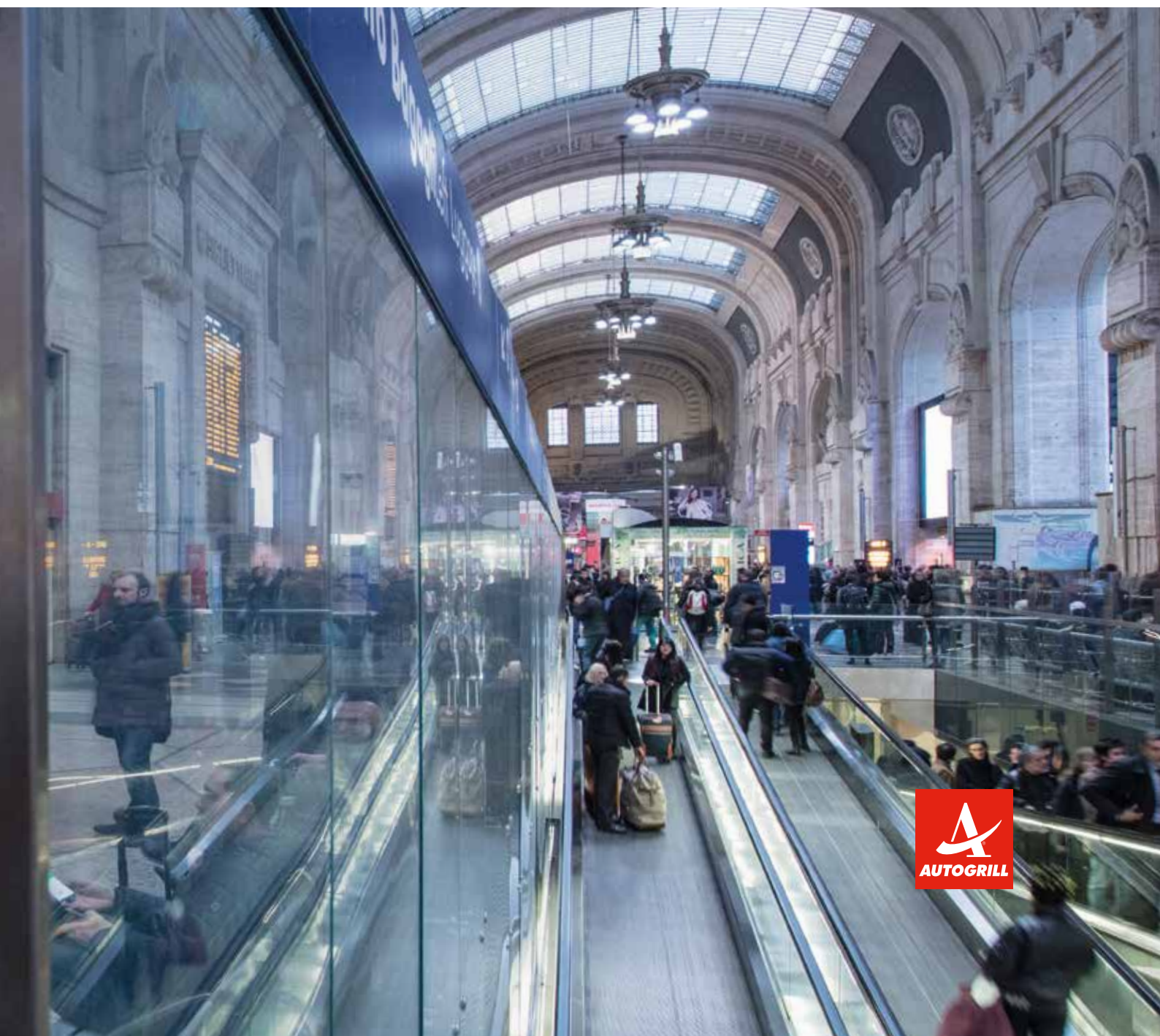


Annual Report

2017

Autogrill S.p.A.



Autogrill S.p.A.

2017 Annual Report

(Translated from the original version issued in Italian)



Boards and officers

BOARD OF DIRECTORS ¹

Chairman ^{2,3}

Gilberto Benetton

CEO and COO ^{2,3,4}

Gianmario Tondato Da Ruos ^E

Directors

(up to 24 May 2017)

Ernesto Albanese ^{7,1}

Tommaso Barracco

Alessandro Benetton

Francesco Umile Chiappetta ^{6,7,1}

Massimo Di Fasanella D'Amore Di Ruffano ^{5,8,1,L}

Carolyn Dittmeier

Giorgina Gallo

Stefano Orlando

Marco Patuano ⁵

Paolo Roverato ^{6,8}

Neriman Ulsever

Directors

(from 25 May 2017)

Ernesto Albanese ^{7,1}

Alessandro Benetton

Franca Bertagnin Benetton

Francesco Umile Chiappetta ^{6,7,1}

Cristina De Benetti ^{6,1}

Massimo Di Fasanella D'Amore Di Ruffano ^{5,8,1,L}

Catherine Gérardin Vautrin ^{5,1}

Marco Patuano ⁵

Maria Pierdicchi ^{8,1}

Elisabetta Ripa ^{5,7,1}

Paolo Roverato ^{6,8}

Secretary

Paola Bottero

BOARD OF STATUTORY AUDITORS⁹

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 Italiana, 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





DEFINITIONS AND SYMBOLS

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

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 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.

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



ALWAYS FRESH
— HAND MADE —
FOOD & DRINKS

PIZZA menu.

- PIZZA Low Country
 - SAUSAGE
 - SMOKED KIBBLES
 - Tomato & Onion
- PIZZA Little Italy
 - MOZZARELLA
 - PEPPERONI
 - OLIVE OIL
 - TOURNAI
- PIZZA Bronx Bomber
 - MOZZARELLA
 - PEPPERONI
 - OLIVE OIL
 - TOURNAI



BARBON'S

1.1 Operations

Autogrill S.p.A. conducts food & beverage operations at major travel facilities (motorways, airports and railway stations), where it serves a local and international clientele. It also has locations on high streets, at shopping centers and at outlet malls as well as temporary locations during trade fairs and other events. Most of its products and concepts are proprietary, with third-party brands playing a marginal role.

Listed on the Milan Stock Exchange, Autogrill S.p.A. heads up the world's leading provider of food & beverage services for people on the move. Through its subsidiaries, it operates in 31 countries around the world, and is especially active in the United States, Canada, France, Switzerland, Belgium, Germany, the United Kingdom and Northern Europe, as well as India and Vietnam.

In 2017, the Company completed a corporate reorganization project aimed at separating the Italian food & beverage operations and the coordination and service activities provided to the directly controlled European companies from the direction and management activities carried out by Autogrill S.p.A. in its capacity as holding company. For the reorganization, three divisions of Autogrill S.p.A. were contributed to three wholly-owned limited liability companies, as contribution in kind for the capital increases resolved by each of their shareholders' meetings on the 15 December 2017 with effect from 1 January 2018. The three beneficial companies were turned into joint-stock companies at the same date. See Section 2.2.1 of the notes to the financial statements for further details.



1.2 Performance

1.2.1 GENERAL BUSINESS CONTEXT AND TRAFFIC TRENDS

In 2017, GDP in Italy grew by 1.6%¹, showing further improvement on the previous year.

For the first eleven months of the year, motorway traffic in Italy was up by 2.4%² compared with the same period in 2016. In 2017, Italian airports recorded an increase of 6.4% in passenger traffic³ compared with the previous year.

1.2.2 INCOME STATEMENT RESULTS

Condensed income statement⁴

(€m)	2017	% of revenue	2016	% of revenue	Change
Revenue	936.5	100.0%	967.5	100.0%	-3.2%
Other operating income	66.7	7.1%	62.8	6.5%	6.2%
Total revenue and other operating income	1,003.2	107.1%	1,030.3	106.5%	-2.6%
Raw materials, supplies and goods	(448.6)	47.9%	(462.5)	47.8%	-3.0%
Personnel expense	(261.6)	27.9%	(264.2)	27.3%	-1.0%
Leases, rentals, concessions and royalties	(163.8)	17.5%	(164.6)	17.0%	-0.5%
Other operating expense	(109.3)	11.7%	(112.2)	11.6%	-2.6%
EBITDA	19.9	2.1%	26.8	2.8%	-25.7%
Depreciation, amortization and impairment losses	(41.6)	4.4%	(45.3)	4.7%	-8.2%
EBIT	(21.7)	2.3%	(18.5)	1.9%	17.3%
Financial (expense)/income	82.0	8.8%	71.2	7.4%	15.2%
Income (expense) from investments	-	0.0%	(11.5)	1.2%	-
Pre-tax profit	60.3	6.4%	41.2	4.3%	46.4%
Income tax	(0.9)	-0.1%	(4.7)	-0.5%	-80.9%
Profit	59.4	6.3%	36.5	3.8%	62.7%

1. Source: ISTAT

2. Source: AISCAT, January–November 2017

3. Source: Assaeroporti - January–December 2017

4. "Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the income statement primarily because they do not include revenue from the sale of fuel. The related net amount is classified as "Other operating income" in accordance with Autogrill's protocol for the analysis of figures. This revenue came to € 1k in 2017 (unchanged since 2016) and the cost to € 8k (€ 0.6k the previous year)

Alternative performance measures

To improve the significance of the information provided by the condensed income statement and consolidated income statement of the Autogrill Group's, both prepared in accordance with IAS 1, as discussed in Section 1.2.2 of the report to the consolidated financial statements, alternative performance measures have been introduced in order to normalize EBITDA, the EBITDA margin, EBIT, and net profit attributable to shareholders of Autogrill S.p.A. for non-recurring income and costs. The purpose of these alternative performance measures is to improve comprehension and significance of the consolidated accounts, being non necessary for the same purposes to use similar measures in the separate financial statements.

Revenue

Autogrill S.p.A. closed 2017 with revenue of € 936.5m, compared with € 967.5m the previous year (-3.2%). Like-for-like sales increased by 0.5%.

Sales by channel are detailed as follow:

(€m)	2017	2016	Change
Motorway	689.3	721.7	-4.5%
Airports	74.7	74.6	0.1%
Other channel	128.8	134.5	-4.2%
Sales to franchisees, third parties and subsidiaries	43.7	36.7	19.1%
Total	936.5	967.5	-3.2%

In the **motorway** channel, sales decreased from € 721.7m in 2016 to € 689.3m (-4.5%). The trend is explained by the reduction in Italian motorway operations, according to plans launched in 2016. Primary sales (catering and minimarket) decreased by 4.1% and complementary sales (lottery tickets, tobacco products and newspapers & magazines) by 5.4%. Like-for-like sales increased by 1.5%.

Revenue in the **airport** channel are equal to € 74.7m, in line with the previous year's sales of € 74.6m.

In other channels revenue decreased 4.2%, from € 134.5m in 2016 to € 128.8m. New openings at Venice and Genoa train stations partially offset the impact of various closures of shopping center and high street locations.

Revenue in the **Affiliates, third parties and subsidiaries** channel increased by 19.1%, from € 36.7m to € 43.7m, mainly due to the opening of new "food driven" locations operated by the subsidiary Nuova Sidap S.r.l., which sell fuel as well as food & beverage and minimarket products purchased from Autogrill S.p.A.

Other operating income

Other operating income for € 66.7m (€ 62.8m in 2016) are composed mostly of promotional contributions from suppliers, which were in line with the previous year, and charge-backs for services rendered to subsidiaries, which increased compared to the previous year.

Raw materials, supplies and goods

In 2017 the cost of goods sold was € 448.6m, down from € 462.5m the previous year, due mainly to the reduction in revenue. As a percentage of sales, the cost of goods sold was essentially unchanged at 47.9% (47.8% in 2016).

Personnel expense

Personnel expense decreased from € 264.2m in 2016 to € 261.1m, and went from 27.3% to 27.9% of revenue. At food and beverage locations, personnel expense decreased due to the smaller number of locations and the reduction in average hourly cost, while personnel expense at headquarters went up due in part to higher costs for bonuses and incentive plans, including the phantom stock option plan whose cost increased from € 4.8m in 2016 to € 10.3m in 2017.

Leases, rentals, concessions and royalties

These costs came to € 163.8m, roughly in line with the previous year's € 164.6m, and their incidence on revenues rose from 17% to 17.5% due to some new motorway contracts and expanded operations at Fiumicino airport in Rome.

Other operating expense

Other operating expense in 2017 are equal to € 109.3m, down from € 112.2m the previous year, as a result of the smaller number of locations and the optimization of utility, maintenance and cleaning costs (partially offset by an increase in consulting fees for the reorganization amounting to € 3.3m).

EBITDA

The year closed with EBITDA equal to € 19.9m, down from € 26.8m in 2016 due chiefly to the decrease in revenue.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses amounted to € 41.6m in 2017, down from € 45.3m the previous year, due mainly to a reduction in the impairment of fixed and intangible assets from € 4.9m to € 1.5m.

Financial income and expense

Net financial income are equal to € 82.0m, compared with € 71.2m in 2016. The increase is explained by higher dividends from subsidiaries (€ 87.6m in 2017, versus € 67.0m in 2016), partially offset by the capital gain of € 11.5m in 2016 related to the sale of Autogrill Nederland B.V.

Adjustments to the value of financial assets

In 2016, this item included an impairment loss of € 11.5m on the investment in Holding de Participations Autogrill S.a.s. The estimated recoverable amount of that investment, determined by discounting cash flows on the basis of projected results, was lower than the carrying amount (historical cost) due to the French company's reduced sphere of operations after the disposal of the railway station business.

Income tax

Income tax for 2017 comes to € 0.9m (€ 4.7m the previous year). The decrease is due to the release of taxes provided for in previous years on disputes settled in 2017 and by a reduction in IRAP (regional business tax).

Profit for the year

The year closed with a net profit of € 59.4m, up from € 36.5m in 2016, thanks to the combined effect of the EBITDA trend, higher dividends and lower taxes.

1.2.3 RECLASSIFIED STATEMENT OF FINANCIAL POSITION ⁵

(€m)	31.12.2017	31.12.2016	Change
Intangible assets	115.9	117.4	(1.5)
Property, plant and equipment	175.5	161.1	14.4
Financial assets	554.7	556.2	(1.5)
A) Non-current assets	846.1	834.7	11.4
Inventories	46.7	47.6	(0.9)
Trade receivables	33.6	28.1	5.5
Other receivables	130.7	106.0	24.7
Trade payables	(144.8)	(144.5)	(0.3)
Other payables	(84.7)	(85.7)	1.0
B) Working capital	(18.5)	(48.5)	30.0
Invested capital (A + B)	827.6	786.2	41.4
C) Other non-current non-financial assets and liabilities	(54.9)	(58.6)	3.7
D) Net invested capital (A + B + C)	772.7	727.6	45.1
E) Equity	500.7	481.1	19.6
Non-current financial liabilities	149.6	183.5	(33.9)
Non-current financial assets	(34.3)	(22.8)	(11.5)
F) Non-current financial indebtedness	115.3	160.7	(45.4)
Current financial liabilities	183.0	107.3	75.7
Cash and cash equivalents and current financial assets	(26.3)	(21.5)	(4.8)
G) Current net financial indebtedness	156.7	85.8	70.9
Net financial position (F + G)	272.0	246.5	25.5
H) Total (E + F + G) as in D)	772.7	727.6	45.1

The statement of financial position shows a rise of € 41.4m in net invested capital, due largely to the increase in dividends from subsidiaries not yet received at year-end (a dividend of € 79.9m was received from the U.S. subsidiary HMSHost Corporation in January 2018).

The increase in non-current assets reflects the Company's investment at various locations during the course of the year, as described in the "Capital expenditure" section below.

The net financial position increased from € 246.5m in 2016 to € 272m, due to the temporary absorption of cash, later offset by the receipt of the US dividend mentioned above. See the notes to the financial statements for a description of the new loans obtained in 2017 and in the first months of 2018.

5. "B. Working capital" includes the items "III. Other receivables", "IV. Trade receivables", "V. Inventories", "XII. Trade payables", "XIII. Tax liabilities" and "XIV. Other payables."
 "C. Other non-current non-financial assets and liabilities" includes the items "XI. Other receivables", "XVII. Other payables", "XIX-Post-employment benefits and other employee benefits", "XX- Provisions for risks and charges" and "XI. Deferred tax assets."
 "Non-current financial assets" do not include long-term security deposits (€ 1.6m), which have been reclassified to "Financial assets."
 "Current financial liabilities" are comprised of "XV. Bank loans and borrowings" and "XVI. Other financial liabilities."
 "Cash and cash equivalents and current financial assets" include "I Cash and cash equivalents" and "II. Other financial assets."

Capital expenditure

Capital expenditure in 2017 came to € 54.8m (€ 48.5m in 2016) and refers mostly to the new Motta Duomo in Milan, to Bistrot openings in Cantagallo, Massa, Orio al Serio (together with Puro Gusto and Beaudevin), Venice Santa Lucia and Milano City Life, and to new motorway locations at Campagna Nord and Adda Sud.

Capital expenditure are also referred to the upgrading and renovation of other locations and the routine replacement of obsolete plant, equipment and furnishings.

1.2.4 PERFORMANCE OF KEY SUBSIDIARIES

Through subsidiaries, Autogrill oversees a wide and varied network of mostly food & beverage operations in North America, Europe and various airports in the Asia/Pacific area, as well as in Turkey, India, and Russia.

Autogrill S.p.A.'s largest subsidiary is the US-based HMSHost Corporation. Revenue in 2017 by HMSHost and its subsidiaries increased by 6.2% to \$ 3,285.8m (\$ 3,093.4m the previous year). EBITDA rose from \$ 351.5m in 2016 to \$ 367.8m (+4.6%), amounting to 11.1% of revenue (11.4% in 2016). The net profit increased to \$ 125.7m, from \$ 112.2m of the previous year (+12%).

1.3 Outlook

Due to the reorganization discussed above, involving the contribution in kind from 1 January 2018 of the Italian division, the unit in charge of affiliates in continental and southern Europe, and administrative and ICT services, starting from 2018 Autogrill S.p.A. will concentrate its activity on the definition and development of growth strategies for the Group as a whole and on capital allocation, corporate governance and institutional relations. This will allow greater flexibility and a sharper focus on the objectives of the individual areas of business and on locating structural efficiencies, including in conjunction with potential partnerships.

SUBSEQUENT EVENTS

On 1 January 2018, three divisions were contributed to three different new or recently incorporated companies, completing the corporate reorganization project.

The net value on 1 January 2018 of the assets and liabilities transferred to the three companies (€ 501m), as a result of the reorganizations, produced an adjustment in Autogrill S.p.A.'s favor of € 8.5m compared with the values measured at 30 June 2017 when planning the contributions.

For further information see Section 2.2.1 of the notes, which explains the corporate reorganization in detail.

As mentioned above, in January 2018 Autogrill S.p.A. received a dividend of € 79.9m from the US subsidiary HMSHost Corporation.

In January 2018, Autogrill S.p.A. obtained two new credit facilities of € 100m and € 300m, maturing between 2021 and 2023, which were used in part to prepay the partially drawn down revolving credit line of nominal € 400m that was due to mature in March 2020 (see Note XIX: Loans, net of current portion).



1.4 Other information

1.4.1 NON-FINANCIAL REPORTING

The Company meets the criteria outlined in Art. 2 of Legislative Decree 254/2016, but Autogrill S.p.A. has not prepared individual non-financial disclosures because in its role as parent company, it publishes a consolidated non-financial report pursuant to Arts. 4 and 6 (1) of that decree.

1.4.2 MAIN RISKS AND UNCERTAINTIES FACED BY AUTOGRILL

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

For further information, see section 1.6.1 ("Financial and non-financial risk management") in the consolidated financial statements.

1.4.3 CORPORATE GOVERNANCE

All information on this subject is included in the Corporate Governance Report, prepared in accordance with art. 123-*bis* of Legislative Decree n. 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 and on the authorized storage platform *1info* (www.1info.it), as well as online at www.autogrill.com (Governance section).

1.4.4 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 still applied. In a resolution of 28 September 2017, the Board of Directors confirmed the absence of elements that would suggest management and coordination by the direct parent Schematrentaquattro or by the ultimate parent, Edizione S.r.l.

1.4.5 RELATED PARTY TRANSACTIONS

Transactions with the Company'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. on an arm's length basis.

See the Section 2.2.1 relating to the corporate reorganization completed in December 2017, effective 1 January 2018, as well as the section "Other information" in the Notes 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/Related parties).

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

In respect of Art. 15 of CONSOB Regulation no. 20249 of 28 December 2017 on conditions for the listing of companies that control entities formed or governed under the laws of countries outside the European Union that are of material significance to the financial statements, we report that two of the company's direct or indirect subsidiaries 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.

1.4.7 RESEARCH AND DEVELOPMENT

Given the nature of its core activities, Autogrill invests directly or through subsidiaries in innovation, product development, and improvements to the quality of service. It does not conduct technological research as such.

1.4.8 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 company 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.

1.4.9 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

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.

1.4.10 ATYPICAL OR UNUSUAL TRANSACTIONS

With the exception of the corporate reorganization completed in December 2017, effective 1 January 2018, in 2017 there were no atypical and/or unusual transactions as defined by CONSOB Communication DEM/6064293 of 28 July 2006.

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

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

Given the extensive scale of the corporate reorganization completed by the parent company described in Section 2.2.1 of the explanatory notes, 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).



1.5 Annual General Meeting

The Board of Directors, in accordance with Art. 2364 (2) of the Italian Civil Code and Art. 21 of the by-laws, decided to call the Annual General Meeting of shareholders within the extended deadline of 180 days after the end of the business year, in consideration of Autogrill S.p.A.'s needs and obligations relating to the preparation of the consolidated financial statements.



1.6 Proposal for approval of the financial statements and allocation of the 2017 profit

Dear Shareholders,

The year ended 31 December 2017 presents a net profit of € 59,392,001.

The Board of Directors proposes to distribute total dividends of € 48,336,000 and to allocate € 11,056,001 to reserves.

Recommending, for all further details, consultation of the financial statements published and made available according to the protocol set by law, the Board of Directors submits for your approval the following

motion

The Annual General Meeting of shareholders:

- having examined the 2017 financial statements which close with a net profit of € 59,392,001;
- having noted, based on the Company's 2017 financial statements, that the minimum legal reserve balance required by Italian Civil Code Art. 2430 has been met;
- having acknowledged the reports of the Board of Statutory Auditors and of the independent auditors, Deloitte & Touche S.p.A.;

hereby resolves

- to approve the financial statements of Autogrill S.p.A. at and for the year ended 31 December 2017, showing a net profit of € 59,392,001;
- to distribute a dividend of € 0.19 per entitled share, hence a total of € 48,336,000;
- to allocate € 11,056,001 to "Other reserves and retained earnings";
- to pay the dividend as from 20 June 2018, with coupon no. 13 going ex-div on 18 June 2018 and a record date, as defined under art. 83-*terdecies* of the Uniform Finance Act, of 19 June 2018.

8 March 2018

The Board of Directors

2 SEPARATE FINANCIAL STATEMENTS







Tasty



Drinks

Foodie

Gourmand

Deliziosa

Salvatore



Carbocci per vedere
prima o dopo
per un'occasione
AIRTORRELL



2.1 Separate Financial Statements

2.1.1 STATEMENT OF FINANCIAL POSITION

Note	(€)	31.12.2017	Of which related parties	31.12.2016	Of which related parties
ASSETS					
I	Cash and cash equivalents	24,222,483	-	19,561,838	-
II	Other financial assets	2,083,014	2,200	1,961,370	621,112
	Tax assets	532,299	-	260,077	-
III	Other receivables	130,203,371	99,676,140	105,778,372	79,945,398
IV	Trade receivables	33,629,319	10,743,009	28,106,949	5,193,090
V	Inventories	46,703,218	-	47,643,967	-
	Total current assets	237,373,704	-	203,312,573	-
VI	Property, plant and equipment	175,467,110	-	161,100,117	-
VII	Goodwill	83,631,225	-	83,631,225	-
VIII	Other intangible assets	32,303,643	-	33,774,213	-
IX	Investments	554,610,159	-	554,465,159	-
X	Other financial assets	34,332,655	32,453,883	24,434,885	22,800,622
XI	Deferred tax asset	570,804	-	-	-
XII	Other receivables	7,542,016	-	8,310,316	-
	Total non-current assets	888,457,612	-	865,715,915	-
	TOTAL ASSETS	1,125,831,316		1,069,028,488	
LIABILITIES AND EQUITY					
LIABILITIES					
XIII	Trade payables	144,799,208	29,529,409	144,472,657	31,839,929
XIV	Tax liabilities	-	-	2,888,904	-
XV	Other payables	84,829,666	7,165,860	82,912,180	6,579,047
XVI	Bank loans and borrowings	159,912,538	-	79,288,348	-
XVII	Other financial liabilities	22,900,481	22,443,714	28,032,387	27,284,661
	Total current liabilities	412,441,893	-	337,594,476	-
XVIII	Other payables	5,700,029	-	4,878,541	-
XIX	Loans, net of current portion	149,607,410	-	183,403,600	-
XX	Post-employment benefits and other employee benefits	51,297,566	-	56,129,796	-
XXI	Provisions for risks and charges	6,099,552	-	5,925,055	-
	Total non-current liabilities	212,704,557	-	250,336,992	-
XXII	EQUITY	500,684,866	-	481,097,020	-
	TOTAL LIABILITIES AND EQUITY	1,125,831,316		1,069,028,488	

2.1.2 INCOME STATEMENT

Note	(€)	2017	Of which related parties	2016	Of which related parties
XXIII	Revenue	936,526,756	30,392,432	967,545,331	22,398,298
XXIV	Other operating income	66,713,236	11,133,054	62,823,990	6,802,010
	Total revenue and other operating income	1,003,239,992	-	1,030,369,321	-
XXV	Raw materials, supplies and goods	448,581,359	5,399,243	462,548,661	3,733,873
XXVI	Personnel expense	261,617,707	1,874,895	264,188,297	1,825,975
XXVII	Leases, rentals, concessions and royalties	163,768,558	69,332,035	164,610,371	72,416,939
XXVIII	Other operating expense	109,389,000	11,813,986	112,213,802	11,636,717
XXIV	Amortization and depreciation	40,121,722	-	40,367,428	-
XXX	Impairment losses	1,483,411	-	4,941,804	-
	Operating loss	(21,721,765)	-	(18,501,042)	-
XXXI	Financial income	90,187,986	88,133,728	80,483,400	67,740,318
XXXII	Financial expense	(8,143,377)	32,525	(9,309,938)	576,579
XXXIII	Impairment losses on financial assets	-	-	(11,500,000)	-
	Pre-tax profit	60,322,844	-	41,172,420	-
XXXIV	Income tax	(930,843)	-	(4,717,332)	-
	Profit for the year	59,392,001	-	36,455,088	-

2.1.3 STATEMENT OF COMPREHENSIVE INCOME

Note	(€)	2017	2016
	Profit for the year	59,392,001	36,455,088
	Items of comprehensive income that will not be reclassified to profit or loss	109,436	(533,046)
XX	Actuarial gains on defined benefit plans	143,995	(701,376)
XXXIV	Tax on items that will not be reclassified to profit or loss	(34,559)	168,330
	Items that may be subsequently reclassified to profit or loss	-	-
	Total comprehensive income for the year	59,501,437	35,922,042

2.1.4 STATEMENT OF CHANGES IN EQUITY

(€)	Share capital	Legal reserve	Hedging reserve	Other reserves and retained earnings	Held for sale financial assets reserve	Treasury shares reserve	Profit for the year	Equity
31.12.2015	68,688,000	13,737,600	-	335,333,716	-	(1,447,266)	59,347,103	475,659,152
Total comprehensive income (expense) for the year								
Profit for the year	-	-	-	-	-	-	36,455,088	36,455,088
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	-	(533,046)	-	-	-	(533,046)
Total comprehensive income (expense) for the year								
	-	-	-	(533,046)	-	-	36,455,088	35,922,042
Allocation of 2015 profit	-	-	-	28,862,929	-	-	(28,862,929)	-
Dividend distribution	-	-	-	-	-	-	(30,484,174)	(30,484,174)
Total contributions by and distributions to owners of the parent								
	-	-	-	28,862,929	-	-	(59,347,103)	(30,484,174)
31.12.2016	68,688,000	13,737,600	-	363,663,599	-	(1,447,266)	36,455,088	481,097,020
Total comprehensive income (expense) for the year								
Profit for the year	-	-	-	-	-	-	59,392,001	59,392,001
Actuarial gains (losses) on defined benefit plans, net of the tax effect	-	-	-	109,436	-	-	-	109,436
Total comprehensive income (expense) for the year								
	-	-	-	109,436	-	-	59,392,001	59,501,437
Dividend distribution	-	-	-	(4,219,852)	-	-	(36,455,088)	(40,674,940)
Stock option	-	-	-	33,890	-	727,457	-	761,347
Total contributions by and distributions to owners of the parent								
	-	-	-	(4,185,962)	-	727,457	(36,455,088)	(39,913,593)
31.12.2017	68,688,000	13,737,600	-	359,587,073	-	(719,809)	59,392,001	500,684,864

2.1.5 STATEMENT OF CASH FLOWS

(€)	2017	2016
Opening net cash and cash equivalents	18,273,490	(386,390)
Pre-tax profit and net financial expense for the year	(21,721,765)	(18,501,042)
Amortization, depreciation and impairment losses on non-current assets, net of reversals	41,605,133	45,309,232
(Gain)/losses on disposal of non-current assets	(397,352)	(1,083,919)
Change in working capital	(11,911,763)	(975,958)
Net change in non-current non-financial assets and liabilities	(3,873,690)	(6,925,218)
Cash flow from operating activities	3,700,563	17,823,095
Taxes (paid)/collected	(2,851,092)	(2,644,811)
Net interest paid	(4,148,875)	(4,736,506)
Net cash flow from operating activities	(3,299,404)	10,441,778
Acquisition of property, plant and equipment and intangible assets	(53,165,436)	(42,692,792)
Proceeds from sale of non-current assets	671,796	1,756,362
Net change in investments in subsidiaries	(145,000)	22,721,850
Dividends received	69,337,793	92,574,311
Net change in non-current financial assets	(244,485)	(65,732)
Net cash flow used in investing activities	16,454,668	74,293,999
Net change in intercompany loans and borrowings	(13,875,434)	16,409,976
New non-current borrowings	150,000,000	-
Repayments of non-current loans	(200,000,000)	-
Repayments of non-current loans, net of new loans	116,288,348	(35,000,000)
Repayments of current loans, net of new loans	(18,555,023)	(17,387,303)
Dividends paid	(40,674,940)	(30,484,174)
Exercise of stock options	761,347	-
Other cash flows	(1,150,569)	385,604
Net cash flow used in financing activities	(7,206,271)	(66,075,897)
Cash flow for the period	5,948,993	18,659,880
Closing net cash and cash equivalents	24,222,483	18,273,490

Reconciliation of net cash and cash equivalent

(€)	2017	2016
Opening - net cash and cash equivalents - balance as of 1 January 2017 and as of 1 January 2016	18,273,490	(386,390)
Cash and cash equivalents	19,561,838	22,475,466
Current account overdrafts	(1,288,348)	(22,861,856)
Closing - net cash and cash equivalents - balance as of 31 December 2017 and as of 31 December 2016	24,222,483	18,273,490
Cash and cash equivalents	24,222,483	19,561,838
Current account overdrafts	-	(1,288,348)



2.2 Notes to the financial statements

2.2.1 CORPORATE REORGANIZATION

On 11 April 2017, the Company began a corporate reorganization project (hereinafter referred to also as the “reorganization project”) aimed at separating the Italian food & beverage operations and the coordination and service activities provided to the directly controlled European companies from the direction and management activities carried out by Autogrill S.p.A. in its capacity as holding company.

On 28 September 2017, the Company reached a preliminary definition of how the reorganization would be structured and of the business units and holdings to be involved.

On 9 November 2017, the Board of Directors resolved the corporate reorganization project.

To carry out the corporate reorganization project, three business units that were part of Autogrill S.p.A. were contributed in kind to three wholly-owned limited liability companies (the “Transferers”), new or recently incorporated, representing payment in full for the capital increases resolved by each of their shareholders’ meetings on 15 December 2017 with effect from 1 January 2018. The three beneficial companies were turned into joint-stock companies as of the same date. The three business units are made up as follows:

- a) the Italy Business Unit that manages food and beverage operations and related activities and, through its subsidiary Nuova Sidap S.r.l., the distribution of fuel, at travel infrastructures, on high streets and at shopping centers and outlet malls in Italy;
- b) the Europe Business Unit, which includes the structures responsible for the coordination of activities and the management of general services in southern Europe and continental Europe (including Italy), and the stakes - at the time owned directly by Autogrill - in various companies based in southern and continental Europe;
- c) the Service Business Unit that provides support and shared services to Group companies, in particular in the areas of ICT, administration, accounting, and human resource management.

The reorganization project pursues 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 an even better understanding of the individual business areas; and

- 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.

Description of the assets contributed

The business units contributed to the three beneficial companies are described below.

(a) Italy Business Unit

The Italy Business Unit was transferred to Autogrill Italia with effect from 1 January 2018, as consideration for the Autogrill Italia capital increase resolved by its shareholders' meeting of 15 December 2017.

The Italy Unit manages food & beverage services, oil and fuel distribution and related activities through the following three divisions:

- i) the "Concessions" division, which includes all activities at airports and rest stops;
- ii) the "Oil" division, directly and through New Sidap S.r.l., an Italian wholly-owned subsidiary of Autogrill that in addition to serving food, distributes oil and fuel and performs related activities; and
- iii) the "Urban Center and Mall" division, which includes shopping centers and outlet malls, urban centers and railway stations.

In addition, the Italy Unit includes the typical management and coordination activities in support of the business, such as logistics and operations, procurement, sales support, development and management of relations with real estate owners, maintenance, investment and infrastructure, safety, quality, marketing, human resources, administration, finance and control, and legal affairs.

The Italy Unit currently operates in approximately 470 locations, about 390 of them on roads and motorways, with an average full-time equivalent workforce of approximately 7,300 units including about 1,100 under the subsidiary Nuova Sidap S.r.l.

The Italy Unit was transferred at book value, thus in continuity with the values stated in Autogrill's financial statements.

A small number of assets and operating contracts were not transferred along with the Italy Unit, but the relevant activities will be managed by Autogrill Italia until their potential future transfer to the latter.

The trademarks and intellectual property rights, which have strategic importance for the entire Group, have not been and will not be transferred to Autogrill Italia. Their use is governed by license agreements - they are in draft version at the reporting date - with effective date 1 January 2018.

(b) Europe Business Unit

The Europe Business Unit was transferred to GTA S.r.l. (renamed "Autogrill Europe S.p.A." as of the transfer date), with effect from 1 January 2018, as consideration for the Autogrill Europe capital increase resolved by its shareholders' meeting of 15 December 2017.

The Europe Unit includes, among other elements:

- i) the structures responsible for the coordination of activities and the management of general services in southern Europe and continental Europe (including Italy), currently operated by Autogrill; and

- ii) the stakes at the time owned directly by Autogrill in various companies based in southern and continental Europe.

In particular, the coordination structure included in the Europe Unit carries out activities pertaining to marketing, procurement, engineering and construction, business development, human resources, management control and treasury, legal and corporate affairs, and internal audit. With a workforce of around 70 people and related equipment, it is responsible for the centralized monitoring of results and business performance, and providing guidance and support to the various foreign affiliates.

The Europe Branch also includes Autogrill's interests in various companies, as follows:

- 100% of Autogrill Austria GmbH, an Austrian company which operates 12 food & beverage locations on Austrian motorways;
- 99.99% of Autogrill Belgie NV, a Belgian company that, with its subsidiary AC Restaurant & Hotel Beeher N.V., operates 44 locations in Belgium on motorways, at Brussels Airport, in railway stations, in subways and on various high streets;
- 100% of Autogrill Czech s.r.o., a Czech company that manages food & beverage outlets at Prague railway station and one motorway location;
- 100% of Holding de Participations Autogrill S.a.s., a French company that holds a group of 11 French subsidiaries that operate food & beverage locations mainly on the country's motorways. Until 30 September 2017, through a subsidiary, Holding de Participations Autogrill S.a.s. also managed food & beverage locations at Marseilles airport, which were subsequently sold to another operator. Currently the group of companies owned by Holding de Participations Autogrill S.a.s. operates in 49 locations. The French group also includes three companies controlled on the basis of agreements;
- 100% of Autogrill Deutschland GmbH, a German company that operates a total of 35 food & beverage locations on German motorways and in major airports;
- 100% of Autogrill Hellas Single Member Limited Liability Company, a Greek company that operates a total of seven food & beverage locations at Athens airport and on Greek motorways;
- 100% of Autogrill Polska Sp.zo.o., a Polish company that until 10 October 2017 operated various locations on Polish motorways. On that date, the entire business was sold to another operator, so at the moment Autogrill Polska Sp.zo.o. is not party to any contract for the supply of food & beverage services;
- 100% of Autogrill gostinstvo in trgovina d.o.o., a Slovenian company that operates 8 food & beverage locations on Slovenian motorways;
- 100% of Autogrill Iberia S.L.U., a Spanish company that operates a total of 35 food & beverage locations on Spanish motorways and in stations (in particular in Madrid) and at various airports, including Madrid and Las Palmas; and
- 100% of Autogrill Schweiz A.G., a Swiss company that operates 24 food & beverage locations on the main Swiss motorways, at Zurich and Geneva airports, at railway stations, at shopping centers and on high streets. Autogrill Schweiz A.G. also controls two smaller companies.

The Europe Unit was transferred at book value, thus in continuity with the values stated in Autogrill's financial statements.

(c) Service Business Unit

The Service Business Unit was transferred to Autogrill Advanced Business Service S.r.l. ("**Autogrill Services**") with effect from 1 January 2018 as consideration for the Autogrill Services capital increase resolved by its shareholders' meeting of 15 December 2017.

The Service Unit provides support and shared services to Group companies. In particular, it mainly provides:

- i) information and communication technology services, including development, management and maintenance of application software, as well as the related security and compliance tools;
- ii) administrative and accounting services, such as accounts receivable and payable, keeping of assets register, information and data base management, liaisons with suppliers and customers; and
- iii) payroll services and related personnel management formalities (tax, social security and insurance).

The Service Unit provides services to the Italian companies and to various European subsidiaries of Autogrill.

The Service Unit was transferred at book value, thus in continuity with the values stated in Autogrill's financial statements.

Procedures, terms and conditions of the contribution and criteria used to determine the value of the business units

The contribution was carried out through Autogrill S.p.A.'s contribution in kind of the business units, with effect from 1 January 2018, as payment for the capital increases in accordance with the methods, terms and conditions described below.

Contribution in kind of the Italy Business Unit

The contribution in kind of the Italy Business Unit took place after the shareholders' meeting of Autogrill Italia, on 15 December 2017, resolved to:

- i) increase the share capital, pursuant to Art. 2481-*bis* of the Italian Civil Code, for a nominal amount of € 68,638,000 with share premium of € 87,860,497, for a total price of € 156,498,497, reserved to the sole shareholder Autogrill S.p.A., to be subscribed and paid-in on 1 January 2018 through the contribution in kind of the Italy Business Unit effective as of that date;
- ii) transform Autogrill Italia into a joint stock company pursuant to Arts. 2498 *et seq.* of the Italian Civil Code, with the concurrent issuance of ordinary shares, with no indication of their par value and with regular dividend rights as of the date of issuance, and adopt new by-laws, with effect from 1 January 2018.

On 15 December 2017, the deed of contribution relating to the contribution in kind of the Italy Business Unit to Autogrill Italia was executed.

The resolutions adopted by the shareholders' meeting of Autogrill Italia and the deed of contribution relating to the Italy Business Unit were entered into the Company Register of Novara on 22 December 2017.

Contribution in kind of the Europe Business Unit

The contribution in kind of the Europe Business Unit took place after the shareholders' meeting of Autogrill Europe, on 15 December 2017, resolved to:

- i) increase the share capital, pursuant to Art. 2481-*bis* of the Italian Civil Code, for a nominal amount of € 49,950,000 with share premium of € 283,226,172, for a total price of € 333,176,172, reserved to the sole shareholder Autogrill S.p.A., to be subscribed and paid-in on 1 January 2018 through the contribution in kind of the Europe Business Unit effective as of that date;
- ii) transform Autogrill Europe into a joint stock company pursuant to Arts. 2498 *et seq.* of the Italian Civil Code, with the concurrent issuance of ordinary shares, with no indication of their par value and with regular dividend rights as of the date of issuance, and adopt new by-laws that also provide for the change of the current

company name “GTA S.r.l.” to “Autogrill Europe S.p.A.,” with effect from 1 January 2018.

On 15 December 2017, the deed of contribution relating to the contribution in kind of the Europe Business Unit to Autogrill Europe was executed.

The resolutions adopted by the shareholders’ meeting of Autogrill Europe and the deed of contribution relating to the Europe Business Unit were entered into the Company Register of Novara on 22 December 2017.

Contribution in kind of the Service Business Unit

The contribution in kind of the Service Business Unit took place after the shareholders’ meeting of Autogrill Servizi, on 15 December 2017, resolved to:

- i) increase the share capital, pursuant to Art. 2481-*bis* of the Italian Civil Code, for a nominal amount of € 950,000 with share premium of € 2,253,815, for a total price of € 3,203,815, reserved to the sole shareholder Autogrill S.p.A., to be subscribed and paid-in on 1 January 2018 through the contribution in kind of the Service Business Unit effective as of that date; and
- ii) transform Autogrill Servizi into a joint stock company pursuant to Arts. 2498 *et seq.* of the Italian Civil Code, with the concurrent issuance of ordinary shares, with no indication of their par value and with regular dividend rights as of the date of issuance, and adopt new by-laws, with effect from 1 January 2018.

On 15 December 2017, the deed of contribution relating to the contribution in kind of the Service Business Unit to Autogrill Servizi was executed.

The resolutions adopted by the shareholders’ meeting of Autogrill Servizi and the deed of contribution relating to the Service Business Unit were entered into the Company Register of Novara on 22 December 2017.

Criteria used to determine the value of the businesses units; valuation reports

The business units were contributed on a continuity of interest basis. For the purpose of appraising the business units transferred, it was necessary to draft a balance sheet for each of them at 30 June 2017, which were approved by Autogrill S.p.A.’s Board of Directors on 28 September 2017.

In addition, pursuant to Art. 2465(1) of the Italian Civil Code, the Company hired an expert appraiser to draft the valuation reports.

The valuation reports, which were sworn before civil law notary Carlo Marchetti on 11 December 2017, include a brief description of the composition of each business unit and of their most significant assets and liabilities at 30 June 2017.

They also include statements pursuant to Civil Code Art. 2465(1) that the value of each business unit is equal to or exceeds the value it has been assigned for the purpose of calculating the share capital and share premium indicated by each of the transferees with respect to their increases in capital.

Accounting effects of the contributions

As mentioned above, the business units were transferred on a continuity of interest basis meaning that the values of the interests in the beneficial companies, recognized in the separate financial statements of Autogrill S.p.A. upon completion of the contributions and in combination with the adjustments calculated at 1 January 2018, determined based on the net assets of each unit at 30 June 2017 referred to in the

corporate resolutions, ensure that the Company's net equity at 1 January 2018 is the same as it was at 31 December 2017.

With reference to the closing financial statements at 31 December 2017, below is a three-column table in which:

- the first column represents key balance sheet figures for Autogrill S.p.A. at 31 December 2017;
- the second column represents the assets and liabilities at 31 December 2017 of the units contributed;
- the third column shows the key balance sheet figures for Autogrill S.p.A. after deduction of the assets and liabilities of the units contributed (i.e. the difference between the first and second columns) and the value of the equity investments in the beneficial companies, thus representing the structure of the assets and liabilities held by the Company as from 1 January 2018 as a result of the contribution in kind.

The breakdown of the assets and liabilities as at 1 January 2018 of the Company, as a result of the contribution, can be summarized as follows:

(€)	Autogrill S.p.A. 31.12.2017	Assets and liabilities contributed 01.01.2018	Autogrill S.p.A. 01.01.2018
ASSETS			
Cash and cash equivalents	24,222,483	23,603,666	618,817
Other financial assets	2,083,014	1,219,970	863,044
Tax assets	532,299	-	532,299
Other receivables	159,176,805	52,694,958	106,481,847
Trade receivables	33,629,319	33,354,204	275,115
Inventories	46,703,218	46,703,218	-
Total current assets	266,347,138	157,576,016	108,771,122
Property, plant and equipment	175,467,110	167,221,497	8,245,613
Goodwill	83,631,225	83,631,225	-
Other intangible assets	32,303,643	19,329,331	12,974,312
Investments	554,610,159	336,983,308	217,626,851
Investments in transferees	-	-	492,878,484
Other financial assets	34,332,655	33,462,205	870,450
Deferred tax asset	23,354,972	8,708,181	14,646,791
Other receivables	7,542,016	7,542,016	-
Total non-current assets	911,241,780	656,877,763	747,242,501
TOTAL ASSETS	1,177,588,918	814,453,779	856,013,623
ADJUSTMENT	-	-	8,485,375
TOTAL ASSETS AND ADJUSTMENT	1,177,588,918	814,453,778	864,498,999
LIABILITIES AND EQUITY			
LIABILITIES			
Trade payables	173,772,642	169,015,247	4,757,395
Tax liabilities	-	-	-
Other payables	84,829,666	52,062,183	32,767,483
Bank loans and borrowings	159,912,538	-	159,912,538
Other financial liabilities	22,900,481	22,443,606	456,875
Total current liabilities	441,415,327	243,521,036	197,894,291
Other payables	5,700,029	1,566,242	4,133,787
Loans, net of current portion	149,607,410	-	149,607,410
Deferred tax liabilities	22,784,168	14,216,090	8,568,078
Post-employment benefits and other employee benefits	51,297,566	49,718,074	1,579,492
Provisions for risks and charges	6,099,552	4,068,477	2,031,075
Total non-current liabilities	235,488,725	69,568,883	165,919,842
EQUITY	500,684,866	-	500,684,866
GOING CONCERN CONTRIBUTED NET ASSETS	-	492,878,484	-
TOTAL LIABILITIES, EQUITY AND GOING CONCERN CONTRIBUTED NET ASSETS	1,177,588,918	805,968,403	864,498,999
ADJUSTMENT	-	8,485,375	-
TOTAL LIABILITIES, EQUITY AND GOING CONCERN CONTRIBUTED NET ASSETS AND ADJUSTMENTS	1,177,588,918	814,453,778	864,498,999

The “adjustment”, made for the purposes above, refer to Autogrill S.p.A.’s receivable from Autogrill Italia S.p.A. (€ 8,568,595), the receivable from Autogrill Europe S.p.A. (€ 2,357,224), and the payable due to Autogrill Advanced Business Service S.p.A. (€ 2,440,444).

The transfers resolved do not qualify as assets and liabilities held for sale under IFRS 5 and were not recognized as such in the separate financial statements.

Relationships with the transferees

Group structure after the contribution

The share capital of the beneficial companies is wholly owned by the Company, thus each of the beneficial companies is a related party of Autogrill S.p.A. Even after 1 January 2018, the share capital of the transferees will continue to be wholly owned by the Company, which will also continue to manage and coordinate the transferees pursuant to Arts. 2497 *et seq.* of the Italian Civil Code.

Dividend policy

In March 2017 Autogrill announced to the public that it had adopted a shareholder remuneration policy that, on the basis of its earnings - financial prospects and solid capital structure, aims to distribute an annual dividend per share equal to or greater than that paid the previous year, with a payout ratio (percentage of profits distributed in the form of dividends) of 40-50% of consolidated net profit. At that time, Autogrill pointed out that the proposed dividend policy, and in general its ability to pay dividends in the future would, in any case, depend on variables including the Group’s operating and financial results, market conditions, and the need to maintain the financial flexibility required to achieve the Company’s purpose, implement planned investments and carry out any extraordinary corporate transactions, and that there was therefore no certainty that such dividends would actually be paid nor would it be possible to define their exact amount in advance.

As of today, no dividend distribution policy has been formalized for the beneficial companies or other Group companies. With specific reference to the beneficial companies, until such a policy will be adopted, their dividend distribution policy will nevertheless be defined by Autogrill S.p.A. which owns their entire share capital and exercises management and coordination over them with the intention of ensuring consistency with its own dividend policy as announced to the market. In this respect, it has to be noted that, the implementation of Autogrill’s dividend policy is already supported and granted by the contribution of the Group’s international components in granting an adequate dividend flow to Autogrill.

Main transactions with the beneficiary companies

The main transactions with the beneficiary companies are briefly described below.

Considering that the brands and intellectual property rights were not transferred as part of the contribution, Autogrill S.p.A. is setting up agreements with the beneficiary companies to establish the terms and conditions under which the brands and intellectual property rights will be licensed.

In addition, the Group’s new structure as a result of the contributions will entail the payment of fees to companies that provide services to other Group companies. The terms and conditions relating to the supply of such services and the amount of the corresponding fees are currently being determined.

Autogrill S.p.A. had some uncommitted cash credit lines and endorsement credit lines that were partially transferred to Autogrill Italia as a result of the spin-off of the Italy

Business Unit. During the negotiations conducted by Autogrill in connection with the transfer of these credit lines to Autogrill Italia, the banks asked Autogrill S.p.A. to issue letters of patronage to ensure fulfilment of the obligations arising from the use of such credit lines by Autogrill Italia. It is expected, however, that such letters of patronage will have a limited duration.

Another consequence of the contribution of the Italy Unit is that Autogrill S.p.A. no longer owns Nuova Sidap S.r.l., whose sole shareholder is Autogrill Italia since 1 January 2018.

At the result of the contribution, Autogrill Italia and Autogrill Europe are now considered material companies pursuant to the medium and long-term loan agreements to which Autogrill is a part. The agreements entail certain obligations for the material companies, including disclosures, and also set limits on the disposal of Autogrill's stakes in these companies.

Events after the reporting date concerning the corporate reorganization

On 1 January 2018 the business units were contributed to the beneficiary companies.

2.2.2 ACCOUNTING POLICIES

Company operations

Autogrill S.p.A. operates in the food & beverage sector in Italy, and in other countries through its subsidiaries. Most of its business takes place at airports, motorway rest stops and railway stations by way of concession contracts.

Operations in Italy, performed by Autogrill S.p.A. and by its wholly-owned subsidiary Nuova Sidap S.r.l., consist mostly of catering at rest stops along motorways and smaller roads. These units also sell groceries and non-food products, and in some cases (under the management of Nuova Sidap S.r.l.) distribute fuel to the public.

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. In compliance with the amendments, the Company has included the information requested in the notes to the financial statements (see section “2.2.5.1 Information on IAS 7”).

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

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

Given the current composition of Autogrill’s statement of financial position (financial assets and liabilities) and the characteristics of the business (revenue from the sale of consumer products and paid almost entirely on the spot), the new IFRS 9 and IFRS 15 are unlikely to have an impact on the 2018 financial statements (in terms of either classification or measurement) that is significant enough to be quantified and anticipated in the present notes.

The new **IFRS 16 - Leases** 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, with a contra entry under payables on the basis of alternative approaches allowed by the standard that may have different effects on the assets and liabilities recognized on first-time application.

Considering the significant volume of future commitments for operating leases (Note 2.2.9), Autogrill is specifically investigating the likely impact of the new standard on the separate and consolidated financial statements 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. Considering the contractual agreements in place with lenders, the adoption of this standard will not affect the determination of covenants on existing loans.

Structure, format and content of the separate financial statements

The financial statements are clearly presented and give a true and fair view of the Company's financial position, results and cash flows. Formats and standards are constant over time, save for the exceptions mentioned below.

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

In accordance with IAS 1 and IAS 7, the formats used in the 2017 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 view of the future application of IFRS 16 and for the sake of improved representation and comparability, in the 2016 financial statements the amount for the rental of IT systems and vehicles was reclassified from "Other operating expense" to "Leases, rentals, concessions and royalties" in the amount of € 2,431k.

Accounting policies

The company 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, Autogrill has followed the rules of IFRS 3 (2008) - Business Combinations to account for the acquisition of companies or businesses.

Autogrill 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 company, 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 Company and the acquiree, the lesser of the settlement amount, as established by contract, and the off-market price of the element is deducted from the consideration transferred and recognized under other costs.

When a business is purchased, 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 acquisition only if this liability represents a current obligation deriving from past events and when its fair value can be reliably measured.

Goodwill arising from the acquisition of a business or the merger of an entity 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.

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

Autogrill 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 Company 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 of a business or merger of an entity is recognized as an asset and measured initially at cost, i.e., the amount by which the cost exceeds the fair value of the identifiable assets, liabilities and contingent liabilities recognized on acquisition or merger.

Business combinations carried out before 1 January 2004

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

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 Company is acting as an agent and not as a principal in a sales transaction, the revenue recognized is the net amount of the Company's premium or 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 receivable are recognized when the Company'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.

The Company provides for post-employment benefits through defined-contribution and/or defined-benefit plans.

Post-employment benefit plans are formalised and non-formalised agreements whereby the Group provides post-employment benefits to one or more employees.

Defined-contribution plans are post-employment benefit plans under which the Company 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 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 Company, the amount of the asset recognized is limited to the sum of any unrecognized cost for previous employment and the present value of economic benefits available in the form of refunds from the

plan or reductions in future contributions to the plan. An economic benefit is available to the Company 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 Company. 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 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 current liabilities (“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. In addition, so that the final amount is based on the number of options that will actually vest, the cost is adjusted to reflect both service conditions and non-market conditions.

There is no true-up for differences between expected and actual conditions. In the case of cash-settled share-based payment transactions (or those settled with equity or other financial instruments issued by a different entity), 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 as employee benefit expenses in the income statement.

Income tax

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

For three-year period 2016-2018, Autogrill S.p.A. has joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l. as permitted by the Consolidated Income Tax Act. The tax consolidation rules governing the participating Edizione group companies provide for payment in full of the amount corresponding to the IRES (corporate tax) rate times the transferred profits or the

losses if effectively utilized in accordance with tax law, as well as the transfer of any tax assets. The net current tax asset or liability for the year, in respect of IRES only, is therefore recognized as a receivable or payable due from/to Edizione S.r.l. and is therefore not shown under tax assets or liabilities but under “Other receivables” or “Other payables.”

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets, 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 Company 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 it 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 Company 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 non-financial assets” — the asset is impaired accordingly.

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

Concessions, licenses, trademarks and similar rights:	
Software licenses	3-6 years
License to sell state monopoly goods	Term of license
Brands	20 years
Other:	
Software	3-6 years
Other costs to be amortised	5 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 Company systematically reviews the useful life of each asset at every year-end. Cost includes reasonably estimated expenses (if compatible with IAS 37) that are likely to be incurred on expiry of the relevant contract to restore the asset to the contractually agreed condition, assuming that maintenance will continue to be carried out properly and with the usual frequency. Components of significant value (in excess of € 500k) or with a different useful life (50% longer or shorter than that of the asset to which the component belongs) are considered separately when determining depreciation.

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

Industrial buildings	33 years
Plant and machinery	3-12 years
Industrial and commercial equipment	3-5 years
Other	5-8 years
Furniture and fittings	5-10 years
Motor vehicles	4 years

Land is not depreciated.

For assets to be relinquished free of charge, these rates are replaced by those corresponding to the duration of the concession contract.

An asset's useful life is reviewed annually, and it 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 and amortized over the asset's 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. The depreciation period corresponds to the duration of the concession contract.

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 it is recognized under "Other operating 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. 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 2.2.9 - Operating leases).

Investments

Pursuant to IFRS 10, subsidiaries are companies for which the investor is exposed to or has rights to variable returns and is able to affect those returns through power over these investees.

Investments in subsidiaries are measured at cost adjusted for impairment losses, as described below.

Impairment losses and reversals on non-financial assets

At each annual or interim reporting date, the Company tests whether there are internal or external evidence of impairment or reversal of impairment for its property, plant and equipment, intangible assets, investments, and non-current loans granted to the latter. 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 Company 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 point of sale or points of sale 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 most detailed level at which goodwill is

monitored for internal reporting purposes in the country to which the goodwill refers. 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 market value (fair value less costs to sell) and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Because the fair value of investments in subsidiaries cannot be readily determined, their recoverable amount is taken as their estimated value in use, calculated by discounting the cash flows associated with their forecast results.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, it is reduced to the recoverable amount. Impairment losses are recognized in the income statement.

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

If the reason for the impairment loss no longer exists, the asset or cash-generating unit is reversed 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

Non-current assets 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.

Non-current assets held for sale 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 it 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 tested at the end of each year. If the reasons for the impairment loss cease to apply, they are reversed to an amount not exceeding purchase or production cost.

Financial assets and liabilities

Trade and other receivables

Trade receivables and other receivables are initially recognized at fair value, and subsequently at amortized cost using the effective interest method. They are reduced by estimated impairment losses, 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 derecognized if the contract entails the full transfer of the associated risks and rewards (contractual rights to receive cash flows from the asset). The difference between the carrying 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 they are initially measured at fair value, including direct transaction costs.

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

Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs. After the 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 year-end at fair value. If the financial assets are held for trading, gains and losses arising from changes in fair value are recognized in that year’s income statement under financial income and expense.

Cash and cash equivalents

Cash and cash equivalents include cash and current accounts with banks and post offices, demand deposits, and other highly liquid short-term financial investments (maturity of three months or less on the acquisition date) that are immediately convertible to cash; they are stated at face value as they are not subject to significant impairment risk.

Loans and bank overdrafts

Interest-bearing loans and bank 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

Autogrill’s liabilities are exposed primarily to financial risks due to changes in interest and exchange rates.

To manage these risks the Company uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. Company policy is to convert part of floating-rate debt into fixed-rate. The use of derivatives is governed by Company policies approved by the Board of Directors, which establish precise written procedures concerning the use of derivatives in accordance with Autogrill’s risk management strategies. Derivative contracts have been entered into with counterparties deemed to be financially solid, with the aim of

reducing default risk to a minimum. The Company does not use derivatives for purely trading purposes, but rather to hedge identified risks.

For further information see the policy reported in the 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 reversed 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 realised that have been included in comprehensive income are reclassified immediately 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 Company 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 Company 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 Company 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. 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 shareholders' 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.

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 separate 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 year-end. Actual results may differ. Estimates are used to determine the fair value of financial instruments, allowances for impairment and inventory obsolescence, depreciation, amortization, impairment losses and reversals, employee benefits, tax, and provisions for risks and charges. Estimates and assumptions are periodically reviewed and the effect of any change is immediately 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.

2.2.3 NOTES TO THE STATEMENT OF FINANCIAL POSITION

Current assets

I. Cash and cash equivalents

In detail:

(€k)	31.12.2017	31.12.2016	Change
Bank and post office deposits	6,302	942	5,360
Cash and equivalents on hand	17,920	18,620	(700)
Total	24,222	19,562	4,660

“Cash and equivalents on hand” include cash floats at stores and amounts in the process of being credited to bank accounts. The amount varies according to the frequency of pick-ups for deposit, which are generally handled by specialized carriers.

The statement of cash flows presents the various sources and uses of cash that contributed to the change in this item.

II. Other financial assets

Other financial assets are classified as follows:

(€k)	31.12.2017	31.12.2016	Change
Financial receivables from subsidiaries			
Autogrill Austria GmbH	1	8	(7)
Autogrill Hellas Single Member Limited Liability Company	1	9	(8)
Nuova Sidap S.r.l.	-	481	(481)
Holding de Participations Autogrill S.a.s.	-	101	(101)
Autogrill Polska Sp.zo.o.	-	20	(20)
Fair value of exchange rate hedging derivatives	863	679	184
Receivables from credit card companies	1,218	663	555
Total	2,083	1,961	122

“Financial receivables from subsidiaries” consist of interest accrued on the current portion of loans to subsidiaries that were disbursed and paid back during the year.

The main change since the previous year is due to the short-term cash pool balance with the subsidiary Nuova Sidap S.r.l., which was positive in 2016 and negative in 2017 and it has been moved to “Other financial liabilities”.

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

The increase in receivables from credit card companies is explained by the different concentration of settlements for credit card payments in 2017 compared to the year 2016.

III. Other receivables

“Other receivables” are shown in the table below:

(€k)	31.12.2017	31.12.2016	Change
Suppliers	20,238	19,314	924
Lease and concession advance payments	1,400	3,424	(2,024)
Inland revenue and government agencies	6,545	438	6,107
Personnel	156	181	(25)
Receivables from subsidiaries	84,911	66,077	18,834
Other	16,953	16,344	609
Total	130,203	105,778	24,425

“Suppliers” is referred chiefly to the amounts receivable for promotional contributions and supplier premiums awaiting settlement, as well as advances for services to be received. The difference is explained by dynamics in the settlement of premiums.

“Lease and concession advance payments” consist of lease instalments paid in advance, as required by contract. The change is due to different billing patterns at the end of the year.

The main reason for the increase in receivables from “Inland revenue and government agencies” is the fact that there was net VAT payable at 31 December 2016 and net VAT receivable at the end of 2017.

“Receivables from subsidiaries” consist primarily of dividends approved but not yet received at the end of the year. At 31 December 2017 these included the dividend of € 80.1m (\$ 100m) due from HMSHost Corporation, shown net of withholding tax; the dividend was fully received in January 2018.

The caption “Other” includes € 12,423k for the IRES (corporate income tax) refund requested by Edizione S.r.l. on behalf of Autogrill S.p.A., 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).

IV. Trade receivables

At 31 December 2017 “Trade receivables” are equal to € 33,629k. The caption is detailed in the table below:

(€k)	31.12.2017	31.12.2016	Change
Third parties	25,225	25,338	(113)
Disputed receivables	2,676	2,621	55
Due from subsidiaries	8,670	3,577	5,093
Allowance for impairment	(2,942)	(3,429)	487
Total	33,629	28,107	5,522

“Third parties” refers mainly to motorway partners, catering service agreements and accounts with affiliated companies. These last, amounting to € 6,911k at the close of the year (€ 4,428k at the end of 2016), are secured by bank guarantees equal to € 3,547k.

“Disputed receivables” are accounts being pursued through the courts.

“Trade receivables from subsidiaries” are related to commercial agreements with Group companies. The increase compared to the previous year is due primarily to higher sales of goods to Nuova Sidap S.r.l., which manages the new “food driven” locations that sell fuel together with food & beverage and minimarket products purchased from Autogrill S.p.A.

In light of the first-time adoption of IFRS 9 from 1 January 2018, the default risk of receivables has already been estimated, as in previous years, on the basis of the general default risk of receivables not yet due on the reporting date as inferred from past losses incurred.

Movements in the “Allowance for impairment” are shown below:

(€k)	
Allowance for impairment at 31.12.2016	3,429
Accruals	900
Utilizations	(1,387)
Allowance for impairment at 31.12.2017	2,942

Net allocations of € 900k (unchanged since the previous year) take account of the risk of disputes following utilizations in 2017; those utilizations, amounting to € 1,387k, refer to the settlement of disputes against which bad debt provisions had been made in the past. In particular, the bad debt provision is determined according to procedures that 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, as well as generic impairment calculated on the basis of historical and statistical data on receivables for which the expiration date is not already occurred.

V. Inventories

The inventories are shown in the table below:

(€k)	31.12.2017	31.12.2016	Change
Food & Beverage items	30,878	33,554	(2,676)
State monopoly goods, lottery tickets and newspapers	14,354	12,573	1,781
Sundry merchandise and other items	1,471	1,517	(46)
Total	46,703	47,644	(941)

Inventories are shown net of the provision for inventory write-down, which did not change in 2017 as it is considered adequate for its purpose.

Non-current assets

VI. Property, plant and equipment

The caption is composed as reported in the table below:

(€k)	31.12.2017	31.12.2016	Change
Land and buildings	30,658	29,664	994
Leasehold improvements	62,363	50,883	11,480
Plant and machinery	7,754	8,452	(698)
Industrial and commercial equipment	32,441	28,687	3,754
Assets to be transferred free of charge	24,429	23,779	650
Other	1,523	1,319	204
Assets under construction and payments on account	16,299	18,316	(2,017)
Total	175,467	161,100	14,367

The table below summarizes movements in property, plant and equipment:

(€k)	Non-industrial land	Industrial 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 amount									
1 January 2016	5,426	42,860	246,314	53,001	294,916	148,676	29,139	14,939	835,271
Increases	-	653	11,629	1,361	8,021	4,277	226	15,241	41,408
Decreases	-	(57)	(4,562)	(467)	(4,341)	(20,886)	(166)	(72)	(30,551)
Other movements	-	1,271	3,799	823	2,780	2,706	107	(11,792)	(306)
31 December 2016	5,426	44,727	257,180	54,718	301,376	134,773	29,306	18,316	845,822
Increases	-	470	15,463	990	9,352	7,150	305	13,138	46,868
Decreases	-	-	(8,077)	(244)	(2,302)	(14,649)	(19)	(131)	(25,422)
Other movements	-	1,549	13,178	323	4,777	(5,378)	599	(15,024)	24
31 December 2017	5,426	46,746	277,744	55,787	313,203	121,896	30,191	16,299	867,292
Accumulated depreciation & impairment losses									
1 January 2016	-	(19,157)	(199,180)	(44,598)	(265,527)	(122,140)	(27,285)	-	(677,888)
Increases	-	(984)	(10,435)	(1,986)	(10,219)	(7,432)	(846)	-	(31,902)
New impairment losses	-	(350)	(1,227)	(94)	(932)	(2,306)	(10)	-	(4,919)
Decreases	-	2	4,545	412	3,988	20,884	154	-	29,985
31 December 2016	-	(20,489)	(206,297)	(46,266)	(272,691)	(110,994)	(27,987)	-	(684,724)
Increases	-	(1,024)	(10,784)	(1,973)	(9,907)	(6,416)	(697)	-	(30,801)
New impairment losses	-	-	(1,009)	(27)	(349)	(68)	(3)	-	(1,456)
Decreases	-	-	8,075	233	2,185	14,642	19	-	25,154
Other movements	-	(1)	(5,366)	-	(2)	5,369	-	-	-
31 December 2017	-	(21,514)	(215,381)	(48,033)	(280,764)	(97,467)	(28,668)	-	(691,827)
Carrying amount									
31 December 2016	5,426	24,238	50,883	8,452	28,685	23,779	1,319	18,316	161,098
31 December 2017	5,426	25,232	62,363	7,754	32,439	24,429	1,523	16,299	175,465

The increase of € 46,868k stems primarily from the modernization and renovation of stores and the replacement of obsolete plant, equipment and furnishings. Significant capital expenditure in 2017 concerned the new Motta Duomo in Milan, the Bistrot openings in Cantagallo, Massa, Orio al Serio (together with Puro Gusto and Beaudevin), Venice Santa Lucia and Milano City Life, and new motorway locations at Campagna Nord and Adda Sud.

Investments are also underway at Limena, Muggiano Est, Muggiano Ovest, San Demetrio, and Villorosi Ovest.

Decreases for the year, amounting to € 25,422k, consist of € 7,749k in assets transferred free of charge upon the expiration of non-renewed concessions at Brughiera Ovest, Tortoreto Ovest, Riviera Sud, Rubicone Est, San Cristoforo Nord, Adige Ovest e Valle Aterno Ovest, and € 17,673k for the closure of various locations including San Giacomo Nord, Gonars Sud, Torre Fantine Ovest, Murge Ovest, Franciacorta, Rome Tritone, Autoparco Brescia and Mensa Ravenna.

Those disposals, with a net value of essentially zero, produced capital gains of € 418k and capital losses of € 21k.

Impairment testing resulted in net impairment losses of € 1,456k (€ 4,919k in 2016) based on estimated future cash flows discounted at the weighted average cost of capital, which reflects the cost of money and the specific business risk, without incorporating any assumed efficiency gains in the production of the future cash flows.

VII. Goodwill

“Goodwill” shows a balance of € 83.631k, unchanged since the previous year.

The recoverability of goodwill is tested by estimating the value in use of the cash generating unit (CGU, in this case the scope of activity of Autogrill S.p.A.), defined as the present value of estimated future cash flows discounted at a rate reflecting the specific risks of the CGU as of the measurement date.

The discount rate reflects the capital assets pricing model, based on indicators and variables observable in the market, as well as the risks of carrying out the plan. The discount rate after taxes used in 2017 was 6.9% (5.8% the previous year).

Future cash flows have been estimated on the basis of the 2018 budget and forecasts for 2019-2022 (explicit forecast period), and adjusted for compliance with the provisions of IAS 36. Cash flows beyond 2022 have been projected by normalizing information from those forecasts and applying a nominal growth rate (“g”) 1%, which does not exceed the long-term growth projection for Italy, and by using the perpetuity method to calculate terminal value.

In particular, internal estimates call for a moderate increase in motorway traffic. The selective strategy for future investments will reduce the sphere of operations, though only to a minor degree. Improved offerings and targeted efficiency measures will more than make up for this smaller scale.

Investments in development are correlated to the expiration of contracts, while maintenance investments are assumed to be consistent with historical trends.

On the basis of these assumptions, goodwill was found to be fully recoverable.

For the most significant assumptions used in the impairment tests, the rates at which the existing gap between the CGU’s value in use and its carrying amount would no

longer exist are 8.2% for the tax-free discount rate and 0.8% negative for the “g” rate. Based on the currently forecast trends in endogenous and exogenous variables, such levels are unlikely to occur.

Additional sensitivity analyses include:

- a sensitivity analysis, considering specific risk factors for execution of the plan as well as changes in the discount rate and g rate;
- a comparison between the CGU’s value in use for 2017 and 2016 with gap analysis.

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

VIII. Other intangible assets

The caption is detailed as follow:

(€k)	31.12.2017	31.12.2016	Change
Concessions, licenses, trademarks and similar rights	13,684	14,774	(1,090)
Assets under development and payments on account	6,520	7,046	(526)
Other	12,100	11,954	146
Total	32,304	33,774	(1,470)

“Concessions, licenses, trademarks and similar rights” refer mainly to licenses for the sale of goods held under state monopoly, to software licenses and to proprietary brands.

“Assets under development and payments on account” refer to investments in new software systems that are not yet in use.

The item “Other” relates mainly to software programs produced as part of the Company’s IT development plan.

All “Other intangible assets” have an established useful lives.

Movements in other intangible assets are summarized below:

(€k)	Concessions, licenses, trademarks and similar rights	Assets under development and payments on account	Other	Total
Gross amount				
1 January 2016	48,396	5,709	74,437	128,542
Increases	521	6,179	434	7,134
Decreases	(590)	(102)	(17)	(709)
Other movements	13	(4,740)	5,033	306
31 December 2016	48,340	7,046	79,887	135,273
Increases	1,158	5,590	1,160	7,908
Decreases	(402)	-	(12)	(414)
Other movements	126	(6,116)	5,966	(24)
31 December 2017	49,222	6,520	87,001	142,743
Accumulated depreciation & impairment losses				
1 January 2016	(31,724)	-	(61,889)	(93,613)
Increases	(2,406)	-	(6,059)	(8,465)
New impairment losses	(20)	-	(1)	(21)
Decreases	584	-	16	600
31 December 2016	(33,566)	-	(67,933)	(101,499)
Increases	(2,353)	-	(6,968)	(9,321)
New impairment losses	(28)	-	-	(28)
Decreases	397	-	12	409
Other movements	12	-	(12)	-
31 December 2017	(35,538)	-	(74,901)	(110,439)
Carrying amount				
31 December 2016	14,774	7,046	11,954	33,774
31 December 2017	13,684	6,520	12,100	32,304

The increases recorded during the current year are equal to € 7,908k. They are referred mainly to the renewal of licenses to sell tobacco products and investments in new software systems.

IX Investments

Investments at 31 December 2017 amount to € 554,610k: € 554,590k in subsidiaries and € 20k in other companies (neither subsidiaries nor associates).

The companies Autogrill Italia S.r.l. (now Autogrill Italia S.p.A.) and Autogrill Advanced Business Service S.r.l. (now Autogrill Advanced Business Service S.p.A.) have been formed in 2017, along with G.T.A. S.r.l. (now Autogrill Europe S.p.A.), to receive the business units spun off in the context of the corporate reorganization discussed in Section 2.2.1 Corporate reorganization.

Movements during the year are shown below:

(€k)	31.12.2016			Impairment (losses)/ reversals	31.12.2017		
	Cost	Impairment losses	Carrying amount		Cost	Impairment losses	Carrying amount
GTA S.r.l. (from 01.01.2018 Autogrill Europe S.p.A.)	60	-	60	-	85	-	85
Autogrill Italia S.r.l. (from 01.01.2018 Autogrill Italia S.p.A.)	-	-	-	-	60	-	60
Autogrill Advanced Business Service S.r.l. (from 01.01.2018 Autogrill Advanced Business Service S.p.A.)	-	-	-	-	60	-	60
Nuova Sidap S.r.l.	9,253	-	9,253	-	9,253	-	9,253
Autogrill Austria GmbH	32,771	(27,893)	4,878	-	32,771	(27,893)	4,878
Autogrill Belgie N.V.	46,375	-	46,375	-	46,375	-	46,375
Autogrill Czech S.r.o.	6,048	(3,031)	3,017	-	6,048	(3,031)	3,017
Autogrill D.o.o.	4,764	(4,764)	-	-	4,764	(4,764)	-
Autogrill Deutschland GmbH	35,435	-	35,435	-	35,435	-	35,435
Autogrill Iberia S.L.U.	47,629	(35,400)	12,229	-	47,629	(35,400)	12,229
Autogrill Hellas Single Member Limited Liability Company	4,791	(2,791)	2,000	-	4,791	(2,791)	2,000
HMSHost Corporation	217,423	-	217,423	-	217,423	-	217,423
Autogrill Polska Sp.zo.o.	4,805	(4,805)	-	-	4,805	(4,805)	-
Autogrill Schweiz A.G.	243,031	(102,950)	140,081	-	243,031	(102,950)	140,081
Holding de Participations Autogrill S.a.s.	119,694	(36,000)	83,694	-	119,694	(36,000)	83,694
Others	20	-	20	-	20	-	20
Total	772,099	(217,634)	554,465	-	772,244	(217,634)	554,610

The recoverable amount of investments is tested by estimating their value in use, defined as the present value of the estimated future cash flows of the companies' operations based on the 2018 budget and financial projections for 2019-2022, adjusted to comply with the provisions of IAS 36 and discounted using the weighted average cost of capital in the respective regions (from 4.4% to 13.3%), calculated using the Capital Assets Pricing Model and based on parameters observable in the market. 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 company's sector and country of operation (from 0.5% to 2.4%, consistently with medium- to long-term inflation forecasts by the International Monetary Fund), and by using the perpetuity method to calculate terminal value.

On the basis of these assumptions, the carrying amount of investments was deemed to be fully recoverable, and no reasons were found to reverse prior years' impairment losses given that the reasons for those writedowns still apply.

Cash flow analyses also demonstrate that the loans granted by Autogrill S.p.A. to subsidiaries are fully recoverable (Note X).

The following table provides key data on subsidiaries at 31 December 2017 (see the Annex for a full list of subsidiaries held indirectly):

Name	Registered office	Currency	Share capital/ quota	Number of shares/ quotas *	Equity at 31.12.2017 *	2017 profit (loss) *	% held		Carrying amount (€) *
							directly	indirectly	
Nuova Sidap S.r.l.	Novara (Italy)	Euro	100,000	1	10,545	1,824	100	-	9,253
GTA S.r.l. (from 01.01.2018 Autogrill Europe S.p.A.)	Novara (Italy)	Euro	50,000	1	58	(12)	100	-	85
Autogrill Italia S.r.l. (from 01.01.2018 Autogrill Italia S.p.A.)	Novara (Italy)	Euro	50,000	1	48	(12)	100	-	60
Autogrill Advanced Business Service S.r.l. (from 01.01.2018 Autogrill Advanced Business Service S.p.A.)	Novara (Italy)	Euro	50,000	1	55	(5)	100	-	60
Autogrill Austria GmbH	Gottesbrunn (Austria)	Euro	7,500,000	7,500,000	365	(387)	100	-	4,878
Autogrill Belgie N.V.	Anversa (Belgium)	Euro	6,700,000	8,882,601	13,962	1,157	100	0.001	46,375
Autogrill Czech S.r.o.	Prague (Czech Republic)	Czk	154,463,000	-	79,535	11,602	100	-	3,017
Autogrill D.o.o.	Lubiana (Slovenia)	Euro	1,342,670	-	1,110	106	100	-	-
Autogrill Deutschland GmbH	Munich (Germany)	Euro	205,000	1	23,800	(671)	100	-	35,435
Autogrill Iberia S.L.U.	Madrid (Spain)	Euro	7,000,000	7,000,000	12,552	2,127	100	-	12,229
Autogrill Hellas Single Member Limited Liability Company	Avlona Attikis (Greece)	Euro	3,696,330	123,211	4,894	651	100	-	2,000
HMSHost Corporation	Wilmington (USA)	Usd	10	1,000	459,422	125,712	100	-	217,423
Autogrill Polska Sp.z.o.o.	Katowice (Poland)	Pln	1,405,000	2,810	1,448	(1,953)	100	-	-
Autogrill Schweiz A.G.	Oltén (Switzerland)	Chf	23,183,000	23,183	39,530	4,736	100	-	140,081
Holding de Participations Autogrill S.a.S.	Marseille (France)	Euro	84,581,920	556,460	54,408	1,003	100	-	83,694
Others									20
Total									554,465

* Amounts in local currency, in thousands

The excess carrying amount of investments with respect to Autogrill's share of net equity reflects their earnings prospects, as confirmed by the impairment test described above for individual Group companies.

X. Other financial assets

The caption is composed mainly of long-term loans due from subsidiaries:

(€k)	31.12.2017	31.12.2016	Change
Loans granted to subsidiaries:			
Nuova Sidap S.r.l.	-	3,500	(3,500)
Autogrill Austria GmbH	2,556	2,221	335
Autogrill Polska Sp.zo.o.	-	2,280	(2,280)
Holding de Participations Autogrill S.a.s.	28,598	13,500	15,098
Autogrill Hellas Single Member Limited Liability Company	1,300	1,300	-
Guarantee deposits	1,870	1,624	246
Other financial receivables from third parties	9	10	(1)
Total	34,333	24,435	9,898

Interests of all these loans are regulated at market conditions.

The increase in the loan to the French company Holding de Participations Autogrill S.a.S. concerns the greater capital expenditure of its subsidiaries, as well as the buyback of non-controlling interests in two of its holdings.

XI. Deferred tax assets

These amount to € 571k (zero at 31 December 2016) and it is related to IRAP (regional business tax).

XII. Other receivables

Most of the balance of € 7,542k (€ 8,310k at 31 December 2016) consists of concession fees paid in advance for motorway food & beverage operations.

The change is due primarily to the reclassification to current receivables of the amount due within 12 months of the close of the year (€ 1,383k).

Current liabilities

XIII. Trade payables

This item amounts to € 144,799k and it is composed as reported in the table below:

(€k)	31.12.2017	31.12.2016	Change
Due to suppliers	144,031	144,120	(89)
Due to subsidiaries	768	353	415
Total	144,799	144,473	326

XIV. Tax liabilities

Tax liabilities have been reduced to zero (€ 2,889k at 31 December 2016) due to the release of taxes accrued in previous years for disputes settled in 2017.

XV. Other payables

The caption is equal to € 84,830k (€ 82,912k at 31 December 2016). It is composed as reported in the table below:

(€k)	31.12.2017	31.12.2016	Change
Personnel expense	25,999	25,380	619
Due to suppliers for investments	21,704	20,093	1,611
Social security and defined contribution plans	12,492	13,547	(1,055)
Indirect taxes	2,899	5,451	(2,552)
Withholding taxes	4,771	5,282	(511)
Other	16,965	13,159	3,806
Total	84,830	82,912	1,918

“Personnel expense” includes accrued holidays, personal days, bonus salaries (*quattordicesima*), prizes, performance bonuses, and other amounts to be settled in the next year.

The increase in “Due to suppliers for investments” concerns greater capital expenditure for the renovation and modernization of various outlets.

The main reason for the decrease in “Indirect taxes” is the fact that there was net VAT payable of € 2,830k at 31 December 2016 and net VAT receivable at the end of 2017.

The heading “Other” includes amounts due to other suppliers (€ 4,810), pension funds (€ 1,370k) and subsidiaries (€ 4,549k); premiums due to franchisees (€ 1,242k); and promotional contributions from suppliers pertaining to future years (€ 696k). Most of the increase since the previous year pertains to organizational, legal, administrative and tax consulting fees in relation to the corporate reorganization project.

XVI. Bank loans and borrowings

This item amounts to € 159,913k, as follows:

(€k)	31.12.2017	31.12.2016	Change
Unsecured bank loans	159,913	18,000	141,913
Current account overdraft	-	1,288	(1,288)
Bank loans current	-	60,000	(60,000)
Total	159,913	79,288	80,625

It consists of the amount to be prepaid in 2018 on the revolving credit line, net of € 87k in fees and charges.

The change with respect to 31 December 2016 reflects the payment of € 60,000k on the amortizing term loan and the classification to current payables of the long-term loan of originally € 200m due to its prepayment in February 2018.

XVII. Other financial liabilities

This item amounts to € 22,900k, as follows:

(k€)	31.12.2017	31.12.2016	Change
Deposits received from			
Nuova Sidap S.r.l.	1,122	-	1,122
Autogrill Belgie N.V.	1,668	8,973	(7,305)
Autogrill Schweiz A.G.	11,964	9,312	2,652
Autogrill Czech S.r.o.	490	-	490
Autogrill Deutschland GmbH	7,000	9,000	(2,000)
Autogrill D.o.o.	200	-	200
Fair value of currency hedging derivatives	51	53	(2)
Accrued expenses and deferred income for interest on loans	400	692	(292)
Other financial accrued expenses and deferred income	5	2	3
Total	22,900	28,032	(5,132)

The change in deposits received from subsidiaries relates to those companies' generation or absorption of cash flow during the year.

Most of the decrease in the deposit from Autogrill Belgie N.V. reflects the dividend payment to Autogrill S.p.A.

“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 or deposits and dividends.

For further information on derivative financial instruments, see Section 2.2.6.2, Financial risk management.

Non-current liabilities

XVIII. Other payables

With a balance of € 5,700k (€ 4,879k at 31 December 2016), this item refers mainly to deferred compensation under long-term incentive plans and the liability for Wave 1 of the 2016 Phantom Stock Option plan, whose vesting period ends in May 2019.

XIX. Loans, net of current portion

The caption amounts to € 149,607k (€ 183,404k at 31 December 2016), this item consists of € 150,000k in bank loans net of € 393k in charges and fees (€ 185,000k and € 1,596k at 31 December 2016).

The breakdown of the caption bank debt at 31 December 2017 and at 31 December 2016 is reported in the table below:

Credit Line	Expiry	31.12.2017		31.12.2016	
		Amount (€k)	Utilizations (€k)	Amount (€k)	Utilizations (€k)
Lines Revolving - RCF	March 2020	400,000	160,000	400,000	45,000
Linea Term Amortizing - TL	March 2020	-	-	200,000	200,000
Lines Term Amortizing - TL	August 2021	150,000	150,000	-	-
Total lines of credit		550,000	310,000	600,000	245,000
<i>current portion</i>			<i>(160,000)</i>	<i>(60,000)</i>	<i>(60,000)</i>
Total lines of credit net of current portion		550,000	150,000	540,000	185,000

In August 2017, Autogrill S.p.A. obtained a new € 150m term loan with maturity date 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 average remaining term of committed bank loans is two years and seven months, compared with two years and nine months at 31 December 2016. At 31 December 2017, credit lines had been drawn down by 56%.

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. Post-employment benefits and other employee benefits

At 31 December 2017 this item amounted to € 51,298k. Movements during the year were as follows:

(€k)	
Defined benefit plans at 1 January 2016	59,532
Interest expense	793
Actuarial losses (gains) due to:	
– demographic assumptions	-
– financial assumptions	(459)
– experience adjustments	1,161
Benefits paid	(4,800)
Defined benefit plans at 31 December 2016	56,130
Interest expense	462
Actuarial losses (gains) due to:	
– demographic assumptions	-
– financial assumptions	(69)
– experience adjustments	(75)
Benefits paid	(5,320)
Other	170
Defined benefit plans at 31 December 2017	51,298

The amounts recognized in the income statement for defined benefit plans, € 462k in 2017 (€ 793k the previous year), are listed under “Financial expense.”

At 31 December 2017 the gross liability for post-employment benefits (Art. 2120 of the Italian Civil Code) was € 46,766k.

Below, the present value of plan obligations is reconciled with the liability recognized in 2017 and the previous three years:

(€k)	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Present value of plan obligations	51,442	55,428	61,901	59,107
Actuarial (gains) losses not recognised	(144)	702	(2,369)	6,655
Net liability recognised	51,298	56,130	59,532	65,762

Below are the actuarial assumptions used to calculate defined benefit plans (Trattamento Fine Rapporto or TFR):

(€k)	31.12.2017	31.12.2016
Discount rate	0.88%	0.86%
Inflation rate	1.5%	1.5%
Average frequency of termination	6.00%	6.00%
Average frequency of advances	2.00%	2.00%
Mortality table	RG48	RG48
Annual TFR increase	2.625%	2.625%

For 2017, the discount rate was based on the Iboxx Corporate AA index with a 7-10 years of duration as of the measurement date. The selected yield was the one with a duration comparable to the assumed average remaining life of the employment contracts figuring in the calculation.

The occurrence of reasonably possible variations in actuarial assumptions at the end of the year would have affected the defined benefit obligation as quantified in the table below:

(€k)	Change	Increase	Decrease
Discount rate	+/- 0.25%	(919)	949
Inflation rate	+/- 0.25%	583	(573)
Turnover rate	+/- 1.00%	(280)	311

At year - end, the weighted average duration of the defined benefit obligation was 8 years.

XXI. Provisions for risks and charges

These amounted to € 6,100k at the end of 2017. Movements during the year are shown below:

(€k)	31.12.2016	Accruals	Utilisations	Reversals	Other movement	31.12.2017
Onerous contracts provision	860	-	-	-	-	860
Provision for legal disputes and other risks and charges	5,065	704	(562)	-	32	5,239
Total	5,925	704	(562)	-	32	6,099

(€k)	31.12.2015	Accruals	Utilisations	Reversals	Other movement	31.12.2016
Onerous contracts provision	628	860	-	(628)	-	860
Provision for legal disputes and other risks and charges	5,115	1,233	(1,089)	(194)	-	5,065
Total	5,743	2,093	(1,089)	(822)	-	5,925

The “Onerous contracts provision” refers to long-term rental or concession agreements for commercial units that are not profitable enough to cover the rent.

The “Provision for legal disputes and other risks and charges” covers the risk stemming from litigation with employees and trading partners and reflects the opinions of the Company’s legal advisors. Utilizations concern actual payments made, while accruals take account of any revised estimates concerning disputes already

pending at the start of the year. The amount of accruals recognized under “Other operating expense” comes to € 704k (Note XXVIII).

XXII. Equity

Equity at 31 December 2017 amounts to € 500,685k.

The Annual General Meeting of 25 May 2017 voted to pay out the entire profit of € 36,455,088 as a dividend, along with € 4,248,912 in profits carried forward from previous years, for a total dividend of € 40,704,000 or € 0.16 per share.

The following table details permissible uses of the main components of equity:

(€k)	31.12.2017	Eligibility for use	Amount available	Summary of utilisations in the past three years:	
				For loss coverage	For other reasons
Income-related reserves:					
Legal reserve	13,738	B	-	-	-
Other reserves and retained earnings	363,370	A, B, C	363,370	-	-
Actuarial Gains (losses) on defined benefit plans reserve	(3,783)		-	-	-
Treasury shares reserve	(720)		-	-	-
Total	372,605		363,370		
Share not available for distribution			(4,503)		
Share available for distribution			358,867		

Key:
A: for share capital increases
B: for loss coverage
C: for dividends

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.

On 6 June 2013, the general meeting of shareholders of Autogrill S.p.A. approved a change to Art. 5 (“Share capital”) of the company’s by-laws which eliminates the par value of shares.

During the extraordinary part of the AGM of 20 April 2010, to service the stock option plan approved on the same date, the shareholders authorized a capital increase valid whether subscribed in full or in part and excluding subscription rights pursuant to Art. 2441(5) and (8) of the Italian Civil Code and Art. 134(2) of Legislative Decree 58 of 24 February 1998, by a maximum par value of € 1,040,000 (plus premium) to be carried out no later than 30 May 2015 through the issue of up to 2,000,000 ordinary shares in one or more tranches. 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 2010 stock option plan approved on 20 April 2010, which included extending until 30 April 2018 the deadline for exercising the options.

The options convertible into a maximum of 183,571 ordinary Autogrill shares that were outstanding at 31 December 2016 were all exercised in 2017.

See the section “Information on incentive plans for directors and executives with strategic responsibilities” for a description of these plans.

Legal reserve

The “Legal reserve” amounts to € 13,738k and was built from company profits until it reached 20% of the share capital, in accordance with Art. 2430 of the Italian Civil Code.

Other reserves and retained earnings

These amount to € 359,587k (€ 363,634k in 2016). The difference stems mainly from the dividends paid in 2017.

In accordance with the revised version of IAS 19, other reserves and retained earnings also include the amount of actuarial gains and losses arising from the remeasurement of the liability for defined benefit plans (post-employment benefits), net of the tax effect. The change in other reserves and retained earnings relating to defined benefit plans amounts to € 144k, net of the tax effect (at a rate of 24%) of € 35k.

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 company 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.

Other comprehensive income

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

(€k)	2017			2016		
	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Actuarial gains (losses) on defined benefit plans	144	(35)	109	(701)	168	(533)
Items that will never be reclassified to profit or loss	144	(35)	109	(701)	168	(533)
Items that will be reclassified subsequently to profit or loss	-	-	-	-	-	-

2.2.4 NOTES TO THE INCOME STATEMENT

XXIII. Revenue

The total revenues are equal to € 936,527k and it is broken down below:

(€k)	2017	2016	Change
Food & beverage and retail sales	892,836	930,869	(38,033)
Fuel sales	-	2	(2)
Sales to affiliates, third parties and subsidiaries	43,691	36,674	7,017
Total	936,527	967,545	(31,018)

The reduction in “Food & beverage and retail sales” is explained mostly by the lower number of locations operated during the year. These are comprised chiefly of catering revenue of € 526,928k (€ 540,855k the previous year), sales of retail goods for € 146,288k (€ 157,456k in 2016), and sales of tobacco products, newspapers & magazines, and lottery tickets for € 219,601k (€ 232,537k the previous year).

“Sales to affiliates, third parties and subsidiaries” consist mainly of revenue from franchise affiliates (€ 12,293k, compared with € 13,005k in 2016) and subsidiaries (€ 30,347k, up from € 22,535k the previous year).

The increase in “Sales to affiliates, third parties and subsidiaries” is due primarily to the opening of new “Food driven” locations operated by the subsidiary Nuova Sidap S.r.l., which sell fuel as well as food & beverage and minimarket products purchased from Autogrill S.p.A.

XXIV. Other operating income

“Other operating income” are equal to € 66,713k. The caption is composed as reported in the table below:

(€k)	2017	2016	Change
Bonuses from suppliers	40,903	40,463	440
Income from business leases	4,881	4,050	831
Affiliation fees	3,378	3,269	109
Gains on sales of property, plant and equipment	418	1,102	(684)
Other revenue	17,133	13,940	3,193
Total	66,713	62,824	3,889

“Gains on sales of property, plant and equipment” include capital gains for the sale of assets as a result of the departure from various locations.

“Other revenue” consists mainly of the reimbursement of services (€ 6,165k), sales commissions (€ 2,732k), the reimbursement of insurance costs (€ 1,786k), and income for the management of slot machines (€ 1,101k).

The rise in “Other revenues” reflects the increase in services provided to subsidiaries.

XXV. Raw materials, supplies and goods

(€k)	2017	2016	Change
Total purchases relating to food & beverage and retail sales:	406,793	429,383	(22,590)
– merchandise and ingredients	206,728	217,611	(10,883)
– state monopoly products, newspapers and lottery tickets	200,138	211,771	(11,633)
– fuel for resale	(73)	(1)	(72)
Products for sale to affiliates, third parties and subsidiaries	41,788	33,166	8,622
Total	448,581	462,549	(13,968)

The cost of “Raw materials, supplies and goods” decreased by € 13,968k, due mostly to the net decline in revenue.

XXVI. Personnel expense

(€k)	2017	2016	Change
Wages, salaries and social security contributions	236,401	244,188	(7,787)
Employee benefits	11,717	11,891	(174)
Other costs	13,500	8,109	5,391
Total	261,618	264,188	(2,570)

The change in personnel expense is due mainly to the reduction in staff as a result of the smaller number of locations operated.

The year’s share of the cost of the phantom stock option plans, included under “Other costs,” came to € 10,256k (€ 4,840k in 2016). The increase reflects the appreciation of Autogrill shares over the 12 months since 31 December 2016. See the section “Information on incentive plans for directors and executives with strategic responsibilities” for a description of these plans.

The year-end numbers of full-time and part-time employees are shown below:

	31.12.2017			31.12.2016		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Executives	57	-	57	60	-	60
Junior managers	386	2	388	414	2	416
White collars	499	121	620	532	123	655
Blue collars	2,408	5,210	7,618	2,425	5,130	7,555
Total	3,350	5,333	8,683	3,431	5,255	8,686

The average headcount, expressed in terms of equivalent full-time employees, was 6,432 in 2017 (6,651 the previous year).

XXVII. Leases, rentals, concessions and royalties

The caption is equal to € 163,769k, as follows:

(€k)	2017	2016	Change
Leases, rentals and concessions	162,101	162,989	(888)
Royalty for use of brands	1,668	1,621	47
Total	163,769	164,610	(841)

The total of € 164.6m in 2017 is essentially in line with the previous year.

XXVIII. Other operating expense

Amounting to € 109,389k, this item showed a slight decrease on 2016 as shown in the table below:

(€k)	2017	2016	Change
Utilities	24,537	26,847	(2,310)
Maintenance	10,853	12,222	(1,369)
Cleaning and disinfestations	15,928	16,305	(377)
Consulting and professional services	12,678	10,206	2,472
Commissions on credit card payments	1,129	752	377
Storage and transport	10,859	11,031	(172)
Advertising and market research	5,596	6,248	(652)
Travel expenses	3,965	3,687	278
Telephone and postal charges	1,800	1,353	447
Insurance	1,953	1,602	351
Surveillance	736	881	(145)
Transport of valuables	1,073	1,137	(64)
Banking services	1,324	1,144	180
Sundry materials	3,050	3,275	(225)
Other services	3,968	3,809	159
Costs for materials and services	99,449	100,499	(1,050)
Impairment losses on receivables (Note "IV. Trade receivables")	900	900	-
For legal disputes	198	595	(397)
For onerous contracts	-	232	(232)
For other risks	506	444	62
Provisions for risks (Note "XX. Provision for risks and charges")	704	1,271	(567)
Indirect and local taxes	5,537	5,740	(203)
Losses on disposals	21	18	3
Other charges	2,778	3,786	(1,008)
Other operating expense	2,799	3,804	(1,005)
Total	109,389	112,214	(2,825)

The most significant reductions reflect greater efficiencies obtained in the purchase of services, such as utilities and maintenance.

Most of the increase in consulting and professional services concerns the organizational, legal, administrative and tax consulting fees in relation to the corporate reorganization project, which came to € 3.3m for the year.

XXIX. Amortization and depreciation

The total amount is equal to € 40,122k and the caption is broken down below:

(€k)	2017	2016	Change
Other intangible assets	9,321	8,465	856
Property, plant and machinery	24,385	24,470	(85)
Assets to be transferred free of charge	6,416	7,432	(1,016)
Total amortization	40,122	40,367	(245)

Amortization and depreciation were in line with the previous year.

XXX. Impairment losses

Net impairment losses in 2017 amount to € 1,483k (€ 4,942k the previous year), as a result of impairment testing based on the prospective cash flows of locations.

XXXI. Financial income

Financial income amount to € 90,188k, as follows:

(€k)	2017	2016	Change
Dividends from subsidiaries	87,589	66,989	20,600
Interest from subsidiaries	545	751	(206)
Bank interest income	-	19	(19)
Exchange rate gains	2,049	941	1,108
Other financial income	5	11,783	(11,778)
Total	90,188	80,483	9,705

“Dividends from subsidiaries” were received from:

- HMSHost Corporation for € 84,337k (\$ 100,000k), approved on 22 December 2017 and received in January 2018;
- Autogrill Schweiz A.G. for € 3,222k (Chf 3,500k), received in June 2017.

“Interest from subsidiaries” stems from the financing provided by Autogrill S.p.A. to various subsidiaries (see Note II, Other financial assets).

In 2016, “Other financial income” included the capital gain on the sale of Autogrill Nederland B.V.

XXXII. Financial expense

“Financial expense” amounts to € 8,143k and it is detailed below:

(€k)	2017	2016	Change
Interest expense	4,111	4,990	(879)
Exchange rate losses	2,349	2,614	(265)
Financial expense on post-employment benefits	462	790	(328)
Interest paid to subsidiaries	33	94	(61)
Commission	1,108	174	934
Other financial expense	80	648	(568)
Total	8,143	9,310	(1,167)

The decrease in interest expense is due primarily to lower debt.

“Commissions” include € 1,025k in banking fees not yet fully amortized, for prepayment of the amortizing term loan of € 200m in August 2017 and for the revolving credit line paid back in February 2018.

In 2016, “Other financial expense” included interest on extended payments to suppliers.

XXXIII. Impairment losses on financial assets

There were no impairment losses on financial assets in 2017. The amount shown in 2016 refers to the impairment loss on Holding de Participations Autogrill S.a.s.

XXXIV. Income tax

Income tax amounts to € 931k (current taxes of € 1,536k and net deferred tax assets of € 605k), compared with € 4,717k in 2016 (current taxes of € 4,549k and net deferred tax liabilities of € 168k).

Current taxes consist mainly of IRES (corporate income tax) of € 4,218k for withholding tax on the dividend approved but not yet received from the subsidiary HMSHost Corporation, and IRAP (regional business tax) of € 361k (€ 1,160k the previous year).

Deferred tax assets have been recognized on tax losses carried forward in the amount of € 2,584k, up to the limit of temporary differences that will lead to taxable income in future years.

There are also unrecognized tax losses of € 74,767k, corresponding to an unrecognized tax benefit of € 17,944k in consideration of the specific taxability of income components.

The table below highlights movements in these items during the year:

(€k)	31.12.2016	Recognised in profit and loss	Recognised in other comprehensive income	31.12.2017
Deferred tax asset:				
Property, plant and equipment	6,501	(780)	-	5,721
Trade receivables	799	(131)	-	668
Defined benefit	2,457	(1,228)	(34)	1,195
Provision for risks and charges	1,674	363	-	2,037
Other liabilities	827	190	-	1,017
Profit brought forward/available reserve	10,134	2,584	-	12,718
Total	22,392	997	(34)	23,355
Deferred tax liabilities:				
Property, plant and equipment	14,211	186	-	14,397
Investments	7,315	-	-	7,315
Other assets	796	276	-	1,072
Other liabilities	70	(70)	-	-
Total	22,392	392	-	22,784
Total, net	-	605	(34)	571

The following table reconciles effective tax and theoretical tax for 2017. Theoretical tax has been calculated at the tax rates currently in force.

(€k)	2017			2016		
	IRES 24.0%	IRAP 3.9%	Total 27.9%	IRES 24.0%	IRAP 3.9%	Total 27.9%
Pre-tax profit			60,323			41,172
Theoretical tax	14,478	2,353	16,831	11,322	1,606	12,928
Permanent differences:						
– Personnel expense	50	83	133	(131)	1,456	1,325
– Dividends and other financial items	(19,970)	(2,315)	(22,285)	(20,719)	(2,327)	(23,046)
– Impairment losses on equity investments	-	-	-	3,163	-	3,163
– Other	1,430	143	1,573	2,187	292	2,479
Net effect of unrecognised tax losses for the period	4,787	-	4,787	3,434	-	3,434
Increase in regional tax rate	-	(24)	(24)	-	(41)	(41)
Reversal of previous years' temporary differences	(14)	-	(14)	818	-	818
Taxed temporary differences deductible in future years	(761)	120	(641)	(73)	174	101
Total	-	360	360	-	1,160	1,160
Adjustment of prior years' provision for temporary differences	(2,541)	(500)	(3,042)	365	147	512
Taxes on dividends	4,218	-	4,218	2,877	-	2,877
Current taxes	1,677	(139)	1,537	3,241	1,308	4,549
Adjustment on tax rate	-	-	-	-	-	-
Reversal net temporary differences for the period	2,976	-	2,976	2,633	-	2,633
Net temporary differences	(426)	(571)	(997)	(712)	(333)	(1,045)
Effect of recognised tax losses	(2,584)	-	(2,584)	(1,419)	-	(1,419)
Net advance taxes	(34)	(571)	(605)	501	(333)	168
Income tax	1,643	(711)	931	3,743	975	4,717

During the year, Autogrill S.p.A. was inspected by the Italian tax authorities for direct and indirect taxes relating to 2012 and 2013. The audits were concluded in late 2017 and early 2018 and the outcome was positive, requiring only the payment of risible amounts.

2.2.5 NET FINANCIAL POSITION

The net financial position at the end of 2017 and 2016 is detailed below:

Note	(€m)	31.12.2017	31.12.2016	Change
I	A) Cash on hand	(24.2)	(19.6)	(4.6)
	B) Cash and cash equivalents	(24.2)	(19.6)	(4.6)
II	C) Current financial assets	(2.1)	(2.0)	(0.1)
	D) Bank loans and borrowings, current	-	61.3	(61.3)
	E) Other financial liabilities	183.0	46.0	137.0
XV-XVI	F) Current financial indebtedness (D + E)	183.0	107.3	75.7
	G) Net current financial indebtedness (B + C + F)	156.7	85.7	71.0
XIX	H) Loans, net of current portion	149.6	183.6	(34.0)
	I) Non-current financial indebtedness	149.6	183.6	(34.0)
	J) Net financial indebtedness (G + I) *	306.3	269.3	37.0
X	Non-current financial assets	(34.3)	(22.8)	(11.5)
	Net financial indebtedness	272.0	246.5	25.5

* As defined by CONSOB Communication July 28, 2006 and ESMA/2011/81 recommendations

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

In January 2018, the dividend from HMSHost Corporation was received in the amount of € 79.9m.

2.2.5.1 Information on IAS 7

As required by IAS 7, the Company analyzed the changes in liabilities arising from financing activities in the year shown in its cash flow statement and found that the main non-monetary changes are attributable to the change in fair value of exchange rate hedges (change reached € 0.2m in 2017).

2.2.6 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

2.2.6.1 Fair value

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).

(€k)	31.12.2017								
	Carrying amount				Fair value				
	Fair value - hedging instruments	Loans and receivables	Held-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Other investments	-	-	-	-	-	-	-	-	-
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	863	-	-	-	863	-	863	-	863
	863	-	-	-	863	-	863	-	863
Financial assets not measured at fair value									
Cash and cash equivalent	-	24,222	-	-	24,222	-	-	-	-
Trade receivables	-	33,629	-	-	33,629	-	-	-	-
Other current assets *	-	23,406	-	-	23,406	-	-	-	-
Other non current assets	-	129	-	-	129	-	-	-	-
Other financial assets (current)	-	-	-	-	-	-	-	-	-
Other financial assets (non-current)	-	34,333	-	-	34,333	-	-	-	-
	-	115,719	-	-	115,719	-	-	-	-
Financial liabilities measured at fair value									
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	51	-	-	-	51	-	51	-	51
	51	-	-	-	51	-	51	-	51
Financial liabilities not measured at fair value									
Bank overdraft	-	-	-	159,913	159,913	-	-	-	-
Unsecured current bank loans and borrowings	-	-	-	149,607	149,607	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Financial liabilities due to others	-	-	-	22,444	22,444	-	-	-	-
Obligations	-	-	-	-	-	-	-	-	-
Trade payables	-	-	-	144,799	144,799	-	-	-	-
Other payables	-	-	-	26,632	26,632	-	-	-	-
Total	-	-	-	503,395	503,395	-	-	-	-

* The fair value of "Other current assets" does not include the receivables from credit card companies

(€k)	31.12.2016								
	Carrying amount				Fair value				
	Fair value - hedging instruments	Loans and receivables	Held-for- sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Other investments	-	-	-	-	-	-	-	-	-
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	678	-	-	-	678	-	678	-	678
	678	-	-	-	678	-	678	-	678
Financial assets not measured at fair value									
Cash and cash equivalent	-	19,562	-	-	19,562	-	-	-	-
Trade receivables	-	28,107	-	-	28,107	-	-	-	-
Other current assets *	-	23,254	-	-	23,254	-	-	-	-
Other non current assets	-	129	-	-	129	-	-	-	-
Other financial assets (current)	-	568	-	-	568	-	-	-	-
Other financial assets (non-current)	-	24,436	-	-	24,436	-	-	-	-
	-	96,056	-	-	96,056	-	-	-	-
Financial liabilities measured at fair value									
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	53	-	-	-	53	-	53	-	53
	53	-	-	-	53	-	53	-	53
Financial liabilities not measured at fair value									
Bank overdraft	-	-	-	19,289	19,289	-	-	-	-
Unsecured current bank loans and borrowings	-	-	-	243,403	243,403	-	243,336	-	243,336
Finance leases	-	-	-	-	-	-	-	-	-
Financial liabilities due to others	-	-	-	27,285	27,285	-	-	-	-
Obligations	-	-	-	-	-	-	-	-	-
Trade payables	-	-	-	144,473	144,473	-	-	-	-
Other payables	-	-	-	24,731	24,731	-	-	-	-
	-	-	-	459,181	459,181	-	243,336	-	243,336

* The fair value of 'Other current assets' does not include the receivables from credit card companies

In 2017 there were no transfers between different hierarchical levels.

Where the hierarchical level is not specified, the carrying amount approximates fair value.

(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 loans 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

Autogrill S.p.A. is exposed to the following risks from the use of financial instruments:

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

The overall responsibility for the creation and supervision of a risk management system lies with the 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.

Autogrill's risk management policies are designed to identify and analyze the risks to which the Company 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 in Autogrill's operations. Through training, standards and official procedures, the Company 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 Company'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 Company's results and financial position.

Given the extent of the Company's borrowings and its international profile, 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, as better described in the sections on the individual types of risk.

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.

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).

Exchange rate risk

The Group operates in various countries with functional currencies different from 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 derivatives used for these hedging transactions consist mainly of forward currency contracts.

The transactions listed below are stated at their current amount and any change is charged to the income statement, against corresponding changes in the amount of the related assets or liabilities.

The fair value of exchange rate hedges outstanding at 31 December 2017 is as follows:

	Notional amount (currency/000)	Expiry	Spot rate	Forward rate	Fair value (€k)
Chf	14,000	January 2018	1.166	1.1649	(51)
Usd	(12,500)	January 2018	25.645	25.4770	1
Usd	35,000	January 2018	1.185	1.1878	323
Usd	20,000	January 2018	1.185	1.1881	181
Usd	20,000	January 2018	1.185	1.1883	179
Usd	20,000	January 2018	1.185	1.1883	180

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 trade receivables and financial investments.

The carrying amount of the financial assets is the Company's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties.

Exposure at 31 December 2017 and 31 December 2016 was as follows:

(€k)	31.12.2017	31.12.2016	Change
Cash and cash equivalents	6,302	942	5,360
Other current financial assets	2,083	1,961	122
Trade receivables	33,629	28,107	5,522
Other current receivables	110,917	92,716	18,201
Other non-current financial assets	34,333	24,435	9,898
Other non-current receivables	7,413	8,181	(768)
Total	194,677	156,342	38,335

Exposure to credit risk is modest because the Company 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 of cases, the Company's trade receivables stem from catering service agreements and commercial affiliations.

Other receivables consist mainly of amounts due from Inland Revenue and other government agencies, fees paid in advance, and advances for services or commercial investments made on behalf of concession grantors, for which the degree of credit risk is low.

Financial assets are recognized net of impairment losses calculated on the basis of the counterparty's risk of default. Impairment is determined according to procedures that 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, as well as generic impairment calculated on the basis of historical and statistical data on receivables for which the expiration date is not already occurred.

Other current and non-current financial assets stem mainly from loans granted to direct and indirect subsidiaries, which impairment testing has found to be recoverable.

The geographical breakdown is as follows:

Current financial assets

(€k)	31.12.2017	%	31.12.2016	%
Austria	1	0.1%	8	0.4%
Greece	1	0.1%	9	0.4%
Italy	2,081	99.8%	1,823	93.0%
France	-	-	101	5.2%
Poland	-	-	20	1.0%
Total	2,083	100.0%	1,961	100.0%

Non-current financial assets

(€k)	31.12.2017	%	31.12.2016	%
Italy	1,879	5.5%	5,133	21.0%
Austria	2,556	7.4%	2,222	9.1%
Poland	-	-	2,280	9.3%
France	28,598	83.3%	13,500	55.3%
Greece	1,300	3.8%	1,300	5.3%
Total	34,333	100.0%	24,435	100.0%

Trade receivables are mainly governed by affiliation contacts with motorway partners and others under special agreement. Affiliation entails the supply of merchandise and the payment of royalties for the operation of stores in Italy.

Motorway partnerships involve the sharing of expenses and capital expenditure on shared concession areas.

The following table shows the aging of invoiced trade receivables by class of debtor at 31 December 2017:

(€k)	Incidence on total receivables	Receivables	Overdue	1-3 months	3-6 months	6 months- 1 year	Over 1 year
Affiliates	20%	6,911	5,471	1	264	1,100	4,106
Special agreements	12%	3,979	3,610	2,371	142	87	1,010
Motorway partners	21%	7,024	5,707	791	447	841	3,628
Intercompany	26%	8,670	-	-	-	-	-
Other	21%	7,045	3,398	779	134	252	2,233
Total		33,629	18,186	3,942	987	2,280	10,977

First-demand bank guarantees are required on entering into affiliation agreements to partially cover exposure. At 31 December 2017 these guarantees amounted to € 3,547k.

All current receivables are analyzed monthly to determine potential collection problems, any action to be taken, and the adequacy of the allowance for impairment. The allowance for impairment is deemed sufficient with respect to existing credit risk.

There is no significant concentration of credit risk: the top 10 customers account for 44% of total trade receivables, and the largest customer (Fiera Milano S.p.A.) for 7%.

Liquidity risk

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

The Company 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 Company's liquidity are the resources generated or absorbed by operating and investing activities, the characteristics of its debt, financial market conditions, and the dividend policies of subsidiaries.

Autogrill S.p.A. has acted promptly to ensure adequate financial coverage with respect to amounts and maturities.

Exposure and maturity data at the close of 2017 and 2016 were as follows:

Non derivative financial liabilities (€k)	31.12.2017						
	Carrying amount	Contractual cash flows					
		Total	1-3 months	3-6 months	6 months- 1 year	1-2 years	2-5 years
Current account overdrafts	-	-	-	-	-	-	-
Lease payments due to others	310,000	310,000	160,000	-	-	-	150,000
Trade payables	144,031	144,031	144,031	-	-	-	-
Due to suppliers for investments	21,704	21,704	21,704	-	-	-	-
Total	475,735	475,735	325,735	-	-	-	150,000

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	1,288	1,288	1,288	-	-	-	-	-
Lease payments due to others	263,000	263,000	18,000	30,000	30,000	60,000	125,000	-
Trade payables	144,119	144,119	144,119	-	-	-	-	-
Due to suppliers for investments	20,093	20,093	20,093	-	-	-	-	-
Total	428,500	428,500	183,500	30,000	30,000	60,000	125,000	-

The € 160m shown under 1-3 months at 31 December 2017 refers to the prepayment of the drawn down portion of the revolving credit line of nominal € 400m, which was closed out early in February 2018. That facility was reimbursed using two new credit lines totalling € 400m, obtained in January 2018 and maturing between 2021 and 2023.

Regarding exposure from trade payables, there is no significant concentration with any supplier: the 10 largest account for 34% of the total, the first (Autostrade per l'Italia S.p.A.) for 11% and the second (Lotterie Nazionali S.r.l.) for 5%.

2.2.7 SEASONAL PATTERNS

The Company's performance correlates with travel trends. Business activity is above average in the second half of the year, mainly due to summer holiday traffic.

2.2.8 GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES AND COMMITMENTS

Guarantees given and commitments assumed are equal to € 212,429k, as follows:

(€k)	31.12.2017	31.12.2016	Change
Sureties and personal guarantees in favour of third parties	191,764	231,764	(40,000)
Sureties and personal guarantees in favour of subsidiaries	340	165	175
Other commitments and guarantees	20,325	21,096	(771)
Total	212,429	253,025	(40,596)

Sureties and guarantees in favor of third parties have been issued in accordance with customary market practice. Most of the decrease in this item reflects the transfer of the surety with oil company Esso to the subsidiary Nuova Sidap S.r.l..

Sureties and guarantees on behalf of subsidiaries were issued to financial backers of direct or indirect subsidiaries.

Other commitments and guarantees refer to the value of third-party assets used by the Company.

Contingent liabilities

At 31 December 2017, there were no contingent liabilities as described in IAS 37.

2.2.9 OPERATING LEASES

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 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 provides 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:

Years (€m)	Total minimum lease payments	Minimum sub-lease payments	Net minimum lease payments
2017	106.1	7.5	98.6
2018	93.7	6.6	87.1
2019	77.6	6.4	71.2
2020	68.5	6.1	62.4
2021	58.7	5.4	53.3
Subsequent years	252.3	12.8	239.5
Total	656.9	44.8	612.1

2.2.10 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.

Transactions with Edizione S.r.l.

Income statement (€k)	2017	2016	Change
Other operating income	17	25	(8)
Other operating expense	25	108	(83)
Personnel expense	102	106	(4)

Statement of financial position (€k)	31.12.2017	31.12.2016	Change
Other receivables	12,593	12,448	145
Other payables	115	107	8

“Other operating income” refers to services rendered by Autogrill S.p.A. for the use of equipped premises at the Rome offices.

“Other operating expense” consists mainly of the cost of meetings and conferences.

“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 receivables” are composed by:

- € 12,424k for the IRES (corporate income tax) refund due as a result of Art. 2 of Decree Law 201/2011, which recognized the deductibility of IRAP (regional tax) pertaining to personnel expense paid from 2007 to 2011.
- € 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.

“Other payables” include the fees accrued at 31 December 2017 to the director mentioned under “Personnel expense” above.

Transactions with related companies

Income statement (€k)	Atlantia group		Benetton Group S.r.l.	
	2017	2016	2017	2016
Revenue	38	33	-	-
Other operating income	529	990	129	394
Raw materials, supplies and goods	162	142	-	-
Other operating expense	2,657	2,914	408	-
Leases, rentals, concessions and royalties	76,835	76,400	-	-
Personnel expense	-	-	-	-
Financial income	-	-	-	-
Financial expense	-	483	-	-

Statement of financial position (€k)	Atlantia group		Benetton Group S.r.l.	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Trade receivables	2,045	1,600	8	7
Other receivables	2,172	1,594	-	-
Financial receivables	-	-	-	-
Trade payables	28,760	31,487	-	-
Other payables	-	-	-	-
Financial payables	-	-	-	-

In detail:

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.

	Edizione Property S.p.A.		Olimpias Group S.r.l.		Verde Sport S.p.A.	
	2017	2016	2017	2016	2017	2016
	-	-	-	-	6	8
	9	4	-	-	-	6
	-	-	2	4	-	-
	-	-	-	-	45	43
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

	Edizione Property S.p.A.		Olimpias Group S.r.l.		Verde Sport S.p.A.	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	20	8	-	-	1	1
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	1	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

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.

Transactions with subsidiaries

Transactions with Autogrill S.p.A.’s subsidiaries, summarized in the table below, are recurring and are both financial and commercial in nature. The amounts shown refer to transactions carried out during the year and to asset and liability balances at 31 December 2017.

Income statement (€k)	Autogrill Austria GmbH		Autogrill Belgie N.V.		Autogrill Schweiz A.G.		Autogrill Czech S.r.o.	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	70	26	14	7	-	17	-	-
Other operating income	59	34	559	253	1,569	1,371	15	7
Raw materials, supplies and goods	-	-	-	-	-	-	-	-
Other operating expense	(2)	(2)	208	216	72	112	(1)	(1)
Leases, rentals, concessions and royalty	-	-	-	-	-	-	-	-
Personell expense	-	-	671	760	31	277	-	-
Financial income	39	50	7	3,304	3,222	633	-	-
Financial expense	-	-	6	27	7	11	-	-

Statement of financial position (€k)	Autogrill Austria GmbH		Autogrill Belgie N.V.		Autogrill Schweiz A.G.		Autogrill Czech S.r.o.	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Trade receivables	42	29	-	-	198	231	-	-
Other receivables	69	45	497	3,444	777	274	15	2
Financial receivables	2,557	2,229	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	-	-
Other payables	16	43	520	611	479	428	9	15
Financial payables	-	-	1,668	8,973	11,964	9,312	490	-

Income statement (€k)	Autogrill Polska Sp.zo.o.		Autogrill D.o.o.		HMShost Corporation		Nuova Sidap S.r.l.	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	-	-	-	8	-	-	30,195	22,185
Other operating income	7	2	7	4	1,588	48	3,795	1,233
Raw materials, supplies and goods	-	-	-	-	-	-	5,236	3,588
Other operating expense	(1)	(1)	-	-	15	39	220	1,194
Leases, rentals, concessions and royalty	-	-	-	-	-	-	(7,503)	(3,983)
Personell expense	(100)	(232)	-	-	170	92	(92)	(147)
Financial income	62	77	-	-	84,367	57,537	14	79
Financial expense	-	-	-	-	-	-	8	3

Statement of financial position (€k)	Autogrill Polska Sp.zo.o.		Autogrill D.o.o.		HMShost Corporation		Nuova Sidap S.r.l.	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Trade receivables	1	-	-	-	7	-	8,418	3,290
Other receivables	6	48	6	2	81,055	54,167	469	1,053
Financial receivables	-	2,300	-	-	-	-	-	3,983
Trade payables	-	-	-	-	-	-	768	353
Other payables	3	7	5	13	480	867	2,111	1,039
Financial payables	-	-	200	-	-	-	1,122	-

Autogrill Deutschland GmbH		Autogrill Iberia S.L.U.		Autogrill Côte France S.a.s.		Autogrill Hellas Single Member Limited Liability Company		Autogrill Nederland B.V.	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
-	-	-	-	-	-	69	115	-	-
597	404	456	340	1,765	1,662	33	6	-	18
-	-	-	-	-	-	-	-	-	-
(11)	(9)	28	28	226	155	(2)	(2)	-	-
-	-	-	-	-	-	-	-	-	-
(69)	(125)	168	169	993	925	-	-	-	-
-	-	44	5,519	359	378	20	21	-	142
12	52	-	-	-	-	-	-	-	-

Autogrill Deutschland GmbH		Autogrill Iberia S.L.U.		Autogrill Côte France S.a.s.		Autogrill Hellas Single Member Limited Liability Company		Autogrill Nederland B.V.	
31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
-	-	-	-	-	-	2	27	-	-
538	378	337	5,658	1,113	826	30	5	-	-
-	-	-	-	28,598	13,601	1,301	1,309	-	-
-	-	-	-	-	-	-	-	-	-
186	238	172	186	926	962	21	56	-	-
7,000	9,000	-	-	-	-	-	-	-	-

Summary of related party transactions as a percentage of financial statement figures:

Income statement (€k)	2017		
	Total related companies *	Autogrill S.p.A.	%
Revenue	30,392	936,527	3%
Other operating income	11,133	66,713	17%
Raw materials, supplies and goods	5,399	448,581	1%
Other operating expense	11,814	109,389	11%
Leases, rentals, concessions and royalty	69,332	163,769	42%
Personell expense	1,875	261,618	1%
Financial income	88,134	90,188	98%
Financial expense	33	8,143	0%

Statement of financial position (€k)	31.12.2017		
	Total related companies *	Autogrill S.p.A.	%
Trade receivables	10,743	33,629	32%
Other receivables	99,676	137,745	72%
Financial receivables	32,456	36,416	89%
Trade payables	29,529	144,799	20%
Other payables	7,166	90,530	8%
Financial payables	22,444	172,507	13%

* The heading "Total related parties" covers transactions with Edizione S.r.l., subsidiaries, other related companies, and executives with strategic responsibilities

Remuneration of directors and executives with strategic responsibilities

The following remuneration was paid to members of the Board of Directors and to executives with strategic responsibilities during the year ended 31 December 2017:

Name	Office held	Term of office	Remuneration (€)	Bonuses and other incentive (€)	Non-monetary benefits (€)	Non-monetary benefits (€)
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 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 25/5/2017 to 2019	36,329			
Cristina De Benetti	Director	from 25/5/2017 to 2019	48,439			
Catherine Gérardin Vautrin	Director	from 25/5/2017 to 2019	48,439			
Maria Pierdicchi	Director	from 25/5/2017 to 2019	48,439			
Elisabetta Ripa	Director	from 25/5/2017 to 2019	54,494			
Tommaso Barracco	Director	from 2014 to 25/5/2017	31,408			
Stefano Orlando	Director	from 2014 to 25/5/2017	35,981			
Carolyn Dittmeier	Director	from 2014 to 25/5/2017	36,581			
Neriman Ulsever	Director	from 2014 to 25/5/2017	22,263			
Giorgina Gallo	Director	from 2014 to 25/5/2017	35,381			
Total directors			1,462,276	624,853	17,793	401,099
Managers with strategic responsibilities (8 people)			-	1,899,258	439,436	2,922,060
Total			1,462,276	2,524,111	457,229	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 it 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, 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

Statutory auditors' fees are as follows:

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	Deloitte & Touche S.p.A.	Autogrill S.p.A.	520
Attestation	Deloitte & Touche S.p.A.	Autogrill S.p.A.	193
Other services	Deloitte Risk Advisory S.r.l.	Autogrill S.p.A.	59
Total			772

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 (€)
Vested options at 31 December 2016	183,571	0.96
Options exercised in 2017	(183,571)	(0.96)
Vested options at 31 December 2017	-	-

All the 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). Of these, 3,054,201 options were exercised in 2017. With respect to Wave 2, 1,790,117 options were exercised in 2017 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.

During the course of 2017, 142,867 options were deleted.

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 exercised in 2017	(3,054,201)	(1,790,117)	-
Options cancelled in 2017	-	(132,665)	(142,867)
Options at 30 December 2017	37,700	924,150	2,474,574

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.

During the course of 2017, 331,107 options were cancelled.

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 exercised in the first half 2017	-
Options cancelled in the first half 2017	(331,107)
Options at 30 June 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 \(/Governance/Shareholders' meeting\)](http://www.autogrill.com (/Governance/Shareholders' meeting)).

The costs of the 2014 and 2016 phantom stock option plans in 2017 came to € 10.3m 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 (€ 3.4m) on the basis of 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.

2.2.11 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

With the exception of the corporate reorganization completed in December 2017, effective 1 January 2018, 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.

2.2.12 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.

2.2.13 SUBSEQUENT EVENTS

On 1 January 2018, three business units were spun off to three different companies, completing the corporate reorganization project. For further information see Section 2.2.1 of the notes, which explains the corporate reorganization in detail.

In January 2018 Autogrill S.p.A. received a dividend of € 79.9m from the US subsidiary HMSHost Corporation.

In January 2018, Autogrill S.p.A. obtained two new credit facilities of € 100m and € 200m with maturity date between 2021 and 2023, which were used in part to prepay the partially drawn down revolving credit line of nominal € 400m that was due to mature in March 2020 (see Note XIX: Loans, net of current portion).

2.2.14 AUTHORIZATION FOR PUBLICATION

The Board of Directors authorized the publication of these draft financial statements at its meeting of 8 March 2018.

The Annual General Meeting of shareholders called to approve the separate financial statements may request changes thereto.

Annexes

LIST OF INVESTMENTS HELD DIRECTLY AND INDIRECTLY IN SUBSIDIARIES AND ASSOCIATES

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.
Company consolidated line by line					
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 S.r.o.	Prague	Czk	154,463,000	100.0000%	Autogrill S.p.A.
Autogrill D.o.o.	Ljubljana	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.	Oltén	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.à.r.l. (SGPA)	Marseille	Eur	8,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Autoroutes S.à.r.l.	Marseille	Eur	375,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Centres Villes S.à.r.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

Company	Registered office	Currency	Share/Quota capital	% held at 31.12.2017	Shareholders/Quota holders
HMSHost USA. LLC	Delaware	Usd	-	100.0000%	HMSHost Corporation
Host International. Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMS Host 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 Private. Ltd.	Bagalore	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.

Company	Registered office	Currency	Share/Quota capital	% held at 31.12.2017	Shareholders/Quota holders
Host/ Coffee Star Joint Venture	Texas	Usd	-	50.0100%	Host International. Inc.
HSI Southwest Florida Airport Joint Venture	Florida	Usd	-	78.0000%	Host International. Inc.
HSI Honolulu Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International. Inc.
HMS/Blue Ginger Joint Venture	Texas	Usd	-	55.0000%	Host International. Inc.
Host/Java Star Joint Venture	Texas	Usd	-	50.0100%	Host International. Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	-	65.0000%	Host International. Inc.
Host-Tinsley Joint Venture	Florida	Usd	-	84.0000%	Host International. Inc.
HSI/Tarra Enterprises Joint Venture	Florida	Usd	-	75.0000%	Host International. Inc.
Host D&D STL FB. LLC	Missouri	Usd	-	75.0000%	Host International. Inc.
Host/LJA Joint Venture	Missouri	Usd	-	85.0000%	Host International. Inc.
Seattle Restaurant Associates	Olympia	Usd	-	70.0000%	Host International. Inc.
Bay Area Restaurant Group	California	Usd	-	49.0000%	Host International. Inc.
HMS Host 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.

Company	Registered office	Currency	Share/Quota capital	% held at 31.12.2017	Shareholders/Quota holders
Host MCA SRQ FB. LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
HOST ECI ORD FB. LLC	Delaware	Usd	-	51.0000%	Host International. Inc.
Host Aranza Howell DFW B&E FB. LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Host MGV IAD FB. LLC	Delaware	Usd	-	65.0000%	Host International. Inc.
Host MGV DCA FB. LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host CTI DEN F&B STA. LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host MGV DCA KT. LLC	Delaware	Usd	-	51.0000%	Host International. Inc.
Host MBA LAX SB. LLC	Delaware	Usd	-	70.0000%	Host International. Inc.
Host H8 IAH FB I. LLC	Delaware	Usd	-	60.0000%	Host International. Inc.
Host BGV IAH FB. LLC	Delaware	Usd	-	55.0000%	Host International. Inc.
Host TBL TPA FB. LLC	Delaware	Usd	-	71.0000%	Host International. Inc.
Host JQE CVG FB. LLC	Delaware	Usd	-	90.0000%	Host International. Inc.
Host MBA CMS LAX. LLC	Delaware	Usd	-	60.0000%	Host International. Inc.
Host VDV CMH FB LLC	Delaware	Usd	-	85.0000%	Host International. Inc.
HOST OHM GSO FB. LLC	Delaware	Usd	-	80.0000%	Host International. Inc.
Host JQE 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.

Company	Registered office	Currency	Share/Quota capital	% held at 31.12.2017	Shareholders/Quota holders
SMSI Travel Centres. Inc.	Vancouver	Cad	10,800,100	100.0000%	Host International of Canada. Ltd.
Hms Host Yiyecek Ve İçecek 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	St. 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 İçecek Hizmetleri A.S.	Antalya	Trl	2,140,000	51.0000%	Hms Host Yiyecek Ve İçecek 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
HMS Host and Lite Bite Pte. Ltd.	Bangalore	Inr	-	51.000%	HMS Host Services India Private Limited
Arab Host Services LLC	Qatar	Qar	200,000	49.000%	Autogrill Middle East. LLC

ATTESTATION OF THE CEO AND MANAGER IN CHARGE OF FINANCIAL REPORTING

Attestation of the separate 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 separate 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 separate 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) give a true and fair view of the issuer's financial position and results;
 - 3.2 the Directors' report includes a reliable description of the performance and financial position of the issuer, along with the main risks and uncertainties to which they are exposed.

Milano, 8 March 2018

Gianmario Tondato Da Ruos
Chief Executive Officer

Alberto De Vecchi
Manager in charge of financial reporting

INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLES 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 SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Autogrill S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2017, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and 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 Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the separate 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 and of the carrying amount of Investments

Description of key audit matter

Non-Current Assets of the separate financial statements as at December 31, 2017 include goodwill for Euro 83.6 million and investments in subsidiaries for 554.6 million whose carrying amounts include the goodwill recorded at the time of the acquisition; these activities represent approximately 57% of the total assets and are subject to *Impairment Test*, at least on a yearly basis, as established by the accounting principle IAS 36.

Ancona Bari Bergamo Bologna Enesio Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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The *Impairment Tests* have been executed through the comparison between the recoverable amount of the CGU (Cash Generating Unit) to which goodwill and investments are referred to – respectively the scope of activity of Autogrill S.p.A. and of each country of operation – determined as the higher between the value in use and the fair value less costs to sell, and the carrying amount of goodwill and of each investment reported in the separate financial statements as at December 31, 2017.

The impairment process carried out by the Management is complex since it includes several assumptions regarding the forecasted future cash flows from CGUs, 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 Tests* 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 Tests* 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 expenditures (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 by 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 Tests* exercise performed, no reason of write-down of goodwill or of write-down or reversal of investments resulted.

Taking into consideration the relevant value of goodwill and investments accounted in the separate financial statements and the subjectivity of the estimates used to determine future cash flows and key variables for the *Impairment Tests* exercise, we considered the *Impairment Tests* represent a key audit matter for the Company's separate financial statements.

The notes "VII - Goodwill" and "IX - Investments" and the paragraph "2.2.2. - Accounting Policies - Use of estimates" of the notes to the separate financial statements provide the disclosure of the captions reported above and of the *Impairment Tests* 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 rates and the discount rates adopted in the *Impairment Tests* 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 Tests* exercise adopted by Management to accounting policies indicated in the notes;
- observation of procedures and relevant controls undertaken by the Company on the *Impairment Tests* 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 sectoral 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;



- check of the discount rate and long-term growth rates reasonability and testing on the mathematical accuracy of the model used for the determination of the CGUs' value in use;
- independent testing of the sensitivity analysis performed by Management and by the 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 Tests* and its compliance in accordance with IAS 36.

Disclosure on the corporate reorganization project

Description of key audit matter

During 2017 the Company completed a corporate reorganization project, aimed to separate Food & Beverage operating activities in Italy and the coordination functions carried out by Group management activities in favour of the European direct subsidiaries, undertaken by the Company as a holding. The corporate reorganization project has been completed through the contribution in kind of three business units, that were part of Autogrill S.p.A., to three wholly-owned limited liability companies, representing payment in full for the capital increase resolved by each of their shareholders' meetings on December 15, 2017 with effect from January 1, 2018. The contributions in kind have been carried out at book value to fully pay-in the capital increases.

The notes to the separate financial statements disclose that, at the date of the approval of the financial statements, the operation has been finalized and the beneficiary companies are operating; the disclosure reports also that the final settlements of the contribution values - occurred between the Company and the beneficiary companies, determined as difference between net assets at the date of the contribution in kind (June 30, 2017) and at the effective date (January 1, 2018) - have been regulated.

Considering the relevance of the operation on the Company's activity - whose revenue and expenses structure has been modified since January 1, 2018, being the present revenues represented by group services and dividend distributed against corporate costs while, at December 31, 2017, the cost and revenue structure came from *operations* in Italy - we considered a key audit matter the proper and accurate representation of the operation among the disclosures related to subsequent events.

Paragraph 2.2.1 of the notes to the separate financial statements includes information on the scope of the operation, the methods, the conditions and the terms of execution of the operation itself and a description of the net activities contributed in kind with effect from January 1, 2018 to each of the three controlled entities, as well as the criteria for the determination of the business units values and the accounting effects of the operation.

Audit Procedures performed

We performed, among others, the following procedures:

- observation and understanding of relevant controls carried out by the Company with reference to the process of determination of the value of the net assets contributed in kind and the related balances at the effective date, as described in the notes to the separate financial statements;
- examination of corporate resolutions related to the corporate reorganization project and of the underlying documentation;
- examination of the criteria adopted for the identification of assets and liabilities transferred to each business unit in line with the corporate resolutions and the underlying documentation;



- check of the consistency between the value of the contributed business units as of January 1, 2018 and the accounting data as of December 31, 2017, as reported in the notes to the separate financial statements;
- check of the completeness and accuracy of the disclosure regarding the corporate reorganization project in the notes to the separate financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Separate Financial Statements

The Directors are responsible for the preparation of separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company'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 for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- we identified and assessed the risks of material misstatement of the separate 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 Company'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 Company'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 separate 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 Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 determined those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autogrill S.p.A. has appointed us on May 28, 2015 as auditors of the Company's separate and consolidated financial statements for the years from 2015 to 2023.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate 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 S.p.A. as at December 31, 2017, including their consistency with the related separate 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 separate financial statements of Autogrill S.p.A. as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

Deloitte.

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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 separate financial statements of Autogrill S.p.A. 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 Company and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milano, Italy
April 12, 2018

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

BOARD OF STATUTORY AUDITORS' REPORT

Dear Shareholders,

This report, prepared in accordance with Art. 153 of Legislative Decree 58/1998 (“Consolidated Finance Act” or “TUF”) and taking account of the applicable CONSOB recommendations, presents the supervisory activities and findings of the Board of Statutory Auditors of Autogrill S.p.A. (“Autogrill” or the “Company”).

The separate financial statements for 2017 close with a profit of € 59.4m, compared with a profit of € 36.5m the previous year. At the consolidated level, the profit allocable to the group amounted to € 96.2m, with respect to € 98.2 million in 2016.

On 12 April 2018, the independent auditors Deloitte & Touche S.p.A. issued an unqualified opinion of Autogrill S.p.A.’s separate financial statements for the year ended 31 December 2017. Deloitte & Touche’s report on the Autogrill Group’s 2017 consolidated financial statements, issued on the same date, was also unqualified.

1. Supervisory activities performed and information received

During the year ended 31 December 2017 we performed the supervisory activities required by law, taking account of the recommendations provided by CONSOB (particularly Circular 1025564 of 6 April 2001) and of the rules of conduct advised by the Italian Accounting Profession.

To that end, during the year we:

- held 14 meetings, which as a rule were attended by all statutory auditors in office;
- attended, generally as a board, the 10 meetings of the Board of Directors;
- attended, generally as a board, the 9 meetings of the control, risks and corporate governance committee;
- attended, generally through the participation of the chairman, the 7 meetings of the human resources committee;
- attended, through the participation of one or more statutory auditors, the 6 meetings of the related party transactions committee;
- attended, as a board, the ordinary shareholders’ meeting held to approve the 2016 financial statements, which also renewed the authorization to purchase treasury shares for up to a maximum of 5% of the share capital;
- maintained an open channel of communication and held periodic meetings with the independent auditors, to share data and information relevant to our respective assignments;
- maintained an open channel of communication and held periodic meetings with the internal audit director and the enterprise risk management department;
- met with the Board of Statutory Auditors of the only Italian subsidiary, leading to no findings of note.

During the Board of Directors’ meetings, we were informed of the activities of Autogrill and the group it heads, and of the transactions of greatest economic and financial significance undertaken by the company and the group, as well as those in which Autogrill and the group may have an interest on their own or third parties’ behalf.

The information in question was gathered through audits and directly from the chief executive officer and department heads, and through attendance at the meetings of the control, risks and corporate governance committee and the other advisory committees.

No irregularities attributable to the Board of Directors were encountered through our meetings and contacts with the independent auditors.

In the course of our activities, in 2017:

- we received one complaint pursuant to Art. 2408 of the Italian Civil Code;
- no statements/reports were received.

In accordance with the law, during the year we prepared opinions for the Board of Directors relating to the compensation of directors holding special offices.

Autogrill S.p.A. is responsible for the management and coordination of the group it heads and prepares the group's consolidated financial statements. The one Italian subsidiary that existed during the year has duly disclosed its status as subject to Autogrill's management and coordination. Similar statements were made in 2018 by the companies formed from the spin-offs that took place as part of the corporate reorganization described below.

Although the company is controlled by Schematrentaquattro S.r.l. (itself a subsidiary of Edizione S.r.l.), it is not subject to its management and coordination. This is a conclusion reached in the past that in December 2016 we asked the directors to re-assess. As such, during the course of 2017 the company reviewed whether the factors that had led to its earlier decision still applied. As noted by the directors in the corporate governance and ownership report, on 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., including in light of the following:

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

With the necessary conditions satisfied, the Board of Directors has opted to convene the shareholders' meeting for approval of the 2017 financial statements by the extended deadline allowed by Italian Civil Code Art. 2364 and Art. 21 of the company's by-laws. The financial statement documentation will in any case be made available to the public well before the deadline set by Art. 154-ter TUF (120 days from the close of the year). As explained in the directors' report, this decision was made in order to fulfil the obligations linked to the preparation of the consolidated financial statements by Autogrill S.p.A.

Prior to the meeting of 25 May 2017, three shareholders took the opportunity to send written queries as permitted by Art. 127-ter TUF. The Company provided answers to

those queries during the meeting and the questions and answers were recorded in the minutes.

One of those shareholders, in June 2017, sent the Board of Statutory Auditors a complaint pursuant to Civil Code Art. 2408 concerning the “lack of clear, precise answers” to some of the queries submitted prior to the meeting. A review of the queries submitted, the answers provided by the company and the content of the complaint received pursuant to Civil Code Art. 2408 shows that in six cases, the shareholder was not satisfied with the company’s answers or asked for additional information. We found no problems with the company’s replies and note that the reason why a true debate cannot be held lies in the mechanism of submitting written queries pursuant to Art. 127-ter TUF, which evidently do not give the shareholder a chance to rebut during the general meeting.

Concerning one of the six replies that the shareholder found unsatisfactory, the shareholder then asked us to determine “on what factors the company has based its decision that it is not under the management and coordination of the parent.” In this case the shareholder says nothing about the company’s answer to a query (concerning whether control can exist without management and coordination), but asks the statutory auditors to examine the elements on the basis of which the directors decided that management and coordination does not exist. On this matter we were already taking action, as discussed in our report to the general meeting of 25 May 2017. At the outcome of that process, as noted above, the Board of Directors confirmed that there are no factors suggesting management and coordination by the parent. We have reported above a list of the main considerations that support the directors’ decision.

On the same subject, the shareholder asked that the company be reprimanded for not having clarified, in its response, the review process used by the Board of Directors when deciding against management and coordination by the parent. As it happens, in replying to this query, the company stated that it was “not required to make the review process public.” Although the company’s reply is technically correct, listed companies always have the obligation, in accordance with Art. 16 of the CONSOB Market Regulations, to “clearly indicate, in the directors’ report pursuant to Civil Code Art. 2428, the reasons why they believe they are not subject to management and coordination by the parent.” While the company did meet that obligation in earlier annual reports, we believe that the information provided today—further to the review process mentioned above, which took place at our own suggestion—is more detailed and therefore renders the shareholders’ complaint moot.

Finally, the shareholder asked that the company be reprimanded for having “falsely” declared, in its response to one of the shareholders’ queries, that it “does not use belts to control its employees.” The shareholder cited a newspaper article from 2013 to support this argument. Aside from the fact that the article does not concern Autogrill but one of its competitors, it refers to safety devices that are activated when an employee is lying on the ground, which triggers the alarm for a possible robbery or other traumatic event.

2. Transactions with a major impact on the balance sheet, income statement and financial position; related party transactions

In 2017 the company carried out a corporate reorganization consisting of the spin-off of various businesses to wholly-owned subsidiaries with effect from 1 January 2018. Specifically:

- Autogrill Italia S.p.A. acquired ownership of the business unit in charge of motorway/airport concessions and railway station/high street locations in Italy, as well as the subsidiary Nuova Sidap S.r.l. This is the Italy Business Unit, made up of

- the “Concessions,” “Oil” and “Urban Center & Mall” divisions as well as support activities such as logistics and operations, purchasing, commercial assistance, development and management of landlord relations, maintenance, investments & infrastructure, security, quality, marketing, human resources, administration, finance & control and legal affairs;
- 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. This is the Europe Business Unit, made up of (i) the structures responsible for the coordination of activities and the management of general services in southern Europe and continental Europe (including Italy), previously operated by Autogrill S.p.A.; and (ii) the stakes—previously owned directly by Autogrill S.p.A.—in various companies based in southern and continental Europe. The coordination structure included in the Europe Unit carries out activities pertaining to marketing, procurement, engineering and construction, business development, human resources, management control and treasury, legal and corporate affairs, and internal audit;
 - 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.; this is the Service Unit, which provides support and shared services to Group companies. In particular, it mainly provides: (i) information and communication technology services, including development, management and maintenance of application software, as well as the related security and compliance tools; (ii) administrative and accounting services, such as accounts receivable and payable, keeping of assets register, information and data base management, liaisons with suppliers and customers; and (iii) payroll services and related personnel management formalities (tax, social security and insurance).

The entire reorganization took place within the group’s boundaries, without transferring any assets to third parties. In addition, the companies formed from the spin-offs continue to be under Autogrill S.p.A.’s management and coordination.

As a result of the reorganization, Autogrill S.p.A. is now a holding company that performs the following functions in its role as group parent: strategic guidance and coordination; administration, finance, control and enterprise risk management; investor relations; legal, corporate and regulatory affairs; communication; public affairs and strategic marketing; group engineering & procurement; human resources and organization; internal audit; corporate social responsibility.

The new organizational structure entails a significant increase in intercompany services, which will be remunerated on the basis of contracts.

Given its importance, the corporate reorganization plan was the subject of a disclosure document that the company published on a voluntary basis, in accordance with Schedule 3 of Annex 3B of the Issuers’ Regulations (as referenced in Art. 71 of the Regulations). The reorganization is exempt from the rules for related party transactions, as stated in Art. 14(2) of Regulation 17221/2010 and Art. 12.3.1 of Autogrill’s related party transactions procedure. Therefore, the disclosure document pursuant to Art. 5 of Regulation 17221/2010 has not been published.

In 2017 there were no other transactions with a major impact on the balance sheet, income statement and financial position carried out by Autogrill S.p.A. or the group.

The reorganization is sufficiently described in the Directors’ report and the Notes to the financial statements, to which readers are referred for further details. In general,

we confirm that Autogrill has complied with laws, by-laws and sound management principles.

We have not found or been notified by the independent auditors or the head of internal audit of atypical or unusual transactions as defined by the CONSOB Communication of 6 April 2001 and CONSOB Communication DEM/6064293 of 28 July 2006 carried out with third parties, related parties or other companies in the group. Nor in 2017 were there any 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.

Regarding related party transactions (RPT), we have ensured that the company's procedure is compliant with the principles laid down by CONSOB and that said procedure has been duly followed, including by attending the meetings of the related party transactions committee appointed by the Board of Directors. Based on the procedure (which can be consulted on the company's website), resolutions on the compensation of directors and other executives with strategic responsibilities are exempt from the standard rules, provided that certain conditions are met including the participation of the human resources committee in defining compensation policies.

Given the specific nature of Autogrill's business, it is especially important that "Ordinary related party transactions" include those transactions "conducted in the course of ordinary business and associated financial activities that are (...) carried out under terms similar to those usually applied to transactions with unrelated parties of a corresponding nature, risk and size," where "the terms defined as a result of competitive bidding are considered similar to those usually applied to transactions with unrelated parties provided the bid was made in accordance with predetermined corporate policies applicable indistinctly to tenders called by related or unrelated parties, which set minimum profitability levels and have been approved by the Board of Directors pursuant to and in accordance with Autogrill's RPT Procedures." We duly monitored the implementation of this part of the procedure.

In that regard, on 29 June 2017 the strategies and investments committee approved the new Group Capital Expenditure Policy, in light of the increasing centralization of functions and the group's growing presence in emerging countries. The Group Capital Expenditure Policy is focused on three key areas: (a) management of the opportunity pipeline, in keeping with strategic guidelines; (b) the evaluation of proposals throughout the entire life cycle of investments; and (c) the involvement of the corporate units in ensuring that the policy is duly enforced. In addition, the strategies and investments committee and the risk control and corporate governance committee carry out periodic audits on the outcome of capital expenditure, which are also useful for making sure the Group Capital Expenditure Policy is serving its purpose. The internal audit department conducts specific checks on the RPT Procedure, including its interaction with the capital expenditure policy.

On 19 December 2017, as part of the three-year review of the RPT Procedure, the Board of Directors approved a new version that took effect on 8 March 2018.

The new version of the RPT Procedure:

- cites, word for word, the criteria recommended by CONSOB for determining whether a transaction falls within ordinary business and associated financial activities;
- adds its own definition of "terms equivalent to market or standard terms," in order to make it even more explicit that the exemption for ordinary RPTs applies only in these cases;

- describes a specific case of “terms equivalent to market or standard terms” relating to the extension of agreements, concessions or contracts to which the company or its affiliates are party;
- lists the criteria for determining that offers submitted in response to the company’s call for tenders come from unrelated parties in good standing;
- requires that the RPT committee include, where applicable, at least one independent director appointed from the minority list (as defined in the by-laws);
- eliminates the clause stating that the independent expert of the RPT committee may also be the company’s expert;
- clarifies that the value of an RPT is calculated net of value added tax.

In the directors’ report and notes, the directors have reported on the ordinary and immaterial transactions carried out with related parties, indicating their nature and amount. That information is sufficient, also taking account of the size of the transactions.

For our part, we have discerned no violation of laws or by-laws or transactions initiated by the directors that are manifestly imprudent, risky, in potential conflict of interest, contrary to the resolutions of the shareholders, or otherwise liable to compromise the company’s financial soundness.

3. Performance for the year and financial position

As mentioned above, the profit allocable to the group amounted to € 96.2 million versus a profit of € 98.2 million the previous year.

The consolidated net financial position was a negative € 544.0m at the end of 2017 (€ 578.0m at 31 December 2016). More in detail, the result reflects the positive impact of operating cash flow (€ 397.3m), offset by net capital expenditure during the year (€ 273.8m).

The current net financial position was a negative € 24.6m at the end of 2017, compared with € 65m at the end of the previous year.

Net capex amounted to € 261.9m, up from € 232.7m in 2016. These investments, an essential part of the group’s business, were made in HMSHost Nord America (€ 133.5m versus € 123.7m the prior year), HMSHost International (€ 30.5m versus € 27.8m in 2016), and Europe (€ 98.0 m versus € 81.3m in 2016). Contributions to EBITDA can be broken down as follows: HMSHost Nord America, € 268.0m (€ 266.5m the previous year); HMSHost International, € 57.8m (up from € 51.1m); and Europe, € 108.7m (€ 121.4m in 2016).

Consolidated net equity attributable to the owners of the parent rose from € 643.6m at the end of the previous year to € 649.9m at 31 December 2017.

The group’s loans and bond issues are subject to covenants, described in the notes to the financial statements. The directors’ report states that all of the covenants were amply satisfied at the end of 2017 and that forecasts for 2018 confirm they will be met over the next 12 months.

4. Organizational structure, internal control and risk management system, accounting system

We have verified that the company’s organizational structure is adequate to its size, business structure and objectives, and does not hinder compliance with applicable laws.

The Group is organized in three business units: North America, International and Europe. It also has a corporate unit. This structure is now somewhat different due to the corporate reorganization described in the section above, which also explains what functions have remained with Autogrill S.p.A. in its new capacity as a holding company.

The directors' report contains the consolidated non-financial statement ("NFS") pursuant to Arts. 3 and 4 of Legislative Decree 254/2016. In that statement is a table matching the disclosures required by the decree to the documents where such disclosures can be found. For each topic, the NFS also mentions the specific Sustainability Reporting Standard defined in 2016 by the Global Reporting Initiative (GRI), as followed by Autogrill S.p.A. (Core option).

At the group level, the NFS provides disclosures on environmental, social, personnel, human rights, and anti-corruption topics, to the extent needed to ensure a full understanding of what the group does, how it has performed, and the impact of its operations. The main risks generated or incurred in connection with these topics and arising from business activities are described in the "Financial and non-financial risk management" section of the Directors' Report. The NFS explains in detail certain limits on the environmental disclosures it contains.

The NFS describes the methods used in its preparation: the involvement of various units and departments, the use of data from the group's IT system for management and accounting and from a non-financial reporting system (data collection forms) implemented for compliance with Decree 254/2016 and the GRI Standards, and the use of the 2017 consolidated financial statements for data on economic performance, assets and liabilities.

The independent auditors, Deloitte & Touche, have certified the NFS via a limited audit.

In 2017 Autogrill continued its ongoing reinforcement of the control and risk management system, meaning the set of rules, procedures and organizational structures designed to facilitate sound and proper management that is in line with company objectives through an adequate system of identification, measurement, management and monitoring of the principal risks.

On various occasions the Board of Directors was involved in governing these activities with assistance from the control, risks and corporate governance committee.

The chief executive officer, in his capacity as director in charge of the internal control and risk management system, defines the means and methods of the risk management system to reflect the guidelines set by the Board of Directors, and ensures that it is distributed throughout the group with the appropriate guidance and coordination. The organizational units are responsible for the entire systematic process of identifying, measuring, managing and monitoring risks and for determining suitable countermeasures.

These efforts are overseen by the group's enterprise risk management department, which reports to the chief financial officer and assists the chief executive officer and the organizational units in the activities described above; third-tier controls are performed by the internal audit department which, in accordance with Borsa Italiana's new Corporate Governance Code, since January 2013 reports directly to the chair of the Board of Directors.

On 12 December 2007, following the CEO's recommendation and with the favourable opinion of the internal control and corporate governance committee, the Board of

Directors appointed Silvio de Girolamo as chief internal audit officer in accordance with the Corporate Governance Code.

As in previous years and in exception to the principle of non-involvement in any operating function, this position (head of Internal Audit & Group CSR) coordinates the preparation of the sustainability report—now incorporated into the non-financial statement as from the 2017 annual report—which does not compromise its independence as the content and data included are processed and approved by the managers in charge of social and environmental issues. The document is also audited by Deloitte & Touche S.p.A. In March 2018 a new head of internal audit was named, while CSR and enterprise risk management were combined into a single department reporting to the chief financial officer.

The internal control system is defined by Autogrill's code of conduct as the set of instruments designed to orient, manage and oversee its operations in order to foster the efficacy and efficiency of the business, ensure compliance with laws and in-house procedures, protect its assets, and minimize impending risks. It is organized into three levels of control, the last of which consists of the group internal audit department which, as mentioned above, answers directly to the chair of the Board of Directors while coordinating its activities closely with the director in charge of the control and risk management system.

The head of internal audit in office until March 2018, who—beyond his role in producing the NFS—has no ties to operating units, interacts frequently with the control, risks and corporate governance committee by sharing the annual plan of work and reporting periodically on activities performed. The Board of Statutory Auditors, including in its capacity as internal control committee established pursuant to Art. 19 of Legislative Decree 39/2010 (recently revised by Legislative Decree 135/2016 which incorporates European Directive 2104/56/EU), maintains ongoing dialogue with the head of internal audit and ensures that his work is effective.

Internal audit activities have revealed no significant problems with the definition or implementation of the internal control and risk management system that might significantly affect the group's risk profile. However, the current system does need improvements to minimize exposure to risk and ensure that all phases of the process are entirely sufficient.

Existing policies and procedures concern numerous topics relating to financial reporting and the disclosure of inside information to the market, the investment policy, corporate governance, the internal control system of subsidiaries, internal dealing, appointment of the independent auditors, internal auditing, and other matters discussed in this report. The basis of the system is Autogrill's code of conduct.

Regarding the continuous disclosure obligations pursuant to Art. 114(2) TUF, Autogrill's procedure for the disclosure of inside information makes the chairmen and chief executive officers of the key subsidiaries (i.e. the direct subsidiaries of Autogrill and the subholding companies) responsible for its correct implementation, and requires all of Autogrill's direct and indirect subsidiaries to report insider information promptly to the chief executive officer of the parent. The key subsidiaries, in addition to adopting this procedure, must appoint an officer in charge of its implementation and enforcement both internally and at their own subsidiaries.

On the subject of risk management, Autogrill uses the enterprise risk management method described in the corporate governance report.

In this regard, on 12 November 2015 the Board of Directors approved the Enterprise Risk Management Guidelines, which formalize the governance model supporting the assessment of overall risk and the adequacy of the risk management system. The guidelines describe the main roles and responsibilities in analyzing, managing and monitoring risks and opportunities and come with a handbook for ensuring the appropriate use of the guidelines within the group. They apply to all of the group's companies and regions, each of which is responsible for implementing the guidelines locally, helping to make enterprise risk management an integral part of the business process.

We view the adoption of the guidelines in a positive light and expect them to further reinforce the enterprise risk management system, as well as the full involvement of all lines of business.

On 26 January 2018, the Board of Directors reviewed a risk analysis carried out on the group's financial projections for 2018-2022 and determined that the risk profile is consistent with the current management approach, in light of the business objectives and financial projections described at the meeting. The risk profile is updated every quarter.

In previous years, reporting to the human resources committee, the control, risks and corporate governance committee and the Board of Directors, we had expressed some misgivings regarding the attraction and retention of key managers given that the MBO system, normally a short-term incentive, had been partially modified as a three-year plan. The risks seemed especially acute given the group's multinational dimension. These issues are currently being resolved as the bonus system goes through a review.

The directors' report describes the risks faced by the company, including for the purposes of Art. 19(1)(b) of Legislative Decree 39/2010 and Legislative Decree 254/2016.

The company has adopted the organizational and management model for the prevention of legal offenses envisaged by Legislative Decree 231/2001, concerning corporate liability for offenses committed by employees and other staff, which is regularly updated to reflect changes in the law. After the Board of Directors approved a new version of the model on 12 May 2016 to take account of additional crimes covered by the law and the Confindustria guidelines adopted after the previous version was in place, on 28 July 2017 the board approved yet another new version, made necessary by (i) some new contracts awarded to Autogrill for the provision of food & beverage services and the distribution of gas & oil products under concession, and (ii) the company's greater risk of violating environmental laws as a result of these contracts. Therefore, the corporate liability model had to be amended with respect to activities in the sensitive area of environmental compliance, the individuals involved, and the control policies followed.

Due to the corporate reorganization discussed earlier, the model is also being revised to reflect more general changes in the group's structure.

We have met with the compliance committee, which has found no deficiencies or circumstances that would compromise the internal control and risk management system as they pertain to corporate liability pursuant to Legislative Decree 231/2001.

On 14 April 2016 the Board of Directors acknowledged the need to set up an online system that would allow every Autogrill Group employee to report conduct by other employees that is inconsistent with the group's ethical policies or to signal exemplary behavior ("Open Line - Autogrill Ethics and Compliance Reporting Tool").

On 28 September 2017, the Board of Directors approved the new “*Global anti-corruption policy of the Autogrill Group*,” effective as of 1 January 2018. This policy instructs all directors, managers, employees and auditors of Group companies and everyone who works in Italy or abroad in Autogrill’s name or on its behalf what principles and rules they must follow to ensure compliance with anti-corruption laws. The general rule laid down in the policy is that the group prohibits any form of corruption involving any person (including public officials and those working on behalf of businesses or private entities), and in particular prohibits any action (carried out directly or indirectly through any third party acting in Autogrill’s name or on its behalf) that is designed 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”); or 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”).

On 30 June 2016 the board approved a “Policy for the use and management of the Autogrill Group whistleblowing system” where conduct can be reported online or by phone or email.

The company has complied with all data protection obligations as stated in Legislative Decree 196/2003, and has drawn up the data protection plan required by law.

With particular reference to administrative activities, in the corporate governance report the Board of Directors describes the main characteristics of the existing risk management and internal control systems in relation to the financial reporting process, in keeping with Art. 123-*bis* TUF.

Autogrill is compliant with Law 262/2005 and in that regard has named a manager in charge of financial reporting, recommended by the control, risks and corporate governance committee and approved by the Board of Statutory Auditors. The Board of Directors has adopted regulations for the manager in charge of financial reporting, which, inter alia:

- grant him sufficient powers and means, including financial and human resources, and the authority to execute, modify or terminate any agreement he deems necessary, useful or appropriate for fulfilling his duties; give him due access to the information deemed relevant for fulfilling his duties, at Autogrill S.p.A. and at other group companies; empower him to impart any instructions to group companies, within the confines of the decisions made by their boards and officers and of the responsibilities held by each subsidiary, and have them adopt any measure, procedure or conduct deemed useful that will put him in a position to fulfill his duties; and grant him the same powers of inspection and control held by the statutory auditors and the independent auditors, at Autogrill and the other group companies, but within the confines of his duties and responsibilities, and as regards the group’s foreign subsidiaries, within the confines of local law;
- require him to report to the Board of Directors, at least every six months, indicating any problems encountered during the period and the measures taken or planned to overcome them; to inform the chairman of the Board of Directors of circumstances so serious that they might warrant the board’s urgent decision; to ensure that the control, risks and corporate governance committee, the Board of Statutory Auditors, the independent auditors, the compliance committee per Legislative Decree 231/01, and the director in charge of the internal control and risk management system are kept duly informed of his work;
- require the boards and officers of the key subsidiaries to make sure they have adopted a suitable system of control for administrative and accounting processes that will generate the information transmitted to the parent for purposes of drawing up the consolidated financial statements and to constantly monitor its adequacy and effective use, and to ensure that appropriate administrative and accounting

procedures are followed including on the basis of his guidelines; these bodies must also, with assistance from internal audit departments or independent external parties, conduct audits to obtain evidence of the due application of such procedures and of the related controls, including at his request, and periodically report to Autogrill S.p.A. attesting to the adequacy and due application of said procedures.

As mentioned above, there are numerous accounting policies and procedures applicable to the Autogrill Group as a whole.

The manager in charge of financial reporting evaluates the internal accounting control system. In his annual report to the Board of Directors he has found no weaknesses that would significantly compromise the reliability of accounting and financial disclosures. However, some areas in need of improvement have been identified so as to minimize exposure to risk and ensure that all phases of the process are entirely sufficient. For each problem area, a plan with the appropriate corrective measures has been implemented, and will be followed up by the internal audit department and the manager in charge of financial reporting.

Regarding Art. 36 of CONSOB's market regulations (requiring formalities in respect of subsidiaries formed or governed according to the laws of non-European Union countries that figure significantly in the consolidated financial statements), the two group companies to which this provision applies (HMSHost Corp. and Host International Inc., unchanged since the previous year) have suitable procedures in place for the regular transmission to Autogrill S.p.A.'s management and independent auditors of information related to the statement of financial position, results of operations and cash flows for the preparation of the consolidated financial statements.

We note that the company has exercised the opt-out clause provided in Articles 70 and 71 of the Listing Rules, which waives the mandatory publication of information documents relating to mergers, spin-offs, share capital increases through in-kind transfers, acquisitions and disposals.

We also note that further to the revised interim disclosure rules introduced by Legislative Decree 25/2016, which incorporates European Directive 2013/50/EU, the Board of Directors has decided to publish on a voluntary basis additional disclosures with respect to the annual and half-year financial statements. Specifically, the company makes the following public disclosures:

- by the end of May: revenue up to 30 April and the trend in earnings;
- by the end of September: revenue up to 31 August and the trend in earnings;
- by 15 February of the following year: revenue up to 31 December and the trend in earnings.

These figures are compared with the same period in the prior year and are published on the company's website once approved by the Board of Directors.

Independent auditors

The accounts of all Group companies (or in some cases, the individual or consolidated reporting packages prepared for Autogrill's consolidated financial statements) undergo full audit by member firms of the Deloitte & Touche network. In particular, Deloitte & Touche S.p.A. was appointed on 28 May 2015 and its assignment will expire with approval of the 2023 financial statements.

During the year we met with the independent auditors to discuss the plan of work, and in our capacity as internal control and audit committee, on 12 April 2018 we received from them the additional report required by Art. 11 of European Regulation 537/2014.

In November, during the review of the audit plan, the significant risks that were mapped and subsequently confirmed in the additional report concerned the valuation of investments in subsidiaries, revenue recognition, and management override of control in the context of procedures relating to financial disclosure fraud and the information given about the corporate reorganization launched in 2017. These issues were discussed with Management neither they nor other issues led to disagreements which, individually or as a whole, might be material for the separate or consolidated financial statements or for the independent auditors' reports.

In the additional report, the independent auditors did not point out any significant shortcomings in the internal control system with regarding to the financial disclosure process, nor any cases of actual or presumed non-compliance with laws, regulations or by-law provisions. Nor were any errors found that have not been corrected by the company.

In the reports pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation 537/2014, the independent auditors explained the key aspects of the auditing process, in particular the impairment testing of goodwill and equity investments and disclosures in the annual report concerning the corporate reorganization.

In the notes to the separate and the consolidated financial statements, the directors have provided details of the fees allocated to the independent auditors and to the entities in its network, as reported in the table below:

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

We note that no questions have arisen regarding the independence of the auditing firm and that on 12 April 2018 we received its confirmation of independence in accordance with Art. 6(2)(a) of European Regulation 537/2015 and paragraph 17 of auditing standard ISA Italia 260. Specifically, the independent auditors declared that in keeping with the regulatory and professional standards governing the auditing process, from 1 January 2017 to the present they have complied with all ethical principles pursuant to Arts. 9 and 9-bis of Legislative Decree 39/2010 and no situations have arisen that would compromise their independence for the purposes of Arts. 10 and 17 of Legislative Decree 39/2010 and Arts. 4 and 5 of European Regulation 537/2014.

The independent auditors also confirmed, pursuant to paragraph 17(b) of ISA Italia 260, that there are no relationships with the company or other aspects that could reasonably impact their independence and that they have complied with Art. 6(2)(b) of European Regulation 537/2014.

In November 2012 the company revised the group procedure for the hiring of independent auditors by Autogrill and its subsidiaries. The new procedure makes the independent auditors responsible for auditing the subsidiaries as well as the parent, and governs the assignment of additional tasks to the auditors to prevent them from having assignments that are incompatible with auditing, as defined by law, or in any case prejudicial to their independence. The procedure requires further revision in order

to implement the regulatory changes introduced by Legislative Decree 135/2016 (which incorporates the relative EU legislation), which the independent auditors have already taken into account for the purposes of issuing these statements of independence.

5. Corporate governance

Detailed information on how Autogrill has implemented the corporate governance principles approved by Borsa Italiana (laid down in Borsa Italiana's Corporate Governance Code, referred to hereinafter as the "Code") is provided by the directors in the annual corporate governance report, approved on 8 March 2018 and attached to the financial statements.

The report is compliant with Art. 123-*bis* TUF. The independent auditors, in their reports, have confirmed that the directors' report and the disclosures pursuant to paragraph 1 letters c), d), f), l) and m) and paragraph 2 letter b) of Art. 123-*bis* TUF presented in the corporate governance report are consistent with the separate and the consolidated financial statements.

In December 2012 the Board of Directors adopted the new Corporate Governance Code approved by Borsa Italiana in December 2011 and made some changes to its governance system, including the addition of its own code containing the "minimum rules" of governance that the company undertakes to observe (the "Autogrill Code"), although the board may continue to adopt solutions on a case-by-case basis that go above and beyond those rules.

Between December 2014 and February 2015 the Board of Directors amended the Autogrill Code largely to reflect the changes found in the version of the Corporate Governance Code approved by Borsa Italiana in July 2014. During the meeting held on 20 December 2016, the board also approved the changes made in order to comply with the amendments made to the Code by Borsa Italiana in July 2015.

In some cases the "minimum rules" found in the Autogrill Code are exceeded by the board's standard practices, which form the basis of the corporate governance report, although in some instances the report also refers to the Autogrill Code (published in full in the Governance section of the company's website, www.autogrill.com, under "regulations and procedures").

The following remarks make reference, in general, to the sources listed above.

The chief executive officer is the person primarily responsible for running the business, and the only executive member of the Board of Directors. The board, a majority of whose members are independent, is involved—including through the work of its committees—in decisions concerning a number of areas, such as strategies and investments, budgeting, strategic/industrial/financial planning, corporate governance (including remuneration), and the internal control and risk management system.

During the year the company verified the true independence of the directors qualifying as such, in accordance with the Corporate Governance Code, providing their statements to us for review. The company also ascertained the continued independence of the statutory auditors, according to the provisions of the same Code. The independent directors met twice during the year in the absence of the other board members; these meetings were chaired by the lead independent director.

The Company did not change the Autogrill Code to include provisions based on which an auditor who, directly or on behalf of third parties, has an interest in a given transaction being carried out by the Issuer should inform the other auditors and the Board of Directors in a timely and complete manner as to the nature, terms, origin and

scope of the interest as the members of the Board of Statutory Auditors must, at any rate, comply with the relative provision in the Corporate Governance Code. We agree with the company's assessment, while viewing the presence of a specific provision in the Corporate Governance Code in a positive light.

With regard to the maximum number of directorships and statutory auditorships that may be held in other companies, on 10 March 2016 the Board of Directors resolved to reconfirm the guideline approved on 12 December 2007 and confirmed in 2014 and 2015, explaining the reasons why it was deemed unnecessary to consider participation in board committees.

With regard, once again, to the maximum number of assignments allowed, any offices held in other companies belonging to the Edizione group are not counted. We do feel that this rule should be re-assessed.

The directors have not formed a nominating committee in light of the company's ownership structure, the fact that two directors were drawn from the minority list, and the fact that seven of the current thirteen directors are independent. The functions of a nominating committee are carried out by the Board of Directors, in accordance with the Corporate Governance Code.

The directors have also decided not to draw up a plan for the succession of executive directors, in consideration of the organization of human resources and the peculiarities of the company's market, as well as its ownership structure.

On 9 March 2017 the Board of Directors reconsidered whether to adopt a plan for the succession of executive directors. Having assessed the company's organization of human resources and the particularities of its market, the Board confirmed its decision not to draw up a succession plan, as it had resolved on 20 December 2012. The decision was reaffirmed at the board meeting of 8 March 2018, where it was also discussed in light of the recommendations sent on 13 December 2017 by the chairman of Borsa Italiana's committee for corporate governance.

The board has formed a human resources committee, which in 2017 began an in-depth review of the management bonus system. The committee is currently made up of two independent directors and one non-executive director. The corporate governance report gives detailed information on its activities.

The Board of Directors has decided not to give the human resources committee the additional task for making pay recommendations for all directors (other than executive directors, the chairman, and other directors holding special offices).

There is also a strategies and investments committee which is currently comprised of three independent directors and two non-executive directors, one of whom serves as chair. This committee provides background information and advice on group strategy and investment policies, as well as on particularly strategic or sizeable investment projects.

The Board of Directors' annual self-assessment process was carried out through direct interviews with the individual directors conducted by the lead independent director. The outcome was discussed during the board meeting of 8 February 2018. We believe that the directors focused appropriately on the most meaningful aspects of their role, and came up with several points that can improve a governance process that is in any case highly satisfactory.

The statutory auditors were involved for the first time in this process, through a meeting between our chairman and the lead independent director, although the Corporate Governance Code is silent in this regard.

The corporate governance report contains information on induction activities in 2017, which included a full day at the company's offices, during which top management gave the directors and statutory auditors a detailed description of the group and the market it serves and in-depth information on risk management policies, business trends and their likely development, with an emphasis on the main managerial, organizational, strategic and governance aspects.

We reiterate our view that this type of activity is key to increasing the efficacy of the non-executive directors and statutory auditors, and are confident that such efforts will continue in 2018.

6. Conclusions regarding supervisory activities, the financial statements and other motions put to the shareholders

Through direct inspection and information provided by the independent auditors and the manager in charge of financial reporting, we have verified compliance with laws regarding the preparation and content of the Autogrill Group's consolidated financial statements, of Autogrill S.p.A.'s separate financial statements and of the corresponding directors' reports, including the consolidated non-financial statement. During the course of our audit work, no inappropriate conduct, omissions or irregularities came to light that might have required reporting to the supervisory authorities or mention in this report.

In their report issued pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation 537/2014, the independent auditors gave an unqualified opinion of the separate and the consolidated financial statements for 2017. Regarding the directors' report and some specific disclosures in the corporate governance and ownership report, the independent auditors gave an unqualified opinion on their consistency with the financial statements and compliance with the provisions of law. They found no material errors. As for the consolidated non-financial statement, in their report pursuant to Art. 3(10) of Legislative Decree 254/2016 and Art. 5 of CONSOB Regulation 20267, the independent auditors wrote that they were unaware of any issues suggesting that the Autogrill Group's NFS for the year ended 31 December 2017 was not compliant, in all material respects, with Arts. 3 and 4 of the Decree and with the GRI Standards.

Both the separate and the consolidated financial statements come with the certification by the manager in charge of financial reporting and chief executive officer required by Art. 154-*bis* TUF.

The general meeting called to approve the financial statements for 2017 is also asked to vote on other matters within its sphere of authority, including the re-election of the Board of Statutory Auditors. Other items on the agenda are the authorization to buy and sell treasury shares and the remuneration report. The directors propose a dividend of € 0.19 per share.

On the basis of our work during the year, we find no reason not to approve the financial statements at 31 December 2017 and the motions presented by the Board of Directors.

Milan, 13 April 2018

The statutory auditors of Autogrill S.p.A.
 Marco Rigotti
 Antonella Carù
 Eugenio Colucci

Autogrill S.p.A.

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zero3zero9 – Milan

Design
Leftloft – Milan

Layouts
t&t – Milan

Printing
Grafiche Antiga (TV)
Printed on PSC paper
Arctic Volume Highwhite

May 2018

Pictures realized by Davide Calafà.

*Milano Centrale railway station,
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*McCarran International Airport,
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