43,943	43,587	356
Income from business leases	7,745	7,087	658
Affiliation fees	2,298	2,585	(287)
Gain on sales of property, plant and equipment	1,816	3,652	(1,836)
Other revenue	40,163	43,834	(3,671)
Total	**95,965**	**100,745**	**(4,780)**

"Other revenue" includes € 21,135k (€ 21,008k the previous year) in commissions from the sale of goods and services for which the Group acts as an agent (mostly telephone cards, fuel and lottery tickets). It also includes income from services, reimbursements from third parties and insurance payments.

XXVII. Raw materials, supplies and goods

(€k)	2017	2016	Change
Purchases	1,798,074	1,788,630	9,444
Change in inventories	(1,189)	20,821	(22,010)
Total	**1,796,885**	**1,809,451**	**(12,566)**

The variation of this item is mainly due to the growth of the revenue.

XXVIII. Personnel expense

(€k)	2017	2016	Change
Wages and social security contribution	1,369,096	1,352,894	16,202
Employee benefits	36,356	30,322	6,034
Other costs	114,324	112,532	1,792
Total	**1,519,776**	**1,495,748**	**24,028**

The increase in personnel expense reflects the expansion of business and, particularly in the United States, the rise in the average hourly cost.

“Other costs” include the portion of the stock option plans pertaining to the year and fees paid to the Board of Directors, as detailed in Section 2.2.12 below, as well as reorganization costs of € 3,910k (€ 5,252k the previous year).

The average headcount, expressed in terms of equivalent full-time employees, was 41,142 (39,423 in 2016).

XXIX. Leases, rentals, concessions and royalties

(€k)	2017	2016	Change
Leases, rentals and concessions	713,226	690,448	22,778
Royalties	114,975	113,085	1,890
Total	**828,201**	**803,533**	**24,668**

The increase in this item reflects the expansion of the Group’s operations.

XXX. Other operating expense

(€k)	2017	2016	Change
Utilities	89,119	91,685	(2,566)
Maintenance	77,986	81,398	(3,412)
Cleaning and disinfestations	54,008	49,560	4,448
Consulting and professional services	39,392	35,507	3,885
Commissions on credit card payments	54,369	50,170	4,199
Storage and transport	17,899	17,538	361
Advertising	13,738	13,642	96
Travel expenses	28,645	26,723	1,922
Telephone and postal charges	18,539	18,214	325
Insurance	5,700	5,191	509
Surveillance	3,256	3,340	(84)
Transport of valuables	4,739	4,716	23
Banking services	5,074	4,878	196
Sundry materials	37,883	38,568	(685)
Other services	37,888	37,627	261
Costs for materials and services	**488,235**	**478,757**	**9,478**
Impairment losses on receivables (Note V)	**2,170**	**2,322**	**(152)**
For taxes	495	373	122
For legal disputes	1,756	1,862	(106)
For onerous contracts	(1,655)	(7)	(1,648)
For other risks	13,075	16,354	(3,279)
Allocation to provisions for risks (Note XXIII)	**13,671**	**18,582**	**(4,911)**
Indirect and local taxes	**25,991**	**26,029**	**(38)**
Other operating expense	**12,640**	**10,404**	**2,236**
Total	**542,707**	**536,094**	**6,613**

The decrease in “Maintenance” was concentrated primarily in the United States.

Most of the change in “Commissions on credit card payments” results from the increased use of cards this year, especially in North America.

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

“Consulting services” were received primarily in Italy and the United States. The increase relates in part to the corporate reorganization costs.

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 other risks” refers mainly to the United States “self-insurance” provision covering the deductibles on third-party liability contained in insurance plans.

XXXI. Depreciation, amortization and impairment losses

In detail by type of assets:

(€k)	2017	2016	Change
Other intangible assets	22,055	18,178	3,877
Property, plant and equipment	174,046	169,285	4,761
Assets to be transferred free of charge	16,561	16,960	(399)
Total	**212,662**	**204,423**	**8,239**

Impairment losses (net of reversals) were recognized in the amount of € 1,079k (€ 6,143k in 2016), 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)	2017	2016	Change
Other intangible assets	38	427	(389)
Property, plant and equipment	1,817	4,293	(2,476)
Assets to be transferred free of charge	(776)	1,423	(2,199)
Total	**1,079**	**6,143**	**(5,064)**

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

XXXII. Capital gain from disposal of operating activities

In 2016 this included the gain of € 14,669k from the sale of the French railway station business in June of that year.

XXXIII. Financial income and expense

(€k)	2017	2016	Change
Interest income	918	764	154
Exchange rate income	58	-	58
Ineffective portion of hedging instruments	1	12	(11)
Other financial income	339	568	(229)
Total financial income	**1,316**	**1,344**	**(28)**

(€k)	2017	2016	Change
Interest expense	25,342	27,948	(2,606)
Discounting of long-term liabilities	997	1,384	(387)
Exchange rate losses	-	1,926	(1,926)
Interest differential on exchange rate hedges	704	357	347
Fees paid on loans and bonds	1,177	197	980
Other financial expense	406	1,091	(685)
Total financial expense	**28,626**	**32,904**	**(4,278)**
Total net financial expense	**(27,310)**	**(31,560)**	**4,250**

The decrease in net financial expense reflects lower exchange losses with respect to 2016 and a reduction in the average cost of debt, from 4.0% in 2016 to 3.8% in 2017.

XXXIV. Income tax

The balance of € 45,700k (€ 54,551k in 2016) includes € 44,605k in current taxes (€ 52,965k the previous year) and € 169k in net deferred tax assets (€ 1,796k in 2016).

Current taxes include the net benefit of the US tax reform, whose guiding principle is a reduction in the corporate tax rate. That benefit amounts to € 7,361k for 2017 and is determined as follows:

- a benefit of € 13,034 for the release of deferred tax provisions set aside in previous years for depreciation, and
- a cost of € 5,673k for the one-time tax on income produced outside the United States by the subsidiaries of HMSHost Corp. since 1986.

IRAP, which is charged on Italian operations and whose basis is essentially EBIT plus personnel expense for fixed-term labor, came to € 168k in 2017 (€ 1,848k the previous year). CVAE, charged on French operations and calculated on the basis of revenue and value added, amounted to € 1,096k (€ 1,534k in 2016).

During the year, Autogrill S.p.A. was audited by the Italian tax authorities for direct and indirect taxes relating to 2012 and 2013. The tax assessment has been concluded between the end of 2017 and the beginning of 2018; the outcome was positive and required only the payment of risible considerations.

Below it is reported 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.

(€k)	2017	%	2016	%
Theoretical income tax	**63,827**	**40.2%**	**67,444**	**39.6%**
Reduced tax due to the direct taxation of minority partners in fully consolidated US joint ventures	(6,441)		(6,024)	
Net effect of unrecognised tax losses, of utilization of unrecognised prior-year tax losses and the revision of estimates on the taxability/deductibility of temporary differences	2,176		2,206	
Adjustment rate of income tax for Italian companies (IRES)	-		-	
Benefit of the US tax reform	(7,361)		-	
Tax concessions on the labour cost in the United States	(7,380)		(7,545)	
Gain on operating activity disposal no-taxable	-		(4,889)	
Permanent differences	(385)		(23)	
Income tax, excluding IRAP and CVAE	**44,436**	**28.0%**	**51,169**	**30.0%**
IRAP and CVAE	1,264		3,382	
Recognised income tax	**45,700**	**28.8%**	**54,551**	**32.0%**

XXXV. Profit/loss from discontinued operations

The loss of € 1,237k in 2017 refers to the net result of the Dutch operations sold in November of that year.

XXXVI. Basic and diluted earnings per share

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

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

Below it is reported the calculation of basic and diluted earnings per share:

	2017	2016
Profit/(loss) for the period attributable to owners of the parent (€k)	96,176	98,228
Weighted average no. of outstanding shares (no./000)	254,138	254,035
Basic earning per share (€/cent.)	**37.8**	**38.7**

	2017	2016
Profit/(loss) for the period attributable to owners of the parent (€k)	96,176	98,228
Weighted average no. of outstanding shares (no./000)	254,138	254,035
Dilution effect of shares included in stock option plans (no./000)	(0)	83
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	254,138	254,118
Diluted earning per share (€/cent.)	**37.8**	**38.7**

2.2.5 NET FINANCIAL POSITION

Details of the net financial position at 31 December 2017 and 31 December 2016 are as follows:

Note	(€m)		31.12.2017	31.12.2016	Change
I	A)	Cash on hand	45.5	50.8	(5.3)
I	B)	Cash equivalents	124.1	107.9	16.1
	C)	Securities held for trading	-	-	-
	D)	**Cash and cash equivalent (A + B + C)**	**169.6**	**158.8**	**10.8**
II	**E)**	**Current financial assets**	**31.2**	**38.6**	**(7.3)**
XIX	F)	Bank loans and borrowings, current	(218.2)	(108.0)	(110.2)
XXI	G)	Bond issued	(0.0)	(143.2)	143.2
XVII	H)	Other financial liabilities	(7.2)	(11.7)	4.5
	I)	**Current financial indebtedness (F + G + H)**	**(225.4)**	**(262.9)**	**37.5**
	J)	**Net current financial indebtedness (I + E + D)**	**(24.6)**	**(65.6)**	**41.0**
XIX	K)	Bank loans and borrowings, net of current portion	(235.4)	(182.0)	(53.5)
XXI	L)	Bond issued	(290.4)	(330.4)	40.0
XX	M)	Due to others	(6.0)	(7.6)	1.6
	N)	**Non-current financial indebtedness (K + L + M)**	**(531.9)**	**(520.0)**	**(11.9)**
	O)	**Net financial indebtedness (J + N) ***	**(556.5)**	**(585.6)**	**29.1**
XI	**P)**	**Non-current financial assets**	**12.5**	**7.7**	**4.8**
		Net financial position - total	**(544.0)**	**(578.0)**	**33.9**

* As defined by CONSOB Communication 28 luglio 2006 and ESMA/2011/81 Recommendations

For further commentary, see the notes indicated for each item. Most of the decrease reflects the depreciation of the US dollar, in which a significant portion of non-current debt is denominated.

At the close of this and the previous year, there were financial assets due from related parties; see Section 2.2.12 ("Other information") for details.

Reconciliation of liabilities arising from financing activities

As required by IAS 7 (§44A), the following table reconciles changes in liabilities arising from financing activities, distinguishing between those arising from cash flows and other non-monetary changes.

			Non monetary variations			
(€m)	Balances as of 01.01.2017	Cash flow [3]	Exchange rate gains (losses) [4]	Other variations [6]	Total variations	Balances as of 31.12.2017
Bank loans and borrowings [1][2]	261.2	170.8	(7.0)	1.4	(5.6)	426.3
Bond issued [1]	481.6	(132.8)	(50.5)	(2.0)	(52.5)	296.4
Other financial liabilities [1]	10.1	(1.4)	(0.5)	(1.5)	(2.0)	6.7
Other financial assets [5]	(44.3)	(0.5)	4.8	(1.2)	3.6	(41.2)
Total	**708.5**	**36.1**	**(53.1)**	**(3.3)**	**(56.5)**	**688.2**

(1) The balances as of 31 December 2017 of "Other financial liabilities" include the items listed in the Note XX for € 6m (€ 7.6m as of 1 January 2017) and in the Note XVII for € 7.2m (€ 11.7m as of 1 January 2017) net of accrued expense and deferred income for interest on loans, totally amounting € 6.5m (€ 9.2m as of 1 January 2017) and reclassified among "Bank loans and borrowings" for € 0.5m (€ 1.1m as of 1 January 2017) and "Bonds" for € 6m (€ 8.1m as of 1 January 2017)
(2) The amounts as of 31 December 2017 of "Bank loans and borrowings" include the items listed in the Note XIX, net of current account overdraft amounting € 27.9m (€ 30m as of 1 January 2017)
(3) Cash flows from the statement of cash flows of cash and cash equivalents
(4) The change is mainly due to the currency translation difference on HMSHost Corp bond in US Dollars
(5) The balances as of 31 December 2017 of "Other financial assets" include the items listed in the Note II for € 31.2m (€ 38.6m as of 1 January 2017) and in the Note XI for € 33.3m (€ 18.3m as of 1 January 2017) net of bearing escrow accounts for € 20.8m (€ 10.7m as of 1 January 2017) and fair value of hedging derivative instruments for € 2.5m (€ 1.9m as of 1 January 2017)
(6) The column "Other movements" includes the provision for accrued interest for the year

2.2.6 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

2.2.6.1 FAIR VALUE HIERARCHY

The following tables break down assets and liabilities by category at 31 December 2017 and 2016 and financial instruments measured at fair value by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities either directly (prices) or indirectly (derived from prices);

Level 3 – inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

	31.12.2017								
	Carrying amount					Fair value			
(k€)	Fair value - hedging instruments	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Fair value of interest rate hedging derivatives	536	-	-	-	536	-	536	-	536
Fair value of exchange rate hedging derivatives	1,855	-	-	-	1,855	-	1,855	-	1,855
	2,391	**-**	**-**	**-**	**2,391**				
Financial assets not measured at fair value									
Cash and cash equivalent	-	169,590	-	-	169,590	-	-	-	-
Trade receivables	-	48,972	-	-	48,972	-	-	-	-
Other current receivables	-	67,262	-	-	67,262	-	-	-	-
Other non current receivables	-	10,072	-	-	10,072	-	-	-	-
Other financial assets (current)	-	28,822	-	-	28,822	-	-	-	-
Other financial assets (non-current)	-	33,344	-	-	33,344	-	-	-	-
	-	**358,061**	**-**	**-**	**358,061**				
Financial liabilities measured at fair value									
Fair value of interest rate hedging derivatives	533	-	-	-	533	-	533	-	533
Fair value of exchange rate hedging derivatives	411	-	-	-	411	-	411	-	411
	944	**-**	**-**	**-**	**944**				
Financial liabilities not measured at fair value									
Bank overdrafts	-	-	-	27,897	27,897	-	-	-	-
Unsecured bank loans *	-	-	-	425,789	425,789	-	310,417	-	310,417
Finance leases	-	-	-	4,492	4,492	-	-	-	-
Financial liabilities due to others	-	-	-	1,267	1,267	-	-	-	-
Bonds	-	-	-	290,413	290,413	-	304,799	-	304,799
Trade payables	-	-	-	351,168	351,168	-	-	-	-
Due to suppliers for investments	-	-	-	75,048	75,048	-	-	-	-
Total	**-**	**-**	**-**	**1,176,074**	**1,176,074**				

* Fair value refers to Autogrill S.p.A. credit lines, drawndown for € 310,000k at 31 December 2017

(€k)	Carrying amount: Fair value - hedging instruments	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
	31.12.2016								
Financial assets measured at fair value									
Fair value of interest rate hedging derivatives	1,018	-	-	-	1,018	-	1,018	-	1,018
Fair value of exchange rate hedging derivatives	678	-	-	-	678	-	678	-	678
	1,696	**-**	**-**	**-**	**1,696**				
Financial assets not measured at fair value									
Cash and cash equivalent	-	158,744	-	-	158,744	-	-	-	-
Trade receivables	-	58,105	-	-	58,105	-	-	-	-
Other current receivables	-	57,711	-	-	57,711	-	-	-	-
Other non current receivables	-	11,063	-	-	11,063	-	-	-	-
Other financial assets (current)	-	36,867	-	-	36,867	-	-	-	-
Other financial assets (non-current)	-	18,325	-	-	18,325	-	-	-	-
	-	**340,815**	**-**	**-**	**340,815**				
Financial liabilities measured at fair value									
Fair value of interest rate hedging derivatives	752	-	-	-	752	-	752	-	752
Fair value of exchange rate hedging derivatives	1,925	-	-	-	1,925	-	1,925	-	1,925
	2,677	**-**	**-**	**-**	**2,677**				
Financial liabilities not measured at fair value									
Bank overdrafts	-	-	-	30,046	30,046	-	-	-	-
Unsecured bank loans *	-	-	-	259,989	259,989	-	243,336	-	243,336
Finance leases	-	-	-	5,035	5,035	-	-	-	-
Financial liabilities due to others	-	-	-	2,367	2,367	-	-	-	-
Bonds	-	-	-	473,558	473,558	-	486,315	-	486,315
Trade payables	-	-	-	359,832	359,832	-	-	-	-
Due to suppliers for investments	-	-	-	91,644	91,644	-	-	-	-
Total	**-**	**-**	**-**	**1,222,471**	**1,222,471**				

* Fair value refers to Autogrill S.p.A. credit lines, drawndown for € 245,000k at 31 December 2016

Information on the fair value of assets and liabilities is not included when the carrying amount is a reasonable approximation of fair value.

In 2017 there were no transfers between different hierarchical levels.

(a) Level 1 financial instruments
The fair value of a financial instrument traded in an active market is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price.

(b) Level 2 financial instruments
The fair value of financial instruments not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity specific

estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For level 2, the specific valuation techniques are as follows:
- the fair value of interest rate swaps has been estimated considering the present value of future cash flows based on observable yield curves. This fair value takes into account the credit risk of the counterparty determined based on observable market data. It also takes into account the credit risk of the Group, calculated on the basis of credit and other financial ratios and benchmarking. The adjustments to the aforementioned risks are considered not significant at 31 December 2017;
- the fair value of loans and bonds was estimated by discounting future cash flows at a risk-free market interest rate gross of a spread determined on the basis of the Group's credit risk, financial ratios and benchmarking.

2.2.6.2 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks:
- market risk;
- credit risk;
- liquidity risk.

The overall responsibility for the creation and supervision of a Group risk management system lies with Autogrill S.p.A.'s Board of Directors, which has formed a sub-committee for Control, Risk and Corporate Governance. The sub-committee is responsible for looking into matters concerning Autogrill's control and risk management system and helping the Board of Directors reach informed decisions on these issues.

The Group's risk management policies are designed to identify and analyze the risks to which the Group is exposed, establish appropriate limits and controls, and monitor the risks and compliance with those limits. These policies and the corresponding systems are revised regularly to reflect any changes in market conditions and the Group's operations. Through training, standards and official procedures, the Group aims to create a disciplined and constructive environment in which its employees are aware of their roles and responsibilities. The Internal Audit unit complements the sub-committee for Control, Risk and Corporate Governance in its monitoring activities, conducting periodic reviews and spot checks of the controls and risk management procedures and reporting results to the Board of Directors.

This section describes the Group's exposure to each of the risks listed above, its risk objectives and policies, and its means of managing and assessing these risks.

Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument may fluctuate due to changes in exchange rates, interest rates or equity instrument prices. The aim of market risk management is to monitor these risks and keep them within acceptable levels, along with their potential impact on the Group's results and financial position.

Autogrill's financial policy places a strong emphasis on the management and control of market risk, in particular with respect to interest rates and exchange rates, given the extent of the Group's borrowings and its international profile.

Interest rate risk

The aim of interest rate risk management is to control financial expense and its volatility. This entails, through a mix of fixed- and floating-rate liabilities, the predetermination of a portion of financial expense out to a time horizon in keeping with the structure of debt, which in turn must be in line with capital structure and future cash flows. Where it is not possible to obtain the desired risk profile in the capital markets or through banks, it is achieved by using derivatives of amounts and maturities in line with those of the liabilities to which they refer. The derivatives used are mainly interest rate swaps (IRS).

Hedging instruments are allocated to companies with significant exposure to interest rate risk, through debt charging a floating rate (thus exposing the Group to higher finance costs if interest rates rise) or a fixed rate (which means that lower or higher interest rates do not bring about a reduction or an increase in the amount payable).

Interest rate hedging instruments are accounted for as cash flow hedges in the financial statements of Group companies exposed to this risk. They are recognized under financial assets or liabilities, on a separate line of the statement of comprehensive income, and in the "Hedging reserve" in net equity.

Financial instruments hedging the risk of changes in the fair value of liabilities are accounted for as fair value hedges in the financial statements of Group companies exposed to this risk, and recognized as financial assets or liabilities with a balancing entry in the income statement.

At 31 December 2017, fixed-rate debt, including debt converted to fixed-rate by means of interest rate swaps, was 38% of the total compared with 62% at the end of 2016.

Gross debt denominated in US Dollars amounted to $ 519.6m at the close of the year, including $ 348.3m in bond loans. Part of the interest rate risk is hedged by fixed-to-floating interest rate swaps for $ 100m, classified as fair value hedges.

Below are the details of financial instruments used to hedge fixed-rate debt of $ 100m at the close of the year:

Underlying	Notional amount		Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Bond issue	$k	25,000	January 2023	2.24%	USD Libor 6 months	(62)
Bond issue	$k	45,000	September 2024	2.38%	USD Libor 6 months	13
Bond issue	$k	30,000	September 2025	2.44%	USD Libor 6 months	52

A hypothetical 1-point unfavorable change in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at 31 December 2017 would increase net financial expense by € 2,221k.

Exchange rate risk

The Group operates in various countries with functional currencies other than the euro. In these countries, the procurement policy dictates that raw material purchases and other operating expense be conducted in the same currencies, thereby minimizing exchange rate risk. Such a risk remains with respect to intragroup loans, when granted to subsidiaries that use non-euro currencies. Under these circumstances, the objective of currency risk management is to neutralize some of this risk in respect of payables and receivables in foreign currency arising from lending transactions in currencies other than the euro.

The Group's exposure to currency translation risk is detailed below, in local currency:

(Local currency/000)	Usd	Cad	Chf
Equity	293,562	74,318	30,330
Profit	107,327	8,524	5,490

If the euro had risen or fallen by 10% against the above currencies, at 31 December 2017 equity and profit for the year would have been altered as shown in the following table (in thousands of euros):

	Usd 1.1993		Cad 1.4188		Chf 1.1702	
(€k)	+10%	-10%	+10%	-10%	+10%	-10%
Equity	(22,253)	27,198	(4,492)	5,491	(2,356)	2,880
Profit	(8,637)	10,556	(529)	647	(449)	549

This analysis was based on the assumption that the other variables, especially interest rates, remain unchanged.

Hedging instruments are allocated to companies with significant exposure to currency risk in terms of translation risk (i.e., the risk attending conversion into euros in the parent company's or its subsidiaries' accounts of equity investments denominated in foreign currency) or financial assets or liabilities in a currency other than the reporting currency. These transactions are recognized at fair value under financial assets or liabilities.

Fluctuations in the fair value of hedges of foreign currency financial assets or liabilities are taken to profit or loss, as is the corresponding change in the amount of the hedged assets and liabilities.

The fair value of exchange rate hedges outstanding at 31 December 2017 is shown below:

Notional amount (currency/000)		Expiry	Forward rate	Fair value (€k)
Chf	14,000	January 2018	1.1648	(51)
Usd	35,000	January 2018	1.18490	324
Usd	20,000	January 2018	1.18520	181
Usd	20,000	January 2018	1.18530	179
Usd	20,000	January 2018	1.18530	179
Czk	12,500	January 2018	25.48	1
Sek	65,700	January 2018	9.5155	(283)
Gbp	15,000	January 2018	0.8825	(38)
Usd	2,200	January 2018	1.2003	(13)
Usd	1,200	January 2018	1.1626	(25)
Cad	8,650	January 2018	1.4579	293
Nok	20,000	January 2018	9.4220	97
Nok	12,000	January 2018	9.3485	68
Usd	500	January 2018	1.1819	4
Cad	13,850	January 2018	1.4584	476
Usd	6,812	January 2018	1.1813	51
Usd	1,000	January 2018	1.1965	3

Credit risk

Credit risk is the risk that a customer or a financial instrument counterparty may cause a financial loss by defaulting on an obligation. It arises principally in relation to the Group's trade receivables and financial investments.

The carrying amount of the financial assets is the Group's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties, as detailed in Section 2.2.12.

Exposure at 31 December 2017 and 31 December 2016 was as follows:

Financial assets (€k)	31.12.2017	31.12.2016	Change
Bank and post office deposits	124,053	107,914	16,139
Other current financial assets	28,822	36,867	(8,045)
Trade receivables	48,972	58,105	(9,133)
Other current receivables	67,261	57,711	9,550
Derivative instruments	2,392	1,696	696
Other non-current financial assets	33,344	18,325	15,019
Other non-current receivables	10,072	11,063	(991)
Total	**314,916**	**291,681**	**23,235**

Exposure to credit risk is modest because the Group serves consumers who pay in cash or by credit/debit card; this means that trade receivables and thus the relative degree of risk is of limited significance in relation to total financial assets.

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

Other receivables (current and non-current) consist mainly of amounts due from Inland Revenue and other government agencies, fees paid in advance, and advances for services or commercial investments made on behalf of concession grantors, for which the degree of credit risk is low.

Financial assets are recognized net of impairment losses calculated on the basis of the counterparty's risk of default. Impairment is determined according to local procedures, which may require impairment of individual positions, if material, where there is evidence of an objective condition of uncollectability of part or all of the amount due, or generic impairment calculated on the basis of historical and statistical data.

	31.12.2017					
		Expired not impaired				
Trade receivables (€k)	Not expired	1-3 months	3-6 months	6 months-1 year	Over 1 year	Total
Airlines	4,023	1,094	235	35	-	**5,387**
Franchises	3,594	2,060	246	1,101	1,724	**8,725**
Catering services agreements	3,518	3,124	694	-	-	**7,336**
Motorway partners	1,306	1,564	447	846	3,628	**7,787**
Other	12,870	5,422	812	637	1,531	**19,737**
Total	**25,311**	**13,264**	**2,434**	**2,619**	**6,883**	**48,972**

	31.12.2016					
		Expired not impaired				
Trade receivables (€k)	Not expired	1-3 months	3-6 months	6 months-1 year	Over 1 year	Total
Airlines	6,301	770	177	-	-	**7,248**
Franchises	1,910	69	-	2,448	21	**4,448**
Catering services agreements	5,985	2,427	206	329	177	**9,124**
Motorway partners	2,544	2,144	24	1,065	3,792	**9,539**
Other	14,966	8,202	2,881	700	1,451	**27,746**
Total	**31,706**	**13,612**	**3,288**	**4,542**	**5,441**	**58,105**

There is no significant concentration of credit risk: the top 10 customers account for 25.11% of total trade receivables, and the largest customer (Fiera Milano S.p.A.) for 3.43%.

Liquidity risk

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

The Group manages liquidity by ensuring that to the extent possible, it always has sufficient funds to meet its obligations on time, without incurring excessive charges or risking damage to its reputation.

The elements that make up the Group's liquidity are the resources generated or absorbed by operating and investing activities, the characteristics of its debt, the liquidity of its financial investments, and financial market conditions.

Exposure and maturity data at the close of 2017 and 2016 were as follows:

		31.12.2017						
		Contractual cash flows						
Non-derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Current account overdrafts	27,897	**27,897**	27,897	-	-	-	-	-
Unsecured bank loans	427,151	**427,151**	190,434	-	-	-	236,717	-
Lease payments due to others	4,492	**4,492**	72	73	148	271	706	3,222
Liabilities due to others	1,267	**1,267**	-	-	-	970	297	-
Bonds	291,577	**291,577**	-	-	-	-	54,198	237,378
Trade payables	351,168	**351,168**	349,756	1,404	4	4	-	-
Due to suppliers for investments	75,048	**75,048**	74,934	108	-	-	-	6
Total	**1,178,600**	**1,178,600**	**643,093**	**1,585**	**151**	**1,245**	**291,919**	**240,607**

		31.12.2017						
		Contractual cash flows						
Derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Forward foreign exchange derivatives	411	**411**	411	-	-	-	-	-
Interest rate swap	533	**533**	-	-	-	-	-	533
Total	**944**	**944**	**411**	**-**	**-**	**-**	**-**	**533**

Non-derivative financial liabilities (€k)	Carrying amount	31.12.2016 Contractual cash flows Total	1-3 months	3-6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Current account overdrafts	30,046	**30,046**	30,046	-	-	-	-	-
Unsecured bank loans	263,000	**263,000**	18,000	30,000	30,000	60,000	125,000	-
Lease payments due to others	5,035	**5,035**	411	46	93	285	728	3,472
Liabilities due to others	2,367	**2,367**	2,043	-	-	-	324	-
Bonds	475,152	**475,152**	-	143,252	-	-	61,664	270,236
Trade payables	359,832	**359,832**	357,825	1,780	216	7	4	-
Due to suppliers for investments	91,644	**91,644**	91,507	131	-	-	-	6
Total	**1,227,076**	**1,227,076**	**499,832**	**175,209**	**30,309**	**60,292**	**187,720**	**273,714**

Non-derivative financial liabilities (€k)	Carrying amount	31.12.2016 Contractual cash flows Total	1-3 months	3-6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Forward foreign exchange derivatives	1,925	1,925	1,925	-	-	-	-	-
Interest rate swap	752	752	-	-	-	-	-	752
Total	**2,677**	**2,677**	**1,925**	**-**	**-**	**-**	**-**	**752**

With regard to exposure to trade payables, there is no significant concentration of suppliers, of which the largest 10 account for 21.77% of the total and the leading supplier (Autostrade per l'Italia S.p.A.) for 7.57%.

The bond regulations call for compliance with certain financial ratios, calculated solely with respect to the companies headed up by HMSHost Corporation. They are not guaranteed by Autogrill S.p.A. There are also limits on the distribution of dividends by HMSHost Corporation to the parent, Autogrill S.p.A., if the Leverage Ratio of the HMSHost subgroup exceeds a certain amount.

The loan contracts (Note XIX) and bonds (Note XXI) outstanding at 31 December 2017 require the satisfaction of certain financial ratios, specifically, the Leverage Ratio (net debt/EBITDA) and Interest Coverage Ratio (EBITDA/net financial expense). These are measured with different criteria and for different groupings of companies depending on the loan and the beneficiary. In particular, Autogrill S.p.A. has outstanding loans for which the above ratios are calculated on figures pertaining to the Autogrill Group as a whole.

At 31 December 2017 all such covenants were satisfied. As for the new credit lines detailed in the "Loans" section (Note XIX), forecasts for 2018 confirm that their covenants will also be met over the next 12 months.

The weighted average term of bank loans and bonds at 31 December 2017, including unutilized credit lines, is approximately three years and three months (three years and six months at the end of 2016).

2.2.7 DISCLOSURE OF NON-CONTROLLING INTERESTS

Non-controlling interests refer mainly to investments in US subsidiaries held by accredited Disadvantaged Business Enterprises (DBE), whose participation in the operation of concessions is regulated by state and federal law. The Group maintains control of these companies and is principally responsible for the concession fees due to the grantor.

At 31 December 2017, these companies had net assets of $ 167m ($ 129.6m at 31 December 2016); for the year they generated revenue of $ 796.5m ($ 696.7m in 2016) and net profit of $ 74.7m ($ 71.1m the previous year). The non-controlling interests in shareholders' equity amount to $ 37.8m ($ 30m at 31 December 2016) and in net profit to $ 16.2m ($ 14.3m the previous year).

2.2.8 SEGMENT REPORTING

The Group operates in the food & beverage industry, mainly at airports, motorway rest stops and railway stations, serving a local and international clientele. The business is conducted in Europe by Autogrill S.p.A. (directly in Italy and through subsidiaries in other European countries), and in North America, Scandinavia, the Middle East and Asia by HMSHost Corporation and its subsidiaries. The Group serves its own proprietary brands as well as third-party brands under license. The operational levers are typically assigned to local organizations and coordinated, at the European level, by central facilities.

Performance is monitored separately for each business unit: Europe, North America, and International (the latter covering Northern Europe, Middle East and Asia). Since previous reports, the areas "Italy" and "Other European countries" have been merged to reflect the Group's organizational and managerial structure. The area also includes costs for European Support.

Costs are shown separately for "Corporate" functions, which include the centralized units in charge of administration, finance and control, investor relations, strategic planning, legal and corporate affairs, enterprise risk management, communications, human resources and organization for the Group as a whole.

Key information on operating segments is presented below. The accounting policies used for segment reporting are the same as those applicable to the consolidated financial statements.

Profit & Loss (€k)	North America	International	Europe	Corporate	Consolidated
	2017				
Total revenue and other operating income	**2,402,233**	**514,523**	**2,169,443**	**360**	**5,086,559**
Depreciation, amortisation and impairment losses on property, plant, equipment and intangible assets	(113,897)	(26,963)	(72,735)	(146)	**(213,741)**
Operating profit/(loss)	**154,891**	**30,870**	**35,938**	**(36,450)**	**185,249**
Net financial expense					**(27,310)**
Income (expenses) from investments					**797**
Pre-tax profit					**158,736**
Income tax					**(45,700)**
Profit for the year					**113,036**

Net invested capital (€k)	North America	International	Europe	Corporate	Consolidated
	31.12.2017				
Goodwill	422,784	58,297	314,846	-	**795,928**
Other intangible assets	29,880	13,704	31,625	470	**75,679**
Property, plant and equipment	468,687	90,268	321,627	334	**880,916**
Financial assets	7,460	10,573	6,324	-	**24,357**
Non-current assets	**928,811**	**172,842**	**674,423**	**803**	**1,776,880**
Net working capital	**(250,454)**	**(55,994)**	**(167,557)**	**68,099**	**(405,906)**
Other non-current non financial assets and liabilities	**(66,393)**	**548**	**(60,297)**	**(5,559)**	**(131,702)**
Net invested capital	**611,964**	**117,396**	**446,568**	**63,343**	**1,239,272**

Profit & loss (€k)	North America	International	Europe	Corporate	Consolidated
	2016				
Total revenue and other operating income	**2,364,909**	**439,533**	**2,237,292**	**-**	**5,041,734**
Depreciation, amortisation and impairment losses on property, plant, equipment and intangible assets	(110,036)	(24,000)	(76,373)	(157)	**(210,566)**
Operating profit/(loss)	**156,456**	**27,027**	**45,034**	**(27,506)**	**201,011**
Net financial expense					**(31,560)**
Income (expenses) from investments					**859**
Pre-tax profit					**170,310**
Income tax					**(54,551)**
Profit for the year					**115,759**

Net invested capital (€k)	North America	International	Europe	Corporate	Consolidated
	31.12.2016				
Goodwill	479,412	63,886	326,019	-	**869,318**
Other intangible assets	38,426	10,847	31,609	407	**81,289**
Property, plant and equipment	515,164	77,939	303,196	233	**896,533**
Financial assets	6,829	2,999	5,455	-	**15,283**
Non-current assets	**1,039,831**	**155,671**	**666,279**	**640**	**1,862,423**
Net working capital	**(275,681)**	**(32,410)**	**(172,348)**	**37,944**	**(442,496)**
Other non-current non financial assets and liabilities	**(78,036)**	**(2,031)**	**(71,028)**	**(3,276)**	**(154,371)**
Net invested capital	**686,114**	**121,230**	**422,902**	**35,308**	**1,265,555**

Because the motorway operations in the Netherlands constituted a major line of business or geographical area for the Group as defined by IFRS 8, the disposal was subject to the rules of IFRS 5 – Non-current assets held for sale and discontinued operations.

As such, the results for that business for the first 10 months of 2016 were recognized under "Profit/loss from discontinued operations". The income statement published by the Autogrill Group for the first half of 2016 was restated accordingly.

Again with reference to comparative figures, the French railway station operations did not constitute a major line of business or geographical area pursuant to IFRS 8, so their disposal in the first half of 2016 was not subject to IFRS 5 – Non-current assets held for sale and discontinued operations. Net invested capital relating to the French railway station business amounted to € 14.6m on the disposal date, including € 12.7m in goodwill.

2.2.9 SEASONAL PATTERNS

The Group's volumes are closely related to the flow of travelers, which is highly seasonal in some businesses, and this in turn affects consolidated results. A breakdown of 2017 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.

	2017			
(€m)	First quarter	First half	First 9 months	Full year
Revenue	985.6	2,129.1	3,376.4	4,594.6
% of full year	*21.5%*	*46.3%*	*73.5%*	*100.0%*
Operating profit/(loss)	(10.9)	44.9	160.3	185.2
% of full year	*n.s.*	*24.2%*	*86.5%*	*100.0%*
Pre-tax profit/(loss)	(17.5)	32.3	142.2	158.7
% of full year	*n.s.*	*n,s,*	*89.6%*	*100.0%*
Profit/(loss) attributable to owners of the parent	(22.4)	6.0	81.8	96.2
% of full year	*n.s.*	*n,s,*	*85.0%*	*100.0%*

Notes:
- In order to compare data with the figures shown in the Report on operations, revenue does not include fuel sales made primarily in Swiss and Italian motorway service areas

The percentages shown are general indications only and should not be used to predict results or the generation of cash. Indeed, seasonal trends are further magnified by cash flows, with the first quarter usually seeing a concentration of annual payments (namely concession fees), both as settlement of amounts accrued in the previous year and as advances on the year in course.

2.2.10 GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

At 31 December 2017 the guarantees given by the Autogrill Group amounted to € 320,310k (€ 341,554k at the close of 2016) and referred to performance bonds and other personal guarantees issued in favor of grantors and business counterparties.

Commitments

Commitments outstanding at 31 December 2017, 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 (€ 134k);
- the value of the assets of leased businesses (€ 12,769k);
- the value of goods on consignment held at Group locations (€ 5,382k).

The Group has also agreed to minimum future payments under operating leases, as detailed in section 2.2.11.

Contingent liabilities

At 31 December 2017, there were no contingent liabilities as described in IAS 37.

2.2.11 OPERATING LEASES

The Group operates primarily through the following types of contract, concerning motorway rest stops, airports and railway stations, as well as high streets, shopping centers, trade fairs and cultural attractions.

Area concession

With these contracts, the infrastructure operator (motorway or airport) grants a concession to a specialized entity to arrange and provide food & beverage and/or fuel services, authorizing it (i) to build and install, on land owned by the grantor, buildings, plant, furnishings and fittings designed for the sale of food and drink, complementary products and groceries and/or for the distribution of fuel, and (ii) to carry on this business against payment of a fee based on turnover, with certain stipulations regarding the means and continuity of service provision during the business hours established by the grantor.

It frequently occurs that the subconcession for all the services of an entire motorway service area or airport terminal is assigned to a single entity, which then sub-assigns each individual service to a number of additional specialized firms.

Usually, on expiry of the contract, the assets built for the provision of motorway services must be transferred free of charge to the grantor, while this is almost never the case for airport terminals.

Access concession

An access concession exists when ownership of the land and buildings along the motorway is in the hands of a private firm (like Autogrill), which negotiates access rights with the motorway Company with the commitment to sell fuel and lubricants and/or food and beverages to motorway users. The firm accepts the obligation to pay rent to the motorway as well as certain stipulations regarding the way the services are to be provided and the hours of operation.

Business lease and commercial lease

Leasing a business or business branches allows an operator to use rights and/or buildings, equipment etc. organized to serve food and beverage products. In some cases the business consists of an authorization to operate and of administrative licenses, in which case the operator incurs the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorization and the necessary buildings and equipment. Leasing a company in the concession business entails the obligation to ensure continuity of service and payment of a fee; for primary concession contracts between a petrol company and a motorway operator, it also entails reimbursement of the royalties due by the petrol company.

In a commercial lease, the operator uses buildings for business activity against payment of rent. The premises are equipped and furnished according to the specifications and at the expense of the operator, who must clear the premises when the lease expires.

These kinds of concession are common (i) along motorways, where there are area or service sub-concessions assigned to a petrol company, which then turns to a caterer, and (ii) in cities, railway stations and shopping centers, according to the business objectives of the owner of the property.

The fees due for these contracts may be a set amount and/or a percentage of revenue earned. In the latter case, there may also be an annual minimum payment that can either be fixed over the life of the contract, or periodically revised on the basis of certain variables measured during the previous period (e.g. total rent due for the year, inflation rate or index of passenger traffic).

The table below gives details by due date of the Group's future minimum payments, i.e. fixed fees and/or guaranteed minimums, the latter based on the variables mentioned above as of 31 December 2017:

Year (€k)	Total future minimum lease payments	Future minimum sub-lease payment *	Net future minimum lease payments
2018	427,274	18,656	408,618
2019	393,910	16,812	377,098
2020	358,120	15,409	342,711
2021	323,574	12,715	310,859
2022	275,443	7,534	267,909
After 2022	1,304,136	12,908	1,291,228
Total	**3,082,457**	**84,034**	**2,998,423**

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

In 2017, the fees recognized in the income statement amount to € 713,226k (Note XXIX) for operating leases (including € 426,503k in guaranteed minimums), net of € 53,846k for sub-leases (including € 21,832k in guaranteed minimums).

2.2.12 OTHER INFORMATION

Related party transactions

Autogrill S.p.A. is controlled by Schematrentaquattro S.p.A., which owns 50.1% of its ordinary shares. Schematrentaquattro S.p.A. is a wholly-owned subsidiary of Edizione S.r.l.

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

In 2017 Autogrill S.p.A. had no transactions with its direct parent, Schematrentaquattro S.p.A.

	Revenue		Other operating income		Raw materials, supplies and goods	
Income statement (€k)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Parent:						
Edizione S.r.l.	-	-	17	25	-	-
Other related parties:						
Atlantia Group	38	33	529	990	162	142
Benetton Group S.r.l.	-	-	129	394	-	-
Verde Sport S.p.A.	6	8	-	6	-	-
Olimpias Group S.r.l.	-	-	-	-	2	3
Edizione Property S.p.A.	-	-	9	4	-	-
Equity investments	-	-	-	-	-	(4)
Other related parties *	-	-	-	-	-	-
Total Related parties	**44**	**41**	**685**	**1,420**	**164**	**141**
Total Group	**4,990,594**	**4,940,989**	**95,965**	**100,745**	**1,796,885**	**1,809,451**
Incidence	**0%**	**0%**	**0.7%**	**1.4%**	**0%**	**0%**

	Trade receivables		Other receivables		Trade payables	
Statement of financial position (€k)	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Parent:						
Edizione S.r.l.	7	-	12,599	12,460	-	-
Other related parties:						
Atlantia Group	2,045	1,600	2,172	1,594	27,963	31,529
Benetton Group S.r.l.	8	7	-	-	-	-
Verde Sport S.p.A	1	1	-	-	-	-
Olimpias Group S.r.l.	-	-	-	-	1	-
Edizione Property S.p.A.	20	8	-	-	-	-
Equity investments	-	1,165	1,451	260	-	-
Other related parties *	-	-	-	-	-	-
Total Related parties	**2,081**	**2,781**	**16,223**	**14,314**	**27,964**	**31,529**
Total Group	**48,972**	**58,105**	**130,292**	**118,625**	**351,168**	**359,832**
Incidence	**4.2%**	**4.8%**	**12.5%**	**12.1%**	**8.0%**	**8.8%**

* The Other related parties refer to transactions with directors and executives with strategic responsabilities

	Leases, rentals, concessions and royalties		Other operating expense		Personnel expense		Financial (expense)/income	
	2017	2016	2017	2016	2017	2016	2017	2016
	-	-	25	108	102	106	-	-
	76,835	76,400	3,027	3,130	-	-	-	(483)
	-	-	408	-	-	-	-	-
	-	-	45	43	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	(1,357)	(1,416)	1,211	1,142	-	-	91	24
	-	-	178	178	7,310	6,665	-	-
	75,479	**74,984**	**4,893**	**4,601**	**7,412**	**6,771**	**91**	**(459)**
	828,201	**803,533**	**542,707**	**536,094**	**1,519,776**	**1,495,748**	**(27,310)**	**(31,560)**
	9.1%	**9.3%**	**0.9%**	**0.9%**	**0.5%**	**0.5%**	**-0.3%**	**1.5%**

	Other payables		Financial receivables	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	115	107	-	-
	893	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	14	5	6,285	3,792
	2,123	2,009	-	-
	3,146	**2,121**	**6,285**	**3,792**
	343,773	**356,728**	**33,344**	**18,325**
	0.9%	**0.6%**	**18.8%**	**20.7%**

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

"Personnel expense" refers to fees earned by a director of Autogrill S.p.A. and paid back to Edizione S.r.l. where he serves as executive manager.

"Other payables" mostly originate from the same transactions.

"Other receivables" consist of:

- € 12,438k for the IRES (corporate income tax) refund requested by the consolidating company Edizione S.r.l., on behalf of Autogrill S.p.A. (€ 12,424k) and Nuova Sidap S.r.l. (€ 14k), due as a result of the retroactive recognition of the deductibility of IRAP (regional tax) pertaining to personnel expense for the years 2007-2011 (Art. 2 of Law 201/2011);
- € 162k for taxes withheld in 2016 and transferred to the consolidating company Edizione S.r.l. In accordance with the regulations, the amount will be reimbursed after their use.

Atlantia Group: "Other operating income" refers to commissions on sales of Viacards (automatic toll collection cards).

"Other operating expense" refers chiefly to the management of motorway locations.

"Leases, rentals, concessions and royalties" refer to concession fees and accessory costs pertaining to the year.

"Trade receivables" and "Trade payables" originate from the same transactions.

"Other receivables" consist primarily of fees for cleaning services at rest stops and co-marketing fees.

Benetton Group S.r.l.: "Other operating income" refers to the remaining rent and related charges for the sublet of office space in Milan, until the contract expired on 30 April 2017.

Olimpias Group S.r.l.: costs refer to the purchase of uniforms for sales personnel and the purchase of sundry materials.

Verde Sport S.p.A.: "Other operating expense" concerns the commercial sponsorship of youth sports at the facilities housed at " La Ghirada - Città dello Sport".

"Revenue" refers to the sale of products relating to the commercial affiliation contract for the operation of an outlet at those facilities.

Remuneration of directors and executives with strategic responsibilities

The following remuneration accrued to members of the Board of Directors and to executives with strategic responsibilities in 2017:

Name	Office held	Term of office	Remuneration (€)	Bonus and other incentives (€)	Non-monetary benefits (€)	Other fees (€)
Gilberto Benetton	Chairman	2017/2019	58,455	-	-	-
Gianmario Tondato Da Ruos	CEO	2017/2019	518,422	624,853	17,793	401,099
Alessandro Benetton	Director	2017/2019	58,455	-	-	-
Paolo Roverato	Director	2017/2019	102,055	-	-	-
Massimo Di Fasanella D'Amore Di Ruffano	Director	2017/2019	100,855	-	-	-
Francesco Umile Chiappetta	Director	2017/2019	86,910	-	-	-
Ernesto Albanese	Director	2017/2019	64,510	-	-	-
Marco Patuano	Director	from 26.01.2017 to 2019	74,860	-	-	-
Franca Bertagnin Benetton	Director	from 25.05.2017 to 2019	36,329	-	-	-
Cristina De Benetti	Director	from 25.05.2017 to 2019	48,439	-	-	-
Catherine Gérardin Vautrin	Director	from 25.05.2017 to 2019	48,439	-	-	-
Maria Pierdicchi	Director	from 25.05.2017 to 2019	48,439	-	-	-
Elisabetta Ripa	Director	from 25.05.2017 to 2019	54,494	-	-	-
Tommaso Barracco	Director	from 2014 to 25.05.2017	31,408	-	-	-
Stefano Orlando	Director	from 2014 to 25.05.2017	35,981	-	-	-
Carolyn Dittmeier	Director	from 2014 to 25.05.2017	36,581	-	-	-
Neriman Ulsever	Director	from 2014 to 25.05.2017	22,263	-	-	-
Giorgina Gallo	Director	from 2014 to 25.05.2017	35,381	-	-	-
Total directors			**1,462,276**	**624,853**	**17,793**	**401,099**
Key managers with strategic responsibilities (8 people)				1,899,258	439,436	2,922,060
Total			**1,462,276**	**2,524,111**	**457,228**	**3,323,159**

The CEO's remuneration includes his executive salary from Autogrill S.p.A., which is shown under "Other fees". According to the Board of Directors resolution of 29 June 2017, which governs the CEO's employment, if the CEO resigns with just cause or is dismissed by the Company without just cause, the Company will top up to €2m the standard indemnity in lieu of notice and any other indemnity or leaving compensation provided for in the national collective managers' contract for the commercial sector, when less than that amount. Also, given the CEO's strategic role at the Company, he is bound by a non-compete agreement and a ban on poaching Autogrill Group personnel for 18 months, under a specific agreement that entails a penalty for breach thereof.

Under the 2014 Phantom Stock Option Plan described below, the CEO received 883,495 options in Wave 1, 565,217 options in Wave 2 and 505,556 options in Wave 3. In 2017 he exercised all of his Wave 1 options and 367,881 of the Wave 2 options granted under that plan.

As for the 2016 Phantom Stock Option Plan described below, the CEO has been assigned 679,104 options under Wave 1.

A significant portion of the variable compensation received by the CEO and by the eight executives with strategic responsibilities is tied to the achievement of specific targets established in advance by the Board of Directors, by virtue of their participation in management incentive plans. In particular, the CEO and top managers participated during the year in an annual bonus system involving earnings and financial targets and other strategic objectives for the Group and/or the relevant business unit, as well as individual objectives.

See the section "Incentive plans for directors and executives with strategic responsibilities" for a description of the plans in force.

Statutory auditors' fees

The following fees accrued to members of the Board of Statutory Auditors in 2017:

Name	Office held	Term of office	Fees (€)
Marco Giuseppe Maria Rigotti	Chairman	01.01.2015-31.12.2017	78,000
Eugenio Colucci	Standing auditor	01.01.2015-31.12.2017	50,000
Antonella Carù	Standing auditor	28.05.2015-31.12.2017	50,000
Total Statutory Auditors			**178,000**

Independent auditors' fees for audit and other services

Type of service	Service provider	Recipient	Fees (k€)
Auditing	Parent's auditors	Parent	520
	Parent's auditors	Subsidiaries	46
	Parent's auditors network	Subsidiaries	2,021
Attestation	Parent's auditors	Parent	193
	Parent's auditors	Subsidiaries	23
	Parent's auditors network	Subsidiaries	1,026
Other services	Parent's auditors	Parent	59

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 employees with strategic responsibilities of Autogrill S.p.A. and/or its subsidiaries to subscribe to or purchase ordinary Autogrill shares at the ratio of one share per option granted. The options are granted to beneficiaries free of charge and once the vesting period has elapsed, may be exercised between 20 April 2014 and 30 April 2015, at a strike price calculated as the average stock market price for the month preceding the grant date.

On 6 June 2013 the Annual General Meeting approved the proportional partial demerger of Autogrill S.p.A., and as a result made some changes to the stock option plan approved on 20 April 2010, including the assignment to the plan's beneficiaries of the right to receive one ordinary Autogrill share and one ordinary World Duty Free S.p.A. share for every vested option and the extension from 20 April 2015 to 30 April 2018 of the deadline for exercising the options, without altering the start date of 20 April 2014.

At 31 December 2016 there were 183,571 options outstanding, all of which were exercised during the course of 2017.

	Autogrill shares	
	Number of options	Fair value existing options (€)
Options at 1 January 2017	**183,571**	**0.96**
Options exercized in 2017	(183,571)	(0.96)
Options at 31 December 2017	**-**	**-**

Thorough information on the 2010 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.

2014 Phantom stock option plan

On 28 May 2014, the general meeting of shareholders approved a new incentive plan referred to as the "2014 Phantom Stock Option Plan". The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

This plan, which expires on 30 June 2021, is split into three sub-plans or "Waves" which grant each beneficiary the right to receive, for each option exercised, a gross cash amount equal to the difference between the terminal value and the allocation value of the Autogrill shares (the "Bonus"), subject to certain conditions and in any case not exceeding a given cap. Specifically, the terminal value of the shares is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the exercise date, plus dividends paid from the grant date until the date of exercise. The allocation value is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the allocation date.

On 16 July 2014, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. Under Wave 1 (vesting period from 16 July 2014 to 15 July 2016), a total of 3,268,995 options were assigned. A total of 2,835,967 options were assigned under Wave 2 (vesting period from 16 July 2014 to 15 July 2017). In 2017, 3,054,201 Wave 1 options were exercised, and with respect to Wave 2, 1,790,117 options were exercised and 132,665 were cancelled.

On 12 February 2015, under Wave 3 (vesting period from 12 February 2015 to 11 February 2018), a total of 2,752,656 options were assigned.

In 2017, 142,867 options were cancelled.

Movements in 2016 and 2017 are shown below:

	Options		
	WAVE 1	WAVE 2	WAVE 3
Options at 1 January 2016	**3,268,995**	**2,950,071**	**2,725,386**
Options cancelled in 2016	(177,094)	(103,139)	(107,945)
Options at 31 December 2016	**3,091,901**	**2,846,932**	**2,617,441**
Options exercized in 2017	(3,054,201)	(1,790,117)	-
Options cancelled in 2017	-	(132,665)	(142,847)
Options at 31 December 2017	**37,700**	**924,150**	**2,474,594**

An independent external advisor has been hired to calculate the fair value of the phantom stock options, based on the value of shares on the grant date and the reporting date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

Thorough information on the 2014 Phantom Stock Option Plan is provided in the Disclosure Document prepared in accordance with Art. 84-*bis* (1) and Annex 3A (Schedule 7) of CONSOB Regulation 11971/1999, which is available to the public at www.autogrill.com.

2016 Phantom stock option plan

On 26 May 2016, the general meeting of shareholders approved a new incentive plan referred to as the “2016 Phantom Stock Option Plan”. The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

This plan, which expires on 30 June 2024, is split into three sub-plans or "Waves" which grant each beneficiary the right to receive, for each option exercised, a gross cash amount equal to the difference between the terminal value and the allocation value of the Autogrill shares (the "Bonus"), subject to certain conditions and in any case not exceeding a given cap. Specifically, the terminal value of the shares is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the exercise date, plus dividends paid from the grant date until the date of exercise. The allocation value is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the allocation date.

On 26 July 2016, the plan was implemented and the terms and conditions of Wave 1 were defined. With a vesting period from 26 May 2016 to 25 May 2019, a total of 4,825,428 options were assigned.

Of these, 331,107 options were cancelled in 2017.

An independent external advisor has been hired to calculate the fair value of the phantom stock options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

Movements in 2016 and 2017 are shown below:

	Options
Options assigned in 2016	4,825,428
Options cancelled in 2016	(91,418)
Options at 31 December 2016	**4,734,010**
Options exercized in 2017	-
Options cancelled in 2017	(331,107)
Options at 31 December 2017	**4,402,903**

Thorough information on the 2016 Phantom Stock Option Plan is provided in the Disclosure Document prepared in accordance with Art. 84 bis (1) and Annex 3A (Schedule 7) of CONSOB Regulation 11971/1999, which is available to the public at www.autogrill.com (Governance/Shareholders' meeting).

The costs of the 2014 and 2016 phantom stock option plans in 2017 came to € 16.4m and include, for Waves 2 and 3 of the 2014 plan and Wave 1 of the 2016 plan, the adjustment of estimates with respect to the provisions made at 31 December 2016 (€ 4.8m) on the basis of available information on the stock market performance of Autogrill shares, whose price increased from € 8.60 per share at 31 December 2016 to € 11.50 per share at the end of 2017.

2.2.13 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Except the Corporate reorganization completed in December 2017 with effect from 1st January 2018 (see section 2.2.1 "Corporate reorganization" of the separate financial statements of Autogrill S.p.A.), in 2017 there were no significant non-recurring events or transactions as defined by CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006.

2.2.14 ATYPICAL OR UNUSUAL TRANSACTIONS

In 2017 there were no atypical and/or unusual transactions as defined by CONSOB Communication DEM/6064293 of 28 July 2006.

2.2.15 SUBSEQUENT EVENTS

Since 31 December 2016, no events have occurred that would require an adjustment to the financial statement figures or additional disclosures in these Notes.

2.2.16 AUTHORIZATION FOR PUBLICATION

The Board of Directors authorized the publication of these consolidated financial statements at its meeting of 8 March 2018.

Annexes

LIST OF CONSOLIDATED COMPANIES AND OTHER INVESTMENTS

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2017	Shareholders/quota holders
Parent					
Autogrill S.p.A.	Novara	Eur	68,688,000	50.1000%	Schematrentaquattro S.p.A.
Parent					
Nuova Sidap S.r.l.	Novara	Eur	100,000	100.0000%	Autogrill S.p.A.
GTA S.r.l. (from 01.01.2018 Autogrill Europe S.p.A.)	Novara	Eur	50,000	100.0000%	Autogrill S.p.A.
Autogrill Italia S.r.l. (from 01.01.2018 Autogrill Italia S.p.A.)	Novara	Eur	50,000	100.0000%	Autogrill S.p.A.
Autogrill Advanced Business Service S.r.l. (from 01.01.2018 Autogrill Advanced Business Service S.p.A.)	Novara	Eur	50,000	100.0000%	Autogrill S.p.A.
Autogrill Austria GmbH	Gottlesbrunn	Eur	7,500,000	100.0000%	Autogrill S.p.A.
Autogrill Czech Sro	Prague	Czk	154,463,000	100.0000%	Autogrill S.p.A.
Autogrill D.o.o.	Lubiana	Eur	1,342,670	100.0000%	Autogrill S.p.A.
Autogrill Hellas Single Member Limited Liability Company	Avlonas	Eur	3,696,330	100.0000%	Autogrill S.p.A.
Autogrill Polska Sp.zo.o.	Katowice	Pln	1,405,000	100.0000%	Autogrill S.p.A.
Autogrill Iberia S.L.U.	Madrid	Eur	7,000,000	100.0000%	Autogrill S.p.A.
Autogrill Deutschland GmbH	Munich	Eur	205,000	100.0000%	Autogrill S.p.A.
Autogrill Belgie N.V.	Antwerp	Eur	6,700,000	99.9900%	Autogrill S.p.A.
				0.0100%	AC Restaurants & Hotels Beheer N.V.
AC Restaurants & Hotels Beheer N.V.	Antwerp	Eur	3,250,000	99.9900%	Autogrill Belgie NV
Autogrill Schweiz A.G.	Olten	Chf	23,183,000	100.0000%	Autogrill S.p.A.
Restoroute de Bavois S.A.	Bavois	Chf	2,000,000	73.0000%	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Pont-en-Ogoz	Chf	1,500,000	54.3300%	Autogrill Schweiz A.G.
Holding de Participations Autogrill S.a.s.	Marseille	Eur	84,581,920	100.0000%	Autogrill S.p.A.
Autogrill Côté France S.a.s.	Marseille	Eur	31,579,526	100.0000%	Holding de Participations Autogrill S.a.s.
Société Berrichonne de Restauration S.a.s. (Soberest)	Marseille	Eur	288,000	100.0000%	Autogrill Côté France S.a.s.
Volcarest S.a.s.	Champs	Eur	1,050,144	50.0000%	Autogrill Côté France S.a.s.
Autogrill Restauration Carrousel S.a.s.	Marseille	Eur	2,337,000	100.0000%	Holding de Participations Autogrill S.a.s.
Société de Gestion Pétrolière Autogrill S.àr.l. (SGPA)	Marseille	Eur	8,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Autoroutes S.àr.l.	Marseille	Eur	375,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Centres Villes S.àr.l.	Marseille	Eur	375,000	100.0000%	Autogrill Restauration Carrousel S.a.s.
Autogrill Restauration Loisirs SASU	Marseille	Eur	3,000,000	100.0000%	Holding de Participations Autogrill S.a.s.
HMSHost Corporation	Delaware	Usd	-	100.0000%	Autogrill S.p.A.
HMSHost International. Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost USA, LLC	Delaware	Usd	-	100.0000%	HMSHost Corporation

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2017	Shareholders/quota holders
Host International, Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost Tollroads Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMS Airport Terminal Services, Inc.	Delaware	Usd	1,000	100.0000%	Host International. Inc.
Host International of Maryland, Inc.	Maryland	Usd	1,000	100.0000%	Host International. Inc.
Michigan Host, Inc.	Delaware	Usd	1,000	100.0000%	Host International. Inc.
Host Services of New York, Inc.	Delaware	Usd	1,000	100.0000%	Host International. Inc.
Host International of Kansas, Inc.	Kansas	Usd	1,000	100.0000%	Host International. Inc.
Host Services Inc.	Texas	Usd	-	100.0000%	Host International. Inc.
Anton Airfood of Cincinnati, Inc.	Kentucky	Usd	-	100.0000%	Anton Airfood. Inc.
Anton Airfood, Inc.	Delaware	Usd	1,000	100.0000%	HMSHost Corporation
Anton Airfood of Newark. Inc.	New Jersey	Usd	-	100.0000%	Anton Airfood. Inc.
Anton Airfood of JFK, Inc.	New York	Usd	-	100.0000%	Anton Airfood. Inc.
Anton Airfood of Minnesota, Inc.	Minnesota	Usd	-	100.0000%	Anton Airfood. Inc.
Palm Springs AAI, Inc.	California	Usd	-	100.0000%	Anton Airfood. Inc.
Fresno AAI, Inc.	California	Usd	-	100.0000%	Anton Airfood. Inc.
Anton Airfood of Seattle, Inc.	Washington	Usd	-	100.0000%	Anton Airfood. Inc.
Anton Airfood of Tulsa, Inc.	Oklahoma	Usd	-	100.0000%	Anton Airfood. Inc.
Islip AAI, Inc.	New York	Usd	-	100.0000%	Anton Airfood. Inc.
Stellar Partners, Inc.	Florida	Usd	25,500	100.0000%	Host International. Inc.
Host International (Poland) Sp.zo.o. (in liquidation)	Warsaw	Usd	-	100.0000%	Host International. Inc.
Shenzhen Host Catering Company, Ltd. (in liquidation)	Shenzhen	Usd	-	100.0000%	Host International. Inc.
Host Services Pty. Ltd.	North Cairns	Aud	11,289,358	100.0000%	Host International. Inc.
Host International of Canada, Ltd.	Vancouver	Cad	75,351,237	100.0000%	Host International. Inc.
Horeca Exploitatie Maatschappij Schiphol, B.V.	Haarlemmermeer	Eur	45,400	100.0000%	HMSHost International B.V.
Marriott Airport Concessions Pty. Ltd.	North Cairns	Aud	3,910,102	100.0000%	Host International. Inc.
HMSHost Services India Privat, Ltd.	Balgalore	Inr	668,441,680	99.0000%	Host International. Inc.
HMSHost Singapore Private, Ltd.	Singapore	Sgd	8,470,896	100.0000%	Host International. Inc.
Host (Malaysia) Sdn. Bhd.	Kuala Lumpur	Myr	2	100.0000%	Host International. Inc.
HMSHost New Zealand Ltd.	Auckland	Nzd	1,520,048	100.0000%	Host International. Inc.
HMSHost (Shanghai) Enterprise Management Consulting Co., Ltd. (in liquidation)	Shanghai	Cny	-	100.0000%	Host International. Inc.
HMSHost International B.V.	Haarlemmermeer	Eur	18,090	100.0000%	Host International. Inc.
HMSHost Hospitality Services Bharath Private, Ltd.	Karnataka	Inr	90,500,000	99.0000%	HMSHost Services India Private Ltd
				1.0000%	HMSHost International. Inc.
NAG B.V.	Haarlemmermeer	Eur	100	60.0000%	HMSHost International B.V.
HMSHost Finland Oy	Helsinki	Eur	2,500	100.0000%	HMSHost International B.V.
Host-Chelsea Joint Venture #3	Texas	Usd	-	63.8000%	Host International. Inc.
Host Bush Lubbock Airport Joint Venture	Texas	Usd	-	90.0000%	Host International. Inc.
Airside C F&B Joint Venture	Florida	Usd	-	70.0000%	Host International. Inc.
HSI Kahului Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International. Inc.
Host/Coffee Star Joint Venture	Texas	Usd	-	50.0100%	Host International. Inc.

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2017	Shareholders/quota holders
HSI Southwest Florida Airport Joint Venture	Florida	Usd	-	78.0000%	Host International. Inc.
HSI Honolulu Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International. Inc.
HMS/Blue Ginger Joint Venture	Texas	Usd	-	55.0000%	Host International. Inc.
Host/Java Star Joint Venture	Texas	Usd	-	50.0100%	Host International. Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	-	65.0000%	Host International. Inc.
Host-Tinsley Joint Venture	Florida	Usd	-	84.0000%	Host International. Inc.
HSI/Tarra Enterprises Joint Venture	Florida	Usd	-	75.0000%	Host International. Inc.
Host D&D STL FB, LLC	Missouri	Usd	-	75.0000%	Host International. Inc.
Host/LJA Joint Venture	Missouri	Usd	-	85.0000%	Host International. Inc.
Seattle Restaurant Associates	Olympia	Usd	-	70.0000%	Host International. Inc.
Bay Area Restaurant Group	California	Usd	-	49.0000%	Host International. Inc.
HMSHost Coffee Partners Joint Venture	Texas	Usd	-	50.0100%	Host International. Inc.
Host/JV Ventures McCarran Joint Venture	Nevada	Usd	-	60.0000%	Host International. Inc.
HSI Miami Airport FB Partners Joint Venture	Florida	Usd	-	70.0000%	Host International. Inc.
Host DEI Jacksonville Joint Venture	Florida	Usd	-	51.0000%	Host International. Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.0000%	Host International. Inc.
Host CTI Denver Airport Joint Venture	Colorado	Usd	-	90.0000%	Host International. Inc.
HMS - D/FW Airport Joint Venture	Texas	Usd	-	65.0000%	Host International. Inc.
Host-Chelsea Joint Venture #4	Texas	Usd	-	63.0000%	Host International. Inc.
Host-CMS SAN F&B, LLC	Delaware	Usd	-	100.0000%	Host International. Inc.
Host GRL LIH F&B, LLC	Delaware	Usd	-	85.0000%	Host International. Inc.
Host Fox PHX F&B, LLC	Delaware	Usd	-	75.0000%	Host International. Inc.
Host FDY ORF F&B, LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
LTL ATL JV, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host ATLChefs JV 3, LLC	Delaware	Usd	-	95.0000%	Host International. Inc.
Host ATLChefs JV 5, LLC	Delaware	Usd	-	85.0000%	Host International. Inc.
Host LGO PHX F&B, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host-Love Field Partners I, LLC	Delaware	Usd	-	51.0000%	Host International. Inc.
Host-True Flavors SAT Terminal A FB	Delaware	Usd	-	65.0000%	Host International. Inc.
Host Havana LAX F&B, LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
Host-CTI DEN F&B II, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host Lee JAX FB, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host/DFW AF, LLC	Delaware	Usd	-	50.0100%	Host International. Inc.
Host Havana LAX TBIT FB, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host Houston 8 IAH Terminal B, LLC	Delaware	Usd	-	60.0000%	Host International. Inc.
HHL Cole's LAX F&B, LLC	Delaware	Usd	-	80.0000%	Host Havana LAX F&B. LLC
Host CMS LAX TBIT F&B, LLC	Delaware	Usd	-	100.0000%	Host International. Inc.
Host JQE RDU Prime, LLC	Delaware	Usd	-	85.0000%	Host International. Inc.
Host Howell Terminal A F&B, LLC	Delaware	Usd	-	65.0000%	Host International. Inc.
Host MCA FLL FB, LLC	Delaware	Usd	-	76.0000%	Host International. Inc.
Host MCA SRQ FB, LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
Host ECI ORD FB, LLC	Delaware	Usd	-	51.0000%	Host International. Inc.

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2017	Shareholders/quota holders
Host Aranza Howell DFW B&E FB, LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Host MGV IAD FB, LLC	Delaware	Usd	-	65.0000%	Host International. Inc.
Host MGV DCA FB, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host CTI DEN F&B STA, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host MGV DCA KT, LLC	Delaware	Usd	-	51.0000%	Host International. Inc.
Host MBA LAX SB, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host H8 IAH FB I, LLC	Delaware	Usd	-	60.0000%	Host International. Inc.
Host BGV IAH FB, LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Host TBL TPA FB, LLC	Delaware	Usd	-	71.0000%	Host International. Inc.
Host JQE CVG FB, LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
Host MBA CMS LAX, LLC	Delaware	Usd	-	60.0000%	Host International. Inc.
Host VDV CMH FB LLC	Delaware	Usd	-	85.0000%	Host International. Inc.
HOST OHM GSO FB, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host JQE LIT FB, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host JVI PDX FB, LLC	Delaware	Usd	-	84.0000%	Host International. Inc.
Host TFC SDF FB, LLC	Delaware	Usd	-	60.0000%	Host International. Inc.
Host JQE RDU CONC D, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host SMI SFO FB, LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
Host Ayala LAS FB, LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Stellar Partners Tampa, LLC	Florida	Usd	-	90.0000%	Stellar Partners. Inc.
Host LBL LAX T2 FB, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host BGI MHT FB, LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
Host SCR SAV FB, LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
Host Chen ANC FB LLC	Delaware	Usd	-	88.0000%	Host International. Inc.
Host SCR SAN FB, LLC	Delaware	Usd	-	75.0000%	Host International. Inc.
Host SCR SNA FB, LLC	Delaware	Usd	-	75.0000%	Host International. Inc.
Stellar LAM SAN, LLC	Florida	Usd	-	80.0000%	Stellar Partners. Inc.
Host DII GRR FB, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host Java DFW MGO, LLC	Delaware	Usd	-	50.0100%	Host International. Inc.
Host SHI PHL FB LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Host VDV DTW SB, LLC	Delaware	Usd	-	75.0000%	Host International. Inc.
MCO Retail Partners, LLC	Delaware	Usd	-	80.0000%	Stellar Partners. Inc.
Host VDV DTW 3 SB, LLC	Delaware	Usd	-	79.0000%	Host International. Inc.
HMSHost Family Restaurants, Inc.	Maryland	Usd	2,000	100.0000%	Host International. Inc.
HMSHost UK, Ltd.	London	Gbp	217,065	100.0000%	HMSHost International B.V.
HMSHost Sweden A.B.	Stockholm	Sek	2,500,000	100.0000%	HMSHost International B.V.
HMSHost Ireland Ltd.	Cork	Eur	13,600,000	100.0000%	HMSHost International B.V.
HMSHost Nederland B.V.	Haarlemmermeer	Eur	100	100.0000%	HMSHost International B.V.
HMSHost Huazhuo (Beijing) Catering Management Co., Ltd.	Beijing	Cny	36,000,000	100.0000%	HMSHost International B.V.
HMSHost - UMOE F&B Company AS	Bærum	Nok	90,000	51.0000%	HMSHost International B.V.
PT EMA INTI MITRA (Autogrill Topas Indonesia)	Jakarta	Idr	46,600,000,000	65.0000%	HMSHost International B.V.
SMSI Travel Centres, Inc.	Vancouver	Cad	10,800,100	100.0000%	Host International of Canada. Ltd.

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2017	Shareholders/quota holders
HMSHost Yiyecek Ve Icecek Hizmetleri A.S.	Istanbul	Trl	10,271,734	100.0000%	HMSHost International B.V.
Autogrill VFS F&B Co. Ltd.	Ho Chi Minh City	Vnd	104,462,000,000	70.0000%	HMSHost International B.V.
Limited Liability Company Autogrill Rus	San Petersburg	Rub	10,000	100.0000%	NAG B.V.
PT Autogrill Services Indonesia	Jakarta	Idr	-	100.0000%	HMSHost International B.V.
HMSHost Vietnam Company Limited	Ho Chi Minh City	Vnd	-	100.0000%	HMSHost International B.V.
HMSHost Family Restaurants, LLC	Delaware	Usd	-	100.0000%	HMSHost Family Restaurants. Inc.
HMSHost Motorways L.P.	Winnipeg	Cad	-	99.9999%	SMSI Travel Centres. Inc.
				0.0001%	HMSHost Motorways. Inc.
HMSHost Motorways, Inc.	Vancouver	Cad	-	100.0000%	SMSI Travel Centres. Inc.
HMSHost Antalya Yiyecek Ve Içecek Hizmetleri A.S.	Antalya	Trl	2,140,000	51.0000%	HMSHost Yiyecek Ve Icecek Hizmetleri A.S.
HK Travel Centres GP, Inc.	Toronto	Cad	-	51.0000%	HMSHost Motorways. Inc.
HK Travel Centres L.P.	Winnipeg	Cad	-	50.9999%	HMSHost Motorways L.P.
Stellar Retail Group ATL, LLC	Tampa	Usd	-	59.0000%	Stellar Partners. Inc.
Host CEI KSL MSY, LLC	Delaware	Usd	-	63.0000%	Host International. Inc.
Host MCA ATL FB, LLC	Delaware	Usd	-	64.0000%	Host International. Inc.
Stellar RSH DFW, LLC	Tampa	Usd	-	65.0000%	Stellar Partners. Inc.
Stellar Retail Partners DFW, LLC	Tampa	Usd	-	65.0000%	Stellar Partners. Inc.
Host HTB DEN FB, LLC	Delaware	Usd	-	67.0000%	Host International. Inc.
Host DSL DEN FB, LLC	Delaware	Usd	-	67.0000%	Host International. Inc.
Host MCL DFW SB, LLC	Delaware	Usd	-	65.0000%	Host International. Inc.
Host MCL DFW Bar, LLC	Delaware	Usd	-	65.0000%	Host International. Inc.
Host DCG ATL SB, LLC	Delaware	Usd	-	59.0000%	Host International. Inc.
Host MCA HLM ATL FB, LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Host TGI DEN GD FB, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host TGI DEN STA FB, LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Host D&D STL 3KG FB, LLC	Delaware	Usd	-	75.0000%	Host International. Inc.
Host JAVA DFW SBC-GAB, LLC	Delaware	Usd	-	50.0100%	Host International. Inc.
Host IBC MCO FB, LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host BGB SCA MSP, LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Associates					
Caresquick N.V.	Brussels	Eur	3,300,000	50.000%	Autogrill Belgie N.V.
Autogrill Middle East, LLC	Abu Dhabi	Aed	100,000	50.000%	HMSHost International B.V.
Dewina Host Sdn. Bhd.	Kuala Lumpur	Myr	350,000	49.000%	Host International. Inc.
HKSC Opco L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HKSC Developments L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HMSHost and Lite Bite Pte. Ltd.	Bangalore	Inr	-	51.000%	HMSHost Services India Private Limited
Arab Host Services LLC	Qatar	Qar	200,000	49.000%	Autogrill Middle East. LLC

ATTESTATION BY THE CEO AND THE MANAGER IN CHARGE OF FINANCIAL REPORTING

Attestation about the condensed consolidated financial statements pursuant to Art. 81 ter of CONSOB Regulation 11971 of 14 May 1999 (as amended)

1. We, the undersigned, Gianmario Tondato Da Ruos as Chief Executive Officer and 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:
   – the adequacy of, in relation to the characteristics of the business; and
   – due compliance with the administrative and accounting procedures for the preparation of the condensed consolidated financial statements during the course of 2017.

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

3. We also confirm that:
   3.1 the condensed consolidated financial statements:
      a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
      b) correspond to the ledgers and accounting entries;
      c) provide a true and fair view of the financial position and results of operations of Autogrill S.p.A. and of companies included in the consolidation;
   3.2 the Directors' report includes a reliable description of the performance and financial position of the issuer and of companies included in the consolidation, along with the main risks and uncertainties to which they are exposed.

Milan, 8 March 2018

Gianmario Tondato Da Ruos
Chief Executive Officer

Alberto De Vecchi
Manager in charge
of Financial Reporting

INDEPENDENT AUDITORS' REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Autogrill S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Autogrill Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Autogrill S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment Test of Goodwill

Description of key audit matter

Non-Current Assets of the consolidated financial statements as at December 31, 2017 include goodwill for Euro 795.9 million which represents approximately 34% of the total assets and is subject to *Impairment Test*, at least on a yearly basis, as established by the accounting principle IAS 36.

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The *Impairment Test* has been executed through the comparison between the recoverable amount of the CGUs (Cash Generating Units) to which goodwill is referred to, determined as the higher between the value in use and the fair value less cost to sell, and the carrying amount of goodwill reported in the consolidated financial statements as at December 31, 2017.

With reference to the identification of the CGUs, considering the strongly integrated, centralized nature of operations in Italy, Continental Europe and Southern Europe, the Management decided to aggregate the European Cash Generating Units, that were on the contrary considered separately in 2016, into a single CGU called "Other European Countries" (which includes France, Switzerland, Belgium, Germany, Spain, Austria, Greece, Czech Republic, Poland and Slovenia). Otherwise, the Management concluded that Italy, even if located within the same European organizational structure, continues to operate as a separate CGU given the size and distinctive characteristics of the motorway business under concession. As a consequence, the relevant CGUs for the *Impairment Test* of the consolidated goodwill as at December 31, 2017 are represented by North America, International, Italy and Other European Countries.

The impairment process carried out by the Management is complex since it includes several assumptions regarding the forecasted future cash flows of each CGU, the definition of appropriate discount rates (WACC) and long-term growth rates (g-rate). In this context, the Management has been supported by an external expert in order to evaluate the appropriateness of the *Impairment Test* exercise.

For the determination of the recoverable amount, the Company based its assumptions on financial forecasts for the period 2018-2022, analysed by the Board of Directors on January 26, 2018, prepared by the Management of each CGU and validated by the Group CEO and CFO. The determination of forecasted future cash flows used in the *Impairment Test* resulting from the financial forecasts mentioned above, is based on assumptions conditioned by future expectations on controllable factors, like the development of operating costs and capex expenditure (network development and maintenance), the actions in terms of offering upgrade and improvement of the operating leverage efficiency already defined by Management as well as external factors, among which the most relevant are the expected traffic and the selling prices, apart from the discount rates and the long-term growth rates. As a result of the *Impairment Test* exercise performed, no reason of write-down of goodwill resulted.

Taking into consideration the relevant value of goodwill in the consolidated financial statements and the subjectivity of the estimates used to determine future cash flows and key variables for the *Impairment Test* exercise, we considered the *Impairment Test* to represent a key audit matter for the Group consolidated financial statements.

The notes "VIII - Goodwill" and the paragraph "2.2.1. – Accounting Policies and basis of consolidation – Use of estimates" of the notes to the consolidated financial statements provide the disclosure of the captions reported above and of the *Impairment Test* exercise, with the listing of the main assumptions adopted in the determination of cash flows for the 5-year period 2018-2022, the determination of the terminal value, the growth and the discount rates adopted in the *Impairment Test* exercise; the notes also report the results of the sensitivity analysis carried out through the variation of the growth rates, discount rates as well as other specific risk factors.

Audit Procedures performed

We performed, among others, the following procedures, also through the specialists support:

- analysis of the Management approach in the determination of the value in use;
- check of the compliance of the *Impairment Test* exercise adopted by Management to accounting policies indicated in the notes;

Deloitte.

- observation of procedures and relevant controls undertaken by the Company on the *Impairment Test* exercise; in this context, we analysed also the opinion of the external expert, prepared for the Directors' benefit, organizing meetings for the comprehension and analysis of data and methodology adopted;
- analysis of the appropriateness of the main assumptions adopted for the determination of financial forecasts, also through the analysis of sector data and external sources, like the market growth rates and estimates on foreign currency;
- analysis on actual data in comparison to initial forecasts, with the aim to evaluate their differences and the reliability on the financial forecasts determination process, checking as well the consistency between contract renewal rates and historical data of each CGU;
- check of the discount and long-term growth rates reasonability and testing on the mathematical accuracy of the model used for the determination of the CGUs' value in use;
- check of the *Impairment Test* results carried out with the previous CGU configuration in accordance with the accounting standard IAS 36;
- independent testing of the sensitivity analysis performed by Management and by the external expert identified by the Company with reference to the discount rate, the growth rate and the main business variables;
- check of the appropriateness of the Company disclosure on *Impairment Test* and its compliance in accordance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and we informed them about any relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autogrill S.p.A. has appointed us on May 28, 2015 as auditors of the Company separate and consolidated financial statements for the years from 2015 to 2023.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Autogrill S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Autogrill Group as at December 31, 2017, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and certain specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Autogrill Group as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and certain specific information contained in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Autogrill Group as at December 31, 2017 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the CONSOB Regulation for the implementation of Legislative Decree December 30, 2016, no. 254

The Directors of Autogrill S.p.A. are responsible for the preparation of the non-financial statements pursuant to Legislative Decree December 30, 2016, no. 254.

We verified the approval by the Directors of the non-financial statements.

Pursuant to art. 3, paragraph 10 of Legislative Decree December 30, 2016, no. 254, these statements are subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 12, 2018

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

Autogrill S.p.A.

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Picture of Autogrill's Chairman and CEO realized
by Blu Cobalto Photography / Renato Franceschin

Pictures have been realized by Davide Calafà

Washington Dulles International Airport,
Washington, Virginia, USA (cover)

Helsinki - Vantaa Airport,
Helsinki, Finland, Europe (p. 4)

McCarran International Airport,
Las Vegas, Nevada, USA (p. 6, 16-17)

Genève Aéroport, Geneva, Switzerland, Europe
(p. 8-9, 18-19, 32, 42, 52-53, 106, 114)

Schiphol Amsterdam Airport,
Amsterdam, The Netherlands, Europe (p. 12, 14-15)

Motta Milano 1928, Milan, Italy, Europe (p. 20)

Autogrill Villoresi Est, A8 Milan-Lakes motorway,
Lainate (Milano), Italy, Europe (p. 90)

Chicago O'Hare International Airport,
Chicago, Illinois, USA (p. 104-105)

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