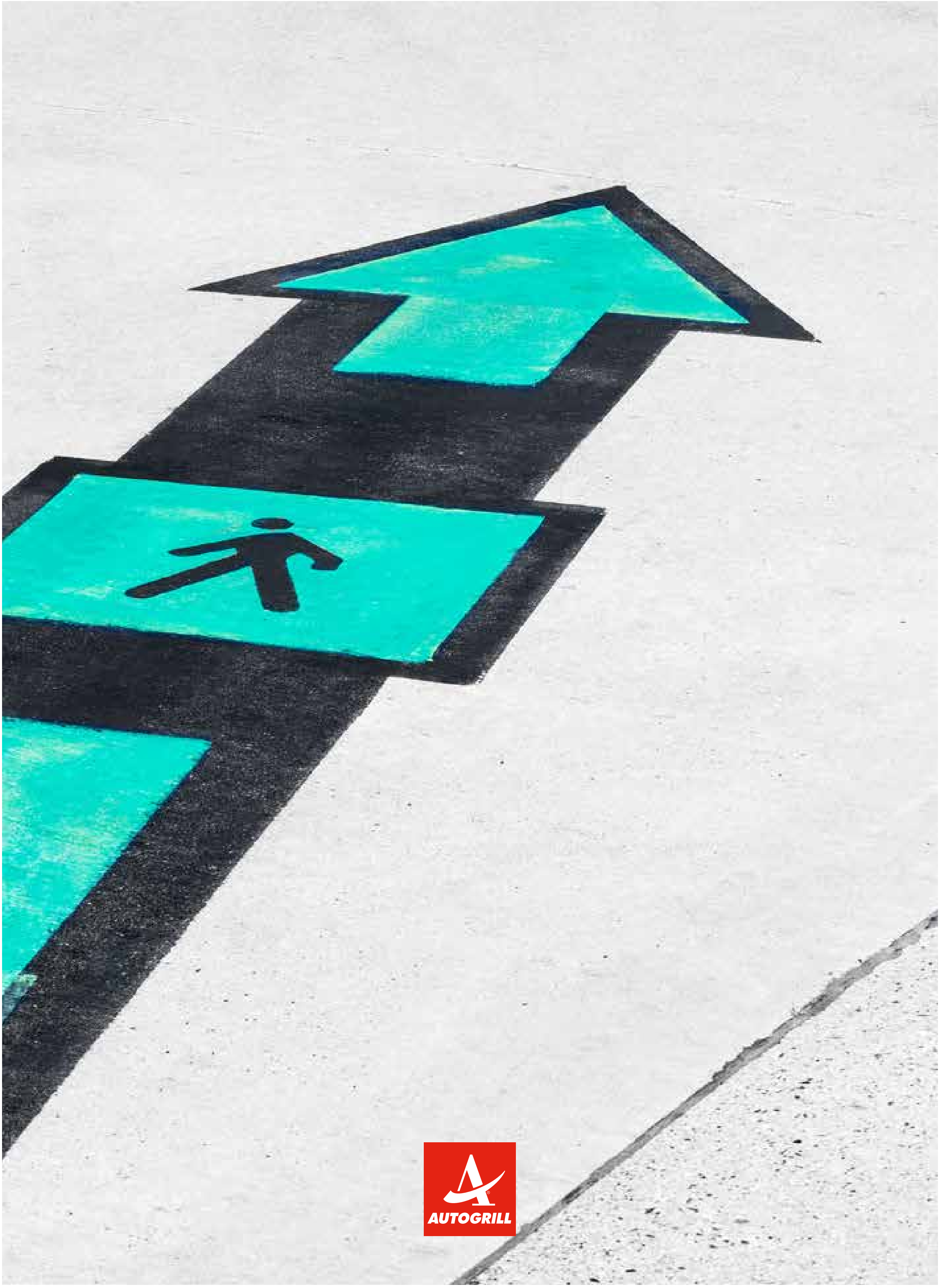
AUTOGRILL S.P.A.
ANNUAL REPORT 2018



AUTOGRILL S.P.A.

ANNUAL REPORT 2018

(Translated from the original version issued in Italian)

BOARDS AND OFFICERS

BOARD OF DIRECTORS [1]

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

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

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

Secretary
Paola Bottero

BOARD OF STATUTORY AUDITORS [9]

Chairman
Marco Rigotti [10]

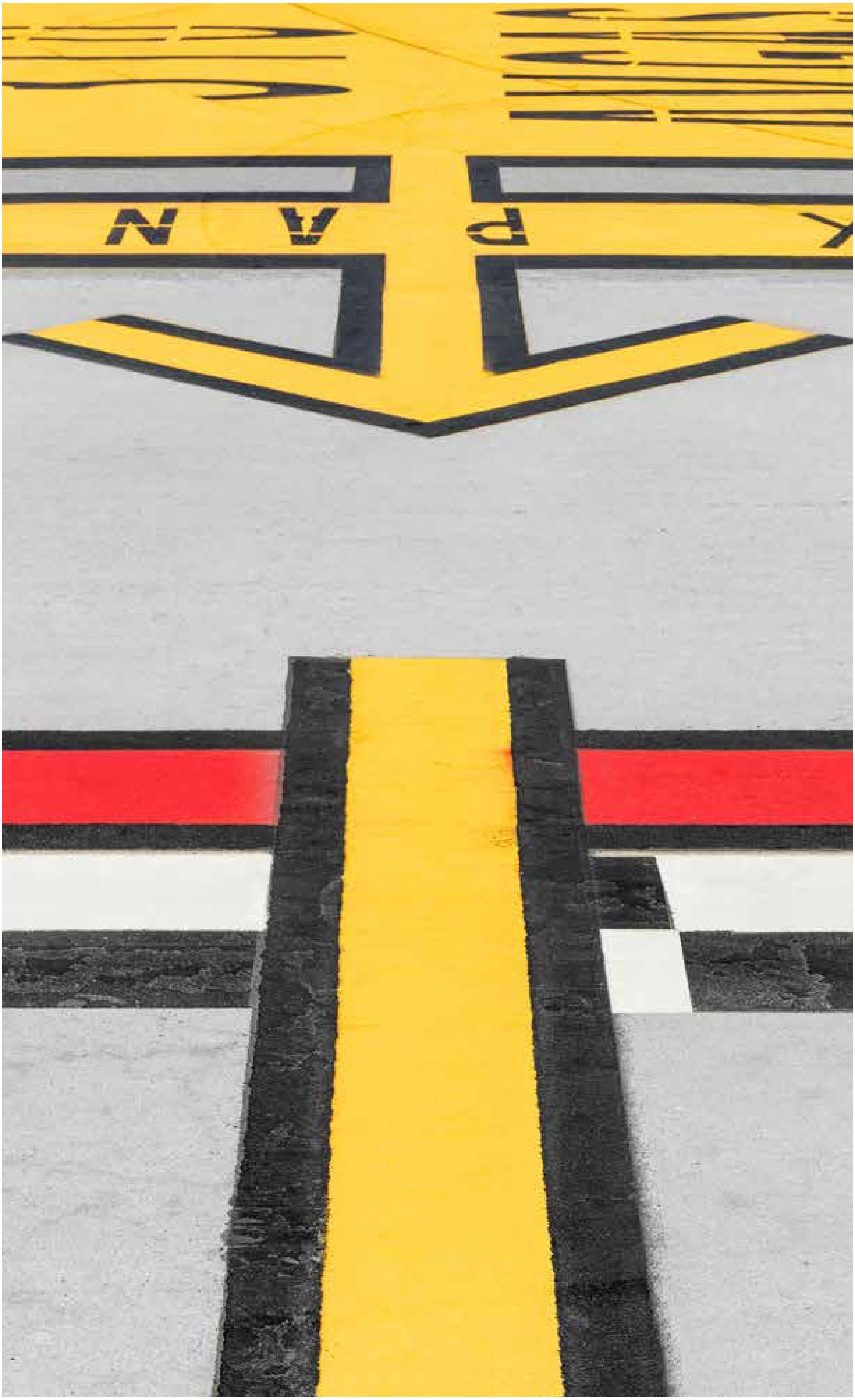
Standing auditor
Antonella Carù [10]
Massimo Catullo [10]

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

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

1. Elected by the annual general meeting of 25 May 2017; in office until approval of the 2019 financial statements
2. Co-opted on 7 February 2019 to replace Gilberto Benetton and elected chairman of the board on the same date
3. Powers assigned by law and the company's by-laws, particularly legal representation with individual signing authority
4. Powers of ordinary administration, with individual signing authority, per Board resolution of 25 May 2017
5. Member of the Strategies and Investments Committee
6. Member of the Internal Control, Risks and Corporate Governance Committee
7. Member of the Related Party Transactions Committee
8. Member of the Human Resources Committee
9. Elected by the annual general meeting of 24 May 2018; in office until approval of the 2020 financial statements
10. Chartered accountant/auditor
11. Appointed by the annual general meeting of 28 May 2015, with expiring on approval of the 2023 financial statements
12. Elected by the Board of Directors of 7 February 2019

L. Lead Independent Director
I. Independent director as defined by the Corporate Governance Code for Listed Companies (version approved in July 2014 by the Corporate Governance Committee and endorsed by Borsa Italiana, ABI, ANIA, Assogestioni, Assonime and Confindustria) and pursuant to Articles 147-*ter* (4) and 148 (3) of Legislative Decree 58/1998
E. Executive director



CONTENTS

DIRECTORS' REPORT

1

DEFINITIONS AND SYMBOLS

Revenue: in the directors' report, 2017 revenue does not include the sale of fuel. Costs as a percentage of revenue are calculated on this basis. For 2018, fuel sales are likewise excluded because they pertain to the spin-off Autogrill Italia S.p.A.
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.
Where figures have been rounded to the nearest million, sums, changes and ratios are calculated using figures extended to thousands for the sake of greater accuracy.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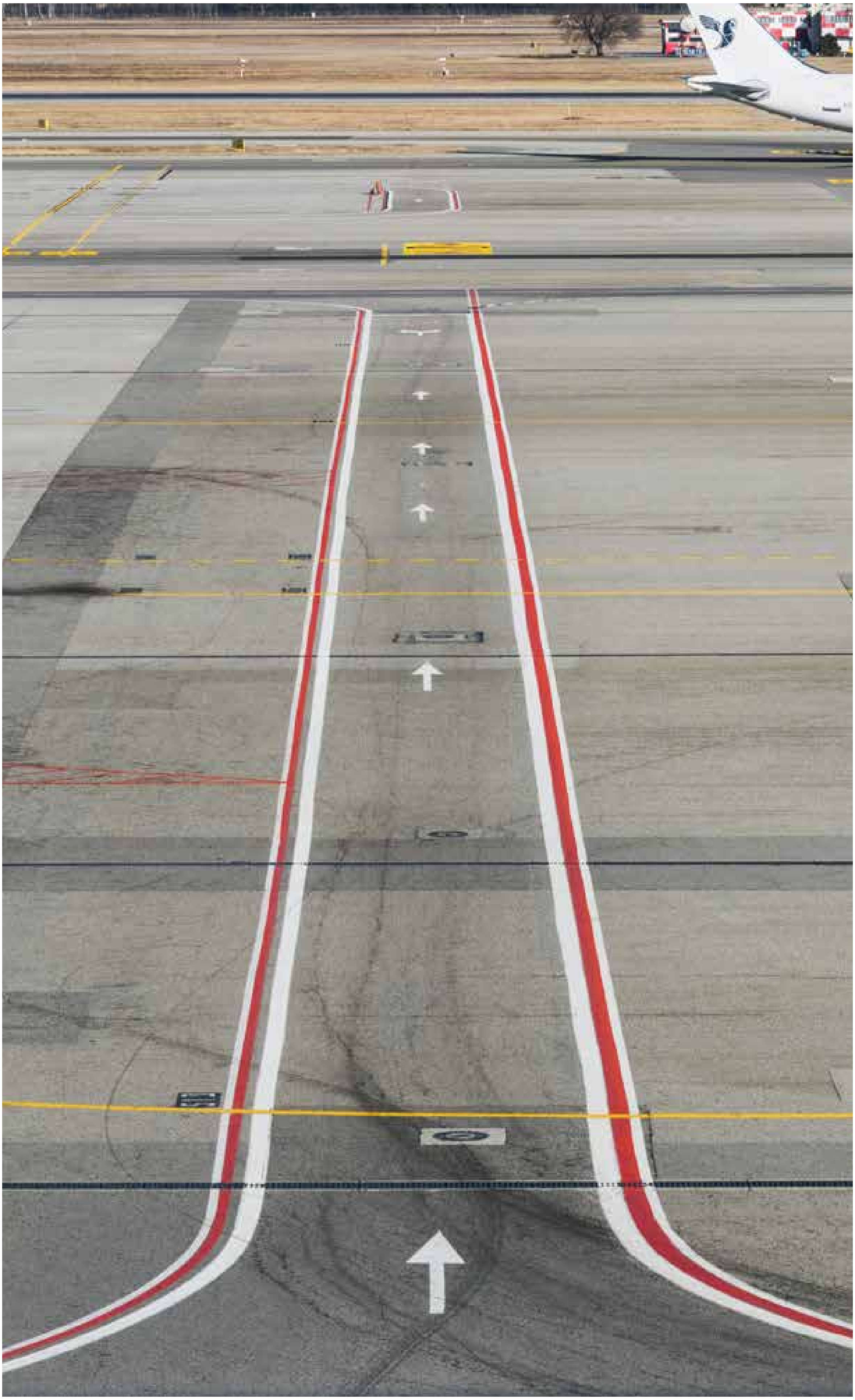
1.1 OPERATIONS

Listed on the Milan Stock Exchange, Autogrill S.p.A. (the "Company") heads up the world's leading provider of food & beverage services for people on the move. Through its subsidiaries, it operates in 32 countries around the world, and is especially active in the United States, Canada, Italy, France, Switzerland, and Belgium, with a sizable presence in Germany, the United Kingdom, Northern Europe, India, and Vietnam.

Until 2017 the Company provided food & beverage services at major travel infrastructures (motorways, airports, and railway stations), directly or indirectly, and mainly in the Italian market. That year, the Company completed a Corporate Reorganization aimed at separating the Italian food & beverage operations and the coordination and service activities provided to the directly controlled European companies from the group-wide holding direction and management activities.

Since 1 January 2018, Autogrill S.p.A. has been in charge of strategic guidance and coordination; administration, finance, control, and enterprise risk management; investor relations; legal and corporate; communication; public affairs; strategic marketing; human resources and organization; corporate social responsibility and internal audit.

As a result of the Corporate Reorganization, three divisions that had been part of Autogrill S.p.A. until 31 December 2017 were spun off to three wholly-owned limited liability companies, as consideration in kind for the capital increases resolved by each of their shareholders' meetings with effect from 1 January 2018. The three transferees Autogrill Italia S.p.A., Autogrill Europe S.p.A. and Autogrill Advance Business Service S.p.A. were turned into joint-stock companies as of the same date. See Section 2.2.1 of the notes to the financial statements for further details.



1.2 PERFORMANCE

As a result of the Corporate Reorganization, with effect from 1 January 2018 the Italian food & beverage business, the management of the European affiliates (continental and southern Europe), and administrative and ICT services are no longer part of Autogrill S.p.A. Starting with 2018 the Company's operations consist of Group-wide holding guidance and management, namely, the definition and development of growth strategies; capital allocation; corporate governance; and institutional relations. Autogrill S.p.A. also provides services to subsidiaries relating to the centralized management of certain procurement contracts, the provision of guarantees, and software licenses. As such, this report describes operations performed in 2018 that are not comparable with those of the previous year.

1.2.1 INCOME STATEMENT RESULTS

CONDENSED INCOME STATEMENT [1]

(€m)	2018	2017
Revenue	14.7	936.5
Other operating income	7.0	66.7
Total revenue and other operating income	**21.7**	**1,003.2**
Raw materials, supplies and goods	-	(448.6)
Personnel expense	(14.6)	(261.6)
Leases, rentals, concessions and royalties	(1.0)	(163.8)
Other operating expense	(13.7)	(109.3)
EBITDA	**(7.6)**	**19.9**
Depreciation, amortization and impairment losses	(3.1)	(41.6)
EBIT	**(10.7)**	**(21.7)**
Financial (expense)/income	28.0	82.0
Pre-tax profit	**17.3**	**60.3**
Income tax	(2.1)	(0.9)
Profit	**15.2**	**59.4**

1 For 2017 only, "Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the income statement because they do not include immaterial amounts of revenue from the sale of fuel. That amount, net of the associated costs, is classified as "Other operating income" in accordance with Autogrill's protocol for the analysis of figures

ALTERNATIVE PERFORMANCE MEASURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

For a more complete understanding and enhanced significance of the consolidated financial statements prepared in accordance with IAS 1, as discussed in Section 1.2.2 of the report to the consolidated financial statements, alternative performance measures have been used to normalize consolidated EBITDA, the consolidated EBITDA margin, consolidated EBIT, net profit attributable to shareholders of the parent company, and earnings per share attributable to shareholders of the parent company from the impact of non-recurring income and expenses. Because these alternative performance measures aim solely at improving comprehension of the Group's consolidated results, and the non-recurring components in question do not pertain to Autogrill S.p.A.'s current operations, no alternative performance measures are presented with regard to the separate financial statements.

REVENUE

In 2018 the Company had no revenue from food & beverage sales (€ 936.5m in 2017) as that business was transferred to Autogrill Italia S.p.A. as part of the Corporate Reorganization. Conversely, in 2018, the Company earned revenue from Group guidance and management in the amount of € 14.7m (€ 14.5m in license fees and € 0.2m in service fees).

OTHER OPERATING INCOME

Other operating income of € 7.0m includes gains from the disposal of a storage facility (€ 3.6m) and fees for services performed for subsidiaries (€ 1.9m). The previous year, this item consisted mainly of promotional contributions from suppliers (€ 40.9m).

PERSONNEL EXPENSE

Personnel expense came to € 14.6m in 2018 and refers to the units in charge of the Group's guidance and management: Legal/Corporate, Administration, Finance, Planning, Internal Audit, Organization and Human Resources, and Marketing. It includes € 0.4m for the cost of the phantom stock option plans and performance share units plans pertaining to those units' employees (€ 10.3m in 2017, for the phantom stock option plans only, but including beneficiaries now employed by the spun-off companies).

LEASES, RENTALS, CONCESSIONS AND ROYALTIES

These costs in 2018 refer to rent for the Company's head office in Rozzano, outside Milan. They are shown net of the portion reimbursed by the other Group companies on the basis of the space they occupy (€ 1.0m).

OTHER OPERATING EXPENSE

In 2018 this amount consists primarily of legal, administrative and marketing fees and costs for maintenance and utilities at the head office.

EBITDA

The year closed with negative EBITDA of € 7.6m; the change in core operations as a result of the Reorganization, which has placed Autogrill S.p.A. in a strategic coordination role, means that the cost of running the business is only partially offset by the revenue from subsidiaries mentioned above. The Company does receive dividends from its subsidiaries, which are included in financial income and do not contribute to EBITDA.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

In 2018, amortization and depreciation came to € 3.1m and refers to software, licenses and brands as well as leasehold improvements. There were no impairment losses during the year.

FINANCIAL INCOME AND EXPENSE

Net financial income totaled € 28m, compared with € 82m in 2017. In both years, dividends came mainly from the U.S. subsidiary HMSHost Corp. (€ 30.7m in 2018, compared with € 84.3m the previous year). In 2017 they included € 3.2m from Autogrill Schweiz, which was transferred to Autogrill Europe S.p.A. as part of the Reorganization.

As of this writing, no specific dividend distribution policy has been formalized for the transferees or other Group companies. With specific reference to the transferees, until such a policy has been adopted, their dividend distribution policy will nevertheless be defined independently by Autogrill S.p.A. which owns their entire share capital and exercises management and coordination over them with the intention of ensuring the Company's economic and financial equilibrium and consistency with its own dividend policy as announced to the market.

INCOME TAX

Income tax in 2018 came to € 2.1m (€ 0.9m the previous year).

PROFIT FOR THE YEAR

The net profit for 2018 was € 15.2m, down from € 59.4 the previous year, due to the trend in EBITDA and the reduction in dividends received from subsidiaries.

1.2.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION[2]

(€m)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Intangible assets	13.5	115.9	(103.0)	0.6
Property, plant and equipment	5.2	175.5	(167.2)	(3.1)
Financial assets	712.6	554.7	(337.0)	494.9
A) Non-current assets	**731.3**	**846.1**	**(607.2)**	**492.4**
Inventories	-	46.7	(46.7)	-
Trade receivables	0.9	33.6	(33.4)	0.7
Other receivables	78.9	130.7	(52.7)	0.9
Trade payables	(6.2)	(144.8)	169.0	(30.4)
Other payables	(21.4)	(84.7)	52.1	11.2
B) Working capital	**52.2**	**(18.5)**	**88.3**	**(17.6)**
Invested capital (A+B)	**783.5**	**827.6**	**(518.9)**	**474.8**
C) Other non-current non-financial assets and liabilities	**2.0**	**(54.9)**	**53.3**	**3.6**
D) Net invested capital (A + B + C)	**785.5**	**772.7**	**(465.6)**	**478.4**
E) Equity	**469.5**	**500.7**	**(492.9)**	**461.7**
Non-current financial liabilities	376.0	149.6	-	226.4
Non-current financial assets	(84.9)	(34.3)	33.5	(84.1)
F) Non-current financial indebtedness	**291.1**	**115.3**	**33.5**	**142.3**
Current financial liabilities	25.3	183.0	(31.0)	(126.7)
Cash and cash equivalents and current financial assets	(0.4)	(26.3)	24.8	1.1
G) Current net financial indebtedness	**24.9**	**156.7**	**(6.2)**	**(125.6)**
Net financial position (F + G)	316.0	272.0	27.3	16.7
H) Total (E + F + G) as in D)	**785.5**	**772.7**	**(465.6)**	**478.4**

The statement of financial position shows net invested capital of € 785.5m (€ 772.7m in at 31 December 2017) and a net financial position that increased from € 272.0m at the end of 2017 to € 316.0m.

The changes in net invested capital reflect the spin-off of Italian operations and European coordination and support services to three new subsidiaries. The impact on assets and liabilities is expressed in the column "contribution in kind", which adds clarity to the changes attributable to current operations, shown separately under "change for the period".

2 Caption "B. Working capital" includes the items "III. Other receivables," "IV. Trade receivables," "V. Inventories," "Tax assets," "XIII. Trade payables," and "XIV. Other payables."
Caption "C. Other non-current non-financial assets and liabilities" includes the items "XII. Other receivables," "XVII. Other payables," "XIX Post-employment benefits and other employee benefits," "XX. Provisions for risks and charges," and "XI. Deferred tax assets."
"Non-current financial assets" do not include long-term security deposits (€ 0.9m), which have been reclassified to "Financial assets."
"Current financial liabilities" are comprised of "XV. Bank loans and borrowings" and "XVI Other financial liabilities."
"Cash and cash equivalents and current financial assets" include "I. Cash and cash equivalents" and "II. Other financial assets."

1.2.3 PERFORMANCE OF KEY SUBSIDIARIES

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

Autogrill S.p.A.'s largest subsidiary is the U.S.-based HMSHost Corporation. Revenue in 2018 by HMSHost and its subsidiaries increased by 6.9% to $ 3,512m ($ 3,285.8m the previous year). EBITDA of $ 366.6m in 2018 was in line with the previous year's $ 367.8m, amounting to 10.4% of revenue (11.2% in 2017). The net profit came to $ 100.6m, compared with $ 125.7m the previous year.

In its first year of operations following the spin-off, the subsidiary Autogrill Italia S.p.A. realized revenues of € 915.6m and EBITDA of € 36.9m, amounting to 4% of sales. It closed 2018 with a loss of € 4.6m, influenced heavily by € 17.9m in non-recurring costs for a project aimed at improving the productivity of food & beverage locations and the profitability of the business.

The subsidiary Autogrill Europe S.p.A., which holds investments in companies operating in continental and southern Europe, realized revenues of € 6.3m in its first year of operations following the spin-off. EBITDA was a negative € 4.4m while dividends from subsidiaries came to € 3m. It closed 2018 with a loss of € 1.3m.

Likewise, in its first year of operations following the spin-off, the subsidiary Autogrill Advanced Business Service S.p.A. realized € 16.0m in revenue for administrative and ICT services, for an EBITDA of € 2.6m. It closed the year with a loss of € 0.1m.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1.3 OUTLOOK

As a result of the Corporate Reorganization, starting with 2018 the Company's operations consist of Group-wide guidance and management, namely, the definition and development of growth strategies; capital allocation; corporate governance; and institutional relations. Autogrill S.p.A. also provides services to subsidiaries relating to the centralized management of certain procurement contracts, the provision of guarantees, and software licenses. Its income is in the form of fees for services, dividends, and interest on loans.

As of this writing, no specific dividend distribution policy has been formalized for Group companies. Until such a policy has been adopted, their dividend distribution policy will nevertheless be defined independently by Autogrill S.p.A., with the intention of ensuring the Company's economic and financial break even and consistency with its own dividend policy as announced to the market.

SUBSEQUENT EVENTS

In January 2019 Autogrill S.p.A. received a dividend of € 35m from the U.S. subsidiary HMSHost Corporation.

1.4 OTHER INFORMATION

1.4.1 NON-FINANCIAL REPORTING

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

1.4.2 FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT

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

See Section 1.6.1 (Financial and non-financial risk management) in the Directors' Report to the consolidated financial statements.

1.4.3 CORPORATE GOVERNANCE

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

1.4.4 MANAGEMENT AND COORDINATION

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

In 2017, Autogrill S.p.A. began a process to evaluate whether the reasons for its decision of 18 January 2007 still applied. In a resolution of 28 September 2017, the Board of

Directors confirmed the absence of elements that would suggest management and coordination by the direct parent, Schematrentaquattro, or by the ultimate parent, Edizione S.r.l., including in light of the following:

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

1.4.5 RELATED PARTY TRANSACTIONS

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

See the section "Other information" in the Notes for further information on related party transactions, including the disclosures required by Consob Resolution 17221 of 12 March 2010 (amended with Resolution 17389 of 23 June 2010). The "Procedure for related party transactions" is available online at www.autogrill.com (Governance section/Related parties).

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

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

1.4.7 RESEARCH AND DEVELOPMENT

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

1.4.8 TREASURY SHARES

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

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

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

1.4.9 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In 2018, 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.

The Corporate Reorganization, although it had a major non-recurring impact on the Company's operations, does not fall within the scope of the resolution.

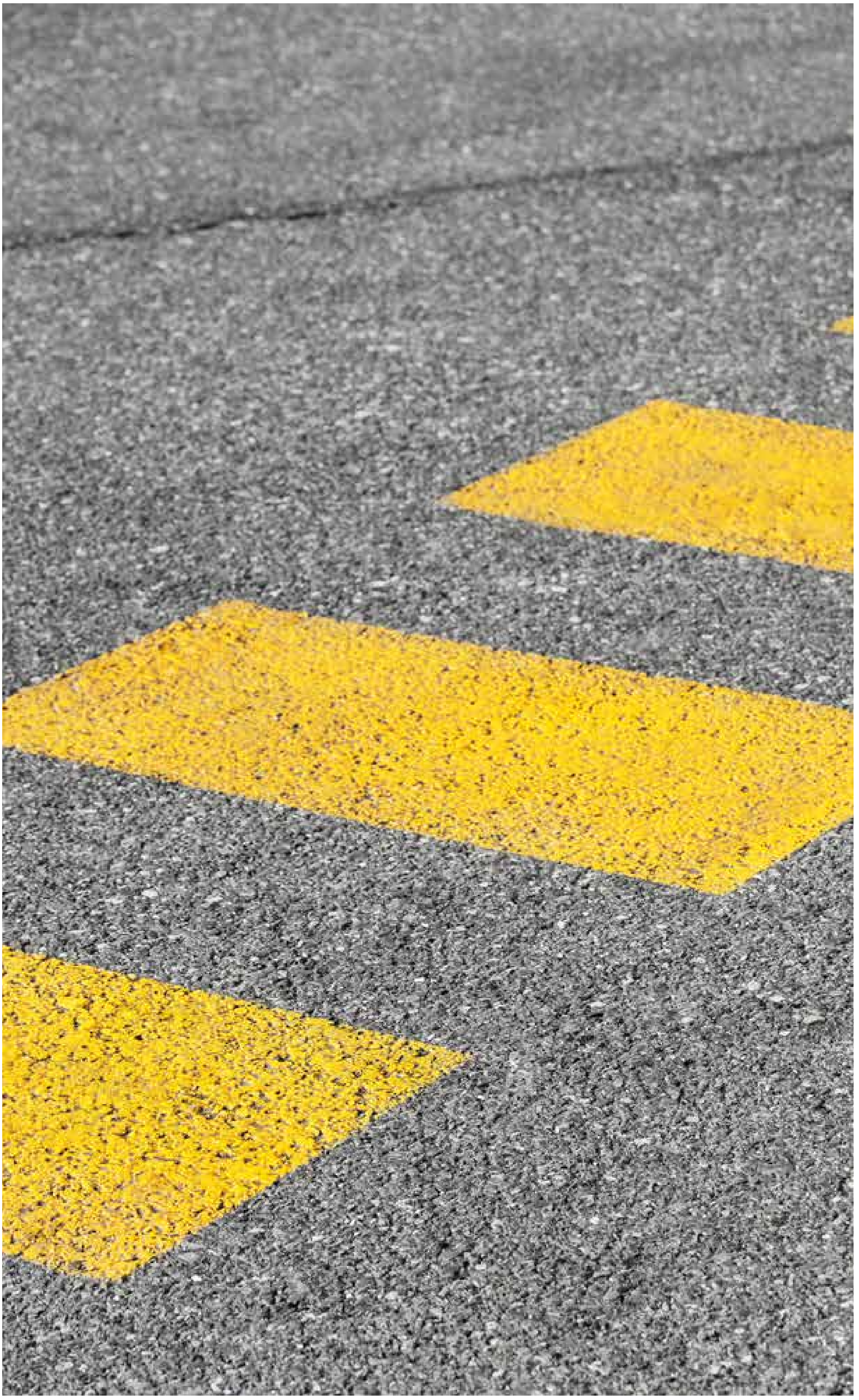
1.4.10 ATYPICAL OR UNUSUAL TRANSACTIONS

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

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

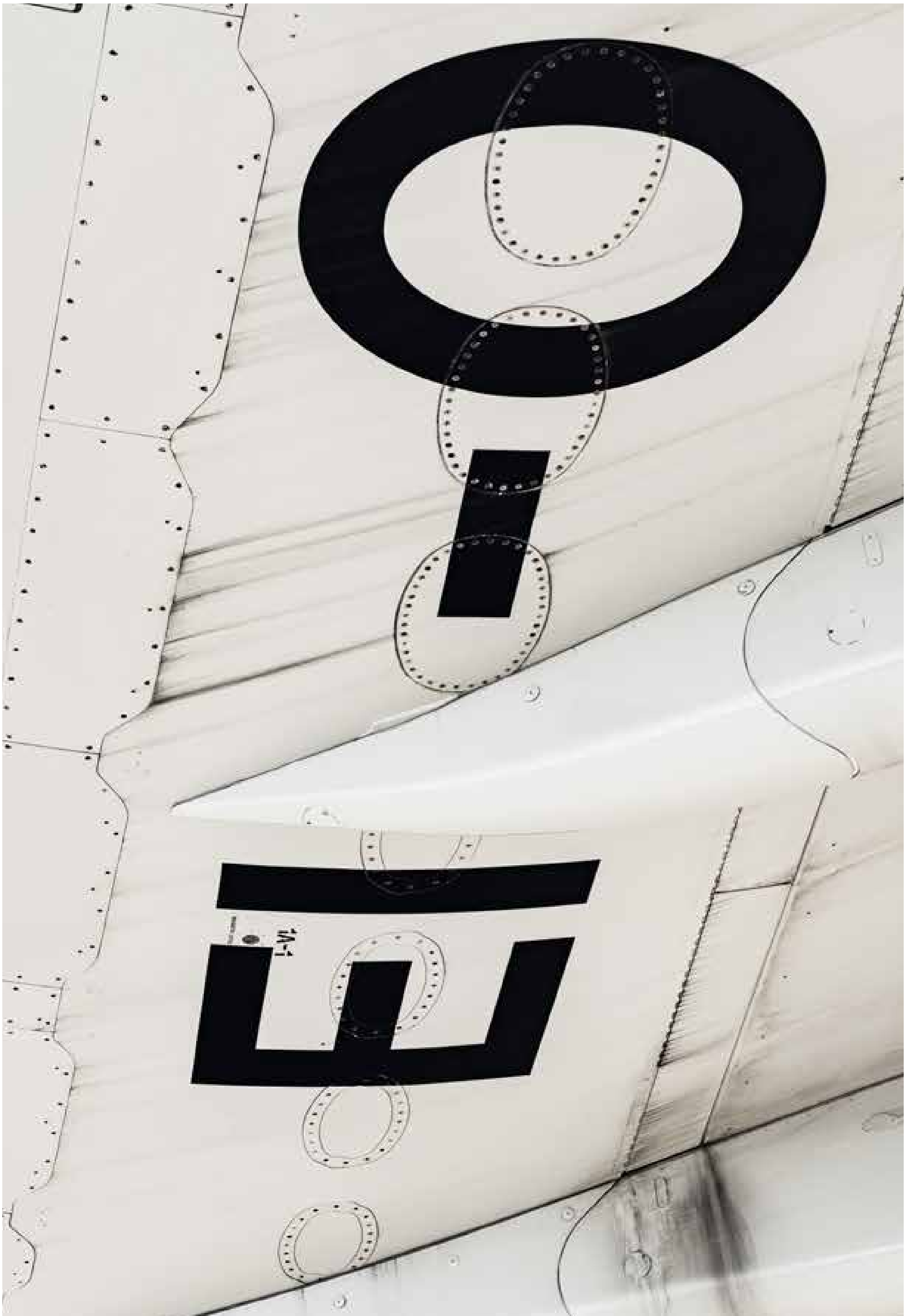
On 24 January 2013 the Board of Directors of Autogrill S.p.A. voted to take the option provided for by Consob Resolution 18079 of 20 January 2012 that exempts companies from issuing the public disclosure documents required by Arts. 70 and 71 of the Listing Rules (Consob Regulation 11971/1999) in the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

Given the extensive scale of Autogrill S.p.A.'s Corporate Reorganization as described in Section 2.2.1 of the Notes, on 28 December 2017 Autogrill voluntarily published the Disclosure Document in the format provided for by Art. 71 of the Consob Regulation (format 3 of Annex 3B).



1.5 ANNUAL GENERAL MEETING

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



1.6 PROPOSAL FOR APPROVAL OF THE FINANCIAL STATEMENTS AND ALLOCATION OF THE 2018 PROFIT

Dear Shareholders,

The year ended 31 December 2018 closed with a net profit of € 15,207,309.

The Board of Directors recommends that the Company pay a total dividend of € 50,880,000, taking into account the amount of the available reserves in "Other reserves and retained earnings" reported in the separate financial statements at 31 December 2018 of € 372,632,552.

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

motion

The Annual General Meeting of shareholders:
- having examined the 2018 financial statements which close with a net profit of € 15,207,309 and shows "Other reserves and retained earnings" in equity of €372,632,552.
- having noted, based on the Company's 2018 financial statements, that the minimum legal reserve balance required by Italian Civil Code Art. 2430 has been met;
- having acknowledged the reports of the Board of Statutory Auditors and of the independent auditors, Deloitte & Touche S.p.A.;

hereby resolves

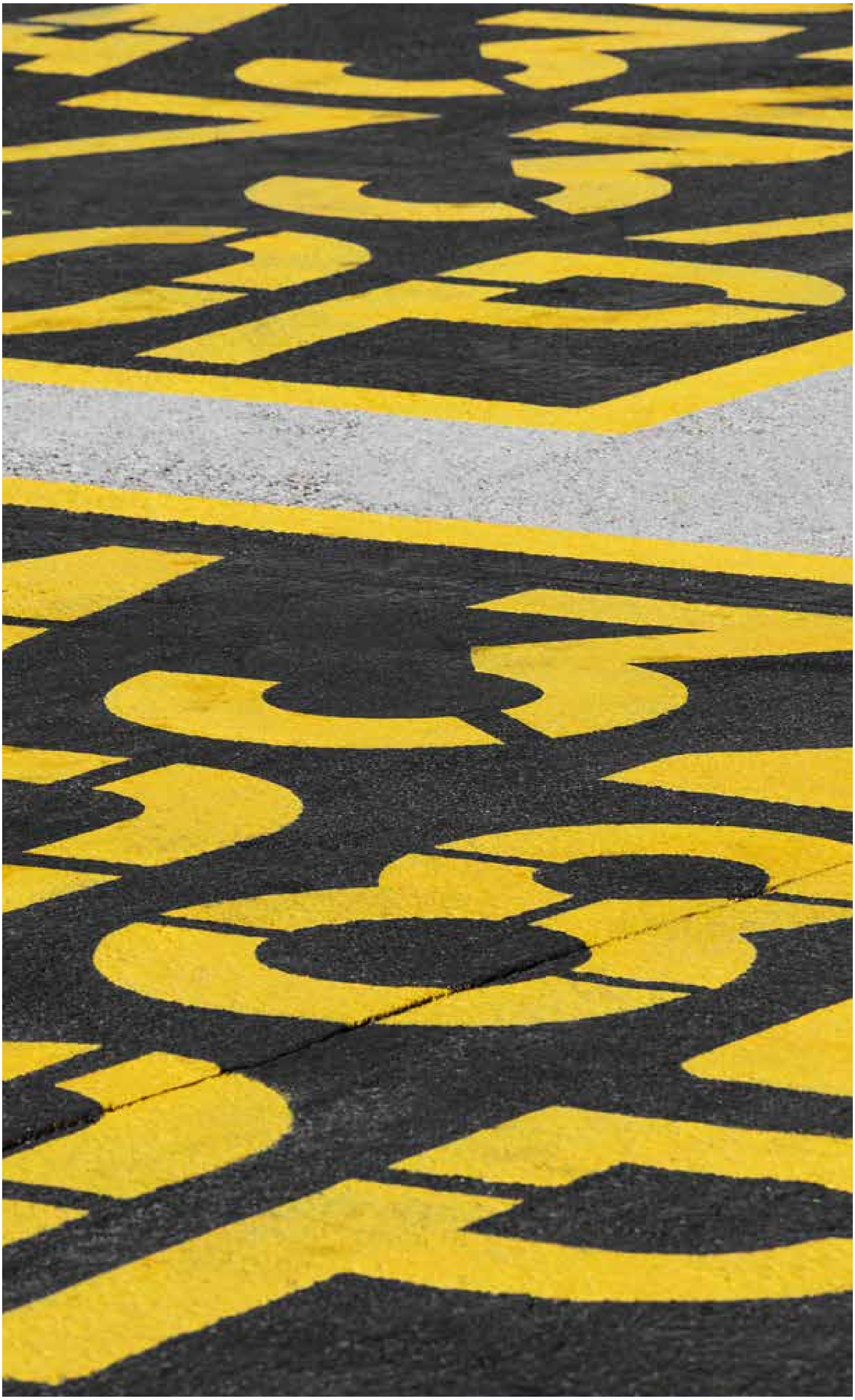
- to approve the financial statements of Autogrill S.p.A. at and for the year ended 31 December 2018, showing a net profit of € 15,207,309;
- to distribute a dividend of € 0.20 per entitled share, hence a total of € 50,880,000, drawn from:
  - net profit for the year, for € 15,207,309;
  - profit carried forward from previous years, as listed under "Other reserves and retained earnings," for € 35,672,691;
- to pay the dividend as from 26 June 2019, with coupon no. 14 going ex-div on 24 June and record date of 25 June pursuant to Art. 83-*terdecies* of the Consolidated Finance Act.

14 March 2019

The Board of Directors

SEPARATE FINANCIAL STATEMENTS

2



2.1 SEPARATE FINANCIAL STATEMENTS

2.1.1 STATEMENT OF FINANCIAL POSITION

Note	(€)	31.12.2018	Of which related parties	31.12.2017	Of which related parties
	ASSETS				
I	Cash and cash equivalents	337,157		24,222,483	
II	Other financial assets	31,141	31,141	2,083,014	2,200
	Tax assets	662,436		532,299	
III	Other receivables	78,256,420	67,091,123	159,176,805	99,676,140
IV	Trade receivables	930,118	414,483	33,629,319	10,743,009
V	Inventories	-		46,703,218	
	Total current assets	**80,217,272**		**237,373,704**	
VI	Property, plant and equipment	5,235,940		175,467,110	
VII	Goodwill	-		83,631,225	
VIII	Other intangible assets	13,514,408		32,303,643	
IX	Investments	711,652,689		554,610,159	
X	Other financial assets	85,800,517	84,930,067	34,332,655	32,453,883
XI	Deferred tax asset	6,041,195		570,804	
XII	Other receivables	-		7,542,016	
	Total non-current assets	**822,244,749**		**888,457,612**	
	TOTAL ASSETS	**902,462,021**		**1,125,831,316**	
	LIABILITIES AND EQUITY				
	LIABILITIES				
XIII	Trade payables	6,182,464	1,117,968	173,772,642	29,529,409
XIV	Other payables	21,370,340	10,486,408	84,829,666	7,165,860
XV	Bank loans and borrowings	24,302,481		159,912,538	-
XVI	Other financial liabilities	1,051,682		22,900,481	22,443,714
	Total current liabilities	**52,906,967**		**412,441,893**	
XVII	Other payables	1,160,307		5,700,029	
XVIII	Loans, net of current portion	375,968,915		149,607,410	
XIX	Post-employment benefits and other employee benefits	855,162		51,297,566	
XX	Provisions for risks and charges	2,025,018		6,099,552	
	Total non-current liabilities	**380,009,402**		**212,704,557**	
XXI	**EQUITY**	**469,545,653**		**500,684,866**	
	TOTAL LIABILITIES AND EQUITY	**902,462,021**		**1,125,831,316**	

2.1.2 INCOME STATEMENT

Note	(€)	2018	Of which related parties	2017	Of which related parties
XXII	Revenue	14,650,891	14,650,891	936,526,756	30,392,432
XXIII	Other operating income	6,998,979	3,129,303	66,713,236	11,133,054
	Total revenue and other operating income	**21,649,870**		**1,003,239,992**	
XXIV	Raw materials, supplies and goods	-	-	448,581,359	5,399,243
XXV	Personnel expense	14,530,965	(161,786)	261,617,707	1,874,895
XXVI	Leases, rentals, concessions and royalties	1,020,006	(2,308,443)	163,768,558	69,332,035
XXVII	Other operating expense	13,744,324	12,917,748	109,389,000	11,813,987
XXVIII	Amortization and depreciation	3,108,241	-	40,121,722	-
XXIX	Impairment losses	-	-	1,483,411	-
	Operating loss	**(10,753,665)**	**-**	**(21,721,765)**	**-**
XXX	Financial income	32,313,889	31,632,616	90,187,986	88,133,728
XXXI	Financial expense	(4,262,963)	-	(8,143,377)	32,525
	Pre-tax profit	**17,297,261**	**-**	**60,322,844**	**-**
XXXII	Income tax	(2,089,952)	-	(930,843)	-
	Profit for the year	**15,207,309**	**-**	**59,392,001**	**-**

2.1.3 STATEMENT OF COMPREHENSIVE INCOME

Note	(€)	2018	2017
	Profit for the year	**15,207,309**	**59,392,001**
	Items of comprehensive income that will not be reclassified to profit or loss	**42,582**	**109,436**
XIX	Actuarial gains on defined benefit plans	56,029	143,995
XXXII	Tax on items that will not be reclassified to profit or loss	(13,447)	(34,559)
	Items that may be subsequently reclassified to profit or loss	**-**	**-**
	Total comprehensive income for the year	**15,249,891**	**59,501,437**

2.1.4 STATEMENT OF CHANGES IN EQUITY

(€)	Share capital	Legal reserve	Other reserves and retained earnings	Treasury shares reserve	Profit for the year	Equity
31 December 2016	**68,688,000**	**13,737,600**	**363,663,599**	**(1,447,266)**	**36,455,088**	**481,097,020**
Total comprehensive income (expense) for the year						
Profit for the year	-	-	-	-	59,392,001	59,392,001
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	109,436	-	-	109,436
Total comprehensive income (expense) for the year	**-**	**-**	**109,436**	**-**	**59,392,001**	**59,501,437**
Allocation of 2016 profit and dividend distribution	-	-	(4,219,852)	-	(36,455,088)	(40,674,940)
Stock option	-	-	33,890	727,457		761,347
Total contributions by and distributions to owners of the parent	**-**	**-**	**(4,185,962)**	**727,457**	**(36,455,088)**	**(39,913,593)**
31.12.2017	**68,688,000**	**13,737,600**	**359,587,073**	**(719,809)**	**59,392,001**	**500,684,864**
Total comprehensive income (expense) for the year						
Profit for the year	-	-	-	-	15,207,309	15,207,309
Actuarial gains (losses) on defined benefit plans, net of the tax effect	-	-	42,582	-	-	42,582
Total comprehensive income (expense) for the year	**-**	**-**	**42,582**	**-**	**15,207,309**	**15,249,891**
Allocation of 2017 profit and dividend distribution	-	-	11,090,513	-	(59,392,001)	(48,301,488)
Stock option	-	-	1,912,384	-	-	1,912,384
Total contributions by and distributions to owners of the parent	**-**	**-**	**13,002,897**	**-**	**(59,392,001)**	**(46,389,104)**
31 December 2018	**68,688,000**	**13,737,600**	**372,632,552**	**(719,809)**	**15,207,309**	**469,545,653**

2.1.5 STATEMENT OF CASH FLOWS

(€)	Note	2018	2017
Opening net cash and cash equivalents		**24,222,483**	**18,273,490**
Pre-tax profit and net financial expense for the year		(10,753,665)	(21,721,765)
Amortization, depreciation and impairment losses on non-current assets, net of reversals		3,108,241	41,605,133
(Gain)/losses on disposal of non-current assets		(3,573,231)	(397,352)
Other non cash item		765,034	-
Change in working capital		(32,340,987)	(11,911,763)
Net change in non-current non-financial assets and liabilities		(3,658,216)	(3,873,690)
Cash flow from operating activities		**(46,452,824)**	**3,700,563**
Taxes (paid)/collected		(4,288,987)	(2,851,092)
Net interest paid		(1,426,526)	(4,148,875)
Net cash flow from operating activities		**(52,168,337)**	**(3,299,404)**
Acquisition of property, plant and equipment and intangible assets		(4,169,888)	(53,165,436)
Proceeds from sale of non-current assets		7,153,435	671,796
Net change in investments in subsidiaries		-	(145,000)
Dividends received		83,299,237	69,337,793
Net change in non-current financial assets		(9,663)	(244,485)
Net cash flow used in investing activities		**86,273,125**	**16,454,668**
Net change in intercompany loans and borrowings		(76,444,688)	(13,875,434)
New Non current Borrowings		226,051,624	150,000,000
Repayments of non-current loans		(140,000,000)	(200,000,000)
Repayments of non-current loans, net of new loans		-	116,288,348
Repayments of current loans, net of new loans		-	(18,555,023)
Dividends paid		(48,301,488)	(40,674,940)
Exercise of stock options 2010		5,621	-
Other movements		-	(1,150,569)
Other cash flows		-	761,347
Net cash flow used in financing activities		**(38,688,931)**	**(7,206,271)**
Settlement of the contribution in kind	a	(8,485,375)	-
Change in working capital contributed	b	(88,325,050)	-
Net change in non-current non-financial assets and liabilities contributed	c	(53,318,687)	-
Property, plant and equipment and intangible assets contributed	d	607,165,361	-
Net change in current financial assets and liabilities contributed	e	(21,223,636)	-
Net change in non current financial assets and liabilities contributed	f	33,462,205	-
Capital increase resulting from the contribution in kind	g	(492,878,484)	-
Net cash flow contributed		**(23,603,666)**	**-**
Cash flow for the period		**(28,187,814)**	**5,948,993**
Closing net cash and cash equivalents		**(3,965,331)**	**24,222,483**

RECONCILIATION OF NET CASH AND CASH EQUIVALENT

(€)	2018	2017
Opening - net cash and cash equivalents - balance as of 1st January 2018 and as of 1st January 2017	**24,222,483**	**18,273,490**
Cash and cash equivalents	24,222,483	19,561,838
Current account overdrafts	-	(1,288,348)
Closing - net cash and cash equivalents - balance as of 31 December 2018 and as of 31 December 2017	**(3,965,331)**	**24,222,483**
Cash and cash equivalents	337,157	24,222,483
Current account overdrafts	(4,302,488)	-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2.2 NOTES TO THE FINANCIAL STATEMENTS

2.2.1 CORPORATE REORGANIZATION

On 11 April 2017, the Company began a Corporate Reorganization aimed at separating the Italian Food & Beverage operations and the coordination and service activities performed for the directly controlled European companies from Autogrill S.p.A.'s guidance and management operations in its capacity as holding company.

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

On 9 November 2017, the Board of Directors gave final approval to the corporate reorganization project.

To carry out the reorganization, three business units that were part of Autogrill S.p.A. were spun off to three wholly-owned limited liability companies, new or recently formed, as consideration in kind for the capital increases resolved by each of their shareholders' meetings with effect from 1 January 2018. The three transferees were turned into joint-stock companies as of the same date. The three business units are made up as follows:

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

The reorganization project pursues the following aims:

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

DESCRIPTION OF THE ASSETS TRANSFERRED

The business units spun off to the three companies are described in detail below.

(A) ITALY BUSINESS UNIT

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

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

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

In addition, the Italy Unit includes the typical management and coordination activities in support of the business, such as logistics and operations, procurement, sales support, development and management of relations with real estate owners, maintenance, investment and infrastructure, safety, quality, marketing, human resources, administration, finance and control, and legal affairs. These operations are carried out by the head office with its workforce of around 200.

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

The Italy Unit was transferred at book value, thus in continuity with the values stated in Autogrill's financial statements at 31 December 2017.

An insignificant number of assets and contracts were not included in the transfer. Specifically, some concession contracts were not put in the name of Autogrill Italia S.p.A. when that company was spun off. Those contracts are managed by Autogrill Italia S.p.A. under a business lease agreement, until they are definitively transferred to it.

The trademarks and intellectual property rights, which have strategic importance for the entire Group, have not been and will not be transferred to Autogrill Italia. Their use is governed by licensing contracts in effect since 1 January 2018, giving rise to the Company's revenue for "license fees" and "service fees."

(B) EUROPE BUSINESS UNIT

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

The Europe Unit includes, among other things:

i) the structures responsible for the coordination of activities and the management of general services in southern Europe and continental Europe (including Italy), which were part of the Company until 31 December 2017; and
ii) the equity investments (held directly until 31 December 2017) in various companies based in southern and continental Europe.

In particular, the coordination structure included in the Europe Unit carries out activities pertaining to marketing, procurement, engineering and construction, business development, human resources, management control and treasury, legal and corporate affairs, and internal audit. With a workforce of around 70 people and related equipment, it is responsible for the centralized monitoring of results and business performance, and providing guidance and support to the various foreign affiliates. Since 2018 Autogrill S.p.A. has guided and managed the companies in southern and continental Europe, including Italy, through this transferee; hence the services invoiced by Autogrill Europe to its subsidiaries.

The Europe Unit also includes the following equity investments held directly by the Company until 31 December 2017:
- 100% of Autogrill Austria GmbH, an Austrian company which operates 12 food & beverage locations on Austrian motorways;
- 99.99% of Autogrill Belgie N.V., a Belgian company that, with its subsidiary AC Restaurant & Hotel Beeher N.V., operates 44 locations in Belgium on motorways, at Brussels Airport, in railway stations, in subways and on various high streets;
- 100% of Autogrill Czech s.r.o., a Czech company that manages food & beverage outlets at Prague railway station and one motorway location;
- 100% of Holding de Participations Autogrill S.a.s., a French company that holds a group of 11 French subsidiaries that operate food & beverage locations mainly on the country's motorways. Until 30 September 2017, through a subsidiary, Holding de Participations Autogrill S.a.s. also managed food & beverage locations at Marseilles airport, which were subsequently sold to another operator. Currently the group of companies owned by Holding de Participations Autogrill S.a.s. operates in 49 locations. The French group also includes three companies controlled on the basis of agreements with third parties;
- 100% of Autogrill Deutschland GmbH, a German company that operates a total of 35 food & beverage locations on German motorways and in major airports;
- 100% of Autogrill Hellas Single Member Limited Liability Company, a Greek company that operates a total of seven food & beverage locations at Athens airport and on Greek motorways;
- 100% of Autogrill Polska Sp. z o.o., a Polish company that until 10 October 2017 operated various locations on Polish motorways. On that date, the entire business was sold to another operator, so at the moment Autogrill Polska Sp. z o.o. is not party to any contract for the supply of food & beverage services;
- 100% of Autogrill gostinstvo in trgovina d.o.o., a Slovenian company that operates 8 food & beverage locations on Slovenian motorways;
- 100% of Autogrill Iberia S.L.U., a Spanish company that operates a total of 35 food & beverage locations on Spanish motorways and in stations (in particular in Madrid) and at various airports, including Madrid and Las Palmas; and
- 100% of Autogrill Schweiz A.G., a Swiss company that operates 24 food & beverage locations on the main Swiss motorways, at Zurich and Geneva airports, at railway stations, at shopping centers and on high streets. Autogrill Schweiz A.G. also controls two smaller companies.

The Europe Unit was transferred at book value, thus in continuity with the values stated in Autogrill's financial statements at 31 December 2017.

(C) SERVICE BUSINESS UNIT

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

The Service Unit provides support and shared services to Group companies (including Autogrill S.p.A.). In particular, it mainly provides:

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

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

The Service Unit was transferred at book value, thus in continuity with the values stated in Autogrill's financial statements at 31 December 2017.

PROCEDURES, TERMS AND CONDITIONS OF THE SPIN-OFF AND CRITERIA USED TO DETERMINE THE VALUE OF THE BUSINESS UNITS

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

CONTRIBUTION IN KIND OF THE ITALY BUSINESS UNIT

The contribution in kind of the Italy Business Unit took place after the shareholders' meeting of Autogrill Italia, on 15 December 2017, resolved to:
i) increase the share capital, pursuant to Art. 2481-*bis* of the Italian Civil Code, for a nominal amount of € 68,638,000 with share premium of € 87,860,497, for a total price of € 156,498,497, reserved to the sole shareholder Autogrill S.p.A., to be subscribed and paid-in on 1 January 2018 through the contribution in kind of the Italy Business Unit effective as of that date;
ii) transform Autogrill Italia into a joint stock company pursuant to Arts. 2498 *et seq.* of the Italian Civil Code, with the concurrent issuance of ordinary shares, with no indication of their par value and with regular dividend rights as of the date of issuance, and adopt new by-laws, with effect from 1 January 2018.

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

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

CONTRIBUTION IN KIND OF THE EUROPE BUSINESS UNIT

The contribution in kind of the Europe Business Unit took place after the shareholders' meeting of Autogrill Europe, on 15 December 2017, resolved to:
i) increase the share capital, pursuant to Art. 2481-*bis* of the Italian Civil Code, for a nominal amount of € 49,950,000 with share premium of € 283,226,172, for a total price of € 333,176,172, reserved to the sole shareholder Autogrill S.p.A., to be subscribed and paid-in on 1 January 2018 through the contribution in kind of the Europe Business Unit effective as of that date;
ii) transform Autogrill Europe into a joint stock company pursuant to Arts. 2498 *et seq.* of the Italian Civil Code, with the concurrent issuance of ordinary shares, with no indication of their par value and with regular dividend rights as of the date of issuance, and adopt new by-laws that also provide for the change of the

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

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

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

CONTRIBUTION IN KIND OF THE SERVICE BUSINESS UNIT

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

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

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

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

CRITERIA USED TO DETERMINE THE VALUE OF THE BUSINESSES UNITS; VALUATION REPORTS

The business units were contributed on a continuity of values respect to the valuation of assets and liabilities preceding the contribution. For the purpose of appraising the business units transferred, it was necessary to draft a balance sheet for each of them at 30 June 2017, which were approved by Autogrill S.p.A.'s Board of Directors on 28 September 2017.

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

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

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

ACCOUNTING EFFECTS OF THE REORGANIZATION

As mentioned above, the business units were transferred on a continuity of values respect to the valuation of assets and liabilities preceding the contribution, that the values of the interests in the transferees, recognized in the separate financial statements of Autogrill S.p.A. upon completion of the Reorganization and in combination with the adjustments calculated at 1 January 2018 (determined with respect to the net assets of each business at 30 June 2017, as referenced in the corporate resolutions), ensure that the Company's net equity at 30 January 2018 is the same as it was at 31 December 2017.

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

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

The assets and liabilities of Autogrill S.p.A. at 1 January 2018, upon completion of the Reorganization, can be summarized as follows:

(€)	Autogrill S.p.A. 31.12.2017	Note [3]	Assets and Liabilities contributed 01.01.2018	Autogrill S.p.A. 01.01.2018
ASSETS				
Cash and cash equivalents	24,222,483		23,603,666	618,817
Other financial assets	2,083,014	e	1,219,970	863,044
Tax assets	532,299		-	532,299
Other receivables	159,176,805	b	52,694,958	106,481,847
Trade receivables	33,629,319	b	33,354,204	275,115
Inventories	46,703,218	b	46,703,218	-
Total current assets	**266,347,138**		**157,576,016**	**108,771,122**
Property, plant and equipment	175,467,110	d	167,221,497	8,245,613
Goodwill	83,631,225	d	83,631,225	-
Other intangible assets	32,303,643	d	19,329,331	12,974,312
Investments	554,610,159	d	336,983,308	217,626,851
Investments in transferees	-		-	492,878,484
Other financial assets	34,332,655	f	33,462,205	870,450
Deferred tax assets	23,354,972	c	8,708,181	14,646,791
Other receivables	7,542,016	c	7,542,016	-
Total non current assets	**911,241,780**		**656,877,763**	**747,242,501**
TOTAL ASSETS	**1,177,588,918**		**814,453,779**	**856,013,623**
Adjustment		a		8,485,375
TOTAL ASSETS AND ADJUSTMENT	**1,177,588,918**		**814,453,778**	**864,498,999**
LIABILITIES AND EQUITY				
LIABILITIES				
Trade payables	173,772,642	b	169,015,247	4,757,395
Tax debt	-		-	-
Other payables	84,829,666	b	52,062,183	32,767,483
Bank loans and borrowings	159,912,538		-	159,912,538
Other financial liabilities	22,900,481	e	22,443,606	456,875
Total current liabilities	**441,415,327**		**243,521,036**	**197,894,291**
Other payables	5,700,029	c	1,566,242	4,133,787
Loans, net of current portion	149,607,410		-	149,607,410
Deferred tax liabilities	22,784,168	c	14,216,090	8,568,078
Post-employment benefits and other employee benefits	51,297,566	c	49,718,074	1,579,492
Provisions for risk and charges	6,099,552	c	4,068,477	2,031,075
Total non current liabilities	**235,488,725**		**69,568,883**	**165,919,842**
EQUITY	**500,684,866**			**500,684,866**
GOING CONCERN CONTRIBUTED NET ASSET		g	**492,878,484**	
TOTAL LIABILITIES, EQUITY AND GOING CONCERN CONTRIBUTED NET ASSETS	**1,177,588,918**		**805,968,403**	**864,498,999**
Adjustment		a	8,485,375	
TOTAL LIABILITIES, EQUITY, GOING CONCERN CONTRIBUTED NET ASSET AND ADJUSTMENT	**1,177,588,918**		**814,453,778**	**864,498,999**

3 See the Statement of cash flows for information on how the Reorganization has affected liquidity

The “Adjustment” line, determined as stated above, refer to Autogrill S.p.A.’s receivable from Autogrill Italia S.p.A. (€ 8,568,595), the receivable from Autogrill Europe S.p.A. (€ 2,357,224), and the payable due to Autogrill Advanced Business Service S.p.A. (€ 2,440,444). All of these were settled in the early months of 2018.

RELATIONSHIPS WITH THE TRANSFEREES

GROUP STRUCTURE POST-REORGANIZATION

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

DIVIDEND POLICY

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

As mentioned in the Directors’ Report, as of this writing, no dividend distribution policy has been formalized for the transferees or other Group companies. With specific reference to the transferees, until such a policy has been adopted, their dividend distribution policy will nevertheless be defined independently by Autogrill S.p.A. which owns their entire share capital and exercises management and coordination over them with the intention of ensuring consistency with its own dividend policy as announced to the market. For that matter, in previous years as well, the implementation of Autogrill’s dividend policy was supported by the Group’s international components. For 2018, the policy has been observed through the distribution of earnings and reserves built up in prior years.

MAIN TRANSACTIONS WITH THE TRANSFEREES

The main transactions with the transferees are briefly described below.

Because brands and industrial property rights were not transferred under the spin-off agreements, Autogrill S.p.A., the transferees, and the Group’s other subsidiaries operate under a contract governing the terms and conditions for the use of the parent’s technical know-how in exchange for license fees and service fees.

In addition, the Group’s new structure as a result of the Reorganization entails the payment of fees to companies that provide services to Autogrill S.p.A. The terms and conditions relating to the supply of such services and the amount of the corresponding fees were defined in 2018.

Autogrill S.p.A. had some uncommitted cash credit lines and endorsement credit lines that were partially transferred to Autogrill Italia as a result of the spin-off of the Italy Business Unit. During the negotiations for the transfer of these credit lines to Autogrill Italia, the banks asked Autogrill S.p.A. to issue letters of guarantee to ensure fulfilment of the obligations arising from Autogrill Italia's use of these facilities; the Company received fees for this service.

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

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

2.2.2 ACCOUNTING POLICIES

COMPANY OPERATIONS

Autogrill S.p.A., listed on the Milan Stock Exchange, is the parent company of the world's largest provider of food & beverage services for travelers. Through its subsidiaries, it operates food & beverage locations in 32 countries around the globe.

As a result of the Reorganization, Autogrill S.p.A. is in charge of the strategic guidance, monitoring, and coordination of its subsidiaries; administration, finance and control, and risk management; communication, institutional relations, and investor relations; internal audit and corporate social responsibility; legal and corporate affairs; and strategic marketing.

GENERAL STANDARDS

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

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

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

The accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2018 are as follows:
- IFRS 9: Financial instruments;
- IFRS 15: Revenue from contracts with customers (with amendments).

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

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

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

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

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

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

Likewise, considering the Company's balance sheet structure (financial assets and liabilities) and the characteristics of the business, the new IFRS 9 and IFRS 15 have not had a significant impact on the 2018 financial statements in terms of either classification or measurement.

NEW IFRS 16 - LEASES

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

IFRS 16 is effective for the Company for annual periods beginning on or after 1 January 2019.

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

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

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

- the contractual perimeter falling within the scope of IFRS 16 (lease contracts or contracts containing lease components) was identified based on the conclusions the Company reached in the past, pursuant to IFRIC 4 and IAS 17, and a right of use was therefore recognized for all contracts previously classified as operating leases;
- the Group elected to apply the recognition exemption to short-term leases, namely those expiring by 31 December 2019, and to leases on "low-value" assets worth less than € 10,000 when new; for those contracts, the introduction of IFRS 16 will not result in the recognition of the lease liability and the right of use at 1 January, while the lease instalments will continue to be recognized in profit or loss on a straight line basis over the lease term;
- the right of use has been adjusted to reflect any one-off lease payments made at or before the commencement date and any prepayments already recognized in the statement of financial position at 31 December 2018, as well as lease incentives received before 1 January 2019.

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

On the basis of current information and in line with the assumptions set out above, the Company's statement of financial position at 1 January 2019 will show an estimated increase in financial liabilities of approximately € 4.4m.

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

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

- to not apply IFRS 16 to leases of intangible assets;
- to use the information available at the transition date to determine the lease term of leases with renewal and early termination options;
- as the implicit interest rate is not available for all the Company's leases, to determine the lease liabilities by applying to future minimum lease payments a discount rate, equal to the Italy risk-free rate, with maturities in line with the duration of the leases plus a subsidiary-specific credit spread.

The difference between the estimated impact of IFRS 16 adoption at 1 January 2019 and the operating lease commitments pursuant to IAS 17 as reported in note 2.9 below (€ 5.4m at 31 December 2018) is mainly attributable to the effect of discounting these commitments, as well as to the exclusion of short-term leases (with a residual duration of less than 12 months) and low-value leases as permitted by the practical expedients mentioned above.

In light of contractual agreements with lenders, the adoption of this standard will not affect the determination of covenants on existing loans.

STRUCTURE, FORMAT AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS

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

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

In accordance with IAS 1 and IAS 7, the formats used in the 2018 financial statements are as follows:

- Statement of financial position, with assets and liabilities split between current and non-current items;
- Income statement, with costs classified by nature;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows, using the indirect method to determine cash flow from operating activities for 2018, the statement of cash flows includes a separate indication of the impact of the Reorganization on liquidity.

ACCOUNTING POLICIES

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

BUSINESS COMBINATIONS

BUSINESS COMBINATIONS CARRIED OUT SINCE 1 JANUARY 2008

Since 1 January 2008, Autogrill has followed the rules of IFRS 3 (2008) - Business Combinations to account for the acquisition of companies or businesses.

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

When a business is purchased, the identifiable assets acquired and the identifiable liabilities assumed are measured at their respective acquisition-date fair values.

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

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

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

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

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

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

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

BUSINESS COMBINATIONS CARRIED OUT BEFORE 1 JANUARY 2004

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

RECOGNITION OF REVENUE AND COSTS

On 28 May 2014, the IASB published IFRS 15 – Revenue from Contracts with Customers. The standard sets out the following new model for recognizing revenue:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract.

Revenue is recognized when the entity satisfies each performance obligation.

In this context, purchases and sales 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.

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.

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

RECOGNITION OF FINANCIAL INCOME AND EXPENSE

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

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

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

EMPLOYEE BENEFITS

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

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

Post-employment benefit plans are 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, which determines the liability on the basis of employment conditions in effect on the date it is measured.

The liability is recognized in the accounts net of the fair value of any plan assets. If the calculation generates a benefit for the Company, the amount of the asset recognized is limited to the sum of any unrecognized cost for previous employment and the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company when it can be realized throughout the duration of the plan or upon settlement of the plan liabilities. Actuarial valuations are made by actuaries outside the Company. Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income.

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

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

SHARE-BASED PAYMENTS

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

There is no true-up for differences between expected and actual conditions. In the case of cash-settled share-based payment transactions, which include the Group's phantom stock option plans, the fair value of the amount payable to employees is recognized as a cost, with an increase in liabilities as a contra entry over the period during which the employees have the unconditional right to receive payment. The liability is measured at each year-end and at the settlement date, based on the remeasurement of the fair value of the option rights. Any changes in the fair value of the liability are recognized as employee benefit expenses in the income statement.

INCOME TAX

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

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

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

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

The regulation signed by the parties provides for:

- payment in full of the amount corresponding to the transferred profit times the IRES (corporate tax) rate;
- payment in full of the amount corresponding to the transferred loss times the IRES (corporate tax) rate, when utilized by Edizione S.r.l.;

- the transfer of any tax assets, also with respect to the subgroup including the Italian companies formed as a result of the reorganization, as acknowledged in the regulations defining transactions with Edizione S.r.l.

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

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

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

Deferred tax liabilities are recognized on taxable temporary differences relating to equity investments in subsidiaries, associates or joint ventures, unless the Company is able to monitor the reversal of the temporary differences and they are unlikely to be reversed in the foreseeable future.

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

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

NON-CURRENT ASSETS

OTHER INTANGIBLE ASSETS

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

The Company reviews the estimated useful life and amortization method of these assets at each year end and whenever there is evidence of possible impairment losses.

If impairment losses arise — determined in accordance with the section "Impairment losses on non-financial assets" — the asset is impaired accordingly.

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

Software licenses	3-6 years
License to sell state monopoly goods	Term of license
Brands	20 years
Other:	
Software	3-6 years
Other costs to be amortised	5 years or term of underlying contract

PROPERTY, PLANT AND EQUIPMENT

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

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

Property, plant and equipment are depreciated on a straight-line basis at rates deemed to reflect their estimated useful lives. The Company systematically reviews the useful life of each asset at every year end. Components of significant value (in excess of € 500k) or with a different useful life (50% longer or shorter than that of the asset to which the component belongs) are considered separately when determining depreciation.

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

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

Land is not depreciated.

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

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

Costs incurred to enhance and maintain an asset that produce a material and tangible increase in its productivity or safety or extend its useful life are capitalized and amortized over the asset's useful life.

Routine maintenance costs are taken directly to the income statement.

Leasehold improvements are included in property, plant and equipment on the basis of the type of cost incurred. The depreciation period corresponds to the duration of the contract.

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

LEASED ASSETS

Lease contracts are classified as finance leases if the terms of the contract are such to transfer all risks and benefits of ownership to the lessee. Until IFRS 16 comes into force on 1 January 2019, all other leases are currently classified as operating leases.

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

Operating lease payments are calculated over the term of the lease. Benefits received or to be received, and those given or to be given, as incentives for taking out operating leases are also recognized on a straight-line basis for the entire duration of the lease (see Section 2.2.9 - Operating leases).

INVESTMENTS

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

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

IMPAIRMENT LOSSES AND REVERSALS ON NON-FINANCIAL ASSETS

At each balance sheet date, the Company tests whether there are internal or external indicators of impairment or reversal of impairment for its property, plant and equipment, intangible assets, investments, and non-current loans granted to the latter. If so, the recoverable amount of the assets is estimated to determine any impairment loss or reversal. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs; a cash-generating unit is a group of assets that generates cash flows broadly independent from other assets or groups of assets.

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

The recoverable amount is the higher of market value (fair value less costs to sell) and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Impairment losses on cash-generating units are first deducted from the carrying amount of any goodwill attributed to the unit; any remainder is deducted from the other assets of the unit (or group of units) in proportion to their carrying amount. If the reason for the impairment loss no longer exists, the asset or cash-generating unit is reversed to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the carrying amount net of depreciation/amortization that the asset would have had if the impairment loss had not been charged. The reversal of impairment is taken to the income statement.

ASSETS/LIABILITIES HELD FOR SALE

Non-current assets are classified as held for sale if their carrying value has been or will be recovered mainly through their sale and not through continued use. Once an asset/ liability is classified as held for sale, it is recognized at the lower of carrying value and fair value net of costs to sell. Non-current assets held for sale are shown in the statement of financial position separately from other assets/liabilities and are not offset.

FINANCIAL ASSETS AND LIABILITIES

TRADE AND OTHER RECEIVABLES

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

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

OTHER FINANCIAL ASSETS

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

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

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

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each year end at fair value. If the financial assets are held for trading, gains and losses arising from changes in fair value are recognized in that year's income statement under financial income and expense.

CASH AND CASH EQUIVALENTS

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

LOANS AND BANK OVERDRAFTS

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

TRADE PAYABLES

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Autogrill's liabilities are exposed primarily to financial risks due to exchange rate fluctuations.
The Company may use derivative financial instruments to manage exchange rate risk. 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 2.2.6.2 "Financial risk management.
In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if: (i) at the inception of the hedge there is formal designation and documentation of the hedging relationship, and the hedge is assumed to be effective; (ii) effectiveness can be reliably measured; (iii) the hedge is effective throughout the financial reporting periods for which it was designated.

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

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

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

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

PROVISIONS FOR RISKS AND CHARGES

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

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

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

SHARE CAPITAL AND PURCHASE OF TREASURY SHARES

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

Costs directly attributable to the issue of ordinary shares are deducted from net equity, net of the tax effects.

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

FOREIGN CURRENCY TRANSACTIONS

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

USE OF ESTIMATES

The preparation of the separate financial statements and notes requires management to make estimates and assumptions that affect the carrying amounts of assets, liabilities, costs and income and the disclosure about contingent assets and liabilities at year end. Actual results may differ. Estimates are used to determine the fair value of financial instruments, allowances for doubtful accounts, depreciation, amortization, impairment losses and reversals, employee benefits, tax, and provisions for risks and charges. Estimates and assumptions are periodically reviewed and the effect of any change is immediately taken to the income statement of the years to which the changes pertain. The estimation criteria used for these financial statements are the same as those followed the previous year, unless otherwise specified.

2.2.3 NOTES TO THE STATEMENT OF FINANCIAL POSITION

As a result of the Corporate Reorganization described above, with effect from 1 January 2018 the Italian food & beverage business, the management of the European affiliates (continental and southern Europe), and administrative and ICT services are no longer part of Autogrill S.p.A. Starting with 2018 the Company's operations consist of guidance and management through the definition and development of growth strategies for the entire Group; capital allocation; corporate governance; and institutional relations. Autogrill S.p.A. also provides services to subsidiaries relating to the centralized management of certain procurement contracts, the provision of guarantees, and software licenses. The impact of the reorganization on assets and liabilities is expressed in the column "change contribution in kind" which allow to clearly identify changes attributable to current operations, shown separately in the column "change for the year".

CURRENT ASSETS

I. CASH AND CASH EQUIVALENTS

In detail:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Bank and post office deposits	329	6,302	(5,696)	(277)
Cash and equivalents on hand	8	17,920	(17,908)	(4)
Total	**337**	**24,222**	**(23,604)**	**(281)**

Cash and equivalents on hand include the cash float at the Company's head office.

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

II. OTHER FINANCIAL ASSETS

Other financial assets are as follows:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Financial receivables from subsidiaries				
Autogrill Austria GmbH	-	1	(1)	-
Autogrill Hellas Single Member Limited Liability Company	-	1	(1)	-
Autogrill Europe S.p.A.	31	-	-	31
Fair value of exchange rate hedging derivatives	-	863	-	(863)
Receivables from credit card companies	-	1,218	(1,218)	-
Total	**31**	**2,083**	**(1,220)**	**(832)**

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

The fair value of exchange rate hedging derivatives refers to the fair value measurement of the derivatives entered into to hedge exchange rate risk, in particular to the forward purchase and/or sale of currency, in connection with intercompany loans granted and dividends received. At 31 December 2018 there were no exchange rate hedges outstanding.

III. OTHER RECEIVABLES

Other receivables are shown in detail below:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Suppliers	6,901	49,211	(44,614)	2,304
Lease and concession advance payments	5	1,400	(1,395)	-
Inland revenue and government agencies	1,950	6,545	(174)	(4,421)
Personnel	8	156	(155)	7
Receivables from subsidiaries	54,602	84,911	(3,853)	(26,456)
Other	14,790	16,954	(2,504)	340
Total	**78,256**	**159,177**	**(52,695)**	**(28,226)**

"Suppliers" refers chiefly to amounts receivable for promotional contributions under contracts the Company holds on behalf of subsidiaries.

Receivables from inland revenue and government agencies refers to the VAT credit at 31 December 2018.

Receivables from subsidiaries consist primarily of € 14.7m in license fees and service fees, as well as dividends approved but not yet received at the end of the year. At 31 December 2018 these included € 29m ($ 33m) due from HMSHost Corporation, shown net of withholding tax; the dividend was received in full in January 2019.

The heading "Other" is made up chiefly of € 12,423k for the IRES (corporate income tax) refund requested by Edizione S.r.l. on behalf of Autogrill S.p.A., due as a result of the retroactive recognition of the deductibility of IRAP (regional tax) pertaining to personnel expense for the years 2007-2011 (Art. 2 of Law 201/2011).

IV. TRADE RECEIVABLES

Trade receivables of € 930k at 31 December 2018 are detailed below:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Third parties	573	25,225	(24,701)	49
Disputed receivables	474	2,676	(2,202)	-
Due from subsidiaries	410	8,670	(8,663)	403
Allowance for impairment	(527)	(2,942)	2,212	203
Total	**930**	**33,629**	**(33,354)**	**655**

"Third parties" refers mainly to rent receivable and has been written down nearly in full.

Disputed receivables are accounts being pursued through the courts.

Receivables due from subsidiaries refer to rent to be reimbursed by Autogrill Italia S.p.A., under various concession contracts that were not transferred as part of the Reorganization.

Movements in the allowance for impairment are shown below:

(€k)	31.12.2018
Allowance for impairment at 31.12.2017	**2,942**
Accruals	-
Utilizations	(202)
Decreases contributed	(2,213)
Allowance for impairment at 31.12.2018	**527**

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 the amount due, or generic impairment calculated on the basis of historical and statistical data.

V. INVENTORIES

Inventories consist of:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Food & Beverage items	-	30,878	(30,878)	-
State monopoly goods, lottery tickets and newspapers	-	14,354	(14,354)	-
Sundry merchandise and other items	-	1,471	(1,471)	-
Total	**-**	**46,703**	**(46,703)**	**-**

Due to the transfer of the unit in charge of Italian operations, all inventories are now held by Autogrill Italia S.p.A.

NON-CURRENT ASSETS

VI. PROPERTY, PLANT AND EQUIPMENT

As follows:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Land and buildings	1,125	30,658	(27,481)	(2,052)
Leasehold improvements	1,272	62,363	(60,525)	(566)
Plant and machinery	205	7,754	(6,046)	(1,503)
Industrial and commercial equipment	318	32,441	(32,070)	(53)
Assets to be transferred free of charge	346	24,429	(23,745)	(338)
Other	132	1,523	(1,318)	(73)
Assets under construction and payments on account	1,838	16,299	(16,036)	1,575
Total	**5,236**	**175,467**	**(167,221)**	**(3,010)**

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

(€k)	Industrial and not industrial land and buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Assets to be transferred free of charge	Other	Assets under construction and payments on account	Total
Gross amount								
1 January 2017	**50,153**	**257,180**	**54,718**	**301,376**	**134,773**	**29,306**	**18,316**	**845,822**
Increases	470	15,463	990	9,352	7,150	305	13,138	**46,868**
Decreases	-	(8,077)	(244)	(2,302)	(14,649)	(19)	(131)	**(25,422)**
Other movements	1,549	13,178	323	4,777	(5,378)	599	(15,024)	**24**
31 December 2017	**52,172**	**277,744**	**55,787**	**313,203**	**121,896**	**30,191**	**16,299**	**867,292**
Increases	-	-	-	-	-	-	2,303	**2,303**
Decreases	(9,695)	(24)	(7,905)	(1,028)	-	(57)	(542)	**(19,251)**
Other movements	21	124	4	38	-	-	(187)	**-**
Decreases contributed	(39,762)	(254,427)	(44,979)	(308,948)	(90,285)	(28,153)	(16,035)	**(782,589)**
31 December 2018	**2,736**	**23,417**	**2,907**	**3,265**	**31,611**	**1,981**	**1,838**	**67,755**
Accumulated depreciation & impairment losses								
1 January 2017	**(20,489)**	**(206,297)**	**(46,266)**	**(272,691)**	**(110,994)**	**(27,987)**	**-**	**(684,724)**
Increases	(1,024)	(10,784)	(1,973)	(9,907)	(6,416)	(697)	-	**(30,801)**
New impairment losses	-	(1,009)	(27)	(349)	(68)	(3)	-	**(1,456)**
Decreases	-	8,075	233	2,185	14,642	19	-	**25,154**
Other movements	(1)	(5,366)	-	(2)	5,369	-	-	**-**
31 December 2017	**(21,514)**	**(215,381)**	**(48,033)**	**(280,764)**	**(97,467)**	**(28,668)**	**-**	**(691,827)**
Increases	(95)	(690)	(280)	(84)	(338)	(72)	-	**(1,559)**
New impairment losses	-	-	-	-	-	-	-	**-**
Decreases	7,716	24	6,678	1,020	-	57	-	**15,495**
Decreases contributed	12,282	193,902	38,933	276,881	66,540	26,834	-	**615,372**
31 December 2018	**(1,611)**	**(22,145)**	**(2,702)**	**(2,947)**	**(31,265)**	**(1,849)**	**-**	**(62,519)**
Carrying amount								
31 December 2017	**30,658**	**62,363**	**7,754**	**32,439**	**24,429**	**1,523**	**16,299**	**175,465**
31 December 2018	**1,125**	**1,272**	**205**	**318**	**346**	**132**	**1,838**	**5,236**

The principal changes for the year concern the transfer of property, plant and equipment to the transferee companies as a result of the Reorganizations.

The property, plant and equipment held by Autogrill S.p.A. consists of equipment used by the Company and improvements to the secondary office in Rozzano (MI). It also includes items held under concession contracts that were not transferred to Autogrill Italia S.p.A. at the time of the Reorganization, as mentioned earlier. Those concession contracts are managed by Autogrill Italia S.p.A. under a business lease agreement, until they are definitively transferred to it.

Decreases for the year, net of accumulated depreciation, amount to € 3,756k and stem mainly from the sale of a storage facility, which produced a capital gain of € 3,573k.

There were no impairment losses on these assets during the year.

VII. GOODWILL

All goodwill (which amounted to € 83.631k at 31 December 2017) has been transferred to Autogrill Italia S.p.A., so this item has a balance of zero.

VIII. OTHER INTANGIBLE ASSETS

As follows:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Concessions, licenses, trademarks and similar rights	10,983	13,684	(1,301)	(1,400)
Assets under development and payments on account	1,495	6,520	(6,009)	984
Other	1,036	12,100	(12,019)	955
Total	**13,514**	**32,304**	**(19,329)**	**539**

Concessions, licenses, brands and similar rights refer mainly to software licenses and proprietary brands. The licenses for the sale of state monopoly goods were transferred to Autogrill Italia S.p.A. as a result of the Reorganization.

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

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

All “Other intangible assets” have finite useful lives.

Movements in this item are summarized below:

(€k)	Concessions, licenses, trademarks and similar rights	Assets under development and payments on account	Other	Total
Gross amount				
1 January 2017	**48,340**	**7,046**	**79,887**	**135,273**
Increases	1,158	5,590	1,160	**7,908**
Decreases	(402)	-	(12)	**(414)**
Other movements	126	(6,116)	5,966	**(24)**
31 December 2017	**49,222**	**6,520**	**87,001**	**142,743**
Increases	-	1,311	1,104	**2,415**
Decreases	-	(327)	(147)	**(474)**
Other movements	-	-	-	**-**
Decreases contributed	(18,628)	(6,009)	(84,377)	(109,014)
31 December 2018	**30,594**	**1,495**	**3,581**	**35,670**
Accumulated depreciation & impairment losses				
1 January 2017	**(33,566)**	**-**	**(67,933)**	**(101,499)**
Increases	(2,353)	-	(6,968)	**(9,321)**
New impairment losses	(28)	-	-	**(28)**
Decreases	397	-	12	409
Other movements	12	-	(12)	-
31 December 2017	**(35,538)**	**-**	**(74,901)**	**(110,439)**
Increases	(1,400)	-	(149)	**(1,549)**
New impairment losses	-	-	-	**-**
Decreases	-	-	147	147
Decreases contributed	17,327	-	72,357	89,684
31 December 2018	**(19,611)**	**-**	**(2,546)**	**(22,157)**
Carrying amount				
31 December 2017	**13,684**	**6,520**	**12,100**	**32,304**
31 December 2018	**10,983**	**1,495**	**1,035**	**13,513**

Increases for the year, amounting to € 2,415k, consist mainly of investments underway for the development of new administrative and accounting systems.

Decreases refer to disposals.

IX. INVESTMENTS

At 31 December 2018, investments were worth € 711,653k (€ 554,610k at the end of 2017) and consisted of subsidiaries.

The increase reflects the transfer of business units to the subsidiaries Autogrill Italia S.p.A., Autogrill Business Service S.p.A., and Autogrill Europe S.p.A. as part of the Corporate Reorganization discussed in section 2.2.1.

The increase for HMSHost Corporation results from the fact that it employs beneficiaries of the new performance share units plan (see section 2.2.10).

Movements during the year are shown below:

	31.12.2017					31.12.2018		
(€k)	Cost	Impairment losses	Carrying amount	Increases (decreases) contributed	Impairment (losses)/ reversals	Cost	Impairment losses	Carrying amount
HMSHost Corporation	217,423	-	217,423	-	831	217,423	-	218,254
Autogrill Europe S.p.A.	85	-	85	333,176	206	333,261	-	333,467
Autogrill Italia S.p.A.	60		60	156,498	83	156,558		156,641
Autogrill Advanced Business Service S.p.A.	60		60	3,204	27	3,264		3,291
Nuova Sidap S.r.l.	9,253	-	9,253	(9,253)	-	-	-	-
Autogrill Austria GmbH	32,771	(27,893)	4,878	(4,878)	-	-	-	-
Autogrill Belgie N.V.	46,375	-	46,375	(46,375)	-	-	-	-
Autogrill Czech S.r.o.	6,048	(3,031)	3,017	(3,017)	-	-	-	-
Autogrill D.o.o.	4,764	(4,764)	-		-	-	-	-
Autogrill Deutschland GmbH	35,435	-	35,435	(35,435)	-	-	-	-
Autogrill Iberia S.L.U.	47,629	(35,400)	12,229	(12,229)	-	-	-	-
Autogrill Hellas Single Member Limited Liability Company	4,791	(2,791)	2,000	(2,000)	-	-	-	-
Autogrill Polska Sp.zo.o.	4,805	(4,805)	-		-	-	-	-
Autogrill Schweiz A.G.	243,031	(102,950)	140,081	(140,081)	-	-	-	-
Holding de Participations Autogrill S.a.s.	119,694	(36,000)	83,694	(83,694)	-	-	-	-
Other	20	-	20	(20)	-	-	-	-
Total	**772,244**	**(217,634)**	**554,610**	**155,896**	**1,147**	**710,506**	**-**	**711,653**

Considering the extensive intangible assets held by the U.S. subsidiary and the fact that the Italian companies have been consolidated for the first time as a result of the Reorganization, the recoverable amount of investments was tested by estimating their value in use, defined as the present value of the estimated future cash flows of the companies' operations as confirmed by the CEO and reviewed by the Board of Directors. The estimated future cash flows were determined based on the 2019 budget and financial projections for 2020-2023, adjusted to comply with the provisions of IAS 36 and discounted using the weighted average cost of capital in the respective regions (ranging from 5.7% to 7.1%), calculated using the capital assets pricing model and based on parameters observable in the market. Cash flows beyond 2023 have been projected by normalizing information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of each company's sector and country of operation (ranging from 1% to 2.7%, consistently with medium- to long-term inflation forecasts by the International Monetary Fund), and by using the perpetuity method to calculate terminal value. The financial projections take into account the traffic forecasts developed by third parties, when available, renewal rates for existing contracts estimated on the basis of the historical averages and the capex expenditure linked to contract expirations. These considerations are also supported by a fairness opinion from an independent third company confirming that the chosen methodology is reasonable and appropriate.

On the basis of these assumptions, the recognized value of investments was found to be fully recoverable.

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

To complete these calculations, a sensitivity analysis was performed considering changes in the discount rate and g rate, which confirmed the full recoverability of investments.

The following table provides key data on subsidiaries at 31 December 2018 (see the Annex for a full list of subsidiaries held indirectly):

Name	Registered office	Currency	Share capital/ quota	Number of shares/ quotas *	Equity at 31.12.2018 *	2018 profit (loss) *	% held		Carrying amount (€) *
							Directly	Indirectly	
HMSHost Corporation	Wilmington (USA)	Usd	-	-	512,520	100,598	100	-	218,254
Autogrill Europe S.p.A.	Novara (Italy)	Euro	50,000	50,000	332,005	(1,343)	100	-	333,467
Autogrill Italia S.p.A.	Novara (Italy)	Euro	68,688	1	152,537	(4,599)	100	-	156,641
Autogrill Advanced Business Service S.p.A.	Novara (Italy)	Euro	1,000	1,000	3,202	(100)	100	-	3,291
Total									**711,653**

* Amounts in local currency, in thousands

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

X. OTHER FINANCIAL ASSETS

These consist mainly of long-term loans due from subsidiaries:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Loans granted to subsidiaries:				
Autogrill Europe S.p.A.	84,931	-	-	84,931
Autogrill Austria GmbH	-	2,556	(2,556)	-
Holding de Participations Autogrill S.a.s.	-	28,598	(28,598)	-
Autogrill Hellas Single Member Limited Liability Company	-	1,300	(1,300)	-
Guarantee deposits	870	1,870	(999)	(1)
Other financial receivables from third parties	-	9	(9)	-
Total	**85,801**	**34,333**	**(33,462)**	**84,930**

Loans charge interest at market rates. Movements during the year reflect the transfer of loans due from European subsidiaries at 31 December 2017 to Autogrill Europe S.p.A., which coordinates and manages general services (including treasury and finance) in southern and continental Europe. The increase since the end of 2017 concerns the loan to Autogrill Europe S.p.A. to finance the purchase of the German company Le CroBag by Autogrill Deutschland GmbH.

XI. DEFERRED TAX ASSETS

These amount to € 6,041k and consist of IRAP and IRES. They are recoverable through the tax consolidation with Edizione S.r.l., and may be a primary priority for recovery given the existence of taxable income within the fiscal subgroup that also includes the Italian companies formed as a result of the Reorganization, as recognized in the regulations defining transactions with Edizione.

XII. OTHER RECEIVABLES

The balance of other receivables is zero. At 31 December 2017 they came to € 7,542k and referred mainly to concession fees paid in advance for the motorway food & beverage business, under contracts that have now been transferred to Autogrill Italia S.p.A. as a result of the Reorganization.

CURRENT LIABILITIES

XIII. TRADE PAYABLES

This item amounts to € 6,118k, as follows:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Due to suppliers	6,118	173,005	(168,247)	**1,360**
Due to subsidiaries	-	768	(768)	-
Total	**6,118**	**173,773**	**(169,015)**	**1,360**

Trade payables consist of rent, consulting fees, and services (maintenance, utilities, and security).

XIV. OTHER PAYABLES

With a balance of € 21,370k (€ 84,830k at 31 December 2017), these are made up as follows:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Personnel expense	7,987	25,999	(14,602)	(3,410)
Due to suppliers for investments	1,782	21,704	(20,471)	549
Social security and defined contribution plans	926	12,492	(3,804)	(7,762)
Indirect taxes	29	2,899	(2,893)	23
Withholding taxes	522	4,771	-	(4,249)
Other	10,124	16,965	(10,292)	3,451
Total	**21,370**	**84,830**	**(52,062)**	**(11,398)**

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

Amounts due to suppliers went up because of investments in new software licenses and IT systems.

The decrease in amounts due for social security concerns the payment, in January 2018, of social security contributions pertaining to December 2017. That payable was not transferred as part of the Reorganization.

Indirect taxes, at 31 December 2017, referred to the VAT liability.

The reduction of "Withholding taxes" is due to the settlement of the payable for tax deductions related to the month of December 2017, made in January 2018. This debt had not been contributed in the Reorganization.

The heading "Other" consists mainly of amounts due to other providers (€ 3.208k) and to subsidiaries (€ 6,911k). Most of the increase for the year reflects contributions from suppliers that need to be distributed to Group companies, under contracts managed centrally by Autogrill S.p.A.

XV. BANK LOANS AND BORROWINGS

This item amounts to € 24,302k, as follows:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Unsecured bank loans	20,000	159,913	-	(139,913)
Current account overdraft	4,302	-	-	4,302
Total	**24,302**	**159,913**	**-**	**(135,611)**

Unsecured bank borrowings at 31 December 2018 refer to the use of short-term credit facilities.

The change over the 12-month period reflects the repayment, in January 2018, of drawdowns on the revolving loan (nominal amount € 400m) that were outstanding at the end of 2017.

Current account overdrafts refer to the use of short-term credit lines to cover cash requirements.

XVI. OTHER FINANCIAL LIABILITIES

These amount to € 1,052k, as follows:

(€k)	31.12.2018	31.12.2017	Change contribution in kind	Change year
Deposits received from:				
Nuova Sidap S.r.l.	-	1,122	(1,122)	-
Autogrill Belgie N.V.	-	1,668	(1,668)	-
Autogrill Schweiz A.G.	-	11,964	(11,964)	-
Autogrill Czech S.r.o.	-	490	(490)	-
Autogrill Deutschland GmbH	-	7,000	(7,000)	-
Autogrill D.o.o.	-	200	(200)	-
Fair value of currency hedging derivatives	118	51	-	67
Accrued expenses and deferred income for interest on loans	934	400	-	534
Other financial accrued expenses and deferred income	-	5	-	(5)
Total	**1,052**	**22,900**	**(22,444)**	**596**

The changes in deposits received from subsidiaries result from the Reorganization.

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

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

NON-CURRENT LIABILITIES

XVII. OTHER PAYABLES

Other payables of € 1,160k (€ 5,700k at 31 December 2017) refer mainly to deferred wages and salaries. The decrease associated with the Reorganization amounts to € 1,566k.

XVIII. LOANS, NET OF CURRENT PORTION

Amounting to € 375,969k (€ 149,607k at 31 December 2017), this item consists of € 377,000k in bank loans net of € 1,031k in charges and fees (€ 150,000k and € 393k at 31 December 2017).

Bank debt at 31 December 2018 and the previous year is broken down in the table below:

		31.12.2018		31.12.2017	
Credit Line	**Expiry**	**Amount (€k)**	**Utilizations k€**	**Amount (€k)**	**Utilizations k€**
Line Term Amortizing - TL	January 2023	100,000	100,000	400,000	160,000
Line Revolving - RCF	January 2023	200,000	52,000	-	-
Line Revolving - RCF	January 2023	100,000	75,000	-	-
Line Term Amortizing - TL	August 2021	150,000	150,000	150,000	150,000
Total lines of credit		**550,000**	**377,000**	**550,000**	**310,000**
Current portion					*(160,000)*
Total lines of credit net of current portion		**550,000**	**377,000**	**550,000**	**150,000**

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

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

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

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

The € 150m loan obtained in August 2017 and the new loans totalling € 400m, obtained in January 2018, involve the following covenants: a leverage ratio (gross debt/EBITDA) of 3.5 or less and interest coverage ratio (EBITDA/net financial expense) of at least 4.5, referring to the Group as a whole. At 31 December 2018 all such covenants were satisfied. Forecasts confirm that they will continue to be met over the next 12 months.

The average remaining term of committed bank loans is three years and two months, compared with two years and seven months at 31 December 2017. At 31 December 2018, credit lines had been drawn down by 56%.

XIX. POST-EMPLOYMENT BENEFITS

At 31 December 2018 this item amounted to € 855k. Movements during the year were as follows:

(€k)	
Defined benefit plans at 1 January 2015	**56,130**
Interest expense	462
Actuarial losses (gains) due to:	
– demographic assumptions	-
– financial assumptions	(69)
– experience adjustments	(75)
Benefits paid	(5,320)
Other	170
Defined benefit plans at 31 December 2015	**51,298**
Interest expense	10
Actuarial losses (gains) due to:	
– demographic assumptions	-
– financial assumptions	(41)
– experience adjustments	(15)
Benefits paid	(669)
Other	(10)
Decreases contributed	(49,718)
Defined benefit plans at 31 December 2016	**855**

The amounts recognized in the income statement for defined benefit plans, € 10k in 2018 (€ 462k the previous year), are listed under "Financial expense."

At 31 December 2018 the gross liability for post-employment benefits (Art. 2120 of the Italian Civil Code) was € 801k.

Below, the present value of plan obligations is reconciled with the liability recognized in 2014 and the previous three years:

(€k)	31.12.2018	31.12.2017	31.12.2016	31.12.2015
Present value of plan obligations	911	51,442	55,428	61,901
Actuarial (gains) losses not recognised	(56)	(144)	702	(2,369)
Net liability recognised	**855**	**51,298**	**56,130**	**59,532**

Below are the actuarial assumptions used to calculate defined benefit plans (*trattamento fine rapporto* or *TFR*):

(€k)	31.12.2018	31.12.2017
Discount rate	1.13%	0.86%
Inflation rate	1.5%	1.5%
Average frequency of termination	6.00%	6.00%
Average frequency of advances	2.00%	2.00%
Mortality table	RG48	RG48
Annual TFR increase	2.625%	2.625%

For 2018, the discount rate was based on the Iboxx Corporate AA 7- to 10-year index as of the measurement date. The selected yield was the one with a duration comparable to the assumed average remaining life of the employment contracts figuring in the calculation.

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

(€k)	Change	Increase	Decrease
Discount rate	+/- 0.25%	(13)	14
Inflation rate	+/- 0.25%	8	(8)
Turnover rate	+/- 1.00%	(3)	3

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

XX. PROVISIONS FOR RISKS AND CHARGES

These amounted to € 2,025k at the end of 2018. Movements during the year are shown below:

(€k)	31.12.2017	Accruals	Utilisations	Reversals	Other movement	Decreases contributed	31.12.2018
Onerous contracts provision	860	-	-	-	-	(860)	-
Provision for legal disputes and other risks and charges	5,240	47	(37)	(16)	-	(3,209)	2,025
Total	**6,100**	**47**	**(37)**	**(16)**	**-**	**(4,069)**	**2,025**

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

The onerous contracts provision referred to long-term rental or concession agreements for commercial units that are not profitable enough to cover the rent, and was transferred as part of the Reorganization.

The provision for legal disputes and other risks and charges covers the risk stemming mainly from litigation with employees, and reflects the opinions of the Company's legal advisors. Utilizations concern actual payments made, while accruals take account of any revised estimates concerning disputes already pending at the start of the year. The amount of accruals recognized under "Other operating expense" comes to € 47k (Note XXVIII).

XXI. EQUITY

Equity at 31 December 2018 amounts to € 469,546k.

The Annual General Meeting of 25 May 2018 voted to pay out € 48,336k (of the total profit of € 59,392k) as a dividend of € 0.19 per share, and to carry forward the remaining € 11,056k.

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

				Summary of utilisations in the past three years:	
(€k)	31.12.2018	Eligibility for use	Amount available	for loss coverage	for other reasons
Equity					
Income-related reserves:					
Legal reserve	13,738	B			
Other reserves and retained earnings	374,459	A, B, C	374,459		
Actuarial Gains (losses) on defined benefit plans reserve	(3,740)				
Treasury shares reserve	(720)				
Stock option	1,912				
TOTAL	**385,650**		**374,459**		
Share not available for distribution			(2,548)		
Share available for distribution			**374,459**		

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

SHARE CAPITAL

At 31 December 2018 the share capital of Autogrill S.p.A., fully subscribed and paid in, amounts to € 68,688k and consists of 254,400,000 ordinary shares.

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

LEGAL RESERVE

The "Legal reserve" amounts to € 13.738k and was built from company profits until it reached 20% of the share capital, in accordance with Art. 2430 of the Italian Civil Code.

OTHER RESERVES AND RETAINED EARNINGS

These amount to € 372,633k, compared with € 359,587k at 31 December 2017.

In accordance with the revised version of IAS 19, other reserves and retained earnings also include the amount of actuarial gains and losses arising from the remeasurement of the liability for defined benefit plans (post-employment benefits), net of the tax effect. The change in other reserves and retained earnings relating to defined benefit plans amounts to € 43k, net of the tax effect calculated at a rate of 24%.

TREASURY SHARES

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

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

OTHER COMPREHENSIVE INCOME

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

	2018			2017		
(€k)	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Actuarial gains (losses) on defined benefit plans	56	(13)	43	144	(35)	109
Items that will never be reclassified to profit or loss	**56**	**(13)**	**43**	**144**	**(35)**	**109**
Items that will be reclassified subsequently to profit or loss:	-	-	-	-	-	-

2.2.4 NOTES TO THE INCOME STATEMENT

As a result of the Corporate Reorganization described above, with effect from 1 January 2018 the Italian food & beverage business, the management of the European affiliates (continental and southern Europe), and administrative and ICT services are no longer part of Autogrill S.p.A. Starting with 2018 the Company's operations consist of Group guidance and management through the definition and development of growth strategies for the entire Group; capital allocation; corporate governance; and institutional relations. Autogrill S.p.A. also provides services to subsidiaries relating to the centralized management of certain procurement contracts, the provision of guarantees, and software licenses. The notes below refer to operations in 2018; a comparison with the previous year is not meaningful.

XXII. REVENUE

Revenue consists of € 14,471k in license fees and € 180k in service fees.

(€k)	2018	2017	Change
Food & beverage and retail sales	-	892,836	(892,836)
Sales to affiliates, third parties and subsidiaries	-	43,691	(43,691)
Services to subsidiaries	14,651	-	14,651
Total	**14,651**	**936,527**	**(921,876)**

XXIII. OTHER OPERATING INCOME

"Other operating income" of € 6,999k was made up as follows:

(€k)	2018	2017	Change
Bonuses from suppliers	50	40,903	(40,853)
Income from business leases	87	4,881	(4,794)
Affiliation fees	813	3,378	(2,565)
Services to subsidiaries	3,573	418	3,155
Gains on sales of property, plant and equipment	1,984	7,731	(5,747)
Other revenue	492	9,402	(8,910)
Total	**6,999**	**66,713**	**(59,714)**

Affiliation fees refer to royalties on trademarks owned by Group companies.

Capital gains from the disposal of property, plant and equipment include the gain from the sale of a storage facility.

Services to subsidiaries consist of guarantees given to Autogrill Italia S.p.A. and fees for the use of software owned by the Company.

XXIV. RAW MATERIALS, SUPPLIES AND GOODS

This item had a balance of zero in 2018 because all operating activities were transferred to the subsidiary Autogrill Italia S.p.A. as part of the Reorganization.

(€k)	2018	2017	Change
Total purchases relating to food & beverage and retail sales:	**-**	**406,793**	**(406,793)**
– merchandise and ingredients	-	206,728	(206,728)
– state monopoly products, newspapers and lottery tickets	-	200,138	(200,138)
– fuel for resale	-	(73)	73
Products for sale to affiliates, third parties and subsidiaries	-	41,788	(41,788)
Total	**-**	**448,581**	**(448,581)**

XXV. PERSONNEL EXPENSE

(€k)	2018	2017	Change
Wages, salaries and social security contributions	9,141	236,401	(225,096)
Employee benefits	396	11,717	(11,321)
Other costs	4,994	13,500	(8,506)
Total	**14,531**	**261,618**	**(244,923)**

Personnel expense of € 14.5m in 2018 covers the Group's corporate governance departments: Legal/Corporate, Administration, Finance, Planning, Internal Audit, Organization and Human Resources, and Marketing. It includes € 0.4m for the cost of the phantom stock option plans and performance share units plans (€ 10.3m in 2017, when only the phantom stock option plans existed, including for beneficiaries now employed by the spun-off companies).

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

	31.12.2018			31.12.2017		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Executives	17	-	17	57		57
Junior managers	21	-	21	386	2	388
White collars	15	4	19	499	121	620
Blue collars	-	-	-	2,408	5,210	7,618
Total	**53**	**4**	**57**	**3,350**	**5,333**	**8,683**

XXVI. LEASES, RENTALS, CONCESSIONS AND ROYALTIES

These came to € 1,020k, as follows:

(€k)	2018	2017	Change
Leases, rentals and concessions	904	162,101	(161,197)
Royalty for use of brands	116	1,668	(1,552)
Total	**1,020**	**163,769**	**(162,749)**

Leases, rentals and concessions in 2018 refer to the head office in Rozzano, outside Milan.

XXVII. OTHER OPERATING EXPENSE

Totalling € 13,744k, this item is detailed below:

(€k)	2018	2017	Change
Utilities	(47)	24,537	(24,584)
Maintenance	1,518	10,853	(9,335)
Cleaning and disinfections	16	15,928	(15,912)
Consulting and professional services	6,048	12,678	(6,630)
Commissions on credit card payments	-	1,129	(1,129)
Storage and transport	6	10,859	(10,853)
Advertising and market research	1,444	5,596	(4,152)
Travel expenses	676	3,965	(3,289)
Telephone and postal charges	106	1,800	(1,694)
Leases and rentals of goods	-	-	-
Insurance	548	1,953	(1,405)
Surveillance	5	736	(731)
Transport of valuables	-	1,073	(1,073)
Banking services	80	1,324	(1,244)
Sundry materials	57	3,050	(2,993)
Other services	388	3,968	(3,580)
Services to subsidiaries	1,326	-	1,326
Costs for materials and services	**12,172**	**99,449**	**(87,277)**
Impairment losses on receivables (Note "IV. Trade receivables")	**-**	**900**	**(900)**
For legal disputes	31	198	(167)
For onerous contracts	-	-	-
For other risks	-	506	(506)
Provisions for risks (Note "XX. Provision for risks and charges")	**31**	**704**	**(673)**
Indirect and local taxes	**605**	**5,537**	**(4,932)**
Losses on disposals	-	21	(21)
Other charges	-	2,778	(2,778)
Other operating expense	**937**	**2,799**	**(1,862)**
Total	**13,744**	**109,389**	**(95,645)**

Maintenance expense pertains mainly to software licenses and programs, to the head office in Rozzano (MI), and to the storage facility that was sold in 2018.

The decrease on the previous year is explained by the Reorganization.

Services from subsidiaries refer primarily to administrative and accounting services, personnel management, and IT services provided by subsidiaries in Italy.

XXVIII. AMORTIZATION AND DEPRECIATION

The total of € 3,108k is broken down below:

(€k)	2018	2017	Change
Other intangible assets	1,549	9,321	(7,772)
Property, plant and machinery	1,222	24,385	(23,163)
Assets to be transferred free of charge	338	6,416	(6,078)
Total	**3,108**	**40,122**	**(37,014)**

Amortization of other intangible assets refers to software licenses and programs.

XXIX. IMPAIRMENT LOSSES

There were no impairment losses in 2018. In 2017, net impairment losses amounted to € 1,483k, as a result of impairment testing based on the prospective cash flows of locations that were transferred as a result of the Reorganization.

XXX. FINANCIAL INCOME

Financial income amounted to € 32,314k, as follows:

(€k)	2018	2017	Change
Dividends from subsidiaries	30,664	87,589	(56,925)
Interest from subsidiaries	969	545	424
Bank interest income	2	-	2
Exchange rate gains	679	2,049	(1,370)
Other financial income	-	5	(5)
Total	**32,314**	**90,188**	**(57,874)**

Dividends from subsidiaries in 2018 consists of € 30,664k ($ 35,000k) in dividends from HMSHost Corporation, approved on 21 December 2018 and received in January 2019.

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

XXXI. FINANCIAL EXPENSE

"Financial expense" of € 4,263k is detailed below:

(€k)	2018	2017	Change
Interest expense	2,943	4,111	(1,168)
Exchange rate losses	1,133	2,349	(1,216)
Financial expense on post-employment benefits	10	462	(452)
Interest paid to subsidiaries	-	33	(33)
Commission	112	1,108	(996)
Other financial expense	65	80	(15)
Total	**4,263**	**8,143**	**(3,880)**

The decrease in interest expense is due primarily to the lower cost of loans.

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

XXXII. INCOME TAX

This item had a negative balance of € 2,090k, compared with a positive € 931k the previous year.

(€k)	2018	2017
IRES	(2,411)	1,677
IRAP	(107)	360
Adjustment on tax rate	4	(500)
Tax consolidation benefit	447	-
Current taxes	**(2,067)**	**1,536**
Net temporary differences	(23)	(605)
Income tax	**(2,090)**	**931**

Current taxes consist of IRES (corporate income tax) of € 2,411k (€ 1,677k in 2017), referring to withholding tax on foreign earned income pertaining to the year, and IRAP (regional business tax) of € 107k (€ 361k the previous year).

In 2018 Autogrill S.p.A. recognized a gain of € 447k from the tax consolidation, resulting from the partial recognition of the loss offset by income taxable for IRES purposes of the subsidiaries Autogrill Italia S.p.A. and Autogrill Advanced Business S.p.A., in the context of the fiscal subgroup contemplated by the tax consolidation agreement with Edizione S.r.l.

There are also unrecognized tax losses of € 82,956k, corresponding to an unrecognized tax benefit of € 19,904k.

(€k)	31.12.2017	Amount contributed	Recognised in profit and loss	Recognised in other comprehensive income	31.12.2018
Deferred tax asset:					
Property, plant and equipment	**5,722**	(5,334)	(330)	-	**58**
Trade receivables	**668**	(493)	(49)	-	**126**
Defined benefit	**1,195**	(1,163)	-	(13)	**18**
Provision for risks and charges	**2,037**	(1,465)	9	-	**580**
Other assets	**-**	-	23	-	**23**
Other liabilities	**1,016**	(252)	(333)	-	**431**
Profit brought forward/ available reserve	**12,718**	-	-	-	**12,718**
Total	**23,355**	**(8,708)**	**(680)**	**(13)**	**13,954**
Deferred tax liabilities:					
Property, plant and equipment	**14,397**	(14,021)	49	-	**425**
Investments	**7,315**	(195)	-	-	**7,120**
Other assets	**1,072**	-	(704)	-	**368**
Other liabilities	-	-	-	-	-
Total	**22,784**	**(14,216)**	**(656)**	**-**	**7,912**
Total	**571**	**5,508**	**(24)**	**(13)**	**6,041**

The following table reconciles effective tax and theoretical tax for 2018. Theoretical tax has been calculated at the tax rates currently in force.

	2018			2017		
(€k)	IRES 24.00%	IRAP 4.65%	Total 28.65%	IRES 24.00%	IRAP 3.90%	Total 27.90%
Pre-tax profit			**17,297**			**60,323**
Theoretical tax	**4,151**	**804**	**4,955**	**14,478**	**2,353**	**16,830**
Permanent differences:						
– Personnel expense	47	5	**52**	50	83	**133**
– Dividends and other financial items	(6,434)	(1,328)	**(7,763)**	(19,970)	(2,315)	**(22,285)**
– Impairment losses on equity investments	-	-	**-**	-	-	**-**
– Other	126	386	**513**	1,430	143	**1,573**
Net effect of unrecognised tax losses for the period	1,868	204	**2,072**	4,787	-	**4,787**
Increase in regional tax rate	-	-	**-**	-	(24)	**(24)**
Reversal of previous years' temporary differences	289	(79)	**209**	(14)	-	**(14)**
Taxed temporary differences deductible in future years	(46)	8	**(38)**	(761)	120	**(641)**
Total	**-**	**-**	**-**	**-**	**360**	**360**
Adjustment of prior years' provision for temporary differences	4	(107)	**(103)**	(2,541)	(500)	**(3,041)**
Taxes on dividends	(2,411)	-	**(2,411)**	4,218	-	**4,218**
Tax consolidation benefit	447	-	447	-	-	-
Current taxes	**(1,959)**	**(107)**	**(2,066)**	**1,676**	**(139)**	**1,537**
Adjustment on tax rate		24	**24**	-	-	**-**
Reversal net temporary differences for the period	48	(189)	**(142)**	2,976	-	**2,976**
Net temporary differences	16	78	**94**	(426)	(571)	**(997)**
Effect of recognised tax losses	-	-	-	(2,584)	-	(2,584)
Net Advance taxes	**64**	**(87)**	**(23)**	**(34)**	**(571)**	**(605)**
Income tax	**(1,895)**	**(194)**	**(2,090)**	**1,642**	**(710)**	**931**

2.2.5 NET FINANCIAL POSITION

The net financial position at the end of 2018 and 2017 is detailed below:

Note	(m€)		31.12.2018	31.12.2017	Change
I	A)	Cash on hand	(0.3)	(24.2)	23.9
	B)	**Cash and cash equivalents**	**(0.3)**	**(24.2)**	**23.9**
II	**C)**	**Current financial assets**	**-**	**(2.1)**	**2.1**
	D)	Bank loans and borrowings, current	4.3	-	4.3
	E)	Other financial liabilities	21.0	183.0	(162.0)
XV-XVI	**F)**	**Current financial indebtedness (D) + (E)**	**25.3**	**183.0**	**(157.7)**
	G)	**Net current financial indebtedness (B) + (C) + (F)**	**25.0**	**156.7**	**(131.7)**
XVIII	H)	Loans, net of current portion	375.9	149.6	226.3
	I)	**Non-current financial indebtedness**	**375.9**	**149.6**	**226.3**
	J)	**Net financial indebtedness (G)+(I) ***	**400.9**	**306.3**	**94.6**
X		**Non-current financial assets**	**(84.9)**	**(34.3)**	**(50.6)**
		Net financial indebtedness	**316.0**	**272.0**	**44.0**

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

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

In January 2019, the dividend from HMSHost Corporation was received in the amount of € 30.6m.

2.2.5.1 IAS 7 DISCLOSURE

As required by IAS 7, the Company has analyzed in its statement of cash flows the principal changes during the year in liabilities from financing activities and has found that the main non-monetary changes stem from variations in the market value of interest rate hedging derivatives (difference of € 0.9m for 2018).

Given the significance of the Reorganization, a separate part of the statement of cash flows details their effects on liquidity.

2.2.6 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

2.2.6.1 FAIR VALUE

The following tables break down assets and liabilities by category at 31 December 2017 and 2016 and financial instruments measured at fair value by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities either directly (prices) or indirectly (derived from prices);
Level 3 – inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

	31.12.2018							
	Carrying amount				Fair value			
(€k)	FVTPL - hedging instruments	Amortized cost	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Other investments	-	-	-	-	-	-	-	-
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Cash and cash equivalent	-	337	-	**337**	-	-	-	-
Trade receivables	-	520	-	**520**	-	-	-	-
Other current assets*	-	8,221	-	**8,221**	-	-	-	-
Other non current assets	-	-	-	-	-	-	-	-
Other financial assets (current)	-	-	-	-	-	-	-	-
Other financial assets (non-current)	-	870	-	**870**	-	-	-	-
Total	**-**	**9,948**	**-**	**9,948**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	118	-	-	**118**	-	118	-	**118**
Total	**118**	**-**	**-**	**118**	**-**	**118**	**-**	**118**
Financial liabilities not measured at fair value								
Bank overdraft	-	24,302	-	**24,302**	-	-	-	-
Unsecured current bank loans and borrowings	-	375,968	-	**375,968**	-	377,826	-	**377,826**
Finance leases	-	-	-	-	-	-	-	-
Financial liabilities due to others	-	-	-	-	-	-	-	-
Obligations	-	-	-	-	-	-	-	-
Trade payables	-	6,183	-	**6,183**	-	-	-	-
Other Payables	-	1,782	-	**1,782**	-	-	-	-
Total	**-**	**408,235**	**-**	**408,235**	**-**	**377,826**	**-**	**377,826**

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

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

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

In light of the first-time adoption of IFRS 9, the company has recognized financial assets according to the business model test for the use of amortized cost (hold to collect) or fair value through other comprehensive income (hold to collect and sell), based on facts and circumstances at the time the standard was adopted.

In 2018 there were no transfers between different hierarchical levels.

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

(a) Level 1 financial instruments
The fair value of a financial instrument traded in an active market is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price.

(b) Level 2 financial instruments
The fair value of financial instruments not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For level 2, the specific valuation techniques are as follows:
- the fair value of loans was estimated by discounting future cash flows at a risk-free market interest rate gross of a spread determined on the basis of the Group's credit risk, financial ratios and benchmarking.

2.2.6.2 FINANCIAL RISK MANAGEMENT

Autogrill S.p.A. is exposed to the following risks from the use of financial instruments:
- market risk;
- credit risk;
- liquidity risk.

The overall responsibility for the creation and supervision of a risk management system lies with the Board of Directors, which has formed a sub-committee for Control, Risk and Corporate Governance. The sub-committee is responsible for looking into matters concerning Autogrill's control and risk management system and helping the Board of Directors reach informed decisions on these issues.

Autogrill's risk management policies are designed to identify and analyze the risks to which the Company is exposed, establish appropriate limits and controls, and monitor the risks and compliance with those limits. These policies and the corresponding systems are revised regularly to reflect any changes in market conditions and in Autogrill's operations. Through training, standards and official procedures, the Company aims to create a disciplined and constructive environment in which its employees are aware of their roles and responsibilities. The Internal Audit unit complements the sub-committee for Control, Risk and Corporate Governance in its monitoring activities, conducting periodic reviews and spot checks of the controls and risk management procedures and reporting results to the Board of Directors.

This section describes the Company's exposure to each of the risks listed above, its risk objectives and policies, and its means of managing and assessing these risks.

MARKET RISK

Market risk is the risk that the fair value or future cash flows from a financial instrument may fluctuate due to changes in exchange rates, interest rates or equity instrument prices. The aim of market risk management is to monitor these risks and keep them within acceptable levels, along with their potential impact on the Company's results and financial position.

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

INTEREST RATE RISK

The aim of interest rate risk management is to control financial expense and its volatility. This entails, through a mix of fixed- and floating-rate liabilities, the predetermination of a portion of financial expense out to a time horizon in keeping with the structure of debt, which in turn must be in line with capital structure and future cash flows. Where it is not possible to obtain the desired risk profile in the capital markets or through banks, it is achieved by using derivatives of amounts and maturities in line with those of the liabilities to which they refer.

EXCHANGE RATE RISK

The Group operates in various countries with functional currencies other than the euro. In these countries, the procurement policy dictates that raw material purchases and other operating expense have to be conducted in the same currencies, thereby minimizing exchange rate risk. Such a risk remains with respect to intragroup loans, when granted to subsidiaries that use non-euro currencies. Under these circumstances, the objective of currency risk management is to neutralize some of this risk in respect of payables and receivables in foreign currency arising from lending transactions in currencies other than the euro. The derivatives used for these hedging transactions consist mainly of forward currency contracts.

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

The fair value of exchange rate hedges outstanding at 31 December 2018 is as follows:

Notional amount (currency/000)		Expiry	Spot rate	Forward rate	Fair value (€k)
USD	33,250	10.01.2019	1.148	1.1497	(94)
USD	10,000	27.02.2019	1.147	1.1541	(25)

CREDIT RISK

Credit risk is the risk that a customer or a financial instrument counterparty may cause a financial loss by defaulting on an obligation. It arises principally in relation to trade receivables and financial investments.

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

Exposure at 31 December 2018 and 31 December 2017 was as follows:

(€k)	31.12.2018	31.12.2017	Change
Cash and cash equivalents	337	6,302	(5,965)
Other current financial assets	31	2,083	(2,052)
Trade receivables	930	33,629	(32,699)
Other current receivables	78,256	110,917	(32,661)
Other non-current financial assets	85,801	34,333	51,468
Other non-current receivables	-	7,413	(7,413)
Total	**165,355**	**194,677**	**(29,322)**

Exposure to credit risk since 2018 is of little significance because as a result of the Reorganization, the Company has transferred its food & beverage operations to Autogrill Italia S.p.A.

Other receivables consist mainly of tax credits and other amounts due from government agencies and therefore pose limited credit risk.

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 generic impairment calculated on the basis of historical and statistical data.

Other current and non-current financial assets stem mainly from loans granted to direct and indirect subsidiaries, which impairment testing has found to be recoverable. Geographically, all credit risk is limited to Italy.

Further to the Corporate Reorganization, trade receivables, stemming chiefly from affiliation agreements with motorway partners and others, were transferred to Autogrill Italia S.p.A.

The following table shows the aging of invoiced trade receivables by class of debtor at 31 December 2018.

(€k)	Incidence on total receivables	Receivables	Overdue	1-3 months	3-6 months	6 months-1 year	Over 1 year
Affiliates	10%	91	-	-	-	-	-
Intercompany	44%	410	-	-	-	-	-
Other	46%	429	83	8	28	-	47
Total		**930**	**83**	**8**	**28**	**-**	**47**

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.

LIQUIDITY RISK

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

The Company manages liquidity by ensuring that it always has sufficient funds to meet its obligations on time, without incurring excessive charges or risking damage to its reputation.

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

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

Exposure and maturity data at the close of 2018 and 2017 were as follows:

		31.12.2018						
		Contractual cash flows						
Non derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3-6 months	6 months–1 year	1–2 years	2–5 years	Over 5 years
Current account overdrafts	4,302	4,302	4,302	-	-	-	-	-
Lease payments due to others	397,000	397,000	20,000	-	-	-	377,000	-
Trade payables	6,183	6,183	6,183	-	-	-	-	-
Due to suppliers for investments	1,782	1,782	1,782	-	-	-	-	-
Total	**409,267**	**409,267**	**32,267**	**-**	**-**	**-**	**377,000**	**-**

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

2.2.7 SEASONAL PATTERNS

Given the nature of the business, due to the Corporate Reorganization, revenue shows no particular seasonal patterns.

2.2.8 GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES AND COMMITMENTS

Guarantees given and commitments assumed come to € 283,332k, as follows:

(€k)	31.12.2018	31.12.2017	Change
Sureties and personal guarantees in favour of third parties	14,763	191,764	(177,001)
Sureties and personal guarantees in favour of subsidiaries	268,569	340	268,229
Other commitments and guarantees	-	20,325	(20,325)
Total	**283,332**	**212,429**	**70,903**

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

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

Under IFRS 9, there is no requirement to recognize liabilities for guarantees given.

CONTINGENT LIABILITIES

At 31 December 2018, there were no contingent liabilities as described in IAS 37.

2.2.9 OPERATING LEASES

COMMERCIAL LEASE

In a commercial lease, the operator uses buildings for business activity against payment of rent. Autogrill S.p.A. leases an office in Milan and offices in Rozzano (MI). Part of the costs are reimbursed by its Italian subsidiaries on the basis of the space they occupy.

At 31 December 2018, commitments for future fixed payments on these premises amounted to € 5.4m.

2.2.10 OTHER INFORMATION

RELATED PARTY TRANSACTIONS

Autogrill S.p.A. is controlled by Schematrentaquattro S.p.A., which owns 50.1% of its ordinary shares. Schematrentaquattro S.p.A. is a wholly-owned subsidiary of Edizione S.r.l.

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

In 2018 Autogrill S.p.A. had no transactions with its direct parent, Schematrentaquattro S.p.A.

TRANSACTIONS WITH EDIZIONE S.R.L.

Income statement (€k)	2018	2017	Change
Other operating income	29	17	12
Other operating expense	16	25	(9)
Personnel expense	100	102	(2)

Statement of financial position (€k)	31.12.2018	31.12.2017	Change
Trade receivables	5	7	(2)
Other receivables	12,424	12,599	(175)
Other payables	109	115	(6)

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

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

Personnel expense refers to fees earned by a director of Autogrill S.p.A. and paid back to Edizione S.r.l. where he serves as executive manager.

Other receivables consist of € 12,424k for the IRES (corporate income tax) refund due as a result of Art. 2 of Decree Law 201/2011, which recognized the deductibility of IRAP (regional tax) pertaining to personnel expense paid from 2007 to 2011. The change is explained by the receipt of € 162k for taxes withheld in 2016 and transferred to the consolidating company Edizione S.r.l.

Other payables include the fees accrued at 31 December 2018 to the director mentioned under personnel expense above.

TRANSACTIONS WITH RELATED COMPANIES

	Atlantia group		Benetton Group S.r.l.	
Income statement (€k)	**2018**	**2017**	**2018**	**2017**
Revenue	-	38	-	-
Other operating income	-	529	-	129
Raw materials, supplies and goods	-	162	-	-
Other operating expense	1	3,027	-	408
Leases, rentals, concessions and royalties	1,044	76,835	-	-
Personnel expense	-	-	-	-
Financial income	-	-	-	-
Financial expense	-	-	-	-

	Atlantia group		Benetton Group S.r.l.	
Statement of financial position (€k)	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Trade receivables	-	2,045	-	-
Other receivables	66	2,172	-	8
Financial receivables	-	-	-	-
Trade payables	1,118	28,856	-	-
Other payables	-	-	-	-
Financial payables	-	-	-	-

In detail:

Atlantia group: leases, rentals, concessions and royalties refer to concession fees and accessory costs pertaining to the year, under various concession contracts that were not transferred to Autogrill Italia S.p.A. as part of the Corporate Reorganization. Those concession contracts are managed by Autogrill Italia S.p.A. under a business lease agreement, until they are definitively transferred to it.

Trade payables originate from the same transactions.

Other receivables consist primarily of fees for cleaning services at rest stops and co-marketing fees.

Verde Sport S.p.A.: other operating expense concerns the commercial sponsorship of youth sports at the facilities housed at “La Ghirada - Città dello Sport.”

Edizione Property S.p.A.		Olimpias Group S.r.l.		Verde Sport S.p.A.	
2018	2017	2018	2017	2018	2017
-	-	-	-	-	6
-	9	-	-	-	-
-	-	-	2	-	-
-	-	-	-	45	45
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Edizione Property S.p.A.		Olimpias Group S.r.l.		Verde Sport S.p.A.	
31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
-	20	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	-	-
-	-	-	-	-	-
-	-	-	-	-	-

TRANSACTIONS WITH SUBSIDIARIES

Transactions with Autogrill S.p.A.'s subsidiaries, summarized in the table below, are recurring and are both financial and commercial in nature. The amounts shown refer to transactions carried out in 2018 and 2017 and to asset and liability balances at 31 December of each year.

Income statement (€k)	Autogrill Austria GmbH 2018	Autogrill Austria GmbH 2017	Autogrill Belgie N.V. 2018	Autogrill Belgie N.V. 2017	Autogrill Schweiz A.G. 2018	Autogrill Schweiz A.G. 2017	Autogrill Czech S.r.o. 2018	Autogrill Czech S.r.o. 2017
Revenue	-	70	-	14	-	-	-	-
Other operating income	13	59	41	559	803	1,569	2	15
Raw materials, supplies and goods	-	-	-	-	-	-	-	-
Other operating expense	-	(2)	-	208	-	72	-	(1)
Leases, rentals, concessions and royalty	-	-	-	-	-	-	-	-
Personnel expense	-	-	-	671	-	31	-	-
Financial income	-	39	-	7	-	3,222	-	-
Financial expense	-	-	-	6	-	7	-	-

Statement of financial position (€k)	Autogrill Austria GmbH 31.12.2018	Autogrill Austria GmbH 31.12.2017	Autogrill Belgie N.V. 31.12.2018	Autogrill Belgie N.V. 31.12.2017	Autogrill Schweiz A.G. 31.12.2018	Autogrill Schweiz A.G. 31.12.2017	Autogrill Czech S.r.o. 31.12.2018	Autogrill Czech S.r.o. 31.12.2017
Trade receivables	-	42	-	-	176	198	-	-
Other receivables	39	69	4	497	39	777	-	15
Financial receivables	-	2,557	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	-	-
Other payables	30	16	61	520	190	479	6	9
Financial payables	-	-	-	1,668	-	11,964	-	490

Income statement (€k)	Autogrill D.o.o. 2018	Autogrill D.o.o. 2017	HMSHost Corporation 2018	HMSHost Corporation 2017	Nuova Sidap S.r.l. 2018	Nuova Sidap S.r.l. 2017	Autogrill Europe S.p.A. 2018	Autogrill Europe S.p.A. 2017
Revenue	-	-	11,098	-	-	30,195	3,392	-
Other operating income	1	7	281	1,588	232	3,795	69	-
Raw materials, supplies and goods	-	-	-	-	-	5,236	-	-
Other operating expense	-	-	57	15	(5)	220	1,459	-
Leases, rentals, concessions and royalty	-	-	-	-	(349)	(7,503)	(294)	-
Personnel expense	-	-	225	170	-	(92)	-	-
Financial income	-	-	30,664	84,367	-	14	969	-
Financial expense	-	-	-	-	-	8	-	-

Statement of financial position (€k)	Autogrill D.o.o. 31.12.2018	Autogrill D.o.o. 31.12.2017	HMSHost Corporation 31.12.2018	HMSHost Corporation 31.12.2017	Nuova Sidap S.r.l. 31.12.2018	Nuova Sidap S.r.l. 31.12.2017	Autogrill Europe S.p.A. 31.12.2018	Autogrill Europe S.p.A. 31.12.2017
Trade receivables	-	-	40	7	59	8,418	-	-
Other receivables	-	6	40,907	81,055	442	469	4,403	-
Financial receivables	-	-	-	-	-	-	84,961	-
Trade payables	-	-	-	-	-	768	-	-
Other payables	6	5	410	480	183	2,111	357	-
Financial payables	-	200	-	-	-	1,122	-	-

Autogrill Deutschland GmbH		Autogrill Iberia S.L.U.		Autogrill Côté France S.a.s.		Autogrill Hellas Single Member Limited Liability Company		Autogrill Polska Sp.zo.o.	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
-	-	-	-	-	-	-	69	-	-
49	597	31	456	88	1,765	4	33	1	7
-	-	-	-	-	-	-	-	-	-
-	(11)	-	28	9	226	-	(2)	-	(1)
-	-	-	-	-	-	-	-	-	-
(164)	(69)	(349)	168	26	993	-	-	-	(100)
-	-	-	44	-	359	-	20	-	62
-	12	-	-	-	-	-	-	-	-

Autogrill Deutschland GmbH		Autogrill Iberia S.L.U.		Autogrill Côté France S.a.s.		Autogrill Hellas Single Member Limited Liability Company		Autogrill Polska Sp.zo.o.	
31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
-	-	-	-	-	-	6	2	(4)	1
412	538	362	337	425	1,113	-	30	-	6
-	-	-	-	-	28,598	-	1,301	-	-
-	-	-	-	-	-	-	-	-	-
232	186	129	172	180	926	21	21	-	3
-	7,000	-	-	-	-	-	-	-	-

Autogrill Italia S.p.A.		Autogrill Advanced Business Service	
2018	2017	2018	2017
-	-	-	-
1,366	-	281	-
-	-	-	-
68	-	878	-
(2,432)	-	(278)	-
1	-	-	-
-	-	-	-
-	-	-	-

Autogrill Italia S.p.A.		Autogrill Advanced Business Service	
31.12.2018	31.12.2017	31.12.2018	31.12.2017
133	-	-	-
6,737	-	832	-
-	-	-	-
-	-	-	-
4,611	-	406	-
-	-	-	-

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

Income statement (€k)	2018 Total related companies *	Autogrill S.p.A.	%
Revenue	14,651	14,651	-
Other operating income	3,129	6,999	45%
Raw materials, supplies and goods	-	-	-
Other operating expense	12,918	13,744	94%
Leases, rentals, concessions and royalty	(2,308)	1,020	-226%
Personnel expense	(162)	14,531	-1%
Financial income	31,633	32,314	98%
Financial expense	-	4,263	0%

Statement of financial position (€k)	31.12.2018 Total related companies *	Autogrill S.p.A.	%
Trade receivables	414	930	45%
Other receivables	67,091	78,256	86%
Financial receivables	84,961	85,832	99%
Trade payables	1,118	6,182	18%
Other payables	10,486	22,530	47%
Financial payables	-	377,021	0%

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

REMUNERATION OF DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The following remuneration was paid to members of the Board of Directors and to executives with strategic responsibilities during the year ended 31 December 2018:

Name	Office held	Term of office	Remuneration (€)	Bonuses and other incentive (€)	Non-monetary benefits (€)	Other fees (€)
Gilberto Benetton	Chairman	from 2017 to 10/22/18	48,493			
Gianmario Tondato Da Ruos	CEO	2017/2019	520,000	732,183	39,234	400,000
Alessandro Benetton	Director	2017/2019	60,000			
Paolo Roverato	Director	2017/2019	100,000			
Massimo Fasanella D'Amore di Ruffano	Director	2017/2019	100,000			24,041 *
Francesco Chiappetta	Director	2017/2019	90,000			
Ernesto Albanese	Director	2017/2019	70,000			
Marco Patuano	Director	from 01/26/2017 to 2019	80,000			
Franca Bertagnin Benetton	Director	from 05/25/2017 to 2019	60,000			
Cristina De Benetti	Director	from 05/25/2017 to 2019	83,200			
Catherine Gérardin Vautrin	Director	from 05/25/2017 to 2019	80,000			
Maria Pierdicchi	Director	from 05/25/2017 to 2019	80,000			
Elisabetta Ripa	Director	from 05/25/2017 to 2019	90,000			24,041 *
Total directors			**1,461,693**	**732,183**	**39,234**	**448,082**
Managers with strategic responsibilities (8 people)				4,458,770	335,260	2,813,018 **
Total			**1,461,693**	**5,190,953**	**374,493**	**3,261,100**

* Director in Autogrill Europe S.p.A. and Autogrill Italia S.p.A. from 15 January 2018
** Three managers with strategic responsibilities are employed in other subsidiaries company

On 7 February 2019, on the advice of the Human Resources Committee and with input from the Board of Statutory Auditors, the Board of Directors decided to pay Paolo Zannoni — chairman of the board, co-opted after the death of Gilberto Benetton and later elected chairman — a set fee for this position in addition to the annual remuneration he is due as a member of the Board of Directors.

The CEO's remuneration includes his executive salary from Autogrill S.p.A., which is shown under "Other fees." According to the Board of Directors resolution of 29 June 2017, which governs the CEO's employment, if the CEO resigns with just cause or is dismissed by the Company without just cause, the Company will top up to €2m the standard indemnity in lieu of notice and any other indemnity or leaving compensation provided for in the national collective managers' contract for the commercial sector, when less than that amount. Also, given the CEO's strategic role at the Company, he is bound by a non-compete agreement and a ban on poaching Autogrill Group personnel for 18 months, under a specific agreement that entails a penalty for breach thereof.

Under the 2014 phantom stock option plan, the CEO received 883,495 options in Wave 1, 565,217 options in Wave 2 and 505,556 options in Wave 3. In 2018 he exercised all of his Wave 1 and Wave 2 options and 395,652 of the Wave 3 options granted under that plan.

Under the 2016 phantom stock option plan described below, the CEO has been assigned 679,104 options in Wave 1".

A significant portion of the variable compensation received by the CEO and by the eight key management employees 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 key management employees participated during the year in an annual bonus system involving earnings and financial targets and other strategic objectives for the Group and/or the relevant business unit, as well as individual objectives. Should the CEO leave office for any reason, he shall retain the right to variable pay under the incentive plans of which he is a beneficiary, subject to the achievement of the targets and the satisfaction of any other condition stated in each plan, regulation, or program and in an amount proportional to the service rendered during the relevant period of time.

In 2018, two key management employees terminated their employment with Autogrill.

Late in the year, the departure of another key management employee was negotiated, resulting in a definitive outcome in March 2019. Leaving indemnities are included in the item "Bonuses and other incentives".

In 2018 the company hired a new key management employee whose hiring bonus is also included in the item "bonuses and other incentives".

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

STATUTORY AUDITORS' FEES

Statutory auditors' fees are as follows:

Name	Office held	Term of office	Fees (€)	Other fees (€)
Marco Giuseppe Maria Rigotti	Chairman	01.01.2018-31.12.2020	78,000	
Eugenio Colucci	Standing auditor	01.01.2015-24.05.2018	19,726	
Eugenio Colucci	Standing auditor	15.01.2018-31.12.2020		40,000 *
Massimo Catullo	Standing auditor	24.05.2018-31.12.2020	31,627	
Antonella Carù	Standing auditor	01.01.2018-31.12.2020	50,000	15,600 **
Total Statutory Auditors			**179,353**	**55,600**

* Standing auditor in Autogrill Europe S.p.A. and Autogrill Italia S.p.A.
** Standing auditor in Autogrill Advanced Business Service S.p.A.

INDEPENDENT AUDITORS' FEES FOR AUDIT AND OTHER SERVICES

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Deloitte & Touche S.p.A.	Autogrill S.p.A.	263
Attestation	Deloitte & Touche S.p.A.	Autogrill S.p.A.	82
Total			**345**

INCENTIVE PLANS FOR DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

2014 PHANTOM STOCK OPTION PLAN

On 28 May 2014, the general meeting of shareholders approved a new incentive plan referred to as the "2014 phantom stock option plan." The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

This plan, which expires on 30 June 2021, is split into three sub-plans or "Waves" which grant each beneficiary the right to receive, for each option exercised, a gross cash amount equal to the difference between the terminal value and the allocation value of the Autogrill shares (the "Bonus"), subject to certain conditions and in any case not exceeding a given cap. Specifically, the terminal value of the shares is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the exercise date, plus dividends paid from the grant date until the date of exercise. The allocation value is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the allocation date.

On 16 July 2014, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. Under Wave 1 (vesting period from 16 July 2014 to 15 July 2016), a total of 3,268,995 options were assigned. A total of 2,835,967 options were assigned under Wave 2 (vesting period from 16 July 2014 to 15 July 2017). Of these, 37,700 options were exercised in 2018. With respect to Wave 2, 924,150 options were exercised in 2018.

On 12 February 2015, under Wave 3 (vesting period from 12 February 2015 to 11 February 2018), a total of 2,752,656 options were assigned. With respect to Wave 3, 1,849,038 options were exercised in 2018 and 107,250 were cancelled.

Movements in 2017 and 2018 are shown below:

	Options		
	Wave 1	Wave 2	Wave 3
Options at 1 January 2017	**3,091,901**	**2,846,932**	**2,617,441**
Options exercized in 2017	(3,054,201)	(1,790,117)	-
Options cancelled in 2017	-	(132,665)	(142,867)
Options at 31 December 2017	**37,700**	**924,150**	**2,474,574**
Options exercized in 2018	(37,700)	(924,150)	(1,849,038)
Options cancelled in 2018	-	-	(107,250)
Options at 31 December 2018	**-**	**-**	**518,286**

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

Thorough information on the 2014 phantom stock option plan is provided in the Disclosure Document prepared in accordance with Art. 84-*bis* (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com.

2016 PHANTOM STOCK OPTION PLAN

On 26 May 2016, the general meeting of shareholders approved a new incentive plan referred to as the "2016 phantom stock option plan." The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

This plan, which expires on 30 June 2024, is split into three sub-plans or "Waves" which grant each beneficiary the right to receive, for each option exercised, a gross cash amount equal to the difference between the terminal value and the allocation value of the Autogrill shares (the "Bonus"), subject to certain conditions and in any case not exceeding a given cap. Specifically, the terminal value of the shares is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the exercise date, plus dividends paid from the grant date until the date of exercise. The allocation value is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the allocation date.

On 26 July 2016, the plan was implemented and the terms and conditions of Wave 1 were defined. With a vesting period from 26 May 2016 to 25 May 2019, a total of 4,825,428 options were assigned.

During the course of 2018, 385,696 options were cancelled.

Movements in 2017 and 2018 are shown below:

	Options
Options at 1 January 2017	**4,734,010**
Options exercized in 2017	-
Options cancelled in 2017	(331,107)
Options at 31 December 2017	**4,402,903**
Options exercized in 2018	-
Options cancelled in 2018	(385,696)
Options at 31 December 2018	**4,017,207**

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

Thorough information on the 2016 phantom stock option plan is provided in the Disclosure Document prepared in accordance with Art. 84-*bis* (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com (/Governance/Shareholders' meeting).

During 2018 Autogrill has not booked costs of the 2014 and 2016 phantom stock option plans due to the adjustment of estimates with respect to the provisions already made at 31 December 2017 on the basis of the stock market performance of Autogrill shares.

2018 PERFORMANCE SHARE UNITS PLAN

On 24 May 2018, the general meeting of shareholders approved a new incentive plan referred to as the "2018 performance share units plan." The options are assigned free of charge to executive directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

The plan is split into cycles or "Waves" which grant each beneficiary the right to exchange options for Autogrill shares if the Group's stock market performance and financial results both satisfy given conditions.

On 24 May 2018, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. For Wave 1 (vesting period from 24 May 2018 to 23 May 2020), a total of 866,032 options were assigned. A total of 789,906 options were assigned for Wave 2 (vesting period from 24 May 2018 to 23 May 2021).

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

Thorough information on the 2018 performance share units plan is provided in the Disclosure Document prepared in accordance with Art. 84-*bis* (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com (/Governance/Shareholders' meeting).

The costs associated with this plan came to € 0,8m in 2018.

2.2.11 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

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

2.2.12 ATYPICAL OR UNUSUAL TRANSACTIONS

In 2017 there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of 28 July 2006.

The Corporate Reorganization, although it had a major impact on the Company's operations, is non-recurring and does not fall within the scope of the resolution.

2.2.13 SUBSEQUENT EVENTS

In January 2019 Autogrill S.p.A. received a dividend of € 30.6m from the US subsidiary HMSHost Corporation.

2.2.14 AUTHORIZATION FOR PUBLICATION

The Board of Directors authorized the publication of these draft financial statements at its meeting of 14 March 2019.

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

Annexes

LIST OF INVESTMENTS HELD DIRECTLY AND INDIRECTLY IN SUBSIDIARIES AND ASSOCIATES

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2018	Shareholders/quota holders
Parent					
Autogrill S.p.A.	Novara	Eur	68,688,000	50.1000%	Schematrentaquattro S.p.A.
Company consolidated line by line					
Nuova Sidap S.r.l.	Novara	Eur	100,000	100.0000%	Autogrill Italia S.p.A.
Autogrill Europe S.p.A.	Novara	Eur	50,000,000	100.0000%	Autogrill S.p.A.
Autogrill Italia S.p.A.	Novara	Eur	68,688,000	100.0000%	Autogrill S.p.A.
Autogrill Advanced Business Service S.p.A.	Novara	Eur	1,000,000	100.0000%	Autogrill S.p.A.
Autogrill Austria GmbH	Gottlesbrunn	Eur	7,500,000	100.0000%	Autogrill Europe S.p.A.
Autogrill Czech Sro	Prague	Czk	154,463,000	100.0000%	Autogrill Europe S.p.A.
Autogrill D.o.o.	Lubljana	Eur	1,342,670	100.0000%	Autogrill Europe S.p.A.
Autogrill Hellas Single Member Limited Liability Company	Avlonas	Eur	3,696,330	100.0000%	Autogrill Europe S.p.A.
Autogrill Polska Sp.z.o.o.	Katowice	Pln	1,405,000	100.0000%	Autogrill Europe S.p.A.
Autogrill Iberia S.L.U.	Madrid	Eur	7,000,000	100.0000%	Autogrill Europe S.p.A.
Autogrill Deutschland GmbH	Munich	Eur	205,000	100.0000%	Autogrill Europe S.p.A.
Le CroBag GmbH & Co KG	Hamburg	Eur	904,867	98.8700%	Autogrill Deutschland GmbH
				1.1300%	Le Fournil de Frédéric Neuhauser GmbH
Le CroBag Polska Sp. Z.o.o.	Warsaw	Pln	100,000	100.0000%	Le CroBag GmbH & Co KG
Le Fournil de Frédéric Neuhauser GmbH	Hamburg	Eur	25,565	100.0000%	Autogrill Deutschland GmbH
Autogrill Belgie N.V.	Antwerp	Eur	6,700,000	99.9900%	Autogrill Europe S.p.A.
				0.0100%	AC Restaurants & Hotels Beheer N.V.
AC Restaurants & Hotels Beheer N.V.	Antwerp	Eur	3,250,000	99.9900%	Autogrill Belgie NV
Autogrill Schweiz A.G.	Olten	Chf	23,183,000	100.0000%	Autogrill Europe S.p.A.
Restoroute de Bavois S.A.	Bavois	Chf	2,000,000	73.0000%	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Pont-en-Ogoz	Chf	1,500,000	54.3300%	Autogrill Schweiz A.G.
Holding de Participations Autogrill S.a.s.	Marseille	Eur	84,581,920	100.0000%	Autogrill Europe S.p.A.
Autogrill Côté France S.a.s.	Marseille	Eur	31,579,526	100.0000%	Holding de Participations Autogrill S.a.s.
Volcarest S.a.s.	Champs	Eur	1,050,144	50.0000%	Autogrill Côté France S.a.s.
Autogrill Restauration Carrousel S.a.s.	Marseille	Eur	2,337,000	100.0000%	Holding de Participations Autogrill S.a.s.
Société de Gestion Pétrolière Autogrill S.àr.l. (SGPA)	Marseille	Eur	8,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Autoroutes S.àr.l.	Marseille	Eur	375,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Centres Villes S.àr.l.	Marseille	Eur	375,000	100.0000%	Autogrill Restauration Carrousel S.a.s.
HMSHost Corporation	Delaware	Usd	-	100.0000%	Autogrill S.p.A.
HMSHost International, Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost USA, LLC	Delaware	Usd	-	100.0000%	HMSHost Corporation

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2018	Shareholders/quota holders
Host International, Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost Tollroads Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMS Airport Terminal Services, Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.
Host International of Maryland, Inc.	Maryland	Usd	1,000	100.0000%	Host International, Inc.
Michigan Host, Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.
Host Services of New York, Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.
Host International of Kansas, Inc.	Kansas	Usd	1,000	100.0000%	Host International, Inc.
Host Services Inc.	Texas	Usd	-	100.0000%	Host International, Inc.
Anton Airfood of Cincinnati, Inc.	Kentucky	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood, Inc.	Delaware	Usd	1,000	100.0000%	HMSHost Corporation
Anton Airfood of Newark, Inc.	New Jersey	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of JFK, Inc.	New York	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Minnesota, Inc.	Minnesota	Usd	-	100.0000%	Anton Airfood, Inc.
Palm Springs AAI, Inc.	California	Usd	-	100.0000%	Anton Airfood, Inc.
Fresno AAI, Inc.	California	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Seattle, Inc.	Washington	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Tulsa, Inc.	Oklahoma	Usd	-	100.0000%	Anton Airfood, Inc.
Islip AAI, Inc.	New York	Usd	-	100.0000%	Anton Airfood, Inc.
Stellar Partners, Inc.	Florida	Usd	25,500	100.0000%	Host International, Inc.
Host International (Poland) Sp.zo.o. (in liquidation)	Warsaw	Usd	-	100.0000%	Host International, Inc.
Shenzhen Host Catering Company, Ltd. (in liquidation)	Shenzhen	Usd	-	100.0000%	Host International, Inc.
Host Services Pty, Ltd.	North Cairns	Aud	11,289,360	100.0000%	Host International, Inc.
Host International of Canada, Ltd.	Vancouver	Cad	75,351,237	100.0000%	Host International, Inc.
Horeca Exploitatie Maatschappij Schiphol. B.V.	Haarlemmermeer	Eur	45,400	100.0000%	HMSHost International B.V.
Marriott Airport Concessions Pty, Ltd.	North Cairns	Aud	2,665,020	100.0000%	Host International, Inc.
HMSHost Services India Private, Ltd.	Bangalore	Inr	668,441,680	99.0000%	Host International, Inc.
HMSHost Singapore Private, Ltd.	Singapore	Sgd	8,470,896	100.0000%	Host International, Inc.
Host (Malaysia) Sdn. Bhd.	Kuala Lumpur	Myr	2	100.0000%	Host International, Inc.
HMSHost New Zealand Ltd.	Auckland	Nzd	1,520,048	100.0000%	Host International, Inc.
HMSHost (Shanghai) Enterprise Management Consulting Co., Ltd. (in liquidation)	Shanghai	Cny	-	100.0000%	Host International, Inc.
HMSHost International B.V.	Haarlemmermeer	Eur	18,090	100.0000%	Host International, Inc.
HMSHost Hospitality Services Bharath Private, Ltd.	Karnataka	Inr	100,000,000	99.0000%	HMSHost Services India Private Ltd.
				1.0000%	HMSHost International, Inc.
NAG B.V.	Haarlemmermeer	Eur	-	60.0000%	HMSHost International B.V.
HMSHost Finland Oy	Helsinki	Eur	2,500	100.0000%	HMSHost International B.V.
Host-Chelsea Joint Venture #3	Texas	Usd	-	63.8000%	Host International, Inc.
Host Bush Lubbock Airport Joint Venture	Texas	Usd	-	90.0000%	Host International, Inc.
Airside C F&B Joint Venture	Florida	Usd	-	70.0000%	Host International, Inc.
HSI Kahului Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International, Inc.
HSI Southwest Florida Airport Joint Venture	Florida	Usd	-	78.0000%	Host International, Inc.
HSI Honolulu Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International, Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2018	Shareholders/quota holders
HMS/Blue Ginger Joint Venture	Texas	Usd	-	55.0000%	Host International, Inc.
Host/Java Star Joint Venture	Texas	Usd	-	50.0100%	Host International, Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	-	65.0000%	Host International, Inc.
Host-Tinsley Joint Venture	Florida	Usd	-	84.0000%	Host International, Inc.
HSI/Tarra Enterprises Joint Venture	Florida	Usd	-	75.0000%	Host International, Inc.
Host D&D STL FB, LLC	Missouri	Usd	-	75.0000%	Host International, Inc.
Host/LJA Joint Venture	Missouri	Usd	-	85.0000%	Host International, Inc.
Seattle Restaurant Associates	Olympia	Usd	-	70.0000%	Host International, Inc.
Bay Area Restaurant Group	California	Usd	-	49.0000%	Host International, Inc.
Host/JV Ventures McCarran Joint Venture	Nevada	Usd	-	60.0000%	Host International, Inc.
HSI Miami Airport FB Partners Joint Venture	Florida	Usd	-	70.0000%	Host International, Inc.
Host DEI Jacksonville Joint Venture	Florida	Usd	-	51.0000%	Host International, Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.0000%	Host International, Inc.
Host CTI Denver Airport Joint Venture	Colorado	Usd	-	90.0000%	Host International, Inc.
Host-Chelsea Joint Venture #4	Texas	Usd	-	63.0000%	Host International, Inc.
Host-CMS SAN F&B, LLC	Delaware	Usd	-	100.0000%	Host International, Inc.
Host GRL LIH F&B, LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host Fox PHX F&B, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host FDY ORF F&B, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
LTL ATL JV, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host ATLChefs JV 3, LLC	Delaware	Usd	-	95.0000%	Host International, Inc.
Host ATLChefs JV 5, LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host LGO PHX F&B, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host-Love Field Partners I, LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host-True Flavors SAT Terminal A FB	Delaware	Usd	-	65.0000%	Host International, Inc.
Host Havana LAX F&B, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host-CTI DEN F&B II, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host Lee JAX FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host/DFW AF, LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host Havana LAX TBIT FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host Houston 8 IAH Terminal B, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
HHL Cole's LAX F&B, LLC	Delaware	Usd	-	80.0000%	Host Havana LAX F&B, LLC
Host CMS LAX TBIT F&B, LLC	Delaware	Usd	-	100.0000%	Host International, Inc.
Host JQE RDU Prime, LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host Howell Terminal A F&B, LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MCA FLL FB, LLC	Delaware	Usd	-	76.0000%	Host International, Inc.
Host MCA SRQ FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
HOST ECI ORD FB, LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host Aranza Howell DFW B&E FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host MGV IAD FB, LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MGV DCA FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host CTI DEN F&B STA, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host MGV DCA KT, LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host MBA LAX SB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host H8 IAH FB I, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host BGV IAH FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2018	Shareholders/quota holders
Host TBL TPA FB, LLC	Delaware	Usd	-	71.0000%	Host International, Inc.
Host JQE CVG FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host MBA CMS LAX, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host VDV CMH FB LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
HOST OHM GSO FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host JQE RSI LIT FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host JVI PDX FB, LLC	Delaware	Usd	-	84.0000%	Host International, Inc.
Host TFC SDF FB, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host JQE RDU CONC D, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host SMI SFO FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host Ayala LAS FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Stellar Partners Tampa, LLC	Florida	Usd	-	90.0000%	Stellar Partners, Inc.
Host LBL LAX T2 FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host BGI MHT FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host SCR SAV FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host Chen ANC FB LLC	Delaware	Usd	-	88.0000%	Host International, Inc.
Host SCR SAN FB, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host SCR SNA FB, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Stellar LAM SAN, LLC	Florida	Usd	-	80.0000%	Stellar Partners, Inc.
Host DII GRR FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host Java DFW MGO, LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host SHI PHL FB LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host VDV DTW SB, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
MCO Retail Partners, LLC	Delaware	Usd	-	80.0000%	Stellar Partners, Inc.
Host VDV DTW 3 SB, LLC	Delaware	Usd	-	79.0000%	Host International, Inc.
HMSHost Family Restaurants, Inc.	Maryland	Usd	2,000	100.0000%	Host International, Inc.
HMSHost UK, Ltd.	London	Gbp	217,065	100.0000%	HMSHost International B.V.
HMSHost Sweden A.B.	Stockholm	Sek	2,500,000	100.0000%	HMSHost International B.V.
HMSHost Ireland Ltd.	Cork	Eur	13,600,000	100.0000%	HMSHost International B.V.
HMSHost Nederland B.V.	Haarlemmermeer	Eur	100	100.0000%	HMSHost International B.V.
HMSHost Huazhuo (Beijing) Catering Management Co., Ltd.	Beijing	Cny	80,000,000	100.0000%	HMSHost International B.V.
HMSHost - UMOE F&B Company AS	Bærum	Nok	120,000	51.0000%	HMSHost International B.V.
PT EMA INTI MITRA (Autogrill Topas Indonesia)	Jakarta	Idr	46,600,000,000	65.0000%	HMSHost International B.V.
SMSI Travel Centres, Inc.	Vancouver	Cad	10,800,100	100.0000%	Host International of Canada, Ltd.
HMSHost Yiyecek Ve Icecek Hizmetleri A.S.	Istanbul	Trl	16,521,730	100.0000%	HMSHost International B.V.
Autogrill VFS F&B Co. Ltd.	Ho Chi Minh City	Vnd	104,462,000,000	70.0000%	HMSHost International B.V.
Limited Liability Company Autogrill Rus	San Petersburg	Rub	10,000	100.0000%	NAG B.V.
PT Autogrill Services Indonesia	Jakarta	Idr	32,317,805,500	99.0000%	HMSHost International B.V.
				1.0000%	HMSHost Nederland B.V.
HMSHost Vietnam Company Limited	Ho Chi Minh City	Vnd	-	100.0000%	HMSHost International B.V.
HMSHost Family Restaurants, LLC	Delaware	Usd	-	100.0000%	HMSHost Family Restaurants, Inc.
HMSHost Motorways L.P.	Winnipeg	Cad	-	99.9999%	SMSI Travel Centres, Inc.
				0.0001%	HMSHost Motorways, Inc.
HMSHost Motorways, Inc.	Vancouver	Cad	-	100.0000%	SMSI Travel Centres, Inc.
HMSHost Antalya Yiyecek Ve Içecek Hizmetleri A.S.	Antalya	Trl	2,140,000	51.0000%	HMSHost Yiyecek Ve Icecek Hizmetleri A.S.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2018	Shareholders/quota holders
HK Travel Centres GP, Inc.	Toronto	Cad	-	51.0000%	HMSHost Motorways, Inc.
HK Travel Centres L.P.	Winnipeg	Cad	-	50.9990%	HMSHost Motorways L.P.
				0.0010%	HK Travel Centres GP, Inc.
Stellar Retail Group ATL, LLC	Tampa	Usd	-	59.0000%	Stellar Partners, Inc.
Host CEI KSL MSY, LLC	Delaware	Usd	-	63.0000%	Host International, Inc.
Host MCA ATL FB, LLC	Delaware	Usd	-	64.0000%	Host International, Inc.
Stellar RSH DFW, LLC	Tampa	Usd	-	65.0000%	Stellar Partners, Inc.
Stellar Retail Partners DFW, LLC	Tampa	Usd	-	65.0000%	Stellar Partners, Inc.
Host HTB DEN FB, LLC	Delaware	Usd	-	67.0000%	Host International, Inc.
Host DSL DEN FB, LLC	Delaware	Usd	-	67.0000%	Host International, Inc.
Host MCL DFW SB, LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MCL DFW Bar, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host DCG ATL SB, LLC	Delaware	Usd	-	59.0000%	Host International, Inc.
Host MCA HLM ATL FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host TGI DEN GD FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host TGI DEN STA FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host D&D STL 3KG FB, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host JAVA DFW SBC-GAB, LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host IBC MCO FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host BGB SCA MSP, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
HMSHost Maldives Pvt Ltd	Maldives	Mvr	-	99.0000%	HMSHost International B.V.
				1.0000%	HMSHost Nederland B.V.
HMSHost Rus Limited Liability Company	Russia	Rub	-	90.0000%	HMSHost International B.V.
				10.0000%	HMSHost Nederland B.V.
HMSHost (Shanghai) Catering Management Co., Ltd.	China	Cny	-	100.0000%	HMSHost International B.V.
Stellar DML GCG MCO, LLC	Delaware	Usd	-	70.0000%	Stellar Partners, Inc.
Host CEG KSL LGA FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host TRA BNA STA FB, LLC	Delaware	Usd	-	84.0000%	Host International, Inc.
Host TRA BNA FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
HSI BFF SEA FB, LLC	Delaware	Usd	-	51.0000%	Host Services, Inc.
Stellar PHL, LLC	Delaware	Usd	-	65.0000%	Stellar Partners, Inc.
Stellar Retail Group PHX, LLC	Delaware	Usd	-	55.0000%	Stellar Partners, Inc.
Stellar LAM PHX, LLC	Tampa	Usd	-	70.0000%	Stellar Partners, Inc.
Host NMG EWR SB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host PHE LDL MCO FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host AAC SFO FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
HSI MCA LBL LAX T6-TBIT, LLC	Delaware	Usd	-	75.0000%	Host Services, Inc.
Host LDL MCO FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host WSE SJC FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host LDL BWI FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Stellar DOC1 DCGG DEN, LLC	Delaware	Usd	-	75.0000%	Stellar Partners, Inc.
Host LPI SEA FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Stellar MGV BWI, LLC	Delaware	Usd	-	60.0000%	Stellar Partners, Inc.
HSI MCA MIA SB, LLC	Delaware	Usd	-	51.0000%	Host Services, Inc.

Company	Registered office	Currency	Share/quota capital	% held at 31.12.2018	Shareholders/quota holders
HSI MCA BOS FB, LLC	Delaware	Usd	-	80.0000%	Host Services, Inc.
Host DCG AUS FB, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host IBC PIE FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
HSI HCL SEA FB, LLC	Delaware	Usd	-	75.0000%	Host Services, Inc.
Stellar BDI PIE, LLC	Delaware	Usd	-	90.0000%	Stellar Partners, Inc.
Stellar DCA BNA, LLC	Delaware	Usd	-	50.0100%	Stellar Partners, Inc.
Stellar DCA SLA BNA, LLC	Delaware	Usd	-	49.9900%	Stellar Partners, Inc.
Associates					
Caresquick N.V.	Bruxelles	Eur	1,020,000	50.000%	Autogrill Belgie N.V.
Autogrill Middle East, LLC	Abu Dhabi	Aed	100,000	50.000%	HMSHost International B.V.
Dewina Host Sdn. Bhd.	Kuala Lumpur	Myr	350,000	49.000%	Host International, Inc.
HKSC Opco L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HKSC Developments L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HMSHost and Lite Bite Pte. Ltd.	Bangalore	Inr	100,000	51.000%	HMSHost Services India Private Limited
Arab Host Services LLC	Qatar	Qar	200,000	49.000%	Autogrill Middle East, LLC

ATTESTATION OF THE CEO AND MANAGER IN CHARGE OF FINANCIAL REPORTING

Attestation of the separate financial statements pursuant to art. 81-ter of Consob Regulation 11971 of 14 May 1999 (as amended)

1. We, the undersigned, Gianmario Tondato Da Ruos as Chief Executive Officer and Camillo Rossotto as manager in charge of financial reporting of Autogrill S.p.A., hereby declare, including in accordance with art. 154-bis (3) and (4) of Legislative Decree no. 58 of 24 February 1998:
   - the adequacy of, in relation to the characteristics of the business; and
   - due compliance with the administrative and accounting procedures for the preparation of the separate financial statements during the course of 2018.

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

March, 14 March 2019

Gianmario Tondato Da Ruos Chief Executive Officer	**Camillo Rossotto** Manager in charge of financial reporting

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Autogrill S.p.A.

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Autogrill S.p.A. (the "Company"), which comprise the statement of financial position as at December 31 2018, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the separate financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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2

Impairment Test of the carrying amount of Investments

Description of the key audit matter

Non-Current Assets of the separate financial statements as at December 31, 2018 include investments in subsidiaries for Euro 711.7 million whose carrying amounts include the subsidiary HMSHost Corporation, based in US, and the three Italian subsidiaries Autogrill Italia S.p.A., Autogrill Europe S.p.A. and Autogrill Advanced Business Service S.p.A. to which the Company transferred the relative business units as part of the Corporate Reorganization, subject of the following key audit matter. These activities represent approximately 79% of the total assets and are subject to Impairment Test, considering the relevance of the intangible assets held by the U.S. subsidiary and the fact that the Italian companies have been consolidated for the first time as a result of the abovementioned Corporate Reorganization.

The *Impairment Tests* have been executed, for each investment, through the comparison between the carrying amount reported in the separate financial statements as at December 31, 2018 and the recoverable amount determined as their estimated value in use, defined as the present value of the estimated future cash flows of each investment operations discounted at different rate for geographic areas.

The impairment process carried out by the Management is complex since it includes several assumptions regarding the forecasted future cash flows of investments, the definition of appropriate discount rates (WACC) and long-term growth rates (g-rate). In this context, the Management has been supported by a Fairness Opinion from an independent consultant, confirming that the chosen methodology is reasonable.

For the determination of the recoverable amount, the Company based its assumptions on financial forecasts for the period 2019-2023 of the companies' operations, as confirmed by the CEO and reviewed by the Board of Directors. The determination of forecasted future cash flows used in the Impairment Tests resulting from the financial forecasts, mentioned above, is based also on external factors such as the traffic forecasts developed by third parties, when available, renewal rates for existing contracts estimated on the basis of the historical averages, and the capex expenditure linked to contract expiration.

As a result of the Impairment Test exercise performed, no reason of write-down of investments resulted.

Taking into consideration the relevant book value of the investments in the Italian subsidiaries accounted in the separate financial statements for the first time and the extensive intangible assets held by the subsidiary based in US, as well as the subjectivity of the estimates used to determine future cash flows and key variables for the Impairment Tests exercise, we considered that the Impairment Tests exercise represents a key audit matter for the Company's separate financial statements.

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Notes "IX – Investments" and the paragraph "2.2.2. – Accounting Policies – Use of estimates" of the notes to the separate financial statements provide the disclosure of the investments and of the Impairment Tests exercise, with the listing of the main assumptions adopted in the determination of cash flows for the 5-year period 2019-2023, the determination of the terminal value, the growth rates and the discount rates adopted in the Impairment Tests exercise; the notes also report the results of the sensitivity analysis carried out through the variation of the growth rates, discount rates as well as other specific risk factors.

Audit procedures performed

We performed, among others, the following procedures, also through the support of Deloitte specialists:

- analysis of the procedure adopted by the Management in the determination of the value in use of the investments;
- check of the compliance of the Impairment Tests exercise on the investments, as adopted by the Management, to the accounting policies indicated in the notes;
- observation of procedures and understanding of relevant controls undertaken by the Company on the Impairment Tests exercise of the investments; in this respect, we analyzed also the Fairness Opinion of the independent consultant, prepared for the Directors' benefit, organizing meetings for the comprehension and analysis of data and methodology adopted;
- analysis of the appropriateness of the main assumptions adopted for the determination of financial forecasts, also through the analysis of sector data and external sources, like the market growth rates and, when applicable, estimates on foreign currency trends;
- analysis on actual data compared to initial forecasts, with the aim to evaluate their differences and the reliability on the financial forecasts determination process, checking as well the consistency between contract renewal rates and historical data;
- check of the discount rate and long-term growth rates reasonability and testing on the mathematical accuracy of the model used for the determination of the value in use of the investments;
- independent testing of the sensitivity analysis performed by the Management and by the independent consultant with reference to the discount rate, the growth rate and the main business variables;
- check of the appropriateness of the Company disclosure on Impairment Tests in accordance with IAS 36.

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Corporate Reorganization

Description of the key audit matter

With effect from January 1, 2018, the Company completed a Corporate Reorganization aimed at separating the Italian Food & Beverage operations and the coordination and service activities performed for the directly controlled European companies from Autogrill S.p.A.'s guidance and management operations in its capacity as holding company. The Corporate Reorganization has been completed through the contribution in kind of three business units, that were part of Autogrill S.p.A., to three different wholly-owned limited liability companies (the "Transferers"). The business units were contributed on a continuity of values respect to the valuation of assets and liabilities preceding the contribution.

The notes to the separate financial statements disclose that the operation has been finalized with the final settlements of the contribution values and the Transferers are operating.

Considering the significance on the Company's activity of the abovementioned operation with related parties, we considered the accounting of the Reorganization and the representation of the relative disclosure as a key audit matter.

Paragraph 2.2.1 of the notes to the separate financial statements includes information on the scope of the operation, the methods, the conditions and the terms of execution of the operation itself and a description of the net activities contributed in kind with effect to each of the three Transferers, as well as the criteria for the determination of the business units values and the accounting effects of the operation, considering that the operation has no impact on the consolidated financial statements.

Audit procedures performed

We performed, among others, the following procedures:

- examination of the main documentation related to the Corporate Reorganization, including corporate resolutions;
- examination of the criteria adopted for the identification of assets and liabilities transferred to each business unit in line with the corporate resolutions and the documentation required by law in such circumstances;
- understanding of relevant controls carried out by the Company with reference to the process of determination of the value of the net assets contributed in kind and the related balances at the effective date;
- check of the consistency between the value of the contributed business units as of January 1, 2018 and the relative accounting data as of December 31, 2017;
- check of the accounting of the Reorganization and of the relative disclosure included in the notes to the separate financial statements, related with particular to the Reorganization impact on the data comparability data in the two year end periods.

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

The Directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

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

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

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- we identified and assessed the risks of material misstatement of the separate financial statements, whether due to fraud or error, we designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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- we evaluated the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and we inform them about any relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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

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

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

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

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Autogrill S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Autogrill S.p.A. as at December 31, 2018, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and certain specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the separate financial statements of Autogrill S.p.A. as at December 31, 2018 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and certain information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of Autogrill S.p.A. as at December 31, 2018 and are prepared in accordance with the law.

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With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 11, 2019

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

BOARD OF STATUTORY AUDITORS' REPORT

Dear Shareholders,

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

The separate financial statements for 2018 close with a profit of €15.2m, compared with a profit of €59.4m the previous year. At the consolidated level, the profit allocable to the group amounted to €68.7m, with respect to € 96.2m in 2017.

On 11 April 2019, the independent auditors Deloitte & Touche S.p.A. issued an unqualified opinion of Autogrill S.p.A.'s separate financial statements for the year ended 31 December 2018. Deloitte & Touche's report on the consolidated financial statements for the year ended 31 December 2018 of the Autogrill S.p.A. and its subsidiaries, issued on the same date, was also unqualified.

1. SUPERVISORY ACTIVITIES PERFORMED AND INFORMATION RECEIVED

The Board of Statutory Auditors was appointed by the annual general meeting of 24 May 2018, as the three-year term of the prior Board had ended, and will remain until the annual general meeting is called to approve the Company's separate financial statements at 31 December 2020. In accordance with the law and the corporate by-laws the appointment was made based on the lists presented by the shareholders, also taking in to account the provisions governing gender equality.

More in detail, the standing auditors Antonella Carù and Massimo Catullo, and the alternate auditor Patrizia Paleologo Oriundi, were appointed from the list submitted by the majority shareholder Schematrentaquattro, while the standing auditor Marco Rigotti and the alternate auditor were appointed from the minority list, submitted by 10 shareholders who are investment fund managers. In accordance with the law and the corporate by-laws, the standing auditor Marco Rigotti was appointed chairman of the Board of Statutory Auditors at the same time. The auditors Antonella Carù and Marco Rigotti were members of the prior Board.

The activities carried out by the Board of Statutory Auditors during the year, regardless of the composition of the Board itself, are described in this report.

During the year ended 31 December 2018 the Board of Statutory Auditors 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 17 meetings, which as a rule were attended by all statutory auditors in office;
- attended, generally as a board, the 10 meetings of the Board of Directors;
- attended, generally as a board, the 8 meetings of the control, risks and corporate governance committee;
- attended, generally through the participation of the chairman, the 6 meetings of the human resources committee;
- attended, through the participation of one or more statutory auditors, the 2 meetings of the related party transactions committee;
- attended, as a board, the ordinary shareholders' meeting held to approve the 2017 financial statements, which also renewed the authorization to purchase treasury

shares for up to a maximum of 5% of the share capital;
- maintained an open channel of communication and held periodic meetings with the independent auditors, to share data and information relevant to our respective assignments;
- maintained an open channel of communication and held periodic meetings with the internal audit director and the enterprise risk management department;
- met with the Board of Statutory Auditors of the only Italian subsidiaries, leading to no findings of note.

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

The information in question was gathered through audits and directly from the chief executive officer and department heads (including those responsible for North America and International), and through attendance at the meetings of the control, risks and corporate governance committee and the other advisory committees.

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

In the course of our activities, in 2018:
- we received no complaints pursuant to Art. 2408 of the Italian Civil Code;
- no statements/reports were received.

2. AUTOGRILL GROUP COMPANY PROFILES

The Company is responsible for the management and coordination of the group it heads and prepares the group's consolidated financial statements. The Italian subsidiaries duly disclosed their status as subject to Autogrill's management and coordination.

On 1 January 2018 the corporate reorganization process, which consisted in the spin-off of three of the company's to three wholly-owned subsidiaries, took effect. More in detail:
- Autogrill Italia S.p.A. became the owner of the business unit that manages the motorway and airport concessions, businesses in train stations and Italian urban centers, as well as the holding in Nuova Sidap S.r.l.; this is the Italy Business Unit which comprises "Concessions", "Oil" and "Urban Center & Mall" divisions, as well as the typical management and coordination activities in support of the business, such as logistics and operations, procurement, sales support, development and management of relations with landlords, maintenance, investment and infrastructure, safety, quality, marketing, human resources, administration, finance, control, and legal affairs;
- Autogrill Europe S.p.A. became the owner of the business unit that encompasses: a) the structures responsible for the coordination of activities in southern Europe and continental Europe (including Italy); and b) the equity investments in various companies based in southern and continental Europe; the coordination structure included in the Europe Unit carries out activities pertaining to marketing; procurement, engineering and construction, business development, human resources, management control and treasury, legal and corporate affairs, and internal audit;
- Autogrill Advanced Business Service S.p.A. became the owner of the business unit provides support and services to Group companies (including Autogrill S.p.A.). More in detail, the Services Unit mainly provides: (i) information and communication technology services, including development, management and

maintenance of application software, as well as the related security and compliance tools; (ii) administrative and accounting services, such as accounts receivable and payable, keeping of assets register, information and data base management, liaisons with suppliers and customers; and (iii) payroll services and related personnel management formalities (tax, social security and insurance). This reorganization was carried out entirely within the scope of the Group's perimeter, without the transfer of assets to third parties and the business units were transferred on a continuity of interest basis such that the Company's net equity at 1 January 2018 is the same as it was at 31 December 2017. The Company also exercises management and coordination over the subsidiaries to which the business units were transferred.

Given the extensive scale of the corporate reorganization project, the Company voluntarily published the Disclosure Document in the format provided for by Art. 71 of the Consob Regulation (format 3 of Annex 3B).

In accordance with the exemption provided for in article 14, paragraph 2, of Regulation 17221/2010 and Art. 12.3.1 of the Procedures for related party transactions adopted by Autogrill, this project was not subject to the procedures for related party transactions. The Company, therefore, did not publish the information document called for in article 5 of Regulation 17221/2010.

As a result of the reorganization the Company is a holding company which carries out the following activities in its role as parent company: strategic guidance and coordination; administration, finance, control, and enterprise risk management; investor relations; legal, corporate and regulatory affairs; communication; public affairs; strategic marketing; group engineering & procurement; human resources and organization; internal audit; corporate social responsibility.

The new organizational structure entails the rendering of intragroup services for which fees are paid based on the provisions of specific contracts. More in detail, because brands and industrial property rights were not transferred under the spin-off agreements, Autogrill S.p.A., the transferees, and the Group's other subsidiaries operate under contracts governing the terms and conditions for the use of the parent's technical know-how.

In addition to the transferees described above, Autogrill controls the US company HMSHost Corporation and, through the latter, Host International B.V.

In terms of operations, the business units include North America (HMSHost Corporation and subsidiaries), Europe (Autogrill Europe, Autogrill Italia and subsidiaries) and International, comprised of the Far East, Middle East and Northern Europe (Host International and subsidiaries). This led to a lack of symmetry between the business areas and the corporate divisions (International is controlled by North America and includes Northern Europe, while Autogrill Italia is controlled directly by the parent company, even though it is part of the business unit Europe).

More information in this regard can be found in the Directors' Report on consolidated operations (in the sections "Simplified corporate structure" and "Organizational structure at 14 March 2019").

Although the Company is controlled by Schematrentaquattro S.p.A. (itself a subsidiary of Edizione S.r.l.), it is not subject to its management and coordination. This conclusion was confirmed by the Board of Directors during the meeting held on 28 September 2017 following a review of the conclusions reached in the past requested by the statutory auditors. The Board of Directors confirmed that no evidence of management or coordination on the part of the direct parent Schematrentaquattro S.p.A. or the indirect parent Edizione S.r.l. existed.

3. TRANSACTIONS WITH A MAJOR IMPACT ON THE BALANCE SHEET, INCOME STATEMENT AND FINANCIAL POSITION; RELATED PARTY TRANSACTIONS

In the Directors' Report no reference is made to transactions with a major impact on the balance sheet, income statement and financial position carried out by the Company in 2018, but we would like to point out the following "Changes in the Scope of Consolidation" that occurred in the year:

- On 28 February 2018, through the subsidiary Autogrill Deutschland GmbH, the Autogrill Group acquired 100% of the companies Le CroBag GmbH & Co. KG and F.F.N. GmbH, which operate Le CroBag food & beverage locations at railway stations in Germany, Austria and Poland. Le CroBag's 118 locations (113 of them in Germany) are managed both directly and under license and grossed € 37.4m from March to December 2018. The cost of the acquisition was € 67.7m, including € 13.5m discharged by paying the company's debts and € 6.2m deferred to 2019.
- On 31 August 2018, as part of the Group's expansion in the North American airport channel, the U.S. subsidiary HMSHost Corporation acquired Avila Retail Development & Management ("Avila") through the airport retail firm Stellar Partners. Avila operates 25 locations at four U.S. airports. From September to December 2018 Avila earned revenue of $12m. The cash out for the acquisition amounted to €17.3m.

We have not found or been notified by the independent auditors or the head of internal audit of atypical or unusual transactions as defined by the Consob Communication of 6 April 2001 and Consob Communication DEM/6064293 of 28 July 2006 carried out with third parties, related parties or other companies in the group. Nor in 2018 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. The above was noted by the directors in the Directors' Report.

RELATED PARTY TRANSACTIONS

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

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

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

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

- cites, word for word, the criteria recommended by Consob for determining whether a transaction falls within ordinary business and associated financial activities;
- adds its own definition of "terms equivalent to market or standard terms," in order to make it even more explicit that the exemption for ordinary RPTs applies only in these cases;
- describes a specific case of "terms equivalent to market or standard terms" relating to the extension of agreements, concessions or contracts to which the Company or Group companies are party;
- lists the criteria for determining that offers submitted in response to the Company's call for tenders come from unrelated parties in good standing;
- requires that the RPT committee include, where applicable, at least one independent director appointed from the minority list (as defined in the by-laws);
- eliminates the clause stating that the independent expert of the RPT committee may also be the Company's expert;
- clarifies that the value of an RPT is calculated net of value added tax.

The Board of Directors receives information on the relations with related parties on a regular basis.

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

4. PERFORMANCE FOR THE YEAR AND FINANCIAL POSITION

As mentioned above, the profit allocable to the group amounted to € 68.7m versus a profit of € 96.2m the previous year.

The consolidated net financial position was a negative € 671.1m at the end of 2018 (€ 544.0m at 31 December 2017). More in detail, the result reflects the positive impact of operating cash flow (€ 323.7m), offset by net capital expenditure during the year (€290.3m). In the notes to the consolidated financial statements, the directors attribute most of the increase in net debt to dividend payments, the cost of the Le CroBag and Avila acquisitions, and capital expenditure for the year, which were only partially offset by net cash flow from operating activities.

The current net financial position was a negative € 173.9m at the end of 2018, compared with negative € 24.6m at the end of the previous year.

Net capex amounted to € 300.9m in 2018, compared to € 261.9m in the previous year. These investments, an essential part of the group's business, were made in HMSHost North America (€ 153.7m versus €133.5m in the previous year), Host International (€35.7m versus € 30.5m in the previous year) and Europe (€106.8m versus €95.4m in the previous year), along with Corporate (€4.7m versus €2.6m in the prior year). Contributions to EBITDA can be broken down as follows: HMSHost Nord America, € 261.6 m (€268.8 m in the previous year); Host International, € 60.0 m (versus € 57.8m in the previous year); and Europe, € 89.5 m (€ 108.7m in 2017). Corporate costs came to € 24.1m, down from € 36.3m the previous year.

Consolidated net equity attributable to the owners of the parent rose from € 649.9m at the end of the 2017 to € 685.9m at the end of 2018.

The group's loans and bond issues are subject to covenants, described in the notes to the financial statements. The directors' report and the notes state that all of the covenants were amply satisfied at the end of 2018, that forecasts for 2019 confirm they will be met over the next 12 months and that application of IFRS 16 will not change the way these covenants are calculated, which calls for the recognition of financial liabilities for lease payments to be made in the future. The group's loans and bond issues are also subject to the change of control clauses as described in the directors' Corporate Governance and Ownership Report.

5. ORGANIZATIONAL STRUCTURE, INTERNAL CONTROL AND RISK MANAGEMENT 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.

As mentioned above, the Group is organized in three business units: North America, International and Europe. Given its current status as a holding company, the Company also has an internal corporate unit.

THE INTERNAL CONTROL SYSTEM

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

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

In 2018 the Company continued its ongoing reinforcement of the control and risk management system, meaning the set of rules, procedures and organizational structures designed to facilitate sound and proper management that is in line with Company objectives through an adequate system of identification, measurement, management and monitoring of the principal risks.

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

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

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

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

During the meeting held on 14 March 2019 the Board of Directors examined the information gathered with the assistance of the control, risks and corporate governance committee, the assumptions and assessments of the manager in charge of financial reporting and the Enterprise Risk Management division, and found no deficiencies that could compromise the internal control and risk management system given the structure of the Company and the Group, as well as the Group's business.

INTERNAL AUDIT

On 8 March 2018 the Board of Directors, in accordance with the proposal received from the director in charge of the control and risk management system and the positive opinion of the internal control and corporate governance committee, appointed a new director in charge of the control and risk management system in accordance with the Corporate Governance Code. The director in charge of the control and risk management system, however, left the Group at the end of October 2018 and it became necessary to appoint a new director which the Board of Directors did on 7 February 2019, based again on the proposal received from the director in charge of the control and risk management system, the positive opinion of the internal control and corporate governance committee, and after consulting with the Board of Statutory Auditors, effective 1 March 2019. There were other exits from Internal Audit in fourth quarter 2018 and first quarter 2019.

The continuity of Internal audit is, however, guaranteed by the department's internal resources, which executed the audit plan 2018, and the assistance of an external consultant.

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

In 2018, the Internal Audit department was certified by an external and independent source which found that internal audit is compliant with the profession's Code of Ethics, the definition of Internal Auditing, international standards and the basic principles guiding the profession. At the same time as the external certification, areas in need of improvement were identified during the quality assurance review and the Internal Audit department took the following steps:

- the check-list used for internal cross review and the evaluation of all the phases of internal audits reported on in the audit report was improved. A working group, comprised of department resources, was also formed in order to implement any changes;
- the mandate and the guidelines for Internal Audit were updated: during the self-

assessment Internal Audit amended the documents “Internal Audit Mandate” e “Internal Audit Guidelines” in order to comply with the updated international standards for the profession. The guidelines were approved by the department head, while the mandate was approved by the risk, control and corporate governance committee and the Board of Directors.

ENTERPRISE RISK MANAGEMENT
On the subject of risk management, the Company uses the enterprise risk management method described by the directors in the corporate governance report.

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

As of March 2018, the Enterprise Risk Management unit is part of a single division, together with the CSR (corporate social responsibility) division, led by the Group Risk Management and Sustainability Director, who reports to the Group CFO.

In 2018 a project was launched with a view to improving risk assessment based on the Dynamic approach (which, in addition to impact and probability, also considers interconnectivity and the speed with which the risks can materialize) and integrating the latter with the strategic objectives. In 2019 the Risk Appetite Framework (designed to identify risk appetite, top risk & opportunities tolerance identified through Dynamic Risk Assessment and financial projections) project should be finished which will be followed by the project CAPEX – update of the methods used to assess the costs of investment projects.

On 7 February 2019, the Board of Directors reviewed a risk analysis carried out on the group’s financial projections for 2019-2021 and determined that the risk profile is consistent with the current management approach, in light of the business objectives and financial projections described at the meeting. The risk profile is updated every quarter.

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

ORGANIZATIONAL AND MANAGEMENT MODEL FOR THE PREVENTION OF LEGAL OFFENSES ENVISAGED BY LEGISLATIVE DECREE 231/2001. ANTI-CORRUPTION POLICY. “OPEN LINE – AUTOGRILL ETHICS AND COMPLIANCE REPORTING TOOL”. AUTOGRILL GROUP’S WHISTLEBLOWING POLICY. PRIVACY

The Company has adopted the organizational and management model for the prevention of legal offenses envisaged by Legislative Decree 231/2001, concerning corporate liability for offenses committed by employees and other staff, which is regularly updated to reflect changes in the law.

On 27 July 2018, the Board of Directors, after receiving a positive opinion from the control, risk and corporate governance committee, approved a new version of the 231 Model which was necessary in the wake of the above mentioned corporate reorganization based on which Autogrill became the Group’s holding company and, therefore, is not involved in operations nor does it provide certain types of services. The main changes made to the 231 Model involved special protocols.

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

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

An online system that allows every Autogrill Group employee to report via web conduct by other employees that is inconsistent with the group's ethical policies or to signal exemplary behavior ("Open Line - Autogrill Ethics and Compliance Reporting Tool") has been operative since 2016.

The new "Global anti-corruption policy of the Autogrill Group" took effect on 1 January 2018. This policy instructs all directors, managers, employees and auditors of Group companies and everyone who works in Italy or abroad on behalf of the Company what principles and rules they must follow to ensure compliance with anti-corruption laws. The general rule laid down in the policy is that the group prohibits any form of corruption involving any person (including public officials and those working on behalf of businesses or private entities), and in particular prohibits any action (carried out directly or indirectly through any third party acting in Autogrill's name or on its behalf) that is designed to: offer, promise, give, pay, or authorize someone to give or pay, directly or indirectly, an economic benefit or other favor to a public official or anyone acting in the name of an entity or a private individual ("active bribery"); or accept or solicit the offer or promise of, or authorize someone to accept or solicit, directly or indirectly, an economic benefit or other favor ("passive bribery").

A "Policy for the use and management of the Autogrill Group whistleblowing system" based on which conduct can be reported online or by phone or email has been in effect since 2016. This policy was updated, in order to comply with new whistleblowing regulations, and approved by the Board of Directors on 18 December 2018.

The Company, as resolved by the Board on 24 May 2018, adopted a Privacy Policy which includes the important changes in the handling and protection of personal data stemming from EU regulation 2016/679 ("GDPR") which seeks to project the handling of personal data, as well as free circulation of these data (Regulation which repeals EC directive 95/46) and subsequent implementation laws e (Decree 101/2018).

The Company appointed a Group Data Protection Officer, a Group Privacy Committee and a Privacy Team with support and advisory functions.

The Company complied with all privacy obligations and prepared the Security Program.

HANDLING AND DISCLOSURE OF PRIVILEGED INFORMATION

On 30 June 2016 the Company adopted a procedure for the disclosure of privileged information to the market in accordance with EU Regulation n. 596/2014 relating to market abuse and its regulation.

With regard to obligatory disclosures pursuant to art. 114.2 of TUF, the above procedure also establishes that the chairmen and chief executive officers in charge of the relevant subsidiaries (i.e. Autogrill's directly controlled subsidiaries and the sub-holdings) are responsible for the application of the procedure, as well as ensuring that all the companies controlled directly and indirectly by Autogrill share privileged information with the Chief Executive Officer of the parent company in a timely manner. The relevant subsidiaries, in addition to adopting the procedure, must also appoint a supervisor responsible for the application and implementation of the procedure by the relevant subsidiaries and their subsidiaries.

During the Board of Directors' meeting held on 14 March 2019 a new procedure for the market disclosure of privileged information was adopted which complies with the current law and, more specifically, the guidelines published by Consob in October 2017 relating to the handling and disclosure of privileged information.

6. ACCOUNTING-ADMINISTRATIVE SYSTEM

In the Corporate Governance and Ownership Report, the Board of Directors describes the main characteristics of the existing risk management and internal control systems in relation to the financial reporting process, in keeping with Art. 123-*bis* TUF.

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

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

On 7 February 2019, following the resignation of the manager in charge of financial reporting, Alberto De Vecchi, and after receiving the favorable opinion of the Board of Statutory Auditors and the control, risk and corporate governance committee, the Board of Directors appointed Camillo Rossotto, the Company's Corporate GM, to act as the new manager in charge of financial reporting. The latter is subject to the above mentioned regulation and was granted adequate powers and means which are further strengthened by the position held in the Company.

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

The manager in charge of financial reporting evaluates the internal accounting control system. In his annual report, presented to the Board of Directors on 14 March 2019, he found no weaknesses that would significantly compromise the reliability of accounting and financial disclosures.

More in detail, the above report pointed out the following:

- *"No problem areas in the planning and application of the internal control system emerged during the evaluation that would compromise the reliability of accounting and financial disclosures.*
- *No problem areas were pointed out in the certifications issued by the Finance and General Managers of all the Reporting Units and the division heads.*
- *Audit verified the planning and effective operation of the controls without reporting any critical issues.*
- *A few areas in need of improvement, in order to minimize risk exposure and guarantee optimization of all phase of the process, were found.*
- *Operations management took the steps needed to eliminate the anomalies found during testing".*

For each problem area, a plan with the appropriate corrective measures has been implemented, and will be followed up by the internal audit department and the manager in charge of financial reporting.

We acknowledged that a large part of the issues relate to Capex, an essential part of the group's business, and recommended that the maximum attention be paid to the implementation of the corrective measures.

We acknowledged the steps taken to constantly update the Law 262 Model and, specifically: the updating of the scoping process and the adoption of a dedicated scoping tool with a view to identifying relevant accounts and processes based on major classes of transactions which will be used by all the most relevant reporting units beginning in 2019; the inclusion of the Business Unit Europe in the Law 262 Model, the updating of the processes and controls relating to Italy in order to reflect any revised control activities and changes as a result of the corporate reorganization; the updating of the Process Level Controls in North America in light of current operations and the updated scoping; testing of the relevant processes mapping project begun in 2017 relating to the most important legal entities for the purposes of Law 262 which are part of International.

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

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

We also note that further to the revised interim disclosure rules introduced by Legislative Decree 25/2016, which incorporates European Directive 2013/50/EU, the Board of Directors has decided to publish on a voluntary basis additional disclosures with respect to the annual and half-year financial statements. Specifically, the Company makes the following public disclosures:
- by the end of May: revenue up to 30 April and the trend in earnings;
- by the end of September: revenue up to 31 August and the trend in earnings;
- by 15 February of the following year: revenue up to 31 December and the trend in earnings.

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

7. NON-FINANCIAL STATEMENT

The directors' report contains the consolidated non-financial statement ("NFS") pursuant to Arts. 3 and 4 of Legislative Decree 254/2016 and Consob resolution n. 20267 of 18 January 2018. In that statement is a table matching the disclosures required by the decree to the documents where such disclosures can be found. For each topic, the NFS also mentions the specific Sustainability Reporting Standard defined in 2016 by the Global Reporting Initiative (GRI), as followed by Autogrill S.p.A. (Core option).

At the group level, the NFS provides disclosures on environmental, social, personnel, human rights, and anti-corruption topics, to the extent needed to ensure a full understanding of what the group does, how it has performed, and the impact of its operations. The main risks generated or incurred in connection with these topics and arising from business activities are described in the "Financial and non-financial risk management" section of the Directors' Report. The NFS explains in detail certain limits on the environmental disclosures it contains, relating in particular to locations where energy consumption is not controlled directly by the Group and, therefore, cannot be monitored in a timely manner.

The NFS describes the methods used in its preparation: the involvement of various units and departments, the use of data from the group's IT system for management and accounting and from a non-financial reporting system (data collection forms) implemented for compliance with Decree 254/2016 and the GRI Standards, and the use of the 2018 consolidated financial statements for data on economic performance, assets and liabilities.

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

The Board of Statutory Auditors met with the Group Risk Management and Sustainability Director several times during the year.

8. INDEPENDENT AUDITORS

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

The change with respect to the prior year is related to the complete audits of the consolidating reporting packages of the German subsidiary Le CroBag (acquired in 2018) and the three Italian companies to which the business units were spun off as a result of the corporate reorganization described above (Autogrill Italia S.p.A., Autogrill Europe S.p.A. and Autogrill Advanced Business Service S.p.A.).

During the year we met with the independent auditors to discuss the plan of work, and in our capacity as internal control and audit committee, on 11 April 2019 we received from them the additional report required by Art. 11 of European Regulation 537/2014.

In November, during the review of the audit plan, the significant risks that were mapped and subsequently confirmed in the additional report required by Art.11 of European Regulation 537/2014, concerned the valuation of investments in subsidiaries, and the book value of the equity investments recognized as a result of the corporate reorganization (separate financial statements) which was tested for impairment, as was goodwill (consolidated financial statements), the recognition of revenues and management override of control in procedures connected to fraud audit, the completeness of information included in the explanatory notes relating to IFRS 16 application and the adequacy of the comparability of the separate financial statements following corporate reorganization. These issues were discussed with Management neither they nor other issues led to disagreements which, individually or as a whole, might be material for the separate or consolidated financial statements or for the independent auditors' reports.

In the additional report, the independent auditors, report required by Art.11 of European Regulation 537/2014, did not point out any significant shortcomings in the internal control system with regarding to the financial disclosure process, nor any cases of actual or presumed non-compliance with laws, regulations or by-law provisions. Nor were any errors found that have not been corrected by the Company.

In the reports pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation 537/2014, the independent auditors explained the Key Audit Matters, in particular, with regard to the consolidated financial statements, the impairment testing of goodwill, and with regard to the separate financial statements, the impairment testing of the book value of equity investments and the adequacy of disclosures in Autogrill S.p.A.'s annual report concerning the corporate reorganization.

With regard to the first-time adoption of "IFRS 16 – Leases", effective beginning 1 January 2019, while the Group did analyze the existing contracts and clauses in order to estimate the impact of first-time application and deploy the IT systems needed to manage the new accounting for leases, in their audit plan the independent auditors referred to the following additional audit activities that are currently underway or need to be carried out:

- examination of the IFRS 16 Group Accounting Policy with the support of IFRS Deloitte network IFRS specialists;
- use of specific test procedures in order to verify that the impact of first-time adoption included in the explanatory notes was calculated correctly;
- verification that the information relating to the transition method used, the numerical impact and the deployment of IT systems found in the Group's consolidated financial statements at 31 December 2018 is correct and complete.

The Group assessed the impact of first-time adoption of the standard at the transition date (1 January 2019), through an in-depth analysis of the contracts potentially eligible as leases (area concessions, business leases and commercial leases) and the clauses contained therein, in order to understand the main clauses relevant for the purposes of IFRS 16.

The additional report, required by Art. 11 of European Regulation 537/2014, explains how the Group assessed the impact of first-time adoption of the standard at the transition date (1 January 2019), through an in-depth analysis of the contracts potentially eligible as leases (area concessions, business leases and commercial leases) and the clauses contained therein It is also completing the implementation and integration of local accounting and reporting systems to be used to determine the financial-economic impact on the Group's consolidated financial statements as of 1 January 2019, and the updating of the administrative and control processes used to oversee critical areas within the scope of the new standards.

INDEPENDENCE OF THE AUDITING FIRM

We note that no questions have arisen regarding the independence of the auditing firm and that on 11 April 2019 we received its confirmation of independence in accordance with Art. 6(2)(a) of European Regulation 537/2015 and paragraph 17 of auditing standard ISA Italia 260. Specifically, the independent auditors declared that in keeping with the regulatory and professional standards governing the auditing process, from 1 January 2017 to the present they have complied with all ethical principles pursuant to Arts. 9 and 9-*bis* of Legislative Decree 39/2010 and no situations have arisen that would compromise their independence for the purposes of Arts. 10 and 17 of Legislative Decree 39/2010 and Arts. 4 and 5 of European Regulation 537/2014.

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

Toward this end, in November 2012 the Company revised the group procedure for the hiring of independent auditors by Autogrill and its subsidiaries. The new procedure makes the independent auditors responsible for auditing the subsidiaries as well as the parent, and governs the assignment of additional tasks to the auditors to prevent them from having assignments that are incompatible with auditing, as defined by law, or in any case prejudicial to their independence. The procedure requires further revision in order to implement the regulatory changes introduced by Legislative Decree 135/2016 (which incorporates the relative EU legislation), which the independent auditors have already taken into account for the purposes of issuing these statements of independence.

As a result of the changes introduced in EU Directive 2014/56 (implemented in Italy with Legislative Decree 135/2016 which amended Legislative Decree 39/2010) and the European Parliament's and Council's Regulation n. 537/2014 of 16 April 2014 relative to the statutory audit of public interest entities ("EIP Regulation"), the Company, including as advised by the Board of Statutory Auditors, issued a new NAS Procedure which defines the general principles and methods used by Autogrill and/or the parent company and/or Group companies to grant assignments for Non Audit Services ("NAS") to the Group's independent auditors and/or entities of the same network as the granting of NAS is outside the scope of the new procedure and remains governed by art. 16 of the EIP Regulation.

The NAS Procedure was adopted by the Board of Directors on 14 March 2019 effective 1 April 2019. This procedure also defines the NAS that are not allowed in the EU and extra-EU countries and defines the authorization process for the services allowed that the Internal Control Committee and financial auditors must adhere to in order to grant assignments to the Group's auditors and the entities belonging to its network. This process, the drafting of which we were involved in on several occasions, is more restrictive than the EU regulation with regard to the NAS rendered in extra-EU countries, in particular.

On 15 January 2019 the Company's Corporate GM informed all the Group companies that a new procedure had been adopted in order to comply with the law, that the existing procedure was no longer valid and when assigning any NAS to the Group's auditors and the entities belonging to its network the new procedure should be followed.

In 2018, in accordance with EU regulations, we examined and authorized the assignment of any NAS in the EU on a case-by-case basis.

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 auditor	Parent	263
	Parent's auditor	Subsidiaries	265
	Parent's auditor network	Subsidiaries	2,176
Attestation	Parent's auditor	Parent	82
	Parent's auditor	Subsidiaries	81
	Parent's auditor network	Subsidiaries	1,290

9. CORPORATE GOVERNANCE

Detailed information on how Autogrill has implemented the corporate governance principles approved by Borsa Italiana (laid down in Borsa Italiana's Corporate Governance Code, referred to hereinafter as the "Code") is provided by the directors in the annual corporate governance report, approved on 14 March 2019 and attached to the financial statements.

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

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

In 2014, 2015 and 2016 the Board of Directors amended the Autogrill Code largely to reflect the changes found in the version of the Corporate Governance Code approved by Borsa Italiana in July 2014. During the meeting held on 18 December 2018, the board also approved the changes made in order to comply with the amendments made to the Code by Borsa Italiana in July 2018.

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

As resolved by the Board of Directors on 14 March 2019, Autogrill intends to comply with the Corporate Governance Code as amended on July 2018.

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. When the new Chairman of the Board of Directors was appointed on 7 February 2019, he was granted similar, but broader powers (relating primarily to corporate governance, control and functions supporting the Chief Executive Officer), but no executive powers (with the exception of stipulating consulting agreements, as well as contracts for intellectual or professional services with a duration of less than twelve months and payments of an amount less than €300,000 per contract).

The board, a majority of whose members are independent, is involved — including through the work of its committees — in decisions concerning a number of areas, such as strategies and investments, budgeting, strategic/industrial/financial planning, corporate governance (including remuneration), and the internal control and risk management system.

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

With regard to the maximum number of directorships and statutory auditorships that may be held in other companies, the Board of Directors resolved to reconfirm the previous guidelines, explaining the reasons why it was deemed unnecessary to consider participation in board committees. As we recommended in the prior year, during the year the Board eliminated the possibility of excluding any offices held in other companies belonging to the Edizione group from the calculation of the number of assignments held.

During the meeting held on 14 March 2019, the Board of Directors confirmed that each of the directors in office had complied with the limit on the number of assignments allowed.

The directors have not formed a nominating committee. The functions of a nominating committee are carried out by the Board of Directors, in accordance with the Corporate Governance Code.

The directors have also decided not to draw up a plan for the succession of executive directors, in consideration of the organization of human resources (which strives to fill any unexpected vacancies of key positions in a timely manner) and the peculiarities of the Company's market, as well as its ownership structure. The Board of Directors also decided not to adopt a plan for the succession of executive directors, after having assessed the Company's human resources management (which strives to fill any unexpected vacancies of key positions in a timely manner) and the peculiarities of the Company's market, as well as its ownership structure. The Board confirmed its decision not to draw up a succession plan on 14 March 2019, also because the Corporate GM and the Chairman were granted the power (as of 12 November 2018 and 7 February 2019, respectively) to appoint executive directors in the event of unexpected or sudden termination of office which would ensure the temporary functioning of the Company's ordinary operations.

The human resources committee has been granted the functions in the Corporate Governance Code relating to the compensation committee. The committee is currently made up of two independent directors and one non-executive director.

Beginning in 2017 this committee began an in-depth review of the management bonus system, in response to the misgivings we had expressed regarding the attraction and retention of key managers given that the MBO system, normally a short-term incentive, had been partially modified as a three-year plan. The risks seemed especially acute given the group's multinational dimension.

The corporate governance report gives detailed information on its activities.

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

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

The Board of Directors' annual self-assessment process was carried out through direct interviews with the individual directors conducted by the lead independent director. The outcome was discussed during the board meeting of 7 February 2019. We believe that the directors focused appropriately on the most meaningful aspects of their role, and came up with several points that can improve a governance process that is in any case satisfactory.

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

The corporate governance report contains information on induction activities in 2018.

We reiterate our view that this type of activity is key to increasing the efficacy of the non-executive directors and statutory auditors, and believe that it would be useful to increase such efforts in 2019. We also believe that adequate preparation should be made for the induction initiatives that will follow the renewal of the Board of Directors in 2020.

10. SELF-ASSESSMENT OF THE BOARD OF STATUTORY AUDITORS

In accordance with the standards of conduct for the statutory auditors of listed companies endorsed by the Italian Accounting Profession, for the first time we carried out a self-assessment process in order to confirm that the members of the Board of Statutory Auditors were and still are qualified, and that our activities were carried out as planned.

We carried out the self-assessment by evaluating the information gathered and provided by all the members of the Board of Statutory Auditors without the use of questionnaires or availing ourselves of consultants.

The activity focused on the most relevant topics referred to in the regulations for the self-assessment of statutory auditors, relating in particular to:

- size of the board, as well as gender and the age of the statutory auditors;

- the compliance of the statutory auditors with requirements relating to professionalism, integrity and independence;
- number of other assignments held, other professional activities carried out and the availability of the time needed to fulfill the duties assigned to each member;
- the effectiveness and quality of information exchanged with the Board of Directors, board committees and other corporate functions;
- exchange of information with the independent auditors;
- collaboration of and interaction between the members of the Board of Statutory Auditors;
- functioning and organization of the work.

We analyzed and discussed the information gathered in order to ascertain whether or not the premise needed to ensure the efficacy of our supervisory activities existed.

At end of this process, we found that we are able to carry out the assignment in a timely manner, with the maximum collaboration through an equal balance of professional expertise. No shortcomings relative to the qualifications of each member or any other critical issues which require the adoption of corrective measures were found.

With regard to areas in need of improvement, we hope to improve the induction process, particularly when a new member is appointed.

11. CONCLUSIONS REGARDING SUPERVISORY ACTIVITIES, THE FINANCIAL STATEMENTS AND THE CALLING OF THE SHAREHOLDERS' MEETING

Based on the information gathered while performing our audit work, we did not find any transactions carried out during the year referred to in this report that failed to comply with principles of sound administration or were in violation of the law or the corporate by-laws, not in the best interest of the Company, contrary to the resolutions approved by shareholders, manifestly imprudent or risky, or lacking in the information called for relative to directors' interests or such that the integrity of the Company's assets was compromised. During the course of our audit work, therefore, no inappropriate conduct, omissions or irregularities came to light that might have required reporting to the supervisory authorities or mention in this report.

Through direct inspection and information provided by the independent auditors and the manager in charge of financial reporting, we have verified compliance with laws regarding the preparation and content of the Autogrill Group's consolidated financial statements, of Autogrill S.p.A.'s separate financial statements and of the corresponding directors' reports, including the consolidated non-financial statement.

In their report issued pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation 537/2014, the independent auditors gave an unqualified opinion of the separate and the consolidated financial statements for 2018. Regarding the directors' report and some specific disclosures in the corporate governance and ownership report, the independent auditors gave an unqualified opinion on their consistency with the financial statements and compliance with the provisions of law. They found no material errors. As for the consolidated non-financial statement, in their report pursuant to Art. 3(10) of Legislative Decree 254/2016 and Art. 5 of Consob Regulation 20267, the independent auditors wrote that they were unaware of any issues suggesting that the Autogrill Group's NFS for the year ended 31 December 2018 was not compliant, in all material respects, with Arts. 3 and 4 of the Decree and with the GRI Standards.

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

With the necessary conditions satisfied, the Board of Directors has opted to convene the shareholders' meeting for approval of the 2018 financial statements by the extended deadline allowed by Italian Civil Code Art. 2364 and Art. 21 of the Company's by-laws. The financial statement documentation will in any case be made available to the public well before the deadline set by Art. 154-*ter* TUF (120 days from the close of the year). As explained in the directors' report, this decision was made in order to fulfil the obligations linked to the preparation of the consolidated financial statements by Autogrill S.p.A.

The annual general meeting called to approve the financial statements for 2018 is also asked to vote on other matters within its sphere of authority, including the appointment of a director, the authorization to buy and sell treasury shares and the remuneration report.

The directors propose a dividend of € 0.20 per share. This dividend is higher than the previous year (€0.19 per share) and amounts to €50.88m or 74% of the consolidated net profit. The dividend policy approved by the Board of Directors on 9 March 2017 calls for the distribution, each year, of a per share dividend that is consistent with the dividend paid in the prior year with a payout ratio of between 40% and 50% of the consolidated net profit. As discussed in the directors' report, the dividend proposed calls for the distribution of the entire net profit for the year (€15.21m) and the use of profit carried forward from previous years (€35.67 m).

On the basis of our work during the year, we find no reason not to approve the financial statements at 31 December 2018 and the motions presented by the Board of Directors.

Milan, 11 April 2019

The statutory auditors of Autogrill S.p.A.
Marco Rigotti
Antonella Carù
Massimo Catullo

Autogrill S.p.A.

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