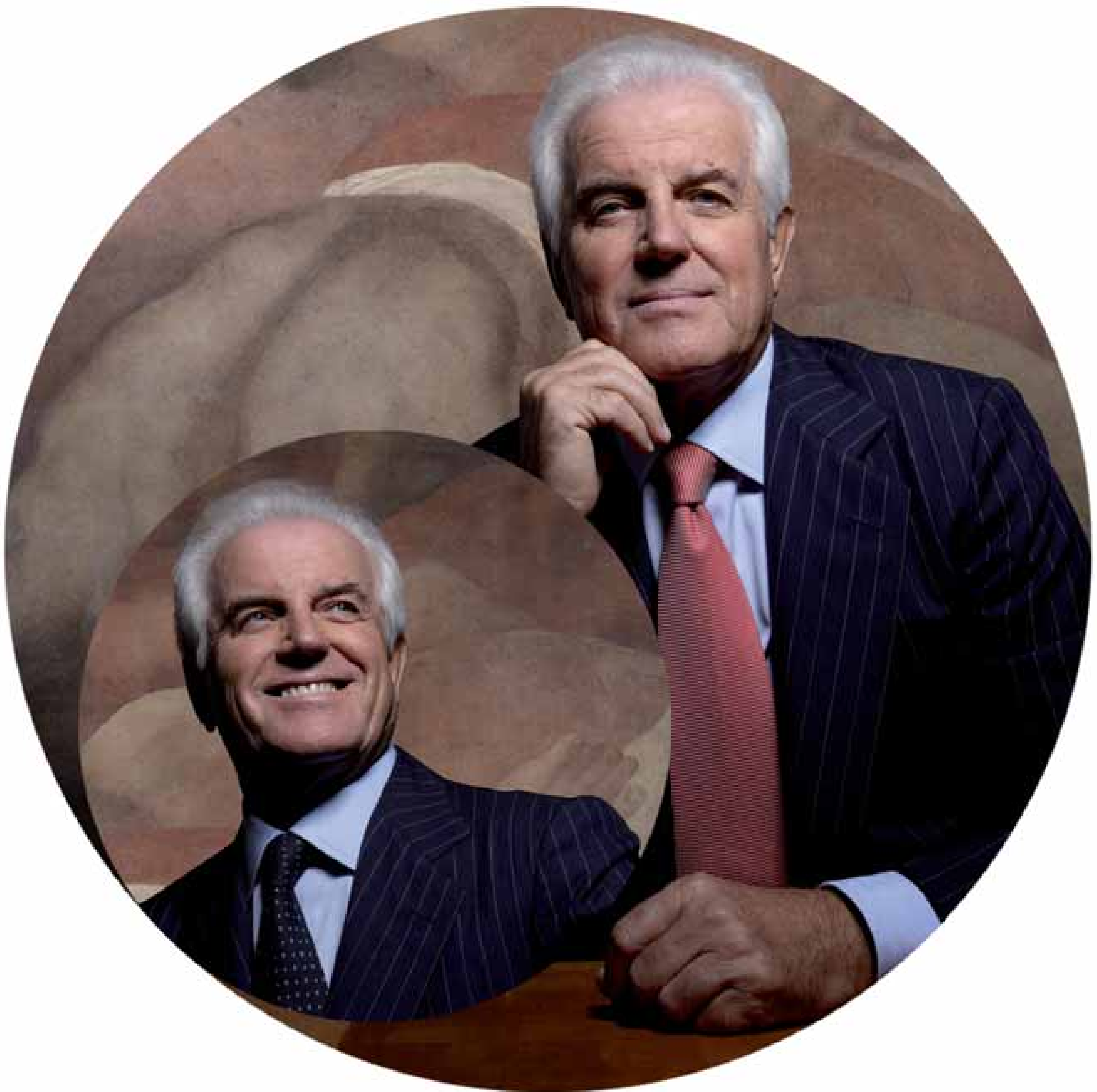
Autogrill Group

2011 Annual Report

Autogrill Group

2011 Annual Report

Translation from the Italian original which remains the definitive version



Chairman's message

Dear Shareholders,

2011 was characterised by ongoing economic difficulties: recession in OECD countries, slower growth in emerging economies and a weakening of global demand.

In this context, Autogrill posted income and financial results that improved on the previous year, despite a marked contraction in traffic and inflationary pressure on energy and raw material costs of food. The Group's geographical spread and diversified businesses limited the effects of the crisis and made it possible to achieve satisfactory growth in consolidated revenues.

Travel Retail recorded excellent performance in terms of both sales and, even more so, margins. The airport channel posted positive results in Food & Beverage as well, where revenues grew at a faster rate than traffic. The situation was more complicated on motorways, where falling traffic levels also reflected rising fuel costs.

Over the year a number of measures were taken to improve operating efficiency and our capacity to adapt to a rapidly changing economic scenario. A process was launched to redefine operations in Europe by prioritizing profitability over market growth. The Group also continued to invest in product and process innovation.

Renewal of our agreement with Starbucks was a development of considerable importance: Autogrill will maintain its exclusive operation of the brand in airports and on toll motorways in North America for a further ten years. The partnership in Europe was also extended.

2012 is looking no less complex. The conditions that would justify predicting a more than marginal economic recovery simply do not apply or even seem foreseeable. The start of the year was characterised by continuing recession and stagnation in consumer spending. The difficulties already seen on motorways in Italy and Spain persist, but will have a limited effect on sales and margins given that the Italian business, for example, accounts for 23% of total sales.

Opportunities for growth will continue to be concentrated in the Travel Retail & Duty-Free business, where we can envisage further satisfactory results, albeit not quite up to 2011 levels, given the slowness of the recovery and new rises in oil prices.

Mobility infrastructure and people's experience of travel are changing: high-speed trains, low-cost airlines, the global demographics of travel itself, with increasing percentages of Asian and female travellers in general and higher average traveller age in Europe. The Group will therefore continue to step up its business development activities, especially in emerging countries, and search for new opportunities.

Our business in the airport channel will gradually become more independent of GDP trends in individual countries and more in step with overall worldwide trends as a whole. To prepare for change it is necessary, first of all, to perfect our organisation, simplify processes, improve efficiency, and further develop our capacity to create synergy and alliances.

Gilberto Benetton

Boards and Officers

Board of Directors[1]

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

Board of Statutory Auditors[9]

Chairman	Luigi Biscozzi[10]
Standing auditor	Eugenio Colucci[10]
Standing auditor	Ettore Maria Tosi[10]
Alternate auditor	Giorgio Silva
Alternate auditor	Giuseppe Angiolini
Independent auditors[11]	KPMG S.p.A.

1 Elected by the annual general meeting of 21 April 2011; in office until approval of the 2013 financial statements
2 Appointed at the Board of Directors' meeting of 21 April 2011
3 Powers assigned by law and the company's by-laws, particularly legal representation with individual signing authority
4 Powers of ordinary administration, with individual signing authority, per Board resolution of 21 April 2011
5 Member of the Strategies and Investments Committee
6 Member of the Internal Control 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 21 April 2009; in office until approval of the 2011 financial statements
10 Certified auditor
11 Engagement granted by the annual general meeting of 27 April 2006 for the years 2006-2014
E Executive Director
I-1 Independent Director as defined by the Code of Conduct adopted by resolution of the Board of Directors of 12 December 2007
I-2 Independent Director pursuant to arts 147-*ter* (4) and 148 (3) of Legislative Decree 58/1998
L Lead Independent Director

Contents

1.	**Directors' Report**	**9**
1.1	**The Autogrill Group**	**10**
1.2	**Definitions and symbols**	**18**
1.3	**Group performance**	**19**
1.3.1	General business context	19
1.3.2	Highlights	21
1.3.3	Income statement results	22
1.3.4	Financial position	27
1.4	**Business segments**	**31**
1.4.1	Food & Beverage and Corporate	31
1.4.2	Travel Retail & Duty-Free	38
1.5	**Performance in the fourth quarter of 2011**	**42**
1.6	**Outlook**	**45**
1.7	**Other information**	**47**
1.7.1	Corporate Social Responsibility	47
1.7.2	Main risks and uncertainties faced by the Autogrill Group	50
1.7.3	Corporate governance	54
1.7.4	Management and coordination	54
1.7.5	Related party transactions	54
1.7.6	Statement pursuant to art. 2.6.2(12) of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A.	55
1.7.7	Research and development	55
1.7.8	Data protection	55
1.7.9	Shares held by directors, statutory auditors, general managers and executives with strategic responsibilities	56
1.7.10	Treasury shares	56
1.7.11	Significant non-recurring events and transactions	56
1.7.12	Atypical or unusual transactions	57
1.7.13	Reconciliation between parent and consolidated equity	57

2.	**Consolidated financial statements**	**59**
2.1	**Consolidated financial statements**	**60**
2.1.1	Statement of financial position	60
2.1.2	Income Statement	61
2.1.3	Statement of comprehensive income	61
2.1.4	Statement of changes in equity	62
2.1.5	Statement of cash flows	63
2.2	**Notes to the consolidated financial statements**	**64**
	Annexes	**131**
	List of consolidated companies and other investments	131
	Certification by the CEO and Financial Reporting Officer	137
	Board of Statutory Auditors' Report	138

1. Directors’ Report

1.1 The Autogrill Group

Operations

Autogrill is the world's leading provider of food & beverage and retail services for travelers.

Present in 35 countries with a workforce of about 62,800, it manages more than 5,300 points of sale in over 1,200 locations. It operates mainly through contracts known as "concessions": at airports, along motorways and in railway stations, with a selective presence on high streets and at shopping centers, trade fairs and cultural attractions.

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

Food & Beverage

Autogrill has Food & Beverage operations at major travel facilities (from airports to motorways and railway stations), where it serves a local and international clientele. Operations are carried out in Italy by Autogrill S.p.A., in other European countries by foreign subsidiaries, and in North America and Asia by Autogrill Group Inc. (and its subsidiaries). Offerings reflect the local setting, with the use of internally developed concepts and local brands under license, as well as a more global reach through the use of international standards (Starbucks, Burger King, Brioche Dorée, etc.) to complement proprietary brands such as Puro Gusto, Ciao, Bubbles, Beaudevin and others. Autogrill manages a portfolio of more than 350 brands, directly or under license.

Travel Retail & Duty-Free

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

Strategy

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

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

Both of these factors are optimized by constantly adapting concepts, products and services to the evolving needs of consumers and landlords.

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

In the Travel Retail & Duty-Free business the Group is focusing on ever-new sales techniques, using its own formats for particular categories of product as well as partnerships with some major luxury brands, in order to apply the sales best practices of each category to the airport setting. Commercial results, and the cost synergies achieved or soon to be achieved though the integration of newly acquired businesses, make the Group confident that its profitability gains are permanent and that it can support development in new, high-growth countries.

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

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

1. Directors' Report

Autogrill around the world

Food & Beverage

Countries

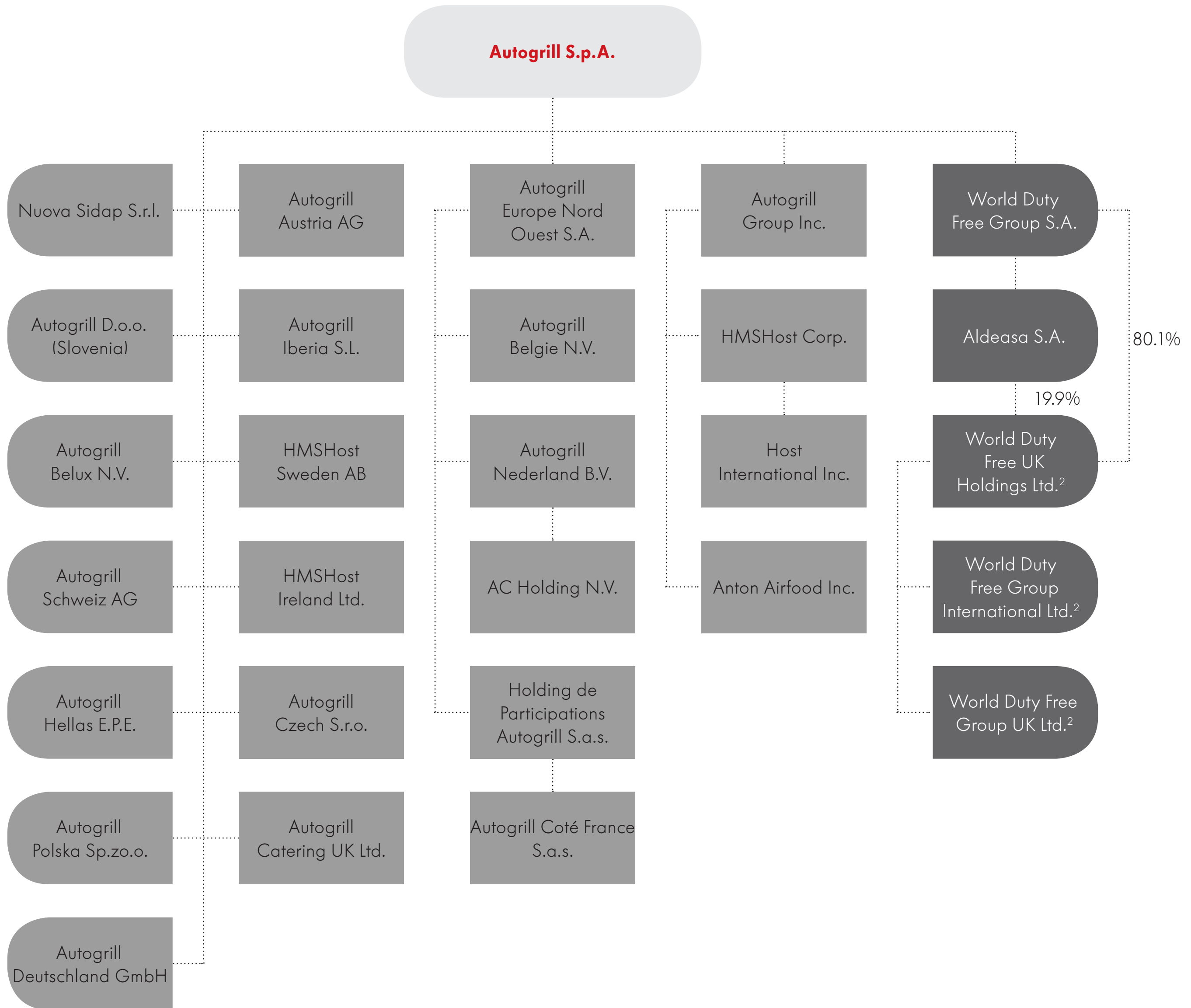
Australia
Austria
Belgium
Canada
Czech Republic
Denmark
Egypt
France
Germany
Greece
India
Ireland
Italy
Malaysia
New Zealand
Poland
Singapore
Slovenia
Spain
Sweden
Switzerland
The Netherlands
United Kingdom
USA

Travel Retail & Duty-Free

Countries

Canada
Capo Verde
Chile
Colombia
Dutch Antilles
France
India
Italy
Jordan
Kuwait
Mexico
Panama
Peru
Saudi Arabia
Spain
Sri Lanka
United Kingdom
USA

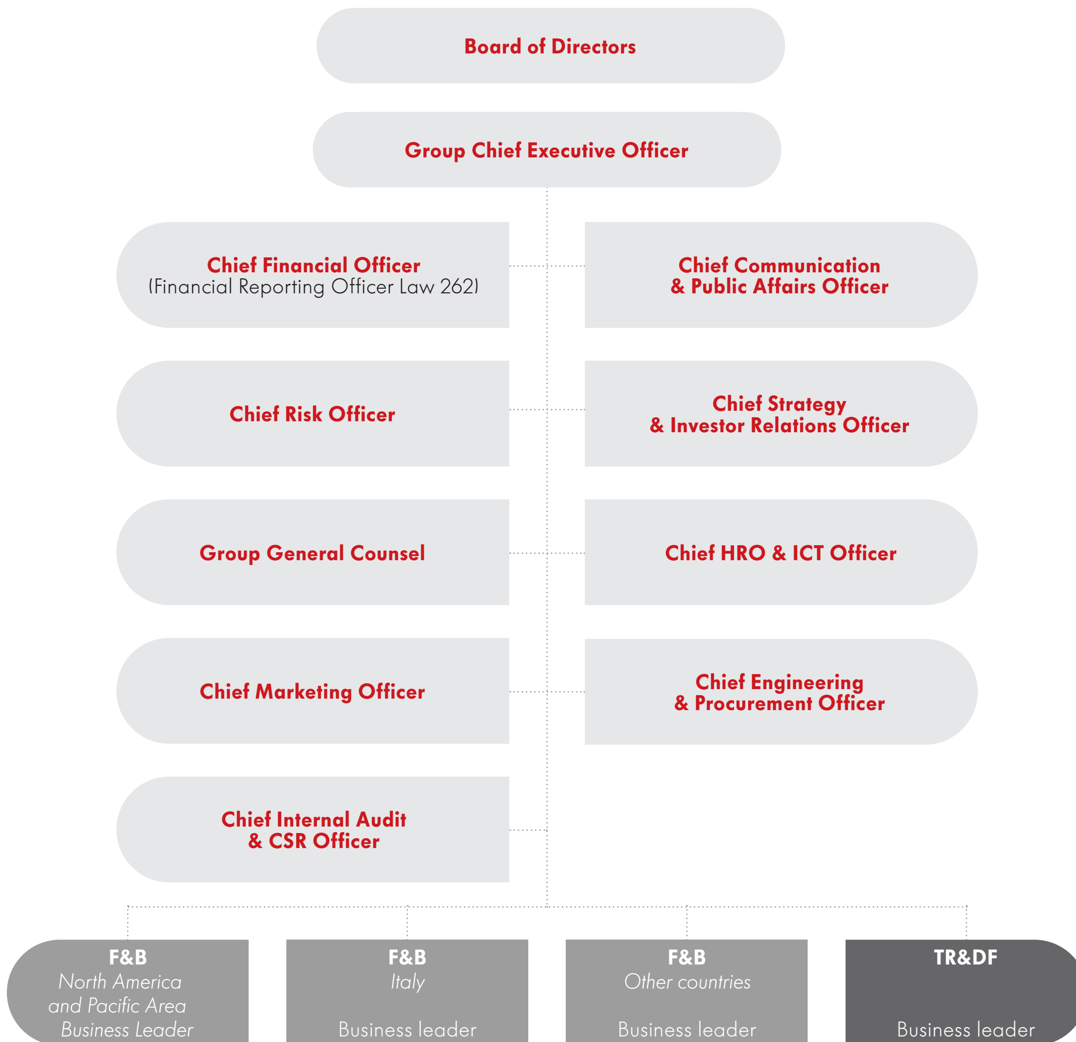
Simplified Group structure[1]



[1] Where not otherwise specified, all companies are wholly owned. See the annexes for a complete list of equity investments
[2] Company names are updated at February 2012

Organizational structure

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



1.2 Definitions and symbols

Exchange rates: more than half the Group's operations are located in countries which use a non-euro currency, primarily the United States of America, the United Kingdom, Canada and Switzerland. Due to the local nature of the business, in each country revenue is generally expressed in the same currency as costs and investments. The Group also has a currency risk management policy, financing most of its net assets in the principal non-euro currencies with debt in the same currency, or entering into currency hedges that achieve the same effect. However, this does not neutralize the impact of exchange rate fluctuations when translating individual financial statement items. In comparisons with prior-year figures, the phrase "at constant exchange rates" may also be used, to signify the increase or decrease that would have occurred had the comparative figures of consolidated companies with functional currencies other than the euro been calculated at the same exchange rates employed for the period under review.

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

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

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

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

Symbols

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

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

1.3 Group performance

1.3.1 General business context

The economies of OECD countries suffered a decline in 2011, while in emerging countries, growth remained strong despite a gradual slowdown. In Europe, the downturn was accentuated in the second half of the year, with a rise in unemployment rates and deteriorating financial conditions for some members[3] of the European Union.

Weak global demand did not translate into lower raw material prices, which marched steadily upward throughout the year.

On the other hand, tourism showed an improvement, with worldwide arrivals growing from 939 million travelers in 2010 to 980 million this year. Unlike in 2010, growth in Europe and North America (+5%) outpaced the trend in developing countries (+3.8%)[4].

1.3.1.1 The air transport industry and the trend in airport traffic

The air transport industry enjoyed an upturn in 2011, with revenue from passenger traffic up by 10% on the previous year to $ 469bn[5].

Passenger traffic increased by a solid 4.9% (from 3.3 billion passengers in 2010 to 3.8 billion), thanks to a 6.2% rise in international traffic, from 1.6 billion passengers the previous year to around 1.7 billion in 2011. This progress reflects the general macroeconomic trend and is split into two phases: healthy passenger growth during the first half of the year, followed by a slowdown in the second[6].

Of the 3.8 billion passengers worldwide, western economies[7] still account for more than 60% of the total, with Europe and North America each contributing about 30%. The Asia/Pacific area made up around 27% of all passengers[8].

Passengers in North America increased by 2.1% to 1.1 billion, with domestic traffic alone, which accounts for roughly 25% of global traffic, rising by 1.6%.

Europe enjoyed a substantial increase in traffic (+7.3%, or 1.2 billion passengers in 2011), due in part to the flights grounded in 2010 because of the volcanic eruption in Iceland. Passenger growth in Europe for

3 Source: OECD, Economic Outlook, Volume 2011-2012
4 Source: UNWTO, World Tourism Barometer, Volume 10, January 2012
5 Source: IATA, Industry Financial Forecast – December 2011
6 Source: ACI PaxFlash and FreightFlash – December 2011
7 OECD countries excluding Japan
8 Source: ACI, PaxFlash and FreightFlash – December 2011

long-range flights was especially good, partly because of a shift in tourist traffic from North Africa, due to the political unrest in that area. Within Europe, growth in the countries where the Group's presence is strongest came to 5.2% in the UK[9] and 6.0% in Spain[10].

In Asia, despite the impact of the Japanese earthquake and tsunami, traffic was up by 5.5% (1.0 billion passengers in 2011).

Traffic in South America (0.3 billion passengers) progressed by 8.8% thanks to significant economic growth in the area and the expansion of trade with North America and Asia.

Traffic growth in the Middle East was brisk (+7.6%, roughly 0.1 billion passengers) due to competitively priced flights, which make the area popular as a hub for long-range travel.

1.3.1.2 The trend in motorway traffic

In 2011 there was a decline in motorway traffic across Europe. In Italy, the Group's largest motorway market, traffic was down by 1.1%[11] and gradually worsened throughout the year. The trend was influenced by the macroeconomic context and the price of fuel at the pump, which reached record levels in 2011 (+13.9% for gasoline)[12].

Traffic on the US motorways served by the Group decreased by 1%[13] (January to December), but picked up in the fourth quarter thanks to a drop in gas prices (traffic for the first nine months: –1.4%; for the final quarter: +0.1%).

[9] Source: BAA, Manchester Airport and Gatwick Airport, January-December 2011
[10] Source: AENA, January-December 2011
[11] Source: AISCAT, January-December 2011
[12] Source: Federazione Italiana Gestori Impianti Stradali Carburanti (www.figisc.it/osservatorio.html)
[13] Source: Federal Highway Administration (FHWA), stretches of road served by HMS Host: January-December 2011

1.3.2 Highlights

(€m)	2011	2010	Change 2010	Change At constant exchange rates
Revenue	**5,844.6**	**5,703.5**	**2.5%**	**4.0%**
EBITDA	**617.0**	**605.4**	**1.9%**	**3.8%**
EBITDA margin	*10.6%*	*10.6%*		
EBIT	**303.0**	**255.2**	**18.7%**	**21.8%**
EBIT margin	*5.2%*	*4.5%*		
Profit for the year	**126.3**	**103.4**	**22.1%**	**26.7%**
% of revenue	*2.2%*	*1.8%*		
Net Cash Flow from operating activities	**315.4**	**491.7**		
Net capital expenditure	**209.4**	**219.2**	**(4.5%)**	**(6.0%)**
% of revenue	*3.6%*	*3.8%*		
Earnings per share (€ cents)				
– basic	49.8	40.7		
– diluted	49.5	40.6		

(€m)	31.12.2011	31.12.2010	Change 31.12.2010	Change At constant exchange rates
Net invested capital	**2,352.2**	**2,286.9**	**65.3**	**19.5**
Net financial position	**1,552.8**	**1,575.5**	**(22.8)**	**(55.3)**

1.3.3 Income statement results

Autogrill's earnings and financial performance were positive in 2011 and showed improvement on the previous year, despite the economic slowdown during the second half and a traffic trend that was less than brilliant.

Dynamic traffic in the airport channel supported sales growth in the Travel Retail & Duty-Free business, which takes place solely at airports, while Food & Beverage has a network divided equally between airports and motorways.

The Group's diversification in terms of geography, businesses and channels produced revenue growth of 4.0% (+2.5% at current exchange rates), which outpaced traffic data in the main countries and channels served.

EBITDA rose by 3.8% (+1.9% at current exchange rates) on 2010, thanks to the contribution of Travel Retail & Duty-Free, which offset the lower profits of Food & Beverage caused by the inflation of food raw material prices, higher personnel expense, and reorganization costs.

In the Food & Beverage business the Group has begun to revise its organizational structure, in order to improve efficiency and response time in the face of the challenges posed by today's economy. It has also started to redefine its presence in this segment, with a view to recovering profitability and limiting investments with respect to growth.

In July 2011 the Group finished refinancing its outstanding credit lines, ahead of the original maturities, achieving the dual benefit of extending the average duration of loans by more than two years while paving the way for the financial independence of the Travel Retail & Duty-Free segment.

The Group's performance produced a significant rise in profit for the year, from € 103.4m in 2010 to € 126.3m.

Condensed consolidated income statement[14]

(€m)	2011	% of revenue	2010	% of revenue	Change 2010	Change At constant exchange rates
Revenue	5,844.6	100.0%	5,703.5	100.0%	2.5%	4.0%
Other operating income	154.0	2.6%	138.6	2.4%	11.1%	10.5%
Total revenue and other operating income	**5,998.6**	**102.6%**	**5,842.2**	**102.4%**	**2.7%**	**4.1%**
Raw materials, supplies and goods	(2,139.6)	36.6%	(2,089.9)	36.6%	2.4%	3.5%
Personnel expense	(1,472.6)	25.2%	(1,442.1)	25.3%	2.1%	3.9%
Leases, rentals, concessions and royalties	(1,193.9)	20.4%	(1,150.8)	20.2%	3.7%	5.4%
Other operating costs	(575.5)	9.8%	(554.0)	9.7%	3.9%	5.4%
EBITDA	**617.0**	**10.6%**	**605.4**	**10.6%**	**1.9%**	**3.8%**
Depreciation, amortization and impairment losses	(314.0)	5.4%	(328.1)	5.8%	(4.3%)	(9.2%)
Impairment losses on goodwill	–	0.0%	(22.2)	0.4%	n.s.	n.s.
EBIT	**303.0**	**5.2%**	**255.2**	**4.5%**	**18.7%**	**21.8%**
Net financial expense	(82.8)	1.4%	(74.9)	1.3%	10.6%	11.9%
Impairment losses on financial assets	(0.7)	0.0%	(0.5)	0.0%	62.8%	99.2%
Pre-tax profit	**219.4**	**3.8%**	**179.8**	**3.2%**	**22.0%**	**25.9%**
Income tax	(80.3)	1.4%	(89.4)	1.6%	(10.2%)	(8.4%)
Profit from continuing operations	**139.1**	**2.4%**	**90.4**	**1.6%**	**53.9%**	**60.6%**
Profit from discontinued operations	–	–	25.0	0.4%	n.s.	n.s.
Profit attributable to:	**139.1**	**2.4%**	**115.4**	**2.0%**	**20.6%**	**25.2%**
– owners of the parent	126.3	2.2%	103.4	1.8%	22.1%	26.7%
– non-controlling interests	12.8	0.2%	12.0	0.2%	7.2%	12.0%

Revenue

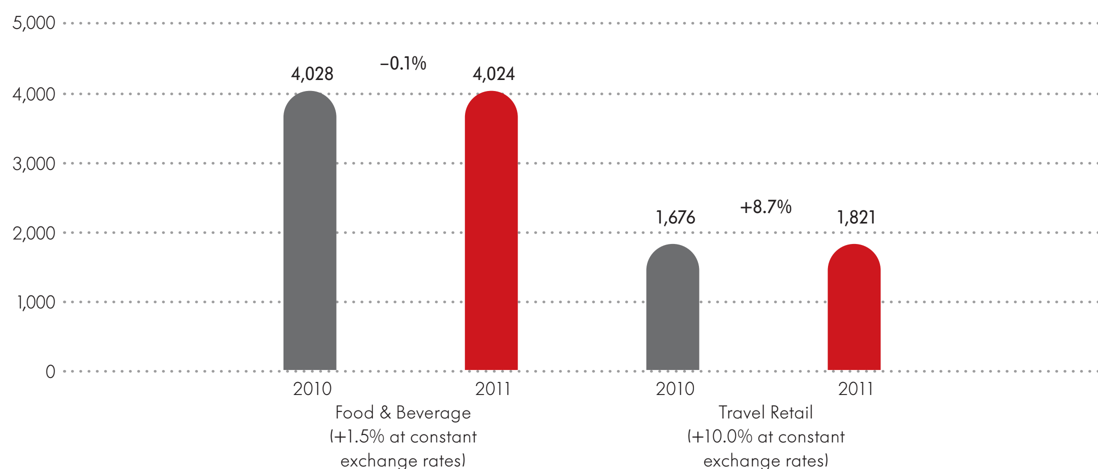
Autogrill closed 2011 with consolidated revenue of € 5,844.6m, an increase of 4.0% on the previous year's € 5,703.5m (+2.5% at current exchange rates).

Most of the growth came from the Travel Retail & Duty-Free segment (+10%, +8.7% at current exchange rates), which benefited from the combined effect of an upturn in airport traffic and a strong increase in spending per passenger. Food & Beverage reported a more limited increase in revenue (+1.5%, –0.1% at current exchange rates): a positive performance at North American airports was offset by weakness in the motorway channel, due (especially in Europe) to the decline in traffic and the closure of various European locations.

[14] Due to the disposal of the Flight business, the segment's results for 2010 are shown separately from the Group's continuing operations (Food & Beverage and Travel Retail & Duty-Free), under "Profit from discontinued operations"
"Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the consolidated income statement primarily because they do not include revenue from the sale of fuel and the related cost, the net value of which is classified as "Other operating income" in accordance with Group protocol for the analysis of figures. This revenue came to € 577.6m in 2011 (€ 310.6m in 2010) and the cost to € 555.7m (€ 296.6m the previous year)

Revenue by business segment

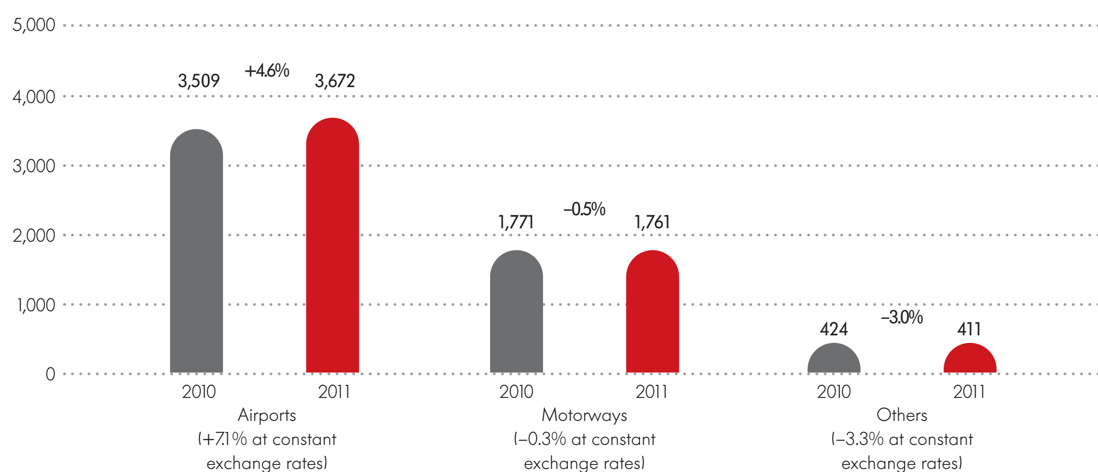
(€m)



Revenue gained a substantial 7.1% in the airport channel (+4.6% at current exchange rates), thanks to the Group's confirmed ability to outperform traffic. Revenue in the motorway channel dipped by 0.3% (–0.5% at current exchange rates), due to limited traffic and the closure of various European locations, particularly in France and Belgium. The other channels also showed a decrease, as the exit from certain shopping mall and high street locations was only partially offset by new openings at railway stations.

Revenue by channel

(€m)



EBITDA

Consolidated EBITDA in 2011 amounted to € 617m, an increase of 3.8% (+1.9% at current exchange rates) with respect to the € 605.4m recorded in 2010. EBITDA factors in reorganization costs of € 12.4m, mostly in the Food & Beverage segment, and includes non-recurring income of € 13m (€ 8m for the early settlement of contractual provisions regarding the sale of the Flight business and € 5m for the sale of some locations in Belgium).

EBITDA amounted to 10.6% of revenue, in line with the previous year.

The EBITDA margin was stable due to the opposite trends in the two business segments. In Food & Beverage, the sharp increase in the cost of goods sold was one of the major reasons for the decline in the segment's EBITDA, but at the consolidated level this was offset by a substantial increase for the Travel Retail & Duty-Free business, which enjoyed a favorable sales mix due to the increase in passengers traveling outside Europe and the efficiencies of integrated purchasing.

Depreciation, amortization and impairment losses

In 2011 depreciation, amortization and impairment losses amounted to € 314m, down from € 328.1m in 2010, due to a decrease in the impairment of property, plant, equipment and intangible assets (from € 23m to € 15.1m).

Impairment losses on goodwill

There was no impairment of goodwill in 2011, while in 2010 goodwill on motorway operations in Holland was impaired by € 22.2m.

Net financial expense

In 2011 net financial expense came to € 82.8m, up from € 74.9m in 2010. This includes € 5m in non-recurring charges, namely the portion of bank fees paid in previous years on loans closed out during the refinancing process, and expenses relating to the reversal of financial income accrued and recognized in prior years with respect to a commercial counterparty.

The average cost of debt was 4.9% in 2011 (4.1% the previous year).

Income tax

Tax decreased from € 89.4m in 2010 to € 80.3m.

The tax rate came to 36.6%, compared with 49.7% of the previous year. Excluding IRAP (Italian regional business tax), the average tax rate was 31.2%, down from 43.2% in 2010. The improvement principally reflects the reduced tax rates in the United Kingdom (impacting both current and deferred taxes), the fact that 2011 income relating to the sale of the Flight business was essentially tax exempt, the different distribution of income over the various areas served by the Group, and the non-deductibility, in 2010, of the impairment loss on goodwill for the Dutch motorway operations.

Profit from continuing operations

The profit from continuing operations, net of the Flight segment disposed of in 2010, amounted to € 139.1m compared with € 90.4m in 2010 (+53.9%, or 60.6% at current exchange rates).

Profit from discontinued operations

The net profit from discontinued operations (Flight segment), for 2010 only, came to € 25.0m.

Profit for the year

Profit attributable to owners of the parent increased by 26.7% on the previous year (+22.1% at current exchange rates), amounting to € 126.3m, compared with € 103.4m in 2010 which included € 25m relating to the Flight segment (of which € 11.1m in capital gains for its disposal).

Non-controlling interests came to € 12.8m (€ 12.0m in 2010).

1.3.4 Financial position

Restated consolidated statement of financial position[15]

(€m)	31.12.2011	31.12.2010	Change 2010	Change At constant exchange rates
Intangible assets	2,154.5	2,196.0	(41.5)	(85.7)
Property, plants and equipment	923.4	925.1	(1.7)	(15.4)
Financial assets	26.5	26.9	(0.3)	(0.6)
A) Non-current assets	**3,104.4**	**3,147.9**	**(43.5)**	**(101.7)**
Inventories	266.0	246.3	19.8	16.4
Trade receivables	53.5	59.7	(6.3)	(6.1)
Other receivables	227.9	185.1	42.8	41.2
Trade payables	(632.4)	(674.6)	42.2	46.8
Other payables	(406.2)	(392.4)	(13.8)	(7.0)
B) Working capital	**(491.2)**	**(575.9)**	**84.7**	**91.3**
C) Invested capital, less current liabilities	**2,613.2**	**2,572.0**	**41.2**	**(10.4)**
D) Other non-current non-financial assets and liabilities	**(261.1)**	**(286.1)**	**25.0**	**30.9**
E) Assets held for sale	**–**	**1.0**	**(1.0)**	**(1.0)**
F) Net invested capital	**2,352.2**	**2,286.9**	**65.3**	**19.5**
Equity attributable to owners of the parent	779.8	690.0	89.7	77.0
Equity attributable to non-controlling interests	19.6	21.3	(1.7)	(2.1)
G) Equity	**799.4**	**711.4**	**88.1**	**74.8**
Non-current financial liabilities	1,571.6	1,511.7	59.9	14.4
Non-current financial assets	(3.0)	(3.1)	–	0.1
H) Non-current financial indebtedness	**1,568.6**	**1,508.6**	**60.0**	**14.5**
Current financial liabilities	214.2	258.1	(43.9)	(49.6)
Cash and cash equivalents and current financial assets	(230.0)	(191.1)	(38.8)	(20.3)
I) Current net financial indebtedness	**(15.8)**	**66.9**	**(82.7)**	**(69.8)**
Net financial indebtedness (H + I)	**1,552.8**	**1,575.5**	**(22.8)**	**(55.3)**
L) Total as in F)	**2,352.2**	**2,286.9**	**65.3**	**19.5**

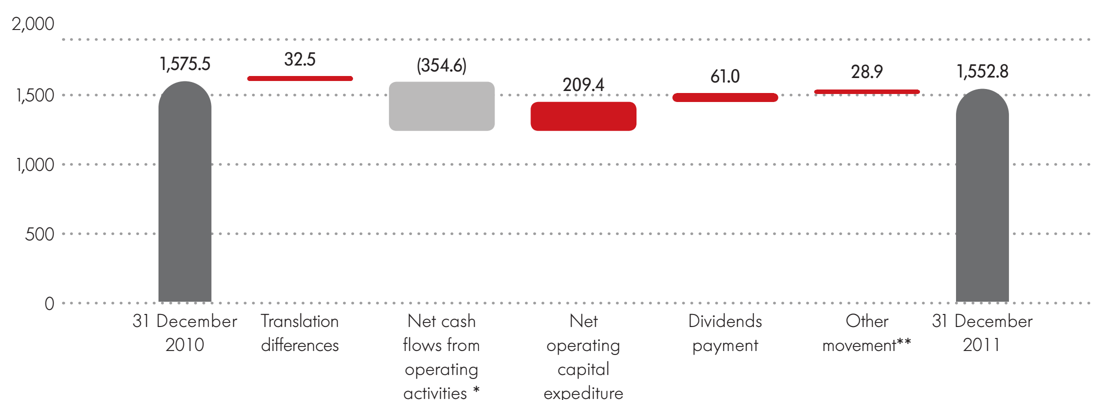
Net invested capital at 31 December 2011 came to € 2,352.2m, an increase of € 65.3m with respect to the previous year, due to the increase in working capital and the translation at current exchange rates of the Group's net assets in non-euro countries. At constant exchange rates, there would have been an increase of € 19.5m.

Net financial indebtedness at 31 December 2011 was € 1,552.8m, a decrease of € 22.8m compared with the previous year-end figure of € 1,575.5m. The effect of translating components denominated in non-euro currencies, particularly the US dollar, was unfavorable in the amount of € 32.5m.

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

Change in net financial indebtedness

(€m)



* Excludes € 39.2m IRS unwinding fees
**Includes the change in fair value of derivates

At the close of 2011, 30% of consolidated net financial indebtedness was denominated in US dollars, 28% in British pounds, and the rest in euros.

The fair value loss on interest rate hedges at 31 December 2011 was € 7m (fair value loss of € 56.6m at the close of 2010). The significant reduction on the previous year reflects the early termination of interest rate hedges concurrently with the Group's refinancing.

Debt consists mainly of committed medium and long-term credit lines from banks and bonds (private placements). At 31 December 2011, loans had an average remaining life of around four years, which is significantly longer than in 2010 thanks to the refinancing process concluded in July. This involved the contracting of new credit lines for € 1.35 billion, maturing in 2016, of which € 650m will finance the Travel Retail & Duty-Free business.

As a result of the refinancing and the revision of interest rate hedges, at the close of the year 40% of debt was fixed-rate, compared with 64% at 31 December 2010.

The loan contracts require the Group to uphold certain financial ratios, namely a leverage ratio (net debt/EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5. The ratios for contracts signed by Autogrill S.p.A. refer to the Group as a whole, while the ratios for the loan financing the Travel Retail & Duty-Free segment are based solely on that segment's data. At 31 December 2011 all of the above covenants were amply satisfied.

Net cash generation

(€m)	2011	2010
EBITDA	617.0	605.4
Change in net working capital	(98.9)	40.7
Other items	(2.5)	(0.2)
Cash flow from operating activities	**515.6**	**645.9**
Tax paid	(87.4)	(79.6)
Net interest paid	(112.8)	(74.6)
– *Of which IRS unwinding fees* *	*(39.2)*	–
Net cash flow from operating activities	**315.4**	**491.7**
Net Capex	(209.4)	(219.2)
Free operating cash flow	**105.9**	**272.5**
Free operating cash flow w/o IRS unwinding fees	**145.1**	**272.5**

* "Interest Rate Swap", interest rate hedging contracts

The Group generated net cash from operating activities of € 105.9m in 2011 (including charges for the early termination of interest rate hedges in the context of the debt refinancing process), down from € 272.5m the previous year.

The decrease is explained by the trend in the change in net working capital, which was positive in 2010 and a negative € 98.9m in 2011. The most significant component of that change is the reduction in trade payables, mainly in the Food & Beverage segment in Europe.

Net capital expenditure, amounting to € 209.4m, was slightly down on the previous year and was concentrated in the Food & Beverage business in Italy and the United States, for new openings and renovations mainly in the motorway channel. See Section 1.4 for a more detailed description of investment by each operating segment.

Capital expenditure

			Change	
(€m)	2011	2010	2010	At constant exchange rates
Food & Beverage	184.6	186.5	(1.0%)	(2.7%)
Travel Retail & Duty-Free	18.6	27.6	(32.6%)	(33.5%)
Corporate and unallocated	6.2	5.2	20.9%	20.9%
Total	**209.4**	**219.2**	**(4.5%)**	**(6.0%)**

Veuve Clicquot
REIMS FRANCE

1.4 Business segments

Unlike in previous editions, since the fourth quarter of 2011 the Food & Beverage segment has been shown together with "Corporate," which covers the centralized functions operating almost exclusively for the Food & Beverage business in the areas of Administration, Finance and Control, Strategic Planning, Legal Affairs, Human Resources and Organization, Marketing, Purchasing and Engineering, and Information and Communication Technology.

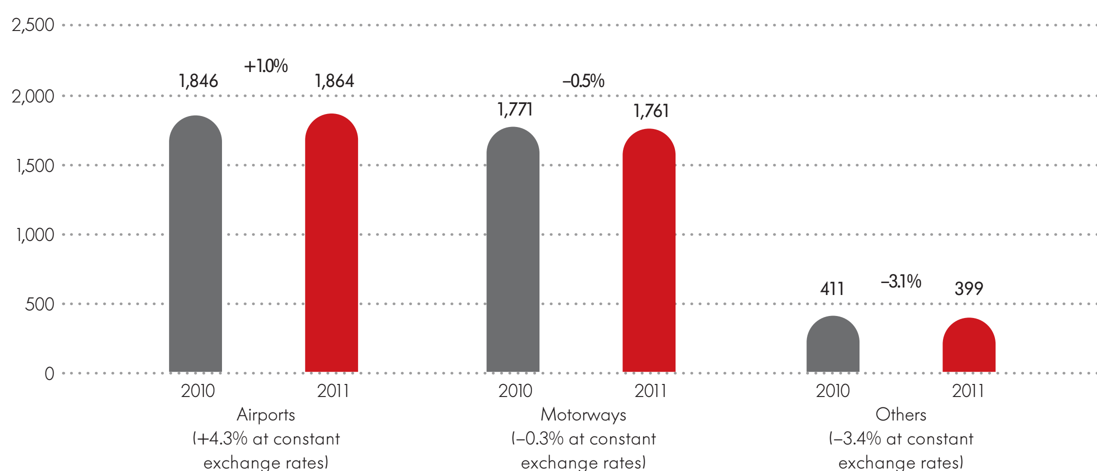
1.4.1 Food & Beverage and Corporate

					Change	
(€m)	2011	% of revenue	2010	% of revenue	2010	At constant exchange rates
Revenue	4,023.8	100.0%	4,027.8	100.0%	(0.1%)	1.5%
Other operating income	114.0	2.8%	96.9	2.4%	17.6%	12.6%
Total revenue and other operating income	**4,137.9**	**102.8%**	**4,124.8**	**102.4%**	**0.3%**	**1.8%**
Raw materials, supplies and goods	(1,374.5)	34.2%	(1,356.1)	33.7%	1.4%	2.8%
Personnel expense	(1,256.6)	31.2%	(1,240.4)	30.8%	1.3%	3.2%
Leases, rentals, concessions and royalties	(642.0)	16.0%	(644.2)	16.0%	(0.3%)	2.0%
Other operating costs	(450.9)	11.2%	(445.2)	11.1%	1.3%	2.6%
EBITDA before corporate costs	**413.9**	**10.3%**	**438.9**	**10.9%**	**(5.7%)**	**(3.5%)**
Corporate costs	(25.3)	0.6%	(27.2)	0.7%	(7.0%)	(7.0%)
EBITDA	**388.6**	**9.7%**	**411.7**	**10.2%**	**(5.6%)**	**(3.3%)**
Depreciation, amortization and impairment losses	(192.7)	4.8%	(212.7)	5.3%	(9.4%)	(7.7%)
Impairment losses on goodwill	–	0.0%	(22.2)	0.6%	n.s.	n.s.
EBIT	**196.0**	**4.9%**	**176.9**	**4.4%**	**10.8%**	**14.6%**
Net financial expense	(54.7)	1.4%	(30.9)	0.8%	76.9%	81.8%
Impairment losses on financial assets	(2.1)	0.1%	(1.7)	–	23.7%	29.9%
Pre-tax profit	**139.2**	**3.5%**	**144.3**	**3.6%**	**(3.5%)**	**(0.1%)**
Income tax	(64.0)	1.6%	(82.3)	2.0%	(22.3%)	(20.7%)
Profit from continuing operations	**75.2**	**1.9%**	**62.0**	**1.5%**	**21.3%**	**28.2%**
Profit from discontinued operations	–	0.0%	25.0	0.6%	n.s.	n.s.
Profit attributable to:	**75.2**	**1.9%**	**87.0**	**2.2%**	**(13.5%)**	**(9.6%)**
– owners of the parent	64.8	1.6%	76.6	1.9%	(15.3%)	(11.4%)
– non-controlling interests	10.4	0.3%	10.4	0.3%	(0.4%)	3.8%

Revenue

In 2011 Food & Beverage sales came to € 4,023.8m, compared with € 4,027.8m in 2010 (+1.5%, –0.1% at current exchange rates). Sales were boosted by the growth of traffic in the airport channel, but penalized in the motorway channel by the decline in traffic and the closure of some European locations.

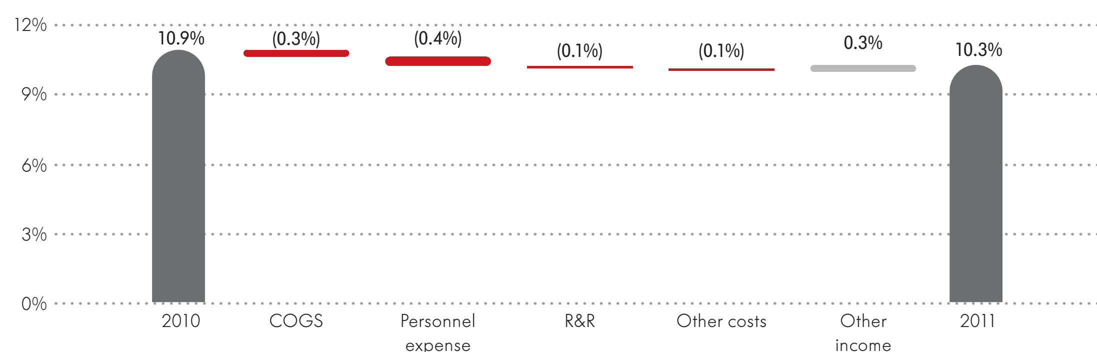
Food & Beverage revenue by channel (€m)



EBITDA

In 2011 EBITDA for the Food & Beverage segment (excluding Corporate costs) amounted to € 413.9m, down 3.5% (–5.7% at current exchange rates) compared to € 438.9m in 2010. The EBITDA margin went from 10.9% to 10.3%. The main reasons for the decrease in EBITDA as a percentage of revenue is the rise in food raw material prices and personnel expense, including reorganization costs of around € 8.2m, which were only partially offset by the intake of € 5m from the sale of locations in Belgium.

Change in Food & Beverage EBITDA margin



Corporate costs

Corporate costs in 2011 decreased slightly, from € 27.2m in 2010 to € 25.3m, thanks to € 8m in non-recurring income from the early settlement of some contractual provisions relating to the sale of the Flight segment.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses of € 192.7m decreased by 7.7% on the previous year's € 212.7m, due to a € 16.0m reduction in impairment losses on property, plant, equipment and intangible assets.

Net financial expense

The significant change in net financial expense reflects the increase in average Corporate bank debt, due to the capitalization of the Travel Retail & Duty-Free segment by € 400m at the end of 2010.

Income tax

The reduction in the tax charge since the previous year reflects substantially tax-exempt income of € 8m in 2011 relating to the sale of the Flight segment, as well as the non-deductibility of the 2010 impairment loss on goodwill for the Dutch motorway operations. Tax in the Food & Beverage and Corporate segment includes IRAP (Italian regional business tax), charged on the results of operations in Italy.

Profit

The profit for the Food & Beverage segment (including Corporate costs) came to € 64.8m, a decrease of 11.4% with respect to the previous year. The 2010 profit included € 25m for the Flight segment, now sold, whose residual contribution in 2011 came to € 8m. Non-controlling interests in profit amount to € 10.4m, in line with the previous year.

Net invested capital

(€m)	31.12.2011	31.12.2010	Change
Goodwill	812.8	795.0	17.8
Other intangible assets	53.5	56.2	(2.7)
Property, plants and equipment	826.7	810.2	16.6
Financial assets	16.9	18.5	(1.6)
Non-current assets	**1,709.9**	**1,679.9**	**30.0**
Assets held for sale	**–**	**1.0**	**(1.0)**
Net working capital	(397.5)	(459.6)	62.1
Other non-current non-financial assets and liabilities	(177.9)	(157.6)	(20.3)
Net invested capital	**1,134.6**	**1,063.8**	**70.9**
Net financial indebtedness	**913.7**	**850.8**	**62.9**

Net cash generation

(€m)	2011	2010
EBITDA	388.6	411.7
Change in net working capital	(62.7)	19.3
Other items	(4.0)	(0.3)
Cash flow from operating activities	**321.9**	**430.7**
Tax paid	(53.3)	(56.3)
Net interest paid	(83.4)	(28.3)
*– Of which IRS unwinding fees **	*(39.2)*	–
Net cash flow from operating activities	**185.3**	**346.2**
Net Capex	(190.8)	(191.6)
Free operating cash flow	**(5.5)**	**154.6**
Free operating cash flow w/o IRS unwinding fees	**33.7**	**154.6**

* "Interest Rate Swap": agreements for interest rate risk hedging

Net cash generation in the Food & Beverage and Corporate segment was held back by the reduction in cash flow from operating activities and the rise in net interest paid. More specifically, for equal amounts of revenue, results were negatively influenced by the increase in raw material prices and personnel expense and by a significant decrease in amounts due to suppliers in Europe.

The increase in net interest paid results from higher Corporate bank debt due to the capitalization of the Travel Retail business, and the early termination of interest rate swaps concurrently with the Group refinancing concluded in July 2011.

Net capital expenditure amounts to € 190.8m (€ 191.6m in 2010) or 4.7% of revenue (4.8% the previous year), and mostly concerns some service areas along Italian and US motorways (particularly the Pennsylvania Turnpike), the North American airports of Santa Ana, Edmonton and Sacramento, the European airports of Amsterdam and Zurich, and the opening of new railway station outlets in France, Belgium and Spain.

HMSHost (North America and Pacific area)[16]

To eliminate interference from fluctuations in the euro/dollar exchange rate and make it easier to interpret performance, figures are reported in millions of US dollars ($m).

($m)	2011	2010	Change
Revenue	**2,679.0**	**2,546.4**	**5.2%**
Airports	2,203.3	2,097.2	5.1%
Motorways	409.5	375.0	9.2%
Shopping malls	66.2	74.3	(11.0%)
EBITDA	**312.5**	**314.5**	**(0.6%)**
EBITDA margin	*11.7%*	*12.3%*	

Revenue

In 2011 this area grossed $ 2,679.0m, compared with $ 2,546.5m the previous year (+5.2%).

Airport sales were up 5.1% on 2010, with especially notable performances by the airports of Los Angeles, Chicago and Las Vegas. On a comparable basis[17], revenue at US airports[18] increased by 5.1% with respect to a 1.5% rise in traffic[19], confirming the ability to outperform traffic trends.

Revenue in the motorway channel increased by 9.2% thanks to the reopening of the important service area on the Delaware Turnpike, new locations on the Ontario Highway in Canada, and an upturn in sales during the second half of the year. On the US motorways served by the Group,[20] the decrease in revenue on a comparable basis came to 0.9%, in line with the trend in traffic (–1.0%[21]).

Sales in other channels went down due to the Group's exit from certain locations.

EBITDA

In 2011 EBITDA came to $ 312.5m, down 0.6% compared with the previous year's $ 314.5m, after non-recurring charges of $ 3.6m for reorganization programs. As a percentage of revenue EBITDA came to 11.7%, down from 12.3% in 2010. Good labor productivity in the spring and summer only partially mitigated the increase in the cost of products (caused by raw material inflation throughout the year) and personnel expense, which was influenced particularly in the first half of the year by higher social security costs for healthcare and contributions to the state unemployment system.

[16] Under the trade name HMSHost, Autogrill Group Inc. (USA) manages mostly food & beverage services in North America, at Amsterdam's Schiphol Airport and at other airports in Asia and Australasia

[17] Same locations and offerings

[18] Accounting for 82% of the channel's revenue

[19] Source: ATA, number of passengers, January-December 2011

[20] Because of renovations underway at locations along Canadian motorways, the contract for which was renewed during the year, the US locations generated practically all revenue in this channel

[21] Source: Federal Highway Administration, January-December 2011 (stretches of road served by the Group)

Italy

(€m)	2011	2010	Change
Revenue	**1,356.1**	**1,347.1**	**0.7%**
Sales to end consumer	1,333.7	1,319.8	1.1%
Motorways	1,034.8	1,021.6	1.3%
Airports	97.6	93.3	4.6%
Other	201.4	204.8	(1.7%)
Other sales *	22.4	27.3	(18.2%)
EBITDA	**132.7**	**147.5**	**(10.1%)**
EBITDA margin	9.8%	10.9%	

* Including sales to franchisees

Revenue

Revenue generated in Italy in 2011 came to € 1,356.1m, an increase of 0.7% on the previous year's € 1,347.1m.

Revenue in the motorway channel increased by 1.3%, thanks entirely to the operations taken over from Esso in the second quarter of 2010. From January to December, with traffic down by 1.1%[22] on the motorway network, sales decreased by 2.5% on a like-for-like basis. In general, especially during the second half of the year, consumers were even more inclined than usual to make smaller overall purchases, leading to a decline in restaurant patronage. Adjusting for the number of locations, the main forms of sale (Food & Beverage and market) fell by 2.5% on the previous year, with market items showing the greatest decline, while sales of complementary goods decreased by 2.4%.

Airport revenue increased by 4.6%, thanks to new openings at Naples and Rome Fiumicino and the launch of operations at Palermo airport. On a like-for-like basis, and net of the impact of closures due to renovations, sales were up by 0.3% versus a 3.4% rise in traffic[23].

In other channels, revenue was down by 1.7% on the previous year: the opening of new outlets at the train stations in Bologna and Naples and the full-year contribution of the locations at Milan Central Station and Turin Porta Nuova offset the steep decline in shipboard catering and the closure of some shopping center locations.

EBITDA

In 2011 EBITDA came to € 132.7m, down from € 147.5m the previous year (–10.1%), and the EBITDA margin fell from 10.9% to 9.8%. The reduction was caused by the rise in personnel expense (higher average hourly cost) and by initiatives to boost demand and customer service. In addition, the decrease in motorway traffic — most evident during the second half of the year — had a negative impact on labor productivity and the incidence of fixed location costs. EBITDA was further penalized by € 2.1m in reorganization costs.

[22] Source: AISCAT, January-December 2011
[23] Source: Group estimates on Assoaeroporti data, January-December 2011 – Airports served by the Group

Other countries

(€m)	2011	2010	Change 2010	Change At constant exchange rates
Revenue	**743.7**	**760.1**	**(2.2%)**	**(4.1%)**
Motorways	411.7	442.3	(6.9%)	(8.5%)
Airports	183.6	170.6	7.7%	5.1%
Other	148.4	147.2	0.8%	(2.0%)
EBITDA	**56.8**	**54.2**	**4.8%**	**1.9%**
EBITDA margin	*7.6%*	*7.1%*		

Revenue

Revenue from other countries in 2011 came to € 743.7m, a decrease of 4.1% on the previous year's € 760.1m (–2.2% at current exchange rates). Good performance at airports made up for part of the decline in the motorway channel, where more than 20 locations were closed according to plan.

Motorway revenue was down by 8.5% (–6.9% at current exchange rates), the combined effect of lackluster traffic and the planned closure of various non-performing locations, mainly in France and Belgium.

In the airport channel, revenue grew by 5.1% (+7.7% at current exchange rates), but slowed in the second half of the year.

Revenue in other channels decreased due to the downward trend at shopping center locations and the disposal of some of these outlets, which was partially offset by new openings at railway stations in Spain and Belgium.

EBITDA

EBITDA for the year came to € 56.8m, up from € 54.2m in 2010 (+1.9%, +4.8% at current exchange rates), thanks in part to net non-recurring income of € 1.4m (€ 5m for the sale of locations in Belgium less reorganization costs of € 3.6m). The EBITDA margin rose from 7.1% to 7.6%, rewarding efforts to boost profitability and limit investments with respect to growth, including through the closure of unprofitable locations.

1.4.2 Travel Retail & Duty-Free

(€m)	2011	% of revenue	2010	% of revenue	Change 2010	Change At constant exchange rates
Revenue	1,820.8	100.0%	1,675.7	100.0%	8.7%	10.0%
Other operating income	24.1	1.3%	31.4	1.9%	(23.3%)	(23.2%)
Total revenue and other operating income	**1,844.9**	**101.3%**	**1,707.1**	**101.9%**	**8.1%**	**9.4%**
Raw materials, supplies and goods	(765.1)	42.0%	(733.8)	43.8%	4.3%	4.8%
Personnel expense	(192.4)	10.6%	(180.6)	10.8%	6.6%	7.1%
Leases, rentals, concessions and royalties	(551.2)	30.3%	(505.7)	30.2%	9.0%	9.7%
Other operating costs	(107.8)	5.9%	(93.4)	5.6%	15.4%	16.0%
EBITDA	**228.3**	**12.5%**	**193.6**	**11.6%**	**17.9%**	**18.6%**
Depreciation, amortization and impairment losses	(121.3)	6.7%	(115.4)	6.9%	5.1%	5.5%
EBIT	**107.0**	**5.9%**	**78.2**	**4.7%**	**36.7%**	**37.8%**
Net financial expense	(28.1)	1.5%	(44.0)	2.6%	(36.1%)	(36.0%)
Adjustment to the value of financial assets	1.4	0.1%	1.3	0.1%	9.8%	9.8%
Pre tax profit	**80.3**	**4.4%**	**35.5**	**2.1%**	**125.9%**	**129.4%**
Income tax	(16.3)	0.9%	(7.1)	0.4%	130.1%	133.1%
Profit attributable to:	**63.9**	**3.5%**	**28.4**	**1.7%**	**124.9%**	**128.5%**
– owners of the parent	61.5	3.4%	26.9	1.6%	128.7%	132.6%
– non-controlling interests	2.5	0.1%	1.6	0.1%	58.5%	58.5%

Revenue

Travel Retail & Duty-Free closed the year with revenue of € 1,820.8m, an increase of 10% with respect to the previous year's € 1,675.7m (+8.7% at current exchange rates), showing an excellent performance at most of the airports served. In Europe and other countries alike, this excellent result was caused by an increase in average spending per passenger, which made it possible to outperform the increase in traffic. Adjusting for the Group's exit from certain contracts (Delhi, Maldives and Madeira), growth on a like-for-like basis and at constant exchange rates would be even higher (11.8%, +10.5% at current exchange rates).

Area-by-area performance is described below:

Europe

Revenue for 2011 came to € 532.1m, up from € 493.8m in 2010 (+7.8%), compared with traffic growth of 6.0%[24]. The best performer was Barcelona, where revenue rose 19.1% to € 101.4m against traffic growth of 17.8%, thanks to the concentration of Ryanair flights at this airport and the increase in flights to the Middle East and Asia. Although traffic was slightly down (–0.4%), due to a decline in domestic traffic, sales at Madrid airport increased by 3.8% to € 177.6m as a result of the larger number of passengers flying outside Europe; sales at airports in the Canary Islands also did well (+15%) on the strength of the shift in tourist flows away from North Africa.

[24] Source: AENA, January-December 2011

In the United Kingdom, revenue in 2011 climbed from £ 673.4m[25] in 2010 to £ 746.1m (+10.8%), compared with traffic growth of 5.2%[26]. Performance has held up very well thanks to rising sales at Heathrow, which came to £ 357.2m (up 12.9% versus traffic growth of 5.5%), and an increase in average spending per passenger. Results were also solid at the other major British airports served: Manchester (+10.2%), also thanks to the opening of new locations, and Gatwick (+7.5%), where work on the South Terminal location helped improve the flow of passengers.

Other countries[27]

Sales came to € 386.8m in 2011, an increase of 13.2% on the previous year's € 352.2m (+9.8% at current exchange rates), with good results in all countries despite the exit from certain contracts. On a like-for-like basis, revenue would have grown by 22.8% (+19.4% at current exchange rates). The year's outstanding performers were Canada (+21%), thanks to an increase in connections to Asia; Chile (+50%), due to rising numbers of travelers from Brazil and the penalizing effect of the earthquake in 2010; Peru (+32%); and Sri Lanka (+17%), where tourist flows are on the rise.

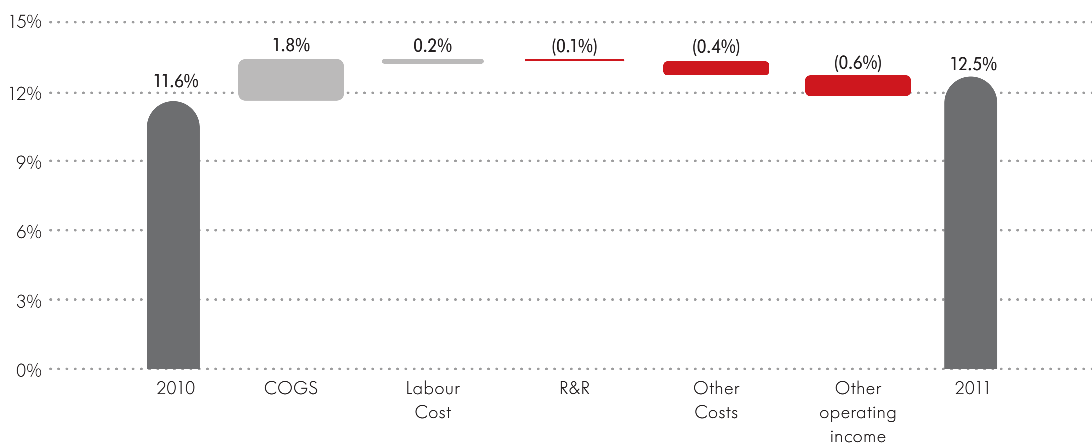
EBITDA

In 2011 EBITDA grew by 18.6% to € 228.3m, up from € 193.6m in 2010 (+17.9% at constant exchange rates), and outpaced the increase in sales. EBITDA includes reorganization costs of € 2.4m. The improvement in the EBITDA margin, from 11.6% to 12.5%, reflects a sales mix weighted more towards high margin products such as cosmetics, as well as an increase in passengers with non-European destinations who are more inclined to spend. One reason for the decrease in the cost of goods sold was the extension of integrated purchasing to Spain and the United Kingdom.

[25] This figure differs from the originally published £636m due to the reclassification for the inclusion of wholesale sales
[26] Source: BAA, Manchester Airport and Gatwick Airport, January-December 2011
[27] Mexico, Jordan, Chile, Canada, Kuwait, Peru, United States, Dutch Antilles, France, Colombia, Cape Verde, Panama, Sri Lanka, India, Italy

1. Directors' Report

Change in Travel Retail & Duty-Free EBITDA margin



Depreciation, amortization and impairment losses

In 2011, depreciation, amortization and impairment losses came to € 121.3m, compared with € 115.4m the previous year (+5.5%). The increase was caused by higher impairment losses on property, plant, equipment and intangible assets (€ 8.1m) due to the non-renewal of contracts at Atlanta and Orlando airports.

Net financial expense

The significant decrease in net financial expense reflects the lower average debt of the Travel Retail & Duty-Free segment, due to cash generation and the capitalization of this segment by € 400m in December 2010.

Income tax

The increase in taxes mirrors the higher profitability of this segment. The tax rate, at 20%, was in line with the previous year.

Profit

Travel Retail & Duty-Free earned a profit of € 61.5m, with a significant increase (+132.6%) with respect to the previous year's € 26.9m.

Net invested capital

(€m)	31.12.2011	31.12.2010	Change
Goodwill	598.0	582.1	15.9
Other Intangible assets	690.1	762.6	(72.5)
Property, plants and equipment	96.7	114.9	(18.2)
Financial assets	9.7	8.3	1.3
Non-current assets	**1,394.5**	**1,468.0**	**(73.6)**
Net working capital	(93.7)	(116.3)	22.6
Other non-current non-financial assets and liabilities	(83.2)	(128.5)	45.4
Net invested capital	**1,217.6**	**1,223.1**	**(5.6)**
Net financial indebtedness	**639.1**	**724.8**	**(85.6)**

Net cash generation

(€m)	2011	2010
EBITDA	228.3	193.6
Change in working capital and net change in non-current non-financial assets and liabilities	(36.2)	21.4
Other non cash items	1.6	0.1
Cash Flow from Operation	**193.7**	**215.1**
Tax paid	(34.2)	(23.3)
Net interest paid	(29.4)	(46.3)
Net Cash Flow from Operation	**130.1**	**145.5**
Net Capex	(18.6)	(27.6)
Free Operating Cash Flow	**111.5**	**118.0**

Net cash generation by the Travel Retail & Duty-Free segment remained high, despite the negative change in net working capital caused by increased contributions to British pension funds, longer collection times on credit card transactions and increased purchases of goods at the end of the year.

Net capital expenditure went from € 27.6m in 2010 to € 18.6m, and from 1.6% to 1.0% of revenue, and mostly concerned shops at Heathrow (Terminals 3 and 4), Birmingham and Manchester in the UK and the new Alicante terminal in Spain.

1.5 Performance in the fourth quarter of 2011

Revenue

Consolidated revenue rose from € 1,488.1m in the fourth quarter of 2010 to € 1,521.8m (+2.4%, or +2.3% at current exchange rates), thanks to the increase in the Travel Retail & Duty-Free segment (+9.9%). Food & Beverage sales were penalized by the economic downturn in several countries of the European Union.

EBITDA

Consolidated fourth-quarter EBITDA was € 133.1m, an increase of 1.1% with respect to the same period last year (€ 131.2m), or +1.5% at current exchange rates. The fourth quarter factors in reorganization costs of € 5.6m, mostly in the Food & Beverage segment. Net of those costs, EBITDA would have increased by 5.3%. The EBITDA margin of 8.7% was essentially in line with the fourth quarter of 2010.

Capital expenditure

Capex in the fourth quarter totaled € 89.2m, down from € 101.0m in the same period of the previous year.

Food & Beverage and Corporate

Revenue

Revenue for the fourth quarter of € 1,061.7m shows a decrease of 0.6% on the previous year's € 1,068.9m (–0.7% at current exchange rates) and was penalized mostly by the decrease in traffic on European motorways (especially in Italy), as well as the planned closure of some locations in Belgium and the Netherlands.

EBITDA

Fourth quarter EBITDA, excluding Corporate costs of € 11.7m (€ 10.3m in 2010), came to € 89.2m, down from € 92.4m the previous year (–3.9% or –3.4% at current exchange rates). The EBITDA margin was 8.4%, down from 8.6% in the fourth quarter of 2010.

Capital expenditure

In the fourth quarter, capital expenditure came to € 83.7m (€ 86.6m in the same period of the previous year).

HMSHost (North America and Pacific Area)

Revenue

Revenue for the fourth quarter of 2011 totaled $ 790.8m, rising by 3.1% with respect to the previous year ($ 766.9m), as increased sales in the motorway channel made up for a slowdown in airport traffic (–0.4%[28]).

EBITDA

Fourth quarter EBITDA amounted to $ 82.6m, –2.0% on the same period of the previous year's $ 84.3m, and went from 11.0% of revenue to 10.4% due mainly to the rise in raw material costs.

Italy

Revenue

In the fourth quarter of 2011 revenue came to € 313.6m, down from € 326.3m in the same period of 2010 (–3.9%). The decrease is explained by the economic slowdown, reduced consumer confidence, and weak traffic (–2.3%[29]).

EBITDA

EBITDA for the fourth quarter was € 23.3m, an increase of 0.8% on the same period of the previous year's € 23.1m, and went from 7.1% to 7.4% of sales. The fourth quarter was also affected by reorganization costs of € 2.1m. Net of those costs, EBITDA would have increased by 9.8%.

Other countries

Revenue

Fourth quarter revenue of € 166.4m shows a 6.5% decrease compared with the € 175.6m grossed in the same period of 2010 (–5.2% at current exchange rates), due to the closure of locations in Belgium and France and to reduced traffic, especially in the motorway channel.

EBITDA

Fourth quarter EBITDA came to € 4.9m, compared with € 7.2m in the same period of the previous year (–34.8%, or –31.8% at current exchange rates). The steep decline was caused largely by the fact that in the final quarter of 2010, EBITDA benefited from the reclassification to income tax of the French value added tax, introduced in 2010 to replace the "*taxe professionelle*" that had been treated as an operating cost. Adjusting for that benefit of around € 1.7m, EBITDA would in any case have decreased by 15.8% (–10.6% at current exchange rates), due to the drop in revenue.

[28] Source: ATA, October-December 2011
[29] Source: AISCAT, October-December 2011

Travel Retail & Duty-Free

Revenue

In the fourth quarter of 2011, sales in the Travel Retail & Duty-Free segment came to € 460.1m, an increase of 9.9% on the previous year's € 419.2m (+9.8% at current exchange rates). This achievement owes to the increase in passengers traveling outside Europe, who spend more on average per person.

Sales at Spanish airports were up 4.6%, from € 115.6m in the fourth quarter of 2010 to € 120.9m (against traffic growth of 1.5%), with Barcelona airport in the lead.

In the United Kingdom sales for the quarter totaled £191.6m, +9.3% on the same period of the previous year, thanks once again to the excellent performance of Heathrow shops.

Airports in other countries grossed € 104.2m for the quarter, an increase of 19.6% (+18.6% at current exchange rates). Results were excellent at most of the airports served, despite the termination of some contracts. On a like-for-like basis, growth would have come to 24.7% (+23.6% at current exchange rates).

EBITDA

EBITDA for the final quarter amounted to € 55.5m, growing by 13.1% on the previous year's € 49.1m, and rose from 11.7% to 12.1% of revenue thanks to the improved sales mix and the increase in passengers traveling outside Europe.

Capital expenditure

Capex in the fourth quarter came to € 5.5m (€ 14.4m the previous year), amounting to 1.2% of sales.

1.6 Outlook

During the first two months of 2012, adverse weather conditions had a strong impact on mobility for lengthy periods.

This magnified the disparity of performance between the motorway and the airport channel. Sales at motorway locations in the first eight weeks of 2012 were 9.3% lower, at constant exchange rates, than during the same period in 2011. The positive trend at airports, where sales increased 4.1% at constant exchange rates, made up for that result almost entirely; at Week 8 the Group's overall sales were only slightly down compared with the first two months of last year (–0.6% at constant exchange rates and +1% at current exchange rates).

The trend in sales by channel produced a 3.8% decrease in Food & Beverage sales in the first eight weeks of the year, and an 8.1% increase for Travel Retail & Duty-Free.

On that basis, the first half of the year is likely to be difficult for the Food & Beverage segment. Signs of a reversal of trend in food raw material prices in the United States, however, encourage greater confidence in an upturn in profitability during the second six months.

As in 2011, growth opportunities this year will be concentrated in the Travel Retail & Duty-Free segment, which will likely continue to enjoy the favorable mix of passenger destinations and categories of product sold that have recently sustained the increase in spending per passenger.

For these reasons, we expect to confirm the Group's 2011 performance, with growth by Travel Retail & Duty-Free that should offset the weakness of the Food & Beverage segment in Europe.

Risks and opportunities that may influence Group performance in 2012

Ongoing turmoil at the macroeconomic level is still the greatest risk for the year in course; any worsening of the economic and financial situation of eurozone countries could have an adverse impact on both segments. If growth in the United States is slower than expected, this would affect the performance of Food & Beverage.

Of the specific threats to the Group's industries, the trend in the price of crude oil could have repercussions on prices at the pump and on airline policies such as ticket prices or the number of flights operated. These reactions could have consequences for traffic flows, especially tourism, and for the passenger mix in terms of destinations.

On the opportunities side, efforts at concerted financial and growth policies designed to ease a turnaround and boost consumer confidence in the eurozone could foster an upturn in consumption and thus a more favorable climate for the Group's operations in Europe.

Some specific opportunities for Autogrill include a more significant and generalized decrease in food raw material prices; the further growth of tourist traffic in Spain, thanks in part to ongoing political and social unrest in alternative travel areas; and the continued strong growth of Latin America.

Events after the reporting period

Since 31 December 2011, no events have occurred that if known in advance would have entailed an adjustment to the figures reported or required additional disclosures.

1.7 Other information

1.7.1 Corporate Social Responsibility

Afuture Roadmap

Autogrill has developed its own "Sustainability Roadmap" for the period 2012-2015. This is a strategic plan to integrate the sustainable approach with the management of day-to-operations in the two business segments (Food & Beverage and Travel Retail); a guide defining improvement and innovation objectives for Autogrill companies in order to plan and implement sustainable actions in keeping with the Group's strategic goals.

The main purpose of the Roadmap is to define new intermediate steps aimed at improving Group performance; 2011 is therefore a turning point, a milestone in a process designed to trigger a "cultural leap" that will create new business opportunities and confirm the competitive edge that sustainability is meant to provide. For the first time, the Roadmap sets strategic goals for all Group companies, which will be pursued through concrete plans. The health and safety of workers ("People"), the reduced consumption of energy and water ("Planet"), and better, less expensive packaging ("Product") are the top priorities in Autogrill's plan for 2012-2015.

Keeping tabs through the Sustainability Report

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

Personnel

Policy

Autogrill is a "people" company that provides services to the public. The relationship between the Group and its employees is a strategic asset, fundamental to the generation of value. Each employee who serves a customer represents the company, its business philosophy, its know-how, and the way it treats the environment.

A healthy relationship between company and staff is rooted in care for the individual and his or her wellbeing, both on and off the job. For Autogrill, this means working on various themes and initiatives involving employees in their role as workers (selection processes, development plans, training) and as individuals (health and welfare, family, social commitment and respect for the environment).

In this vein, labor relations are also of great importance to developing sustainability in human resource management; Autogrill has established a constructive dialogue with the trade unions of each country in which it operates, to foster solutions that will reconcile individual needs with those of the business.

Work-life balance

Valuing the quality of life of our employees is not limited to management of their working hours, but takes account of every facet involved in creating a healthy balance between personal and professional life. Autogrill offers its employees an extensive range of benefits designed to enhance their time off the job: first aid courses and healthy diet programs in Italy, free biometric screening in America, and a health help desk and free check-up to all Group workers in Spain. Employees can also enjoy private health insurance, in some cases extended to their families, under programs that also differ on the basis of national laws.

Health and safety

Autogrill's commitment to the health and safety of all employees and consumers translates into prevention, technology, training, and day-to-day monitoring. Autogrill performs preventive assessments of workplace hazards so it can take the most suitable measures, such as new operating procedures or the purchase of individual protection devices that will eliminate or minimize the risks. To make sure these measures are effective, the number and type of accidents that occur at each Group company are constantly monitored, along with the steps taken to mitigate the risks. A new and improved monitoring system is currently being developed for use across the different countries in order to share expertise and innovation.

Ethical certification

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

- Social Accountability 8000 certification for Autogrill S.p.A., renewed in early 2012, demonstrates our commitment to human rights and workers' rights and to preventing child exploitation, while ensuring a safe and healthy place of work;
- OHSAS 18001 certification for World Duty Free Europe Ltd. promotes a safe and healthy workplace by maintaining an infrastructure that allows it to systematically monitor health and safety risks, reduce hazards, foster regulatory compliance and improve overall standards. OHSAS 18001 certification is expected to be earned by the end of 2012 for all of the British airports managed by the Company.

Professional development

The nurturing of human capital, through international job rotation and other programs, is an important means of developing the qualifications of the Group's most skilled personnel. For Autogrill, mobility is an opportunity to enhance the knowledge and capabilities of its workers by letting them test themselves in new environments, which boosts their team spirit and makes them well-rounded professionals.

Training, from this perspective, is an important means of professional growth and a sound investment for the business.

Environment

Policy

Environmental issues — climate change, energy, water, waste, etc. — involve people, organizations and institutions around the globe. International conventions are not enough to handle this challenge; it is the personal contribution of each individual that makes the difference. Simple, everyday habits can help reduce emissions without sacrificing quality of life. Although Autogrill's impact on the environment is relatively minor, we feel the need to reduce our consumption of energy, water and raw materials in favour of clean, renewable energies and recycled materials that are friendly to our Earth.

Conservation awareness

Reducing our consumption of energy and water requires a major change in how these issues are approached by the workers who use machines and equipment; by the suppliers who make them; and by the consumers who visit our locations. Our workers are involved in ongoing awareness programs to instill greater respect for the environment, especially through the reduction of waste. Employees are taught the proper use of equipment, which can lead to major savings if turned off at slow times of day.

To keep the focus on sustainability, the Group's Aconnect portal includes the section "Afuture," covering all information on the project from its history to the latest news and events concerning the promotion of sustainability around the world. The monthly column "Go Green" encourages good practices for the responsible use of paper, water and energy: simple, everyday steps that each worker can take so that the Afuture Roadmap becomes part of the Autogrill culture.

In 2011 the survey on environmental issues was re-administered at more than 200 locations in the United States, Canada, Australia, New Zealand and Malaysia. The aim of this project is to involve workers ever more closely in taking sustainability to heart.

Environmental certification

Autogrill's commitment to obtaining environmental certification has led to important new achievements:

- in France, in 2011, three new locations opened with HQE (Haute Qualité Environnementale) status, which certifies the environmental quality of buildings;
- Milan headquarters in 2011 renewed its EMAS (Eco-Management and Audit Scheme) registration, a voluntary EU program, as well as its ISO 14001:2004 certification for environmental management systems. At other Italian locations, in 2010 and 2011 ISO 14001 certification was renewed for Turin airport and the Brianza Sud point of sale, which is also certified by EMAS;
- in the United States, the Delaware Welcome Center achieved LEED (Leadership in Energy and Environmental Design) Silver certification in 2009, before its inauguration in the summer of 2010.

Innovation and environmental efficiency

To make every trip a pleasure, whether for business or leisure, is Autogrill's primary task. Innovation at our restaurants and shops involves boosting their energy efficiency, improving technologies that make use of renewable sources like geothermal and solar power, and making our locations accessible and enjoyable to consumers, who witness our commitment to the environment first hand.

The more significant projects carried out are briefly described below:

- "Montefeltro Ovest," near Riccione, is the Group's new Energy Class B location. Materials were chosen for their technical performance, with a preference for dry and lightweight construction systems, which make the premises sustainable and notably reduce construction time. The final plans were able to optimize the investment per square meter without sacrificing any formal aspect of the building's identity;
- the new "Fair Taste Café," opened at Schiphol airport in 2011, was built with local recycled materials; the walls, floors and tiles were made out of wood, pallets and recycled excavated material. In addition to the "green" design, consumers are treated to a wide range of organic and fair trade goods;
- the Delaware Welcome Center, opened in 2010, is a 4,000 square meter structure made of 75% recycled materials and has a geothermal heating and cooling system. Certified to the standards of the Leadership in Energy and Environmental Design (LEED), the facility has a parking lot designed for more than three million visitors per year and 50 truck stop electrification points which power heaters and air conditioners without having to idle the engine;
- in both the Food & Beverage and Travel Retail businesses (particularly Autogrill France, HMSHost and Autogrill Italia in the former and World Duty Free and Aldeasa in the latter), several Group companies have decided to use shopping bags made from recycled or biodegradable material.

1.7.2 Main risks and uncertainties faced by the Autogrill Group

The Autogrill Group is exposed to external risks and uncertainties arising from general or specific conditions in the industries in which it works, as well as to threats arising from strategic decisions and internal operational risks.

The Group Risk Management department ensures the uniform handling of risks across the different organizational units.

The updated risk matrix presents no new risks with respect to those reported in 2010.

Below we describe the main risks common to all of our business segments, whose common denominator is the traveler, followed by the specific risks faced by each one.

To avoid repetition, exposure to financial risks is discussed in the notes to the consolidated financial statements.

Risks common to all business segments

Decreased traffic

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

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

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

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

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

Reputation

Loss of reputation with concession grantors, due to an inability to satisfy contractual commitments or to a tarnished image as a result of the perceived deterioration of service, is a significant risk for the maintenance of existing contracts and the acquisition of new ones.

To counter that risk, Autogrill constantly monitors the quality of the service it provides to customers (in terms of perceived satisfaction and product safety) and to the grantor (in light of the quantitative and qualitative standards defined in the concession contract), by way of:
- the constant monitoring of procedures and processes, both internally and by outside firms;
- training programmes to ensure high standards of service;
- the systematic review of operating methods and procedures to keep service efficient and workers safe.

In Italy, the fact that many travelers use the Group's name to refer to highway rest stops in general ("let's stop at the next Autogrill") exposes the Food & Beverage operations in this channel to reputation risk caused indirectly by any shortcomings on the part of competitors. Suitable brand protection measures are taken in Italy if unpleasant experiences are wrongly attributed to Autogrill.

Change in consumption habits

A change in consumption habits can lead to customer dissatisfaction if the Group does not realize and react in time, leading to a loss of appeal and a shrinking clientele.

Autogrill's extensive portfolio of brands and commercial formulas helps to mitigate this risk.

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

Concession fees

Most Food & Beverage and Travel Retail & Duty-Free operations are conducted under long-term contracts awarded through competitive bidding by the holder of the infrastructure management concession (airport, motorway, etc.). Over time, in certain markets, concession fees have risen or more business risk has been transferred to the operator.

This is a major risk, as it can expose the Group to significant long-term declines in profitability if contracts are awarded under terms that later prove to be unfavourable due to a reduction in traffic or an erroneous estimate of business volumes.

In this respect, Autogrill has solid experience and follows best practices in appraising and negotiating contracts, which limits the risk of overestimating profitability and gives it control over the risks inherent to long-term concessions. This constant focus on the profitability of its contract portfolio means that the Group does not bid at all for contracts considered to offer poor returns.

In general, Autogrill mitigates this risk through an approach aimed at building and maintaining a long-term partnership arrangement with the concession grantor, based in part on the development of concepts and commercial solutions that maximize the overall gain.

Employee relations

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

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

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

This risk is also lessened through the constant updating of procedures in order to make efficient use of labor, increase flexibility and reduce occupational hazards.

Regulatory compliance

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

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

Specific risks for Food & Beverage

Customer satisfaction

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

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

Specific risks for Travel Retail & Duty-Free

Shop effectiveness

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

Exchange rates and price setting

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

The Group's widespread operations around the globe mitigate the threat that unfavourable exchange rates may pose to sales in a given area. Meanwhile, its constant attention to product supply and demand in countries of origin and destination help it identify the advantage customers will perceive from favourable rates of exchange.

1.7.3 Corporate governance

All information on corporate governance is included in the Corporate Governance Report, prepared in accordance with article 123 bis of Consolidated Financial Act, part of this Annual Report. It is also available online on the Group's website (www.autogrill.com).

1.7.4 Management and coordination

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

1.7.5 Related party transactions

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

arm's length basis. See the section "Other information" in the Notes to the consolidated financial statements for further information on related party transactions, including the disclosures required by Consob Resolution 17221 of 12 March 2010 (amended with Resolution 17389 of 23 June 2010). The "Procedure for related party transactions" is available online at www.autogrill.com.

1.7.6 Statement pursuant to art. 2.6.2 (12) of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A.

In respect of art. 36 of Consob Regulation no. 16191 of 29 October 2007 on conditions for the listing of companies that control entities formed or governed under the laws of countries outside the European Union that are of material significance to the consolidated financial statements, we report that three companies fall under these provisions (Autogrill Group Inc., 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. 36 have been satisfied.

1.7.7 Research and development

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

It does not conduct technological research as such.

1.7.8 Data protection

Autogrill S.p.A. has updated the Data Protection Document for 2011, in consideration of our particular business needs, although it no longer needs to be mentioned in the financial statements in accordance with the "Simplification and Development Decree" (D.L. 5/2012).

This decree has also excluded data on corporate entities from the concept of "personal data."

The Group's actions during the course of 2011 can be summarized as follows.

PCI DSS certification for credit card payment systems (available in version 2.0 since 2011) was renewed for Autogrill S.p.A. and Nuova Sidap S.r.l. and the certification process began for Alpha Retail Italia S.r.l.

A new intercompany agreement with the subsidiaries Aldeasa S.A., Autogrill Iberia S.L., World Duty Free Group UK Ltd. (formerly Autogrill Retail UK Ltd.), World Duty Free Group International Ltd. (formerly Autogrill International Airports Ltd.), Holding de Participations Autogrill S.a.s., and Autogrill Belux N.V. governs Autogrill S.p.A.'s processing of employee data for the Aconnect portal.

The Disaster Recovery (DR) project was completed for the SAP system, regarding payroll and personnel management. This is in addition to DR for the administrative and financial, store management and supply chain systems.

Physical security improvements were completed and REI 120 fire safety certification obtained at the datacenter in Rozzano.

Four ICT security policies were adopted for all of the European companies (concerning reporting, access and usage management, the security of electronic payments and disaster recovery).

The process of appointing employees in charge of data processing has been completely automated and integrated with the HR management system.

In addition, more stringent criteria have been adopted for:
- the evaluation of system administrators;
- program access control;
- access to the company network by external parties;
- monitoring of online privacy training.

Finally, some updates have been made to the organizational structure and eight external companies have been added to the list of data processors.

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

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

	Shares in	Number of shares held at the end of 2010	Number of shares purchased	Number of shares sold	Number of shares held at the end of 2011
Gianmario Tondato Da Ruos	Autogrill S.p.A.	14,700	–	–	14,700
Gianni Mion	Autogrill S.p.A.	5,000	–	–	5,000
Tommaso Barracco *	Autogrill S.p.A.	12,587	–	–	12,587

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

1.7.10 Treasury shares

At 31 December 2011, Autogrill S.p.A. held 1,004,934 treasury shares, or 0.395% of the share capital. Its subsidiaries do not own equities or other securities representing the share capital of Autogrill S.p.A., and did not at any time during the year, either directly or through trust companies or other intermediaries.

Autogrill S.p.A. and its subsidiaries do not own 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 trust companies or other intermediaries.

1.7.11 Significant non-recurring events and transactions

In 2011, there were no significant non-recurring events or transactions as defined by Consob's Resolution 15519 and Communication DEM/6064293.

1.7.12 Atypical or unusual transactions

In 2011 there were no atypical and/or unusual transactions as defined by Consob's communication DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006.

1.7.13 Reconciliation between parent and consolidated equity

(€k)	Equity at 31.12.2010	Changes in equity	Profit for 2011	Equity at 31.12.2011
Autogrill S.p.A. separate financial statements	774,055	(36,178)	31,926	769,804
Effect of the consolidation of subsidiaries' financial statements and related deferred taxation	(69,421)	(313)	94,378 *	24,644
Translation reserve	(16,902)	20,782	–	3,880
Hedging reserve **	2,300	(20,851)	–	(18,551)
Group consolidated financial statements	**690,032**	**(36,560)**	**126,304**	**779,776**
Equity attributable to non-controlling interests	21,335	(14,514)	12,821	19,642
Total consolidated equity	**711,367**	**(51,073)**	**139,124**	**799,418**

* The amount includes the combined effect of the subsidiaries contribution to consolidated profit (€ 226,855k) and the elimination of dividends paid by subsidiaries to the parent (€ 132,477k)

** Net of tax effect

2. Consolidated financial statements

2.1 Consolidated financial statements

2.1.1 Statement of financial position

Notes	(€k)	31.12.2011	31.12.2010	Change
	ASSETS			
	Current assets	**754,504**	**661,421**	**93,083**
I	Cash and cash equivalents	212,381	176,149	36,232
II	Other financial assets	17,579	14,985	2,594
III	Tax assets	13,382	5,677	7,705
IV	Other receivables	191,639	158,588	33,051
V	Trade receivables	53,481	59,732	(6,251)
VI	Inventories	266,042	246,290	19,752
	Non-current assets	**3,235,225**	**3,280,660**	**(45,435)**
VII	Property, plant and equipment	923,393	925,058	(1,665)
VIII	Goodwill	1,410,806	1,377,154	33,652
IX	Other intangible assets	743,671	818,852	(75,181)
X	Investments	12,355	13,885	(1,530)
XI	Other financial assets	17,219	16,030	1,189
XII	Deferred tax assets	94,894	95,750	(856)
XIII	Other receivables	32,887	33,931	(1,044)
	Assets held for sale	**43**	**1,032**	**(989)**
	TOTAL ASSETS	**3,989,772**	**3,943,113**	**46,659**
	LIABILITIES AND EQUITY			
	LIABILITIES	**3,190,354**	**3,231,746**	**(41,392)**
	Current liabilities	**1,252,775**	**1,325,082**	**(72,307)**
XIV	Trade payables	632,366	674,582	(42,216)
XV	Tax liabilities	25,493	24,048	1,445
XVI	Other payables	368,916	354,781	14,135
XVII	Due to banks	183,513	134,607	48,906
XVIII	Other financial liabilities	30,655	78,554	(47,899)
XXI	Bonds	–	44,903	(44,903)
XXIII	Provisions for risks and charges	11,832	13,607	(1,775)
	Non-current liabilities	**1,937,579**	**1,906,664**	**30,915**
XIX	Other payables	71,027	73,823	(2,796)
XX	Loans, net of current portion	1,239,207	1,192,810	46,397
XXI	Bonds	332,378	318,843	13,535
XI	Deferred tax liabilities	164,331	159,112	5,219
XXII	Post-employment benefits and other employee benefits	75,945	94,719	(18,774)
XXIII	Provisions for risks and charges	54,691	67,357	(12,666)
	Liabilities held for sale	**–**	**–**	**–**
XXIV	**EQUITY**	**799,418**	**711,367**	**88,051**
	– attributable to owners of the parent	779,776	690,032	89,744
	– attributable to non-controlling interests	19,642	21,335	(1,693)
	TOTAL LIABILITIES AND EQUITY	**3,989,772**	**3,943,113**	**46,659**

2.1.2 Income statement

Notes	(€k)	2011	2010	Change
	Continuing operations			
XXV	Revenue	6,422,193	6,014,184	408,009
XXVI	Other operating income	132,092	124,551	7,541
	Total revenue and other operating income	**6,554,285**	**6,138,735**	**415,550**
XXVII	Raw materials, supplies and goods	2,695,899	2,387,004	308,895
XXVIII	Personnel expense	1,472,616	1,442,094	30,522
XXIX	Leases, rentals, concessions and royalties	1,193,940	1,150,795	43,145
XXX	Other operating cost	574,879	553,463	21,416
XXXI	Depreciation and amortization	298,839	305,017	(6,178)
XXXI	Impairment losses on plant, property and equipment and intangible assets	15,138	45,199	(30,061)
	Operating profit	**302,974**	**255,163**	**47,811**
XXXII	Financial income	2,199	7,582	(5,383)
XXXII	Financial expense	(85,000)	(82,476)	(2,524)
	Adjustment to the value of financial assets	(733)	(451)	(282)
	Pre-tax profit	**219,440**	**179,818**	**39,622**
XXXIII	Income tax	(80,315)	(89,415)	9,100
	Profit from continuing operations	**139,125**	**90,403**	**48,722**
	Discontinued operations			
	Profit from discontinued operations (net of taxes)	–	24,960	(24,960)
	Profit for the year	**139,125**	**115,363**	**23,762**
	Profit for the year attributable to:			
	– owners of the parent	126,304	103,408	22,896
	– non-controlling interest	12,821	11,955	866
XXXIV	Earnings per share (in € cents)			
	– basic	49.8	40.7	9.2
	– diluted	49.5	40.6	8.9
XXXIV	Earnings per share from continuing operations (in € cents)			
	– basic	49.8	30.9	19.0
	– diluted	49.5	30.8	18.7

2.1.3 Statement of comprehensive income

Notes	(€k)	2011	2010
	Profit for the year	**139,125**	**115,363**
XXIV	Effective portion of fair value change of derivatives designated as cash flow hedges	(5,254)	(2,676)
XXIV	Net change in fair value of cash flow hedges reclassified to profit or loss	17,620	–
XXIV	Foreign currency translation differences for foreign operations	32,350	102,960
XXIV	Gains (losses) on net investment hedge	(10,166)	(24,279)
XXIV	Income tax on comprehensive income	(203)	7,413
	Total comprehensive income for the year	**173,472**	**198,780**
	– attributable to owners of the parent	156,142	180,732
	– attributable to non-controlling interest	17,329	18,048

2.1.4 Statement of changes in equity

(€k)	Share capital	Legal reserve	Hedging reserve	Translation reserve	Other reserves and retained earnings	Treasury shares reserve	Profit for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2009	**132,288**	**23,840**	**(39,456)**	**(96,166)**	**452,651**	**(944)**	**37,014**	**509,226**	**54,152**
Effective portion of fair value change in cash flow hedges, net of the tax effect	–	–	(1,940)	–	–	–	–	(1,940)	–
Foreign currency translation differences for foreign operations and other changes	–	–	–	96,867	–	–	–	96,867	6,093
Gains (losses) on net investment hedge, net of the tax effect	–	–	–	(17,602)	–	–	–	(17,602)	–
Total other gains (losses), net of tax effects	**–**	**–**	**(1,940)**	**79,265**	**–**	**–**	**–**	**77,324**	**6,093**
Allocation of 2009 profit to reserves	–	2,618	–	–	34,396	–	(37,014)	–	–
Dividend distribution	–	–	–	–	–	–	–	–	(29,180)
Stock options	–	–	–	–	74	–	–	74	–
"Flight" business disposal	–	–	–	–	–	–	–	–	(21,685)
Profit for the year	–	–	–	–	–	–	103,408	103,408	11,955
31.12.2010	**132,288**	**26,458**	**(41,397)**	**(16,902)**	**487,121**	**(944)**	**103,408**	**690,032**	**21,335**
Effective portion of fair value change in cash flow hedges, net of the tax effect	–	–	9,056	–	–	–	–	9,056	–
Foreign currency translation differences for foreign operations and other changes	–	–	–	27,841	–	–	–	27,841	4,509
Gains (losses) on net investment hedge, net of the tax effect	–	–	–	(7,059)	–	–	–	(7,059)	–
Total other gains (losses), net of tax effects	**–**	**–**	**9,056**	**20,782**	**–**	**–**	**–**	**29,838**	**4,509**
Acquisition of minorities	–	–	–	–	(313)	–	–	(313)	(1,613)
Allocation of 2010 profit to reserves	–	–	–	–	103,408	–	(103,408)	–	–
Dividend distribution	–	–	–	–	(61,026)	–	–	(61,026)	(17,409)
Treasury shares	–	–	–	–	–	(6,780)	–	(6,780)	
Stock options	–	–	–	–	1,721	–	–	1,721	–
Profit for the year	–	–	–	–	–	–	126,304	126,304	12,821
31.12.2011	**132,288**	**26,458**	**(32,341)**	**3,881**	**530,911**	**(7,724)**	**126,304**	**779,777**	**19,642**

2.1.5 Statement of cash flows

(€m)	2011	2010
Opening net cash and cash equivalents	**156.9**	**179.7**
Cash flow from/used in continuing operations		
Pre-tax profit and net financial expense for the year	302.2	254.7
Amortization, depreciation and impairment losses on non-current assets, net of reversals	314.0	350.2
Adjustment and (gains)/losses on disposal of financial assets	0.7	0.5
(Gain)/losses on disposal of non-current assets	(2.5)	(0.2)
Change in working capital in the year *	(58.8)	64.8
Net change in non-current non-financial assets and liabilities	(40.1)	(24.1)
Cash flow from operating activities	**515.6**	**645.9**
Taxes paid	(87.4)	(79.6)
Interest paid	(112.8)	(74.6)
Net cash flow from operating activities	**315.4**	**491.7**
Acquisition of property, plant and equipment and intangible assets	(217.3)	(224.9)
Proceeds from sale of non-current assets	7.9	5.8
Acquisition of consolidated equity investments	(3.2)	–
Disposal of consolidated equity investments	–	165.4
Net change in non-current financial assets	1.3	(5.1)
Net cash flow used in investing activities	**(211.3)**	**(58.9)**
(Repayments)/issues of bond	(46.4)	(32.5)
New medium/long-term loans	966.3	298.6
Repayments of medium/long-term loans	(894.4)	(674.9)
Repayments of short-term loans, net of new loans	(22.6)	(56.1)
Dividend payments	(61.0)	–
Other cash flows **	(24.9)	(1.3)
Net cash flow used in financing activities * **	**(83.0)**	**(466.3)**
Cash flow for the year from/used in continuing activities	**21.1**	**(33.5)**
Cash flow from/(used in) discontinued operations		
Net cash flow from operating activities from discontinued operations	–	28.4
Cash flow used in investing activities from discontinued operations	–	(13.6)
Cash flow used in financing activities from discontinued operations	–	(9.5)
Cash flow for the year from/used in discontinued operations	**–**	**5.3**
Effect of exchange on net cash and cash equivalents	1.6	5.4
Closing net cash and cash equivalents	**179.6**	**156.9**

* Includes the exchange rate gains (losses) on income components
** Includes dividends paid to non-controlling interests in subsidiaries
*** New loans and repayments 2010 have been reclassified in order to be consistent with 2011

Reconciliation of net cash and cash equivalents

(€m)	2011	2010
Opening – net cash and cash equivalents – balance as of 31 December 2010 and as of 31 December 2009	**156.9**	**179.7**
Cash and cash equivalents	176.1	194.1
Current account overdrafts	(19.3)	(14.4)
Opening – net cash and cash equivalents – balance as of 31 December 2011 and as of 31 December 2010	**179.6**	**156.9**
Cash and cash equivalents	212.4	176.1
Current account overdrafts	(32.8)	(19.3)

2.2 Notes to the consolidated financial statements

Group operations

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

2.2.1 Accounting policies and basis of consolidation

General standards

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

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2011:
- Amendments to IAS 32 – Classification of rights issues;
- Amendments to IFRIC 14 – Prepayments of a minimum funding requirement;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Amendments to IFRS 1 and IFRS 7 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters;
- IAS 24 (revised in 2009) – Related party disclosures;
- Improvements to IFRS (May 2010).

With the exception of IAS 24, these standards cover cases and circumstances not applicable to the Group at the end of 2011.

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning after 1 January 2011:
- Amendments to IFRS 7, Financial Instruments: Disclosures — Transfers of financial assets.

We believe that the application of this standard would not affect the consolidated financial statements to an extent requiring mention in these notes.

The consolidated 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), while those in the statement of cash flows are in millions of euros (€m).

Structure, format and content of the consolidated financial statements

In accordance with IAS 1 Revised and IAS 7, the formats used in the 2011 consolidated financial statements are as follows:

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

The financial statements of each company in the scope of consolidation are prepared in the currency of its primary location (functional currency). For the purposes of the consolidated financial statements, the assets and liabilities of foreign subsidiaries with a functional currency other than the euro, including goodwill and fair value adjustments generated by the acquisition of a foreign operation, are translated at the rates prevailing at year end. Revenues and income and costs and expense are converted at average exchange rates for the year. Exchange rate gains and losses are recognized in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity.

Exchange rate gains and losses arising from receivables or payables with foreign operations, the collection or payment of which is neither planned nor likely in the foreseeable future, are treated as part of the net investment in foreign operations and are recognized in other comprehensive income and shown under "translation reserve" in the statement of changes in equity.

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

	2011		2010	
	Rate on 31 December	Average rate for the year	Rate on 31 December	Average rate for the year
US Dollar	1.2939	1.3922	1.3362	1.3257
Canadian Dollar	1.3215	1.3763	1.3322	1.3651
Swiss Franc	1.2156	1.2329	1.2504	1.3803
British Sterling	0.8353	0.8679	0.8608	0.8578

Consolidation scope and methods

The scope of consolidation includes subsidiaries (companies for which Autogrill S.p.A. has the power to determine financial and operational policies so as to obtain benefits from their business, pursuant to IAS 27), joint ventures (entities subject to joint control, per IAS 31), and associates (entities subject to significant influence, per IAS 28, which are consolidated using the equity method). The list of consolidated companies is annexed to these notes.

Specifically, the consolidated financial statements include the financial statements at 31 December 2011 of Autogrill S.p.A., and all companies of which it directly or indirectly holds the majority of the voting rights or over which it exerts dominant influence. These latter include the French companies Sorebo S.A., Soberest S.A., Volcarest S.A. and S.R.S.R.A. S.A., as well as some joint ventures belonging to the American group (see annex), which are controlled on the basis of a 50% or lower stake and an agreement that puts their business under the management of Autogrill.

The financial statements of subsidiaries are consolidated on a line-by-line basis, i.e. by recognizing the full amount of each asset, liability, income and expense item of the individual company and eliminating

the carrying amount of the consolidated equity investments held by the parent against the relative share of equity.

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

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

Autogrill Group also holds equal joint control of Caresquick N.V. (Belgium) and Alpha ASD Ltd. (United Kingdom). They are consolidated using the proportionate method.

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

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

Autogrill Group Inc. and its subsidiaries close their fiscal year on the Friday closest to 31 December and divide it into 13 four-week periods, which in turn are grouped into 12-week quarters with the exception of the last which is a 16-week quarter. As a result, the accounts included in the 2011 consolidated financial statements cover the period 1 January 2011 to 31 December 2011, while the previous year's accounts covered the period 2 January 2010 to 31 December 2010.

On 31 December 2010 the Autogrill Group finalized the sale of its UK subsidiary Alpha Flight Group Ltd. This company headed up the Flight segment, whose operations are no longer included in the scope of consolidation.

Accounting policies

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

Business combinations

Business combinations carried out since 1 January 2008

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

The Group accounts for all business combinations by applying the purchase method. The consideration transferred in a business combination includes the fair value, as of the acquisition date, of the assets and liabilities transferred and of the interests issued by the Group, as well as the fair value of any contingent

consideration and of the incentives included in share-based payments recognized by the acquiree that have to be replaced in the business combination. If the business combination settles a pre-existing relationship between the Group and the acquiree, the lesser of the settlement amount, as established by contract, and the off-market price of the element is deducted from the consideration transferred and recognized under other costs.

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

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

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

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

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

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

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

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

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

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

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

Business combinations carried out before 1 January 2004

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

Acquisitions of non-controlling interests

The Group applies IAS 27 – Consolidated and separate financial statements (2008 revision) to all acquisitions of non-controlling investments. On that basis, such acquisitions are treated as transactions

carried out with shareholders in their capacity as owners, and do not give rise to goodwill. Adjustments to non-controlling investments are based on a proportional amount of the subsidiary's net assets. Previously, the recognition of goodwill from the acquisition of a non-controlling interest in a subsidiary represented the excess cost of the additional investment with respect to the carrying amount of the interest in the net assets acquired on the transaction date.

Associates

An associate is a company over which the Group has a significant influence, but not control or joint control, through participation in decisions regarding the associate's financial and operational policies.

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

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

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

Joint ventures

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

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

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

Recognition of revenue and costs

Purchases and sales of goods are recognized on transfer of title at fair value, i.e., the price paid or received net of returns, rebates, sales discounts and year-end bonuses.

Service revenue and costs are recognized according to the stage of completion at year end.

Interest income and expense are reported on an accruals basis. Dividends are recognized when the shareholders are entitled to receive payment.

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

Financial expenses are recognized in profit or loss on an accruals basis, with the exception of those directly attributable to the acquisition, construction or production of assets requiring a significant period of time before being ready for their planned use or sale. Financial expense relating to such assets

capitalized from 1 January 2009 (the effective date of Revised IAS 23 – Borrowing costs) is capitalized as part of the assets' cost.

Employee benefits

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

Group companies provide defined benefit and defined contribution plans.

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

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

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

The amount accrued is projected forward to estimate the amount payable on termination of employment and is then discounted using the projected unit credit method, to account for the time that will elapse before actual payment occurs.

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

Actuarial valuations are made by actuaries outside the Group. Regarding the actuarial gains and losses arising from the calculation of plan liabilities, the Group uses the "corridor" approach, by which actuarial gains and losses are not reported as long as they are within ±10% of the greater of the plan assets or the present value of the plan obligations. Any excess is recognized in profit or loss on a straight-line basis over the average remaining service lives of the beneficiaries, under the item "personnel expense," except for the financial component which is included under financial expense.

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

- TFR accrued at 31 December 2006 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 when the right vests;
- TFR accrued from 1 January 2007 is treated as a defined contribution plan, so contributions accrued during the period are fully recognized as costs. The portion not yet paid into the funds is listed under "Other payables".

Stock options

The cost of services rendered by employees and remunerated through stock option plans is determined based on the fair value of the options granted to employees at the grant date. The calculation method to determine fair value considers the Autogrill share price at the grant date, the volatility of the stock, and the interest rate curve at the grant date consistent with the expected life of the plan, as well as all characteristics of the option (term, strike price and conditions, etc.). The cost is recognized in profit or loss, with a balancing entry in equity, over the vesting period of the options granted.

Income tax

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

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

For the period 2010-2012, Autogrill S.p.A., together with its Italian subsidiaries Nuova Sidap S.r.l. and Alpha Retail Italia S.r.l.[1], have joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l. as permitted by the Consolidated Income Tax Act. The regulation signed by the parties provides for payment in full of the amount corresponding to the transferred losses or profits times the IRES (corporate tax) rate, as well as the transfer of any tax assets. The net current tax asset or liability for the year, in respect of IRES only, is therefore recognized as a receivable or payable from/to Edizione S.r.l. and is therefore not shown under tax assets or liabilities but under “other receivables” or “other payables”.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that future taxable income is likely to be earned allowing use of the deductible temporary differences. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income.

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

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

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

[1] For Alpha Retail S.r.l. the relevant period is 2011–2013

Non-current assets

Goodwill

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

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

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

Other intangible assets

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

The Group reviews their estimated useful lives at each year end and whenever there is evidence of possible impairment losses. If impairment losses arise — determined in accordance with the section "Impairment losses on assets" — the asset is impaired accordingly.

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

Concessions, licenses, trademarks and similar rights:	
Software licenses	3–5 years or term of license
License to sell state monopoly goods	Term of license
Trademarks and brands	5–20 years
Contractual rights	Term of the rights
Other:	
Software on commission	3–5 years
Other costs to be amortized	3–10 years or term of underlying contract

Property, plant and equipment

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

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

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

The depreciation rates are as follows:

Industrial buildings	2%–10%
Plant and machinery	7%–34%
Industrial and commercial equipment	10%–33%
Furniture and fittings	10%–20%
Motor vehicles	25%
Other	10%–33%

Land is not depreciated.

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

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

Regardless of depreciation already recognized, if there are impairment losses (determined as described under "Impairment losses on assets"), the asset is 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 increase the carrying amount of the asset. Routine maintenance costs are taken directly to the Income Statement.

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

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

Leased assets

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

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

Operating lease payments are recognized over the term of the lease. Benefits received or to be received, and those given or to be given, as incentives for taking out operating leases are recognized on a straight-line basis over the term of the lease.

Impairment of assets

At each annual or interim reporting date, the Group tests whether there is evidence of impairment of its property, plant and equipment or intangible assets. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which

the asset belongs; a cash-generating unit is a group of assets that generates cash flows broadly independent from other assets or groups of assets. With regard to property, plant and equipment used in the sales network, this minimum aggregation unit is the sales outlet or sales outlets covered by a single concession agreement.

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

The cash generating units to which goodwill has been allocated are grouped so that the level of detection of impairment reflects the lowest level at which goodwill is monitored for internal reporting purposes, though reflecting the maximum level of this aggregation represented by the operating segment. Goodwill acquired in a business combination is allocated to the cash generating units expected to benefit from the synergies of the combination.

The recoverable amount is the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their 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. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, it is reduced to the recoverable amount. Impairment losses are recognized in the Income Statement.

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

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

Assets/liabilities held for sale and discontinued operations

Assets and liabilities are classified as held for sale if their carrying amount 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 amount and fair value net of costs to sell.

In the financial statements:

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

Current assets and current & non-current liabilities

Inventories

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

Financial assets and liabilities

Trade and other receivables

Trade receivables and other receivables are initially recognized at fair value, and subsequently at amortized cost using the effective interest method. They are impaired to reflect estimated impairment.

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

Other financial assets

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

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

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

Share capital and purchase of treasury shares

Ordinary shares form part of equity.

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

Cash and cash equivalents

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

Loans, bank loans, bonds and overdrafts

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

Convertible bonds

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

Trade payables

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

Derivative financial instruments and hedge accounting

The Group's liabilities are exposed primarily to financial risks due to changes in interest and exchange rates. To manage these risks the Group uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. Some Group companies have a policy of converting part of floating-rate debt into fixed-rate. The use of derivatives is governed by Group policies duly approved by Autogrill S.p.A.'s Board of Directors, which establish precise written procedures concerning the use of derivatives in accordance with the Group's risk management strategies. Derivative contracts have been entered into with counterparties deemed to be financially solid, with the aim of reducing default risk to a minimum. Group companies do not use derivatives for purely trading purposes, but rather to hedge identified risks.

See the policy described in section 2.2.6.

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

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

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

Fair value changes are measured as described below.

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

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

expected to take place, the gains or losses not yet realized that have been included in comprehensive income are reclassified immediately to profit or loss;
- Hedge of net investment: if a derivative is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediary holding company, the effective portion of the gain or loss on the hedge is recognized in comprehensive income and presented in the "translation reserve" under equity, while the ineffective portion is taken to profit or loss. On disposal of the foreign operation, the gain or loss on the effective portion of the hedge that has been cumulatively recognized in the translation reserve is also taken to profit or loss.

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

Provisions for risks and charges

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

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

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

Foreign currency transactions

Transactions in foreign currencies are converted into the 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 differences arising from translation are recognized in the Income statement.

Earnings per share

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

Use of estimates

The preparation of the consolidated financial statements and notes requires management to make estimates and assumptions that affect the carrying amounts of assets, liabilities, costs and income and the disclosure about contingent assets and liabilities at year-end. Actual results may differ. Estimates are used to determine the effects of business combinations, asset impairment, the fair value of derivatives, allowances for impairment and inventory obsolescence, amortization and depreciation, employee benefits, tax and other provisions. Estimates and assumptions are periodically reviewed and the effect of any change is taken to the Income Statement of the current and future years.

2.2.2 Discontinued operations

On 31 December 2010 the Autogrill Group finalized the sale of 100% of Alpha Flight Group Ltd., which headed up the Flight segment (provision of meal and retail services onboard airplanes), to Dnata, an international leader in travel and airport services based in Dubai.

The tables below present the 2010 Income Statement and statement of cash flows for this business:

(€m)	2010 *
Revenue	474.8
Other operating income	0.1
Total revenue and other operating income	**474.9**
Raw materials, supplies and goods	200.8
Personnel expense	150.2
Leases, rentals, concessions and royalties	23.3
Other operating costs	52.4
Depreciation and amortization	17.5
Impairment losses on plant, property and equipment and intangible assets	–
Operating profit	**30.8**
Financial income	1.4
Financial expense	(5.5)
Adjustment to the value of financial assets	–
Pre-tax profit	**26.7**
Income tax	(5.7)
Profit for the year	**21.0**
Profit for the year attributable to:	
– owners of the parent	13.9
– non-controlling interest	7.1

(€m)	2010
Opening - net cash and cash equivalents	**37.0**
Pretax profit and net financial expense for the year (including non-controlling interests)	30.8
Amortization, depreciation and impairment losses on non-current assets, net of reversals	17.5
Change in working capital in the year **	(8.6)
Net change in non-current non-financial assets and liabilities	1.9
Cash flow from operating activities	**41.5**
Taxes paid	(9.2)
Interest paid	(3.9)
Working capital	**(0.1)**
Capital invested, net of liabilities	**196.7**
Net cash flow from operating activities	**28.4**
Acquisition of property, plant and equipment and intangible assets	(9.6)
Acquisition of consolidated equity investments	(4.1)
Cash flow used in investing activities	**(13.6)**
Other cash flows ***	(9.5)
Cash flow used in financing activities	**(9.5)**
Cash flow for the year from continuing operations	**5.3**
Repayments of short-term loans – Intercompany	(26.1)
Closing - net cash and cash equivalents	**16.2**

* 2010 figures are translated at the average exchange rate £/€ 0.8578
** Including the exchange rate gains (losses) on income statement components
*** Including dividends paid to non-controlling interests in subsidiaries

2.2.3 Notes to the statement of financial position

Current assets

I. Cash and cash equivalents

(€k)	31.12.2011	31.12.2010	Change
Bank and post office deposits	146,562	116,950	29,611
Cash and equivalents on hand	65,819	59,199	6,620
Total	**212,381**	**176,149**	**36,232**

"Bank and post office deposits" consists mainly of current accounts (€ 138,139k).

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

At constant exchange rates, the change in this item would have been € +34,082k.

II. Other financial assets

(€k)	31.12.2011	31.12.2010	Change
Fair value of interest rate hedging derivatives	11,929	8,877	3,052
Receivables from associates	2,846	2,852	(6)
Fair value of exchange rate hedging derivatives	751	1,354	(603)
Other financial assets	2,053	1,903	150
Total	**17,579**	**14,985**	**2,594**

"Fair value of interest rate hedging derivatives" refers to derivatives outstanding at 31 December 2011, for a total notional value of $ 75m.

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

See section 2.2.6 "Financial risk management," for a more detailed analysis of how the Group manages these risks.

"Receivable from associates" and "Other financial assets" consist mostly of receivables from joint venture partners.

III. Tax assets

These amount to € 13,382k and refer to income tax advances and credits.

IV. Other receivables

(€k)	31.12.2011	31.12.2010	Change
Suppliers	75,474	75,671	(197)
Lease and concession advance payments	24,111	24,151	(39)
Inland revenue and government agencies	29,177	13,016	16,162
Receivables from credit card companies	25,462	10,598	14,864
Personnel	1,726	1,470	256
Advances to grantors for investments	4,994	6,204	(1,210)
Sub-concessionaires	1,353	1,713	(359)
Other	29,341	25,766	3,575
Total	**191,639**	**158,588**	**33,051**

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

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

Receivables from "Inland revenue and government agencies" relate mostly to indirect taxes and include a Swiss tax credit for withholding (€ 10,093k) on the dividend paid to Autogrill S.p.A. by the subsidiary Autogrill Schweiz A.G.

"Receivables from credit card companies" increased due to the new procedure for settling credit card transactions.

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

"Other" includes the receivable from the ultimate parent, Edizione S.r.l., due to Italian companies participating in the domestic tax consolidation scheme (€ 3,820k, compared with € 4,919k at 31 December 2010). It also includes prepayments for maintenance, insurance policies and local taxes and commissions receivable on commission–generating businesses.

At constant exchange rates, the change in this item would have been € +31,961k.

V. Trade receivables

(€k)	31.12.2011	31.12.2010	Change
Third parties	55,619	61,125	(5,506)
Disputed receivables	7,900	8,419	(519)
Allowance for impairment	(10,039)	(9,812)	(227)
Total	**53,481**	**59,732**	**(6,252)**

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

At constant exchange rates, this item would have been € –6,137k.

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

(€k)	
Allowance for impairment at 31.12.2010	**9,812**
Increases	2,241
Other movements	(1,012)
Utilizations	(1,003)
Allowance for impairment at 31.12.2011	**10,039**

VI. Inventories

(€k)	31.12.2011	31.12.2010	Change
Food & Beverage	118,613	121,352	(2,739)
Travel Retail & Duty-Free	143,843	121,408	22,434
Sundry merchandise and other items	3,587	3,530	57
Total	**266,042**	**246,290**	**19,752**

Most of the change in inventories relates to the Travel Retail business, in keeping with the increase in sales.

Inventories are shown net of the inventory write-down of € 4,807k (€ 4,793k at 31 December 2010), determined on the basis of slow-moving goods. The allocation for the year was € 6,812k and utilizations came to € 6,892k.

At constant exchange rates, the change in this item would have been € +16,410k.

Non-current assets

VII. Property, plant and equipment

	31.12.2011			31.12.2010			
(€k)	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Change
Land and buildings	167,500	(82,504)	84,996	163,867	(78,262)	85,605	(609)
Leasehold improvements	1,088,751	(766,803)	321,948	1,025,386	(700,388)	324,998	(3,050)
Plant and machinery	277,270	(219,879)	57,391	273,758	(208,205)	65,553	(8,162)
Industrial and commercial equipment	824,011	(609,854)	214,157	790,194	(569,648)	220,546	(6,389)
Assets to be transferred free of charge	472,390	(359,748)	112,642	469,195	(357,520)	111,675	967
Other	65,866	(54,245)	11,621	64,564	(52,251)	12,313	(692)
Assets under construction and payments on account	120,638	–	120,638	104,368	–	104,368	16,270
Total	**3,016,426**	**(2,093,033)**	**923,393**	**2,891,332**	**(1,966,274)**	**925,058**	**(1,665)**

Investments in 2011 amounted to € 217,315k (of which € 207,444k for property, plant and equipment), while the net carrying amount of disposals was € 6,622k. The disposals generated net gains of € 2,480k.

In addition to depreciation of € 205,096k, impairment testing of individual locations or contracts resulted in impairment losses of € 6,117k. Impairment testing was based on estimated future cash flows (without incorporating any assumed efficiency gains), discounted at the average cost of capital gross of taxes, which reflects the cost of money and the specific business risk associated with each country of operation.

At constant exchange rates, the change would have been € –15,453k.

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

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

In accordance with the financial method, "Property, plant and equipment" includes the contractual amount of the following assets held under finance leases:

(€k)	31.12.2011			31.12.2010		
	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Gross amount	Accumulated depreciation & impairment losses	Carrying amount
Land and buildings	12,795	(10,289)	2,506	12,174	(9,645)	2,529
Plant and machinery	677	(189)	487	762	(351)	411
Assets to be transferred free of charge	12,788	(9,867)	2,921	13,809	(9,532)	4,277
Total	**26,260**	**(20,345)**	**5,914**	**26,745**	**(19,528)**	**7,217**

The financial payable for these goods amounts to € 13,888k and is included under "Other financial liabilities" (current) for € 1,688k (€ 2,102k at the end of 2010) and "Other financial liabilities" (non-current) for € 12,200k (€ 11,660k the previous year). Future lease payments at 31 December 2011 amounted to € 23,713k (€ 25,748k at the end of 2010).

The Group also uses third party assets worth € 1,586k and rents businesses with assets worth € 12,769k.

VIII. Goodwill

At 31 December 2011 goodwill amounted to € 1,410,806k, compared with € 1,377,154k the previous year. The change consists solely of net exchange rate gains. The cash-generating units (CGUs) were identified on the basis of business segments, and in some cases further split by geographical region, consistently with the minimum level at which goodwill is monitored for internal management purposes.

Details of goodwill allocated to different CGU by business segments and geographic regions are provided in the table below:

(€k)	31.12.2011	31.12.2010	Change
Food & Beverage Italia	83,516	83,516	–
Food & Beverage HMSHost	460,262	446,263	13,999
Food & Beverage Other	269,012	265,245	3,767
Travel Retail & Duty-Free:			
Europe	505,932	492,732	13,200
North America	38,945	37,850	1,095
Central and South America	5,840	5,655	185
Rest of the world	47,298	45,892	1,405
Total	**1,410,806**	**1,377,154**	**33,652**

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

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

Future cash flows have been estimated on the basis of the 2012 budget and forecasts for 2013-2016. Cash flows beyond 2016 have been projected by extrapolating information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of each CGU's segment and country of operation.

Below are the main assumptions used for impairment testing. The discount rate has changed since the previous year, to reflect market conditions at 31 December 2011:

	Forecast period	Terminal value calculation method. Yield used	Forecast nominal growth rate "g"	Discount rate 2011		Discount rate 2010	
				Post taxes	Before taxes	Post taxes	Before taxes
Food & Beverage							
Italy	5 years	Perpetual	2.0%	8.18%	13.14%	7.19%	11.82%
HMSHost	5 years	Perpetual	2.0%	5.63%	7.69%	6.22%	8.72%
Other countries	5 years	Perpetual	1.0%-2.0%	4.73%-12.75%	5.64%-13.62%	5.11%-9.26%	5.91%-10.01%
Travel Retail & Duty-Free							
Europe	5 years	Perpetual	2.0%	6.09%-0.78%	7.11%-15.02%	6.70%-11.38%	8.24%-15.56%
North and South America	5 years	Perpetual	2.0%	5.63%-13.16%	8.18%-7.49%	6.22%-8.86%	7.71%-12.09%
Rest of the world	5 years	Perpetual	2.0%	6.75%-10.60%	7.70%-15.21%	7.50%-11.19%	8.19%-15.70%

To estimate cash flows for the period 2012-2016, management has made some assumptions including an estimate of air and road traffic volumes, future sales, operating costs, investments, and changes in working capital.

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

Food & Beverage

- Italy: for 2012-2016, motorway traffic is expected to slow in 2012 and enjoy a moderate recovery thereafter, while the renewal rate for expiring contracts should be in line with the Group's track record. Operating costs as a percentage of revenue have been revised in accordance with the expiration of leases and concession contracts, to reflect the most likely scenarios in terms of rent.
- HMSHost: projections for 2012 assume that airport traffic will recover in parallel with macroeconomic conditions in North America. Over the life of the plan, average yearly growth is expected to be stronger than in Europe, reflecting the recovery in 2011. The renewal rate of existing contracts was estimated on the basis of the Group's historical trends. The total incidence of operating costs is expected to decrease slightly due to the positive effect of operating leverage.
- Other European countries: revenue projections are based on motorway traffic and airport traffic assumptions that differ from country to country. The total incidence of operating costs is expected to decrease thanks to the cost-cutting measures undertaken.

For all CGUs, growth investments are correlated with the expiration of contracts, while maintenance investments are assumed to be consistent with historical trends. No significant changes are expected for working capital.

Travel Retail & Duty-Free

- Europe: specific traffic assumptions were formed for the United Kingdom and Spain. In the UK, traffic is expected to grow from 2012 to 2016, given the higher proportion of international traffic. In Spain the assumption is for moderate growth in airport traffic and revenue, also taking account of the contracts soon to expire, for which specific renewal rates have been assumed in line with the Group's track record. The other cost items are expected to continue existing trends, save for rent reviews in the years when important contracts expire. Higher investment is assumed in parallel with expiring contracts.
- Americas: traffic is expected to grow in 2012-2016, with the highest rates in Central and South America. Profitability is expected to be stable, thanks in part to the strong performance gains enjoyed in 2011. Projections do not include revenue from Atlanta and Orlando airports, as those contracts have not been renewed.
- Rest of the world: for 2012-2016, traffic growth assumptions are different from country to country. Average profitability is expected to rise in the Middle East and remain stable in Asia.

Growth investments are correlated with contract renewals, while maintenance investments are assumed to be consistent with historical trends. No significant changes are expected for working capital.

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

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

	Discount rate net of taxes	g
Food & Beverage		
Italy	*	*
HMSHost	15.16%	(28.73%)
Other countries	6.73%–26.83%	(42.35%)–(1.65%)
Travel Retail & Duty–Free		
Europe	15.81%	(19.93%)
North and South America	27.20%	*
Rest of the world	20.04%	(40.53%)

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

IX. Other intangible assets

(€k)	31.12.2011	31.12.2010	Change
Concessions, licenses, trademarks and similar rights	725,427	800,511	(75,084)
Assets under development and payments on account	6,102	2,393	3,709
Other	12,142	15,948	(3,806)
Total	**743,671**	**818,852**	**(75,181)**

"Concessions, licenses, trademarks and similar rights" consist mainly of the amounts determined upon fair-value measurement of the assets and liabilities acquired with World Duty Free and Aldeasa S.A., namely contractual rights for € 583,652k (€ 651,761k at 31 December 2010) and the tradename World Duty Free for € 102,745k (€ 105,853k the previous year).

Due to the lapse of the Atlanta airport contract in the United States, the associated rights have been fully impaired in the amount of € 9,105k.

All "Other intangible assets" have finite useful lives.

At constant exchange rates, the change in this item would have been € –89,151k.

The following table shows movements during the year in "Property, plant and equipment", "Goodwill" and "Other intangible assets".

Intangible assets

	31.12.2010			Change in gross carrying amount				
(€k)	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount	Exchange rate gains (losses)	Increases	Decreases	Other movements	Total
Concessions, licenses, trademarks and similar rights	1,071,655	(271,144)	800,511	18,888	1,827	(5,911)	3,766	18,570
Assets under development and payments on account	2,393	–	2,393	–	6,244	(42)	(2,492)	3,710
Other	63,161	(47,213)	15,948	806	1,800	(1,526)	1,897	2,977
Total	**1,137,209**	**(318,357)**	**818,852**	**19,694**	**9,871**	**(7,479)**	**3,170**	**25,256**

(€k)	Gross carrying amount	Accumulated impairment losses	Carrying amount	Exchange rate gains (losses)	Increases	Decreases	Other movements	Total
Goodwill	1,412,265	(35,111)	1,377,154	33,816	–	–	–	33,816

Property, plant and equipment

	31.12.2010			Change in gross carrying amount				
(€k)	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount	Exchange rate gains (losses)	Increases	Decreases	Other movements	Total
Land and buildings	163,867	(78,262)	85,605	1,769	3,236	(1,638)	266	3,633
Leasehold improvements	1,025,386	(700,388)	324,998	19,886	26,049	(25,413)	42,843	63,365
Plant and machinery	273,758	(208,205)	65,553	3,140	8,147	(16,182)	8,407	3,512
Industrial and commercial equipment	790,194	(569,648)	220,546	11,505	35,320	(49,710)	36,702	33,817
Assets to be transferred free of charge	469,195	(357,520)	111,675	–	16,626	(26,849)	13,418	3,195
Other	64,564	(52,251)	12,313	936	3,141	(4,234)	1,460	1,303
Assets under construction and payments on account	104,368	–	104,368	2,554	114,925	–	(101,209)	16,270
Total	**2,891,332**	**(1,966,274)**	**925,058**	**39,790**	**207,444**	**(124,026)**	**1,887**	**125,095**

Amortization/Impairment losses					31.12.2011		
	Increases						
Exchange rate gains (losses)	Amort.	Imp. losses	Decreases	Total	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount
(6,249)	(86,279)	(9,017)	7,891	(93,654)	1,090,225	(364,798)	725,427
–	–	–	–	–	6,103	–	6,103
(806)	(7,464)	(4)	1,491	(6,783)	66,138	(53,996)	12,142
(7,055)	**(93,743)**	**(9,021)**	**9,382**	**(100,437)**	**1,162,465**	**(418,794)**	**743,671**

Exchange rate gains (losses)	Impairment losses	Decreases	Total	Gross carrying amount	Accumulated impairment losses	Carrying amount
(164)	–	–	(164)	1,446,081	(35,275)	1,410,806

Amortization/Impairment losses					31.12.2011		
	Increases						
Exchange rate gains (losses)	Depr.	Imp. losses	Decreases	Total	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount
(1,095)	(4,011)	(460)	1,324	(4,242)	167,500	(82,504)	84,996
(17,044)	(70,946)	(2,477)	24,052	(66,415)	1,088,751	(766,803)	321,948
(2,846)	(21,431)	(980)	13,583	(11,674)	277,270	(219,879)	57,391
(11,065)	(76,327)	(601)	47,787	(40,206)	824,011	(609,854)	214,157
(1)	(27,271)	(1,429)	26,473	(2,228)	472,390	(359,748)	112,642
(899)	(5,110)	(170)	4,185	(1,994)	65,866	(54,245)	11,621
–	–	–	–	–	120,638	–	120,638
(32,950)	**(205,096)**	**(6,117)**	**117,404**	**(126,759)**	**3,016,426**	**(2,093,033)**	**923,393**

X. Investments

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

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

Using the equity method, € –733k was recognized in the Income Statement under "Adjustments to the value of financial assets".

Name	Registered office	Country	% held	Currency	Revenue	Profit/(loss) for the year	Total assets	Total liabilities	Carrying amount (€k)
					Currency/000				
Investments in associates									
Souk al Mouhajir S.A.	Tangier	Morocco	36%	Dhs	4,169	(406)	18,188	2,746	468
Creuers del Port de Barcelona S.A.	Barcelona	Spain	23%	Euro	16,664	6,252	53,209	21,441	7,127
Dewina Host Sdn Bhd	Kuala Lumpur	Malaysia	49%	Myr	20,140	545	11,064	2,388	1,341
TGIF National Airport Restaurant Joint Venture	Texas	USA	25%	Usd	2,088	89	25	16	2
HKSC Developments L.P. (Projecto)	Winnipeg	Canada	49%	Cad	–	(6,446)	33,809	27,766	2,950
HKSC Opco L.P. (Opco)	Winnipeg	Canada	49%	Cad	–	35	328	258	33
Other									433
Total									**12,355**

XI. Other financial assets

(€k)	31.12.2011	31.12.2010	Change
Interest-bearing sums with third parties	4,515	5,082	(566)
Guarantee deposits	9,676	7,888	1,788
Other financial receivables from third parties	3,027	3,061	(33)
Total	**17,219**	**16,030**	**1,189**

At constant exchange rates, the change in this item would have been € +888k.

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

XII. Deferred tax assets

"Deferred tax assets", shown net of offsettable deferred tax liabilities, amount to € 94,894k (€ 95,750k at 31 December 2010). The change for the year, € –856k, would amount to € –2,223k at constant exchange rates.

The main components of this item are detailed below:

- € 15,622k (€ 33,800k at 31 December 2010) for the US companies, where deferred tax assets are generated primarily by the different amortization period of leasehold improvements and the deferred deductibility of provisions for concession fees;

- € 35,550k (€ 34,268k at 31 December 2010) for the Spanish companies, mostly in relation to tax losses carried forward and the deferred deductibility of provisions for concession fees;
- € 8,961k (€ 10,348k at 31 December 2010) for the French companies, mostly in connection with losses carried forward and the different amortization and depreciation periods.

Tests carried out on the basis of the companies' prospects for future taxable income led to the recognition of impairment losses of € 2,433k on deferred tax assets.

Tax losses existing at 31 December 2011 on which deferred tax assets have not been recognized amount to € 151,919k.

At 31 December 2011, "Deferred tax liabilities" not offsettable against deferred tax assets amounted to € 164,331k (€ 159,112k in 2010) and refer mainly to temporary differences concerning the intangible assets to which the Group allocated part of the price paid for the acquisition of World Duty Free Europe Ltd. and Aldeasa S.A.

The change at constant exchange rates would have been € +1,280k.

Total net deferred taxes at 31 December 2011, amounting to € −69,437k, are analyzed below:

	2011		2010	
(€k)	Temporary differences	Tax effect	Temporary differences	Tax effect
Trade receivables	7,114	1,907	7,500	2,063
Other receivables	39,073	15,524	57,093	18,930
Property, plant and equipment and other intangible assets	(588,070)	(149,382)	(524,022)	(148,442)
Total temporary differences on assets	**(541,883)**	**(131,952)**	**(459,428)**	**(127,450)**
Other payables	(2,507)	(709)	(3,523)	(2,133)
Post-employment and other employee benefits	(72,547)	(27,634)	(74,446)	(26,102)
Provisions for risks and charges	(31,157)	(9,638)	(24,836)	(5,306)
Other reserves and retained earnings	160,733	13,125	86,729	3,220
Total temporary differences on liabilities and equity	**54,522**	**(24,856)**	**(16,076)**	**(30,320)**
Net deferred tax		**(107,095)**		**(97,130)**
Deferred tax assets arising from tax losses		37,658		33,767
Total net deferred tax		**(69,437)**		**(63,362)**

XIII. Other receivables

Most of the other non-current receivables (€ 32,887k at 31 December 2011) consist of premiums due from suppliers in relation to long-term procurement contracts and concession fees paid in advance.

Current liabilities

XIV. Trade payables

"Trade payables" at 31 December 2011 amounted to € 632,366k, down from € 674,582k the previous year, due to changes in payment terms with suppliers. The change at constant exchange rates would have been € –46,830k.

XV. Tax liabilities

At € 25,493k, these increased by € 1,445k and refer to taxes accrued during the year net of offsettable credits. The tax liability of the main Italian companies participating in Edizione S.r.l.'s domestic tax consolidation scheme is recognized under "Other payables".

At constant exchange rates, the change in this item would have been € +530k.

XVI. Other payables

(€k)	31.12.2011	31.12.2010	Change
Personnel expense	153,923	143,642	10,282
Due to suppliers for investments	80,555	77,915	2,640
Social security and defined contribution plans	42,010	40,840	1,169
Indirect taxes	33,316	35,121	(1,805)
Withholding taxes	14,124	11,227	2,897
Other	44,988	46,037	(1,049)
Total	**368,916**	**354,781**	**14,135**

"Personnel expense" includes, among other items, bonuses on 2011 results that will be paid by 31 December 2012.

The heading "Other" includes amounts due to directors and statutory auditors (€ 885k), as well as accrued liabilities for insurance, utilities, and maintenance pertaining to 2011.

At constant exchange rates, the change in this item would have been € +8,631k.

XVII. Due to banks

(€k)	31.12.2011	31.12.2010	Change
Unsecured bank loans	150,760	115,340	35,420
Current account overdrafts	32,753	19,267	13,486
Total	**183,513**	**134,607**	**48,906**

At constant exchange rates, the change in this item would have been € +44,963k.

Totaling € 183,513k at 31 December 2011, this item is comprised as follows:

- € 150m for drawdowns on the multicurrency revolving credit facility granted in December 2010 and expiring in June 2012, for an initial amount of € 300m (reduced to € 150m as part of the Group refinancing concluded in July 2011);
- € 32,753k in current account overdrafts.

XVIII. Other financial liabilities

(€k)	31.12.2011	31.12.2010	Change
Fair value of interest rate hedging derivatives	18,957	65,415	(46,458)
Accrued expenses and deferred income for interest on loans	8,481	9,076	(595)
Lease payments due to others	1,688	2,102	(414)
Fair value of exchange rate hedging derivatives	813	1,088	(275)
Other financial accrued expenses and deferred income	716	132	584
Liabilities due to others	–	741	(741)
Total	**30,655**	**78,554**	**(47,899)**

"Fair value of interest rate hedging derivatives" refers mostly to the fair value measurement of interest rate hedging derivatives (mostly interest rate swaps) outstanding at 31 December 2011, with notional amounts of € 120m and £ 200m (€ 240m and £ 400m at the close of 2010). The change in value reflects the decrease in the notional amount in British pounds as well as the trend in interest rates.

"Fair value of exchange rate hedging derivatives" refers to the fair value measurement of the derivatives outstanding at 31 December 2011 and relates to the forward sale and/or purchase of currency. The change for the year corresponds to the fluctuation in the underlying exchange rates.

Details of the derivatives outstanding at year end are provided in section 2.2.6 "Financial risk management".

Non-current liabilities

XIX. Other payables

The balance of € 71,027k (€ 73,823k in 2010) consists mainly of concession fees to be paid after the end of 2012, the provision for long-term employee incentive plans, and the liability for defined contribution plans.

XX. Loans net of current portion

(€k)	31.12.2011	31.12.2010	Change
Unsecured bank loans	1,238,851	1,184,170	54,681
Commissions on bond issues	(12,509)	(3,852)	(8,657)
Total due to banks	**1,226,342**	**1,180,318**	**46,023**
Lease payments due to others	12,200	11,660	540
Liabilities due to others	665	832	(167)
Total	**1,239,207**	**1,192,810**	**46,397**

At constant exchange rates, the change in this item would amount to € +11,200k.

In 2011 the Group finished refinancing a significant portion of debt by taking out two new credit lines, which total € 1.35bn and expire in July 2016.

Specifically, Autogrill S.p.A. arranged a multicurrency, multiborrower credit line of € 700m, in the form of two revolving facilities of € 124m (Tranche I) and € 576m (Tranche II), both expiring in July 2016. Tranche II is available not only to Autogrill S.p.A. but also to the US subsidiaries Autogrill Group Inc. and Host International Inc.

A second credit line was arranged by Autogrill España S.A.U. (now World Duty Free Group S.A.) and some of its subsidiaries to finance the Travel Retail & Duty-Free business. This totals € 650m and is also split into two revolving facilities of € 400m (Tranche I) and € 250m (Tranche II), both expiring in July 2016.

The breakdown of "Unsecured bank loans" at the end of 2011 and 2010 is shown below:

		2011		2010	
Credit line	**Expiry**	**Amount (€k)**	**Drawdowns in €k ***	**Amount (€k)**	**Drawdowns in €k ***
Term Loan	June 2015	200,000	200,000	200,000	200,000
Revolving Credit Facility	–	–	–	300,000	20,000
2005 syndicated line		**200,000**	**200,000**	**500,000**	**220,000**
Revolving Credit Facility	–	–	–	125,000	20,777
Term Loan Facility 1	–	–	–	275,000	275,000
Term Loan Facility 2	–	–	–	600,000	462,300
2008 syndicated line		**–**	**–**	**1,000,000**	**758,077**
Multicurrency Revolving Facility	June 2012	150,000	150,740	300,000	300,000
Linea 2010		**150,000**	**150,740**	**300,000**	**300,000**
Multicurrency Revolving Facility Autogrill S.p.A. **	July 2016	700,000	542,809	–	–
Multicurrency Revolving Facility Travel Retail ***	July 2016	650,000	496,040	–	–
2011 syndicated line		**1,350,000**	**1,038,850**	**–**	**–**
TOTAL LINES OF CREDIT		**1,700,000**	**1,389,589**	**1,800,000**	**1,278,077**
current portion		***150,000***	***150,740***	***92,460***	***92,460***
TOTAL LINES OF CREDIT NET OF CURRENT PORTION		**1,550,000**	**1,238,851**	**1,707,540**	**1,185,617**

* Drawdowns in currency are valued based on exchange rates at 31 December 2011 and 31 December 2010

** This line can be also drawn down by Autogrill Group Inc. and Host International Inc.

*** The first tranche, of € 400k, provides annually reimbursements starting from 2013

At 31 December 2011 the credit facilities maturing after one year had been drawn down by about 83%. Floating interest is charged on all bank loans. The average term of bank loans, including unutilized credit lines, is about four years (two years and three months at 31 December 2010).

The loan contracts require the Group to uphold certain financial ratios, namely a leverage ratio (net debt/EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5. The economic and financial ratios for contracts signed by Autogrill S.p.A. refer to the Group as a whole, while those for the loan financing the Travel Retail & Duty-Free segment are based solely on that segment's data. For the calculation of these ratios, net debt, EBITDA and financial expenses are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, they are not readily apparent from the financial statements.

At 31 December 2011 all of the above covenants were amply satisfied.

XXI. Bonds

(€k)	31.12.2011	31.12.2010	Change
Non-convertible bonds	–	44,903	(44,903)
Total current	**–**	**44,903**	**(44,903)**
Non-convertible bonds	333,065	319,821	13,244
Commissions on bond issues	(687)	(978)	291
Total non-current	**332,378**	**318,843**	**13,535**
Total	**332,378**	**363,746**	**(31,368)**

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

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

At 31 December 2011 this item amounted to € 332,378k, compared with € 363,746k at the end of 2010. The change reflects the redemption mention above, the translation effect (€ +11,892k) and the change in fair value.

In 2011 there was a loss on the hedged item of $ 3.6m (€ 2.8m) and a gain on the hedge of the same amount, so the effect on the Income Statement was nil. The cumulative amount of fair value changes on the hedged item increased the liability at 31 December 2011 by $ 15.4m (€ 11.9m).

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

As in the case of long-term bank loans, the private placement regulations require the maintenance of given financial ratios: namely a leverage ratio (net debt/EBITDA) of 3.5 or less and interest coverage (EBITDA/ net financial expense) of at least 4.5. For the calculation of these ratios, net debt, EBITDA and financial charges are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, they are not readily apparent from the financial statements.

At 31 December 2011 these contractual requirements were fully satisfied.

XXII. Post-employment benefits and other employee benefits

This item amounted to € 75,945k at the close of the year, a decrease of € 18,774k with respect to 31 December 2010.

The change at constant exchange rates would have been € –19,968k.

The table below shows details of the employee benefits included in this item. The legal obligation for Italian post-employment benefits (trattamento di fine rapporto or "TFR") is € 73,168k, compared with € 65,993k determined on an actuarial basis.

(€k)	31.12.2011	31.12.2010	Change
Defined benefit plans:			
Post-employment benefit	65,993	69,506	(3,513)
Health insurance plans	262	289	(27)
Other	9,689	24,924	(15,235)
Total	**75,945**	**94,719**	**(18,775)**

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognized at 31 December 2011:

(€k)	31.12.2011	31.12.2010	31.12.2009
Present value of the funded plans	226,443	212,225	206,171
Fair value of the plan assets	(198,223)	(189,771)	(167,761)
	28,220	**22,454**	**38,410**
Present value of the unfunded plans	54,703	64,405	73,640
Actuarial gains (losses) not recognised	(6,978)	6,860	(10,351)
Net liabilities recognised	**75,945**	**93,719**	**101,699**

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

(€k)	2011		2010	
Discount rate	2.5%	6.0%	2.6%	6.0%
Inflation rate	1.8%	3.1%	0.8%	3.6%
Yield on assets	3.2%	5.8%	2.7%	4.6%
Salary increase rate	1.0%	4.1%	0.2%	6.8%
Pension increase rate	2.0%	3.0%	1.8%	4.6%
Increase in healthcare costs	8.7%		9.1%	

Below are the total amounts recognized in the Income Statement for defined benefit plans:

(€k)	2011	2010	Change
Current service costs	2,309	4,329	(2,020)
Interest expense	13,366	13,015	351
Estimated yield on plan assets	(9,988)	(8,428)	(1,560)
Total	**5,688**	**8,916**	**(3,228)**

Interest expense is recognized under "Financial expense" net of the expected yield on plan assets, while the current service costs are recognized under "Personnel expense".

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

(€k)	
Present value of the obligation at 31.12.2009	**279,811**
Current service costs	4,329
Interest expense	13,015
Actuarial losses (gains)	(3,148)
Group's share of contributions	2,147
Benefits paid	(18,894)
Exchange rate gains (losses)	15,442
Other	(15,073)
Present value of the obligation at 31.12.2010	**277,630**
Current service costs	2,309
Interest expense	13,366
Actuarial losses (gains)	(3,540)
Group's share of contributions	2,007
Benefits paid	(15,116)
Exchange rate gains (losses)	6,166
Other	(1,675)
Present value of the obligation at 31.12.2011	**281,146**

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

(€k)	
Fair value of the assets at 31.12.2009	**167,761**
Estimated yield on plan assets	8,428
Actuarial losses (gains)	12,899
Employees' share of contributions	10,066
Group's share of contributions	2,059
Benefits paid	(12,944)
Exchange rate gains (losses)	13,532
Other	(12,031)
Fair value of the assets at 31.12.2010	**189,770**
Estimated yield on plan assets	9,988
Actuarial losses (gains)	(17,308)
Employees' share of contributions	17,770
Group's share of contributions	1,915
Benefits paid	(9,329)
Exchange rate gains (losses)	5,470
Other	(53)
Fair value of the assets at 31.12.2011	**198,223**

The main categories of plan assets are:

- equity instruments;
- bonds;
- other securities;
- other debt instruments issued by third parties;
- real estate.

XXIII. Provisions for risks and charges

(€k)	31.12.2010	Other movements	Allocations	Utilizations	31.12.2011
Provision for taxes	2,219	132	923	(211)	3,064
Other provisions	8,342	558	8,681	(9,140)	8,441
Restructuring provision	507	11	–	(518)	–
Provision for legal disputes	2,116	(330)	(718)	(1,067)	–
Onerous contracts provision	423	–	(96)	–	327
Total provisions for current risks and charges	**13,607**	**371**	**8,790**	**(10,936)**	**11,832**
Provision for other risks	30,113	3,177	(4,647)	(2,100)	26,543
Onerous contracts provision	13,947	1,158	(3,553)	(2,549)	9,003
Provision for the refurbishment of third party assets	9,147	275	–	–	9,421
Provision for taxes	6,237	(437)	204	(1,918)	4,085
Provision for legal disputes	4,863	181	(278)	(1,308)	3,458
Provision for assets to be transferred free of charge	3,050	(870)	–	–	2,180
Total provisions for non-current risks and charges	**67,357**	**3,483**	**(8,275)**	**(7,875)**	**54,691**

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

Provision for taxes

The current portion relates primarily to disputes over US companies' direct and indirect tax obligations (€ 2,639k), while most of the non-current portion concerns tax disputes involving companies in the Travel Retail & Duty-Free division (€ 3,096k).

Other provisions

These refer mainly to a "self-insurance" provision (€ 24,510k) to cover the excess on third-party liability provided for in insurance plans. In 2011, an accrual of € 8,681k was made and € 10,891k was taken out for settlements. Decreases refer to the early settlement of some contractual provisions concerning the sale of the Flight segment (€ 4,066k).

Provision for legal disputes

This provision covers the risk of losing lawsuits brought against Group companies, and takes account of the opinions of the Group's legal advisors. Utilizations concern actual payments during the year as well as revised amounts, where necessary.

Provision for the refurbishment of third party assets

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

Onerous contracts provision

This refers to long-term leases or concession agreements on commercial units that are not profitable enough to cover the rent. The decrease is due primarily to agreements reached with third parties for the sale of some units in Belgium.

XXIV. Equity attributable to owners of the parent

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

Share capital

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

Schematrentaquattro S.r.l., a wholly-owned subsidiary of Edizione S.r.l., owned shares representing 59.28% of the share capital at 31 December 2011.

Legal reserve

The "Legal reserve" is the portion of Autogrill S.p.A. profits that cannot be paid out as dividends, in accordance with art. 2430 of the Italian Civil Code. It amounts to € 26,458k, unchanged since the previous year.

Hedging reserve

The "Hedging reserve," amounting to € –32,341k (€ –41,397k at 31 December 2010), corresponds to the effective portion of the fair value of derivatives designated as cash flow hedges.

The change of € +9,056k includes the impact of the early termination of a number of interest rate derivatives concurrently with the Group refinancing concluded in July 2011, in the amount of € +22,652k net of the tax effect of €-6,229k, and the effective portion of the fair value change of cash flow hedging instruments (€ –5,254k) net of the tax effect (€ +1,535k).

Translation reserve

Translation differences are generated by the translation into euros of the foreign currency financial statements of companies consolidated on a line-by-line basis or using the proportionate method, net of the fair value of instruments designated as net investment hedges. The increase amounts to € 27,841k in exchange differences from the translation of foreign currency financial statements, less € –7,059k for the fair value change of instruments designated as net investment hedges (€ –10,166k), net of the tax effect (€ +3,107k).

Other reserves and retained earnings

This item comes to € 530,911k and includes the amount set aside in connection with the recognized costs of the stock option plans approved in 2010 and 2011 (€ 74k and € 1,721k, respectively).

The change for the year stems from the allocation of the 2010 profit to reserves and the subsequent payment of € 61,026k in dividends on 26 May 2011, based on the resolutions of the Annual General Meeting of 21 April 2011.

Treasury shares

The shareholder's meeting of 21 April 2011, after revoking the authorization granted on 20 April 2010 and pursuant to arts. 2357 et seq. of the Italian Civil Code, authorized the purchase and subsequent disposal of ordinary shares with a par value of € 0.52 each up to a maximum of 12,720,000 shares and an amount not exceeding € 200,000k.

In 2011, an additional 879,793 shares were purchased for a combined value of € 6,780k, at an average of € 7.71 per share.

At 31 December 2011 the parent owned 1,004,934 treasury shares with a carrying amount of € 7,724k and an average carrying amount of € 7.69 per share.

Non-controlling interests

Non-controlling interests in equity amount to € 19,642k. The decrease is due essentially to the payment of dividends for € 17,409k, offset by € 12,821k in profit for the year.

Other comprehensive income

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

	2011			2010		
(€k)	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Effective portion of the fair value change of derivatives designated as cash flow hedges	(5,254)	1,535	(3,719)	(2,676)	736	(1,940)
Net change in fair value of cash flow hedges reclassified to profit or loss	17,620	(4,845)	12,774	–	–	–
Foreign currency translation differences for foreign operations	32,350	–	32,350	102,960	–	102,960
Gains (losses) on net investment hedge	(10,166)	3,107	(7,059)	(24,279)	6,677	(17,602)
Total other consolidated comprehensive income	**34,550**	**(203)**	**34,347**	**76,005**	**7,413**	**83,418**

Information on basic and diluted earnings per share is provided at the foot of the Income statement and discussed further in note XXXIV.

2.2.4 Notes to the Income statement

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

XXV. Revenue

Revenue in 2011 came to € 6,422,193k, an increase of € 408,009k with respect to the previous year's revenue of € 6,014,184k.

The change at constant exchange rates would have been € +487,602k.

This item includes revenues from the sale of goods of € 5,844,628k (€ 5,703,544k in 2010), as well as fuel sales, mostly at rest stops in Italy and Switzerland, which came to € 577,565k (€ 310,640k the previous year).

For details of performance by segment, see section 2.2.7 "Segment reporting and the Directors' Report".

XXVI. Other operating income

(€k)	2010	2011	Change
Bonuses from suppliers	53,491	59,784	(6,293)
Income from business leases	11,360	12,334	(974)
Affiliation fees	3,743	3,498	244
Gains on sales of property, plant and equipment	4,673	923	3,750
Other revenue	58,825	48,012	10,814
Total	**132,092**	**124,551**	**7,541**

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

The change at constant exchange rates would have been € +7,119k.

XXVII. Raw materials, supplies and goods

(€k)	2011	2010	Change
Purchases	2,713,320	2,401,457	311,863
Change in inventories	(17,421)	(14,453)	(2,968)
Total	**2,695,899**	**2,387,004**	**308,895**

The change at constant exchange rates would have been € +328,444k.

XXVIII. Personnel expense

(€k)	2011	2010	Change
Wages and salaries	1,157,313	1,128,869	28,444
Social security contributions	208,151	200,808	7,343
Employee benefits	27,530	27,662	(131)
Other costs	79,622	84,756	(5,133)
Total	**1,472,616**	**1,442,094**	**30,522**

The change at constant exchange rates would have been € +55,525k.

"Other costs" includes the portion pertaining to the year of the stock option plans launched in 2010 and 2011 (€ 1,721k), as well as fees paid to members of the Board of Directors (see Section 2.2.11 for details).

The average headcount, expressed in terms of equivalent full-time employees, was 46,940 (46,451 the previous year).

XXIX. Leases, rentals, concessions and royalties

(€k)	2011	2010	Change
Leases, rentals and concessions	1,123,102	1,082,263	40,839
Royalties	70,839	68,533	2,306
Total	**1,193,940**	**1,150,795**	**43,145**

At constant exchange rates, the change in this item would be € +61,003k.

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

XXX. Other operating costs

(€k)	2011	2010	Change
Utilities	103,933	95,088	8,845
Maintenance	80,292	80,782	(491)
Cleaning and disinfestations	52,904	51,486	1,418
Consulting services	48,856	46,111	2,745
Commissions on credit card payments	42,373	39,080	3,294
Storage and transport	22,814	22,057	757
Advertising and market research	26,332	25,509	823
Travel expenses	30,278	27,223	3,055
Telephone and postal charges	16,687	17,526	(839)
Equipment hire and lease	9,429	8,821	607
Insurance	7,624	5,999	1,625
Surveillance	8,547	8,335	212
Transport of valuables	5,786	5,822	(36)
Banking services	5,826	5,614	212
Sundry materials	32,419	34,712	(2,293)
Other services	33,766	27,232	6,534
Costs for materials and services	**527,865**	**501,398**	**26,467**
Impairment losses on receivables	**376**	**1,227**	**(851)**
For taxes	1,125	41	1,084
For legal disputes	(996)	1,435	(2,431)
For resctructuring	–	(24)	24
For onerous contracts	(3,650)	(1,617)	(2,033)
For other risks	3,888	10,722	(6,834)
Provisions for risks	**367**	**10,557**	**(10,190)**
Indirect and local taxes	**23,181**	**21,875**	**1,306**
Other operating costs	**23,090**	**18,407**	**4,683**
Total	**574,879**	**553,463**	**21,416**

The change at constant exchange rates would have been € +29,630k.

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

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

The change in "Provisions for risks – for onerous contracts" reflects the reduction of a provision by about € 5,000k due to the sale of some units in Belgium.

The change in "Provisions for risks – for other risks" includes the release of £ 3,500k (€ 4,032k) as a result of the early settlement of some contractual provisions concerning the sale of the Flight segment.

XXXI. Depreciation, amortization and impairment losses

In detail:

(€k)	2011	2010	Change
Other intangible assets	93,743	93,063	680
Property, plant and equipment	177,825	184,957	(7,132)
Assets to be transferred free of charge	27,271	26,997	274
Total	**298,839**	**305,017**	**(6,178)**

At constant exchange rates, the change would have been € –1,928k.

Impairment losses (net of reversals) were recognized in the amount of € 15,138k, following tests of the recoverability of carrying amounts on the basis of the projected cash flows of each cash generating unit.

The following table provides a breakdown by type of asset:

(€k)	2011	2010	Change
Goodwill	–	22,161	(22,161)
Other intangible assets	9,023	3,816	5,207
Property, plant and equipment	4,686	19,920	(15,234)
Assets to be transferred free of charge	1,429	(698)	2,127
Total	**15,138**	**45,199**	**(30,061)**

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

XXXII. Financial income and expense

(€k)	2010	2009	Change
Interest income	1,094	1,403	(309)
Exchange rate gains	–	1,221	(1,221)
Ineffective portion of hedging instruments	837	402	435
Other financial income	268	4,556	(4,288)
Total	**2,199**	**7,582**	**(5,383)**

(€k)	2011	2010	Change
Interest expense	75,815	74,738	1,078
Discounting of long-term liabilities	3,534	4,667	(1,133)
Exchange rate losses	199	–	199
Interest differential on exchange rate hedges	65	70	(5)
Fees paid on loans and bonds	701	514	187
Other financial expense	4,685	2,487	2,198
Total	**85,000**	**82,476**	**2,524**
Total net financial expense	**(82,801)**	**(74,894)**	**(7,907)**

"Other financial expense" includes the portion of early closure fees paid in 2008 and 2010, and not yet fully expensed, on loans closed during the refinancing process concluded in July 2011, as well as non-recurring expenses further to the write-off of previous year financial income against a concession grantor, as part of a settlement concluded in the second quarter of the year.

XXXIII. Income tax

The balance of € 80,315k (€ 89,415k in 2010) includes € 68,721k in current taxes (€ 91,319k the previous year) and € 273k in net deferred tax assets (€ 13,676k in 2010). Regional tax on productive activities (IRAP), which is charged on Italian operations and whose basis is essentially EBIT plus personnel expense, came to € 11,867k (€ 11,772k the previous year).

In 2011 the Group's theoretical tax rate, excluding IRAP, was approximately 34.8% (38.8% in 2010).

Excluding IRAP the average tax rate was 31.2%, down from 43.2% in 2010, due primarily to reduced tax rates in the United Kingdom, the fact that income relating to the sale of the Flight business was essentially tax exempt, and the different distribution of income over the various areas served by the Group.

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

(€k)	2011	2010
Theoretical income tax	**76,454**	**69,746**
Reduced tax due to the direct taxation of minority partners in fully consolidated US joint ventures	(3,600)	(3,716)
Net effect of unrecognised tax losses, of utilization of unrecognised prior-year tax losses and the revision of estimates on the taxability/ deductibility of temporary differences	3,745	8,974
UK tax rate variation	(5,616)	(3,685)
Other permanent differences	(2,534)	6,325
Income tax, excluding IRAP	**68,449**	**77,643**
IRAP	11,867	11,772
Recognised income tax	**80,315**	**89,415**

XXXIV. Basic and diluted earnings per share

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

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

Below is the calculation of basic earnings per share:

	2011	2010
Profit for the year attributable to owners of the parent (€k)	126,304	103,408
Weighted average no. of outstanding shares (no./000)	253,395	254,275
Basic earning per share (€/cent)	**49.8**	**40.7**

Diluted earnings per share:

	2011	2010
Profit for the year attributable to owners of the parent (€k)	126,304	103,408
Weighted average no. of outstanding shares (no./000)	253,395	254,275
Weighted average no. of shares included in stock option plans (no./000)	1,645	180
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	255,040	254,455
Diluted earning per share (€/cent)	**49.5**	**40.6**

We also present basic earnings per share from continuing operations:

	2011	2010
Profit for the year from continuing operations attributable to owners of the parent (€k)	126,304	78,448
Weighted average no. of outstanding shares (no./000)	253,395	254,275
Basic earnings per share from continuing operations (€/cent)	**49.8**	**30.9**

Diluted earnings per share from continuing operations:

	2011	2010
Profit for the year from continuing operations attributable to owners of the parent (€k)	126,304	78,448
Weighted average no. of outstanding shares (no./000)	253,395	254,275
Weighted average no. of shares included in stock option plans (no./000)	1,645	180
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	255,040	254,455
Diluted earnings per share from continuing operations (€/cent)	**49.5**	**30.8**

2.2.5 Net financial position

Details of the net financial position at 31 December 2011 and 31 December 2010 are as follows:

Notes	(€m)	31.12.2011	31.12.2010	Change
I	A) Cash on hand	65.8	59.2	6.6
I	B) Cash equivalents	146.6	117.0	29.6
	C) Securities held for trading	–	–	–
	D) Cash and cash equivalents (A + B + C)	**212.4**	**176.1**	**36.2**
II	**E) Current financial assets**	**17.6**	**15.0**	**2.6**
XVII	F) Due to banks, current	(183.5)	(134.6)	(48.9)
XXI	G) Bonds issued	–	(44.9)	44.9
XVIII	H) Other financial liabilities	(30.7)	(78.6)	47.9
	I) Current financial indebtedness (F + G + H)	**(214.2)**	**(258.1)**	**43.9**
	J) Net current financial position (indebtedness) (I – E – D)	**15.8**	**(66.9)**	**82.7**
XX	K) Loans, net of current portion	(1,226.3)	(1,180.3)	(46.0)
XXI	L) Bonds issued	(332.4)	(318.8)	(13.5)
XX	M) Due to others	(12.9)	(12.5)	(0.4)
	N) Non-current financial indebtedness (K + L + M)	**(1,571.6)**	**(1,511.7)**	**(59.9)**
	O) Net non-current indebtedness (J + N)	**(1,555.8)**	**(1,578.6)**	**22.8**
XI	**P) Non-current financial assets**	**3.0**	**3.1**	**–**
	Q) Net financial indebtedness (O – P)	**(1,552.8)**	**(1,575.5)**	**22.8**

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

At the end of 2011 and 2010 there were no financial liabilities or assets due to or from related parties.

2.2.6 Financial risk management

The Group is exposed to the following risks:

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

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

Market risk

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

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

Interest rate risk

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

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

Currently, the ratio of fixed-rate debt to net debt (i.e., net of financial assets, which are generally floating-rate) must as a matter of policy be in the range of 40% to 60% with reference to the Autogrill Group as a whole. At 31 December 2011 the ratio was 40%. The percentage of fixed-rate debt is higher when considering debt denominated in British pounds (55%) and US dollars (57%) as opposed to debt in euros (18%).

At 31 December 2011 gross debt denominated in US Dollars amounted to $ 720.2m. Of the total, $ 431m stands for the bond loan. Part of the interest rate risk is hedged by fixed-to-floating interest rate swaps for $ 75m, classified as fair value hedges.

Gross debt in British pounds at year end amounted to £ 400m, for drawdowns on committed multicurrency facilities. Part of the interest rate risk is hedged by floating-to-fixed interest rate swaps for a notional amount of £ 200m.

When applying the policy described above, interest rate risk management instruments were accounted for as cash flow hedges in Group companies' financial statements where they were subject to this risk, and

thus recognized as financial assets or liabilities with a specific balancing entry in comprehensive income and presented in the hedging reserve under equity. In the year ended 31 December 2011, a fair value gain of € +9,056k was recognized in respect of derivatives found to be effective.

The basic details of IRS contracts used as cash flow hedges at 31 December 2011 are as follows:

Underlying	Notional amount	Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Term Loan € 200m	€k 120,000	24.06.2015	4.657%	3 months Euribor	(15,035)
Term Loan £ 200m	£k 200,000	21.07.2016	1.338%	1 months Libor Gbp	(3,922)

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

Underlying	Notional amount	Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Bond	$k 75,000	09.05.2017	5.73%	6 months Usd Libor + 0.4755/0.5055%	11,929

These instruments were accounted for as fair value hedges in the financial statements of Group companies subject to this risk, and thus recognized as financial assets or liabilities with a balancing entry in the Income Statement. In 2011, the change in fair value was $ 3.6m (€ 2.8m), which canceled the effects on the Income Statement of changes in the payable's fair value.

The fair value of derivatives is measured using techniques based on parameters other than price that can be observed in the open market. They can therefore be classified in level 2 of the fair value hierarchy, with no change on the previous year.

A hypothetical unfavorable change of 1% in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at 31 December 2011 would increase financial expense by € 7,719k.

Currency risk

The objective of currency risk management is to neutralize this risk in respect of payables and receivables in foreign currency arising from lending transactions in currencies other than the euro.

The Group's exposure to currency risk is detailed below, in local currency:

(currency/000)	Usd	Cad	Gbp	Chf
Equity	287,056	202,880	433,357	192,979
Profit	116,207	10,368	53,400	5,030

If the euro had risen by 5% against the above currencies, at 31 December 2011 equity and profit for the year in thousands of euros would have been reduced as shown in the following table:

(currency/000)	Usd	Cad	Gbp	Chf
Equity	11,676	8,080	27,305	8,355
Profit	4,393	396	3,238	215

This analysis was based on the assumption that the other variables, especially interest rates, remained unchanged.

Hedging instruments are allocated to companies with significant exposure to currency risk in terms of translation risk (i.e., the risk attending conversion into euros in the parent's or its subsidiaries' financial statements of equity investments in foreign currency) or financial assets or liabilities in a currency other than the reporting currency. These transactions are recognized at fair value under financial assets or liabilities.

Fluctuations in the fair value of hedges of foreign currency financial assets or liabilities are taken to profit or loss, as is the corresponding change in the amount of the hedged assets and liabilities.

The fair value of hedges outstanding at 31 December 2011 is shown below:

Notional amount (currency/000)		Expiry	Spot rate	Forward rate	Fair value (€k)
Usd	14,619	30.03.2012	1.3175-1.4585	1.3078-1.4477	470
Kwd	1,750	26.01.2012	0.3621-0.3826	0.3626-0.3827	126
Gbp	14,000	04.01.2012	0.8406	0.8409	111
Chf	11,600	04.01.2012	1.2212	1.2210	43
Usd	1,500	30.03.2012	1.2920	1.2930	(6)
Usd	4,000	13.01.2012	1.4383	1.4328	(287)
Gbp	16,000	27.01.2012	0.8346	0.8350	(14)
Chf	12,269	15.02.2012	1.2267	1.2262	(90)
Pln	4,000	25.01.2012	4.5360	4.5560	(17)
Czk	28,000	25.01.2012	26.0200	26.0210	(10)

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

The fair value of these hedges outstanding at 31 December 2011 is shown in the following table:

Notional amount (currency/000)		Expiry	Spot rate	Forward rate	Fair value (k€)
Chf	60,000	15.02.2012	1.2240-1.2267	1.2236-1.2262	(388)

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

The fair value of derivatives is measured using techniques based on parameters other than price that can be observed in the open market. They can therefore be classified in level 2 of the fair value hierarchy, with no change on the previous year.

Credit risk

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

The carrying amount of the financial assets is the Group's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties, as detailed in Section 2.2.9.

Exposure at 31 December 2011 and 31 December 2010 was as follows:

Financial assets

(€k)	31.12.2011	31.12.2010	Change
Cash and cash equivalents	146,562	116,950	29,611
Other current financial assets	4,899	4,754	145
Trade receivables	53,481	59,732	(6,251)
Other receivables	205,022	164,265	40,757
Derivative instruments	12,680	10,230	2,449
Other non current financial assets	17,219	16,030	1,189
Other non current receivables	32,887	33,931	(1,044)
Total	**472,749**	**405,892**	**66,857**

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

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

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

Financial assets are recognized net of impairment losses calculated on the basis of the counterparty's risk of default. Impairment is determined according to local procedures, which may require impairment of individual positions, if material, where there is evidence of an objective condition of uncollectability of part or all of the amount due, or generic impairment calculated on the basis of historical and statistical data.

The following table shows the age of trade receivables by category of debtor at 31 December 2011:

Trade receivables

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

Trade receivables

	31.12.2010					
		Expired not impaired				
(€k)	Not expired	1-3 months	3-6 months	6 months–1 year	Over 1 year	Total
Airlines	5,535	1,829	404	28	4	7,800
Franchises	3,785	476	–	1,061	–	5,322
Catering services agreements	2,893	2,175	452	500	11	6,032
Other	11,479	23,783	1,885	3,325	106	40,579
Total	**23,692**	**28,262**	**2,741**	**4,914**	**122**	**59,732**

There is no significant concentration of credit risk: the top 10 customers account for 12.6% of total trade receivables, and the largest customer (Edenred Italia S.r.l.) for 2.3%.

Liquidity risk

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

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

In 2011 the Group finished refinancing a significant portion of debt by taking out two new credit lines, which total € 1.35bn and expire in July 2016.

Specifically, Autogrill S.p.A. arranged a multicurrency, multiborrower credit line of € 700m, in the form of two revolving facilities of € 124m (Tranche I) and € 576m (Tranche II), both expiring in July 2016. Tranche II is available not only to Autogrill S.p.A. but also to the US subsidiaries Autogrill Group Inc. and Host International Inc.

A second credit line was arranged by Autogrill España S.A.U. (now World Duty Free Group S.A.) and some of its subsidiaries to finance the Travel Retail & Duty-Free business. This totals € 650m and is also split into two revolving facilities of € 400m (Tranche I) and € 250m (Tranche II), with the same expiration as above.

Exposure and maturity data at the close of 2011 and 2010 were as follows:

Non–derivative financial liabilities

	31.12.2011						
		Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Current account overdrafts	32,753	32,753	29,698	–	–	–	3,055
Unsecured bank loans	1,389,611	1,389,611	6	5	150,750	790,463	448,386
Lease payments due to others	13,888	13,888	893	646	1,019	2,880	8,449
Other financial liabilities	665	665	–	–	–	379	286
Bonds	333,065	333,065	–	–	–	205,544	127,521
Trade payables	632,366	632,365	630,870	1,210	–	46	240
Due to suppliers for investments	80,555	80,555	80,068	473	–	14	–
Total	**2,482,903**	**2,482,903**	**741,535**	**2,334**	**151,770**	**999,326**	**587,938**

Derivative financial liabilities

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

Non–derivative financial liabilities

(€k)	Carrying amount	31.12.2010 Contractual cash flows Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Current account overdrafts	19,267	19,267	18,779	–	–	–	488
Unsecured bank loans	1,295,658	1,295,658	210,192	–	18,560	1,066,906	–
Lease payments due to others	13,762	13,763	731	733	1,466	4,334	6,500
Other financial liabilities	832	831	–	–	104	449	278
Bonds	363,746	363,746	43,924	–	–	199,072	120,749
Trade payables	674,581	674,581	671,120	3,163	298	–	–
Due to suppliers for investments	77,915	77,916	77,709	193	–	14	–
Total	**2,445,761**	**2,445,761**	**1,022,455**	**4,089**	**20,427**	**1,270,774**	**128,015**

Derivative financial liabilities

(€k)	Carrying amount	31.12.2010 Contractual cash flows Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Forward foreign exchange derivatives	1,354	1,354	1,170	184	–	–	–
Interest rate swap	8,877	8,877	–	1,342	1,306	6,107	122
Total	**10,230**	**10,230**	**1,170**	**1,526**	**1,306**	**6,107**	**122**

With regard to exposure to trade payables, there is no significant concentration of suppliers, of whom the largest 10 account for 17.9% of the total and the leading supplier (Autostrade per l'Italia S.p.A.) for 5.8%.

2.2.7 Segment reporting

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

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

The segment's performance is monitored separately for each organization/country, followed by an analysis of performance by sales unit. Only "Italy" and "HMSHost" are presented on their own, while the remaining European units (each of them quite small) are grouped together under the heading "Other." This segment also includes the resources pertaining to "Corporate" functions, i.e. the centralized units in charge of Administration, Finance and Control, Strategic planning, Legal Affairs, Human Resources and Organization, Marketing, Purchasing and Engineering, and Information and Communication Technology.

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

Through the Autogrill Group's refinancing process concluded in July 2011, the segment has achieved partial financial independence through direct access to loans from the international banking system.

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

	2011						
Segment (€k)	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Food & Beverage Corporate	Total Food & Beverage	Travel Retail & Duty-Free	Consolidated
Revenue	1,906,841	1,924,294	770,263	–	4,601,399	1,820,794	6,422,193
Other operating income	70,014	2,715	29,296	5,983	108,009	24,084	132,092
Total revenue and other operating income	**1,976,855**	**1,927,009**	**799,560**	**5,983**	**4,709,407**	**1,844,878**	**6,554,285**
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(51,606)	(89,896)	(44,628)	(6,532)	(192,662)	(121,315)	(313,977)
Operating profit (loss)	**81,053**	**134,534**	**12,205**	**(31,811)**	**195,982**	**106,992**	**302,974**
Financial income (expense)					(54,634)	(28,166)	(82,800)
Adjustments to the value of financial assets					(2,129)	1,396	(733)
Pre-tax profit					**139,219**	**80,222**	**219,441**
Income tax					(63,993)	(16,322)	(80,315)
Profit from discontinued operations					–	–	–
Profit (loss) for the year					**75,226**	**63,900**	**139,126**

	31.12.2011						
Goodwill	83,516	460,262	269,013	–	812,791	598,015	1,410,806
Other intangible assets	(15,327)	13,785	21,696	33,384	53,538	690,133	743,671
Property, plant and equipment	202,988	379,350	202,258	42,144	826,741	96,652	923,393
Investments	–	–	–	16,880	16,880	9,667	26,547
Non-current assets	**271,177**	**853,397**	**492,967**	**92,408**	**1,709,950**	**1,394,467**	**3,104,417**
Assets held for sale	**–**	**–**	**–**	**43**	**43**	**–**	**43**
Net working capital	(165,788)	(73,655)	(98,461)	(59,558)	(397,462)	(93,721)	(491,183)
Other non current non financial assets and liabilities	(86,618)	(5,518)	(5,875)	(79,894)	(177,905)	(83,189)	(261,094)
Net invested capital	**18,771**	**774,224**	**388,631**	**(47,000)**	**1,134,625**	**1,217,558**	**2,352,183**

Segment (€k)	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Food & Beverage Corporate	Total Food & Beverage	Travel Retail & Duty-Free	Consolidated
				2010			
Revenue	1,630,380	1,920,832	787,278	–	4,338,490	1,675,694	6,014,184
Other operating income	62,923	378	27,745	2,103	93,149	31,402	124,551
Total revenue and other operating income	**1,693,304**	**1,921,210**	**815,023**	**2,103**	**4,431,639**	**1,707,096**	**6,138,735**
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(51,056)	(98,796)	(79,404)	(5,573)	(234,829)	(115,387)	(350,216)
Operating profit (loss)	**96,434**	**138,420**	**(25,190)**	**(32,746)**	**176,918**	**78,245**	**255,163**
Financial income (expense)					(30,910)	(43,985)	(74,894)
Adjustments to the value of financial assets					(1,722)	1,271	(451)
Pre-tax profit					**144,287**	**35,531**	**179,818**
Income tax					(82,317)	(7,098)	(89,415)
Profit from discontinued operations					24,960	–	24,960
Profit (loss) for the year					**86,930**	**28,433**	**115,363**

				31.12.2010			
Goodwill	83,516	446,263	265,245	–	795,024	582,130	1,377,154
Other intangible assets	(16,256)	16,103	21,447	34,909	56,202	762,650	818,852
Property, plant and equipment	201,886	362,536	206,909	38,826	810,158	114,900	925,058
Investments				18,548	18,548	8,306	26,854
Non-current assets	**269,146**	**824,902**	**493,601**	**92,283**	**1,679,932**	**1,467,986**	**3,147,918**
Assets held for sale	**–**	**–**	**–**	**1,032**	**1,032**	**–**	**1,032**
Net working capital	(221,102)	(63,470)	(113,695)	(61,319)	(459,586)	(116,347)	(575,933)
Other non current non financial assets and liabilities	(81,703)	(11,724)	(12,238)	(51,922)	(157,587)	(128,542)	(286,130)
Net invested capital	**(33,659)**	**749,708**	**367,668**	**(19,925)**	**1,063,791**	**1,223,096**	**2,286,887**

Geographical area

(€k)	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	Consolidated
				2011			
Food & Beverage revenue							
Travel Retail & Duty-Free revenue	6,748	88,208	859,670	563,070	2,285	300,814	1,820,794
Total revenue	**1,913,589**	**1,872,490**	**873,772**	**634,834**	**783,981**	**343,528**	**6,422,193**

(k€)	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	Consolidated
				2010			
Food & Beverage revenue	1,630,380	1,803,683	17,464	76,382	777,427	33,153	4,338,490
Travel Retail & Duty–Free revenue	–	76,595	785,090	526,920	7,711	279,378	1,675,694
Total revenue	**1,630,380**	**1,880,278**	**802,554**	**603,302**	**785,138**	**312,532**	**6,014,184**

2.2.8 Seasonal patterns

The Group's volumes are closely related to the flow of travelers, which is highly seasonal in some businesses, and this in turn affects consolidated results. A breakdown of 2011 results by quarter shows that volumes are concentrated in the second half of the year, and particularly in the third quarter, when business is at a peak due to summer holidays.

	2011			
(€m)	First quarter	First half	First nine months	Full year
Revenue	1,202.8	2,655.8	4,322.8	5,844.6
% on full year	*20.6%*	*45.4%*	*74.0%*	*100.0%*
Operating profit	14.0	108.2	266.0	303.0
% on full year	*4.6%*	*35.7%*	*87.8%*	*100.0%*
Pre-tax profit (loss)	(4.6)	68.1	206.4	219.4
% on full year	*n.s.*	*31.0%*	*94.1%*	*100.0%*
Profit (loss) attributable to the owners of the parent	(4.3)	39.0	125.7	126.3
% on full year	*n.s.*	*30.9%*	*99.5%*	*100.0%*

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

It should be noted that the above figures are merely indicative and cannot be used to predict results.

Seasonal trends are then magnified by cash flows, with the first quarter seeing a concentration of annual payments (namely concession fees), both as settlement of amounts accrued in the previous year and as advances on the year underway.

The consolidation of World Duty Free Europe Ltd. and the line-by-line consolidation of Aldeasa S.A., whose businesses are concentrated in the central part of the year, have enhanced these seasonal patterns.

2.2.9 Guarantees given, commitments and contingent liabilities

Guarantees

At 31 December 2011 the guarantees given by the Autogrill Group amounted to € 179,612k (€ 181,468k at the end of 2010) and referred to performance bonds and other personal guarantees issued in favour of concession grantors and business counterparties.

Commitments

Commitments outstanding at 31 December 2011, essentially unchanged since the previous year, concern:

- € 2,272k to be paid for the purchase of two commercial properties;
- the value of third-party assets in use (€ 1,586k);
- the value of the assets of leased businesses (€ 12,769k);
- the value of sale-or-return products held at Group locations (€ 5,321k).

The Group has also agreed to minimum future payments under operating leases, as detailed in section 2.2.10.

Contingent liabilities

On 21 March 2011 a final arbitration decision was issued regarding the definitive purchase price of Receco S.A., and on 12 May Autogrill Iberia S.L. finalized its purchase of the remaining shares of Receco, paying the total balance due of € 0.8m.

In December 2011 Autogrill S.p.A. was audited by the tax authorities for the years 2008 and 2009 on the subject of "transfer prices." The preliminary assessment report of 29 December 2011 contained some observations that Autogrill addressed in writing on 27 February 2012. The Group is waiting to hear from the authorities concerned.

Regarding the preliminary assessment report received in December 2010 for a general audit of tax year 2007, for the sole purpose of settling the issue without a legal battle, Autogrill has filed a mutually-agreed assessment settlement procedure and both parties are being heard by the authorities.

For both of these audits, based in part on the opinions of its legal advisors, Autogrill is confident that it has suitably documented its proper conduct and considers the liabilities to be merely "contingent" in keeping with IAS 37.

2.2.10 Operating leases

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

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

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

It frequently occurs that a sub-concession for all the services of an entire motorway service area or airport terminal is assigned to a single entity, which then sub-assigns each individual service to a number of specialized firms.

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

Access concession

An access concession exists when ownership of the land and buildings along the motorway is in the hands of a private firm (like the Autogrill Group), which negotiates access rights with the motorway company with the commitment to sell fuel and lubricants and/or food and beverages to motorway users. The firm accepts the obligation to pay rent to the motorway as well as certain stipulations regarding the way the services are to be provided and the hours of operation.

Area concession

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

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

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

Service concession

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

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

Business lease and commercial lease

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

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

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

Sub-contract

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

The table below gives details by due date of the Group's future minimum lease payments at 31 December 2011:

Year (€k)	Total future lease payments	Sub-lease future payments *	Net future lease payments
2012	741,506	22,911	718,595
2013	578,694	16,900	561,793
2014	538,797	14,035	524,762
2015	501,518	10,653	490,865
2016	443,645	7,355	436,290
After 2016	1,666,097	26,393	1,639,704
Total	**4,470,257**	**98,248**	**4,372,009**

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

In 2011, the fees recognized in the Income Statement amount to € 1,123,114k for leases (including € 751,378k in guaranteed minimums), net of € 48,648k for sub-leases (including € 23,921k in guaranteed minimums).

2.2.11 Other information

Related party transactions

Autogrill S.p.A. is controlled by Schematrentaquattro S.r.l., which owns a 59.28% interest. Schematrentaquattro S.r.l. is a wholly-owned subsidiary of Edizione S.r.l.

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

Transactions with associates are negligible.

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

Transactions with Edizione S.r.l.

(€k)	2011	2010	Change
Income statement			
Revenue	3	3	–
Other operating income	91	90	1
Personnel expense	210	124	86
Other operating cost	82	16	66

(€k)	31.12.2011	31.12.2010	Change
Statement of financial position			
Trade receivables	4	4	–
Other receivables	3,820	4,919	(1,099)
Other payables	280	127	110

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

"Personnel expense" refers to the accrual at 31 December 2011 for fees due to two directors of Autogrill S.p.A., to be paid over to Edizione S.r.l. where the parties respectively serve as Board Member and Executive Manager.

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

"Other receivables" refer to the funds paid in by Autogrill S.p.A. for IRES (corporate income tax) advances in 2011, net of the IRES liability on 2011 income (€ 1,611k), and the refund due for the deduction from taxable income of IRAP (regional tax) paid from 2004 to 2007 (€ 2,024k).

The amount shown also includes € 185k due to Nuova Sidap S.r.l. for participation in the tax consolidation scheme of Edizione S.r.l.

In accordance with the tax consolidation rules, these amounts will be settled by the third day prior to the normal deadline for payment of the IRES balance for 2011 (July 2012), less the balance due for 2011 and the first advance on 2012.

"Other payables" include the liability on fees accrued at 31 December 2011, of which € 43k refers to Alpha Retail Italia S.r.l.'s participation in the consolidation scheme of Edizione S.r.l.

Transactions with subsidiaries of Edizione S.r.l.

	Bencom S.r.l.		
Income statement (€k)	**2011**	**2010**	**Change**
Revenue	–	–	–
Other operating income	384	380	4
Other operating cost	–	–	–

Statement of financial position (€k)	**31.12.2011**	**31.12.2010**	**Change**
Trade receivables	560	665	(105)
Trade payables	–	–	–
Other payables	–	–	–

	Atlantia group		
Income statement (€k)	**2011**	**2010**	**Change**
Revenue	10	21	(11)
Other operating income	2,890	1,682	1,208
Other operating cost	1,372	917	455
Lease, rentals, concessions and royalties	77,429	77,737	(308)
Financial expanse	1,351	1,393	(42)

Statement of financial position (€k)	**31.12.2011**	**31.12.2010**	**Change**
Trade receivables	2,627	1,364	1,263
Other receivables	54	54	–
Financial receivables	–	–	–
Trade payables	38,233	38,371	(138)
Other payables	1	2	(1)

- **Atlantia group:** "Other operating income" refers to commissions on sales of Viacards (automatic toll collection cards) and the reimbursement of utility costs incurred on behalf of Autostrade per l'Italia S.p.A. "Other operating expenses" consists mainly of the purchase of advertising space.

  "Lease, rentals, concessions and royalties" refer to concession fees and accessory costs pertaining to the year.
  "Financial expense" reflects interest accrued at the annual rate of 4% in relation to the revised payment schedule for concession fees.

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

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

Fabrica S.p.A.			Olimpias S.p.A.			Verde Sport S.p.A.		
2011	2010	Change	2011	2010	Change	2011	2010	Change
–	–	–	–	–	–	25	28	(3)
–	–	–	–	–	–	2	2	–
20	60	(40)	210	253	(43)	33	85	(53)

31.12.2011	31.12.2010	Change	31.12.2011	31.12.2010	Change	31.12.2011	31.12.2010	Change
–	–	–	–	–	–	10	12	(2)
–	20	(20)	79	87	(8)	–	3	(3)
–	–	–	–	–	–	8	20	(12)

Gemina group			Sagat S.p.A.			Edizione Property S.p.A.		
2011	2010	Change	2011	2010	Change	2011	2010	Change
–	–	–	–	–	–	4	5	(1)
–	–	–	–	–	–	1	–	1
69	49	20	–	–	–	–	–	–
9,705	9,053	652	1,135	1,001	134	–	–	–
–	–	–	–	–	–	–	–	–

31.12.2011	31.12.2010	Change	31.12.2011	31.12.2010	Change	31.12.2011	31.12.2010	Change
39	111	(72)	22	14	8	6	6	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
1,469	1,102	367	136	293	(157)	–	–	–
–	–	–	–	–	–	–	–	–

- **Fabrica S.p.A.:** "Other operating expense" refers to graphic design consulting and advertising production costs.

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

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

- **Sagat S.p.A.:** costs refer to the concession fees and related costs for the management of premises at Turin airport.

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 2011:

Name	Office held	Term of office	Remuneration (€)	Bonuses and benefits (€)	Non-monetary fees (€)	Other fees (€)	Termination
Gilberto Benetton	Chairman	2011-2014	55,079				
Gianmario Tondato Da Ruos	CEO	2011-2014	508,479	600,000	60,348	403,297	
Alessandro Benetton	Director	2011-2014	53,879				
Francesco Giavazzi	Director	2011-2014	54,479				
Arnaldo Camuffo	Director	2011-2014	81,989				
Paolo Roverato	Director	2011-2014	110,107				
Gianni Mion	Director	2011-2014	83,789				
Alfredo Malguzzi	Director	2011/2014	89,230				
Tommaso Barracco	Director	from 21/04/2011 to 2014	64,072				
Marco Jesi	Director	from 21/04/2011 to 2014	63,472				
Maurizio Manca	Director	from 21/04/2011 to 31/08/2011	45,780				
Marco Mangiagalli	Director	from 21/04/2011 to 2014	63,472				
Stefano Orlando	Director	from 21/04/2011 to 2014	64,072				
Giorgio Brunetti	Director	from 01/01/2011 to 20/04/2011	34,844				
Antonio Bulgheroni	Director	from 01/01/2011 to 20/04/2011	20,918				
Javier Gomez-Navarro	Director	from 01/01/2011 to 20/04/2011	16,085				
Claudio Costamagna	Director	from 01/01/2011 to 20/04/2011	20,918				
Total Directors			**1,430,664**	**600,000**	**60,348**	**403,297**	**–**
Managers with strategic responsibilities				2,489,262	296,799	3,749,900	4,983,509
Total			**1,430,664**	**3,089,262**	**357,147**	**4,153,197**	**4,983,509**

The CEO's remuneration includes his executive salary from Autogrill S.p.A., which is shown under "Other fees".

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

In 2010 the CEO received no. 425,000 options under the 2010 Stock Option Plan, and in 2011 he received 200,000 units under the "Leadership Team Long-term Incentive Plan Autogrill (L-LTIP)."

A significant portion of the variable compensation received by the CEO and by managers with strategic responsibilities is tied to the achievement of specific targets established in advance by the Board, by virtue of their participation in management incentive plans. In particular, the CEO and top managers participated during the year in an annual bonus system involving earnings and financial targets and other strategic objectives for the Group and/or the relevant business unit, as well as individual objectives. This was in addition to the three-year incentive plan for 2010-2012 and the L-LTIP plan, described below.

See the section “Incentive plans for Directors and key Managers with strategic responsibilities” for a description of the plans in force.

Statutory auditors’ fees

The following fees were paid to members of the Board of Statutory Auditors in 2011:

Name	Office held	Term of office	Remuneration (€)	Other fees (€)
Luigi Biscozzi	Chairman	2009-2011	92,814	25,334
Eugenio Colucci	Standing auditor	2009-2011	61,768	17,169
Ettore Maria Tosi	Standing auditor	2009-2011	64,239	17,856
Total statutory auditors			**218,822**	**60,359**

“Other fees” refer to the remuneration accrued for statutory auditing duties at the subsidiary Nuova Sidap S.r.l.

Independent auditors’ fees for audits and other services

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Parent's auditors	Parent	300
	Parent's auditors	Subsidiaries	49
	Parent's auditors network	Subsidiaries	2,316
Attestation	Parent's auditors	Parent	140
	Parent's auditors	Subsidiaries	25
	Parent's auditors network	Subsidiaries	855
Other services	Parent's auditors	Parent and subsidiaries	13
	Parent's auditors network	Subsidiaries	411

Incentive plans for directors and key managers with strategic responsibilities

2010 Stock option plan

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

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

The stock option plan approved by the Annual General Meeting states that the options granted will only vest if, at the end of the vesting period, the terminal value of Autogrill shares is € 11.0 or higher. The

terminal value is defined as the average official price of Autogrill S.p.A. ordinary shares during the three months prior to the last day of the vesting period, plus the dividends paid from the grant date until the end of the vesting period.

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

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

The status of the plan at 31 December 2011 is as follows:

	Number of options	Fair value existing options (€)
Options	2,000,000	
Options assigned as of 31 December 2010	**1,261,000**	**1.30**
New options assigned during 2011	188,000	1.07
Options exprired/voided during 2011	(239,706)	1.19
Options assigned as of 31 December 2011	**1,209,294**	**1.27**

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

The average fair value of the options granted in 2011 is € 1.07, while the average fair value of the options outstanding at 31 December 2011 is € 1.27.

For the year, the total costs recognized in the income statement in relation to such share-based payment plan amounted to € 453k.

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

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

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

[2] As defined by art. 9(4) of Presidential Decree no. 917 of 22 December 1986

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

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

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

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

An independent external advisor has been 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.

For the year, the total costs recognized in the income statement in relation to such share-based payment plan amounted to € 1,269k.

The status of the plan at 31 December 2011 is as follows:

	Number of options	Fair value existing options (€)
New options assigned during 2011	721,240	6.95
Options exprired/voided during 2011	(66,667)	6.67
Options assigned as of 31 December 2011	**654,573**	**6.98**

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

2.2.12 Significant non-recurring events and transactions

In 2011, there were no significant non-recurring events or transactions as defined by Consob's Resolution 15519 and Communication DEM/6064293.

2.2.13 Atypical or unusual transactions

No atypical or unusual transactions, as defined by Consob Communications DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006, were performed in 2011.

2.2.14 Events after the reporting period

Since 31 December 2011, no events have occurred that if known in advance would have entailed an adjustment to the figures in the consolidated financial statements or required additional disclosures in these Notes.

2.2.15 Authorization for publication

The Board of Directors authorized the publication of these consolidated financial statements at its meeting of 7 March 2012.

Annexes

List of consolidated companies and other investments

Company	Registered office	Currency	Share/ quota capital	% held 31.12.2011	Shareholders/quota
Parent:					
Autogrill S.p.A.	Novara	Eur	132,288,000	59.280%	Schematrentaquattro S.r.l.
Companies consolidated line-by-line:					
Alpha Retail Italia S.r.l.	Rome	Eur	10,000	100.000%	Autogrill S.p.A.
Nuova Sidap S.r.l.	Novara	Eur	100,000	100.000%	Autogrill S.p.A.
Autogrill Austria A.G.	Gottlesbrunn	Eur	7,500,000	100.000%	Autogrill S.p.A.
Autogrill Czech Sro	Prague	Czk	126,000,000	100.000%	Autogrill S.p.A.
Autogrill D.o.o.	Lubiana	Eur	1,342,670	100.000%	Autogrill S.p.A.
Autogrill Hellas E.P.E.	Avlonas	Eur	1,696,350	100.000%	Autogrill S.p.A.
Autogrill Polska Sp.zo.o.	Wroclaw	Pln	10,050,000	100.000%	Autogrill S.p.A.
Autogrill Iberia S.L.U.	Madrid	Eur	7,000,000	100.000%	Autogrill S.p.A.
HMSHost Ireland Ltd.	Lee View House	Eur	13,600,000	100.000%	Autogrill S.p.A.
HMSHost Sweden A.B.	Stockholm	Sek	2,500,000	100.000%	Autogrill S.p.A.
Autogrill Catering UK Ltd.	London	Gbp	217,063	100.000%	Autogrill S.p.A.
Restair UK Ltd. (in liquidation)	London	Gbp	1	100.000%	Autogrill Catering UK Ltd.
Autogrill Deutschland GmbH	Munich	Eur	205,000	100.000%	Autogrill S.p.A.
HMSHost Egypt Catering & Services Ltd.	Cairo	Egp	1,000,000	60.000%	Autogrill Deutschland GmbH
Autogrill Belux N.V.	Antwerp	Eur	10,000,000	99.999% 0.0001%	Autogrill S.p.A. Carestel Motorway Services N.V.
Carestel Motorway Services N.V.	Antwerp	Eur	9,000,000	99.999% 0.001%	Autogrill Belux N.V. Ac Restaurants & Hotels Beheer N.V.
Carestel Beteiligungs GmbH & Co. (in liquidation)	Stuttgart	Eur	25,000	100.000%	Autogrill Belux N.V.
Autogrill Europe Nord-Ouest S.A.	Luxembourg	Eur	41,300,000	100.000%	Autogrill S.p.A.
Autogrill Belgie N.V.	Antwerp	Eur	20,750,000	99.999% 0.001%	Autogrill Europe Nord-Ouest S.A. Autogrill Belux N.V.
Ac Restaurants & Hotels Beheer N.V.	Antwerp	Eur	5,500,000	99.999% 0.001%	Autogrill Belgie N.V. Autogrill Belux N.V.
Autogrill Schweiz A.G.	Olten	Chf	23,183,000	100.000%	Autogrill S.p.A.
Restoroute de Bavois S.A.	Bavois	Chf	2,000,000	73.000%	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Avry devant Pont	Chf	1,500,000	54.300%	Autogrill Schweiz A.G.
World Duty Free Group S.A.	Madrid	Eur	1,800,000	100.000%	Autogrill S.p.A.
World Duty Free Europe Ltd.	London	Gbp	12,484,397	80.100% 19%	World Duty Free Group S.A. Aldeasa S.A.
Autogrill Holdings UK Plc. (in liquidation)	London	Gbp	24,249,234	100.000%	World Duty Free Europe Ltd.
Autogrill Retail UK Ltd.	London	Gbp	360,000	100.000%	World Duty Free Europe Ltd.
Alpha Airports Group (Jersey) Ltd.	Jersey Airport, St. Peter	Gbp	4,100	100.000%	Autogrill Retail UK Ltd.
Alpha Retail Ireland Ltd. (in liquidation)	Dublin	Eur	1	100.000%	Autogrill Retail UK Ltd.
Autogrill Holdings UK Pension Trustee Ltd. (in liquidation)	London	Gbp	100	100.000%	Autogrill Retail UK Ltd.
Pratt & Leslie Jones Ltd. (in liquidation)	London	Gbp	8,900	100.000%	Autogrill Retail UK Ltd.
Alpha Airport Holdings B.V. (in liquidation)	Boesingheliede	Eur	74,874	100.000%	World Duty Free Europe Ltd.
Alpha Kreol (India) Pvt Ltd.	Mumbai	Inr	100,000	50.000%	Alpha Airport Holdings BV
Autogrill Lanka Ltd.	Fort Colombo	Lkr	30,000,000	99.982%	Alpha Airport Holdings BV
Autogrill International Airports Ltd.	London	Gbp	2	100.000%	World Duty Free Europe Ltd.

Company	Registered office	Currency	Share/ quota capital	% held 31.12.2011	Shareholders/quota
Alpha Airport Retail Holdings Pvt Ltd.	Mumbai	Inr	404,743,809	100.000%	Autogrill International Airports Ltd.
Alpha Future Airport Retail Pvt Ltd.	Mumbai	Inr	97,416,000	50.000% 50.000%	Alpha Airport Retail Holdings Pvt Ltd. Autogrill International Airports Ltd.
Alpha Airports Group (Channel Island) Ltd. (in liquidation)	St. Heliers - Jersey	Gbp	21	100.000%	Autogrill International Airports Ltd.
Alpha Airports (FURBS) Trustees Ltd. (in liquidation)	London	Gbp	26,000	100.000%	Autogrill International Airports Ltd.
Airport Duty Free Shops Ltd. (in liquidation)	London	Gbp	2	100.000%	Autogrill International Airports Ltd.
Alpha ESOP Trustee Ltd. (in liquidation)	London	Gbp	100	100.000%	Autogrill International Airports Ltd.
Alpha Euroservices Ltd. (in liquidation)	London	Usd	170	100.000%	Autogrill International Airports Ltd.
Dynair B.V. (in liquidation)	Schipolweg	Eur	18,151	100.000%	Autogrill International Airports Ltd.
Aldeasa S.A.	Madrid	Eur	10,772,462	99.960%	World Duty Free Group S.A.
Aldeasa Cabo Verde S.A.	Isola di Sal	Cve	6,000,000	99.990% 0.010%	Aldeasa S.A. Aldeasa Internacional S.A.
Aldeasa Chile Ltda.	Santiago (Chile)	Usd	2,516,819	99.990%	Aldeasa S.A.
Aldeasa Colombia Ltda.	Cartagena de Indias	Cop	2,356,075,724	99.990% 0.010%	Aldeasa S.A. Aldeasa Internacional S.A.
Aldeasa Duty Free Comercio e Importación de Productos Ltda.	Sao Paulo	Brl	145,300	99.800% 0.200%	Aldeasa S.A. Aldeasa Internacional S.A.
Aldeasa Italia S.r.l.	Naples	Eur	10,000	100.000%	Aldeasa S.A.
Aldeasa Internacional S.A.	Madrid	Eur	5,409,000	100.000%	Aldeasa S.A.
Aldeasa Jamaica Ltda.	Jamaica	Usd	–	100.000%	Aldeasa S.A.
Aldeasa México S.A. de C.V.	Cancun	Mxn	60,962,541	99.900% 0.100%	Aldeasa S.A. Aldeasa Internacional S.A.
Aldeasa Projets Culturels S.a.s.	Paris	Eur	823,183	100.000%	Palacios y Museos S.L.U.
Aldeasa Servicios Aeroportuarios Ltda. (in liquidation)	Santiago (Chile)	Usd	15,000	99.990%	Aldeasa S.A.
Audioguiarte Servicios Culturales S.L.	Madrid	Eur	251,000	100.000%	Palacios y Museos S.L.U.
Palacios y Museos S.L.U.	Madrid	Eur	160,000	100.000%	Aldeasa S.A.
Panalboa S.A.	Panama	Pab	150,000	80.000%	Palacios y Museos S.L.U.
Prestadora de Servicios en Aeropuertos S.A. de C.V.	Cancun	Mxn	50,000	99.900% 0.100%	Aldeasa S.A. Aldeasa Internacional S.A.
Sociedad de Distribución Aeroportuaria de Canarias S.L.	Las Palmas	Eur	667,110	60.000%	Aldeasa S.A.
Transportes y Suministros Aeroportuarios S.A. (in liquidation)	Madrid	Eur	1,202,000	100.000%	Aldeasa S.A.
Aldeasa US Inc.	Wilmington	Usd	49,012,087	100.000%	Autogrill International Airports Ltd.
World Duty Free US Inc.	Florida	Usd	1,400,000	100.000%	Aldeasa US Inc.
Alpha Keys Orlando Retail Associates Ltd.	Florida	Usd	100,000	85.000%	World Duty Free US Inc.
Aldeasa Atlanta L.L.C.	Atlanta	Usd	1,122,000	100.000%	Aldeasa US Inc.
Aldeasa Atlanta JV	Atlanta	Usd	2,200,000	51 .000% 25.000%	Aldeasa Atlanta L.L.C. World Duty Free US Inc.
Aldeasa Curaçao N.V.	Curaçao	Usd	500,000	100.000%	Autogrill International Airports Ltd.
Aldeasa Canada Inc.	Vancouver	Cad	1,000	100.000%	Cancouver Uno S.L.
Aldeasa Jordan Airports Duty Free Shops Ltd. (AJADFS)	Amman	Usd	705,219	100.000%	Autogrill International Airports Ltd.
Aldeasa Vancouver L.P.	Vancouver	Cad	25,701,000	99.998% 0.002%	Cancouver Uno S.L. Aldeasa Canada Inc.
Cancouver Uno S.L.	Madrid	Eur	3,010	100.000%	Autogrill International Airports Ltd.
Autogrill Nederland B.V.	Breukelen	Eur	41,371,500	100.000%	Autogrill Europe Nord-Ouest S.A.
Maison Ledeboer B.V.	Zaandam	Eur	69,882	100.000%	Autogrill Nederland B.V.
Ac Holding N.V.	Breukelen	Eur	150,000	100.000%	Maison Ledeboer B.V.

Company	Registered office	Currency	Share/ quota capital	% held 31.12.2011	Shareholders/quota
The American Lunchroom Co B.V.	Zaandam	Eur	18,151	100.000%	Ac Holding N.V.
Ac Apeldoorn B.V.	Apeldoorn	Eur	45,378	100.000%	The American Lunchroom Co B.V.
Ac Bodegraven B.V.	Bodegraven	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Heerlen B.V.	Heerlen	Eur	23,143	100.000%	The American Lunchroom Co B.V.
Ac Hendrik Ido Ambacht B.V.	Hendrik Ido Ambacht	Eur	2,596,984	100.000%	The American Lunchroom Co B.V.
Ac Holten B.V.	Holten	Eur	34,034	100.000%	The American Lunchroom Co B.V.
Ac Leiderdorp B.V.	Leiderdorp	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Meerkerk B.V.	Meerkerk	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Nederweert B.V.	Weert	Eur	34,034	100.000%	The American Lunchroom Co B.V.
Ac Nieuwegein B.V.	Nieuwegein	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Oosterhout B.V.	Oosterhout	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Restaurants & Hotels B.V.	Breukelen	Eur	90,756	100.000%	The American Lunchroom Co B.V.
Ac Sevenum B.V.	Sevenum	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Vastgoed B.V.	Zaandam	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Vastgoed I B.V.	Zaandam	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Veenendaal B.V.	Veenendaal	Eur	18,151	100.000%	The American Lunchroom Co B.V.
Ac Zevenaar B.V.	Zevenaar	Eur	57,176	100.000%	The American Lunchroom Co B.V.
Holding de Participations Autogrill S.a.s.	Marseille	Eur	84,581,920	99.999% 0.001%	Autogrill Europe Nord-Ouest S.A. Autogrill S.p.A.
Autogrill Aéroports S.a.s.	Marseille	Eur	2,207,344	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Coté France S.a.s.	Marseille	Eur	31,579,526	100.000%	Holding de Participations Autogrill S.a.s.
Société Berrichonne de Restauration S.a.s. (Soberest S.a.s.)	Marseille	Eur	288,000	50.005%	Autogrill Coté France S.a.s.
Société Porte de Champagne S.A. (SPC)	Perrogney	Eur	153,600	53.440%	Autogrill Coté France S.a.s.
Société de Restauration Autoroutière Dromoise S.a.s. (SRAD)	Marseille	Eur	1,136,000	50.000% 49.997%	Autogrill Coté France S.a.s. SRSRA S.A.
Société de Restauration de Bourgogne S.A. (Sorebo S.A.)	Marseille	Eur	144,000	50.000%	Autogrill Coté France S.a.s.
Société de Restauration de Troyes-Champagne S.A. (SRTC)	Marseille	Eur	1,440,000	70.000%	Autogrill Coté France S.a.s.
Société Régionale de Saint Rambert d'Albon S.A. (SRSRA)	Romans	Eur	515,360	50.000%	Autogrill Coté France S.a.s.
Société de Gestion de Restauration Routière (SGRR S.A.)	Marseille	Eur	1,537,320	100.000%	Autogrill Coté France S.a.s.
Volcarest S.A.	Riom	Eur	1,050,144	50.000%	Autogrill Coté France S.a.s.
Vert Pré Saint Thiebaut SCI	Nancy	Eur	457	96.700% 3.300%	SRSRA S.A. Holding de Participations Autogrill S.a.s.
TJ2D S.n.c.	Nancy	Eur	1,000	99.000% 1.000%	SGRR S.A. Autogrill Coté France S.a.s.
Autogrill Restauration Services S.a.s.	Marseille	Eur	15,394,500	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Gares Metropoles S.à r.l.	Marseille	Eur	4,500,000	100.000%	Autogrill Restauration Services S.a.s.
Autogrill Restauration Carrousel S.a.s.	Marseille	Eur	2,337,000	100.000%	Holding de Participations Autogrill S.a.s.
La Rambertine S.n.c.	Romans	Eur	1,524	55.000% 45.000%	Autogrill Coté France S.a.s. SRSRA
Autogrill Commercial Catering France S.a.s.	Marseille	Eur	2,916,480	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill Centres Commerciaux S.à r.l.	Marseille	Eur	501,900	100.000%	Holding de Participations Autogrill S.a.s.
Autogrill FFH Auotoroutes S.à r.l.	Marseille	Eur	375,000	100.000%	Autogrill Coté France S.a.s.
Autogrill FFH Centres Villes S.à r.l.	Marseille	Eur	375,000	100.000%	Autogrill Restauration Carrousel S.a.s.
SPB S.à r.l.	Marseille	Eur	4,500	100.000%	SGRR S.A.
Carestel Nord S.à r.l. (in liquidation)	Mulhouse	Eur	76,225	99.800%	Autogrill Commercial Catering France S.a.s.

Company	Registered office	Currency	Share/ quota capital	% held 31.12.2011	Shareholders/quota
Autogrill Trois Frontières S.a.s.	Marseille	Eur	621,999	100.000%	Autogrill Aéroports S.a.s.
Autogrill Group Inc.	Delaware	Usd	–	100.000%	Autogrill S.p.A.
CBR Specialty Retail Inc.	Delaware	Usd	–	100.000%	Autogrill Group Inc.
HMSHost Corporation	Delaware	Usd	–	100.000%	Autogrill Group Inc.
HMSHost International Inc.	Delaware	Usd	–	100.000%	Autogrill Group Inc.
HMSHost USA L.L.C.	Delaware	Usd	–	100.000%	Autogrill Group Inc.
HMSHost Tollroads Inc.	Delaware	Usd	–	100.000%	HMSHost Corporation
Host International Inc.	Delaware	Usd	–	100.000%	HMSHost Corporation
HMS - Airport Terminal Services Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
HMS Host Family Restaurants Inc.	Baltimora	Usd	2,000	100.000%	HMSHost International Inc.
HMS Host Family Restaurants L.L.C.	Delaware	Usd	–	100.000%	HMS Host Family Restaurants Inc.
Gladieux Corporation	Ohio	Usd	750	100.000%	HMSHost International Inc.
Host (Malaysia) Sdn. Bhd.	Kuala Lumpur	Myr	–	100.000%	Host International Inc.
Host International of Canada Ltd.	Vancouver	Cad	75,351,237	100.000%	Host International Inc.
Host Canada L.P.	Calgary	Cad	–	99.900% 0.100%	Host International Inc. Host International of Maryland Inc.
SMSI Travel Centres Inc.	Vancouver	Cad	9,800,100	100.000%	Host International of Canada Ltd.
HMSHost Holding GP Inc.	Vancouver	Cad	–	100.000%	SMSI Travel Centres Inc.
HMSHost Holding F&B GP Inc.	Vancouver	Cad	–	100.000%	SMSI Travel Centres Inc.
HMSHost Motorways Inc.	Vancouver	Cad	–	100.000%	SMSI Travel Centres Inc.
HMSHost Motorways L.P.	Winnipeg	Cad	–	99.999% 0.001%	SMSI Travel Centres Inc. HMSHost Motorways Inc.
HK Travel Centres GP Inc.	Toronto	Cad	–	51.000%	HMSHost Holding F&B GP Inc.
HK Travel Centres L.P.	Winnipeg	Cad	–	51.000%	HMSHost Motorways L.P.
Host International of Kansas Inc.	Kansas	Usd	1,000	100.000%	Host International Inc.
Host International of Maryland Inc.	Maryland	Usd	79,576	100.000%	Host International Inc.
HMS Host USA Inc.	Delaware	Usd	–	100.000%	Host International Inc.
Host of Holland B.V.	Amsterdam	Eur	–	100.000%	Host International Inc.
Horeca Exploitatie Maatschappij Schiphol B.V.	Amsterdam	Eur	45,378	100.000%	Host of Holland B.V.
Host Services Inc.	Texas	Usd	–	100.000%	Host International Inc.
Host Services of New York Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
Host Services Pty Ltd.	North Cairns	Aud	6,252,872	100.000%	Host International Inc.
Las Vegas Terminal Restaurants Inc.	Delaware	Usd	–	100.000%	Host International Inc.
Marriott Airport Concessions Pty Ltd.	North Cairns	Aud	3,910,102	100.000%	Host International Inc.
Michigan Host Inc.	Delaware	Usd	1,000	100.000%	Host International Inc.
HMSHost Services India Private Ltd.	Bangalore	Inr	668,441,680	99.000% 1.000%	Host International Inc. HMSHost International Inc.
HMS - Airport Terminal Services Inc. (Christchurch branch)	Christchurch	Nzd	–	100.000%	HMS Airport Terminal Services Inc.
HMSHost Singapore Pte Ltd.	Singapore	Sgd	8,470,896	100.000%	Host International Inc.
HMSHost New Zealand Ltd.	Auckland	Nzd	1,520,048	100.000%	Host International Inc.
Host-TFC-RSL, L.L.C.	Kentucky	Usd	–	65.000%	Host International Inc.
HMSHost-Shanghai Enterprise Ltd.	Shanghai	Cny	–	100.000%	Host International Inc.
Host GRL LIH F&B, L.L.C.	Delaware	Usd	–	85.000%	Host International Inc.
Host DLF JV DAL F&B L.L.C.	Delaware	Usd	–	51.000%	Host International Inc.
Host Fox PHX F&B, L.L.C.	Delaware	Usd	–	75.000%	Host International Inc.
Host-CMS SAN F&B, L.L.C.	Delaware	Usd	–	65.000%	Host International Inc.

Company	Registered office	Currency	Share/ quota capital	% held 31.12.2011	Shareholders/quota
Anton Airfood Inc.	Delaware	Usd	1,000	100.000%	Autogrill Group Inc.
Anton Airfood JFK Inc.	New York	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Cincinnati Inc.	Kentucky	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Minnesota Inc.	Minnesota	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of North Carolina Inc.	North Carolina	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Ohio Inc.	Ohio	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Texas Inc.	Texas	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Virginia Inc.	Virginia	Usd	–	100.000%	Anton Airfood Inc.
Palm Springs AAI Inc.	California	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Boise Inc.	Idaho	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Tulsa Inc.	Oklahoma	Usd	–	100.000%	Anton Airfood Inc.
Islip AAI Inc.	New York	Usd	–	100.000%	Anton Airfood Inc.
Fresno AAI Inc.	California	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Newark Inc.	New Jersey	Usd	–	100.000%	Anton Airfood Inc.
Anton Airfood of Seattle Inc.	Washington	Usd	–	100.000%	Anton Airfood Inc.
Anton/JQ RDU Joint Venture	North Carolina	Usd	–	100.000%	Anton Airfood Inc.
Host Bush Lubbock Airport Joint Venture	Texas	Usd	–	90.000%	Host International Inc.
Host/Diversified Joint Venture	Michigan	Usd	–	90.000%	Host International Inc.
CS Host Joint Venture	Kentucky	Usd	–	70.000%	Host International Inc.
Airside C F&B Joint Venture	Florida	Usd	–	70.000%	Host International Inc.
Host of Kahului Joint Venture Company	Hawaii	Usd	–	90.000%	Host International Inc.
Host/Coffee Star Joint Venture	Texas	Usd	–	50.010%	Host International Inc.
Host-Chelle-Ton Sunglass Joint Venture	North Carolina	Usd	–	80.000%	Host International Inc.
Southwest Florida Airport Joint Venture	Florida	Usd	–	80.000%	Host International Inc.
Host Honolulu Joint Venture Company	Hawaii	Usd	–	90.000%	Host International Inc.
Host/Forum Joint Venture	Baltimora	Usd	–	70.000%	Host International Inc.
HMS/Blue Ginger Joint Venture	Texas	Usd	–	55.000%	Host International Inc.
Savannah Airport Joint Venture	Atlanta	Usd	–	45.000%	Host International Inc.
Host/Aranza Services Joint Venture	Texas	Usd	–	50.010%	Host International Inc.
Host & Garrett Joint Venture	Mississippi	Usd	–	75.000%	Host International Inc.
Tinsley/Host - Tampa Joint Venture	Florida	Usd	–	49.000%	Host International Inc.
Phoenix - Host Joint Venture	Arizona	Usd	–	70.000%	Host International Inc.
Host - Taco Joy Joint Venture	Atlanta	Usd	–	80.000%	Host International Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	–	65.000%	Host International Inc.
Host - Tinsley Joint Venture	Florida	Usd	–	84.000%	Host International Inc.
Host / Tarra Enterprises Joint Venture	Florida	Usd	–	75.000%	Host International Inc.
Metro-Host Joint Venture	Michigan	Usd	–	70.000%	Host International Inc.
Ben-Zey/Host Lottery JV	Florida	Usd	–	40.000%	Host International Inc.
Host D&D St. Louis Airport Joint Venture	Missouri	Usd	–	75.000%	Host International Inc.
East Terminal Chili's Joint Venture	Missouri	Usd	–	55.000%	Host International Inc.
Host - Chelsea Joint Venture #2	Texas	Usd	–	75.000%	Host International Inc.
Host/LJA Joint Venture	Missouri	Usd	–	85.000%	Host International Inc.
Host/NCM Atlanta E Joint Venture	Atlanta	Usd	–	75.000%	Host International Inc.
Houston 8/Host Joint Venture	Texas	Usd	–	60.000%	Host International Inc.
Host-Houston 8 San Antonio Joint Venture	Texas	Usd	–	63.000%	Host International Inc.
Seattle Restaurant Associates	Washington	Usd	–	70.000%	Host International Inc.
Bay Area Restaurant Group	California	Usd	–	49.000%	Host International Inc.

Company	Registered office	Currency	Share/ quota capital	% held 31.12.2011	Shareholders/quota
Islip Airport Joint Venture	New York	Usd	–	50.000%	Anton Airfood Inc.
Host - Prose Joint Venture II	Virginia	Usd	–	70.000%	Host International Inc.
HMS Host/Coffee Partners Joint Venture	Texas	Usd	–	50.010%	Host International Inc.
Host-Grant Park Chili's Joint Venture	Arizona	Usd	–	60.000%	Host International Inc.
Host/JV Ventures McCarran Joint Venture	Nevada	Usd	–	60.000%	Host International Inc.
Airside E Joint Venture	Florida	Usd	–	50.000%	Host International Inc.
Host-CJ & Havana Joint Venture	California	Usd	–	70.000%	Host International Inc.
Host/Howell-Mickens Joint Venture	Texas	Usd	–	65.000%	Host International Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	–	75.000%	Host International Inc.
Miami Airport Retail Partners Joint Venture	Florida	Usd	–	70.000%	Host International Inc.
Host of Santa Ana Joint Venture Company	California	Usd	–	75.000%	Host International Inc.
HMS - D/FW Airport Joint Venture	Texas	Usd	–	65.000%	Host International Inc.
HMS - D/FW Airport Joint Venture II	Texas	Usd	–	75.000%	Host International Inc.
Host - Prose Joint Venture III	Virginia	Usd	–	51 .000%	Host International Inc.
Host Adevco Joint Venture	Arkansas	Usd	–	70.000%	Host International Inc.
HMSHost Shellis Trans Air Joint Venture	Atlanta	Usd	–	60.000%	Host International Inc.
Host PJJD Jacksonville Joint Venture	Florida	Usd	–	51 .000%	Host International Inc.
Host/JQ Raleigh Durham	North Carolina	Usd	–	75.000%	Anton Airfood Inc.
Host – Chelsea Joint Venture #4	Texas	Usd	–	63.000%	Host International Inc.
Host – Houston 8 Terminal E, L.L.C.	Texas	Usd	–	60.000%	Host International Inc.
Host CTI Denver Airport Joint Venture	Colorado	Usd	–	90.000%	Host International Inc.
Host International (Poland) Sp.zo.o. (in liquidation)	Poland	Pln	–	100.000%	Host International Inc.
Host Shellis Atlanta JV	Atlanta	Usd	–	70.000%	Host International Inc.
RDU A&W JV-Anton	North Carolina	Usd	–	100.000%	Anton Airfood Inc.
Shenzhen Host Catering Company, Ltd. (in liquidation)	Shenzhen	Cny	–	100.000%	Host International Inc.
Host/Howell - Mickens Joint Venture III	Texas	Usd	–	51 .000%	Host International Inc.
Host-Chelsea Joint Venture #3	Texas	Usd	–	63.800%	Host International Inc.
Companies consolidated proportionally:					
Alpha ASD Ltd.	London	Gbp	20,000	50.000%	Autogrill International Airports Ltd.
Caresquick N.V.	Brussels	Eur	3,300,000	50.000%	Autogrill Belux N.V.
Companies consolidated using the equity method:					
Dewina Host Sdn Bhd	Kuala Lumpur	Myr	–	49.000%	Host International Inc.
TGIF National Airport Restaurant Joint Venture	Texas	Usd	–	25.000%	Host International Inc.
HKSC Developments L.P. (Projecto)	Winnipeg	Cad	–	49.000%	SMSI Travel Centres Inc.
HKSC Opco L.P. (Opco)	Winnipeg	Cad	–	49.000%	HMSHost Motorways L.P.
Souk al Mouhajir S.A. (in liquidation)	Tangier	Dhs	6,500,000	35.840%	Aldeasa S.A.
Creuers del Port de Barcelona S.A.	Barcelona	Eur	3,005,061	23.000%	Aldeasa S.A.

Certification by the CEO and Financial Reporting Officer

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

1. We, the undersigned, Gianmario Tondato Da Ruos as Chief Executive Officer and Alberto De Vecchi as Financial Reporting Officer of Autogrill S.p.A., hereby declare, including in accordance with art. 154-*bis* (3) and (4) of Legislative Decree no. 58 of 24 February 1998:

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

b) due compliance with

the administrative and accounting procedures for the preparation of the consolidated financial statements during 2011.

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

3. We also confirm that:

3.1 the consolidated financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;

b) correspond to the ledgers and accounting entries;

c) provide a true and fair view of the financial position and results of operations of Autogrill S.p.A. and of companies included in the consolidation.

3.2 The directors' report includes a reliable description of the performance and financial position of the issuer and the entities in the scope of consolidation, along with the main risks and uncertainties to which they are exposed.

Milan, 7 March 2012

Gianmario Tondato Da Ruos
Chief Executive Officer

Alberto De Vecchi
Financial Reporting Officer

Independent Auditors' Report

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

Telefono +39 02 6763.1
Telefax +39 02 67632445
e-mail it-fmauditaly@kpmg.it

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

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

To the shareholders of
Autogrill S.p.A.

1 We have audited the consolidated financial statements of the Autogrill Group as at and for the year ended 31 December 2011, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Reference should be made to the report dated 30 March 2011 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the Autogrill Group as at and for the year ended 31 December 2011 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Autogrill Group as at 31 December 2011, the results of its operations and its cash flows for the year then ended.

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

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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

Società per azioni
Capitale sociale
Euro 7.825.760,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

Autogrill S.p.A.
Report of the auditors
31 December 2011

the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2011.

Milan, 21 March 2012

KPMG S.p.A.

(signed on the original)

Giovanni Rebay
Director of Audit

2

Autogrill S.p.A.

Registered office

Via Luigi Giulietti. 9
28100 Novara - Italy

Share capital: € 132,288,000 fully paid-in
Tax Code – Novara Registrar of Companies: 03091940266
Novara Chamber of Commerce: 188902 REA
VAT Number: 01630730032

Headquarters:
Centro Direzionale Milanofiori, Palazzo Z, Strada 5
20089 Rozzano (MI) - Italy

Communication & Public Affairs
Telephone (+39) 02 48263250
Fax (+39) 02 48263614

Investor Relations
Telephone (+39) 02 48263650
Fax (+39) 02 48263557

Corporate Affairs
(to request copies)
Telephone (+39) 02 48263393
Fax (+39) 02 48263464

www.autogrill.com

Co-ordination
zero3zero9 – Milan

Design
Inarea – Rome

Layouts
t&t – Milan

Printing
Grafiche Antiga (Crocetta del Montello - Italy)
Printed on environmentally low-impact, sustainable paper
Arcoprint EW FSC – Cartiera Fedrigoni

Printed on May 2012

Autogrill Group 2011 Annual Report

www.autogrill.com