Autogrill S.p.A.

2013 Annual Report

AUTOGRILL

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2013 Annual Report

Translation from the Italian original which remains the definitive version

Company bodies

Board of Directors[1]

Chairman [2, 3]	Gilberto Benetton
CEO [2, 3, 4]	Gianmario Tondato Da Ruos [E]
Directors	Tommaso Barracco [5, I] Alessandro Benetton Arnaldo Camuffo [8, I] Carolyn Dittmeier [12] Massimo Fasanella d'Amore di Ruffano [9, I] Francesco Giavazzi [13, I] Marco Jesi [5, I] Alfredo Malguzzi [7, 8, I, L] Marco Mangiagalli [6, 7, I] Gianni Mion [5, I] Stefano Orlando [6, 7, I] Paolo Roverato [6, 8]
Secretary	Paola Bottero

Board of Statutory Auditors[9]

Chairman	Marco Rigotti [10]
Standing auditor	Luigi Biscozzi [10]
Standing auditor	Eugenio Colucci [10]
Alternate auditor	Giuseppe Angiolini
Alternate auditor	Pierumberto Spanò
Independent auditors [11]	KPMG S.p.A.

1. Elected by the shareholders' meeting of 21 April 2011; in office until approval of the 2013 financial statements
2. Appointed at the Board of Directors' meeting of 21 April 2011
3. Powers assigned by law and the company's by-laws, particularly legal representation with individual signing authority
4. Powers of ordinary administration, with individual signing authority, per Board resolution of 21 April 2011
5. Member of the Strategies and Investments Committee
6. Member of the Internal Control, Risks and Corporate Governance Committee
7. Member of the Related Party Transactions Committee
8. Member of the Human Resources Committee
9. Elected by the shareholders' meeting of 19 April 2012; in office until approval of the 2014 financial statements
10. Certified auditor
11. Engagement awarded by the shareholders' meeting of 27 April 2006 for the years 2006-2014
12. Appointed by the Board of Directors meeting of 10 April 2013 and confirmed by the shareholders' meeting of 6 June 2013; in office until approval of the 2013 financial statements
13. Resigned office with effect from 10 April 2013

E Executive Director

I Independent Director as defined by the listed Companies' Code of Conduct adopted by resolution of the Corporate Governance Committee of December 2011 and promoted by Borsa Italiana, ABI, Ania, Assonime and Confindustria, and pursuant to arts. 147-*ter* (4) and 148 (3) of Legislative Decree 58/1998

L Lead Independent Director

Contents

1.	Directors' report	
1.1	Operations and strategy	9
1.2	Performance	10
1.2.1	General business context and traffic trends	11
1.2.2	Income statement results	11
1.2.3	Reclassified statement of financial position	14
1.2.4	Performance of key subsidiaries	15
1.3	Outlook	15
1.4	Other information	16
1.4.1	Corporate social responsibility	17
1.4.2	Main risks and uncertainties faced by Autogrill	19
1.4.3	Corporate governance	23
1.4.4	Management and coordination	23
1.4.5	Related party transactions	23
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.	24
1.4.7	Research and development	24
1.4.8	Treasury shares	24
1.4.9	Significant non-recurring events and transactions	24
1.4.10	Atypical or unusual transactions	25
1.4.11	Information pursuant to arts. 70 and 71 of Consob Regulation no. 11971/1999	25
1.5	Shareholders' Meeting	25
1.6	Proposal for approval of the financial statements and allocation of the 2013 profit	26
2.	Separate Financial Statements	
2.1	Autogrill S.p.A. Separate Financial Statements	30
2.1.1	Statement of financial position	30
2.1.2	Income statement	31
2.1.3	Statement of comprehensive income	32
2.1.4	Statement of changes in equity	33
2.1.5	Statement of cash flows	34
2.2	Notes to the financial statements	35
	Annexes	109
	List of investments held directly and indirectly in subsidiaries and associates	109
	Statement by the CEO and manager in charge of financial reporting	114
	Independent Auditors' Report	115
	Board of Statutory Auditors' Report	117

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.

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.

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

1.1 Operations and strategy

Autogrill S.p.A. conducts food & beverage operations at major travel facilities (airports, motorway rest stops and railway stations), where it serves a local and international clientele. It operates directly in the domestic market, and abroad through subsidiaries. Autogrill also works in other channels, with high street and shopping center locations, and temporary outlets during trade fairs and other events. Its offerings strongly reflect the local setting, with the use of mostly proprietary brands, as well as a more global reach through the use of well-known international brands under license.

The Company's strategy is to ensure steady growth in value through expansion and diversification into different geographical areas and channels, constant product and concept innovation, and the improvement of service with a view to increasing the satisfaction of customers and concession grantors. In the airport and railway channels it will pursue a growth strategy, where possible, while in the motorway channel its investments will be more targeted and selective.

Between 2005 and 2008 Autogrill diversified into the Travel Retail & Duty Free business through a series of acquisitions (Aldeasa, Alpha and World Duty Free) that were then integrated with each other in the following years.

On 6 June 2013 the general meetings of Autogrill S.p.A. and World Duty Free S.p.A. (WDF, established by Autogrill S.p.A. on 27 March 2013) approved a proportional partial demerger by which Autogrill assigned to WDF the portion of its equity relating to the Autogrill Group's Travel Retail & Duty Free operations. Since the demerger, effective from 1 October 2013, the two groups have worked separately and independently.

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 some 30 countries around the world, and it is especially active in the United States, Canada, France, Switzerland, Belgium, Germany and Northern Europe.

1.2 Performance

1.2.1 General business context and traffic trends

In 2013 the Italian economy continued to suffer: GDP fell by 1.9%[1], the unemployment rate rose by 1.1 points[2] and there was a general decline in consumer confidence.
Motorway traffic was down by 1.7%[3] for the year, though it recovered slightly in the second half. The price of fuel at the pump decreased by an average of 2.2% in 2013, compared with the record highs reached in 2012 (+11% on the previous year)[4].
Airport traffic fell by 1.9%[5], contrasting with the growth reported worldwide by the air transport industry.

1.2.2 Income statement results

Condensed income statement[6]

(€m)	2013	% of revenue	2012	% of revenue	Change
Revenue	1,090.2	100.0%	1,162.0	100.0%	(6.2)%
Other operating income	90.1	8.3%	73.2	6.3%	23.1%
Total revenue and other operating income	**1,180.3**	**108.3%**	**1,235.2**	**106.3%**	**(4.4)%**
Raw materials, supplies and goods	(512.5)	(47.0)%	(548.7)	(47.2)%	(6.6)%
Personnel expense	(305.3)	(28.0)%	(304.4)	(26.2)%	0.3%
Leases, rentals, concessions and royalties	(178.5)	(16.4)%	(178.5)	(15.4)%	-
Other operating expense	(145.5)	(13.3)%	(146.3)	(12.6)%	(0.5)%
EBITDA	**38.5**	**3.5%**	**57.3**	**4.9%**	**(32.8)%**
Depreciation, amortization and impairment losses	(69.8)	(6.4)%	(61.7)	(5.3)%	13.1%
Operating loss (EBIT)	**(31.3)**	**(2.9)%**	**(4.4)**	**(0.4)%**	**611.4%**
Net financial income (expense)	207.1	19.0%	58.5	5.0%	254.0%
Impairment losses on financial assets	(61.9)	(5.7)%	(72.3)	(6.2)%	(14.4)%
Pre-tax profit (loss)	**113.9**	**10.4%**	**(18.2)**	**(1.6)%**	**(725.8)%**
Income tax	(3.5)	(0.3)%	3.6	0.3%	(197.2)%
Profit (loss) for the year	**110.4**	**10.1%**	**(14.6)**	**(1.3)%**	**(856.2)%**

1. Source: ISTAT - www.istat.it/it/archivio/112596
2. Source: ISTAT - www.istat.it/it/archivio/disoccupati
3. Source: AISCAT, January-December 2013
4. Federazione Italiana Gestori Impianti Stradali Carburanti (www.figisc.it/osservatorio.html)
5. Source: Assoaeroporti, January-December 2013
6. "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 and the related cost, the net amount of which is classified as "Other operating income" in accordance with Autogrill's protocol for the analysis of figures. This revenue came to € 3.3m in 2013 (€ 5.2m in 2012) and the cost to € 3.1m (€ 4.9m the previous year)

Revenue

Autogrill S.p.A. closed 2013 with revenue of € 1,090.2m, a decrease of 6.2% on the previous year's € 1,162.0m. Below is the breakdown by channel:

(€m)	2013	2012	Change
Revenue	1,090.2	1,162.0	(6.2%)
Sales to end consumer	1,060.8	1,132.8	(6.4%)
Motorway	804.4	854.0	(5.8%)
Airports	83.1	88.1	(5.7%)
Other	173.3	190.7	(9.1%)
Other sales *	29.4	29.2	0.7%

* Including sales to franchisees

In the **motorway** channel, sales decreased from € 854.0m in 2012 to € 804.4m (-5.8%). With traffic down by 1.7%[7] nationwide, on a like-for-like basis, primary sales (food & beverage and market) fell by 4.1% on the previous year. This reflects both the loss of traffic and the decline in consumption caused by the difficult economy.
More specifically, there was a decrease of 4.9% in prepared food & beverage sales and of 2.4% in revenue from market purchases; in the latter category, food sales increased by 1.7% thanks mainly to commercial promotions, while non-food was down by 8.9%. Sales of complementary goods (lottery tickets, newspapers & magazines and tobacco products) dropped by 8.6%.

Revenue in the **airport** channel came to € 83.1m, compared with € 88.1m the previous year (-5.7%), with a 2.1% decrease in primary sales (food & beverage and market). Complementary sales were down by 33% (€ 3.4m) due to the downsizing of the newspaper and magazine business at Fiumicino and Catania airports. On a like-for-like basis, overall revenue increased by 0.6%, and primary sales by 2.3%.
In other channels revenue fell by 9.1%, from € 190.7m in 2012 to € 173.3m, as detailed below:

- **Railway stations and shipboard catering:** at € 45.4m, revenue increased by 3.9% with respect to last year's € 43.7m thanks to new openings, especially in Naples, Florence, Venice, Verona, Bari and Milan (Bistrot), which offset the decline in shipboard catering (phased out between late 2013 and early 2014). On a like-for-like basis, the increase in sales amounts to 3.0%.
- **Shopping centers and high streets:** revenue from these two channels came to € 110.6m, down 11.1% on the previous year's € 124.3m due to the closure of several unprofitable locations, including Brescia, Varese, Piazza Bra (Verona), Da Vinci airport (Rome), Romanina (Rome) and Cesano Boscone (outside Milan). On a like-for-like basis, sales decreased by 3.0%.
- **Trade fairs and events:** revenue in 2013 was € 17.3m, compared with € 22.7m the previous year (-24.0%), due to the smaller number of events and the closure of certain locations. On a like-for-like basis, sales decreased by 18.7%.

Other operating income

Other operating income in 2013 amounted to € 90.1m, up from € 73.2m the previous year. This year's figure includes income from the waiver of pre-emption rights on the renewal of expiring subconcessions (€ 13.8m), income from the early termination of rental contracts and increased bonuses from suppliers (€ 3.0m).

7. Source: AISCAT, January-December 2013

Raw materials, supplies and goods

In 2013 the cost of product as a percentage of sales was 47.0%, down slightly with respect to the previous year (47.2%). The increased weight of food & beverage and market food sales with respect to market non-food and complementary products more than offset the impact of discounts granted in the retail sector.

Personnel expense

Personnel expense in 2013, at € 305.3m, increased by 0.3% on the previous year. Within this item, the cost of sales personnel went down due to the smaller scope of consolidation and lower number of hours worked as a result of the reduction in sales, which more than offset the increase in the unit cost (+3.6%) due to the raises mandated in the national collective bargaining agreement. Personnel expense at headquarters went up as a result of reorganization costs (€ 5.4m) and a rise in bonuses.

Leases, rentals, concessions and royalties

These costs were in line with the previous year at € 178.5m, while as a percentage of sales they increased by a percentage point, from 15.4% to 16.4%, as they remain mostly rigid regardless of the Company's turnover.

Other operating expense

Other operating expense in 2013 came to € 145.5m, compared with € 146.3m of the previous year.
The 2012 figure included the release of prior-year provisions in the amount of € 8.1m.
At points of sale, other operating expense decreased by € 2.7m thanks to the optimization of costs for energy, cleaning, maintenance and advertising. At headquarters it declined by € 3.5m, due mainly to a decrease of € 2.7m for strategic consulting.

EBITDA

EBITDA in 2013 came to € 38.5m, a decrease of 32.8% with respect to the previous year, and the EBITDA margin fell from 4.9% to 3.5% of revenue. The reduction is due primarily to the decline in sales, leading to the reduced absorption of the less flexible cost components such as labor and rent.

Depreciation, amortization and impairment losses

These totaled € 69.8m for the year, up from € 61.7m in 2012, as a result of investments made to modernize points of sale and upgrade plants and systems.
Impairment losses of € 6.1m were recognized on property, plant & equipment and intangible assets, compared with € 3.8m in 2012.

Financial income

Net financial income came to € 207.1m, up from € 58.5m in 2012, due mainly to increased dividends from subsidiaries (including € 220m from World Duty Free Group SAU).

Impairment losses on financial assets

During the year, impairment losses were recognized on the investments in Autogrill Nederland B.V. (€ 36m), Autogrill Schweiz A.G. (€ 20m) and Nuova Sidap S.r.l. (€ 5.9m) for a total of € 61.9m.

Income tax

There was a net tax charge of € 3.5m in 2013, consisting mainly of € 6.7m in current IRAP (regional business tax). This compares with a net refund of € 3.6m in 2012, explained by a non-recurring IRES (corporate income tax) refund due to the retroactive deduction of IRAP pertaining to personnel expense for the years 2007 through 2011, pursuant to art. 2 of Decree Law 201/2011.

Profit (loss) for the year

The year closed with a profit of € 110.4m, compared with a loss of € 14.6m in 2012.

1.2.3 Reclassified statement of financial position[8]

(€m)	31.12.2013	31.12.2012*	Change
Intangible assets	118.6	120.1	(1.5)
Property, plant and equipment	180.1	214.5	(34.4)
Financial assets	611.7	1,082.8	(471.1)
A) Non-current assets	**910.4**	**1,417.4**	**(507.0)**
Inventories	46.4	44.2	2.2
Trade receivables	28.6	30.1	(1.5)
Other receivables	88.0	94.0	(6.0)
Trade payables	(215.9)	(239.3)	23.4
Other payables	(77.1)	(91.2)	14.1
B) Working capital	**(130.0)**	**(162.2)**	**32.2**
C) Invested capital, less current liabilities	**780.4**	**1,255.2**	**(474.8)**
D) Other non-current non-financial assets and liabilities	**(91.8)**	**(90.3)**	**(1.5)**
E) Net invested capital	**688.6**	**1,164.9**	**(476.3)**
F) Equity	**374.1**	**679.9**	**(305.8)**
Non-current financial liabilities	345.5	548.4	(202.9)
Non-current financial assets	(62.0)	(121.4)	59.4
G) Non-current financial indebtedness	**283.5**	**427.0**	**(143.5)**
Current financial liabilities	74.3	105.8	(31.5)
Cash and cash equivalents and current financial assets	(43.3)	(47.8)	4.5
H) Current net financial indebtedness	**31.0**	**58.0**	**(27.0)**
Net financial position (G + H)	314.5	485.0	(170.5)
I) Total as in E)	**688.6**	**1,164.9**	**(476.3)**

* Figures differ from those originally published due to the application of IAS 19 revised, as described in section 2.2.1

The statement of financial position shows a decrease in net invested capital of € 474.8m, due mainly to the reduction of € 471.1m in financial assets as a result of the proportional partial demerger of Autogrill S.p.A. to World Duty Free S.p.A. (effective from 1 October 2013) and the impairment losses of € 61.9m recognised on various equity investments.

Capital expenditure in 2013 came to € 34.6m (€ 62.9m the previous year), and was concentrated mostly on the opening of Villoresi Est and other locations, the upgrading and renovation of existing points of sale, and the routine replacement of obsolete plant, equipment and furnishings.

The net financial position at 31 December 2013 was € 314.5m, a decrease on the previous year, thanks especially to receipt of the dividend mentioned above.

8. "B. Working capital" includes the items "III. Other receivables", "IV. Trade receivables", "V. Inventories", "XII. Trade payables", "XIII. Tax liabilities" and "XIV. Other payables"
"D. Other non-current non-financial assets and liabilities" include the items "XI. Other receivables", "XVII. Other payables", "XX. Deferred tax liabilities", "XXI. Post-employment benefits and other employee benefits" and "XXII. Provisions for risks and charges"
"Current financial liabilities" are comprised of "XV. Due to banks" and "XVI. Other financial liabilities"
"Cash and cash equivalents and current financial assets" include "I. Cash and cash equivalents" and "II. Other financial assets"

1.2.4 Performance of key subsidiaries

HMSHost Corporation

Through subsidiaries, this company oversees mostly food & beverage operations in North America, as well as at Schiphol Airport in Amsterdam and various airports in the Asia/Pacific area, Turkey and Russia.

In 2013 HMSHost earned revenue of $ 2,759.3m ($ 2,730.0m the previous year), an increase limited to 1.1% due mainly to the reduction in retail space at certain airports and the transfer of the North American travel retail business to World Duty Free Group in the fourth quarter. In general, growth took place at airport and motorway locations, while sales declined in the minor channels.

EBITDA rose from $ 291.5m in 2012 to $ 299.5m, and from 10.7% to 10.9% of revenue. The improved profitability stems mainly from the reduction in general and administrative costs.

1.3 Outlook

Sales in the first nine weeks of 2014 decreased by 1.3%, due chiefly to the closure of various locations in 2013. Performance at motorway locations has gone against the trend, rising by 0.9%, in line with the first available traffic data for the year in course.

In 2014 Autogrill will continue to streamline its operations, in part by using the tendering season now underway to acquire the most profitable and strategic locations, while developing new commercial ideas and cost-cutting initiatives.

Events after the reporting period

Since 31 December 2013, no events have occurred that if known in advance would have entailed an adjustment to the figures reported or required additional disclosures.

1.4 Other information

1.4.1 Corporate social responsibility

Autogrill's commitment to sustainability began in 2005 with the publication of its first Sustainability Report, which cleared the way for the development of projects based on a sense of corporate responsibility.
In 2007, the Afuture project was established with the goal of building innovative Autogrill locations that would be both environmentally friendly and economically efficient. Over the years, it has evolved into an international breeding ground for ideas, design concepts and best practices to be shared throughout the Company. The Afuture experience has allowed the business to grow and its people to achieve a greater awareness of sustainability issues, by comprehending the value of this process.
In 2011 Autogrill decided to build on this concept by laying out goals for an even more sustainable approach to the business, in the form of the Afuture Roadmap and guidelines for the constant improvement of performance. In 2012 it reinforced its monitoring efforts and in 2013 it moved forward with activities designed to improve sustainability on an ongoing basis.

Autogrill's policy for employees

A clear, structured policy concerning Autogrill's relations with its employees gives it a competitive edge, because employees are its human capital: the wealth of skills, competencies and qualifications that make the company stand out.

At any given location, in the act of serving a customer, each employee represents the company and its philosophy, its know-how and the way it treats the environment. By the same token, a satisfied customer is the best advertisement a company can have. That's why the relationship between Autogrill and its employees is a strategic asset, fundamental for the creation of value enjoyed by all parties.
To better integrate the regional and international teams and make the most of the Group's size by leveraging the skills and expertise found in different countries, in 2013 it developed the practical mechanisms needed to enhance the European organizational model designed in 2012. In addition, to improve team integration and reduce language barriers, an online English learning campaign was launched for the European region.

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

In the interests of efficient and effective management, Autogrill is always interested in the opinions and suggestions of its stakeholders. Five years ago it launched *"Feel good?"*, an annual customer satisfaction program designed to achieve a snapshot of the Autogrill customer's needs and wants and to come up with the right solutions.
In 2012 an online survey called *"Do you Feel good?"* was created to measure employee engagement. The survey involved 14 countries in Autogrill's European Food & Beverage business, to identify areas in need of improvement and the most effective ways of getting employees more engaged in their work. In 2013, the results of the customer satisfaction survey were compared with those of the employee engagement survey, showing an interesting correlation between the two indices.
There was also a focus on reading and sharing the results and on empowering the management team, which was involved first-hand in coming up with plans for areas in need of improvement. Specifically, after the results were read and shared, every head office manager and each of the 800 points of sale involved in the survey drew up a plan of action with a number of concrete initiatives aimed at improving one or more aspects considered.
The second edition of *"Do you Feel good?"* was kicked off in January 2014.

Work-life balance

A healthy relationship between company and staff is rooted in care for the individual and his or her wellbeing, both on and off the job. For Autogrill, this means working on two different planes: professional and individual growth, by way of work-life balance initiatives. Regarding the professional plane, the Autogrill Group focuses on selection processes based on aptitudes and skills, training and development plans tailored to employees' profiles and needs, and international job rotation. To work on these aspects effectively

and uniformly, in 2013 Autogrill accelerated the adoption of a single process and a single platform for appraising performance and skills throughout Europe.
As for the "life" part of the work-life balance, Autogrill provides its employees with a broad range of initiatives designed to increase leisure time and spending power (discounts on products and services that differ from country to country: from insurance to online shopping).

Health and safety

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

Autogrill and the environment

Environmental issues – climate change, access to clean water, waste disposal, etc. – concern people, organizations and institutions all over the world.
Autogrill believes it is the personal contribution of each individual that makes the difference. Simple, everyday habits can help reduce energy consumption without sacrificing quality of life. Although the Autogrill Group's impact on the environment is relatively minor, we feel a responsibility to reduce our consumption of energy and natural resources in favor of clean energies and recycled materials that are friendly to our Earth. We do this by designing green facilities, properly managing resources and processes, monitoring performance and, above all, enlisting the help of our employees.

Innovation and environmental efficiency

Protecting the environment and conserving energy and water means, first and foremost, consuming less. And consuming less means a commitment from everyone, from those who design our buildings and their plants & systems to those who run our operations day to day.

Given the different contexts in which it works, Autogrill conducts a wide variety of projects on various levels. Below is a summary of some of the projects carried out in 2013 that are especially important in terms of environmental sustainability.
In Italy, Autogrill's commitment to the environment takes several forms. We showed our finest colors in 2013 with the Villoresi Est location: the Group's international best practice for sustainable innovation, as it combines at the local level a number of virtuous solutions and design principles that have since been adopted for other points of sale. This is a 360° sustainability program that is thoroughly compliant with the energy and carbon footprint standards of the Leadership in Energy and Environmental Design (LEED) Protocol, and with the Design for All and Dasa-Rägister standards for the creation of a structure fully accessible to everyone. Of particular note are the geothermal plant with thermal battery and 420 underground probes; the 350 square meter collector roof that captures solar energy or cold, depending on the season; indoor/outdoor LED lighting; and the rainwater and groundwater collection system.
In North America, HMSHost is increasingly committed to an eco-sustainable approach to the business, from LEED® certified rest stops on Canadian motorways to a series of telephone seminars with location managers in order to share environmental best practices and learn what sustainability projects have been developed, how they have been conducted, and what results have been achieved by those who have applied them first-hand.

In Spain, "Project Edison" has been underway for a few years now with a view to reducing energy consumption. An important is employee awareness, considered to be the key to a successful conservation policy. The project includes training courses for location managers, a manual for the proper use of equipment and information on energy consumption, and communication campaigns. In addition, a calendar has been set up for each location to help make the most efficient use of air conditioning and heating.

Environmental certification

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

The Villoresi Est rest stop in Italy, opened to the public in early 2013, obtained "LEED® NC for RETAIL" (Gold level) during the year: the first time this standard has been achieved in Italy in the food & beverage business. This milestone is in addition to the fifteen LEED® certified rest stops in Canada (eleven Silver and four Gold), and the LEED® Silver certified rest stop on the Delaware Turnpike in the United States.

In Italy, ISO 14001 certification is still valid for the environmental management systems of headquarters, the Brianza Sud location and the outlets at Turin airport, as is EMAS certification for HQ and Brianza Sud; both of these certifications were also earned by the Villoresi Est location. In Spain, ISO 14001 certification is still valid for the outlets inside the Telefonica building in Madrid.

Keeping tabs through the Sustainability Report

Since 2005 we have published a Sustainability Report, prepared on the basis of international standards set by the Global Reporting Initiative (GRI-G3), and submitted each year (since 2008) for acknowledgement of the Board of Directors. The information provided in the Corporate Social Responsibility section is further detailed in that report, which can be downloaded from the Sustainability section at www.autogrill.com.

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 industries in which it works, from the financial markets and from frequent changes in legislation, as well as to risks generated by strategic decisions and operating procedures.

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

The updated risk matrix essentially confirms the risks identified the previous year.

The main risk areas – divided into business risks and financial risks – are presented below.

Business risks

Traffic statistics

Autogrill's operations are influenced by traffic trends. Any factor with the potential to reduce traffic flows significantly in the countries and channels served by the Company and the Group constitutes a threat to the production of value.
Exogenous (hence uncontrollable) factors that may affect the flow of traffic and travelers' propensity to consume include the general economic situation and its contributing trends – consumer confidence, inflation, unemployment and interest rates – along with rising oil prices and, in general, the increasing cost of transports. Traffic and average spending may also be sensitive to other uncontrollable events, such as the spread of alternative means of travel, changes to laws and regulations that govern or in any case influence how the Company operates in a given channel (this is especially relevant for airports), strikes and political instability, acts or threats of terrorism, natural disasters, and hostilities or wars.
The impact of this risk is mainly economic, leading to reduced propensity to consume, sales and thus profitability. Autogrill's sales are also subject to seasonal fluctuations and are higher in the summer, when passenger traffic goes up. Therefore, should one of the above events occur in the summer, the negative impact could be amplified.

One strategic factor that helps mitigate this risk is the diversification of Autogrill's activities in terms of:

- channels (airports, motorways and railway stations);
- geographical areas served.

Autogrill also has the following tools available to counter recessions or soften the impact of any concentration of its businesses in channels or areas hit by a downturn:

- constant revision of products and customer services, to keep them competitive in terms of quality and price and adapt to consumers' different spending habits in difficult economic times;
- regularly updated operating models to ensure the most efficient mix of technologies and human resources;
- focus on the profitability of sales, by cutting costs without sacrificing menus and catalogues or the quality of service;
- modulation of investments in order to limit the impact on cash flow.

Reputation

Autogrill's reputation with customers and with concession grantors and licensors is of great importance and is also a significant factor when grantors decide to award or renew concessions.
Loss of or damage to reputation is caused by the perceived deterioration of service, which can drive dissatisfied customers away, and by an inability to satisfy contractual commitments with grantors and licensors, which threatens good business relations and the prospect of extending contracts.

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

- the constant monitoring of procedures and processes, both internally and by outside firms, to keep service efficient and customers and workers safe;
- portfolio reviews to ensure that brands, concepts and products remain appealing;
- the development of customer retention initiatives and customer satisfaction surveys;
- training programs to ensure high standards of service.

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

Consumption habits

A change in consumption habits can be a risk if Autogrill is unable to react in time by adapting its

service model and products to what the customer desires.
An extensive portfolio of brands and commercial formulas helps to mitigate this risk.

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

Concession fees

Most of Autogrill's operations are conducted under long-term contracts awarded through competitive bidding by the owner of the infrastructure management concession (airport/motorway/station). Concession contracts are therefore a fundamental asset for the Group, and their extension under competitive conditions or the acquisition of new ones is a strategic factor.
Over time, there have been changes in the competitive context and in the details of calls for tenders, so that in the case of new and/or extended contracts, the conditions set by the grantors may be less favorable than those valid today.
This risk might expose Autogrill to long-term losses in profitability, especially if it coincides with a wane in traffic or consumer confidence.
In addition, Autogrill's contracts generally have a duration exceeding one year and require the operator to pay minimum guaranteed rent, regardless of the revenue earned.
Should the revenue earned through the concession fall short of the amount forecast when the contract was awarded, perhaps due to a reduction in traffic or propensity to consume, the contract could become less profitable or even a liability given the obligation to pay minimum rent.

In general, Autogrill mitigates these risks by focusing on the profitability of its contracts and not bidding at all for those considered to offer poor returns, and by following an approach aimed at building and maintaining a long-term partnership arrangement with the concession grantor, based in part on the development of concepts and commercial solutions that maximize the overall gain. Some concession agreements restrict the operator's sphere of movement, e.g. by limiting the range of products that can be sold or how they are priced. The need to comply with such limits could reduce or eliminate Autogrill's ability to adapt its product range and terms of sale to customers' changing needs and preferences, which, as mentioned above, is one of the key points of its commercial strategy.

Labor

Labor is a significant factor for Autogrill, whose business has a strong customer service component. The need to maintain service standards acceptable to customers and to the concession grantor, and the complexity of international labor laws, limit the flexibility of HR management.
Therefore, major increases in the cost per employee or more stringent regulations can have a significant impact on Autogrill's profitability.
This risk is mitigated through the constant review of operating procedures in order to make the most efficient use of labor, increase flexibility and reduce occupational hazards.

Regulatory compliance

The business in which Autogrill works is highly regulated in terms of operating practices and customer and worker safety, which involves personal protections as well as product quality. Any violation of such norms would not only expose the Group to legal consequences but could diminish its reputation with concession grantors and customers, possibly leading to reduced sales, the loss of existing contracts and/or the inability to compete for new ones.
To mitigate this risk, with the help of outside specialists, Autogrill stays constantly abreast of legal developments so it can adapt its processes, procedures and controls to the new requirements and bring personnel up to date. It also relies on constant monitoring and frequent audits of service quality with respect to contractual and legal obligations.
Further risks may arise from new legislation affecting the channels served by Autogrill, which sometimes introduce more restrictive procedures, regulations or controls that can influence the consumer's propensity to buy, most typically in the airport channel.
These risks are lessened by constantly monitoring consumer behavior when new rules come into force and by incorporating suitable measures into the business model.

Innovation

The Company's ability to maintain a constant process of innovation for its business model, concepts, products and processes is key to offering a level of service and quality that keeps up with customers' demands and strategically important for Group and Company operations.
The potential loss of such an ability would have a direct impact on sales performance and reputation. Efforts to thwart the risk of reputation loss and regulatory non-compliance (concerning the quality of Food & Beverage preparation and service), and quality controls on raw materials mitigate this threat as well.

Financial risks

Autogrill manages its financial risks by defining Group-wide guidelines that necessarily inform the financial management of its operating units, as part of an overall policy of financial independence.
The Finance department ensures that the financial risk management policies are harmonized, indicating the most suitable financial instruments and monitoring the results achieved.
The Autogrill Group does not allow the use of speculative derivative instruments.

The Group also strives for a certain financial flexibility, maintaining enough cash and committed credit lines to cover its refinancing needs for at least 12 to 18 months.
Regarding the management of financial risks, consisting mostly of interest rate, currency and liquidity risk, see the financial risk management section of the notes.

1.4.3 Corporate governance

All information on corporate governance is included in the Corporate Governance Report (prepared in accordance with art. 123-*bis* of the Consolidated Finance Act), available Autogrill's headquarters and secondary office and online at www.autogrill.com.

1.4.4 Management and coordination

At its meeting of 27 April 2004, the Board of Directors decided that there were no conditions whereby Autogrill would be subject to the management and coordination of the parent, Edizione S.r.l. (formerly Edizione Holding S.p.A.), pursuant to Art. 2497 bis of the Italian Civil Code. Following Edizione S.r.l.'s transfer of its entire investment in Autogrill to its wholly-owned subsidiary Schematrentaquattro S.p.A. (which changed its legal form and name on 18 November 2013), on 18 January 2007 the Board of Directors agreed that there were still no conditions whereby Autogrill would be subject to the management and coordination of its parent, Schematrentaquattro. Specifically, at those meetings the Board of Directors verified that there were no indicators of effective dominant influence by the controlling shareholder, given Autogrill's extensive managerial, organizational and administrative autonomy and the lack of instructions or directives from Edizione S.r.l. and Schematrentaquattro S.p.A. that might be evidence of management or coordination.

1.4.5 Related party transactions

With a demerger act signed on 26 September 2013 and filed with the Novara Companies Register on 27 September 2013, Autogrill (the assigning company) transferred to World Duty Free S.p.A. – the beneficiary and wholly-owned subsidiary of Autogrill, which founded it on 27 March 2013 for the express purpose of the demerger the Autogrill Group's operations in the Travel Retail & Duty-Free business, namely its wholly-owned subsidiary World Duty Free Group S.A.U. ("WDFG SAU"), the Spanish holding company through which Autogrill indirectly conducted that business (the "Demerger"). The proportional partial demerger took effect on 1 October 2013.
For further information on the demerger, see, in addition to this report and the notes to the consolidated financial statements, the Information Document drawn up in accordance with art. 57(1) of Consob Regulation no. 11971/1999, published on 27 September 2013 on Autogrill's website (www.autogrill.com) and on the website of Borsa Italiana (www.borsaitaliana.it) (the "Information Document").
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 on an arm's length basis.
See 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.

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. 36 of Consob Regulation no. 16191 of 29 October 2007 on conditions for the listing of companies that control entities formed or governed under the laws of countries outside the European Union that are of material significance to the financial statements, we report that two of the Company's direct or indirect subsidiaries fall under these provisions (HMSHost Corporation and Host International Inc.), that suitable procedures have been adopted to ensure total compliance with said rules, and that the conditions stated in Art. 36 have been satisfied.

1.4.7 Research and development

In relation to the nature of its activities, the Company invests 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 shareholders' meeting of 6 June 2013, after revoking the authorization granted on 19 April 2012 and pursuant to arts. 2357 and following articles of the Italian Civil Code, authorized the purchase and subsequent disposal of ordinary shares up to a maximum of 12,720,000 shares.
At 31 December 2013 Autogrill S.p.A. owned 1,004,934 treasury shares, unchanged since the previous year, with a carrying amount of € 3,982k and an average carrying amount of € 3.96 per share. The decrease in the carrying amount of treasury shares is explained by the demerger and the consequent issue of 1,004,934 ordinary shares of World Duty Free S.p.A., recognized as "Other financial assets" in the balance sheet.
Autogrill S.p.A. does not own equity or other instruments in 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

Save for the proportional partial demerger of Autogrill S.p.A. to World Duty Free S.p.A., in 2013 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

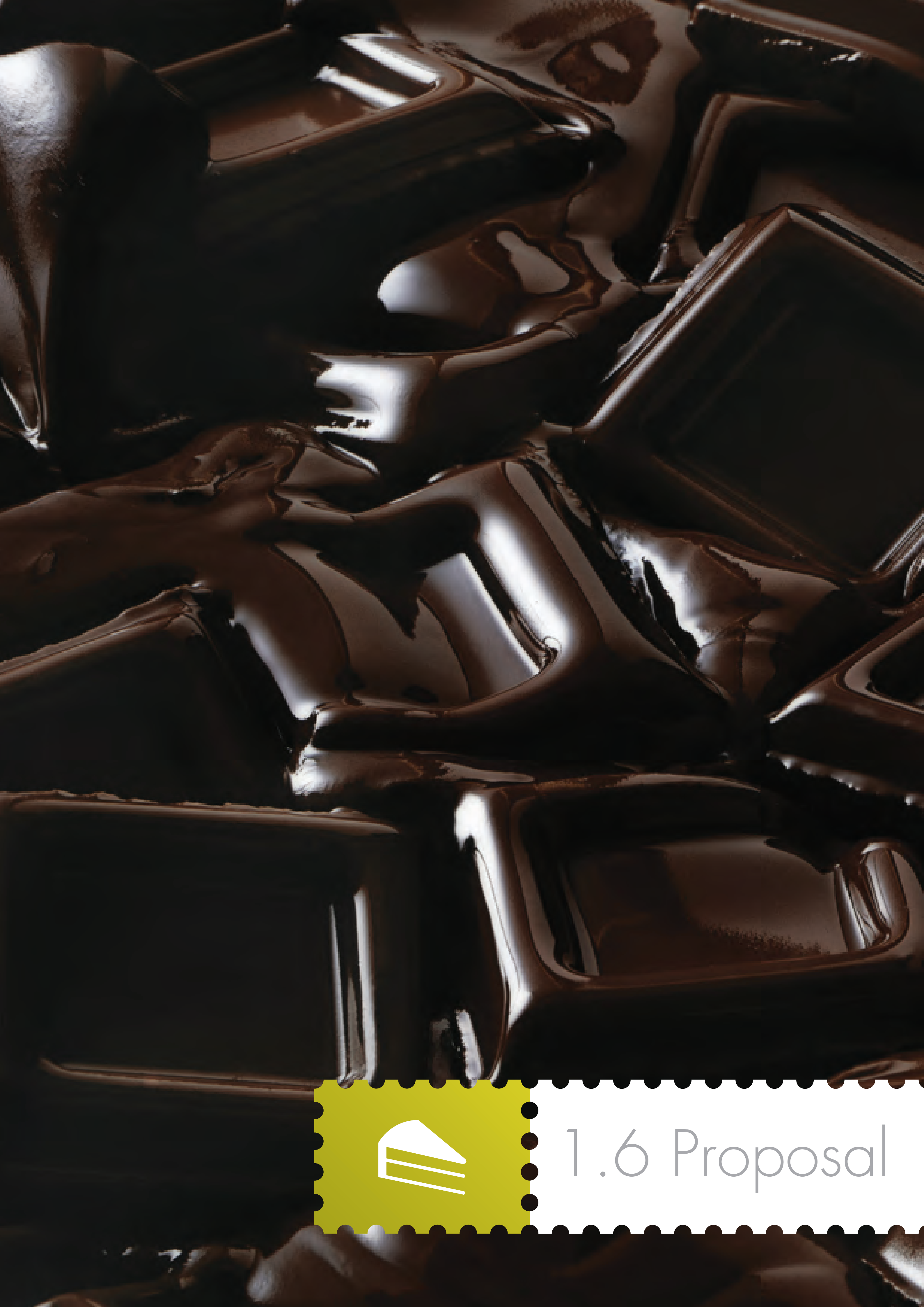
In 2013 there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of 28 July 2006, save for the proportional partial demerger of Autogrill S.p.A. to World Duty Free S.p.A., which was announced to the market in accordance with Consob Regulation no. 11971/99.

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.

1.5 Shareholders' Meeting

The Board of Directors, in accordance with art. 2364(2) of the Italian Civil Code and art. 21 of the by-laws, has decided to call the shareholders' meeting within the extended deadline of 180 days after the end of the business year, in consideration of Autogrill S.p.A.'s obligation to prepare consolidated financial statements and of the extraordinary transaction carried out in 2013.



1.6 Proposal

Proposal for approval of the financial statements and allocation of the 2013 profit

Dear Shareholders,

The year ended 31 December 2013 closed with a net profit of € 110,401,495.

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

In their meeting, the shareholders:

- having examined the financial statements at and for the year ended 31 December 2013, which close with a profit of € 110,401,495;
- having noted, based on the Company's 2013 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, KPMG S.p.A.;

hereby resolves

a) to approve the financial statements of Autogrill S.p.A. at and for the year ended 31 December 2013, showing a net profit of € 110,401,495;
b) to carry forward the profit of € 110,401,495.

13 March 2014

The Board of Directors

for approval

2. Separate financial

statements

2.1 Autogrill S.p.A. Separate financial statements

2.1.1 Statement of financial position

Note	(€)	31.12.2013	Of which related parties	31.12.2012 * (revised)	Of which related parties
	ASSETS				
I	Cash and cash equivalents	25,631,831	-	31,007,638	-
II	Other financial assets	27,930,421	-	16,753,709	-
III	Other receivables	87,964,074	19,132,656	93,987,896	14,136,219
IV	Trade receivables	28,626,657	1,082,317	30,092,383	2,145,860
V	Inventories	46,353,444	-	44,193,851	-
	Total current assets	216,506,427	20,214,973	216,035,477	16,282,078
VI	Property, plant and equipment	180,093,944	-	214,520,031	-
VII	Goodwill	83,631,225	-	83,631,225	-
VIII	Other intangible assets	35,004,322	-	36,499,265	-
IX	Investments	601,415,275	-	1,082,786,743	-
X	Other financial assets	62,008,673	-	121,414,767	-
XI	Other receivables	5,631,639	-	7,259,422	-
	Total non-current assets	967,785,078	-	1,546,111,453	-
	TOTAL ASSETS	1,184,291,505	20,214,973	1,762,146,930	16,282,078
	LIABILITIES AND EQUITY				
	LIABILITIES				
XII	Trade payables	215,941,639	36,586,502	239,264,353	35,849,606
XIII	Tax liabilities	5,117,110	-	4,035,460	-
XIV	Other payables	71,896,329	137,058	87,234,496	157,046
XV	Due to banks	43,558,112	-	28,351,934	-
XVI	Other financial liabilities	30,762,742	-	77,485,305	-
	Total current liabilities	367,275,932	36,723,559	436,371,548	36,006,651
XVII	Other payables	3,826,909	-	-	-
XVIII	Loans, net of current portion	337,687,561	-	535,295,735	-
XIX	Other financial liabilities non-current	7,774,955	-	13,079,086	-
XX	Deferred tax liabilities	18,799,565	-	19,077,170	-
XXI	Post-employment benefits and other employee benefits	68,271,180	-	72,308,769	-
XXII	Provisions for risks and charges	6,572,718	-	6,162,144	-
	Total non-current liabilities	442,932,888	-	645,922,904	-
XXIII	EQUITY	374,082,685	-	679,852,478	-
	TOTAL LIABILITIES AND EQUITY	1,184,291,505	36,723,559	1,762,146,930	36,006,651

* Figures differ from those originally published due to the application of IAS 19 revised, as described in section 2.2.1

2.1.2 Income statement

Note	(€)	2013	Of which related parties	2012	Of which related parties
XXIV	Revenue	1,093,482,274	55,673	1,167,189,201	53,324
XXV	Other operating income	90,046,148	16,342,005	72,997,236	1,887,154
	Total revenue and other operating income	**1,183,528,422**	**16,397,677**	**1,240,186,437**	**1,940,478**
XXVI	Raw materials, supplies and goods	515,679,154	-	553,600,475	-
XXVII	Personnel expense	305,305,797	131,000	304,403,180	129,200
XXVIII	Leases, rentals, concessions and royalties	178,520,943	77,156,014	178,499,473	76,329,524
XXIX	Other operating expense	145,500,159	3,832,797	146,326,685	3,446,485
XXX	Depreciation and amortization	69,778,600	-	61,693,737	-
	Operating loss	**(31,256,231)**	**(64,722,134)**	**(4,337,113)**	**(77,964,731)**
XXXI	Financial income	238,287,522	-	105,219,846	-
XXXII	Financial expense	(31,198,365)	(1,380,698)	(46,762,813)	(1,774,356)
XXXIII	Impairment losses on financial assets	(61,900,000)	-	(72,308,300)	-
	Pre-tax profit (loss)	**113,932,926**	**(66,102,832)**	**(18,188,380)**	**(79,739,087)**
XXXIV	Income tax	(3,531,431)	-	3,610,659	-
	Profit (loss) for the year	110,401,495	(66,102,832)	(14,577,721)	(79,739,087)

2.1.3 Statement of comprehensive income

Note	(€)	2013	2012 * (revised)
	Profit (loss) for the year	110,401,495	(14,577,721)
	Total comprehensive income (expense) for the year	236,042	(18,174,926)
XXVII	Actuarial gains (losses) on defined benefit plans	325,575	(25,068,864)
XXXIV	Tax on items that will never be reclassified to profit or loss	(89,533)	6,893,938
	Items that will be reclassified subsequently to profit or loss	4,716,545	3,756,607
XXXI	Effective portion of fair value change in cash flow hedges	5,404,130	1,020,365
XXXI	Net change in fair value of cash flow hedges reclassified to profit or loss	740,229	4,161,162
XXXI	Gain on fair value of available for sale financial assets	261,885	-
XXXIV	Tax on items that will be reclassified subsequently to profit or loss	(1,689,699)	(1,424,920)
	Total comprehensive income (expense) for the year	115,354,082	(28,996,040)

* Figures differ from those originally published due to the application of IAS 19 revised, as described in section 2.2.1

2.1.4 Statement of changes in equity

(€)	Share capital	Legal reserve	Hedging reserve	Other reserves and retained earnings	Available for sale financial assets reserve	Treasury shares	Profit for the period	Equity
31.12.2011*	132,288,000	26,457,600	(13,791,151)	612,313,850	-	(7,724,711)	31,926,200	781,469,788
Total comprehensive income for the year								
Profit (loss) for the year	-	-	-	-	-	-	(14,577,721)	(14,577,721)
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	3,756,607	-	-	-	-	3,756,607
Actuarial gains (losses) on defined benefit plans, net of the tax effect	-	-	-	(18,174,926)	-	-	-	(18,174,926)
Total comprehensive income (expense) for the year	**-**	**-**	**3,756,607**	**(18,174,926)**	**-**	**-**	**(14,577,721)**	**(28,996,040)**
Transactions with owners of the parent, recognised directly in equity								
Allocation of 2011 profit	-	-	-	31,926,200	-	-	(31,926,200)	-
Dividend distribution	-	-	-	(70,950,618)	-	-	-	(70,950,618)
Stock option	-	-	-	(777,870)	-	-	-	(777,870)
Total contributions by and distributions to owners of the parent	**-**	**-**	**-**	**(39,802,288)**	**-**	**-**	**(31,926,200)**	**(71,728,488)**
Differences from cancellation of investments in subsidiaries	-	-	-	(892,782)	-	-	-	(892,782)
31.12.2012*	**132,288,000**	**26,457,600**	**(10,034,544)**	**553,443,854**	**-**	**(7,724,711)**	**(14,577,721)**	**679,852,478**
Total comprehensive income (expense) for the year								
Profit (loss) for the year	-	-	-	-	-	-	110,401,495	110,401,495
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	4,454,660	-	-	-	-	4,454,660
Gain on fair value of available for sale financial assets	-	-	-	-	261,885	-	-	261,885
Actuarial gains (losses) on defined benefit plans, net of the tax effect	-	-	-	236,042	-	-	-	236,042
Total comprehensive income (expense) for the year	**-**	**-**	**4,454,660**	**236,042**	**261,885**	**-**	**110,401,495**	**115,354,082**
Transactions with owners of the parent, recognised directly in equity								
Allocation of 2012 profit	-	-	-	(14,577,721)	-	-	14,577,721	-
Effects of Demerger								
Effects of Demerger (Travel Retail & Duty Free)	(63,600,000)	(12,720,000)	-	(351,757,208)	-	-		(428,077,208)
Effects of Demerger on treasury shares and on the share based payments reserve	-	-	-	2,795,767	-	3,742,347	-	6,538,114
Stock option	-	-	-	415,219	-	-	-	415,219
Total contributions by and distributions to owners of the parent	**(63,600,000)**	**(12,720,000)**	**-**	**(363,123,943)**	**-**	**3,742,347**	**14,577,721**	**(421,123,875)**
31.12.2013	**68,688,000**	**13,737,600**	**(5,579,884)**	**190,555,953**	**261,885**	**(3,982,364)**	**110,401,495**	**374,082,685**

* Figures differ from those originally published due to the application of IAS 19, as described in section 2.2.1

2.1.5 Statement of cash flows

(€)	2013	2012
Opening net cash and cash equivalents	**2,655,704**	**26,960,796**
Pre-tax profit and net financial expense for the year	(31,256,231)	(4,337,113)
Amortization, depreciation and impairment losses on non-current assets, net of reversals	69,778,600	61,693,737
(Gain)/losses on disposal of non-current assets	(303,387)	37,782
Change in working capital in the year	(35,753,661)	15,687,447
Net change in non-current non-financial assets and liabilities	(1,974,168)	(19,580,690)
Cash flow from operating activities	**491,153**	**53,501,163**
Taxes paid	(4,147,969)	(10,391,899)
Net interest paid	(11,565,225)	(18,961,400)
Net cash flow from (used in) operating activities	**(15,222,041)**	**24,147,864**
Acquisition of property, plant and equipment and intangible assets	(42,470,345)	(67,558,670)
Proceeds from sale of non-current assets	1,071,926	987,947
Acquisition in investments in subsidiaries	(9,033,547)	(1,827,236)
Dividends received	232,026,680	96,605,186
Net change in financial assets	19,272	1,500,275
Net cash flow from investing activities	**181,613,986**	**29,707,502**
Net change in intercompany loans and borrowings	13,520,980	147,564,404
Repayment of non-current loans, net of new loans	(199,061,322)	(78,921,391)
Repayment of current loans, net of new loans	30,000,000	(73,453,766)
Dividends paid	-	(70,947,550)
Other cash flows	(1,433,588)	(2,402,155)
Net cash flow used in financing activities	**(156,973,929)**	**(78,160,458)**
Cash flow for the year	**9,418,015**	**(24,305,092)**
Closing net cash and cash equivalents	**12,073,719**	**2,655,704**

(€)	2013	2012
Opening - net cash and cash equivalents - balance as of 31 December 2012 and as of 31 December 2011	**2,655,704**	**26,960,796**
Cash and cash equivalents	31,007,638	31,768,725
Current account overdrafts	(28,351,934)	(4,807,929)
Closing - net cash and cash equivalents - balance as of 31 December 2013 and as of 31 December 2012	**12,073,719**	**2,655,704**
Cash and cash equivalents	25,631,831	31,007,638
Current account overdrafts	(13,558,112)	(28,351,934)

2.2 Notes to the financial statements

2.2.1 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 for people on the move and quick-service restaurants in busy locations. Food & Beverage units along motorways also sell groceries and non-food products and distribute fuel to the public.

Significant events during the year - Demerger of Autogrill S.p.A. to World Duty Free S.p.A.

On 1 October 2013 the proportional partial demerger of Autogrill S.p.A. to World Duty Free (WDF) S.p.A. (the "Demerger") became effective, as approved by the companies' shareholders' meetings on 6 June 2013.

The demerger plan was written jointly by the Boards of Directors of Autogrill S.p.A. and WDF S.p.A. pursuant to and for the purposes of arts. 2506-*bis* and 2501-*ter* of the Italian Civil Code, and approved by those boards on 3 May 2013. The plan was published on Autogrill's website on 4 May 2013. The demerger act was signed on 26 September 2013 and filed with the Novara Companies Register on 27 September 2013.

The demerger had the predominantly industrial purpose of separating the two sectors in which the Autogrill Group operated – Food & Beverage and Travel Retail & Duty Free – given that they are substantially different in terms of both market and competitive landscape and management and development strategies. Also, the two sectors are managed independently and no significant synergies connect one to the other. These characteristics are reflected in the different past and projected results of the two sectors, and in the development strategies that they will pursue in the foreseeable future.

The demerger created two distinct groups, each focused on its own business, allowing both of them to better pursue their strategies and improve their performance by leveraging their respective strengths.

With the demerger, Autogrill S.p.A. transferred to WDF S.p.A. its interest in WDFG S.A.U., the parent of a subgroup operating in the Travel Retail & Duty Free business.

As a result of the demerger, on 1 October 2013, the net equity of Autogrill S.p.A. decreased by € 428,878k and that of WDF S.p.A. increased by the same amount. Consequently, the shareholders of Autogrill S.p.A. were assigned WDF S.p.A. shares free of charge, in the same number and of the same category as the Autogrill shares held previously.

Since 1 October 2013 the shares of Autogrill S.p.A. and WDF S.p.A. have been listed separately on the Mercato Telematico Azionario (MTA) in Milan.

The two companies which operate separately and independently, are related parties as they are both controlled by Schematrentaquattro S.p.A., which at 31 December 2013 owned 50.1% of Autogrill S.p.A. and 50.1% of WDF S.p.A. Schematrentaquattro S.p.A. is a wholly-owned subsidiary of Edizione S.r.l.

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 separate financial statements were prepared on a going-concern basis using the euro as the functional currency. The financial statements, statement of changes in equity and statement of cash flows are presented in euros, while the amounts in the notes, unless otherwise specified, are expressed 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 2013:

- Amendments to IAS 1 - Presentation of financial statements – Presentation of items of other comprehensive income;
- IAS 19 Employee benefits;
- Amendments to IAS 12 - Income taxes – Deferred taxation: recovery of underlying assets
- Amendments to IFRS 7 - Financial instruments: Disclosures – offsetting financial assets and financial liabilities;
- IFRS 13 - Fair value measurement;
- Annual improvements to IFRS (2009-2011 cycle).

Except as specified below, the newly adopted standards have not had a material impact on the financial statements.

The IAS 19 revised (Employee benefits) introduces, among other things, (i) the obligation to recognize actuarial gains and losses in the statement of comprehensive income, eliminating the possibility to use the corridor method; and (ii) the recognition in net interest of the yield on plan assets and of the interest expense determined by applying the discount rate for liabilities to liabilities net of plan assets.

The retrospective application of the amended IAS 19 entailed the recalculation of certain statement of financial position figures with respect to the amounts published in the 2012 financial statements, as shown in the table below:

Note	(€k)	01.01.2012 Published	IAS 19 revised effects	01.01.2012 Revised
XX	Deferred tax liabilities	18,686	4,425	23,111
XXI	Post-emplovement benefits and other employee benefits	65,113	(16,091)	49,022
XXIII	Equity - Attributable to owners of the parent	769,804	11,666	781,470

The balances at 31 December 2012 were affected as follows:

Note	(€k)	01.01.2012 Published	IAS 19 revised effects	31.12.2012 Revised
XX	Deferred tax liabilities	21,547	(2,469)	19,078
XXI	Post-employement benefits and other employee benefits	63,330	8,979	72,309
XXIII	Equity - Attributable to owners of the parent	686,362	(6,510)	679,852

Application of the IAS 19 revised had no significant impact on the income statement for 2012.

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2014:

- IFRS 10 - Consolidated financial statements;
- IFRS 11 - Joint arrangements;
- IFRS 12 - Disclosure of interests in other entities;
- IAS 27 (2011) - Separate financial statements;
- IAS 28 (2011) - Investments in associates and joint ventures;
- Amendments to IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities and IAS 27 - Separate financial statements;
- Amendments to IAS 39 - Financial instruments: novation of derivatives and continuation of hedge accounting;
- Amendments to IAS 36 - Impairment of assets: recoverable amount disclosures for non-financial assets;
- Guide to the transition: amendments to IFRS 10 - Consolidated financial statements, IFRS 11 - Joint arrangements and IFRS 12 - Disclosure of interests in other entities;
- Amendments to IAS 32 - Financial instruments: Presentation – Offsetting financial assets and financial liabilities.

IFRS 10 establishes a single model of control to determine whether an investee should be consolidated. According to IFRS 11, investments in joint ventures, i.e. arrangements whereby the parties have rights to the net assets of the entity, will be accounted for using the equity method. There is a possibility that the Group will have to reclassify its joint arrangements and therefore modify its current method of accounting for these investments. IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The Company is currently evaluating these accounting standards with respect to current obligations, and believes that the impact will not be material.

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

In accordance with IAS 1 and IAS 7, the formats used in the 2013 financial statements are as follows:

- Statement of financial position, with assets and liabilities split between current and non-current items;
- Income statement, with costs classified by nature;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows, using the indirect method to determine cash flows from operating activities.

In the interests of fair disclosure, with respect to the 2012 financial statements, the non-current portion of the fair value of derivative instruments has been reclassified from "Other financial liabilities (current)" to "Other financial liabilities (non-current)" in the amount of € 13,079k.

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

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

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

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

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

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

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

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

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

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

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

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

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

Business combinations carried out before 1 January 2004

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

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

Financial expense includes interest on loans, discounting on provisions and deferred income, losses from the transfer of available for sale financial assets, 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.

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

Net exchange rate 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 formalized and non-formalized agreements whereby the Company 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, to account for the time that will elapse before actual payment occurs.

The liability is recognized in the accounts net of the fair value of any plan assets. If the calculation generates a benefit for the 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. To establish the present value of these economic benefits, the minimum funding requirements applicable to any Company plan are considered. 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 external to 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 (T*rattamento 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 amount recognized as an expense is adjusted to reflect the number of options for which the related service and non-market conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that will definitively vest. Likewise, when estimating the fair value of the options granted, all non-vesting conditions must be considered. 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 of a different entity), the fair value of the amount payable to employees is recognized as an expense with a corresponding increase in liabilities over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit expenses in the income statement.

Income tax

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

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

For three-year period 2013-2015, Autogrill S.p.A. and its direct Italian subsidiary Nuova Sidap S.r.l. have joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l. as permitted by the Consolidated Income Tax Act. The regulation signed by the parties provides for payment in full of the amount corresponding to the 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 are recognized to the extent that future taxable income is likely to be earned allowing use of the deductible temporary differences. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or, for transactions other than business combinations, of other assets or liabilities in transactions that have no influence either on accounting profit or on taxable income.

Deferred tax liabilities are recognized on taxable temporary differences relating to equity investments in subsidiaries, associates or joint ventures, unless the 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 expected to apply at the time the asset is realized or the liability is settled, taking account of the tax rates enacted at the close of the year.

Deferred tax assets are recognized when they are likely to be used against taxable income.

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

Non-current assets

Goodwill

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

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

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

Other intangible assets

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

The 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 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 applications	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 sistematically 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.

Depreciation rates are as follows:

Industrial buildings	3%
Plant and machinery	8%-33%
Industrial and commercial equipment	20%-33%
Other	12%-20%
Furniture and fittings	10%-20%
Motor vehicles	25%

Land is not depreciated.

For "Assets to be transferred free of charge", these rates, if higher, are replaced by those corresponding to the term of the concession contract.

An asset's useful life is reviewed annually, and is changed when maintenance work during the year has involved enhancements or replacements that materially alter its useful life.

Regardless of depreciation already recognized, if there are impairment losses (determined as described under "Impairment losses on 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. They are depreciated over the asset's residual useful life or the term of the contract, whichever is shorter.

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

Leased assets

Lease contracts are classified as finance leases if the terms of the contract are such to transfer all risks and benefits of ownership to the lessee. All other lease contracts are treated as operating leases.

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

Operating lease payments are 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 over the term of the lease (see section 2.2.8 – Operating leases).

Investments

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

Impairment of assets

At each reporting date, the Company tests whether there are internal or external indicators of impairment of its property, plant and equipment, intangible assets and investments. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the 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. 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 of disposal) 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 and associates 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 and discontinued operations

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

In the financial statements:

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

Current assets and current & non-current liabilities

Inventories

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

Financial assets and liabilities

Trade and other receivables

Trade receivables and other receivables are initially recognized at fair value, and subsequently at amortized cost using the effective interest method. They are reduced by estimated impairment losses.

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

Other financial assets

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

Available for sale financial assets are initially recognized at fair value plus any directly attributable transaction costs. After first-time recognition, they are carried at fair value and any changes in fair value, other than impairment losses and exchange losses on debt instruments, 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.

Share capital and purchase of treasury shares

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

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

Cash and cash equivalents

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

Loans and borrowings

Interest-bearing loans 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 described in section 2.2.5, Financial risk management.

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

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

Fair value changes are measured as described below.

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

- Fair value hedge: If a derivative financial instrument is designated as a hedge against changes in the fair value of a recognized asset or liability attributable to a particular risk that may affect profit or loss, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts its carrying amount and is taken to 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 realized 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.

Foreign currency transactions

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

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, expense 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 on assets, employee benefits, tax, and other provisions. Estimates and assumptions are periodically reviewed and the effect of any change is immediately taken to the income statement of the current and future years.

2.2.2 Notes to the statement of financial position

Current assets

I. Cash and cash equivalents

(€k)	31.12.2013	31.12.2012	Change
Bank and post office deposits	569	4,247	(3,678)
Cash and equivalents on hand	25,063	26,761	(1,698)
Total	25,632	31,008	(5,376)

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

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

II. Other financial assets

Other financial assets are as follows:

(€k)	31.12.2013	31.12.2012	Change
Financial receivables from subsidiaries			
Autogrill Austria A.G.	2	1	1
Autogrill Czech S.r.o.	-	4	(4)
Autogrill Deutschland GmbH	86	86	-
Autogrill Iberia S.L.U.	-	15	(15)
Autogrill Hellas E.p.E.	1	12	(11)
Autogrill D.o.o.	-	2	(2)
Nuova Sidap S.r.l.	17,485	15,472	2,013
World Duty Free Group S.A.U.	-	30	(30)
Holding de Participations Autogrill S.a.s.	31	280	(249)
HMSHost Ireland Ltd.	1	14	(13)
Autogrill Nederland B.V.	14	51	(37)
Autogrill Polska Sp.z.o.o.	-	3	(3)
HMSHost Corporation	-	330	(330)
Autogrill Catering UK Limited	1	15	(14)
Fair value of exchange rate hedging derivatives	17	414	(397)
Other available for sale assets	10,292	-	10,292
Other financial assets	-	25	(25)
Total	27,930	16,754	11,176

"Financial receivables from subsidiaries" consist of short-term loans granted to Nuova Sidap S.p.A. (€ 17,485k) and interest accrued.

"Other securities held for sale", amounting to € 10,292k, refer to the ordinary shares of World Duty Free S.p.A., carried at fair value (market price) on the last day of the year.

In the context of the demerger, Autogrill S.p.A. was assigned 1,004,934 ordinary World Duty Free S.p.A. shares issued, as a result of the demerger, in exchange for the treasury shares held in its portfolio. As a result, the portion of the value of treasury shares recognized under net equity and attributable to the World Duty Free shares has been reclassified as available for sale financial assets under the item "Other financial assets," in the amount of € 3,742k. This allocation was determined in proportion to the net equity values of World Duty Free S.p.A. and Autogrill S.p.A. on the demerger date and simultaneously adjusted to the market price of World Duty Free shares on the initial listing date, with a balancing entry in "Retained earnings (losses carried forward)" in the amount of € 5,025k. After first-time recognition, the investment was measured at fair value with a balancing entry in the "reserve for financial assets available for sale".

Due to the adjustment of the stock option plans in force at 31 December 2013, the ordinary shares of World Duty Free S.p.A. assigned to Autogrill S.p.A. are held to service those plans and are thus correlated with the liability for share-based payments; therefore, in accordance with IAS 39 and its interpretations and to reduce the accounting mismatch with the change in the fair value of the option implicit in the stock option cost, the effects of which are recognized in the income statement, the subsequent fair value adjustment of the investment is charged to profit or loss in an amount equal to the cost of the plan.

The "Fair value of exchange rate hedging derivatives" refers to derivative instruments in Swedish krona (forward purchases) with a notional amount of Sek 14.9m (€ 1.6m).

III. Other receivables

"Other receivables", totalling € 87,964k at 31 December 2013, are made up as follows:

(€k)	31.12.2013	31.12.2012	Change
Suppliers	48,499	36,985	11,514
Lease and concession advance payments	3,507	5,662	(2,155)
Inland revenue and government agencies	8,272	12,573	(4,301)
Receivables from credit card companies	201	168	33
Personnel	279	367	(88)
Other	27,206	38,233	(11,027)
Total	**87,964**	**93,988**	**(6,024)**

"Suppliers" refers chiefly to amounts receivable for promotional contributions and supplier bonuses.

"Inland revenue and government agencies" consists mainly of a VAT receivable of € 7,442k.

The heading "Other" mainly includes:

- € 12,467k due from Edizione S.r.l., the consolidating company for IRES (corporate income tax) purposes, in connection with the refund claimed in February 2013 following the recognition for IRES purposes of the deductibility of IRAP (regional tax) pertaining to personnel expense for the years 2007 through 2011, as per Decree Law 201/2012;
- € 2,024k due from Edizione S.r.l., the consolidating company for IRES purposes (pursuant to Arts. 117-129 of the Tax Code and the Ministerial Decree of 9 June 2024), in connection with the refund claimed for the deduction of the portion of IRAP paid from 2004 to 2007 that pertains to personnel expense (Decree Law 185/2008).

Most of the change in the "Other" heading concerns the receipt of € 10,742k ($ 14.2m) in dividends from the subsidiary Autogrill Group Inc., as resolved by that company at the end of 2012.

IV. Trade receivables

Trade receivables of € 28,627k at 31 December 2013 are detailed below:

(€k)	31.12.2013	31.12.2012	Change
Third parties	26,777	27,706	(929)
Disputed receivables	3,534	7,706	(4,172)
Due from subsidiaries	2,782	3,195	(413)
Allowance for impairment	(4,466)	(8,515)	4,049
Total	**28,627**	**30,092**	**(1,465)**

"Third parties" refers mainly to catering service agreements and accounts with affiliated companies. The latter, amounting to € 6,097k at the close of the year, are secured by bank guarantees totaling € 4,725k.

"Disputed receivables" are accounts being pursued through the courts.

"Due from subsidiaries" relate to trade transactions with Group companies, specifically for the sale of goods to the subsidiary Nuova Sidap S.r.l.

The "Allowance for impairment" changed as follows:

(€k)	
Allowance for impairment at 31.12.2012	**8,515**
Allocations	280
Utilizations	(4,329)
Allowance for impairment at 31.12.2013	**4,466**

Utilizations refer to receivables written off in full in prior years.

V. Inventories

Inventories consist of:

(€k)	31.12.2013	31.12.2012	Change
Food & Beverage items	30,266	27,400	2,866
State monopoly goods, lottery tickets and newspapers	14,476	14,793	(317)
Fuel and lubricants	75	61	14
Sundry merchandise and other items	1,536	1,940	(404)
Total	**46,353**	**44,194**	**2,159**

And are shown net of the provision for inventory write-down, which changed as follows:

(€k)	
Balance at 31.12.2012	**508**
Allocations	-
Utilisations	(228)
Balance at 31.12.2013	**280**

The growth of inventories is due primarily to the strategic decision to boost sales, especially in the market business, in part by displaying a wider assortment during the Christmas season.

Non-current assets

VI. Property, plant and equipment

As follows:

(€k)	31.12.2013	31.12.2012	Change
Land and buildings	32,641	22,570	10,071
Leasehold improvements	40,284	48,052	(7,768)
Plant and machinery	13,516	12,751	765
Industrial and commercial equipment	40,762	45,760	(4,998)
Assets to be transferred free of charge	35,698	51,914	(16,216)
Other	2,055	2,387	(332)
Assets under construction and payments on account	15,138	31,086	(15,948)
Total	180,094	214,520	(34,426)

The increase of € 29,068k stems primarily from the modernization and renovation of stores and the replacement of obsolete plant, equipment and furnishings; about € 5m pertains to the opening of Villoresi Est and other new locations.

Net decreases of € 479k mostly concern disposals associated with the streamlining of the business portfolio.

Impairment testing led to the recognition of € 6,052k in impairment losses. Impairment testing was based on estimated future cash flows (without incorporating any assumed efficiency gains), discounted at the average cost of capital, which reflects the cost of money and the specific business risk.

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

(€k)	31.12.2012 Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Changes in gross carrying amount Increases	Decreases	Other movements	Total
Non-industrial land	5,426	-	**5,426**	-	-	-	-
Industrial land and buildings	36,449	(19,305)	**17,144**	1,137	(116)	10,156	**11,177**
Leasehold improvements	252,519	(204,467)	**48,052**	6,148	(9,516)	3,147	**(221)**
Plant and machinery	55,731	(42,980)	**12,751**	1,551	(317)	2,326	**3,560**
Industrial and commercial equipment	300,932	(255,172)	**45,760**	5,370	(2,876)	5,758	**8,252**
Assets to be transferred free of charge	196,198	(144,284)	**51,914**	5,283	(13)	2,717	**7,987**
Other	30,944	(28,557)	**2,387**	192	(43)	599	**748**
Assets under construction and payments on account	31,086	-	**31,086**	9,387	62	(25,397)	**(15,948)**
Total	909,285	(694,765)	214,520	29,068	(12,819)	(694)	15,555

(€k)	31.12.2011 Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Changes in gross carrying amount Increases	Decreases	Other movements	Total
Non-industrial land	5,421	-	**5,421**	5	-	-	**5**
Industrial land and buildings	34,925	(18,501)	**16,424**	1,263	(11)	272	**1,524**
Leasehold improvements	250,487	(194,126)	**56,361**	6,889	(7,233)	2,376	**2,032**
Plant and machinery	48,613	(40,483)	**8,130**	4,944	(247)	2,421	**7,118**
Industrial and commercial equipment	288,950	(241,066)	**47,884**	9,207	(1,859)	4,634	**11,982**
Assets to be transferred free of charge	177,609	(127,658)	**49,951**	11,498	(109)	7,200	**18,589**
Other	30,941	(28,138)	**2,803**	587	(754)	170	**3**
Assets under construction and payments on account	30,236	-	**30,236**	20,097	(3,878)	(15,369)	**850**
Total	867,182	(649,972)	217,210	54,490	(14,091)	1,704	42,103

Depreciation/Impairment losses				31.12.2013		
Increase in depreciation	New impairment losses	Decreases	Total	Gross amount	Accumulated depreciation & impairment losses	Carrying amount
-	-	-	-	5,426	-	5,426
(1,000)	(155)	49	(1,106)	47,626	(20,411)	27,215
(14,124)	(2,839)	9,416	(7,547)	252,298	(212,014)	40,284
(2,813)	(273)	291	(2,795)	59,291	(45,775)	13,516
(15,269)	(521)	2,540	(13,250)	309,184	(268,422)	40,762
(21,950)	(2,258)	5	(24,203)	204,185	(168,487)	35,698
(1,116)	(6)	42	(1,080)	31,692	(29,637)	2,055
-	-	-	-	15,138	-	15,138
(56,272)	(6,052)	12,343	(49,981)	924,840	(744,746)	180,094

Depreciation/Impairment losses				31.12.2012		
Increase in depreciation	New impairment losses	Decreases	Total	Gross amount	Accumulated depreciation & impairment losses	Carrying amount
-	-	-	-	5,426	-	5,426
(812)	-	8	(804)	36,449	(19,305)	17,144
(14,638)	(2,873)	7,170	(10,341)	252,519	(204,467)	48,052
(2,462)	(245)	210	(2,497)	55,731	(42,980)	12,751
(15,608)	-	1,502	(14,106)	300,932	(255,172)	45,760
(15,986)	(663)	23	(16,626)	196,198	(144,284)	51,914
(1,156)	-	737	(419)	30,944	(28,557)	2,387
-	-	-	-	31,086	-	31,086
(50,662)	(3,781)	9,650	(44,793)	909,285	(694,765)	214,520

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 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 was set in consideration of the capital assets pricing model, which is based, as far as possible, on indicators and variables that can be observed from the market.

Future cash flows have been estimated on the basis of the 2014 budget and forecasts for 2015-2018 (explicit forecast period). Cash flows beyond 2018 have been projected by extrapolating information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of the sector in which Autogrill works, and by using the perpetuity method to calculate terminal value.

The discount rate after taxes used in 2013 was 7.5% (8.7% the previous year); the reduction mainly reflects the decrease in the risk-free rate on Italian government bonds. Before taxes the rate would be 13.61% (14.53% in 2012).

To estimate cash flows for the period 2014-2018, management has made some assumptions including an estimate of road and airport traffic volumes, future sales, operating costs, investments, and changes in working capital.

Specifically, motorway traffic is assumed to slow further in 2014 and then enjoy a moderate recovery in the following years. The selective strategy with regard to investments is reflected in the lower renewal rate forecast for expiring concessions with respect to the Group's track record. The consequent reduction in its scope of activity is offset by the likelihood of improved performance by the recently renovated locations, thanks to their modernized premises and offerings. Operating costs, in particular rent, as a percentage of revenue has been revised in accordance with the expiration of leases and concession contracts.

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

On the basis of these assumptions, the amount of goodwill attributed to the CGU was found to be fully recoverable. An analysis of sensitivity to changes in the growth rate for terminal value and in the discount rate has confirmed that the carrying amount of goodwill is fully recoverable even when using extremely prudent amounts.

The rates at which the existing spread between the CGU's value in use and its carrying amount would no longer exist are 22.4% for the discount rate and -62.5% for the "g" rate.

VIII. Other intangible assets

(€k)	31.12.2013	31.12.2012	Change
Concessions, licenses, trademarks and similar rights	18,920	20,564	(1,644)
Assets under development and payments on account	4,478	7,487	(3,009)
Other	11,606	8,448	3,158
Total	**35,004**	**36,499**	**(1,495)**

"Concessions, licenses, trademarks and similar rights" refer mainly to licenses for the sale of goods held under state monopoly and to proprietary brands. Most of the decrease stems from the disposal of software (€ 1,289k) and amortization for the year (€ 1,304k), net of increases for the renewal of expired licenses (€ 728k) and the purchase/renewal of software (€ 168k).

"Assets under development and payments on account" refer to investments in new software applications that are not yet in use.

The item "Other" relates mainly to software programs produced as part of the Company's IT development plan.

With the exception of goodwill, no intangible assets have an indefinite useful life.

Movements in other intangible assets are summarized below:

(€k)	31.12.2012 Gross amount	Accumulated amortisation	Carrying amount	Changes in gross carrying amount Increases	Decreases	Other movements	Total
Concessions, licenses, trademarks and similar rights	47,106	(26,542)	20,564	896	(1,626)	476	(254)
Assets under development and payments on account	7,487	-	7,487	3,846	(154)	(6,701)	(3,009)
Other	54,642	(46,194)	8,448	815	(16)	6,919	7,718
Total	109,235	(72,736)	36,499	5,557	(1,796)	694	4,455

(€k)	31.12.2011 Gross amount	Accumulated amortisation	Carrying amount	Changes in gross carrying amount Increases	Decreases	Other movements	Total
Concessions, licenses, trademarks and similar rights	46,704	(23,719)	22,983	487	(171)	86	402
Assets under development and payments on account	5,934	-	5,934	6,727	(74)	(5,100)	1,553
Other	50,117	(41,947)	8,172	1,228	(13)	3,310	4,525
Total	102,755	(65,666)	37,089	8,442	(258)	(1,704)	6,480

Increase in amortisation	New impairment losses	Decreases	Total	Gross amount	Accumulated amortization & impairment losses	Carrying amount
Amortisation/Impairment losses				**31.12.2013**		
(2,775)	(103)	1,488	(1,390)	46,852	(27,932)	18,920
-	-	-	-	4,478	-	4,478
(4,577)	-	17	(4,560)	62,360	(50,754)	11,606
(7,352)	(103)	1,505	(5,950)	113,690	(78,686)	35,004

Increase in amortisation	New impairment losses	Decreases	Total	Gross amount	Accumulated amortization & impairment losses	Carrying amount
Amortisation/Impairment losses				**31.12.2012**		
(2,988)	-	164	(2,824)	47,106	(26,542)	20,564
-	-	-	-	7,487	-	7,487
(4,262)	-	525	(4,247)	54,642	(46,194)	8,448
(7,250)	-	689	(7,071)	109,235	(72,736)	36,499

IX. Investments

Investments at 31 December 2013 were worth € 601,415k: € 601,395k in subsidiaries and € 20k in other companies (neither subsidiaries nor associates).

Movements during the year are shown below:

(€k)	Cost	Impairment losses	Carrying amount
Nuova Sidap S.r.l.	3,353	(3,353)	-
Autogrill Austria A.G.	27,671	(26,093)	1,578
Autogrill Belux N.V.	46,375	-	46,375
Autogrill Catering UK Limited	2,851	-	2,851
Autogrill Czech S.r.o.	6,048	(3,031)	3,017
Autogrill D.o.o.	4,764	(4,764)	-
Autogrill Deutschland GmbH	35,435	-	35,435
Autogrill Iberia S.L.U.	47,629	(35,400)	12,229
World Duty Free Group S.A.	428,878	-	428,878
Autogrill Hellas E.p.E.	2,791	(2,791)	-
HMSHost Corporation	217,432	-	217,432
Autogrill Polska Sp.z.o.o.	3,320	(3,000)	320
Autogrill Schweiz A.G.	243,031	(82,950)	160,081
HMSHost Ireland Ltd.	13,500	(6,000)	7,500
HMSHost Sweden A.B.	6,005	-	6,005
Holding de Participations Autogrill S.a.s.	119,694	-	119,694
Autogrill Nederland B.V.	41,372	-	41,372
Others	20	-	20
Total	**1,250,169**	**(167,382)**	**1,082,787**

Increases/decreases

The more important changes concern:

- the assignment to World Duty Free S.p.A. of the investment in World Duty Free Group S.A.U. (€ 428,878k) due to the proportional partial demerger of Autogrill S.p.A. with effect from 1 October 2013;
- a capital injection of € 2,000k for Autogrill Hellas E.p.E.;
- a capital injection of € 1,485k (Pln 4,000k) for Autogrill Polska Sp.z.o.o.;
- capital injection of € 5,900k for Nuova Sidap S.r.l.

Impairment losses

The recoverable amount of investments is tested by estimating their value in use, defined as the present value of estimated future cash flows (based on the 2014 budget and projections for 2015-2018) discounted at rates calculated using the capital assets pricing model (from 4.4% to 13.0%). Cash flows beyond 2018 have been projected by extrapolating information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of each company's sector and country of operation (from 1% to 2%).

Increases	Decreases (for demerger)	Impairment (losses)/ reversals	Cost	Impairment losses	Carrying amount
5,900	-	(5,900)	9,253	(9,253)	-
-	-	-	27,671	(26,093)	1,578
-	-	-	46,375	-	46,375
-	-	-	2,851	-	2,851
-	-	-	6,048	(3,031)	3,017
-	-	-	4,764	(4,764)	-
-	-	-	35,435	-	35,435
-	-	-	47,629	(35,400)	12,229
-	(428,878)	-	-	-	-
2,000	-	-	4,791	(2,791)	2,000
21	-	-	217,453	-	217,453
1,485	-	-	4,805	(3,000)	1,805
-	-	(20,000)	243,031	(102,950)	140,081
-	-	-	13,500	(6,000)	7,500
-	-	-	6,005	-	6,005
-	-	-	119,694	-	119,694
-	-	(36,000)	41,372	(36,000)	5,372
-	-	-	20	-	20
9,406	**(428,878)**	**(61,900)**	**830,697**	**(229,282)**	**601,415**

During the year, there were signs of impairment for the investments in Nuova Sidap S.r.l., Autogrill Nederland B.V. and Autogrill Schweiz A.G.

Impairment testing (by means of discounting the cash flows from projected earnings) showed that their recoverable amounts had fallen below their carrying amounts, which were therefore reduced accordingly. The combined impairment loss of € 61,900k was recognized in the income statement.

The following table provides key data on subsidiaries at 31 December 2013 (see the Annex for a full list of subsidiaries held indirectly):

Name	Registered office	Currency	Share capital/quota	Number of shares/ quotas *	Equity at 31.12.12 *	2012 profit (loss) *	% held Directly	% held Indirectly	Carrying amount (€) *
Nuova Sidap S.r.l.	Novara	Euro	100,000	0.001	978	(3,414)	100.0	-	-
Autogrill Austria A.G.	Gottlesbrunn (Austria)	Euro	7,500,000	7,500	220	(905)	100.0	-	1,578
Autogrill Belux N.V.	Merelbeke (Belgium)	Euro	10,000,000	8,883	15,284	764	99.999	0.001	46,375
Autogrill Catering UK Limited	Bedfont Lakes (UK)	Gbp	2,154,572	500	(4,765)	(1,627)	100.0	-	2,851
Autogrill Czech S.r.o.	Prague (Czech Republic)	Czk	154,463,000	-	49,536	7,265	100.0	-	3,017
Autogrill D.o.o.	Lubjana (Slovenia)	Euro	1,342,670	1,343	830	104	100.0	-	-
Autogrill Deutschland GmbH	Munich (Germany)	Euro	205,000	0.001	22,166	(4,014)	100.0	-	35,435
Autogrill Iberia S.L.U.	Madrid (Spain)	Euro	7,000,000	7,000	14,892	(1,775)	100.0	-	12,229
Autogrill Hellas E.p.E.	Avlona Attikis (Greece)	Euro	3,696,330	123	2,137	317	100.0	-	2,000
HMSHost Corporation	Wilmington (USA)	Usd	33,793,055	1	436,800	76,900	100.0	-	217,453
Autogrill Polska Sp.z.o.o.	Wroclaw (Poland)	Pln	14,050,000	6,100	9,107	2,066	100.0	-	1,805
Autogrill Schweiz A.G.	Olten (Switzerland)	Chf	23,183,000	23	36,283	1,471	100.0	-	140,081
HMSHost Ireland Ltd.	Lee View House (Ireland)	Euro	13,600,000	13,600	721	535	100.0	-	7,500
HMSHost Sweden A.B.	Stockholm (Sweden)	Sek	2,500,000	25	46,741	19,897	100.0	-	6,005
Holding de Participations Autogrill S.a.s.	Marseille (France)	Euro	84,581,920	556	75,030	(4,892)	100.0	-	119,694
Autogrill Nederland B.V.	Oosterhout (The Nederlands)	Euro	41,371,500	82,743	16,027	(4,501)	100.0	-	5,372
Others									20
Total									601,415

* Amounts in local currency, in thousands

X. Other financial assets

These consist mainly of non-current loans due from Group companies:

(€k)	31.12.2013	31.12.2012	Change
Loans granted to subsidiaries:			
Autogrill Austria A.G.	1,505	1,080	425
World Duty Free Group S.A.U.	-	70,000	(70,000)
Autogrill Polska Sp.z.o.o.	-	74	(74)
Autogrill Nederland B.V.	14,763	10,350	4,413
Holding de Participations Autogrill S.a.s.	30,832	27,700	3,132
Autogrill Hellas E.p.E.	1,296	2,395	(1,099)
HmsHost Ireland Ltd.	1,221	1,500	(279)
Autogrill Catering UK Limited	10,586	6,127	4,459
Autogrill D.o.o.	-	365	(365)
Guarantee deposits	1,504	1,524	(20)
Interest bearing sums with third parties	286	285	1
Other financial receivables from third parties	16	15	1
Total	62,009	121,415	(59,406)

All of these loans charge interest at market rates.

Most of the change was due to the full repayment of a loan outstanding at 31 December 2012 by World Duty Free Group S.A.U., partially offset by the new credit facilities received by other subsidiaries.

XI. Other receivables

Most of the balance of € 5,632k (€ 7,259k at 1 December 2012) consists of concession fees paid in advance, primarily for motorway Food & Beverage operations.

The change is explained primarily by the reclassification to short-term receivables of the amount pertaining to 2014 (€ 1,723k) and the increase for rent paid in advance on new concession contracts (€ 278k).

Current liabilities

XII. Trade payables

These amount to € 215,942k, as follows:

(€k)	31.12.2013	31.12.2012	Change
Due to suppliers	214,283	237,392	(23,109)
Due to subsidiaries	1,659	1,872	(213)
Total	**215,942**	**239,264**	**(23,322)**

The amount due to suppliers went down as a result of the Company's decreased turnover.

XIII. Tax liabilities

The balance of € 5,117k is shown net of offsettable tax credits and refers chiefly to IRAP (regional business tax).

XIV. Other payables

With a balance of € 71,896k (€ 87,234k at 31 December 2012), these are made up as follows:

(€k)	31.12.2013	31.12.2012	Change
Personnel expense	19,740	26,943	(7,203)
Due to suppliers for investments	9,218	17,062	(7,844)
Social security and defined contribution plans	14,692	16,841	(2,149)
Indirect taxes	1,668	1,471	197
Withholding taxes	7,172	7,219	(47)
Due to pension funds	3,607	2,320	1,287
Other	15,799	15,378	421
Total	**71,896**	**87,234**	**(15,338)**

The decrease in "Due to suppliers for investments" reflects the significant reduction compared with the previous year in investments for the modernization and upgrading of locations. Payables for "Personnel expense" went down mostly as a result of the payment in 2013 of bonuses for the period 2010-2012, and also concerns the reduction in the workforce this year.

"Indirect taxes" refer mainly to the local tax for waste collection and services (TARES).

XV. Due to banks

(€k)	31.12.2013	31.12.2012	Change
Unsecured bank loans	30,000	-	30,000
Current account overdraft	13,558	28,352	(14,794)
Total	43,558	28,352	15,206

Totaling € 43,558k at 31 December 2013, this item consists of current account overdrafts and ultra-short-term loans.

XVI. Other financial liabilities

(€k)	31.12.2013	31.12.2012	Change
Fair value of interest rate hedging derivatives	1,197	1,302	(105)
Loans received from:			
Host Canada Ltd.	-	38,330	(38,330)
Autogrill Deutschland GmbH	10,264	14,244	(3,980)
Autogrill Belux N.V.	7,909	15,001	(7,092)
Autogrill Schweiz A.G.	8,555	3,396	5,159
HMSHost Sweden A.B.	1,696	2,914	(1,218)
Accrued expenses and deferred income for interest on loans	495	646	(151)
Fair value of exchange rate hedging derivatives	336	845	(509)
Other financial accrued expenses and deferred income	311	807	(496)
Total	30,763	77,485	(46,722)

The change in this item was caused primarily by the full repayment of a loan received from the indirect subsidiary Host Canada Ltd. for Cad 50m (€ 38.3m), the partial repayment of loans from the subsidiaries Autogrill Deutschland GmbH and Autogrill Belux N.V., and the increase in the loan granted by the subsidiary Autogrill Schweiz A.G.

The item "Fair value of interest rate hedging derivatives" refers to the current portion of the fair value of interest rate swaps outstanding at 31 December 2013.

The "Fair value of exchange rate hedging derivatives" refers to derivative instruments in Swiss francs with a notional amount of Chf 70.5m (€ 57.1m).

For further information on derivative financial instruments, see Section 2.2.5.2, Financial risk management.

Non-current liabilities

XVII. Other payables

Amounting to € 3,361k, "Other payables" concern the liability for share-based plans generated by the revision of the stock option plan further to the proportional partial demerger of Autogrill S.p.A.

In accordance with IFRS 2 and IAS 39, the plan component to be serviced with World Duty Free S.p.A. shares was initially reclassified from net equity to "Other payables" in proportion to the market price of Autogrill shares and World Duty Free S.p.A. shares on the listing date. At the same time, the liability was adjusted to the fair value calculated as of the listing date with a balancing entry in the statement of comprehensive income. After first-time recognition, any fair value changes in this liability are taken to profit and loss.

At 31 December 2013, this item also included the deferred compensation due to personnel under long-term incentive plans.

XVIII. Loans, net of current portion

Amounting to € 337,688k (€ 535,296k at 31 December 2012), this item consists of € 340,167k in bank loans net of € 3,714k in charges and fees (€ 540,986k and € 5,690k at 31 December 2012). More specifically, at 31 December 2013 the Company had the following credit facilities:

Credit Line	Expiry	Amount (€k)	Drawdowns In €k	Drawdowns In currency (£k)	Drawdowns In currency ($k)	Total in €k *	Amount available (€k) **
Multicurrency Revolving Facility - Tranche 1	July 2016	88,571	88,571	-	-	88,571	-
Multicurrency Revolving Facility - Tranche 2	July 2016	411,429	242,000	£8,000	-	251,596	159,833
2011 Syndicated line		500,000	330,571	£8,000	-	340,167	159,833
Total lines of credit		**500,000**	**330,571**	**£8,000**	**-**	**340,167**	**159,833**

* Drawdowns in currency are measured based on exchange rates at 31 December 2013
** Tranche Multicurrency

In 2013 Autogrill S.p.A.:
- terminated a € 200m revolving facility agreement maturing in November 2013, unused at the end of 2012;
- terminated a € 200m term loan agreement maturing in June 2015 (fully utilized at 31 December 2012).

In 2013 some changes were also made to the multicurrency revolving facility negotiated in 2011, originally in the amount of € 700m: the facility is no longer available for use by the US subsidiaries HMSHost Corporation and Host International Inc., and since October 2013, the maximum amount available has been reduced to € 500m.

Bank debt at 31 December 2013 and 31 December 2012 is broken down in the table below:

Credit Line	31.12.2013 Expiry	31.12.2013 Amount (€k)	31.12.2013 Drawdowns (€k)*	31.12.2012 Amount (€k)	31.12.2012 Drawdowns (€k)
2005 Syndicated line - Term Loan	June 2015	-	-	200,000	200,000
2005 Syndicated line		-	-	200,000	200,000
Multicurrency Revolving Facility - Tranche 1	July 2016	88,571	88,571	124,000	106,000
Multicurrency Revolving Facility - Tranche 2**	July 2016	411,429	251,596	576,000	234,986
2011 Syndicated line		500,000	340,167	700,000	340,986
Revolving Facility Agreement	November 2013	-	-	200,000	-
2012 Syndicated line		-	-	200,000	-
Total lines of credit		500,000	340,167	1,100,000	540,986
Current portion		-	-	*200,000*	-
Total lines of credit net of current portion		500,000	340,167	900,000	540,986

* Drawdowns in currency are measured based on exchange rates at 31 December 2013 and 31 December 2012
** Tranche multicurrency

At 31 December 2013 the credit facilities maturing after one year had been drawn down by about 68%. Floating interest is charged on all bank loans. The average remaining term of bank loans is about two years and seven months, compared with two years and eleven months at 31 December 2012.

The main non-current loan agreements require regular monitoring of financial ratios relating to debt coverage and interest coverage.

Referring to the Autogrill Group as a whole, they call for maintenance of a leverage ratio (net debt/ EBITDA) of 3.5 or less and interest coverage ratio (EBITDA/net financial expense) of at least 4.5. For the calculation of these ratios, net indebtedness, EBITDA and net financial expense are measured according to definitions in the loan contracts and therefore differ from the amounts in the financial statements or aggregation thereof.

At 31 December 2013, as in all previous observation periods, these covenants were fully satisfied.

XIX. Other non-current financial liabilities

These amount to € 7,775k and include the non-current portion of the fair value of interest rate swaps outstanding At 31 December 2013.

XX. Deferred tax liabilities

These amount to € 18,800k, as follows:

(€k)	31.12.2013 Temporary differences	Tax effect	31.12.2012* Temporary differences	Tax effect	Change
Trade receivables	5,187	1,427	8,687	2,389	(962)
Property, plant and equipment and intangible assets	(36,939)	(10,419)	(57,097)	(15,575)	5,156
Investments	(54,433)	(14,970)	(57,268)	(15,749)	779
Total temporary differences on assets	**(86,185)**	**(23,962)**	**(105,678)**	**(28,935)**	**4,973**
Other payables	2,084	573	2,947	829	(256)
Post-employment benefits and other employee benefits	(7,174)	(1,973)	(3,956)	(1,088)	(885)
Provisions for risks and charges	6,853	2,066	12,553	3,805	(1,739)
Retained earnings	-	-	9,109	2,506	(2,506)
Hedging reserve (equity)	16,350	4,496	13,841	3,806	690
Total temporary differences on liabilities and equity	**18,113**	**5,162**	**34,494**	**9,858**	**(4,696)**
Total temporary differences		**(18,800)**		**(19,077)**	**277**

* Figures differ from those originally published due to the application of IAS 19, as described in section 2.2.1.

XXI. Defined benefit plans

At 31 December 2013 this item amounted to € 68,271k. Movements during the year were as follows:

(€k)	
Defined benefit plans at 01.01.2012	**49,022**
Current service costs	509
Interest expense	2,192
Actuarial losses (gains) due to:	
- demographic assumptions	-
- financial assumptions	25,070
- experience adjustments	-
Benefits paid	(5,252)
Other	769
Defined benefit plans at 31.12.2012	**72,309**
Interest expense	1,899
Actuarial losses (gains) due to:	
- demographic assumptions	-
- financial assumptions	349
- experience adjustments	(674)
Benefits paid	(5,028)
Other	(585)
Defined benefit plans at 31.12.2013	**68,271**

Application of the IAS 19 revised entailed recalculation of the value at 1 January 2012.

The amounts recognized in the income statement for defined benefit plans, € 1,899k in 2013

(€ 2,192k the previous year), are listed under "Net financial expense."

At 31 December 2013 the gross liability for post-employment benefits (art. 2120 of the Italian Civil Code) was € 67,312k.

Below, the present value of plan obligations is reconciled with the liability recognized in 2013 and the previous two years:

(€k)	31.12.2013	31.12.2012	31.12.2011
Present value of plan obligations	68,596	47,239	65,113
Actuarial gains (losses) not recognised	(325)	25,070	(16,091)
Net liability recognised	**68,271**	**72,309**	**49,022**

Figures for 2012 and 2011 have been adjusted to reflect the IAS 19 revised.

The actuarial assumptions used to calculate TFR are summarized in the table below:

	31.12.2013	31.12.2012
Discount rate	2.5%	2.7%
Inflation rate	2.0%	2.2%
Average frequency of termination	6.0%	6.0%
Average frequency of advances	2.0%	2.0%
Mortality table	IPS 55	IPS 55
Annual TFR increase	**3.0%**	**3.2%**

The 2013 discount rate was determined based on the yield of high grade (AA-rated) corporate bonds at the date of these financial statements.

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

	Change	Increase	Decrease
Discount rate	+/- 0.25%	(1,261)	1,306
Inflation rate	+/- 0.25%	870	(853)
Turnover rate	+/- 1.00%	(50)	-

At the close of the year, the weighted average duration of the defined benefit obligation was 8.26 years.

XXII. Provisions for risks and charges

These amounted to € 6,573k at the end of 2013.
Movements during the year are shown below:

(€k)	31.12.2012	Reclassifi-cations	Allocations	Utilisations	Reversals	Other movements	31.12.2013
Provision for other risks and charges	1,579	-	510	(182)	(134)	-	1,773
Onerous contracts provision	1,928	-	-	-	(364)	-	1,564
Provision for legal disputes	2,655	-	1,520	(939)	-	-	3,236
Total	**6,162**	**-**	**2,030**	**(1,121)**	**(498)**	**-**	**6,573**

(€k)	31.12.2011	Reclassifi-cations	Allocations	Utilisations	Reversals	Other movements	31.12.2012
Provision for other risks and charges	9,150	(527)	808	(94)	(8,110)	352	1,579
Onerous contracts provision	1,765	-	500	-	(337)	-	1,928
Provision for legal disputes	2,744	90	845	(1,024)	-	-	2,655
Total	**13,659**	**(437)**	**2,153**	**(1,118)**	**(8,447)**	**352**	**6,162**

The "Provision for other risks and charges" mostly covers environmental risks and risks from the promotion of commercial initiatives.

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" concerns outstanding disputes with employees and trading partners.

XXIII. Equity

Equity at 31 December 2013 amounts to € 374,083k.

The shareholders' meeting of 6 June 2013 voted to carry forward the 2012 loss of € 14,578k.

Effect of the demerger on equity

A significant portion of the Company's equity (€ 428,077k) has been assigned to World Duty Free S.p.A. through the transfer of 100% of World Duty Free Group S.A.U., holding company of the Travel Retail & Duty Free operations.

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

(€k)	31.12.2013	Eligibility for use	Amount available	Summary of utilisations in the past three years: For loss coverage	For other reasons
Share capital	68,688	-	-	-	-
Income-related reserves:					
Legal reserve	13,738	A, B	-	-	-
Hedging reserve	(5,579)	-	(5,579)	-	-
Actuarial gains (losses) on defined benefit plans reserve	(6,273)	-	(6,273)	-	-
Available for sale financial assets reserve	262	A, B, C	262	-	-
Other reserves and retained earnings	196,827	A, B, C	196,827	-	39,024
Treasury shares reserve	(3,982)	-	-	-	-

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

Share capital

At 31 December 2013 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.

As a result of the demerger, on 1 October 2013 the share capital of Autogrill S.p.A. was reduced by € 63,600k.

On 6 June 2013, the general meeting of shareholders 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 shareholders' meeting of 20 April 2010 the shareholders authorized a share capital increase to service the stock option plan approved on the same date, valid whether subscribed in full or in part, and excluding subscription rights pursuant to art. 2441(5) and (8) of the Italian Civil Code and art. 134(2) of Legislative Decree 58 of 24 February 1998, by a maximum par value of € 1,040,000 (plus share premium) to be carried out no later than 30 May 2015 through the issue of up to 2,000,000 ordinary shares in one or more tranches. At 31 December 2013, options convertible into a maximum of 1,329,294 ordinary Autogrill shares had been granted.

During the extraordinary part of the shareholders' meeting of 21 April 2011, the shareholders resolved upon a delegation the Board of Directors to issue a share capital increase in order to serve the New Leadership Team Long Term Incentive Plan (L-LTIP) approved on the same date, 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 € 1,820,000 through the issue on or before 31 July 2018 of up to 3,500,000 ordinary shares with a par value of € 0.52 each to be granted free of charge to the plan's beneficiaries.

On 6 June 2013 the shareholders' 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.

See the section "Information on stock option plans" for further details.

Legal reserve

The "Legal reserve" amounts to € 13,738k and is built from company profits until it amounts to 20% of the share capital, in accordance with Art. 2430 of the Italian Civil Code. The reduction with respect to 31 December 2012 is due entirely to the demerger.

Hedging reserve

The "Hedging reserve," amounting to € -5,580k (€ -10,035k at 31 December 2012), corresponds to the effective portion of the fair value of derivatives designated as cash flow hedges.

The net decrease of € 4,455k refers principally to the fair value of cash flow hedges (€ +5,404k), net of the tax effect (€ -1,486k).

Other reserves and retained earnings

These amount to € 190,556k (€ 553,444k for 2012) and the more important changes concern:

- a decrease of € 351,757k due to the demerger of the Travel Retail & Duty Free business;
- a decrease of € 14,578k due to the 2012 loss carried forward.

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 € 325k net of the tax effect of € 89k.

The allocation for the year to cover stock option plans is € 416k.

Available-for-sale financial assets reserve

This item amounts to € 262k and represents the change in the fair value of World Duty Free S.p.A. shares, net of the portion associated with the liability for share-based payments due to the changes in the 2010 stock option plan, as described in section 2.2.9 (Other information).

Treasury shares

At 31 December 2013 the parent owned 1,004,934 treasury shares with a carrying amount of € 3,982k and an average carrying amount of € 3.96 per share.

The decrease in the carrying amount of treasury shares is explained by the demerger and by the assignment to Autogrill S.p.A. of 1,004,934 ordinary shares of World Duty Free S.p.A., recognized as "Other financial assets" in the statement of financial position.

Other comprehensive income

The following table shows movements in other comprehensive income and the relative tax effect:

(€k)	2013			2012		
	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Actuarial gains (losses) on defined benefit plans	326	(90)	236	(25,069)	6,894	(18,175)
Items that will never be reclassified to profit or loss	326	(90)	236	(25,069)	6,894	(18,175)
Effective portion of the fair value change of derivatives designated as cash flow hedges	5,404	(1,486)	3,918	1,020	(281)	740
Net change in fair value of cash flow hedges reclassified to profit or loss	740	(204)	536	4,161	(1,144)	3,017
Gain on fair value of available for sale financial assets	262	-	262	-	-	-
Items that will be reclassified subsequently to profit or loss	6,406	(1,690)	4,716	5,181	(1,425)	3,756

2.2.3 Notes to the income statement

XXIV. Revenue

Revenue decreased by 6.3% to € 1,093,482k and can be broken down as follows:

(€k)	2013	2012	Change
Food & Beverage and Retail sales	1,060,799	1,132,787	(71,988)
Fuel sales	3,272	5,162	(1,890)
Sales to affiliates, third parties and subsidiaries	29,411	29,240	171
Total	**1,093,482**	**1,167,189**	**(73,707)**

Food & Beverage and Retail sales were down by 6.4% and are comprised chiefly of catering revenue of € 616,958k (€ 649,359k the previous year), sales of retail goods for € 163,704k (€ 168,416k in 2012), and sales of tobacco products, newspapers & magazines, and lottery tickets for € 280,036k (€ 311,879k the previous year).

XXV. Other operating income

"Other operating income" of € 90,046k increased by 23.4% on the previous year, thanks mainly to income from having waived the right of pre-emption on the renewal of expiring subconcessions (€ 13,800k) and fees received for the early termination of leases (both listed under "Other revenue"), as well as greater bonuses from suppliers in support of promotional efforts at Autogrill locations. Details are as follows:

(€k)	2013	2012	Change
Bonuses from suppliers	47,115	44,021	3,094
Income from business leases	5,071	6,957	(1,886)
Affiliation fees	4,000	4,620	(620)
Gains on sales of property, plant and equipment	619	195	424
Other revenue	33,241	17,204	16,037
Total	**90,046**	**72,997**	**17,049**

XXVI. Raw materials, supplies and goods

The cost of "Raw materials, supplies and goods" decreased by € 37,921k, consistently with the reduction in sales:

(€k)	2013	2012	Change
Total purchases relating to Food & Beverage and Retail sales:	**488,169**	**527,138**	**(38,970)**
- Merchandise and ingredients	229,620	237,699	(8,079)
- State monopoly products, newspapers and lottery tickets	255,370	284,456	(29,086)
- Fuel for resale	3,179	4,984	(1,805)
Products for sale to affiliates, third parties and subsidiaries	**27,511**	**26,462**	**1,049**
Total	**515,679**	**553,600**	**(37,921)**

XXVII. Personnel expense

Personnel expense totalled € 305,306k, a slight increase on the previous year:

(€k)	2013	2012	Change
Wages and salaries	217,639	219,104	(1,465)
Social security contributions	67,012	66,848	164
Employee benefits	15,083	15,170	(87)
Other costs	5,572	3,281	2,291
Total	**305,306**	**304,403**	**903**

Personnel expense went up because the closure of various locations was more than offset by an increase in leaving incentives.

The year's share of the cost of the 2010 stock option plan came to € 394k. 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.

	31.12.2013			31.12.2012		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Executives	63	-	63	66	-	66
Junior managers	521	6	527	570	8	578
White collars	714	141	855	764	151	915
Blue collars	3,169	5,528	8,697	3,440	5,664	9,104
Total	4,467	5,675	10,142	4,840	5,823	10,663

The above figures include 36 white collar employees and 2 executives seconded to Italian and foreign subsidiaries.

The average headcount, expressed in terms of equivalent full-time employees, was 8,598 in 2013 (8,458 the previous year).

XXVIII. Leases, rentals, concessions and royalties

This item was essentially unchanged, despite the decrease in sales, due to the fixed component of rent. For the same reason, the item increased as a percentage of revenue.

(€k)	2013	2012	Change
Leases, rentals and concessions	176,887	176,926	(39)
Royalties for use of brands	1,634	1,573	61
Total	178,521	178,499	22

XXIX. Other operating expense

Amounting to € 145,500k, this item showed a decrease on 2012 as shown in the table below:

(€k)	2013	2012	Change
Utilities	36,962	36,215	747
Maintenance	15,622	15,379	243
Cleaning and disinfestations	19,559	19,932	(373)
Consulting and professional services	14,644	17,579	(2,935)
Commissions on credit card payments	1,390	1,283	107
Storage and transport	12,618	12,459	159
Advertising and market research	6,934	8,082	(1,148)
Travel expenses	4,440	5,342	(902)
Telephone and postal charges	2,275	2,457	(182)
Equipment hire and lease	3,168	3,788	(620)
Insurance	1,824	2,079	(255)
Surveillance	1,583	1,547	36
Transport of valuables	1,667	1,808	(141)
Banking services	985	976	9
Sundry materials	3,468	3,840	(372)
Other services	6,197	8,812	(2,615)
Costs for materials and services	**133,336**	**141,578**	**(8,242)**
Impairment losses on receivables	**280**	**327**	**(47)**
For legal disputes	1,520	845	675
For onerous contracts	(364)	163	(527)
For other risks	376	(7,302)	7678
Provisions for risks	**1,532**	**(6,294)**	**7,826**
Indirect and local taxes	**7,074**	**6,511**	**563**
Losses on disposals	316	232	84
Other charges	2,962	3,973	(1,011)
Other operating expense	**3,278**	**4,205**	**(927)**
Total	**145,500**	**146,327**	**(827)**

The greatest reduction concerned external costs, in particular consulting, advertising and travel.

XXX. Depreciation, amortization and impairment losses

The total of € 69,779k is broken down below:

(€k)	2013	2012	Change
Other intangible assets	7,353	7,251	102
Property, plant and machinery	34,321	34,676	(355)
Assets to be transferred free of charge	21,950	15,986	5,964
Total amortization/depreciation	63,624	57,913	5,711
Impairment losses on property, plant and machinery	6,155	3,781	2,374
Total	**69,779**	**61,694**	**8,085**

Impairment losses of € 6,155k were recognized in 2013.

The other changes concern investments for the modernization and upgrading of points of sale, and the opening of Villoresi Est and other new locations.

XXXI. Financial income

Financial income amounted to € 238,288k, as follows:

(€k)	2013	2012	Change
Dividends from subsidiaries	221,285	85,886	135,399
Interest from subsidiaries	2,393	4,680	(2,287)
Bank interest income	6,013	7,314	(1,301)
Ineffective portion of hedging instruments	46	43	3
Exchange rate gains	8,292	6,957	1,335
Other financial income	259	340	(81)
Total	**238,288**	**105,220**	**133,068**

"Dividends from subsidiaries" consist of the following dividends received:

- Word Duty Free Group S.A.U. for € 220,000k;
- Autogrill Schweiz A.G. for € 1,285k (Chf 1,600k).

"Interest from subsidiaries" stems from the financing provided by Autogrill S.p.A. to subsidiaries. The decrease primarily reflects a reduction in loans outstanding, in particular the termination of the loan granted to World Duty Free Group S.A.U.

Exchange rate gains, totaling € 8,292k, refer mainly to the bank loan denominated in British pounds for € 3,064k and the loan granted to the Company by Host Canada Ltd. for € 1,153k.

"Other financial income" refers mainly to gains on forward currency swaps and interest rate swaps.

XXXII. Financial expense

Financial expense decreased by € 15,565k, as follows:

(€k)	2013	2012	Change
Interest expense	11,783	15,868	(4,085)
Discounting of long-term liabilities	-	352	(352)
Exchange rate losses	7,576	7,362	214
Financial expense on post-employment benefits	1,899	2,192	(293)
Interest paid to subsidiaries	281	486	(205)
Commission	1,122	141	981
Other financial expense	8,537	20,362	(11,825)
Total	**31,198**	**46,763**	**(15,565)**

The decrease in interest expense is due primarily to the reduced exposure to bank loans.

Most of the amount shown for "Other financial expense" concerns rate spreads on interest rate swaps. In 2012 it also included non-recurring expense for the write-down of financial receivables due from the subsidiary Nuova Sidap S.r.l.

XXXIII. Impairment losses on financial assets

This item in 2013 amounts to € 61,900k and refers to the impairment of equity investments, as described in note IX, Investments.

XXXIV. Income tax

This item amounts to € 3,531k and consists mainly of current taxes for IRAP (€ 6,692k) and deferred tax assets (€ 1,257k).

Deferred tax assets were recognized subsequent to a critical evaluation of the likelihood of recovering those amounts in the future, on the basis of updated plans and the relevant tax considerations.

Theoretical taxes were determined by applying the IRES rate (27.5%) to the pre-tax profit.

Reconciliation of effective tax and theoretical tax for 2013:

	31.12.2013			31.12.2012		
(€k)	IRES 27.50%	IRAP 3.90%	Total 31.40%	IRES 27.50%	IRAP 3.90%	Total 31.40%
Pre-tax profit (loss)	-	-	113,933	-	-	(18,188)
Theoretical tax	31,332	4,443	35,775	(5,002)	(709)	(5,711)
Permanent differences:						
- Personnel expense	-	6,746	6,746	-	7,203	7,203
- Dividends and other financial items	(59,461)	(8,077)	(67,538)	(22,593)	(2,280)	(24,873)
- Impairment losses on equity investments	17,023	2,414	19,437	19,885	2,820	22,705
- Other	1,896	399	2,295	1,485	12	1,497
Net effect of unrecognised tax losses, of utilisation of unrecognised tax losses carried-forward and the revision of estimates on the taxability/deductibility of temporary differences	8,830	-	8,830	7,609	-	7,609
- Increase in regional tax rate	-	351	351	-	427	427
Reversal of previous years' temporary differences	(1,852)	447	(1,405)	(2,193)	182	(2,011)
Taxed temporary differences deductible in future years	2,832	(31)	2,801	1,879	(24)	1,855
Current taxes	600	6,692	7,292	1,069	7,631	8,700
Taxes relating to prior years	(2,504)	-	(2,504)	532	-	532
Adjustment of prior years' provision for temporary differences	-	-	-	(12,467)	-	(12,467)
Net temporary differences	(841)	(416)	(1,257)	(218)	(158)	(376)
Income tax	(2,745)	6,276	3,531	(11,084)	7,473	(3,611)

Among the permanent differences indicated above are the tax effect on non-taxable income (€ 59,473k) and on non-deductibile costs (€ 18,319k). In 2013, the tax effect on non-taxable income derived mainly from dividends in the amount of € 57,811k.

Non-deductibile costs in 2013 essentially concerned impairment losses on investments, for a tax effect of € 17,023k.

2.2.4 Net financial position

The net financial position at the end of 2013 and 2012 is detailed below:

Note	(€m)	31.12.2013	31.12.2012	Change
I	A) Cash on hand	(25.6)	(31.0)	5.4
	B) Cash and cash equivalents	(25.6)	(31.0)	5.4
II	C) Current financial assets	(17.6)	(16.8)	(0.8)
	D) Due to banks, current	13.6	28.4	(14.8)
	E) Other financial liabilities	60.6	77.4	(16.8)
XV-XVI	F) Current financial indebtedness (D + E)	74.2	105.8	(31.6)
	G) Net current financial indebtedness (B + C + F)	31.0	58.0	(27.0)
XVIII	H) Due to banks, net of current portion	345.5	548.4	(202.9)
	I) Non-current financial indebtedness	345.5	548.4	(202.9)
	J) Net financial indebtedness (G + I)*	376.5	606.4	(229.9)
X	Non-current financial assets	(62.0)	(121.4)	59.4
	Net financial indebtedness	314.5	485.0	(170.5)

* As defined by Consob communication July 28, 2006 and ESMA/2011/81 recommendations.

The change in net financial position reflects, in particular, the dividend of € 220m received from the subsidiary World Duty Free Group S.A.U. in April 2013. For further details, see the notes indicated above for each item.

2.2.5 Financial instruments: fair value and risk management

2.2.5.1 Fair value

The following table shows the carrying value, fair value, and hierarchy level of each category of financial asset and liability. It does not include assets and liabilities not measured at fair value, when the carrying amount is a reasonable approximation of fair value.

	31.12.2013		
	Carrying amount		
(€k)	Fair value-hedging instruments	Loans and receivables	Available-for-sale
Financial assets measured at fair value			
Other actions	-	-	10,292
Fair value of exchange rate hedging derivatives	18	-	-
	18	-	10,292
Financial assets not measured at fair value			
Cash and cash equivalent	-	25,632	-
Trade receivables	-	28,627	-
Other current assets*	-	52,396	-
Other financial assets (non-current)**	-	60,219	-
	-	166,873	-
Financial liabilities measured at fair value			
Fair value of interest rate hedging derivatives	9,308	-	-
Fair value of exchange rate hedging derivatives	336	-	-
	9,644	-	-
Financial liabilities not measured at fair value			
Bank overdraft	-	-	-
Unsecured current bank loans	-	-	-
Financial liabilities due to others	-	-	-
Trade payables	-	-	-
Other payables	-	-	-
	-	-	-

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

** The fair value of "Other financial assets (non-current)" does not include the interest-bearing sums with third parties and the guarantee deposits

	31.12.2013					
	Carrying amount		Fair value			
	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	-	10,292	10,292	-	-	-
	-	18	-	18	-	18
	-	10,310	10,292	18	-	18
	-	25,632	-	-	-	-
	-	28,627	-	-	-	-
	-	52,396	-	-	-	-
	-	60,219	-	-	-	-
	-	166,873	-	-	-	-
	-	9,308	-	9,308	-	9,308
	-	336	-	336	-	336
	-	9,644	-	9,644	-	9,644
	43,558	43,558	-	-	-	-
	337,688	337,688	-	340,261	-	340,261
	28,089	28,089	-	-	-	-
	215,942	215,942	-	-	-	-
	16,898	16,898	-	-	-	-
	642,174	642,174	-	340,261	-	340,261

	31.12.2012		
	Carrying amount		
(€k)	Fair value-hedging instruments	Loans and receivables	Available-for-sale
Financial assets measured at fair value			
Fair value of exchange rate hedging derivatives	414	-	-
	414	-	-
Financial assets not measured at fair value			
Cash and cash equivalent	-	31,008	-
Trade receivables	-	30,092	-
Other current assets*	-	61,619	-
Other financial assets (non-current)**	-	119,605	-
	-	242,325	-
Financial liabilities measured at fair value			
Fair value of interest rate hedging derivatives	14,381	-	-
Fair value of exchange rate hedging derivatives	845	-	-
	15,225	-	-
Financial liabilities not measured at fair value			
Bank overdraft	-	-	-
Unsecured current bank loans	-	-	-
Financial liabilities due to others	-	-	-
Trade payables	-	-	-
Other payables	-	-	-
	-	-	-

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

** The fair value of "Other financial assets (non-current)" does not include the interest-bearing sums with third parties and the guarantee deposits

	31.12.2012					
	Carrying amount		Fair value			
	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	-	414	-	414	-	414
	-	414	-	414	-	414
	-	31,008	-	-	-	-
	-	30,092	-	-	-	-
	-	61,619	-	-	-	-
	-	119,605	-	-	-	-
	-	242,325	-	-	-	-
	-	14,381	-	14,381	-	14,381
	-	845	-	845	-	845
	-	15,225	-	15,225	-	15,225
	28,352	28,352	-	-	-	-
	540,986	540,986	-	540,986	-	540,986
	73,886	73,886	-	-	-	-
	239,264	239,264	-	-	-	-
	20,316	20,316	-	-	-	-
	902,804	902,804	-	540,986	-	540,986

2.2.5.2 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 Autogrill S.p.A.'s Board of Directors, which has set up the Control and Risks Committee and the Corporate Governance Committee. The latter is responsible for monitoring the Group's risk management policies and periodically informs the Board of Directors, through the Enterprise Risk Management unit, of risk analysis and management activities.

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 Committee in its monitoring activities, conducting periodic reviews and spot checks of the controls and risk management procedures and reporting the 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, result of operations and cash flows.

Autogrill's financial policy places a strong emphasis on the management and control of market risk, in particular with respect to interest rates and exchange rates, given the extent of the Company's borrowings and its international profile.

Interest rate risk

The aim of interest rate risk management is to control finance cost within a risk limit, i.e., a range of variability of the amount of liabilities and/or the finance cost itself. 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, this is achieved by using derivatives of amounts and with maturities in line with those of the liabilities that are subject to this risk. The instruments used are mainly interest rate swaps.

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

Currently, the ratio of fixed-rate debt to net debt (i.e., net of financial assets, which are generally floating-rate) must as a matter of policy be in the range of 40 to 60% with reference to the Autogrill Group as a whole. At 31 December 2013 the ratio was about 39%.

When applying the policy and procedures described above, interest rate risk management instruments were accounted for as cash flow hedges, and thus recognized as financial assets and liabilities with a specific balancing entry in the hedging reserve under equity. With regard to the instruments that tested effective, in 2013 Autogrill recognized a fair value gain of € 3,918k (net of the tax effect).

The details of interest rate swaps outstanding at 31 December 2013 are as follows:

Underlying	Notional amount (in currency)	Expiry	Average fixed rate paid	Floating rate received	Fair value (€k)
RCF 500 €m	€k 120,000	24.06.2015	4.66%	Euribor 3 months	(8,972)

A hypothetical unfavorable change of 1% in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at 31 December 2013 would increase net financial expense by € 3,097k.

Currency risk

The Group operates in countries with functional currencies other than the euro. In these countries, the procurement policy dictates that raw material purchases and other operating expense be conducted in the same currencies, thereby minimizing exchange rate risk. Such 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 hedges are mainly bank loans contracted in the same currency, and to a minor degree, forward currency sales and purchases.

The transactions shown 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 hedges outstanding at 31 December 2013 is as follows:

Notional amount (currency/000)		Expiry	Spot rate	Forward rate	Fair value (€k)
CHF	30,000	26.02.2014	1.2355	1.2348	(150)
CHF	30,000	26.02.2014	1.2355	1.2348	(149)
CHF	1,100	08.01.2014	1.2227	1.2221	(4)
CHF	6,500	08.01.2014	1.2225	1.2220	(24)
CHF	1,900	08.01.2014	1.2230	1.2240	(6)
CHF	1,000	08.01.2014	1.2230	1.2240	(3)
GBP	800	30.01.2014	0.8322	0.8326	1
SEK	14,900	31.01.2014	8.9410	8.9520	17

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.

Carrying amounts are shown below with prior-year figures for comparison:

(€k)	31.12.2013	31.12.2012	Change
Cash and cash equivalents	569	4,248	(3,679)
Other current financial assets	27,930	16,754	11,176
Trade receivables	28,627	30,092	(1,465)
Other current receivables	64,863	66,966	(2,103)
Other non-current financial assets	62,009	121,415	(59,406)
Other non-current receivables	5,363	6,996	(1,633)
Total	**189,361**	**246,471**	**(57,110)**

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

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

Other receivables consist mainly of rent 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, or collective impairment calculated on the basis of historical and statistical data.

Other current and non-current financial assets stem from loans granted to direct and indirect subsidiaries.

The geographical breakdown is as follows:

Current financial assets

	(€k)	%
France	31	0.2%
The Netherlands	14	0.1%
Italy	17,485	99.2%
Great Britain	1	0.0%
Ireland	1	0.0%
Greece	1	0.0%
Austria	2	0.0%
Germany	86	0.5%
Total	**17,621**	**100.0%**

Non-current financial assets

	(€k)	%
Great Britain	10,586	17.1%
The Netherlands	14,763	23.8%
Italy	1,805	2.9%
France	30,832	49.7%
Greece	1,296	2.1%
Ireland	1,221	2.0%
Austria	1,505	2.4%
Total	**62,009**	**100.0%**

Trade receivables are mainly governed by affiliation contacts with motorway partners and others under special agreement. The Company's business model, focused on the final consumer, means that trade receivables are not materially significant in that sales are generally settled in cash. 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 2013.

(€k)	Incidence on total receivables	Receivables	Overdue	0-30	31-60	61-90	>90
Affiliates	18%	6,097	2,932	333	231	174	2,194
Special agreements	12%	4,019	1,563	843	222	91	407
Motorway partners	12%	4,085	3,708	192	39	235	3,241
Intercompany	24%	8,304	3,099	78	2,379	133	509
Other	35%	11,861	9,957	6,619	1,081	540	1,715
Total		34,366	21,259	8,065	3,952	1,173	8,066

First-demand bank guarantees are required on entering into affiliation agreements to cover exposure. At 31 December 2013 these guarantees amounted to € 4,725k.

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 24% of total trade receivables, and the largest customer (Tamoil Italia S.p.A.) for 4%.

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, and financial market conditions.

Autogrill S.p.A. has acted promptly to ensure adequate financial coverage with respect to amounts and maturities, and has no significant imminent payments to meet on existing loans.

Exposure and maturity data at the close of 2013 and 2012 were as follows:

Non derivative financial liabilities

	31.12.2013							
			Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months -1 year	1-2 years	2-5 years	Over 5 years
Current account overdrafts	13,558	13,558	13,558	-	-	-	-	-
Unsecured bank loans	-	-	-	-	-	-	-	-
Lease payments due to others	370,167	310,167	30,000	-	-	-	310,167	-
Other financial liabilities	-	-	-	-	-	-	-	-
Trade payables	214,282	214,282	-	-	-	-	-	-
Due to suppliers for investments	9,218	9,218	9,218	-	-	-	-	-
Total	607,225	547,225	52,776	-	-	-	310,167	-

Derivative financial liabilities

	31.12.2013							
			Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months -1 year	1-2 years	2-5 years	Over 5 years
Forward foreign exchange derivatives	336	336	336	-	-	-	-	-
Interest rate swap	8,972	8,972	1,197	-	-	7,775	-	-
Total	9,308	9,308	1,533	-	-	7,775	-	-

The loan contracts and bonds outstanding for Autogrill S.p.A. and its subsidiaries at 31 December 2013 require the satisfaction of certain financial ratios, specifically, the leverage ratio (net financial indebtedness debt/EBITDA) and interest cover ratio (EBITDA/net financial expense).

These are measured with different criteria and for different groupings of companies depending on the loan and the beneficiary. In particular, Autogrill S.p.A. has outstanding loans for which the above ratios are calculated on figures pertaining to the Autogrill Group as a whole.

As for exposure to trade payables, there is no significant concentration of suppliers: the top six account for 37% of the total, the largest (Autostrade per l'Italia S.p.A.) for 15.8%, and the second largest (Energrid S.p.A.) for 10.5%.

2.2.6 Seasonal patterns

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

2.2.7 Guarantees and commitments

Guarantees and commitments

Guarantees given and commitments assumed come to € 284,341k, a decrease of € 528,938k on the previous year:

Sureties and personal guarantees in favor of third parties have been issued in accordance with customary market practice.

(€k)	31.12.2013	31.12.2012	Change
Sureties and personal guarantees in favour of third parties	171,353	172,900	(1,547)
Sureties and personal guarantees in favour of subsidiaries	92,847	620,675	(527,828)
Other commitments and guarantees	20,141	19,704	437
Total	**284,341**	**813,279**	**(528,938)**

Sureties and personal guarantees in favor of subsidiaries were issued to financial backers of direct or indirect subsidiaries. The significant change since 31 December 2012 is due to the fact that Autogrill S.p.A., further to agreements with the subscribers, is no longer guarantor of the private placement issued by the subsidiary HMSHost Corporation.

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

2.2.8 Operating leases

For the purposes of these financial statements, operating leases are defined as the various kinds of contract through which the Company carries on its core business.

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

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

It frequently occurs that a 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 specialized firms.

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

Access concession

An access concession exists when ownership of the land and buildings along the motorway is in the hands of a private firm (like 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.

Area concession

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

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

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

Service concession

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

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

Business lease and commercial lease

Leasing a business or parts thereof allows an operator to use rights and/or buildings, equipment etc. organized to serve food and beverage products. In some cases the business consists of an authorization to operate and of administrative licenses. In these cases the operator incurs the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorization and the necessary buildings and equipment. Leasing a company in the concession business entails the obligation to ensure continuity of service and payment of a comprehensive fee which includes all amounts due to the concession grantor.

In a commercial lease, the operator uses buildings for business activity against payment of rent. The premises are equipped and furnished according to the specifications and at the expense of the operator, who must clear the premises when the lease expires.

These kinds of concession are common (i) along motorways, where there are area or service sub-concessions assigned to a petrol company, which then turns to a caterer, and (ii) in cities, railway stations and shopping centers, according to the business objectives of the owner of the property.

Sub-contract

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

The table below gives details by due date of the Company's future minimum lease payments at the close of the year, showing those concerning operations sub-leased to others:

	2013		
Years (€m)	**Total minimum lease payments**	**Minimum sub-lease payments**	**Net minimum lease payments**
2014	93.5	3.5	90.0
2015	81.5	3.6	77.9
2016	69.0	3.1	65.9
2017	52.8	2.9	49.9
2018	39.9	2.1	37.8
Subsequent years	221.5	7.2	214.3
Total	558.2	22.4	535.8

2.2.9 Other information

Related party transactions

Autogrill S.p.A. is controlled by Schematrentaquattro S.p.A. (whose legal form was changed on 18 November 2013), which owns 50.1% of 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 2013 Autogrill S.p.A. had no transactions with its direct parent, Schematrentaquattro S.p.A.

Transactions with Edizione S.r.l.

(€k)	2013	2012	Change
Income statement			
Revenue	-	2	(2)
Other operating income	90	106	(16)
Personnel expense	131	129	2
Other operating expense	40	49	(9)

(€k)	2013	2012	Change
Statement of financial position			
Trade receivables	-	3	(3)
Other receivables	14,595	14,082	513
Other payables	137	156	(19)

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

"Personnel expense" refers to the accrual at 31 December 2013 for fees due to a director of Autogrill S.p.A., to be recharged to Edizione S.r.l. where he serves as executive manager.

The heading "Other receivables" also includes:

- € 12,481k for the IRES (corporate income tax) refund requested by the consolidating company Edizione S.r.l., on behalf of Autogrill S.p.A. for € 12,467k and Nuova Sidap S.r.l. for € 14k, due as a result of the retroactive recognition of the deductibility of IRAP (regional tax) pertaining to personnel expense for the years 2007-2011 (art. 2 of Law 201/2011);
- € 60k for Autogrill S.p.A.'s IRES credit with Edizione S.r.l., in relation to tax due for 2012 net of advance payments;
- € 2,024k for the IRES refund requested by the consolidating company Edizione S.r.l. on behalf of Autogrill S.p.A. (pursuant to arts. 117-129 of the Tax Code and the Ministerial Decree of 9 June 2024), for the deduction from taxable income of the portion of IRAP concerning personnel expense paid from 2004 to 2007 (Law 185/2008).

- The receivables for the above refunds will be settled when they are received by Edizione S.r.l.

"Other payables" include the directors' fees accrued at 31 December 2013.

Transactions with related companies

Income statement (€k)	Atlantia group 2013	Atlantia group 2012	Gemina group* 2013	Gemina group* 2012
Revenue	13	17	34	11
Other operating income	15,855	1,381	-	-
Other operating expense	3,615	3,220	33	37
Leases, rentals, concessions and royalties	68,702	67,419	8,454	7,745
Financial income	-	-	-	-
Financial expense	1,381	1,774	-	-

Statement of financial position (€k)	Atlantia group 31.12.2013	Atlantia group 31.12.2012	Gemina group 31.12.2013	Gemina group 31.12.2012
Trade receivables	750	1,450	-	218
Other receivables	1,758	54	-	-
Financial receivables	-	-	-	-
Trade payables	36,545	33,944	-	1,413
Other payables	-	1	-	-
Financial payables	-	-	-	-

Income statement (€k)	Benetton Group S.p.A. 2013	Benetton Group S.p.A. 2012	Edizione Property S.p.A. 2013	Edizione Property S.p.A. 2012	World Duty Free Group** 2013	World Duty Free Group** 2012
Revenue	-	-	-	4	-	-
Other operating income	-	-	-	1	-	-
Other operating expense	-	-	-	-	4	-
Leases, rentals, concessions and royalties	-	-	-	-	-	-
Financial income	-	-	-	-	-	-
Financial expense	-	-	-	-	-	-

Statement of financial position (€k)	Benetton Group S.p.A. 31.12.2013	Benetton Group S.p.A. 31.12.2012	Edizione Property S.p.A. 31.12.2013	Edizione Property S.p.A. 31.12.2012	World Duty Free Group** 31.12.2013	World Duty Free Group** 31.12.2012
Trade receivables	1	1	-	6	-	-
Other receivables	-	-	-	-	2,780	-
Financial receivables	-	-	-	-	-	-
Trade payables	-	-	-	-	1	-
Other payables	-	-	-	-	-	-
Financial payables	-	-	-	-	-	-

* The figures refer to 30 November 2013
** The figures refer to the last three months of 2013

	Bencom S.r.l.		Sagat S.p.A.		Verde Sport S.p.A.		Olimpias S.p.A.	
	2013	2012	2013	2012	2013	2012	2013	2012
	-	-	-	-	9	18	-	-
	391	390	-	-	6	9	-	-
	-	-	-	1	65	45	76	95
	-	-	-	1,166	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

	Bencom S.r.l.		Sagat S.p.A.		Verde Sport S.p.A.		Olimpias S.p.A.	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	326	455	-	12	5	2	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	456	-	-	41	36
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

In detail:

Atlantia group: "Other operating income" refers mostly to non-recurring income from having waived the right of pre-emption on the renewal of expiring subconcessions and the recognition of costs incurred on behalf of Autostrade per l'Italia S.p.A. on assets to be relinquished.

"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 payables" originate from the same transactions.

"Financial expense" reflects interest accrued at the annual rate of 5.15% in relation to the revised payment schedule for concession fees.

"Other receivables" originate from the above transactions.

Gemina group: costs refer to rent and ancillary expenses for the management of locations at Rome's Fiumicino and Ciampino airports managed by Aeroporti di Roma S.p.A., while "Other operating expense" concerns telephone, ICT and parking services.

Due to Gemina's absorption by the Atlantia group with effect from 1 December 2013, the income statement figures refer to the first eleven months, while asset and liability balances at 31 December 2013 are included with those of the Atlantia group.

Bencom S.r.l.: "Other operating income" refers to rent and related charges for the sublet of premises in Via Dante, Milan. All liabilities are current; the receivable from Bencom S.r.l. will be settled in installments until the sub-lease expires in April 2017.

Verde Sport S.p.A.: "Revenue" and "Trade receivables" refer to sales of products under the commercial affiliation contract for operating a Spizzico restaurant at La Ghirada – Città dello Sport.

Olimpias S.p.A.: costs refer to the purchase of uniforms for sales personnel and the purchase of sundry materials.

World Duty Free Group: "Other receivables" refer to costs incurred to finalize the proportional partial demerger of Autogrill S.p.A. to World Duty Free S.p.A. (€ 1,418k), carried out on 1 October 2013; to IT services (€ 1,100k) and to the recharge of consulting fees (€ 262k).

Transactions with subsidiaries

Transactions with Autogrill S.p.A.'s subsidiaries, summarized in the table below, are both financial and commercial in nature. The amounts shown refer to transactions carried out in 2012 and 2013 and to asset and liability balances at 31 December 2012 and 31 December 2013.

	Autogrill Austria A.G.		Autogrill Belux N.V.	
Income statement (€k)	**2013**	**2012**	**2013**	**2012**
Revenue	54	53	-	-
Other operating income	67	64	251	41
Other operating expense	-	20	927	523
Leases, rentals, concessions and royalties	-	-	-	-
Financial income	28	43	-	-
Financial expense	-	-	13	74

	Autogrill Austria A.G.		Autogrill Belux N.V.	
Statement of financial position (€k)	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Trade receivables	120	28	-	-
Other receivables	1,507	34	203	6,157
Financial receivables	-	1,081	-	-
Trade payables	131	-	-	-
Other payables	-	28	852	176
Financial payables	-	-	7,909	15,001

All transactions are conducted at arm's length.

The increase in "Financial income" for World Duty Free Group S.A.U. concerns the payment of dividends in 2013, while the reduction in the financial receivable is due to the reimbursement of the intercompany loan.

Because of the proportional partial demerger of Autogrill S.p.A. to World Duty Free S.p.A. through the transfer of the subsidiary World Duty Free Group S.A.U., balances with the World Duty Free Group at 31 December 2013 are included in "Related party transactions."

	Autogrill Schweiz A.G.		Autogrill Czech S.r.o.		Autogrill Deutschland GmbH	
	2013	2012	**2013**	2012	**2013**	2012
	-	-	141	106	-	-
	1,718	1,696	1	1	232	213
	159	9	(1)	-	(1)	-
	-	-	-	-	-	-
	1,285	4,579	-	13	-	-
	5	18	-	-	24	120

	Autogrill Schweiz A.G.		Autogrill Czech S.r.o.		Autogrill Deutschland GmbH	
	31.12.2013	31.12.2012	**31.12.2013**	31.12.2012	**31.12.2013**	31.12.2012
	4	358	26	-	(1)	(1)
	562	123	2	2	263	327
	-	-	-	4	86	86
	-	-	-	-	-	-
	624	53	23	8	286	1
	8,555	3,396	-	-	10,264	14,244

Income statement (€k)	HMSHost Egypt Catering & Services Ltd.		Autogrill Iberia S.L.U.	
	2013	2012	2013	2012
Revenue	-	-	-	-
Other operating income	-	-	436	250
Other operating expense	-	-	136	124
Leases, rentals, concessions and royalties	-	-	-	-
Financial income	-	-	16	36
Financial expense	-	-	-	-

Statement of financial position (€k)	HMSHost Egypt Catering & Services Ltd.		Autogrill Iberia S.L.U.	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Trade receivables	-	-	-	-
Other receivables	2	-	349	186
Financial receivables	-	-	-	15
Trade payables	-	-	1	11
Other payables	-	-	469	131
Financial payables	-	-	-	-

* The figures refer to 30 September 2013

Income statement (€k)	HMSHost Ireland Ltd.		Autogrill Nederland B.V.	
	2013	2012	2013	2012
Revenue	-	-	-	-
Other operating income	18	18	31	29
Other operating expense	-	-	99	43
Leases, rentals, concessions and royalties	-	-	-	-
Financial income	32	68	320	301
Financial expense	-	-	-	-

Statement of financial position (€k)	HMSHost Ireland Ltd.		Autogrill Nederland B.V.	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Trade receivables	-	-	-	-
Other receivables	25	-	22	31
Financial receivables	1,222	1,514	14,777	10,401
Trade payables	-	-	-	-
Other payables	-	1	451	62
Financial payables	-	-	-	-

World Duty Free Group*		Autogrill Côté France S.a.s.		Autogrill Hellas E.p.E.	
2013	2012	**2013**	2012	**2013**	2012
-	-	-	1	51	46
1,454	1,382	1,901	1,337	14	22
1,033	1,209	700	113	3	3
-	-	-	-	-	-
220,654	72,242	853	954	39	55
-	2	-	-	-	-

World Duty Free Group*		Autogrill Côté France S.a.s.		Autogrill Hellas E.p.E.	
31.12.2013	31.12.2012	**31.12.2013**	31.12.2012	**31.12.2013**	31.12.2012
-	50	-	-	66	42
-	1,384	1,254	1,097	46	24
-	70,030	30,863	27,980	1,297	2,407
-	1	-	3	-	-
-	243	1,549	170	36	7
-	-	-	-	-	-

Autogrill Polska Sp.z.o.o.		HMSHost Sweden A.B.		Autogrill D.o.o.	
2013	2012	**2013**	2012	**2013**	2012
-	-	-	-	13	8
176	(18)	1	1	2	2
-	-	-	-	-	-
-	-	-	-	-	-
31	24	-	-	5	12
-	-	22	1	-	-

Autogrill Polska Sp.z.o.o.		HMSHost Sweden A.B.		Autogrill D.o.o.	
31.12.2013	31.12.2012	**31.12.2013**	31.12.2012	**31.12.2013**	31.12.2012
169	26	-	-	-	-
29	-	3	1	1	1
-	77	-	-	-	367
-	-	-	-	-	-
13	3	-	-	18	2
-	-	1,696	2,915	-	-

Income statement (€k)	Autogrill Catering UK Ltd. 2013	Autogrill Catering UK Ltd. 2012	HMSHost Corporation 2013	HMSHost Corporation 2012	Nuova Sidap S.r.l. 2013	Nuova Sidap S.r.l. 2012
Revenue	-	-	-	-	13,134	12,003
Other operating income	45	51	413	75	5,491	5,580
Other operating expense	-	-	52	162	4,963	3,889
Leases, rentals, concessions and royalties	-	-	-	-	-	-
Financial income	198	89	150	12,030	66	114
Financial expense	-	-	217	270	-	-

Statement of financial position (€k)	Autogrill Catering UK Ltd. 31.12.2013	Autogrill Catering UK Ltd. 31.12.2012	HMSHost Corporation 31.12.2013	HMSHost Corporation 31.12.2012	Nuova Sidap S.r.l. 31.12.2013	Nuova Sidap S.r.l. 31.12.2012
Trade receivables	-	-	-	43	2,443	2,650
Other receivables	86	36	190	10,807	924	1,088
Financial receivables	10,587	6,142	-	330	17,485	15,472
Trade payables	-	-	-	-	4,836	4,179
Other payables	-	-	51	57	-	2
Financial payables	-	-	-	38,330	-	-

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

	2013		
(€k)	Edizione S.r.l. and other related companies and subsidiaries	Autogrill S.p.A.	%
Revenue	13,447	1,093,482	1%
Other operating income	28,592	90,046	32%
Personnel expense	131	305,306	0%
Other operating expense	11,903	145,500	8%
Leases, rentals, concessions and royalties	77,156	178,521	43%
Financial income	223,678	238,288	94%
Financial expense	1,661	31,198	5%

	31.12.2013		
(€k)	Edizione S.r.l. and other related companies and subsidiaries	Autogrill S.p.A.	%
Trade receivables	3,910	28,627	14%
Other receivables	24,601	93,596	26%
Financial receivables	76,318	89,939	85%
Trade payables	41,554	215,942	19%
Other payables	4,509	75,723	6%
Financial payables	28,425	376,225	8%

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 2013:

Name and surname	Office held	Term of office	Remuneration (€)	Bonuses and other incentives (€)	Non-monetary benefits (€)	Other Fees (€)
Gilberto Benetton	Chairman	2011/2014	57,200	-	-	-
Gianmario Tondato Da Ruos	CEO	2011/2014	577,200	1,203,180	13,574	403,297
Alessandro Benetton	Director	2011/2014	54,800	-	-	-
Arnaldo Camuffo	Director	2011/2014	94,400	-	-	-
Paolo Roverato	Director	2011/2014	131,000	-	-	-
Gianni Mion	Director	2011/2014	92,000	-	-	-
Alfredo Malguzzi	Director	2011/2014	99,200	-	-	-
Tommaso Barracco	Director	from 21/04/11 to 2014	93,200	-	-	-
Marco Jesi	Director	from 21/04/11 to 2014	92,600	-	-	-
Marco Mangiagalli	Director	from 21/04/11 to 2014	96,800	-	-	-
Stefano Orlando	Director	from 21/04/11 to 2014	96,800	-	-	-
Massimo Fasanella D'Amore di Ruffano	Director	from 07/03/2012 to 2014	57,800	-	-	-
Carolyn Dittmeier	Director	from 10/04/2013 to 2014	40,501	-	-	-
Francesco Giavazzi	Director	from 2011 to 10/04/2013	14,899	-	-	-
Total directors			1,598,400	1,203,180	13,574	403,297
Key managers with strategic responsibilities				2,578,904	134,664	2,790,240
Total			1,598,400	3,782,084	148,238	3,193,536

The fees mentioned above are referred to the Group.

The CEO's remuneration includes his executive salary from Autogrill S.p.A., shown under "Other fees," and the amounts accrued under the long-term incentive plan.

The CEO's contract states that if he resigns with just cause or is dismissed by the Company without just cause, the Company will top up the standard indemnity in lieu of notice (provided for in the national collective managers' contract for the commercial sector) with a further indemnity such that the total amount is no less than € 2m.

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

A significant portion of the variable compensation received by the CEO and by executives with strategic responsibilities is tied to the achievement of specific targets established in advance by the Board, by virtue of their participation in management incentive plans. In particular, the CEO and top managers participated during the year in an annual bonus system involving earnings and financial targets and other strategic objectives for the Group and/or the relevant business unit, as well as individual objectives. This was in addition to the L-LTIP plan, described below.

See the section "Incentive plans for directors and executives with strategic responsibilities" for a description of the plans in force.

Statutory auditors' fees

Statutory auditors' fees are as follows:

Name	Office held	Term of office	Fees (€)	Other fees (€)
Marco Giuseppe Maria Rigotti	Chairman	19.04.2012-31.12.2014	86,012	-
Luigi Biscozzi	Standing auditor	01.01.2012-31.12.2014	57,200	25,334
Eugenio Colucci	Standing auditor	01.01.2012-31.12.2014	55,000	17,169
Total Statutory Auditors			**198,212**	**42,503**

In office till the AGM approving the Financial Statements ending 31/12/2014

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

Independent auditors' fees for audit and other services

Type of services	Service provider	Recipient	Fees (€k)
Auditing	KPMG S.p.A.	Autogrill S.p.A.	313
Attestation	KPMG S.p.A.	Autogrill S.p.A.	154
Other services	KPMG S.p.A.	Autogrill S.p.A.	8

Incentive plans for directors and executives with strategic responsibilities

2010 Stock option plan

On 20 April 2010, the shareholders' meeting approved a stock option plan entitling executive directors and/or employees of Autogrill S.p.A. and/or its subsidiaries with strategic responsibilities 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 may be exercised between 20 April 2014 and 30 April 2015 once the vesting period has elapsed, at a strike price calculated as the average stock market price for the month preceding the grant date.

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

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

The number of options vested will then correspond to a percentage of the options granted, ranging from 30% for a terminal value of € 11 per share to 100% for a terminal value of € 17 per share or higher. For each beneficiary there is also a "theoretical maximum capital gain" by virtue of which, regardless of other estimates, the number of options exercisable will be limited to the ratio "theoretical maximum capital gain"/(fair value - strike price) [9]. The plan does not allow beneficiaries to request cash payments in alternative to the assignment of shares.

On 10 November 2010, the Board of Directors granted 1,261,000 options, out of the 2,000,000 available, to 11 beneficiaries meeting the requirements of the plan. The options are exercisable at a strike price of € 9.34. On 29 July 2011 the Board of Directors assigned an additional 188,000 options to two other beneficiaries meeting the plan requirements; these can also be exercised at a strike price of € 8.91.

On 16 February 2012, the Board of Directors assigned 120,000 options to a new beneficiary at a strike price of € 8.19, which can likewise be exercised.

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

Changes to the stock option plan

On 6 June 2013 the shareholders' 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. In accordance with these changes:

- the plan's beneficiaries are entitled, jointly or severally upon achieving the defined performance objectives, to receive one ordinary Autogrill share and one ordinary World Duty Free S.p.A. share for every vested stock option against payment of the strike price;
- the strike price is split proportionally between

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

the Autogrill share price and the World Duty Free S.p.A. share price on the basis of the average official stock market price of the two securities during the first 30 days following the listing of World Duty Free S.p.A. The strike price of Autogrill shares is between € 3.50 and € 4.17, while the strike price for World Duty Free shares is between € 4.33 and € 5.17, depending on the beneficiary on the basis of the strike price for each originally defined;

- the deadline for exercising the options has been extended from 20 April 2015 to 30 April 2018, without altering the start date of 20 April 2014.

At 31 December 2013, no options had been assigned, exercised, expired, cancelled or adjusted with respect to the previous year.

An independent external advisor has been engaged to calculate the fair value of the stock options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

The average fair value of the options outstanding at 31 December 2013 was € 1.31 for the part of the plan payable with Autogrill shares and € 3.09 for the part payable with shares of World Duty Free S.p.A.

For the year, the total costs recognized in relation to share-based payment plans amounted to € 394k.

Thorough information on the stock option plan is provided in the Information Document prepared in accordance with art. 84-*bis* (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com.

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

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

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

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

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

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

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

An independent external advisor has been engaged to calculate the fair value of the options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

At 31 December 2013, Autogrill's management believes it is unlikely that the minimum performance targets required for implementation of the 2011-2013 plan will be met, so no costs or provisions have been recognized for that plan.

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

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

In 2012 there was also the cancellation of 55,000 units, corresponding to a maximum of 40,752 shares, with an average fair value of € 6.62.

An independent external advisor has been engaged to calculate the fair value of the options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

At 31 December 2013, Autogrill's management believes it is unlikely that the minimum performance targets required for implementation of the 2012-2014 plan will be met, so no costs or provisions have been recognized for that plan.

Thorough information on the plan is provided in the Information Document prepared in accordance with art. 84-*bis* (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com.

2.2.10 Significant non-recurring events and transactions

Save for the proportional partial demerger of Autogrill S.p.A. to World Duty Free S.p.A., in 2013 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.

2.2.11 Atypical or unusual transactions

In 2013 there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of 28 July 2006, save for the proportional partial demerger of Autogrill S.p.A. to World Duty Free S.p.A., which was announced to the market in accordance with Consob Regulation no. 11971/99.

2.2.12 Events after the reporting period

Since 31 December 2013, no events have occurred that if known in advance would have entailed an adjustment to the figures in the financial statements or required additional disclosures in these Notes.

2.2.13 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 Issuer Regulation n. 11971/1999 in the case of significant mergers, demergers, increases in share capital through contributions in kind, acquisitions and transfers.

2.2.14 Authorization for publication

The Board of Directors authorized the publication of these draft financial statements at its meeting of 13 March 2014.

The shareholders' meeting called to approved the separate financial statements may ask for changes thereto.

Annexes

List of investments held directly and indirectly in subsidiaries and associates

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2013	Shareholders/quota holders
Parent					
Autogrill S.p.A.	Novara	Eur	68,688,000	50.100%	Schematrentaquattro S.p.A.
Companies consolidated line-by-line					
Nuova Sidap S.r.l.	Novara	Eur	100,000	100.000%	Autogrill S.p.A.
Autogrill Austria A.G.	Gottlesbrunn	Eur	7,500,000	100.000%	Autogrill S.p.A.
Autogrill Czech S.r.o.	Prague	Czk	154,463,000	100.000%	Autogrill S.p.A.
Autogrill D.o.o.	Ljubjana	Eur	1,342,670	100.000%	Autogrill S.p.A.
Autogrill Hellas E.p.E.	Avlonas	Eur	3,696,330	100.000%	Autogrill S.p.A.
Autogrill Polska Sp.z.o.o.	Katowice	Pln	14,050,000	100.000%	Autogrill S.p.A.
Autogrill Iberia S.L.U.	Madrid	Eur	7,000,000	100.000%	Autogrill S.p.A.
HMSHost Ireland Ltd.	Cork	Eur	13,600,000	100.000%	Autogrill S.p.A.
HMSHost Sweden A.B.	Stockholm	Sek	2,500,000	100.000%	Autogrill S.p.A.
Autogrill Catering UK Ltd.	London	Gbp	2,154,578	100.000%	Autogrill S.p.A.
Restair UK Ltd. (in liquidation)	London	Gbp	1	100.000%	Autogrill Catering UK Ltd.
Autogrill Deutschland GmbH	Munich	Eur	205,000	100.000%	Autogrill S.p.A.
HMSHost Egypt Catering & Services Ltd.	Cairo	Egp	1,000,000	60.0000%	Autogrill Deutschland GmbH
Autogrill Belux N.V.	Antwerp	Eur	10,000,000	99.900%	Autogrill S.p.A.
				0.100%	AC Restaurants & Hotels Beheer N.V.
AC Restaurants & Hotels Beheer N.V.	Antwerp	Eur	6,650,000	100.000%	Autogrill Belux NV
Autogrill Schweiz A.G.	Olten	Chf	23,183,000	100.000%	Autogrill S.p.A.
Restoroute de Bavois S.A.	Bavois	Chf	2,000,000	73.000%	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Avry devant Pont	Chf	1,500,000	54.300%	Autogrill Schweiz A.G.
Autogrill Nederland B.V.	Oosterhout	Eur	41,371,500	100.000%	Autogrill S,p,A
Autogrill Nederland Hotels B.V.	Oosterhout	Eur	1,500,000	100.000%	Autogrill Nederland B.V.
Autogrill Nederland Hotels Amsterdam B.V.	Oosterhout	Eur	150,000	100.000%	Autogrill Nederland B.V.
Holding de Participations Autogrill S.a.s.	Marseille	Eur	84,581,920	100.000%	Autogrill S.p.A.
Autogrill Aéroports S.a.s.	Marseille	Eur	2,207,344	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Côté France S.a.s.	Marseille	Eur	31,579,526	100.000%	Holding de Participations Autogrill S.a.s.
Société Berrichonne de Restauration S.a.s. (Soberest)	Marseille	Eur	288,000	50.005%	Autogrill Côté France S.a.s.
Société Porte de Champagne S.A. (Spc)	Perrogney	Eur	153,600	53.000%	Autogrill Côté France S.a.s.
Société de Restauration de Bourgogne S.A. (Sorebo)	Marseille	Eur	144,000	50.000%	Autogrill Côté France S.a.s.
Société de Restauration de Troyes-Champagne S.A. (Srtc)	Marseille	Eur	1,440,000	70.000%	Autogrill Côté France S.a.s.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2013	Shareholders/quota holders
Société Régionale de Saint Rambert d'Albon S.A. (Srsra) in liquidation	Romans	Eur	515,360	50.000%	Autogrill Côté France S.a.s.
Société de Gestion de Restauration Routière (Sgrr)	Marseille	Eur	1,537,320	100.000%	Autogrill Côté France S.a.s.
Volcarest S.A.	Riom	Eur	1,050,144	50.000%	Autogrill Côté France S.a.s.
Autogrill Restauration Services S.a.s.	Marseille	Eur	15,394,500	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Gares Métropoles S.àr.l.	Marseille	Eur	4,500,000	100.000%	Autogrill Restauration Services S.a.s.
Autogrill Restauration Carrousel S.a.s.	Marseille	Eur	2,337,000	100.000%	Holding de Participations Autogrill S.a.s.
La Rambertine S.n.c. (in liquidation)	Romans	Eur	1,524	100.000%	Autogrill Côté France S.a.s.
Société de Gestion Pétrolière Autogrill (SGPA S.àr.l.)	Marseille	Eur	8,000	100.000%	Autogrill Côté France S.a.s.
Autogrill Commercial Catering France S.àr.l.	Marseille	Eur	361,088	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Centre Campus S.àr.l.	Marseille	Eur	501,900	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill FFH Autoroutes S.àr.l.	Marseille	Eur	375,000	100.000%	Autogrill Côté France S.a.s.
Autogrill FFH Centres Villes S.àr.l.	Marseille	Eur	375,000	100.000%	Autogrill Restauration Carrousel S.a.s.
Carestel Nord S.àr.l. (in liquidation)	Mulhouse	Eur	76,225	100.000%	Autogrill Commercial Catering France S.a.s.
HMSHost Corporation	Delaware	Usd	-	100.000%	Autogrill S.p.A.
HMSHost USA L.L.C.	Delaware	Usd	-	100.000%	HMSHost Corporation
HMSHost International Inc.	Delaware	Usd	-	100.000%	HMSHost Corporation
Anton Airfood Inc.	Delaware	Usd	1,000	100.000%	HMSHost Corporation
Anton Airfood JFK Inc.	New York	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Cincinnati Inc.	Kentucky	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Minnesota Inc.	Minnesota	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Texas Inc.	Texas	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Ohio Inc. (in liquidation)	Ohio	Usd	-	100.000%	Anton Airfood Inc.
Palm Springs AAI Inc.	California	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Boise Inc.	Idaho	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Tulsa Inc.	Oklahoma	Usd	-	100.000%	Anton Airfood Inc.
Islip AAI Inc.	New York	Usd	-	100.000%	Anton Airfood Inc.
Fresno AAI Inc.	California	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Newark Inc.	New Jersey	Usd	-	100.000%	Anton Airfood Inc.
Anton Airfood of Seattle Inc.	Washington	Usd	-	100.000%	Anton Airfood Inc.
HMSHost Tollroads Inc.	Delaware	Usd	-	100.000%	HMSHost Corporation
Host International Inc.	Delaware	Usd	-	100.000%	HMSHost Corporation
HMS - Airport Terminal Services Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
HMSHost Family Restaurants Inc.	Baltimora	Usd	2,000	100.000%	Host International Inc.
HMSHost Family Restaurants L.L.C.	Delaware	Usd	-	100.000%	HMSHost Family Restaurants Inc.
Host (Malaysia) Sdn. Bhd.	Kuala Lumpur	Myr	-	100.000%	Host International Inc.
Host International of Canada Ltd.	Vancouver	Cad	75,351,237	100.000%	Host International Inc.
Host Canada L.P.	Calgary	Cad	-	99.900%	Host International Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2013	Shareholders/quota holders
				0.100%	Host International of Maryland Inc.
SMSI Travel Centres Inc.	Vancouver	Cad	10,800,100	100.000%	Host International of Canada Ltd.
HMSHost Motorways Inc.	Vancouver	Cad	-	100.000%	SMSI Travel Centres Inc.
HMSHost Motorways L.P.	Winnipeg	Cad	-	99.999%	SMSI Travel Centres Inc.
				0.001%	HMSHost Motorways Inc.
HK Travel Centres GP Inc.	Toronto	Cad	-	51.000%	SMSI Travel Centres Inc.
HK Travel Centres L.P.	Winnipeg	Cad	-	51.000%	HMSHost Motorways L.P.
Host International of Maryland Inc.	Maryland	Usd	1,000	100.000%	Host International Inc.
HMSHost USA Inc.	Delaware	Usd	-	100.000%	Host International Inc.
Host of Holland B.V.	Amsterdam	Eur	18,151	100.000%	Host International Inc.
Horeca Exploitatie Maatschappij Schiphol B.V.	Amsterdam	Eur	45,378	100.000%	Host of Holland B.V.
Host Services Inc.	Texas	Usd	-	100.000%	Host International Inc.
Host Services of New York Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
Host Services Pty Ltd.	North Cairns	Aud	6,252,872	100.000%	Host International Inc.
Marriott Airport Concessions Pty Ltd.	North Cairns	Aud	3,910,102	100.000%	Host International Inc.
Michigan Host Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
HMSHost Services India Private Ltd.	Bangalore	Inr	668,441,680	99.000%	Host International Inc.
				1.000%	HMSHost International Inc.
Host International of Kansas Inc.	Kansas	Usd	1,000	100.000%	Host International Inc.
HMSHost Finland Oy	Helsinki	Eur	-	100.000%	Host of Holland B.V.
NAG B.V. Partner LLC Kompanija N4 Russia	Luchthaven Schiphol	Eur	-	60.000%	Host of Holland B.V.
HMSHost Hospitality Services Bharath Private Limited	Karnatak	Inr	500,000	99.000%	HMSHost Services India Private Ltd.
				1.000%	Host International Inc.
Autogrill Russia	Russia	Eur	-	100.000%	NAG B.V. Partner LLC Kompanija N4 Russia
HMSHost Singapore Pte Ltd.	Singapore	Sgd	8,470,896	100.000%	Host International Inc.
HMSHost New Zealand Ltd.	Auckland	Nzd	1,520,048	100.000%	Host International Inc.
HMSHost Shanghai Enterprise Management Consulting Co. Ltd.	Shanghai	Cny	-	100.000%	Host International Inc.
HMSHost Yiyeecek ve Icecek Hizmetleri AS	Besiktas	Try	-	100.000%	Host of Holland B.V.
Host International (Poland) Sp.z.o.o. (in liquidation)	Poland	Pln	-	100.000%	Host International Inc.
Shenzhen Host Catering Company. Ltd. (in liquidation)	Shenzhen	Cny	-	100.000%	Host International Inc.
Vietnam Airport Food & Beverage Company Ltd.	Ho Chi Minh City	Vnm	-	100.000%	Host of Holland. B.V.
HMSHost (Shanghai) Catering Management Co., Ltd.	Shanghai	Cny	-	100.000%	Host of Holland. B.V.
Host/Diversified Joint Venture	Michigan	Usd	-	90.000%	Host International Inc.
Host-TFC-RSL, LLC	Kentucky	Usd	-	65.000%	Host International Inc.
Host GRL LIH F&B, LLC.	Delaware	Usd	-	85.000%	Host International Inc.
Host DLFJV DAL F&B, LLC	Delaware	Usd	-	51.000%	Host International Inc.
Host Fox PHX F&B, LLC	Delaware	Usd	-	75.000%	Host International Inc.
Host-CMS SAN F&B, LLC	Delaware	Usd	-	65.000%	Host International Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2013	Shareholders/quota holders
Airside C F&B Joint Venture	Florida	Usd	-	70.000%	Host International Inc.
Host of Kahului Joint Venture Company	Hawaii	Usd	-	90.000%	Host International Inc.
Host/Coffee Star Joint Venture	Texas	Usd	-	50.010%	Host International Inc.
Southwest Florida Airport Joint Venture	Florida	Usd	-	80.000%	Host International Inc.
Host Honolulu Joint Venture Company	Hawaii	Usd	-	90.000%	Host International Inc.
Host/Forum Joint Venture	Baltimora	Usd	-	70.000%	Host International Inc.
HMS/Blue Ginger Joint Venture	Texas	Usd	-	55.000%	Host International Inc.
Savannah Airport Joint Venture	Atlanta	Usd	-	45.000%	Host International Inc.
Host/Aranza Services Joint Venture	Texas	Usd	-	50.010%	Host International Inc.
Host & Garrett Joint Venture	Mississippi	Usd	-	75.000%	Host International Inc.
Tinsley/Host - Tampa Joint Venture Company	Florida	Usd	-	49.000%	Host International Inc.
Host - Taco Joy Joint Venture	Atlanta	Usd	-	80.000%	Host International Inc.
Host/Tarra Enterprises Joint Venture	Florida	Usd	-	75.000%	Host International Inc.
Metro-Host Joint Venture	Michigan	Usd	-	70.000%	Michigan Host Inc.
Ben-Zey/Host Lottery Joint Venture	Florida	Usd	-	40.000%	Host International Inc.
Host D&D St. Louis Airport Joint Venture	Missouri	Usd	-	75.000%	Host International Inc.
East Terminal Chili's Joint Venture	Missouri	Usd	-	55.000%	Host International Inc.
Host/LJA Joint Venture	Missouri	Usd	-	85.000%	Host International Inc.
Host/NCM Atlanta E Joint Venture	Atlanta	Usd	-	75.000%	Host International Inc.
Seattle Restaurant Associates	Washington	Usd	-	70.000%	Host International Inc.
Bay Area Restaurant Group	California	Usd	-	49.000%	Host International Inc.
HMSHost Coffee Partners Joint Venture	Texas	Usd	-	50.010%	Host International Inc.
Host-Grant Park Chili's Joint Venture	Arizona	Usd	-	60.000%	Host International Inc.
Host/JV Ventures McCarran Joint Venture	Nevada	Usd	-	60.000%	Host International Inc.
Host-CJ & Havana Joint Venture	California	Usd	-	70.000%	Host International Inc.
HSTA JV	Atlanta	Usd	-	60.000%	Host International Inc.
Host PJJD Jacksonville Joint Venture	Florida	Usd	-	51.000%	Host International Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.000%	Host International Inc.
Host CTI Denver Airport Joint Venture	Colorado	Usd	-	90.000%	Host International Inc.
Host of Santa Ana Joint Venture Company	California	Usd	-	75.000%	Host International Inc.
HMS - D/FW Airport Joint Venture	Texas	Usd	-	65.000%	Host International Inc.
HMS - D/FW Airport Joint Venture II	Texas	Usd	-	75.000%	Host International Inc.
Host-Prose Joint Venture III	Virginia	Usd	-	51.000%	Host International Inc.
Host Shellis Atlanta Joint Venture	Atlanta	Usd	-	70.000%	Host International Inc.
Host -Chelsea Joint Venture #4	Texas	Usd	-	63.000%	Host International Inc.
Host FDY ORF F&B, LLC	Delaware	Usd	-	90.000%	Host International Inc.
LTL ATL JV, LLC	Delaware	Usd	-	70.000%	Host International Inc.
Host ATLChefs JV 3, LLC	Delaware	Usd	-	97.000%	Host International Inc.
Host ATLChefs JV 5, LLC	Delaware	Usd	-	95.000%	Host International Inc.
Host LGO PHX F&B, LLC	Delaware	Usd	-	80.000%	Host International Inc.
Host H8 Terminal E F&B, LLC	Delaware	Usd	-	60.000%	Host International Inc.
Host Grove SLC F&B I, LLC	Delaware	Usd	-	87.500%	Host International Inc.
Host -Chelsea Joint Venture #3	Texas	Usd	-	63.800%	Host International Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2013	Shareholders/quota holders
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.000%	Anton Airfood Inc.
Host-Love Field Partners I, LLC	Wilmington	Usd	-	51.000%	Host International Inc.
Host-True Flavors SAT Terminal A FB	Wilmington	Usd	-	65.000%	Host International Inc.
Host Havana LAX F&B, LLC	Wilmington	Usd	-	90.000%	Host International Inc.
Host-CTI F&B II, LLC	Wilmington	Usd	-	80.000%	Host International Inc.
Host TCC BHM F&B LLC	Wilmington	Usd	-	70.000%	Host International Inc.
Host Lee JAX FB, LLC	Wilmington	Usd	-	70.000%	Host International. Inc.
Host CMI SNA FB, LLC	Delaware	Usd	-	100.000%	Host International. Inc.
Host Havana LAX TBIT FB, LLC	Delaware	Usd	-	70.000%	Host International. Inc.
Host Houston 8 IAH Terminal B	Delaware	Usd	-	60.000%	Host International. Inc.
HHL Cole's LAX F&B, LLC	Delaware	Usd	-	70.000%	Host International. Inc.
Host CMS LAX TBIT F&B, LLC	Delaware	Usd	-	95.000%	Host International. Inc.
Host WAB SAN FB, LLC	Delaware	Usd	-	85.000%	Host International. Inc.
Host JQE RDU Prime, LLC	Delaware	Usd	-	65.000%	Host International. Inc.
Host Howell Terminal A F&B, LL	Delaware	Usd	-	76.000%	Host International. Inc.
Step 1 LLC	Delaware	Usd	-	100.000%	Host International Inc. of Maryland
Autogrill VFS F&B Co. Ltd. (HOH/Vietnam JV)	Ho Chi Minh City	Vnm	-	70.000%	Host of Holland B.V.
				30.000%	Vietnam Airport Food & Beverage Company Ltd.
Islip Airport Joint Venture	New York	Usd	-	50.000%	Anton Airfood Inc.
Host Bush Lubbock Airport Joint Venture	Texas	Usd	-	90.000%	Host International Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	-	65.000%	Host International Inc.
Host-Tinsley Joint Venture	Florida	Usd	-	84.000%	Host International Inc.
Host - Prose Joint Venture II	Virginia	Usd	-	70.000%	Host International Inc.
Host/ Howell - Mickens Joint Venture	Texas	Usd	-	65.000%	Host International Inc.
Miami Airport Retail Partners Joint Venture	Florida	Usd	-	70.000%	Host International Inc.
Host Adevco Joint Venture	Arkansas	Usd	-	70.000%	Host International Inc.
Host-DMV DTW Retail, LLC	Wilmington	Usd	-	79.000%	Host International Inc.
Host/DFW AF. Ltd.	Delaware	Usd	-	50.000%	Host International. Inc.
Companies consolidated proportionally					
Caresquick N.V.	Brussels	Eur	3,300,000	50.000%	Autogrill Belux N.V.
Companies consolidated using the equity method					
Dewina Host Sdn Bhd	Kuala Lumpur	Myr	-	49.000%	Host International. Inc.
TGIF National Airport Restaurant Joint Venture	Texas	Usd	-	25.000%	Anton Airfood. Inc.
HKSC Developments L.P. (Projecto)	Winnipeg	Cad	-	49.000%	HMSHost Motorways Limited Partnership
HKSC Opco L.P. (Opco)	Winnipeg	Cad	-	49.000%	HMSHost Motorways Limited Partnership

Statement by the CEO and manager in charge of financial reporting

Statement about 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 2013.

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 Company, along with the main risks and uncertainties to which it is exposed.

Milan, 13 March 2014

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

Independent Auditors' Report

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

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(Translation from the Italian original which remains the definitive version)

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

To the shareholders of
Autogrill S.p.A.

1 We have audited the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2013, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The separate financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the company's directors restated some of the corresponding figures included in the prior year separate financial statements as a result of the retrospective application of IAS 19 (revised). We audited such financial statements and issued our report thereon on 20 March 2013. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the separate financial statements at 31 December 2013.

KPMG

Autogrill S.p.A.
Report of the auditors
31 December 2013

3 In our opinion, the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2013 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Autogrill S.p.A. as at 31 December 2013, the results of its operations and its cash flows for the year then ended.

4 The directors of Autogrill S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2013.

Milan, 3 April 2014

KPMG S.p.A.

(signed on the original)

Stefano Azzolari
Director

2

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 2013 close with a profit of € 110.4m, compared with a loss of € 14.6m the previous year. At the consolidated level, the portion of the profit for the year came to € 87.9m, with respect to a profit of € 96.8m in the prior year pertaining to the owners of the parent.

The report of the independent auditors KPMG S.p.A. on Autogrill S.p.A.'s separate financial statements for the year ended 31 December 2013, issued on 3 April 2014, was unqualified. KPMG's opinion on the Autogrill Group's 2013 consolidated financial statements, issued on the same date, was also unqualified.

1. Supervisory activities performed and information received

During the year ended 31 December 2013 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 13 meetings, which were generally attended by all statutory auditors in office;
- attended, generally as a board, the 13 meetings of the board of directors;
- attended, generally as a board, the 11 meetings of the control, risks and corporate governance committee;
- attended, generally through the participation of the chairman or another statutory auditor, the 12 meetings of the strategies and investments committee;
- attended, generally through the participation of the chairman or another statutory auditor, the nine meetings of the human resources committee;
- attended, generally through the participation of the chairman or another auditor, the seven meetings of the related party transactions committee;
- attended on 6 June 2013, as a board, the ordinary shareholders' meeting held to approve the 2012 financial statements and the extraordinary and ordinary shareholders' meetings held to amend the corporate by-laws to eliminate the par value of the ordinary shares, to approve the proportional partial demerger (see § 2) and amendment of the stock option plan;
- 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 the Company and the Group it heads, and of the transactions of the greatest significance for financial position and results of operations 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 internal control, risks and corporate governance committee and the other advisory committees.

No irregularities were encountered through our meetings and contacts with the independent auditors.

In the course of our activities, in 2013:

- we received one complaint from a shareholder pursuant to art. 2408 of the Italian Civil Code concerning general lack of compliance with art. 9 of the corporate by-laws relating to the chairing of the shareholders' meeting without, however, providing any further information. We found that the by-law referred to did not violate the law, as alleged in the complaint;
- no statements/reports were received.

During the year we prepared the following opinions for the Board of Directors:

- appointment of a director coopted on 10 April 2013 (appointment confirmed during the ordinary shareholders' Meeting held on 6 June 2013);
- compensation of directors holding special offices.

The Company is responsible for the management and coordination of the Group it heads and prepares the Group's consolidated financial statements. The one Italian subsidiary has duly disclosed its status as subject to Autogrill's management and coordination.

Although Autogrill is controlled by Schematrentaquattro S.r.l. (itself a subsidiary of Edizione S.r.l.), it is not subject to its management and coordination because, as stated in the corporate governance report, Autogrill has "extensive managerial organizational and administrative autonomy, with no instructions or directives on the part of Schematrentaquattro S.r.l. or Edizione S.r.l. that might be evidence of management or coordination on the part of controlling shareholders." This conclusion is not affected by the fact that a few representatives of Edizione S.r.l. serve on Autogrill's Board.

With the necessary conditions satisfied, the Board of Directors has opted to convene the shareholders' meeting for approval of the 2013 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* of the Consolidated Finance Act (120 days from the close of the year). As explained in the directors' report, this decision was made in consideration of the extraordinary transaction completed in the year ended at 31 December 2013 (see the following paragraph of this report for further information).

2. Key events; related party transactions

On 1 October 2013 the proportional partial demerger of Autogrill S.p.A. to the wholly-owned subsidiary Duty Free S.p.A. (the "Demerger") became effective, as approved by the companies' general meetings of shareholders on 6 June 2013.

The demerger plan was written jointly by the Boards of Directors of Autogrill S.p.A. and World Duty Free S.p.A. pursuant to and for the purposes of arts. 2506-*bis* and 2501 ter of the Italian Civil Code, and approved by those boards on 3 May 2013. The plan was published on Autogrill's website on 4 May 2013 and on 22 May additional information was published. The demerger act was signed on 26 September 2013 and filed with the Novara Companies Register on 27 September 2013.

The directors stated that the demerger had the "predominantly industrial purpose of separating the two sectors in which the Autogrill Group operated – Food & Beverage and Travel Retail & Duty Free – given that they are substantially different in terms of both market and competitive landscape and management and development strategies". Also, the two sectors are managed independently and no significant synergies connect one to the other. These characteristics are reflected in the different past and projected results of the two sectors, and in the development strategies that they will pursue in the foreseeable future.

The demerger created two distinct groups, each focused on its own business, allowing both of them to better pursue their strategies and improve their performance by leveraging their respective strengths.

With the demerger, Autogrill S.p.A. transferred to World Duty Free S.p.A. its interest in World Duty Free Group S.A.U., the Spanish holding company of a subgroup operating in the Travel Retail & Duty Free business.

As a result of the demerger, on 1 October 2013, the net equity of Autogrill S.p.A. decreased by € 428,878k and that of World Duty Free S.p.A. increased by the same amount. Consequently, the shareholders of Autogrill S.p.A. were assigned World Duty Free S.p.A. shares free of charge, in the same number and of the same category as the Autogrill shares held previously.

Since 1 October 2013, WDF S.p.A. and Autogrill S.p.A. have been listed separately on Milan's Mercato Telematico Azionari (MTA) and operate separately and independently.

The two companies are related parties as they are both controlled by Schematrentaquattro S.p.A., which at 31 December 2013 owned 50.1% of Autogrill S.p.A. and 50.1% of WDF S.p.A. Schematrentaquattro S.r.l. is a wholly-owned subsidiary of Edizione S.r.l.

As a result of the Demerger, Autogrill received ordinary shares of WDF in exchange for treasury shares held in its portfolio which were kept including in light of the possibility that the shares could be used to service the stock option plans existing prior to and altered subsequent to the Demerger.

In order to complete the transfer to the Beneficiary Company of all the businesses pertinent to Travel Retail & Duty Free, HMSHost Corporation ("HMS"), a wholly-owned subsidiary of Autogrill, sold the US Retail Division to World Duty Free S.p.A.'s parent. This business involves the management of convenience stores found almost exclusively in several North American airports managed by HMS and a few of its subsidiaries.

The transfer of the US Retail Division calls for:
(a) the purchase by World Duty Free S.p.A.'s parent from HMS of the entire share capital of CBR Specialty Retail Inc., a company to which all the concession contracts in effect were transferred, along with the concession management business, once the acquisition was finalized and once the grantors agreed;
(b) the subsequent transfer by HMS or its subsidiaries to CBR Specialty Retail Inc. of the concessions that did not need to be transferred to CBR Specialty Retail Inc. before the acquisition by WDF's parent.

The price agreed upon by the parties at the first closing came to $ 105m or 87.8% del of the total price of $ 120m for the transfer of all the retail concessions managed up until now by HMSHost.

With the exception of the demerger, in 2013 there were no transactions with a major impact on the financial position and results of operations conducted by the Company or the Group that were beyond the scope of ordinary operations and that are therefore emphasized in the directors' report. Of the more significant events concerning Autogrill and the group, we would like to point out the following:

- agreement between the subsidiary HMSHost Corporation and Vietnam Food and Beverage Services Company Ltd., a local food and beverage operator, for the formation of Autogrill VFS F&B Company, the new company which will operate more than 80 stores in Vietnamese airports. Autogrill VFS, in addition to operating the 28 locations that IPP Group had managed at Ho Chi Minh and Da Nang airports (the first and third largest in Vietnam) and at Phu Quoc airport, built four more points of sale outlets during the second half of 2013: one at Hanoi (the country's second largest airport) and an additional three at Ho Chi Minh. According to an ambitious development plan which calls for the opening of 40 more points of sale over the next 12 months, the group will be present at the top six airports in Vietnam and, at full capacity, the business is expected to generate annual revenue of more than USD 20m;
- agreement between HMSHost International and Novikov Group and Ginza Project to set up Autogrill Russia, the new company that will provide Food & Beverage services at St. Petersburg Pulkovo International Airport. Under the terms of the agreement, the new company (60% HMSHost International, 40% split equally between the two partners both sector leaders in Russia), will operate eight points of sale in the airport for seven years. The concession is expected to generate total revenues of around € 130m in the period 2014 to 2021;
- contract signed by HMSHost International and Finavia, Finland's airport authority, to operate 16 points of sale at Helsinki-Vantaa International Airport. The agreement provides for a two-stage roll-out of operations: the first nine locations are expected to open in the second half of 2014,

while the other seven will come into service in 2016. The concession is expected to generate total revenues of over € 200 m in the period from 2014 to 2024;

- new contract in Germany to provide Food & Beverage services at Düsseldorf Airport, the country's third biggest airport in terms of passenger traffic. The concession is expected to generate revenue of around € 60m in the period 2014-2021.
- termination of a revolving credit facility in the original amount of € 200m, maturing November 2013. The facility was unutilized at 31 December 2012;
- termination of a € 200m Term Loan Agreement expiring June 2015 which was fully utilized at 31 December 2012;
- termination of a $ 250m revolving facility agreement maturing in June 2014. This line was available exclusively to the subsidiary HMSHost Corporation and was unutilized at 31 December 2012;
- new $ 300m revolving credit facility maturing in March 2016, available solely to the subsidiary HMSHost Corporation. This line calls for the borrowed amount to be reduced by $ 25 m at 12, 18 and 24 months from the contract date (total $ 75m), with the remainder reimbursed in a lump-sum payment at maturity. It is an unsecured facility and at 31 December 2013 had been drawn down by € 26,373k.
- changes made to the multicurrency revolving facility originally in the amount of € 700m. The facility is no longer available for use by the US companies HMSHost Corporation and Host International Inc., and since October 2013, the maximum amount available has been reduced from € 700m to € 500m.
- private placement made by HMSHost Corporation in January 2013 of new bond issues amounting to $150 m, maturing January 2023 and paying interest half-yearly at a fixed annual rate of 5.12%; the proceeds were used to pay back the 2003 bond issue that matured in January 2013, which at 31 December 2012 amounted to $ 266m;
- bond issue in March 2013 for a total of $ 200m by HMSHost Corporation, paying interest half-yearly and split into tranches as summarized in the table below:

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

- as from 22 April 2013, further to agreements with its lenders, Autogrill S.p.A. is no longer guarantor of the above bonds issued by HMSHost Corporation.

Opinion of the board of statutory auditors

In general, the board confirms that Autogrill has complied with laws, by-laws and sound management principles.

As mentioned, the above transactions and events in 2013, other than the demerger, are not emphasized in the directors' report or the notes to the financial statements as they fall within the ordinary sphere of operations.

The Board has 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 2012 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, 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. The procedure, which can be consulted on the Company's website, makes resolutions on the compensation of directors and other executives with strategic responsibilities exempt from the standard rules, provided that certain conditions are met. The report on corporate governance and ownership structure provides information on the three-year revision process implemented relative to the procedure.

In light of the specificity of the Group's business, it becomes particularly important that "Ordinary related party transactions" include those transactions "carried out in the course of ordinary business and related financial activities and that are (…) carried out in terms similar to those usually applied to transactions with unrelated parties of similar nature, risk and size", to the extent that "the terms defined as a result of the Company's participation in competitive bidding are considered similar to those usually applied to transactions with unrelated parties provided the Company's bid was determined as a result of predetermined corporate policies applicable to all cases of participation in tenders, including those called by related parties, calling for minimum levels of profitability and which have been approved by the Company's Board of Directors, pursuant to and in accordance with Autogrill's RPT Procedures". We monitored the implementation of this part of the procedure.

In the directors' report and notes, the directors have reported on the ordinary transactions carried out with related parties – including the waiver of pre-emption rights with Autostrade per l'Italia S.p.A. – 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 comprise the Company's financial soundness.

3. Performance for the year, financial position

As mentioned above, the profit attributable to the owners of the parent amounted to € 87.9 m, with respect to a profit of € 96.8 m the previous year. Net of the results posted by the demerged Travel Retail & Duty Free business in both years, the loss attributable to the owners of the parentamounts to € -1.5 m in 2013 and € -3.8 m in 2012.

The notes to the consolidated financial statements contain all the information on financial position and results of operations as regards the demerged business.

The consolidated net financial positionwas a negative € 672.7m at the end of 2013 versus € 1,494.7m at the end of 2012 or, inclusive of the effects of the demerger, versus € 933.2m at the end of 2012. The current consolidated net financial position amounted to € +64.3m at the end of 2013 versus, inclusive of the effects of the demerger, € -125.1m at the end of 2012, an improvement of € 189.4m.

The demerger, therefore, had a positive impact on the figure posted at year-end of € 561.5m which corresponds to the net financial position at the end of 2012 of the demerged business. Furthermore, the demerger transaction also resulted in the receipt of an extraordinary dividend of € 220m (paid by World Duty Free Group), as well as the proceeds from the sale of the North American travel retail operations to the World Duty Free Group of € 74.1m. Both events took place in 2013.

Net investments in 2013 amounted to € 162.6 m down with respect to the € 252.6m posted in the prior year which was impacted significantly by the new concessions in US airports.

Consolidated equity attributable to the owners of the parent fell from € 787.7m at the end of 2012 to € 413.6m at the end of 2013.

Consolidated net cash flow from operating activities was a positive € 148.1m (€ 418.8 m the previous year, including the demerged business, while net of the demerger the figure amounts to € 230.7m). Cash flows used in investing activities came to € 184.9m (€ 250.8m including the demerged business), as well as the € 16.0m paid to set up the operation in Vietnam.

In terms of financial management, of note are the agreements mentioned in § 2 above which resulted in the separation of loans granted to HMSHost

Corporation – for which Autogrill is no longer the guarantor – from the ones granted to Autogrill, that may no longer be used by the US companies HMSHost Corporation and Host International Inc.

The Group's loans and bond issues call for compliance with covenants, described in the notes to the financial statements. The directors pointed out in the report on operations that none of the covenants were breached in 2013.

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.

In 2013 the Company reinforced its internal control and risk management system, meaning the set of rules, procedures and organizational structures designed to facilitate sound, 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 these activities, which also concerned the group companies of strategic significance.

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 internal audit department which, in accordance with Borsa Italiana's new Corporate Governance Code, since January 2013 reports directly to the Board of Directors, and by the group's enterprise risk management department, which assists the chief executive officer and the organizational units in the activities described above.

The internal control system is defined by the Company's Code of Conduct as the set of instruments designed to orient, manage and oversee the Company's operations in order to foster the efficacy and efficiency of the business, ensure compliance with laws and in-house procedures, protect the Company's 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 answers directly to the Board of Directors while coordinating its activities closely with the director in charge of the internal control and risk management system.

The head of internal audit, who has no ties to operating units, reports frequently to the internal control, risks and corporate governance committee, presenting the annual plan of work and reporting periodically on the 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, 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 seriously compromise the achievement of an acceptable overall risk profile.

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, insider dealing, appointment of the independent auditors, internal auditing, and other matters discussed in this report. The basis of the system is the Groups' 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, the Company uses the enterprise risk management method described in the report on corporate governance and ownership structure. We view the use of this approach in a positive light and hope that it will be further reinforced, as well as expanded to all lines of business in order to strengthen their operations.

The directors' report describes the risks faced by the Company, including for the purposes of art. 19(1)(b) of Legislative Decree 39/2010.

The Company has adopted the organizational and management model for the prevention of criminal 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. We have met with the compliance committee, comprised of an external expert and the internal audit director, as well as, beginning 12 December 2013, the Chairman of the Board of Statutory Auditors who is willing to serve for the period he is in office as part of the Board of Statutory Auditors. The compliance committee 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.

To this end, much attention was focused on the revision of the organizational model pursuant to Decree 231/2001 Model – the new version of which was approved by the Board of Directors on 12 December 2013 – particularly with regard to the information provided to the compliance committee and health and safety in the workplace.

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

With particular reference to administrative activities, in the report on corporate governance and ownership structure 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.

The Company is compliant with Law 262/2005 and 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 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 his activities 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 as 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 attesting to the adequacy and due application of said procedures.

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

The manager in charge of financial reporting evaluates the accounting internal 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. The ordinary irregularities encountered have already been subject to corrective measures, thus minimizing exposure to risk and ensuring the complete adequacy of the process in all of its stages.

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 with respect to the prior year) have suitable procedures in place for the regular transmission to Autogrill's management and to the parent's independent auditor of information related to the statement of financial position, results of operations and cash flows for the preparation of the consolidated finacial statement.

We note that the Company exercised the opt-out clause provided in Articles 70 and 71 of the Issuers Regulations which grants the option to waive the mandatory publication of information documents relating to mergers, spin-offs, share capital increases through in-kind transfers, acquisitions and disposals.

Independent auditors

The accounts of all group companies are fully audited (sometimes with reference only to the reporting packages prepared for the consolidation) by companies in the KPMG network, which was appointed on 27 April 2006 and whose assignment will expire with approval of the 2014 financial statements, by virtue of the extension to the period 2012-2014 pursuant to article 17 of Legislative Decree 39/2010.

On 3 April 2014 the independent auditors provided us with the report required by art. 19 of Legislative Decree 39/2010, which notes no significant shortcomings in the internal control system concerning the financial reporting process.

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	313
	Parent's auditors	Subsidiaries	51
	Parent's auditors network	Subsidiaries	1,930
Attestation	Parent's auditors	Parent	154
	Parent's auditors	Subsidiaries	27
	Parent's auditors network	Subsidiaries	929
Other services	Parent's auditors	Parent and subsidiaries	8
	Parent's auditors network	Subsidiaries	5

We would like to point out that no questions have arisen regarding the independence of the independent auditing firm and that we have received its confirmation of independence in accordance with Art. 17(9)(a) of Legislative Decree 39/2010.

In this regard, in November 2012 the Company revised the group procedure for the appointment of external auditors by Autogrill and its subsidiaries. The new procedure makes the independent auditors firm responsible for auditing the subsidiaries as well as the parent, and governs the assignment of additional tasks to that auditors to prevent it from having assignments that are incompatible with auditing, as defined by law, or in any case prejudicial to its independence.

5. Corporate governance

Detailed information on how Autogrill has implemented the corporate governance principles approved by Borsa Italiana (laid down in the Corporate Governance Code, referred to hereinafter as the "Code") is provided by the directors in the annual corporate governance report, approved on 13 March 2014 and attached to the financial statements.

That 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. Indeed, in some cases the "minimum rules" 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 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 Groups' Code of Conduct; likewise, it ascertained the continued independence of the statutory auditors, according to the provisions of that Code.

With regard to the maximum number of directorships and statutory auditorships that may be held in other companies, on 13 February 2014 the Board of Directors resolved to confirm the guideline approved on 12 December 2007. While this guideline does not appear particularly stringent, the Board stressed – including in the report on corporate governance – the view that the only viable benchmark is the time that each director must dedicate to fulfilling the duties assigned and that this evaluation should be carried out by the shareholders when the selection of candidates to serve on the Board of Directors is made and, above all, by each of the candidates. We share this opinion.

The annual report on corporate governance and ownership structure contains information about the induction initiatives completed in 2013. In light of the renewal of the Board when the shareholders' meeting to approve the 2013 annual report is convened, we feel it might be useful to intensify this type of activity.

6. Conclusions.

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 reservation of the Autogrill Group's consolidated financial statements, of Autogrill S.p.A.'s separate financial statements and of the corresponding directors' reports.

During the course of our audit work, no matters arose that might have required reporting to the supervisory authorities or mention in this report.

In their report issued pursuant to arts. 14 and 16 of Legislative Decree 39 of 27 January 2010, the independent auditors gave an unqualified opinion of the separate and the consolidated financial statements for 2013. Both the separate and the consolidated financial statements come with statement of the manager in charge financial reporting and chief executive officer required by art. 154-*bis* TUF.

The general meeting called to approve the financial statements is also asked to vote on other matters within its sphere of authority, including the authorization to buy and sell treasury shares and the remuneration report. The directors are not proposing the payment of a dividend this year.

On the basis of our work during the year, we find no reason not to approve the financial statements at 31 December 2013 and the motions presented by the Board of Directors.

Milan, 8 April 2014

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