Autogrill Group 2019 Capital Markets Day

4th June 2019

List of MAIN speakers	Company	Job title
Lorenza Rivabene	Autogrill	Head of Group Corporate Development & Investor Relation
Gianmario Tondato Da Ruos	Autogrill	Group CEO
Steve Johnson	Autogrill	CEO North America
Walter Seib	Autogrill	CEO International
Andre Cipolloni	Autogrill	CEO Europe
Ezio Balarini	Autogrill	Chief Marketing Officer
Camillo Rossotto	Autogrill	Corporate General Manager

DISCLAIMER

Lorenza Rivabene
Head of Group Corporate Development & Investor Relation

Good morning and welcome to our 2019 Capital Markets Day. As usual, I need to draw your attention to the disclaimer which you will also find in the print outs. I do also need to stress that the total figures you will see during the presentation are pre-application of the IFRS 16.

AGENDA

We have a full morning to share the ins and outs of our group today, but don't worry, we have included a break at mid-morning for refreshments and to catch up on emails and calls. Of course, we look forward to talking to you over lunch.

THE AUTOGRILL TEAM WITH YOU TODAY

It is my pleasure to introduce the senior team who will be sharing our vision and strategy for the future, Gianmario Tondato De Ruos, our Group CEO, Camillo Rossotto, our Corporate General Manager and Group CFO, Steve Johnson, the CEO of North America, Walter Seib, CEO of International, Andrea Cipolloni, CEO of Europe, Ezio Balarini, our Chief Marketing Officer. Following the presentation, we will open the floor to questions. With that, I will hand over to Gianmario.

THE GLOBAL LEADER IN F&B CONCESSIONS

Gianmario Tondato Da Ruos
Group CEO

Thank you, Lorenza. Welcome everyone to our Autogrill Investor Day. Today, we want to share with you how, as the global leader in F&B concession, we have further value to unlock in our business. Working to a clear and simple plan that will take the business to the next level with our strong execution capabilities and leveraging our leadership position in both geographies and channels.

LEADER WITH A GLOBAL FOOTPRINT

As the global leader in F&B concession, last year, we made over €4.7 billion in revenues in 4,000 stores, mostly in airports. Our business is truly global as we operate in 32 countries from Helsinki to

Geneva, also Genoa, but from Madrid to Los Angeles. Over 50% of our revenues are generated in North America, supporting our leadership position in our strong and resilient contract portfolio.

STRONG AND RESILIENT CONTRACT PORTFOLIO

Let's talk about the portfolio now. We have a very strong, stable and growing portfolio of agreements. With an average duration of over seven years, it is a multichannel across airports and motorways and we grew the portfolio across the region, including 9% in North America and 14% in international. We are also convinced that we are operating in an attractive environment, because eating is the new shopping.

WITHIN F&B, TRAVEL CONCESSION IS A VERY ATTRACTIVE SPACE

Why is this attractive? We operate in a regulated environment where scale and consistency of execution are key to growth. We have a captive customer, driven by immediate needs. E-commerce and delivery services are not a material threat. The environment we operated in is complex, it requires strong relationships with multiple stakeholders who want scale and excellence in execution. Add to this the supportive macro trends and you understand why I think it is an attractive business.

CONCESSION F&B BENEFITS FROM SUPPORTIVE MACRO TRENDS

Air traffic and food service markets grew consistently and are expected to continue to do so at about 5% every year. The good news is that we have all the strengths to excel in this space.

AUTOGRILL'S STRENGTHS REFLECT EXCELLENCE IN THE TRAVEL SPACE

I will summarise them as a unique global concession platform, well diversified with best in class execution and a focus on effective capital allocation. Let's look at each of these strengths one by one.

A UNIQUE GLOBAL CONCESSION PLATFORM

Our platform is truly unique. We have geographical reach and we are the leader in the US and Canada as well as Italy, Holland and Belgium, and we have a top three position in most of our European countries and an important presence in growing, exciting, emerging markets, including India, China, Vietnam, Malaysia and Middle East. Our geographical leadership and diversification are coupled with strong channel diversification.

DIVERSIFICATION – WELL DIVERSIFIED BY GEOGRAPHY AND CHANNEL

We are a multichannel and multiregional platform with a clear focus on the airport business. What we achieved cannot just be done by anyone who decides that this is an industry they want to play in.

EXECUTION – MANAGING EFFECTIVELY A LARGE NUMBER OF STAKEHOLDERS

Our ecosystem is complex, it requires successful management over a very large number of stakeholders. We are not just talking about lenders, brands and customers, but also airlines, suppliers, air regulators and our excellence in managing this complex environment is unmatchable and recognised.

EXECUTION – WIDELY RECOGNISED AS BEST-IN-CLASS

We won the ARN prize for eleven years in a row, the ACI awards for the last three years. These, just to let you know, are the Oscars of our sector. Proof of our excellence in execution and a growing importance of the concession to the total airport experience. To support growth in our continued outstanding execution, we need a very systematic way of screening all our opportunities across the channels and geography.

CAPITAL ALLOCATION – WHERE AND WHY WE DEPLOYED CAPITAL

The question is, how do we accelerate the growth? The answer is optimise it, capital allocation, which means targeted investments, asset rotations and discipline. Capital allocation is not something new for us. As you can see, over the past four years, we invested significantly to grow our business organically, focusing on the highest growth segments. The lion's share we invested was in the airports. The second most important part was on motorways, where we moved to selectively extend contracts to defend cash-flow generation. The third was investing in the growing railway channel. Finally, we are also doing bolt-on acquisitions to realise growth and synergies. Last but not least, we also rewarded our shareholders, but at the same time, maintaining flexibility to pursue further growth. In fact, very importantly, our portfolio value has grown 10% per year.

CAPITAL ALLOCATION – MOTORWAY CONTRACT DURATION DESERVES A FOCUSED APPROACH

Now, let's deep dive a little bit on the motorway portfolio and let's look at our motorway business throughout a different lens, a new lens, the lens of time, the lens of duration, because duration is value. We can divide the portfolio into three buckets. The first bucket is 25% of the portfolio, including a Canadian motorway operation with a duration of over fifteen years and this is the most important. The second bucket is 25% and has a duration from seven to fifteen years. The third bucket is almost 50% of the portfolio and has a duration below seven years. Why is this so important? Because, as I said before, duration is value. There is clearly a market where duration translates into value. Let's look at how we unlocked this value in Canada.

CAPITAL ALLOCATION – MOTORWAY CONTRACT DURATION DESERVES A FOCUSED APPROACH – THE CASE STUDY OF CANADA

What we achieve with our motorways in Canada is the best example. Leveraging the long maturity of the concession agreement, we've disposed the Canadian motorways, a business that generated $9.7 million of EBITDA every year for $190 million. A multiple of 20x of EBITDA, well above the current evaluation of our group. The sale of the Canadian motorway has a number of strategic points for us, freeing up capital to invest in other high-growth opportunities, unlocking the value of our motorway business and in North America, focusing even more on airports, we show a higher growth potential. Following the success story of our Canadian motorway, we have to rethink our approach to our motorway business with a focus on value that duration represents. So, we will apply a new approach. For the contract with a duration below seven years, we will work to extend them through selective renewals and improving operating efficiency as you will hear shortly from Steve and Andrea. With our contract with a maturity from seven to fifteen years, we will focus on improving profitability and possibly to extend the contracts. For the contracts with maturity over fifteen years, we will work to unlock the significant hidden value. We will do this with discipline and with a view to create long-term value for the company.

CLEAR AND FOCUSED STRATEGY DRIVING THE BUSINESS FORWARD

In conclusion, our strategy going forward will remain very clear and focused on three things, continued top line growth, profitability enhancement and creating value through capital allocation and active portfolio rotation. Now, the team will share the concrete actions they are taking to implement this strategy to unlock further value in our business from a top line and profitability perspective. Now, Steve will explain the beauty of our business in North America. Thank you for listening.

NORTH AMERICA STRONG GROWING PLATFORM

Steve Johnson
CEO North America

Thank you, Gianmario. I am Steve Johnson. I've been the President CEO of North America for the last five years, and in North America, we're focused on changing the way people feel about food and beverage on the move, both in motorways and airports. I'll start with the story that is probably one of my favourite stories. I get a lot of great stories these days about what people think of our restaurants and this one starts with a phone call. A lady gave me a call one day, and she said, 'I need to tell you about my husband and one of your restaurants.' I thought, 'What are we going to do with this?' So, she goes on to say, 'Well, it started like this. It was our tenth-year wedding anniversary and my husband said, "I'm going to take you to my favourite restaurant."' She went to all the restaurants with her husband, they lived in Denver, and he goes, 'Trust me, pack a bag, we're going to the airport, honey.' So, they got in the car, drove to the airport and she said, 'What are we doing?' He goes, 'We're flying to Chicago.' She's thinking, 'I get to go to Chicago and eat at one of these great downtown restaurants.' No, they landed in terminal one, they walked to Wicker Park Sushi and they had dinner at Wicker Park Sushi. I said, you know, that is an impossible story five years ago, impossible, but in this case, she said, 'We had the bag by the way, because my husband's a boy scout, because we got on the plane and flew home, he didn't know if we were going to make the return flight.' She told me it was her favourite restaurant and this didn't surprise me. Wicker Park has won all kinds of awards in North America for design and food, so it really is, I think, changing the way people focus and look at these restaurants out there. I'm going to talk to you a little bit today about North America and what we've done, but ours is a story about a giant transforming itself in place, but it really is about the brands that we're bringing in, both local and national. It's about the culinary team that we put in place, it's digital innovation, it's re-entering in the convenience retail market space, all brand-new things for us. So, let me tell you about this great business, as Gianmario said, the beautiful business in North America.

NORTH AMERICA – AT A GLANCE

We achieved $2.8 billion in 2018 with 193 locations. About 83% of our sales come from airports, the rest in motorways, 89% in US and 11% in Canada, but I'll talk to you about the most important number up there, I think, which is the eight-year contract duration. In a business that primarily gives out seven- to ten-year contracts in airports, we're at eight years. What that shows is the trust our landlords have put into us, as well as the great job done by our business development team of winning and extending our existing contracts.

NORTH AMERICA – BUSINESS MODEL

When you get that trust, you ask yourself, 'How are we doing this?' We did this through, really, what I call the four pillars of our business and the first is business development. Business development starts two years before an RFP comes out or three years before the end of a contract, where we truly work with the local cities and counties understanding their airports. In the rest of the world, most airports are run by one large organisation. In the US, it's run by individual cities, individual counties, states, in the case of Washington, it's run by a whole group of fifteen elected officials. So, it's a very complicated business. As Gianmario said, it's a difficult business to really break into, because of the complexity. Our job is to understand what each city wants, because each airport is unique, and as we see in the transformation of airports, it's really become about what that local community wants to see in their airport. So, our job is to find those local brands and the best-in-class national brands to make sure we fulfil what they want. Then, the next pillar is execution, so once we win our extend, it's not just about the promises, it really is about making sure that we actually execute on the promises, we build what we promised, that the operations are what we promised them to be, that the quality of the food is what we promised them to be.

The next pillar is lasting business relationships, and when you talk about lasting business relationships, I tell our people, you know, it doesn't matter what position you sit in. If you're an accountant, if you're a frontline hourly associate, if you're a manager, if you're the Vice President of Business Development or the CEO, we're all in business development. So, by building these lasting business relationships, by embedding ourselves in the local communities, really working on each level of the organisation, we build these relationships and I think that shows in the 78% renewal rate we have on existing contracts. It's really an unheard-of number in our business. Last but not least is stakeholder satisfaction, and there are four stakeholders that we talk about. The first stakeholder is our consumer. We have to actually deliver on what we promised, the great food, the great service, innovation, when they show up at our airports, that the service dial and the delivery method is what they expect. The second is our landlord, the second stakeholder. Our landlords, we need to make sure that we're representing their city, their county. So, innovation, new brands, refreshing programmes, refreshing menus. Landlords need to see that and if we do the right work, we extend the contract.

Brand partners, we brought all of these local brands in, 200 and some-odd local brands in our business in the last five years and these people have spent their entire lives building a brand and then they turn it over to us. It's like their baby and what are we going to do with their baby? Well, we need to take care of it. Just like we've done with Starbucks, we have to do it with that local deli location or that local pizza location. It's our job to make sure that we're taking care of that brand. Last but not least, our stakeholders, our associates, our employees, they need to understand that they have a great job with us. We train them. You know, I have this saying, when I see bad service, it's our fault, because nobody wants to show up at their job and suck at it, right? At the end of the day, they don't, they want the training to be great at their job. So, it's our job to make sure our employees are taken care of, all the way from the beginning associate to the store manager.

NORTH AMERICA – KEY PRIORITIES

So, once we have our pillars, we really focus on the three key priorities in our business, and it's driving incremental business with existing locations. Because it's not just about winning the contracts, it's outperforming the market, it's retaining our existing contracts and securing new contracts. This is an important one. You know, as the RFPs are coming out, we really need to focus on winning and bidding profitable contracts, not just another contract. The last is maintaining profitability. With all of these things that are happening in our business, we have to be disciplined and focused to maintain our profitability as we move forward.

NORTH AMERICA – DRIVE INCREMENTAL BUSINESS

So, let’s take a look at the North American market. The great news is it’s the number one market in the world, so we have more enplanements than anybody else and the even better news is the projections for the next twenty years is this market is going to continue to grow 2.5% a year for the next twenty years. That’s broken down by domestic passengers of about 2.1% and international passengers of 4.3%. We need to outpace that market. It’s not just about growing with the market. What do you do when you have the opportunity to grow within an existing contract? I put Charlotte up here because I think this is a great case study in what happens in an airport when you do it correctly. This could have been LAX, it could have been Phoenix, it could have been many of our contracts where we’ve outperformed it, but this one was unique in that American Airlines really started to hub through Charlotte, and American Airlines changed their business model a few years ago. It used to be that enplanements were spread out through the day, or flights were spread out through the day and so, you know, you had more dwell time, people had more time to spend in the airport. American Airlines banked their flights and what that means is there are more people coming in at the beginning and going out at the same time, so you have these huge rushes of people. The question becomes, how do you take care of them under the old format?

We couldn’t, we weren’t getting the throughput, we weren’t getting the transactions. So, we went to our airport partner and said, ‘Let us change the service styles, let us change the brands, so that when people come through, we can serve them faster.’ Well, you can see, beginning around 2012-2013, the real difference between where enplanements are and where sales were, and that’s when we began to implement really a brand-new service style. So, we had more grab and goes, more QSRs, more quick causals, added patio seating, our menus were shrunk down so that we could really execute and get speed through the process. So, a great partnership with Charlotte.

NORTH AMERICA – RETAIN EXISTING / SECURE NEW CONTRACTS

Let’s take a look at really the North American marketplace as a whole from a concessions standpoint. Since we’ve re-entered the convenience retail market, it’s been exciting, because all of a sudden, there’s a lot of white space for us. The entire concession marketplace is $9.4 billion. Well, we have about 24% of this, a significant size of course, but it really shows the ability for us to grow. The chart on the right is the one that my business development people hate to see, because it’s the one where I say, ‘Come on, guys, they say we’re the biggest, but look at all the room we have. We’re the ones in red, look at all the grey space. How can we get bigger in Denver and San Francisco and Newark and Seattle and Orlando?’ It really is through these RFPs that are coming up and I’ll show you a little bit about the success of our business development here. If you look at what’s happened in the last three years with this challenge, we’ve taken down about $1.3 billion in revenue over the last three years, primarily, you know, 65% of it in lease extensions, but 35% in RFPs, so a great three-year run and it’s really been fuelled by a lot of the brands we brought in, our operational excellence, like I said, these local brands that are coming through. The chart on the right is also one of my favourites. So, everything that’s not shaded are existing locations where we were before and the RFP came out and we weren’t able just to defend our turf, we’re actually able to expand our turf.

So, we added locations, added sales, got bigger within that facility, so next time I show them that chart, that little red line gets to go up a little bit. Then, the other ones which are fantastic are the ones in blue. New York’s LaGuardia, Austin and New Orleans, three airports that we didn’t exist in, but LaGuardia just finally moved their enplanements over, so that’s open as of now. Austin opens later this summer and New Orleans, which is a year late, hopefully opens this year, but should open around November time. So, all brand-new flags for us and all growth and white space.

NORTH AMERICA – SAMPLE OF RECENT CONTRACT AWARDS

I talk a lot about local brands, and here's a great sample of local brands. These are all renderings from recent RFP wins, so the upper left, you've got New Orleans, Detroit, LaGuardia to the middle left, Austin, Boston and Phoenix. As you can see, while there were some national brands in these bids, they were primarily driven by local brands. So, we're finding that great local brand that brings the taste of the city into the airport. Just as we were the drivers behind national brands many years ago, we are the clear driver behind bringing local brands into airports. Ezio is going to talk to you about how we've done this later, about creating platforms and making sure that we can actually stay profitable while bringing all of these local brands in. We've done an incredible job of taking them, converting them to airports, allowing people who don't get a chance to maybe go to the city of Charlotte downtown and eat in one of the restaurants, they get to eat there when they come through Charlotte in one of these local great locations, Los Angeles, Phoenix. Phoenix, I think we're 86% local, complete change in the business.

NORTH AMERICA – TRACK RECORD OF SUCCESSFUL M&A AND INTEGRATION

You know, but I think extensions and RFPs aren't the only way for us to grow and Gianmario talked a little bit about bolt-ons, and in North America, we have a very successful track record of bringing bolt-ons into the organisation. You know, it started with SMSI and Lettuce Serview back in 2002, we needed to enter into the Canadian market. 2006, we added Cara, well, in really about a four-year span we became the dominant player in Canada and since then, we've organically grown to be number one in that country. If you look at FoodBrand, Anton, two great bolt-ons that we were able to absorb in our organisation, put them into our supply chain and really grow and create value out of those two businesses. We then took a break. Financial meltdown, the world collapsed, right, nobody had any money left. We're back at it, in 2016, we bought a company called CMS, they were operating in two locations, Las Vegas, Los Angeles, about $50 million in sales, and because we were already upsized, we were able to just bring them into the organisation and create immense value by basically getting rid of the G&A and all of the branch overhead. So, it was a very successful bolt-on for us. Then, we started to see that this convenience retail had changed. So, convenience retail is basically the newsstands you see out in airports and, for us, convenience retail five or six years ago, the top ten skews were books, magazines, you know, candy, gum, mints, tobacco, things we really didn't have within our supply chain.

If you look at convenience retail today, the top ten skews are fresh salads, fresh sandwiches, beverages, it's pre-packaged food. So, it really started to gel and blur the line between food and beverage and retail. So, we jumped back in with Stellar, great little company out of Florida, we wanted to get back into this convenience retail market, but we needed to start creating scale pretty quickly. So, Stellar took care of, really, the eastern part of the United States. We then added Avila retail which was the western part of the United States. So, we collapsed the two together, it's about $70-odd million in sales and by doing that, all of a sudden, we had a good supply chain, a great base of business and we started to grow organically. We started to get, you know, new RFP wins, but we weren't done yet.

NORTH AMERICA – ACQUISITION OF PACIFIC GATEWAY CONCESSIONS (2019)

Last week, we announced our latest acquisition, Pacific Gateway. Pacific Gateway is a company out of San Francisco, it's $85 million in sales, 51 locations and ten airports. So, now we are the strong number three in convenience retail in, really, a matter of a couple years. So, by the end of this year pro forma sales, we should be around $200 million just in convenience retail alone. So, a very exciting transformation for the organisation. Stellar will stay a separate organisation from us, but hooking on to our HR, our supply chain, our legal, all the back of house work, and even in the local branches, we're able to really consolidate their organisations in the back end. I think while the growth has been really exciting, it's not just about growth, it has to be profitable growth. I'm going to take you through some of the things that we've done, deep dive a little bit into our P&L and some of the areas I'm really proud of our organisation about.

NORTH AMERICA – MAINTAIN PROFITABILITY – COGS

The first is about cost of goods. As you can see, inflation has been going up and down as we've gone through the last few years, but we've actually, during this process, been able to reduce our COGS by 120 basis points. Well, how do you do that when inflation goes up and we've added all these local brands? I can't stress the complexity that local brands bring to an organisation, because they have their own supply chain, their own way of doing things. We've been able to work with them on optimising pricing, by really taking out the low-volume, high-margin items. For instance, if you have a steak on the menu and nobody's buying a steak, you pull it off. You know, and you put really the higher, more exciting items back on, so it's the 80/20 rule, right? So, we've been able to do that. We've rationalised our skews. Four years ago, I'm looking over to Jeff, our Chief Operating Officer, but I think we had 150 cheddar cheeses in our supply chain, which seems like a lot, right? We've actually got it down to 65, which also seems like a lot to me, but in the end, it's really not that many when you have about 260 of these local brands out there operating.

NORTH AMERICA – MAINTAIN PROFITABILITY – LABOUR COST

So, we've done a great job with COGS, but it's not the only line of the P&L, obviously, and we're facing some real headwinds here. US unemployment rates, we've all read about it, is at historic lows, 3.9%, I think I read something last week it's down to 3.8%, so it continues to edge down. During the same time that we can't find people, wages have really shot up. I mean, in the past, I think wage increases were around 2%. Today, we're averaging 4% a year, this is really unheard of in the restaurant industry. Medical insurance costs, you know, since the Obama days, we've seen them grow and we've really seen them skyrocket in the last few years, 6.2% a year, right? So, all of these headwinds are facing us, but as I said, I'm very proud of the organisation. During this entire time, we've actually been able to reduce our labour costs by 30 basis points. How do you do that? Well, we're using predictive analytics to make sure that we have the right people in the right place at the right time, so when we have that banking, we're making sure we have the right people behind the counters and the kitchens. We do it through employee engagement, making sure our employees are engaged. Engaged employees are 30% more productive than someone who's not engaged. So, we're focusing a lot on our frontline people and our frontline managers. I'm proud of a statistic, 47% of our managers started out as a beginning hourly associate, that means they have a path.

So, when they join our organisation, if we can keep them for six months, they stay for ten years. So, it's been a difficult time, some headwinds, but I think we've done a great job with it. You can't fix the P&L, I think, just through scheduling and engagement.

NORTH AMERICA – MAINTAINING PROFITABILITY – TECHNOLOGY

You have to do some other things and technology is an area that we've stepped into. My theory is technology is an enhancement to hospitality, not a replacement, and technology, our main focus should be taking the friction out of the process for the customer. So, we started with kiosks, it was 74 locations, five brands. We, kind of, stuck our toe in and it's been pretty remarkable what's happening here. It's driving average cheque and it's driving average cheque because the kiosk never forgets to up sale. As the consumer stands there and says, 'I want that apple pie,' they're not being judged by somebody across the counter. So, we're seeing these average cheques go up. We're seeing a much better throughput, so we can take care of more people as they come through the kiosk and we're able to use labour more productively. So, the least productive piece of labour we have is the person behind the counter, and when we can take them from behind the counter and move them into the kitchen, they become much more productive. Table-top ordering. Table-top ordering, once again, it's not a replacement, it's just an enhancement to the normal experience. We started with all of our Chili's to put these on, now we're putting them into other brands. It's really about making sure so the process goes like this, you're greeted by the server, they take your drink order, the kiosk sits on the table.

Once they leave, you can actually order your appetiser, your drinks are brought back, you order your meal from the server, the server brings your meal back, but you can order another drink while it's happening, you can order dessert and probably most importantly, you can pay at the table. So, it takes that friction out of that customer's visit and it actually turns the table faster, so they don't have to wait for the server to get the cheque. Pretty exciting. I think this is going to be rolling across our whole system over the next three or four years. Mobile order and pay. Mobile order and pay is one that we invested in middleware. Middleware is an agnostic piece of code that sits between us and all of the devices, our back of house and all the devices. So, for instance, Starbucks Mobile Order & Pay. In the old days, we probably wouldn't have been able to do it, today we have it in nine locations, going to roll across the country, so you'll be able to, on your phone, order your Starbucks, walk through security, walk up to Starbucks and grab your drink. It also allows us to hook up with people like Shake Shack, with Uber Eats, we're working with Airport Sherpa, so that when you're riding your Uber in, you can actually order your food, go through security and go pick it up at the location. So, pretty exciting development for us.

These aren't the only things we're doing, by the way, we've got server paths and other things, but these are the ones I'm most excited about. I think the lower right is, I put it on here because it's very small for us, it's in two locations, but it was developed internally by one of our designers. He looked at it and said, 'Why can't someone just pay when they're done?' So, he created a QR code that sits on the table that you hover your cell phone over and you turn it over and all of a sudden, up pops your bill, you can add a tip, you can pay and you can walk away. That's simple, no app to download, nothing to do, you just have your phone and pay the bill, so pretty exciting. It's not just about the front of house where we've looked at technology, we've also looked at the back of house.

NORTH AMERICA – MAINTAINING PROFITABILITY – TECHNOLOGY

Once again, I use the word friction a lot, but we're trying to take the friction out for our associates as well. These are six of the things we have embedded in the business today. Kronos is a predictive forecasting tool that forecasts labour. I talked a little bit before about how we're making sure we have the right people at the right place at the right time. Well, Kronos helps us do that. So, it predicts the sales, it predicts the schedule, it makes sure we have the right people. It's also mobile enabled, so our employees can get their schedule on their phone instead of having to come in. They can trade shifts between themselves without having to call a manager, they can check out, so Kronos has been a godsend for our people. Suzohapp, once again, this is not very sexy, but it's extremely efficient. You're talking about in the old days, we had cash rooms, and cash rooms were full of people and expensive equipment and it cost us $250,000 to build them. Well, we've taken all of those cash rooms out and replaced them with Suzohapp machines. So, in the old days, the employee had to walk in, get their bank, walk over to their unit, have a manager check them out, have a manager bring them back, so we're taking managers off the floor, employees were incurring overtime, because they had to get their banks done. The Suzohapp machine does it all.

So, no managers are present, the employee can put their palm print on a screen, get their bank, check in their bank and we get immediate over-unders as well, so we know if somebody is short or over. CrunchTime, which is the last one, CrunchTime is our inventory management system. Our old management inventory system was very manual, it was a disaster for the supplier. I mean, it worked, obviously we kept our food cost down, but there were a lot of people working on it to make sure it worked. Well, CrunchTime, really, it's a mobile enabled system, it goes all the way from the supplier to the commissary to the store so we can track our product. We're very excited about this, and this is being rolled out the rest of this year and through 2020, so hopefully we can continue to really push down those food costs as we move forward.

NORTH AMERICA – A CLEAR PATH AHEAD

So, I think to close, a lot of things that we have in the business, a lot of initiatives. We've had three great years in business development, $1.3 billion in revenue over the last three years, I mean, pretty amazing. Four bolt-on companies in the last two years, '16, '17 and '18 and we've maintained our margins during all of this, with really historic labour costs, historic benefit costs coming through the business. You know, but we're not satisfied. I think that we have a lot of room to grow, I've shown you that. I think that we need to outperform the market. It's not about enplanement growth, it's about what we're doing within the market to be at 6%, 7%, 8% above what they're doing. It's about the best local and national brands, the best-in-class, on-trend national and local brands. So, we have 360 brands and counting, we're adding them, but because we have a platform, we're able to do it efficiently and profitably. I think we're going to continue to look for capital light solutions, things like American Airlines clubs, convenience retail, both capital light solutions with great returns. I think digital, we have a digital roadmap and we're on the journey, but we're going to get better and better and better. I don't know what it's going to be in the future, we all may have chips embedded in our brain and we know who you are when you walk up, but I think that we'll be on the forefront on that, because we've made the investment and the commitment.

I think we'll continue to focus on our employees, making sure that they're trained, that they know what to do, that they have a home with us and a future. I think that's a key. We're nothing without our associates, they're the ones who drive our train every day. I think overall, to really close, by setting this base, by doing all the things that we've done, I think we're going to begin to see margin expansion as we move forward. So, I'm really excited to see the future, I'm bullish on the future, I'm bullish on our growth and I can't wait to be part of it. So, with that, let me turn it over to Walter.

INTERNATIONAL GROWTH ENGINE

Walter Seib
CEO International

Good morning, ladies and gentlemen. Thank you, Steve, for your fantastic presentation, I really enjoyed it. My name is Walter Seib, I'm the CEO of our international division and just for you, I'm 25 years in the industry and Gianmario has said to me I made a two-year vacation in 2010 to 2012, so I re-joined the company in 2012 and heading up, as I said, the international division.

INTERNATIONAL – AT A GLANCE

The international division is the growth engine of our company, that's where the growth is coming from. I can tell you, the last five, six years, we grew the company by 20% annually. It's a big investment from the company, but also big effort from the management team and our people. When we look at international, then we can see sales in 2018 of €585 million, we have a very profitable EBITDA margin. The underlying EBITDA was €60 million, so it's over 10%. We are in 68 locations, from Ireland to New Zealand. It's a wide geographical span, and also important, we have an average content portfolio of six years. Even more importantly in some parts of Asia, the contracts are definitely shorter than those based in Europe or the United States, so we are very proud of that. When you look at the geographical spend, still about 70% of our business comes from Northern Europe, but the rest of the world, especially Asia-Pac, is catching up very quickly, and our core business today, about nearly 90% is in airports. Why is that? I also tell you why. As a group, we operate in over 150 airports in the world. So, when we enter new markets, we usually enter in airports. Why? We believe we understand the airports the best. As a group, we serve nearly 1 billion customers a year, so we really know the demographics and the needs of the consumers. With that entering in new markets in airports, we reduce our risk level, of course, since we get much more known to our, let's say, core business.

INTERNATIONAL – THE GROWTH ENGINE OF THE GROUP

If I talk about three things about the group, and especially the international division, you know, we have a very solid business model moving forward, but also in the past. How we grew in the last couple of years was all through tender processes of our own, with 100% owned subsidiaries, but we also entered in joint ventures in partnerships. Certain markets ask you for different solutions, and we are able to adapt to those solutions. I will come back to that a little later as well, but also, we are relevant and we bring new ideas and new energies to other markets. Markets where big companies are not yet there. You will see, and you probably know, that the food and beverage market is very fragmented still, you know, especially in the eastern part of the world. So, that gives us an opportunity for our company to grow and to potentially do some bolt-on acquisitions as well.

INTERNATIONAL – STEP-IN AND SCALE-UP

Let's look a little bit back in the history. I also believe that history is important to build for the future. So, in 2008, we'd been in eleven countries. In 2018, we've been in nineteen countries. It really doesn't tell a lot, but it tells you that we are focused on which countries we enter. Having said this, we have a very clear idea and strategy where we want to go. So, for us, it's not the meaning to plant new flags around the world, but we are very selective in markets where we enter. The revenues from 2008 to 2018 over tripled what we have done before. Aside from the tripling of the sales, I'm also very proud to tell you that our like-for-like sales in 2018 was around 10%. So, we're not only able to grow the business and aid more sales, but we also took care of our like-for-like business and were able to grow them substantially. I can tell you, in all the markets where we operate, we grew our like-for-like over the percentage of growth.

INTERNATIONAL – FOCUSED ON HIGH-POTENTIAL LOCATIONS

Zooming in on the map of the world where we operate, let's look at Northern Europe. Of course, we have a strong pace in The Netherlands and the UK, but for me Scandinavia is always a great example of where we can add relevance, and new ideas and new energies to the market. Scandinavia was historically, for over 30 years, a monopoly of one of our competitors. So, what we have done to enter that market, starting in 2008, we created spaces for ourselves. So, today, we are in all the four markets, from Denmark, Finland, Sweden, and Norway, but I use Helsinki as a big example. We entered in Helsinki airport and we took about 40% of the food and beverage space. Actually, it was 43% exactly. What happened? We brought new ideas, we brought new concepts, we brought a different energy, we invested a lot to set up a company, and we've been able to increase the sales percentage in food and beverage by 40%. So, the airport was very happy, as you can imagine, with an increase of concession income, but also the passengers are much more satisfied. There's a reason that Helsinki airport is one of the best airports rated by passengers in the world.

INTERNATIONAL – A SUCCESSFUL BUSINESS MODEL

When we look at the rest of the world, as I said, it's a broad geography but we are very focused. We are focused on four markets to grow the company. As I said before, Scandinavia, I call it the Nordics, and the UK, Northern Europe. India and Middle East, China and Southeast Asia. Why these markets? Southeast Asia, for example, is one of the highest growing markets in the world. If you look at India today and you do a five-hour flight circle around the country, 50% of the world's population is living there. What is more important, more than 1 billion people of this population will come to the middle class in the future, which means that people will use their money for other means, to travel, especially. So, I believe that the east will grow the world in the future.

When you have a big spend of geographies, you really need to think differently. What we say in our company is, you need to think 'glocal'. So, you need to think on one side local, but on the other side globally. So, how do we do that? Our global thinking is a little bit easy. We have our brand portfolio, we can develop concepts, we can develop restaurants, we share our best practices, we standardise our processes, and then we develop it out to the world. It's not always easy like that, since on the local side, you have to work with different cultures. You have to work with different landlords and consumers, but you need to be also flexible to respond to those needs. Not for nothing, we've been showing to nineteen countries over the last years that we are able to satisfy those needs and, as I said before, outperform passenger goals in our sales numbers.

INTERNATIONAL – KEY PRIORITIES

What are the key priorities? As I said before, we are focused on airports and we want to become the market leader in selected emerging countries and fast-growing countries. I can share with you today, we are already in six of the ten fastest growing markets in passenger growth in the world. Some markets we maybe don't wish to enter, like Iran as an example, but other markets in the six countries where we are, we are very focused to grow. We also maybe want to expand in new geographies but we have a very disciplined approach, and I will talk to you, in the next slide, about how we want to grow in these markets in new geographies, but there needs to be a sizeable opportunity or a clear path for growth.

INTERNATIONAL – SELECTION CRITERIA FOR GEOGRAPHIC EXPANSION

So, when we look at new markets, what are we doing? I'll tell you also, there is only one place where success comes earlier than work. That's in the dictionary. So, we are very focused, and we have to analyse the markets. So, we look at different things. First, of course, we look at the entire market, the annual number of passengers, visitors. What is the growth expectation of a certain market? What is the opportunity size? Is there more to add in the future? What is the critical mass? You know, I tell you, we are not very good at running one coffee shop in Nigeria, as an example. No plans, don't worry. No worries at all. So, we are very focused where we want to grow and how we assess opportunities. Besides that, we also look at the countries. We look at the GDP. We look at the GDP growth. We look at the demographics. I tell you, in Vietnam, the average age of the population is 23 years. In Europe, the average age of the population is 43. So, it tells us also, and in combination with people coming to the middle class, it gives a different set of evaluation criteria as how you assess new market entries. That's what we do very disciplined, and very rigorous, with our business development people, and as I said before, it's not coming by coincidence that we enter a new market and a new geography. It's a lot of analysis, and a lot of insight that we do and we apply.

THE NETHERLANDS – A STRONG GROWTH PLATFORM

Now I want to share a couple of case studies with you, what we have done in the last couple of years. Let me start with the first one, The Netherlands. The Netherlands, great example. It's a very strong, growing platform. Our, I'd never call it actually Head Office, but I call it a Support Centre, is based in Amsterdam for the international division. We started in The Netherlands when we operated at Schiphol airport. We are there for 50 years. A very long-term relationship. We use Schiphol as a laboratory, as a centre of excellence, where we bring new ideas and new concepts, but when we have this foundation, and by the way, the Schiphol operation is the largest food and beverage company in the country under one roof, where we employ over 2,500 people. So, it's a big operation. So, when we had this platform, we decided to use this platform to accelerate other channels in the country. So, in 2015, we started at the railway stations. We acquired the business of Burger King from the Dutch railway authorities, and subsequently we grew in the channel with the latest acquisition in December 2018, where we acquired the sandwich formula of the Dutch rail authorities with 29 stores in The Netherlands. Aside of that, we entered those in Rotterdam airport, a small-business boutique airport about 60km away from Amsterdam, and also, we entered in the outlet shopping centres with McArthurGlen in Roermond. So, what you see is, when you have a strong platform and a great management team, it's relatively easy to add more channels and to expand your footprint.

VIETNAM – BECOMING A LEADER IN THE COUNTRY

The next example is Vietnam. Vietnam, for me, is the country of entrepreneurs and futureproof in future growth. I talked to you about the average age of the population. If I talk about the energy when you come to a country like that, and if you look at the history of how this country developed over the last decade, it's amazing. The average domestic passenger growth in this country in airports is 30%. We started in 2012 with a small acquisition, and that acquisition party is now our joint venture partner, and we grew the Vietnam business in all five major airports. Today, we are the market leader by far. We employ over 2,000 people and I can tell you, all the staff we have in Vietnam except the managing director are Vietnamese, and actually the managing director will become Vietnamese since he married and he has two kids already. So, more or less, he still has a New Zealand passport, but I think he will naturalise at a certain moment. That's also bringing some new ideas and fresh energy to new countries, by the way.

CHINA – POSITIONING FOR FUTURE GROWTH

The other one is China. China is a different case. China, for us, is a long-term investment. For China, we used a totally different approach. So, what have we done in China? I've been there many times. I recognise, if you want to be successful in China, you need to adapt. China will not adapt to the rest of the world. That's my true belief. So, we hired a Mandarin-speaking management team, not Cantonese. It's not Hong Kong. Mandarin-speaking management team. We set our foundation at Beijing airport, and we opened a couple of stores, and we have more stores to open later this year. From a strategy standpoint, we said, 'Let's do this first. Establish the place, plant the seeds, and then take it from there.' Meanwhile, the latest announcement, you may have read, we won contacts in Beijing Daxing Airport, it's the new airport 100km outside of Beijing, and Pudong airport terminal two in Shanghai. So, we planted the seeds, now it gets some fruit we will need some water and to harvest them, but China for us is a long-term investment. You know, on the other side, China is also a country where you have more than 30 airports with 10 million passengers, where you have major cities of 7 million, 8 million people. Names we've never heard about. So, that's what I mean to say, for us, it's a long-term investment.

INDIA – BUILDING SIZE ACROSS CHANNELS

India, totally different. I love India. The country of diversity. When you go to India, you see this mix between rich and poor. The country of contrast, a country of different cuisines, a subcontinent with more than 1 billion people. We started there. It was quite interesting. I was there in the company before I left for two years. We started in one Bangalore airport, out of the blue. Today, we've more than ten times increased the sales in India. The sales number may seem a little bit low for you, but the real reason for that is that we operate mainly in domestic terminals in India, and the average cheque is much lower than what we are used to in Western Europe. So, in an airport you can still buy a cup of coffee for €0.60. So, the number of transactions is massive, but the average cheque is much lower than Western Europe. India, again, is a country where the domestic travel is growing between 25% and 30%. It has to do with the rise of the middle class. I don't know if every one of you have been in India, but if you take a train journey in India from Mumbai to Delhi, it takes you 24 hours. Now you can go with GoAir in two hours and it costs you €59 or €49. So that's where you see the growth coming from. It's an amazing energy there as well.

We've been in all the privatised airports in Hyderabad in Bangalore, and what you see in India, India are privatising their airports. So, just recently, a couple of weeks ago, the government privatised six more airports, so very focused on the privatised airports, so we entered in Delhi as well, and we entered in Mumbai, and we are very clear to expand our footprint in India. There with the dedicated Indian management team, we grew our presence outside of the airport, so we entered in the railway stations, but we also recently entered into shopping malls. So, India, I believe, is also a great place where we can see a prosperous future for our company.

INTERNATIONAL – A PROVEN BUSINESS MODEL

So, let me summarise, and I really wish that you remember three things when you leave Milan today. That international division is the gross engine of the company, that we're very focussed, dedicated, and have at least energy for the future. The third one, most importantly, we have a proven track record over the last couple of years where we have shown that we can deliver. Thank you very much, I'll hand over to Andrea.

EUROPE – PROFITABILITY PLAY

Andrea Cipolloni
CEO Europe

Thank you, Walter. Good morning, ladies and gentlemen. I'm Andrea Cipolloni, I'm the CEO Autogrill Europe and Italy. I joined the group last November, but I should probably say that I re-joined the group as I worked here for ten years, just over thirteen years ago. During my absence I worked in retail. I'm applying that experience with my previous food and beverage background to bring together the two worlds and create further value in Europe and Italy.

EUROPE – AT A GLANCE

On the first slide, we have an overview of the European business up to the end of 2018. Today, my region generates sales of €1.7 billion from 770 stores, and EBITDA of €114 million. We have a solid portfolio with an average duration of six years, served by over 16,000 people. Currently we are 70% motorways, 15% airport, and 16% other. About 40% in what we call rest of Europe and 60% in Italy.

ITALY – AT A GLANCE

Let's look at Italy in more detail. We generate sales of over €1 billion in 445 points of sale, with an average concession duration of six years, served by over 9,000 employees. 80% of our revenues is from motorways, and the rest between airport, station, town and shopping mall.

ITALY – KEY PRIORITIES

So, what are our priorities in Italy going forward? The first priority is product innovation and communication. Our target is to improve the perceived value for money, driving brand awareness and refreshing the offer, as well as expanding the product range. With innovation, we will increase the top line, reduce the cost and the labour cost, as I will explain later. All the innovation we did and will be doing will match all the different channels we are in. As you know, the needs of a traveller at airports are different from those on motorways, and they are different to those in towns and shopping malls. Our second priority is motorways. We will defend and extend our coverage of this strategic asset. We will match what the customer wants with the market trends at the same time as always improving profitability by also revamping the main motorway concept. Our third priority is airports. We believe in this channel, and our ability to leverage our experience from other regions. We will focus on expanding into airports, given our successful track record. Airports will drive growth and enhance our profitability as we develop a balanced portfolio of brands, both own and third-party, which will give us the solution that airports want as part of their ever more detailed and specific requests. The fourth priority is profitability across the board by adapting the new concept and products, and working intensely on every single line of the P&L with a specific action plan.

ITALY – PRODUCT INNOVATION

New products represent a significant opportunity for us. Why are we starting with innovation? Because every single line of the P&L starts from our products and concepts. Making the right choice here is key. We recently invested in refurbishing our research and development centre, La Fucina. We have created a modern and stylish world of food with a mission to achieve excellence in all areas.

In this new R&D centre, we have a highly professional team working to improve the concepts, doing innovation, prototyping and mock-up for every single concept, starting the rollout plan and the scalability, working on the concept efficiency, and satisfying customers and landlords. On product development, we are working on quality, taste, transparency, food safety and waste management. We are also working on food and beverage technologies, working on processes, productivity, variation in the flow, and of course energy saving and sustainability, with a target of having the best product offer for the customer with the best P&L outcome possible.

The team is also working on training, skills, operational safety and best practice, as they know that any innovation will need to be explained to all our people. We are very pleased about the first result from La Fucina. We developed a new pizza, taking advantage of our long experience in the pizza business, with the newest pizza concept, the new pizza parlour, created with the help of Renato Bosco, a very famous pizza chef. The new assortment for Ciao restaurant with the creation of the single dish offer that meets the customer's needs and allows us to have a higher average ticket and margin, with better value for money. Finally, we launched many new products in the bar snack concept with higher quality, exploring new categories, for example frozen yoghurt, and new sizes like the XXL sandwiches and croissants with a choice of fillings.

ITALY – ADAPT CONCEPTS TO FIT MOTORWAY TRAVELER EXPECTATIONS

In the last few months we worked hard to fine tune the concept that would allow us to restructure and launch new openings, especially in the motorways channel. La Fucina is also the name we applied to our new self-service restaurant that has leveraged the many important learnings from our Bistro and Ciao. This is how we come up with the new concepts, leveraging past experience and mixing them with innovation. It has a new distinctive look, with a new offering focusing on a single-plate concept. We already have three up and running that delivered very positive results, including sales up 20%. We will use La Fucina in many large- and medium-sized points of sale or motorways. We are potentially looking at 40 point of sales, including new and restructured locations. Autogrill Plus is another very innovative concept that focuses on the various fast food concepts that are present on our motorways. We have fine-tuned the concept in the last few months and recently opened Ceriale Sud in Liguria, with very pleasing results including revenue up by 12%. Autogrill Plus has more potential as it is made for medium to small points of sale. So about 80 in total.

We redesigned our Spizzico concept using the new Renato Bosco pizza, which gives us better quality, faster service, and longer opening times. Where we rolled it out, we saw revenue grow by over 20%. We also launched the very innovative pastaria, which we developed with the Michelin-starred chef Ribaldone. Our clients have their pasta prepared and shaped in front of them. This is a very low CAPEX concept which is very flexible and can be rolled out across our smaller points of sale, as well as high-traffic areas. A great example is the Italian Tennis Open in Rome where we had a two-metre Pastaria kiosk that prepared over 500 portions per day.

In this slide, you can see a couple of examples of the new La Fucina concepts that we used to transform two restaurants on motorways. Arda and Cantagallo. Not any two stores, but the two most important stores in the Italian motorway channel. We have seen growth of 10% and 11% in the number of tickets, and an increase of 6% and 4% in average spend. This transformation also delivered strong results in terms of reduction of working hours by €18,000 a year. So, more customers, more ticket average, and less working hours. I think you'll agree with me that Autogrill has everything that we need to grow with our own brands in our motorway concession business.

ITALY – AIMING TO GROW AT AIRPORTS.

Let's now look at the opportunities that exist at airports. We are convinced that there are tremendous growth opportunities at airports, also given the presence we have and the performance we've delivered in the rest of Europe. We looked at this channel in detail, and we saw the need to improve our brand portfolio, which we did with third-party brands with specific franchising agreements. It is also very clear that many of our own concepts will work well at airports. In fact, we opened Autogrill Plus at Turin airport a month ago with good results, and a very satisfied landlord. To meet landlords' more and more detailed requests in terms of product and concept, the best route is to have a franchise agreement that can quickly meet these requests. We already have an example of these at Fiumicino. Here we substituted our wine bar concept with a new Bottega Prosecco restaurant with excellent results. Revenues up 50% with very little investment. We recently won new locations at Milan Linate airport. We will have three innovative concepts. These will be operational after the imminent refurbishing of the whole airport. It is clear, Italian airports represent a huge development opportunity for us.

ITALY – PROFITABILITY

Turning to profitability, my team and I are focusing on every single line of the P&L. Any kind of development and innovation, whether in terms of concept or product, is designed to deliver great results in terms of sales but also the least impact in terms of cost. We are working hard on the cost of the product, which together with product innovation, will allow us to achieve better margins. We are creating significant value through our partnership with our suppliers. We must also keep a sharp focus on inventory and waste, and have a large project running which already delivered a 35% reduction in food and beverage waste. All our new concepts and products are designed to need less working hours. We have also put in place a very strict system to control and forecast working hours, which will lead a significant reduction in the cost of labour this year. In 2018, we started an important centralisation project on operational costs that has already delivered a big saving. This project, together with digitalisation, will also help to mitigate the expected increase in energy cost.

Moving to other channels, we will continue to grow in major Italian railway stations that we are already in. We are also running a project to improve profitability at our points of sale in cities and shopping malls. We have already delivered excellent results in the first four months at our flagship store in Duomo, Milan. Significant improvements in EBITDA have also been delivered thanks to our strong rationalisation of less profitable concepts at our shopping malls. So, as you can see from this slide, our costs have improved a lot in the last four months, even if the inflation has gone up. Our waste has improved, our bonuses and rebates have improved, which means our power to negotiate is improving.

ITALY – ROAD MAP

So, in conclusion, I'm excited by what we have already achieved in Italy. As I've said, we will continue to focus on the product offering. We will stick to two core channels, motorways and airports, and always have a sharp focus on profitability.

REST OF EUROPE – AT A GLANCE

Let's now leave Italy, and look at the rest of Europe. In the rest of Europe, we generate €700 million of revenue from 322 locations, with a portfolio that has an average duration of seven years. 54% of revenues come from motorways, 25% from airports, and 15% from railway stations, and 6% from others. We do it with 700,300 employees.

REST OF EUROPE – BROAD GEOGRAPHICAL FOOTPRINT

The five countries that are very important to us and that we will invest in are Spain, France, Belgium, Switzerland and Germany. We are also present in countries which are less strategic. As part of our portfolio rationalisation, we will shortly evaluate whether to stay or leave them. When you look at Europe, the customer is more or less the same across the region, but what is different is the infrastructure they rely on and their habits. For example, in Germany, the bulk of the passengers travel by rail. As you can see in the box, in fact, 2.8 billion people travel by rail every year. In France, on the other hand, the traffic on motorways is significant.

REST OF EUROPE – A CLEAR STRATEGY BY CHANNEL

For this reason, we need a clear strategy by channel in every single country. In fact, each channel is strategic depending on the country dynamics as explained earlier. We have the right portfolio brands, own and third-party, to allow us to be a success. Our strategy is very clear. In Germany, we are leaving the motorways channel and focusing on the railway station. That is why in 2018 we bought Le Crobag. I'll come back to this later. We are also investing to grow in airports as they have the highest number of passengers in Europe. In Belgium, where we are the market leader, we are focussing on growing our revenues at airports and railway stations, but rationalising our motorways portfolio. In Switzerland, we are market leaders both in airports and motorways. In Spain, we have a strong role in Atocha station, a long-time presence in motorways, and since last year we developed our business in important airports like Palma de Mallorca, Gran Canaria, and Barcelona.

REST OF EUROPE – DISCIPLINED APPROACH ON MOTORWAYS

Let's now look at France as an example of a disciplined approach to motorways. In France, people travel mainly by car, and that is where we are focused. We are the second operator in the motorway channel. We have an average contract portfolio length of 9.5 years, and the way concessions are awarded gives us visibility for fifteen years with single digit rents. In 2016/17, we renovated fourteen stores and won four locations previously managed by competitors, the best win rate in the country. Last year we renovated the four most important stores in terms of sales, ensuring the business for the next fifteen years with an annual revenue of more than €30 million. So, a very, very focused and disciplined approach to motorways, where durations and rents are key.

REST OF EUROPE – GROW AT AIRPORTS

So, let's look at airports now. We grew significantly in airports over the last four years, from €117 million to €172 million of revenue. We will continue to grow at airports by consolidating the location we are currently in, and seize the right opportunities as they come along. In this slide, you can see three examples of our business in three very important airports. At Brussels Airport, we generate revenues of €60 million with 32 points of sale. We also had a strong performance in Zurich with the revenue of CHf40 million, with eighteen points of sale, and in Geneva with a revenue of CHf25 million with eleven points of sale. To achieve these results and to have this number of points of sale in any one airport is proof of the strength of our portfolio of brands that is appealing to both our customers and our landlords.

REST OF EUROPE – DEVELOP RAILWAY STATIONS FURTHER

Let's now look at the last strategic channel, railways. We have nearly doubled our business in four years, obviously also with the help of the Le Crobag acquisition. Before talking about this very successful acquisition, rest assured that we will be careful and selective in seeking new opportunities as renewals happen. In fact, we have also worked on rationalising our railway station portfolio. You'll remember that we sold our French business as it didn't meet our expectations in terms of rents and investments.

REST OF EUROPE – ACQUISITION OF LE CROBAG

So finally, the acquisition of Le Crobag, which we complete in 2018, with more than 100 stores, mainly at German railway stations. So, what was the rationale for this acquisition? It was the only way into the biggest railway station channel in Europe. It would have been impossible to enter this channel with our German airport brand portfolio and our existing railway station brand portfolio in Europe, due to the price point expectations in Germany. Just to give you an example, the average price at a German railway station for a sandwich is more or less €3.20, compare to €6.50, €7.00 at Frankfurt airport. Le Crobag was developed over the years to deliver the best quality at this price. Le Crobag generates €80 million of revenue and €7 million of EBITDA. We are very confident that we will be able to use Le Crobag in other countries at the railway station, as well as other high-traffic channels.

REST OF EUROPE – ROADMAP

To summarise our plan for the rest of Europe, it is a bespoke strategy where we will increase our present at airports, defend our position in motorways, and we will develop the railway station business. So, in conclusion, we have a solid business in Italy and Europe with a clear plan for the future that reflects the group strategy. Thank you.

GROUP BRAND STRATEGY

Ezio Balarini
Chief Marketing Officer

Welcome back. I'm Ezio Balarini, I'm the group Chief Marketing Officer. I'm pleased to share today with you what it takes to succeed in the very complex environment we operate in, and my colleagues have talked to you about before. Most of the question of our commercial strategy can be answered by keeping in mind the complex environment we operate in. It always involves two key players, consumers and landlords. The incredibly variety of geographies and locations we operate, as well as the number of landlords where they are with, makes the environment we operate in, as I said, complex, and contributes to create the unique strategy and the leading solutions that make us a preferred partner. In my section today, I will take you through our unique approach and I will answer some of the key questions we are frequently asked. Why such a brand portfolio, why brands choose to work with us, and why landlords like to work with us?

So, operating in the concession business means operating as a business to consumer and a business to business partner. It was always like that, and it's like we have two monitors in front of us, always, to control. On one side you have the consumer, what they like, what they want, and the emerging trends of the market. On the other side, you have the landlords, their strategy, and what they want to make their airport unique and relevant for their customer. Having a strong brand portfolio is key in the travel concession business, and these elements allow us to satisfy both landlord and consumer at the same time. We have a strong portfolio, we have a strong brand portfolio, made up with proprietary and third-party brands.

MARKET INTELLIGENCE: GLOBAL APPROACH, LOCAL EXPERTISE

So, let's see our approach about the brand portfolio, but before we enter in the detail of the brand portfolio, I would like to talk to you about what is behind the construction of this brand portfolio. We have an articulated portfolio and we always analyse a lot of data before we create it. We look at the market, we look at market data, we look at the consumer trends, and we look also to completion. Our market intelligence framework is built to help us understand qualitative and quantitative data. We want to know where the market is going, which are the most relevant trends for travel, so the ones that are really relevant for the travel business, and how our competitors are moving. Developing this knowledge is crucial to gain competitive advantage and to defend our market leadership.

So, let me give you a couple of examples of what we look at when we create this framework. When we speak about market data, for instance, we look at the food service market in general, and then we look at the travel market in particular, what it brings to the travel market. Also, we look at the different food categories, at the brands that become relevant for that market, and we look in particular at what we call the rising stars. The rising stars are the brands that make unique the offer and help the landlords to differentiate themselves. When it takes to trends in general, beside the one that I mentioned for the brand portfolio, we see clearly that digital is a big trend, not different from our daily life. So, it's as important in our daily life, but we also look at healthy nutrition as a trend, we look at sustainability, and we look at premiumisation. All these trends are travelling across geographies, so are not related to geography. It's the big trends in this industry and in the world.

So, at the end, we look also at the competitors, because monitoring what they do is important to understand how we can compete against them and how we can beat them. Those studies are the foundation of our brand portfolio.

AN UNMATCHED PORTFOLIO OF BRANDS

So, we have an articulated brand portfolio, and we always have a mix of third parties and proprietary brands. You already heard about it in the presentations of Steve, Andrea, and Walter. We have global brands, international brands, Starbucks is the biggest example for us, but we also have national brands and local champions. On this slide you see, for example, Chick-fil-A, which is a fantastic brand in the US, overperforming all the others. Finally, we have the rising stars. The rising stars are the brands that consumers and landlords want to have to be a step ahead. On the slide you see Shake Shack, but you also see Eataly. Names like that sound, I think, very familiar to all of us.

We don’t have only third-party brands. We have also, as you have seen already, proprietary brands including some bespoke brands. The bespoke brands are the ones we create expressly for one airport, to make it unique. The role of the proprietary brand is to fill the gap in categories. Not only, they are also relevant for our innovation, and they are also very important to match the lender strategies. Finally, another key element that we look at whenever we look at the brand portfolio is the scalability of the brand. So, it’s extremely important that we have a brand that can grow in our system.

WHY SO MANY BRANDS?

So, this is another key criterion of the brand portfolio, but this leads to my first big question. Why do we need so many brands? Being able to connect and partner with the most innovative brands, it’s really important for us. Our portfolio evolved in years, in a market that is evolving too, and the growth of variety in food service in recent years, I think it’s in front of all of us when we travel and when we go to any cities in the world. In the past categories like coffees, or burger brands, were dominated by very, very few global brands. Today, the number of brands and the variety inside each category has grown exponentially. Years ago, you may be happy where the partner was Burger King or McDonald’s in the burger category. Today, it’s clearly not enough. Today, you have rising brands and rising starts in the different geographies, and you see an explosion in each category. Speaking about hamburgers, I’ve just mentioned Shake Shack, for instance, or Max in Scandinavia, two brands that are clearly rising in the mind of the consumer and also in the mind of the landlords.

New brands quickly become heroes. Heroes again for consumers but also for landlords, and are asked by both of them. This phenomenon, combined with the geography and the number of countries in which we operate, explains why we have so broad a brand portfolio.

WHY DO F&B BRANDS CHOOSE AUTOGRILL?

Talking about brands, the second question was why brands choose to work with us. We are a fantastic window for brands. We are a fantastic global window. We give them great visibility, but we also help them in their industrialisation. We support them industrialising their own concept. We help the brand at the end to grow and to be successful in the travel channel. The development of Starbucks in the US is a clear example of the expertise we put in place and the capability we have. We own a market share in the US airports with Starbucks that is double the market share the brand has in its conventional business. I think this speaks for all.

WHY DO LANDLORDS CHOOSE AUTOGRILL?

They chose us because of our ability to build a common vision with them, about the market, about the consumer, and also to apply this knowledge to the peculiarity of the location, so to translate in support of their strategy. We choose the brand, the best brand mix, both to optimise the business performance, and to support the airport and its landlord to improve their own reputation. The needs of the airport are very different. If you look at big airports, larger airports, they look for variety, they look for the rising star brands, while if you go to smaller or more regional airports, they look for big global brands, and they also look to be different from the big one. So, this is a, sort of, equation that we need to solve. Big airports, you see on the slide, big airports like Los Angeles, for instance, look for very, very new brands, Shake Shack is an example, Leon is another example in the Netherlands, new, rising stars, new brands that bring novelty to the airport. We usually say that we think global but we cook local, and those are examples of how we do it.

PROPRIETARY BRANDS

Finally, let's go to the proprietary brands. Proprietary brands, as I say, are made and developed internally to fill the gaps. They are always current with macro trends. They have a distinctive positioning, they have a clear and recognisable offer, and finally, they are suitable for international development. That's another important-, the scalability again. Here we have three examples in this slide, you probably know already in Europe about Bistro and Puro Gusto. Asia is another interesting brand because it matches both the demographics, so the need of the coming demographics in the world, and also the healthy nutrition trends, so extremely up to date. Always talking about brand creation, and also connection with the territory. Another key ingredient and success factor we have is what Steve already showed, is the platform, is what we call the platform approach. Said in another way, it helps to give variety and differentiation to our portfolio. Now, let's have some fun together. I will now show you a few slides with very different concepts, and then we will spot together the differences about the different brands that we developed.

STANDARDIZED BRAND PLATFORMS

This is the Dallas Cowboys restaurant in Dallas, Fort Worth.

STANDARDIZED BRAND PLATFORMS

This is the Whisky River, Whisky River is a brand made in Charlotte in collaboration with Dale Earnhardt Jr, who is a famous driver of the NASCAR car, but is also the son of Dale Senior, who is a true legend in Charlotte, and this created a great connection with the territory.

STANDARDIZED BRAND PLATFORMS

Then you have the Washington Redskins restaurant in Dulles airport, Washington DC.

STANDARDIZED BRAND PLATFORMS

Finally, you see a restaurant dedicated to the Edmonton Eskimos in Canada. I think all those, with the one that already Steve showed, are great examples of differentiation, I think they look very different, by image. I also mentioned that you may think that this can become quickly an operational nightmare, so many different things to operate.

STANDARDIZED BRAND PLATFORMS

In reality, I invite you to take a look also at those two examples. On the left side of the slide you see a restaurant we made in association with the Professional Golf Association in the US, and on the other side the Sammy's Beach Bar & Grill, which is made in collaboration with Sammy Hagar, who was the guitarist of Van Halen. So, you see they are very different, one is golfer, the other one is a surfer concept.

STANDARDIZED BRAND PLATFORMS

So again, to spot the differences, what they have in common? In reality, what have in common is this. They have in common the back of the house, they have in common the operational platform. In these two stores, and in the other one that I showed you before, and the one that Steve showed before myself, are always the same. So, you have the same engine, the same industrialisation, the same way of working, but a very, very, very different look and feel, and this creates both the differences, the variety and the connection with the territory. So, that, in two brackets, is the secret.

INNOVATION OFFERS OPPORTUNITIES TO ENHANCE THE BUSINESS MODEL

Let's now pass to the other part of my presentation, and speaking about innovation. This is my final point. There are two chapters in the innovation I would like to talk you through, digitalisation and sustainability. You have already seen, in Walter's and in Steve's presentations, a lot of activities. I would like to give you a, sort of, red line that links all those elements, and to show you which are the strategies behind.

DIGITALIZATION – SIMPLIFYING INTERACTIONS WITH CUSTOMERS

Talking about digitalisation, we made our choice. Our main priority through digitalisation is to work on the front, what we call the front of the house, so in the interface with customer, solution to speed transaction, and to let the consumer have more agile and frictionless experiences in our stores. I think we have a clear plan to address the most important customer needs in our environment.

DIGITALIZATION – AUTOGRILL IS LEVERAGING DIGITAL TO SPEED UP THE CUSTOMERS' JOURNEY

You have seen already remote ordering, but also the kiosk, the mobile payment. All those elements are the pillars of the strategy and help to take out the pains that we all have in our traveller life when we go for travel. Those examples, I won't stay a lot on that because we already expanded on that. What is important is that we rolled out those elements across the network. So, you have seen examples in the US with the mobile My Payment. In Italy we have a mobile app, which is called MyAutogrill which does basically the same thing on another platform. So, you see local application of a common thinking. We strongly believe in this part of our innovation because it helps us increase, again, the number of transactions per hour, so sales at the end. Now, speaking about sustainability. Important point. We strongly believe in it, and we believe in it for two different reasons. The first one is that we believe in it as a person, as a manager, and we believe it's, sort of, a moral obligation that we should have. Second, it's a little bit more commercial, because if you think of a new generation, what we called the Millennials, or the generation that today are travelling, those people attach a lot of importance to sustainability. Those people attach even more importance to the purpose of the company, why you do it than how you do it. So, more why you do it than the product that you sell, and it will become more and more relevant for our business. This makes the sustainability, in the end, a way to do business, and to make it last longer.

SUSTAINABILITY – INGRAINED IN AUTOGRILL'S WAY OF WORKING

Now, speaking about a great example of sustainability, in this slide you see a project that is called Wascoffee, and Wascoffee, it's an invention, Wascoffee is a patent, Wascoffee is a trademark of

Autogrill. Wascoffee is a new material that is born from the coffee grounds. Just to give you an idea, we use, to make a table for instance, 3kg of coffee grounds, that means around 400 served coffees. So, again, extremely important. We use this project, we already rolled out in several stores, and we mean to roll it out across the world. We use it for tables, we use it for counters, we use it for other pieces of furniture. This is an example of global innovation in sustainability, and our idea of sustainability is that we need to have very global initiatives, but also a lot of local initiatives, because the sustainability, it's also another way to link to the community, to link to the airport, and to link to where you are operating the business. So, having spoken about Wascoffee, let's move to an example of local application.

SUSTAINABILITY – THE EXAMPLE OF THE NETHERLANDS

This is an example that comes from Walter's team in the Netherlands and elsewhere. It's a list of activity. I will recall just a couple of those activities we do around the world. The Made Blue, which is a contribution to access to drinkable water for people living in Vietnam and in Indonesia. We started from those countries, but we will expand it in other countries. The reuse of plastic, you all have plastic bottles close to you. This is a huge problem. We are trying to give a piece of the solution, and Walter's team, for instance, use recycled water to make chairs or to make uniforms for our associates. It's a piece of the solution, it's not the solution but it's a piece of it.

EXPERTISE IN EXECUTION

So, finally, in conclusion, we have a clear commercial strategy underpinned by the broadest portfolio of brands. The future is driven by digitalisation and by sustainability, which we are embracing to delivering innovative solutions for both customer and landlords. Thank you. Now, I hand over to Camillo.

STRATEGIC PILLARS AND OUR AMBITIONS

Camillo Rossotto
Corporate General Manager and Group CFO

Good morning, good energy. I'll try to keep it that way. I'm Camillo Rossotto, I'm the group CFO, and I'll do three things with you today. It's not a threat, don't worry, they're all pleasurable, or at least they're all good. I'll give you first the outlook for 2019. Second, I will translate into figures and targets what the team has been describing as our operating plan for 2021, and finally, I will have a disciplined and focussed capital allocation strategy, I'll talk to that as well.

2019 GUIDANCE

2019. We see strong business momentum across the regions where we operate.

POSITIVE BUSINESS MOMENTUM

As Steve's shared with you, in North America, we see strong revenue growth, driven by very good like-for-like performance at airports, and stable underlying EBITDA margin as continuous cost-saving initiatives will mitigate pressure on labour costs. In international, continued strong revenue growth as a result of both like-for-like performance and net new openings. Stable underlying EBITDA margin as we expect the start-up phase of some new operations to be completed by the end of this year, thanks to the work that Walter and his team are doing. In Europe, revenue is slightly decreasing as a result of the ongoing rationalisation of the presence in the region. Let me quote the expiration of the

Tank & Rast agreement in Germany, the disposal of the assets in the Czech Republic and other minor transactions. Underlying EBITDA margin is expected to undergo a material expansion, thanks to all the initiatives Andrea described earlier this morning.

2019 GUIDANCE

What this does is, as a result, revenues of €5 billion, underlying EBITDA between €450 and €470 million, reported EPS of €0.88-€0.93. We have given you a reported EPS as we felt it was more in line with the guidance we gave you as part of our 2016, 2019 plan presentation, as we had introduced underlying measures the following year. To make sure nothing gets lost in translation, I will tell you that this EPS range assumes an underlying EPS aligned with the current consensus. The range also reflects the impact of a series of actions that we're taking to reshape our footprint.

OUR AMBITION

Our expectation for 2019 marks the beginning of a new phase, with the transition year of 2018 solidly behind us.

CLEAR AND FOCUSED STRATEGY DRIVING BUSINESS FORWARD

Going forward, we will focus on the disciplined execution of a clear strategy based on the following key building blocks that Gianmario illustrated earlier this morning, continuous focus on topline growth, profitability enhancement, creating value through disciplined and focussed capital allocation. In a nutshell, the beauty of our strategy is that it's very simple and consistently applied across the globe, and it is to make sure that travellers put their money, and eventually their mouths, where our food is.

CLEARLY IDENTIFIED PRIORITIES FOR EACH REGION

Let me now walk you through some of the priorities by region, tying into the presentations that were given earlier. Our strategic approach is diversified based on each region's features and business dynamics. For North America, it means strengthening leadership in the concession food and beverage, and expand footprint in adjacent businesses. I'm referring here to the view of the potential market size and opportunity that Steve shared with us earlier this morning. It is fair to say that going forward, we're taking a more realistic approach to capturing a higher share of wallet of the American, of the North American traveller, mostly at airports as part of our organic and bolt-on acquisition strategy. For international, our mantra here is disciplined expansion, increasing our density where it makes sense and targeting new locations only where sizeable opportunities arise, thinking about Vietnam and thinking about China here, and I think with clearer ideas and clearer marching orders there. Europe, the objective is clearly to improve current profitability levels and focus on a few key countries. While I'm sure you have appreciated the amount of product innovation and revamping, even of our image going on in Italy in particular under the leadership of Andrea and his team, the relentless focus of the team in this region is and will be on cost optimisation and selective capital allocation.

MID-TERM TARGETS (2021E) – SIGNIFICANT GROWTH IN FREE CASH FLOW

In line with the group overall objectives and the business area strategic priorities, here's a look at the medium-term business plan financial highlights. These are the targets we are aiming to achieve in 2021. Consolidated revenue will grow at a CAGR of 4.5-5% for the period 2018 to 2021, reaching a total amount of €5.3 billion in 2021. Underlying EBITDA margin will reach 10%, which is 110 basis points more compared to 2018. The group also expects Capex to go back to a normalised level in

2021, which as a percentage of revenue means between 5% and 5.5% in 2021. As a result, we expect a significant improvement in free cash flow generation, and under the motto 'it's never too late to do the right thing', 2021 free cash flow is projected to be approximately five times 2018 free cash flow. By the way, we expect these improvements to be already visible in 2019, as free cash flow should be and will be at least two times greater than the 2018 amount.

REVENUE GROWTH – DRIVEN BY L-F-L AND EXPANSION INTO AIRPORTS

Let's now look at the drivers of revenue growth first. We start from €4.6 billion, the revenue base plus the disposals. We expect this portfolio to generate significant like-for-like growth. On top of the like-for-like we will continue to grow in channels with most opportunities, that is airports and railway stations, whilst we continue to further streamline motorways and non-core channels.

UNDERLYING EBITDA MARGIN – IMPROVEMENTS ACROSS THE BOARD

Now to the EBITDA expansion part of the plan. As you heard from Steve, Walter and Andrea, we're taking very specific actions on every P&L line to deliver higher structural profitability. Let me stress that they're structural. What that means is all lines contributing, except for rents and royalties as you can see from the red arrow, but this is predominantly a mix of factors and a move towards more airports and less motorways. By region, this means slight margin improvement for North America, international completion of the start-up phase, and Europe, strong margin expansion, driven by initiatives which are fully under our control.

CAPEX – CONVERGING TO NORMALIZED LEVELS

Capex will normalise compared to recent peaks back to historical levels. We renewed motorways in Italy, France and the US all pretty much at the same time. As a result, the motorway portfolio, in terms of duration, jumped from nine years in 2016 to more than ten years in 2017, and repeat with me 'duration is value', so part of that was also geared to accomplishing a higher depth of our portfolio in the motorway segment.

SIGNIFICANT FREE CASH FLOW GENERATION DRIVEN BY IMPROVING EBITDA AND NORMALISED CAPEX

As a result of the [inaudible 59:54] EBITDA margin, and the normalised Capex profile, we expect a significant increase of the free cash flow generation, approximately five times 2018 free cash flow. This is more than a simple algebraic calculation. It's a target that the entire team is committed to delivering, and because, at the end of the day, just like what Adam Smith said about the Brits being a nation of shopkeepers, pretty much applies to Autogrill. It all starts with stores cash flow, and it is quite natural that it ends with free cash flow. I hope nobody gets offended.

CAPITAL ALLOCATION – PRIORITIES

Whilst we focus on free cash flow generation, this will go hand-in-hand with our drive to grow the business organically and through M&A. What it means, it means that we will invest in our core business and actively manage channel exposure, as the Canadian deal demonstrated. Let me just give you my financial-type perspective on the Canadian deal. I think this is a way of, sort of, bridging and a symmetry of valuation between the way capital markets look at some of our motorway exposure and the way we look at it. So, going forward, when we see sizeable arbitrage opportunities, rather than bitching and moaning about them, we just go close to them and unlocked the value which is contained in those assets. Bolt-on M&A will continue to be on our radar, in the same disciplined and strategic way that we executed the PCG deal, or the Le CroBag deal in Europe last year. So, it will be across jurisdictions, it will be into adjacencies and it will be clearly focussed to deliver also synergies and not just additional revenues. As we've done in the past, we will continue to remunerate our shareholders. The good news is that the strength of our balance sheet gives us the ability to support all these priorities simultaneously.

CAPITAL ALLOCATION – MORE AIRPORTS, MORE OUTSIDE EUROPE

Now, what we will look like in 2021, well, we will further strengthen the local attributes of our extremely valuable and varied multichannel food and beverage platform, where strong brands can travel across regions, and best practices together with the brands. We will definitely be in more airports, and we will be well-positioned in our strategic markets while we continue to be the undisputed global leader, including being the leader in North America, and we will have a growing presence and increased scale in our international geographies.

CAPITAL ALLOCATION – KEY LEVERS TO DRIVE EXPANSION

Thanks to the gradually enhanced free cash flow generation, the strong balance sheet providing full flexibility for growth and strategic optionality in terms of gearing up while still keeping an investment-grade profile, the commitment to unlock the value potential of the long duration motorway business, the group will have financial resources of up to €1.5 billion to be deployed to drive expansion into this sector and its adjacencies. Let me remind you that this is on top, the €1.5bn is on top of the €900m investment in Capex that we shared with you as part of the organic growth strategy in the Capex guidance slides earlier on. So, to wrap it up, we feel confident about our 2021 targets, we feel good about 2019, and we think our KPIs are clear and solid. We're also strongly committed to grab any opportunity to additional creation of value for our shareholders as well as to expand and enhance our business and adjacencies. As we've tried to convey to you today, we have the capital, we have the team, and we have the courage to do it. So, on this note, I'll pass it back on to Gianmario.

FINAL REMARKS

Gianmario Tondato Da Ruos
Group CEO

So, thank you for listening, we are at the end of the presentation, and 2019, to me, to us, is a bridge that is linking two business plans, the business plan that started in 2016 and is ending this year and the business plan that's starting in this year and is ending in 2021. Those are very different business plans because what we did in the first business plan, in the last three years, was really reshaping the business, was really restructuring some countries, so really reorganising the business, starting with a completely new breed. Now, what we're going to do from now, really, 2019, is to harvest, really, all the results that are built with this foundation. The foundation that has been done in the last three years, that's the beginning, really, of a new Autogrill.

SOLID FUNDAMENTALS

So, wrapping up, I should say that we are in an attractive market. We are the global leader in food and beverage concessions. We have done our homework and housekeeping, and now we are ready to grow the business to the next level, growing the business through organic growth and M&A, focussing on bolt-on acquisitions. We have a huge potential value which is locked in our motorway business, which we have started to unlock, and will continue to do so, because duration is value, that I think is the most repeated statement of today. This gives us additional financial flexibility behind our strong balance sheet.

WHAT THE GROUP WILL LOOK LIKE IN THE FUTURE

So, in 2021, you will find us mainly at airports, growing in a larger airport infrastructure and convenience retail business, with a streamlined motorway business, with an unbeatable brand portfolio, and leveraging our capabilities and strengths to go into adjacencies business. Now, thank you for coming and listening, and we move to the Q&A session.

QUESTIONS AND ANSWERS

Lorenza Rivabene (Autogrill): So, thank you for joining us today. We have completed the presentation and we can start the Q&A session. I kindly ask you to use the microphone for the questions, thank you.

Francesco Sala: Thank you for taking my questions. I have a couple of questions on your targets and then another set of question for the US business. As regards your targets, I would like more details on the net debt you expect for 2019, and secondly, what assumptions are behind the €1.5 billion firepower you're assuming in terms of net debt, so specifically, I wonder how aggressive you'll be in expanding your leverage. Secondly, as regards the US business, I notice some confidence on margin expansion in the US, but it seems that the scenario is still very tough, especially with such a low unemployment rate and food inflation. So, I wonder what is giving you such confidence into expanding margins, considering the present tough scenario, and finally, competition in the United States, is there any risk of irrational competition or a more aggressive competition leading concession costs up? Thank you.

Steve Johnson (Autogrill): So, I'll start by answering the second part of your question, which is part of the US. I think that, you know, Gianmario talked about us setting a platform, and it's really through a focussed effort over the last couple years of putting all the initiatives in place, we understood what was coming at us. We understood that benefits have been rising at such a high level, we knew we had to do something to try to get some of the labour out of the business and replacing it with technology, and replacing it with really the analytics that allow us to put the right people at the right place. So, what I would say is, we're at a base right now and we're going to grow off of that. I'm confident, with all of the different technologies that we put in place, with the training we're putting in place, that we'll start to see the margin expansion moving forward, because the sales are going to grow, and I do think that if you look at wages, we've gone through unprecedented growth in wage rates. I think at this point it's going to start to slow down. We're going to reach that $12-$15 hourly wage, and we're there in many jurisdictions already, and I think that that's where it's going to stall, right? So, there's no longer a national minimum wage in the US, it's really city by city, state by state, and so we understand the full breadth of what's happening out there.

So, we're starting to see those wages start to flatten a little. We'll still have inflation in them, but not like what we've seen, I think. Same with benefits, for the first time this year, our benefit line is not growing nearly as aggressively as it has in the past, and that's part of putting new plans in place, making sure that we have the right benefit programmes. So, we're confident, moving forward, that we're going to see some expansion there, because the sales will grow, and hopefully we've seen the cost pressures start to ease a bit. Then as far as competition, I think that there's been some irrational competition in the past four years anyway. Some of our competitors have grown, while we've grown really well, they've also grown, but some of it's through contracts, they've bid some high numbers. Now, I would say that we don't play that game as aggressively. Some of the best contracts that we've ever had are the ones we didn't win, because of what our competitors are having to face with some of the concession fees and some of the contracts they've inherited. So, I'm very confident in our competitive advantage right now. We're winning 77%, I think, of our RFPs, we're renewing 79%, or 78% of our contracts, so we're poised to continue that growth. We're focussed on the brands, we're focussed on the service, we're focussed on executing, and I don't know that our competitors are as focussed on those things.

Camillo Rossotto (Autogrill): On the leverage, I think we will be around 1.2, 1.3 times at the end of the year, and I think in terms of how much we are willing to push it as part of the firepower reasoning, pre IFRS 16, I think we would look at three times as probably the gearing level that we would feel comfortable at bringing the balance sheet. Then, in the case of specific transactions, it could even be slightly more, but in that kind of territory where we don't trip over the investment-grade type of credit profile for the group.

Nicolo Pessina (Mediobanca): Good morning, Nicolo Pessina from Mediobanca. I have three questions. The first one on M&A, could you give us an idea of what would you like to buy in terms of business model, in terms of geographic exposure or channel exposure? As an alternative to spending for M&A, would you consider higher dividend payments in order to achieve maybe the optimum capital structure you have in mind? Second question on the motorways, you talk about unlocking value. I wonder if it refers, it applies also to potential disposals as we have seen in Canada recently, and does it apply eventually also to the Italian motorways? Last question on the revenue CAGR to 2021 of 4.5-5% as a target, if you could give us an idea of how much of it is like-for-like? Thank you.

Camillo Rossotto (Autogrill): Yes, I think at this stage, we we're looking at something like 3, 3.5% of like-for-like in that estimate. So, do you want the last one, the M&A one?

Gianmario Tondato Da Ruos (Autogrill): Yes, so talking about the disposal first, you mentioned before. I think it's time to get out of this vision. Italy, Europe, the US. I think we should look at the portfolio with, as I said, a different lens, and the lens is really the duration. So, what we're doing now is doing the stratification, if you want, of duration. So, there are some contracts, some pieces of real estate that are spread out, not only in Europe and the US, or in Italy, that have a certain type of value, and others, in the same geographies, that don't. So, that's the approach that we have too. So, I think we should really move out from this, 'We sell Italy, we sell-,' we don't, we won't. No, it's a different approach, that's what I was trying to say. Where there is value attached to duration, that's what we're trying to create, and unlock value, that's the thing. Having said that, M&A, of course the easy thing is what we did, the easier thing actually is what we did so far. So, we've been buying companies in the US, not only in the US, also in Europe, belonging to our sandbox, if you want, to our sector really, food and beverage in the concession business. Travel retail used to be, in the past, before the spin-off, a part of our business, now we are rebuilding this, so we are confident, it's something that we know, we know the market very well.

If you think of our business, let me stretch a little bit the concept, if you want, like a pie, and you divide a pie in four pieces, I think those are really overlapping our business. Adjacencies is a difficult word for me, adjacencies are something that are really belonging to three parts of the pie not four, so something close to what we do, but not exactly the same. For instance, a good example of that is the lounge service that we won the United States with American Airlines, or businesses that are really surrounding our business with a lot of overlapping in the business model, if you want, but not exactly the same business, not exactly the same sandbox. So, that's what we look at. So, we are trying to expand our vision, expand really our turf, if you want, if you let me use this metaphor, that's it.

Camillo Rossotto (Autogrill): On the dividend payment question, obviously that's always a board discussion, but we feel that the present dividend policy is fine, the growth opportunities present in the company is such that a higher dividend payout versus our current policy would be, sort of, an admission of not seeing additional value creation opportunities within the company, in the adjacencies, in the sector, given all the white spaces that we have. So, we think we can make the capital work by way of actually investing it rather than redistributing. Obviously, that's always a lever should the case be.

Simon LeChipre (MainFirst): Simon LeChipre from MainFirst. Three questions please. First of all, in terms of your margin guidance of around 10%, it implies, I guess, mid to high single digit margins in

Europe, which was already the target set a few years ago and, I mean, you have done a good job so far but you are not yet at this level. So, what's different this time, and what makes you confident in your ability to reach this target? Secondly, regarding the US, you recently announced a contract with American Airlines, is it a, kind of, niche market where you see a growth, really, for the future in the US or elsewhere, and what drives your decision to take this contract in terms of, I don't know, the economics of this contract? Lastly, in terms of the new trends within the food industry, do you think it makes the business more difficult to operate, and is it a kind of pressure on the return you can expect to achieve given those new trends? Thank you.

Andrea Cipolloni (Autogrill): I'm answering about the margin in Europe. So, what is different today, it is probably that, instead of to do a specific plan for reduction costs, or to recover profitability, we are working in one more complex plan to increase our profitability, to increase the top line, to change, in some cases, like in Italy, our offer, our concept, to try to have better results in terms of EBITDA, especially reducing the costs. I think that, especially in costs, the company is doing absolutely the right work since the beginning of the year. We have seen very, very good results in the first four months. It means that during the year and in the next year, if we continue to work in this way, in my opinion, our EBITDA will be really better, and structurally better because, I repeat we are not working on cutting labour costs or reducing, we are working to renew our product and our concept with the target to increase our sales and reduce our cost.

Steve Johnson (Autogrill): I'll handle the next two, I think. The first question, I think, was on American Airlines, and American Airlines was born out of-, we changed our organisation a few years ago to create a matrix organisation so that we were taking out a lot of the siloes and trying to learn across the business, and one of those was a sales organisation that was put in place to push sales across the system. Well, we hooked up with American Airlines in one location, one airport, and they came to us and they said, 'Would you provide just snacks and drinks for delayed flights?' We said, 'Sure, sounds like a great idea.' We then expanded that to sandwiches. Well, they loved the programme so much they took it across their system and all their hub locations. They then came to us and said, 'We love your culinary talent.' So, one of the real organisational changes we've made is put chefs in the business. We used to have about four or five chefs in the business, today, we have close to 50 chefs in the business, and we did that, and that'll lead in actually the second question, to really update our culinary talent. Once they sat down with us and they came into our test kitchen, and they understood how we were treating food, they said, 'Would you guys bid on our lounges?' We did. We went through it, we bid against all the traditional players, so Sodexo and Compass and I think SSP, and American chose us.

We weren't the best fee for them, we were actually one of the higher fees, but they chose us because of what we were going to do for their consumer as they came through their clubs and their high-end consumer. So, it really came down to our culinary talent as to why American chose us. Will we roll it out? Right now, for the next couple of years, we're going to focus on American. It's the largest airline in the US. They have more overlap with us in our locations than any of the other airlines we work with, so we really want to make sure we take care of this first. I think that we'll then look at it to expand it maybe in other locations but not for a few years anyway. Secondarily, you asked about local brands and that goes back to that culinary talent. Once we started to bring local brands in, we recognised that when you're dealing with a small local, they don't have standards. So, when we're dealing with nationals like Starbucks or Burger King, they have standards and processes, and they bring the food in, and they really handle all of the supply chain. Well, we went to some of these local locations, and we went in the back and we said, 'This is the best barbecue I've ever tasted. What are your standards and what are your recipes?' You know what they said? They said, 'Joe in the back's been working the smoker for twenty years and there are no recipes because he's been doing it in his head.'

So, we had to go actually into that restaurant, interpret all of those recipes, write them all down, put the standards together, and we didn't have the expertise so we created an entire culinary department that now can handle that. So, the good news is we've put a platform together for design and construction and now we have a platform for our supply chain. So, as a local brand comes into the business, they're actually put in touch with our culinary team who work on supply chain, making sure that it's rationalised, that it's within the margins that we need on food cost. In many cases, we've actually improved the local operator by what we've taught them on how it works in an airport. So, it's been a great learning for us and actually a great learning for many of our local partners, so a success story as far as we're concerned.

M: Hello.

Rebecca McClellan (Santander): Yes, good morning. Rebecca McClellan, Santander. I've got a couple of questions for you, please, Steve, and one for you, Walter. In the US, does growth in convenience leverage as well growth in food and beverage on top of the fixed cost base? Secondly, do you think that there's any sort of cannibalisation that you're seeing through any growth in convenience on your food and beverage base? Then for Walter, you referred to, sort of, sizeable opportunities and critical mass, what does that mean to you?

Steve Johnson (Autogrill): I'll start with the growth and convenience. You know, I think that we're seeing, obviously, many of the same products that are showing up on our grab-and-go items are showing up on our convenience stores. So, when you're talking about grab-and-go sandwiches, fresh salads, we're doing our own pre-packaging of candy, gum, nuts, so we have our own proprietary blend. So, yes, it's absolutely helping our supply chain, so it's increasing our purchasing power as well as helping with our rebates, so it's absolutely helping. As far as cannibalisation, we were seeing some cannibalisation, which is why we started to look at it, and a lot of it was through the beverages. We sold a lot of beverages in our grab and go and in our locations but we were starting to lose some of that to convenience retail, so we really entered into that market, and by adding all those locations, we've now upped our buying power in beverages as well. So, hopefully that answers the question but, yes, it's been great for both sides of the organisation.

Walter Seib (Autogrill): Thank you for your question. The answer is not as simple as in international, not one shoe fits all. So, you saw my presentation also that the average cheque in India of course is lower than in Western Europe but as a general rule we are looking at an initial size between €5 and €10 million annual sales or a secured way to get there. Of course, in certain markets it's all a bit more difficult, in certain markets it's a little bit easier, but that's the general guidance, guideline we use when we assess business opportunities as an entry level.

Alessandro Cecchini (Equita): Hello everybody. Yes, Alessandro Cecchini from Equita. My questions are on the following. About Pacific Gateway, I would like to better understand margins and probably the price that you paid, and just to understand the multiples that you are going to pay in this specific business. My second question is about Starbucks, if you can elaborate a little bit more on the relationship, on the current relationship that you have with Starbucks, and finally, about your guidance on 2019 EBITDA guidance, excluding your recent M&A, so excluding Pacific Gateway and excluding the disposal of the Canadian business, what is the number? Thank you.

Camillo Rossotto (Autogrill): I'll start just with the Pacific Gateway. The purchase price is $52 million for a business that generates $86 million in revenue and $10 million in cash flow, so you can work the multiples. It's a pretty lucrative transaction, and then on top of that there are all the considerations about the SG&A consolidation and all of that. I'll just deal with the other one and then pass it on to Steve, I guess, for Starbucks. Your question is, you know, it's, kind of, different to exclude and then include, etc. I think what we guided to is in terms of the net income, the 47cents which are out there as the consensus is within that range. In terms of EBITDA, the entire combination of the Tank & Rast exit, the Canadian transaction, the inclusion of the Pacific Gateway, American Airlines, etc., is even as, you know, the level of confidence at this stage, before we see what the summer season will bring in terms of business potential, to be in this range with 450-470 right in the middle of it. So, in terms of underlying EBITDA, the other components all blend to that range of 88cents to 93cents, and I think at this stage is where we feel comfortable guiding you. Let's see, by the time we publish on August 1st, the first six months results, there will be clarity about all the P&L items, including the capital gain for Canada. We will be in a better position to look at the full year guidance in more detail.

Alessandro Cecchini (Equita): Okay, thank you, and about the multiple that you paid on Pacific, it seems very, very interesting. So, it's a question of duration, so the market seems to me attractive, so how about these multiples?

Camillo Rossotto (Autogrill): Well, I think it's a testament, and Steve can expand on that, to rooted we are into the North American turf, right? It's a transaction that has kept the team busy for a good part of 2019, so it's not an easy deal that probably nobody else without that kind of a rooted presence and dialogue with the local communities, with the disadvantaged business communities and all of that, could have pulled out at this price. So, I think that's it.

Steve Johnson (Autogrill): Yes, I would expand a little bit to say that, you know, there are a lot of smaller companies out there in the US and Canada that are operating in the airports, and part of that is built through the DBE programme and these small minority operators. They get to a certain scale and they can't really grow beyond that, and so they start to hit a headroom and they can't move because they have to invest so much in the infrastructure to be able to get above that size. So, what happens is, in the case of CMS, for instance, it was a 25-year-old company, the owner wanted to retire so we got a great multiple, he got to exit quietly. The same with PGC. It was a group of four owners and they had built the business up but it really was difficult for them to take it anywhere, the capital constraints, all of the things that were involved with it. So, it allowed them to exit because they were at that point where they just couldn't maintain it anymore, and so we were able to extract the value that way. So, there are quite a few of those out there that we're looking and we're talking to, because bolt-on acquisition I think is something we're very good at and we have a great M&A team. Our chief financial officer, who sits over at the corner over there, Mark Ratych, is very good at working us through. Derryl Benton, who is our head of business development, he's there making sure that, you know, we grow this business as we get it.

In some cases, we actually take over for some of these small companies and the airports immediately come to us and say, 'We'd like to extend you,' or, 'We'd like to make sure your contract's okay,' because we have a different level of expertise than maybe the old operator had. So, hopefully that answers your question on that. As far as Starbucks, I think you asked the question, we've been operating with Starbucks with 27 years. We've been their exclusive operator for that time in the US, and it started really when Starbucks was small, we were actually their development arm, believe it or not. We'd go into a city first, we'd develop the airport and the local community would get to know Starbucks and then they would come behind us and develop the city behind us, so the consumer wasn't new to their brand. It's hard to imagine Starbucks as only 100 locations but that's what it was 27 years ago when we began to partner with them. So, we're an extremely important part of their business just as they're an extremely important part of our business, and our contract goes through 2020 exclusively. We're in discussions with them right now as to what the future looks like. I wouldn't disclose where the discussions are going at this point. I would say that we will be a Starbucks operator-, I mean, we have leases now that go out ten, twelve, fifteen years.

We're going to continue to be a Starbucks operator regardless of where the contract lies, but it's been a great success for us, it's been a great success for them. We get more exposure in our locations than any other locations they have because of all the people who walk by, so I expect us to be a partner with them for a long time.

Alessandro Cecchini (Equita): Okay, thank you.

Jaafar Mestari (Exane BNP Paribas): Hi, good morning. This is Jaafar Mestari from Exane BNP Paribas. Three questions, please. The first one is on the brands. Three of the speakers today sounded very confident that you have the right brands to give the airports what they need, and that was across regions, so my question is why would you not have more aggressive ambitions for net new business at the group level? It sounds like your revenue targets are very much driven by like for likes. Is there a scenario where Autogrill, HMSHost together do 3% net new business a single year? My second question is coming back on the €1.5 billion firepower, so that is after your regular Capex, is there a scenario where actually Capex goes up in a single year because that specific year it is the most attractive investment, or are you very, very committed to total Capex maintenance and growth, Capex staying within 5%-5.5%? My last question is how should we expect management incentivisation to be reviewed to reflect the new plan to focus on free cash flow? Should we expect mostly target-based competition or more share-based competition going forward?

Gianmario Tondato Da Ruos (Autogrill): On the last, I think it's going to be a combination of shares and targets, you know, both of them. We are working on the plan. It is not really finalised but I think it's going to be a combination of the two things. You know, talking about the plan. Of course, we said duration is value, so if we have the opportunity, another opportunity like we had, you know, with the New Jersey Turnpike, to extend the contract for 30 years, very valuable for us, in advance, putting a lot of Capex in advance, four years before the expiration date, there is no question that we would do this. So, we will anticipate some Capex. So, it depends on the opportunity that we have. We are not in control of when the RFPs are going out, we're not in control of when the extensions are going to be open, you know? So, that's what we know today, you know, but for sure you can bet on the fact that we are going to be really behaving like we did in the past, there's no question about that. So, this €1.5 billion is additional for acquisition, you know? Considering the cap as the normal cap that we can foresee right now for the future, that's what it is.

Camillo Rossotto (Autogrill): Sorry, Jaafar. You had three questions and we-,

Gianmario Tondato Da Ruos (Autogrill): In terms of ambition, you know, the top line, you have to consider that our top line is a combination of high growth, American airports, business that we are still-, our like for like is quite good in Europe, you know, right now but still decreasing because of Tank & Rast, because we exiting some of our operations, Czech Republic, you know, and all this. So, this 3% is a combination of high growth with some actually shrinking, if you want, you know? Are we going to buy something? We'll see, you know, there are opportunities also in Europe. The good news in Europe is that we see a positive like for like. We see a positive, really, vibe from the business right now.

Jaafar Mestari (Exane BNP Paribas): Yes, and sorry, that's very clear on like for like, my question was actually what about the net new contract wins? If the brands are good, if the commercial offer is good is there a chance that you do better? It sounds like your plan has 1%, maybe 1.5% at the group level.

Camillo Rossotto (Autogrill): Yes, I think I wouldn't call it an element of conservatism but when you blend together the reshaping of some of the presences in motorways across some channels, and clearly the international is still going to be a story mostly of net new openings while Europe goes the other way, so when you blend it altogether there might be opportunities for some of, what Ezio called, the rising stars to give us some extra in terms of winning and bidding. We would rather [inaudible 02:27:20] because we know that at the end of the day the commitment of free cash flow is a combination of EBITDA and Capex to make sure that that number made sense even in a conservative scenario.

Daria Fomina (Goldman Sachs): Thank you. Daria Fomina from Goldman Sachs. I have a few questions, if I may. So, the first one is actually on the US. You mentioned about installing the terminals on the tables and that you plan to roll across all the airports. There are players in the US that effectively almost are iPad companies with an iPad on every table, high Capex, no cash return and no free cash. Are we existentially switching from Opex pressures to Capex pressures, and at the end of the day, the cash return pressures are still there? If you could talk a little bit about that and how your strategy's different there. The second question is on the bolt-ons. Can you talk a little bit about the definition for you, how big of an asset that you feel that culturally you can digest in terms of your acquisition there? That would be very helpful, thank you.

Steve Johnson (Autogrill): Sure. I think you're talking about OTG, and, you know, OTG does have high Capex, there's no free cash flow. I talk to our landlords quite a bit about OTG, and I tell them they've taken our industry back twenty years because it's really poor service, not very good food and it's generic. That's really what they're doing out there. Now, they're flashy. It's a beautiful build-out with iPads but I think what I really stress is our digital roadmap is not a replacement for hospitality, it's an enhancement to hospitality, so we're still going to have service, and we're working with brands. If you look at OTG, they don't work with any brands, it's all proprietary internal concepts. You know, for us, we want to make sure that the Kiosk or the kiosk that's sitting on the table is really an enhancement to what's happening to the service there. It puts the control in the consumer's hands but we're not stripping out labour to do that, we're actually trying to put more labour in the kitchen because that's where it's productive. So, I think that's the difference with what we're looking at, and, you know, what we're doing is also not nearly as expensive as what OTG has done from a Capex standpoint. From a bolt-on standpoint, do you want to-,

Gianmario Tondato Da Ruos (Autogrill): Bolt-on, a bolt-on for us is what you've seen before, you know? Acquisitions around, let's say, €100 million say, something like that. In the past, you know, we've been talking about food and beverage but in the past probably we did something much bigger, you know? We spun off the World Duty Free business, you know, we merged actually three big companies, we spun off the business and it's not with us anymore, but so I think the company is in the DNA of the company, you know? Either we grow all through organic bid, or through acquisition. Can we handle a big acquisition? For sure. What I wanted to underline before is that it's not just big major transactions that are driving the value creation of the company but it's also a collection of bolt-on acquisitions, you know? Also, potentially not in our F&B operations, you know? That's the thing.

Ali Naqvi (HSBC): Hi, Ali Naqvi from HSBC. Just a few from me. Could you comment on the milestones that you've reached for the cost-optimisation programme in Italy and whether that will still meet your targets for European margins for this year? As a follow-up to Europe, could you quantify your airport and railway growth programme and how we should think about margins in that market going forward, because obviously that's still a very competitive market? On the US, Steve, are you finding US landlords to be more supportive or about the same in terms of allowing you to pass cost pressures through into the system, given the headwinds that you're facing? Yes, I'll start with that, please.

Steve Johnson (Autogrill): Sure, I'll start while they're, I think, discussing the first two questions. You know, I think it depends on the landlord. We're seeing pricing on the street happening. I use the example of it used to cost my wife and I about $40 to go to dinner on the street, today it's about $65 and that's because the street's feeling the same kind of pressure. So, we follow the street pricing model, so we may be street plus $10, street plus $15, but we're able to really work with the landlords on making sure that we're priced appropriately. There are a few hold-outs that are more difficult to work with than others, but I would say across the board we've had pretty good success at making sure that we're optimally priced. We have a lot of research that shows, you know, price as far as what a passenger thinks about, it's number eight or nine on the list. They want to be safe, they want to get there on time, I mean, all of those things as they travel through an airport, the price of their hamburger or the price of their cup of coffee is way down on the list, and I think our landlords understand that.

Ali Naqvi (HSBC): Is there a delay in terms of the price pressure you could put on?

Steve Johnson (Autogrill): There is, of course. So, it takes us a couple months to get us through the process. So, some are easier than others. You know, I say that, it's very difficult to generalise airports because each one is so different and unique, but I would say, overall, they're usually pretty good. We can get it through in a month or two.

Andrea Cipolloni (Autogrill): So, speaking about our plan for the cost, so first of all, we are seeing the first results from the work that we did last year, for example, with the cross-generational deal. We invested a lot last year and we have already seen some improvements this year. We are speaking about €7 million more or less of saving. Then clearly another important thing is the centralisation of practically all the Opex at European level. Now, before buying something that is not a core business, there is a clear plan, and we are able practically to do a tender on everything, and also in this case, we are seeing a lot of saving. Then as I told you before, we are working a lot on products and on the quality because we have a lot of opportunities that come from the margin and come also from the pricing. Also in Europe, we see opportunities in this area, because we don't want to have a strategy that we cut cost, we cut price, we cut cost, we cut price, we want to have the right quality at the right price, and we think we have a lot of opportunities in this area. Working on cost and working on margin is something that in a company like Autogrill in Europe you have to do every day.

When I joined the company I found one projection towards Agile, and we had an expectation of, I don't remember, €X million from Agile. We are working with Agile on everything, every day because it is a particular business and we absolutely need to understand in particular which opportunities we can have today that we didn't have yesterday. Speaking about margin in the airports, clearly we see a lot of opportunities. So, the customer is different compared to motorways, the environment is different, and we think that working on quality, working on offers, working also on environment of the stores can really give a lot of opportunity. If you remember my presentation when I spoke about the new project in Fiumicino, you have to think that with the same square metres, more or less with the same structure, changing one older concept in a new Bottega Prosecco concept really gives us 50% more sales. It means that the customer is there, and we know, because if you see our airports in Brussels, for example, show that we are able to do it, we are ready to do more or less whatever.

Camillo Rossotto (Autogrill): In bubbles we trust, right? No, but just to put into the context of my guidance, we talked about the 10% EBITDA margin by 2021 and the first task there is to get to approximately 9% and we started last year from 6.6%, so that means that if you want to go to 9% you have to pass by 8% first and that's the region we will be delivering at this year.

Ali Naqvi (HSBC): Thank you.

Alberto Checchinato (Fidentiis): Good morning. Alberto Checchinato, Fidentiis. I have three questions, please. On Europe, I have seen that you have shut down some locations in Milan. I'm guessing that you're doing the same around Europe, Tank & Rast is one example of that. Is it fair to consider that these closures are both margin enhancing and cash-flow enhancing? If yes, how much of this business do you plan to cut in the next three years? In the US, you have reached around $200 million of convenience retail sales through probably organic growth and bolt-ons. Is it fair to assume that you can double this number in the next three years? The last one, you left the door open to make investment acquisitions outside your traditional food and beverage business. Can you be more specific on that? What kind of business would you look at? Thank you.

Gianmario Tondato Da Ruos (Autogrill): Starting with the last, of course, we can't. No, but the idea, again, going back to the example that I was making before, is to find something that is close to what we do, potentially in the same environment or in an environment that is really familiar to us, you know, and expand the business. It is not obvious, you know, that is what we're doing. Again, the examples are business lounges, convenience retail, things that are closer to what we do today. Brands, for instance, that's another option. We're working hard on that, you know, to do something that is not too difficult but it is not exactly our sandbox.

Andrea Cipolloni (Autogrill): So, speaking about Europe, the decision on Tank & Rast, and, for example, on Czech Republic is more due to being really focussed on our core business, in the right channel, in the right country, and we don't expect to have better profitability for this, but how can I say, we can be more focussed and invest where we are sure that our profitability is better. If we speak about some town locations, it's something that could happen. Sometimes like in Milan, Via Dante, the contract has expired and the plan of the landlord is different than to have some concept from Autogrill, but generally speaking, clearly we are also in Italy, as I told you before, we are focusing on motorways, airports and railway stations.

Steve Johnson (Autogrill): As far as the convenience, I think, you know, Gianmario will tell you we can do more than that, but I would say my dream is to get to 500 million in five years and I think that that's why we're pushing the convenience retail. When you look at the top three players of Hudson and Paradies, I think that there's a lot of room for us to grow there. We are the upstart, it is exciting to be part of an upstart, you know, with HMSHost we are the giant in the US food and beverage but on the retail side we're just the new guy, and that's exciting to be a part of, so I think we're really showing our strength there in some of the wins we've had lately.

Luca Bacoccoli (Banca IMI): Hi, good morning. Luca Bacoccoli from Banca IMI. I have just one simple question on the North America business and the relationship with Starbucks, which was one of the reasons of explaining the margin pressure in the past quarters. So, I was wondering how are you dealing with your guidance with that phenomena, so Starbucks pushing more and more on the food segment, which actions are you taking to get to an higher average ticket price? Thank you.

Steve Johnson (Autogrill): So, we're still seeing the margin pressures with Starbucks on food. I think that as they continue to add more and more food in the business we're seeing the costs go up, for sure. The good news is we've dealt with this for a while now, and we're working closely with them on looking at the menu items, looking at new ways to do this. You know, mobile order and pay is going to help us as we start to roll that across the business, so I think we're going to get more transactions. The higher the volume that you have within Starbucks, you know, sometimes you can get your margins to lower, especially as you do more drinks, less food. What we're seeing on mobile order and pay, there's not a lot of food being ordered, it's mainly drinks. So, we should see that mix change a little bit. With our contract coming up in 2020, I think that's a real hard discussion we'll have with them about maintaining margins and making sure that we're profitable, and they want to do the same thing, by the way. They're facing the same issues on the street, so they're working hard to make sure that they're also looking at this and making sure that their stores are staying profitable.

Nicolo Pessina (Mediobanca): Just a couple of follow up questions very quickly. First, building on the comments we did before on the new contract gains, I wonder if you could comment on the competitive environment for new contracts. In particular, one of your main competitors has raised its guidance two times this year already on new contract gains, and airport operators are reporting good numbers from their retail and commercial activities, so my fear is that rents are going up, which could put pressure on your business. So, I wonder if you share this view. The second question is there were press reports last year about the potential plan to IPO HMSHost, is it something you would consider in case of a large-scale acquisition or not?

Gianmario Tondato Da Ruos (Autogrill): I agree with you. I think it's putting pressure on their P&L more than our P&L, without mentioning the competitor, but the reality is that, you know, there isn't a consistent environment worldwide if you talk about rents. For instance, the US, I think, Steve was mentioning before, I don't want to go back to what he said, but, you know, it's being stable. If you take rent royalties in the last, probably, twenty years, we've been around for twenty years, it's more or less the same, you know? 30 basis points more or 30 basis points less, you know, but that's what it is. If you get back to Europe, if you land in Europe, you know, it's a different situation. Some countries which have very strong landlords, monopolistic landlords, you can have this type of pressure, for sure. More, in my opinion, the duty free business, a little bit less in the food and beverage business but for sure there is this pressure, you know? Of course, we are not the incumbent, the dominant players in those markets, so somehow we are lucky, you know, for the next round of this we're going to be there and try to cherry pick actually what we think is worth it and be the underdog, if you want, the challenger. They are the incumbent, you know?

So, having said that, generally speaking, I think, you know, that this is the airport environment. If you get back to the motorway business, I see a little bit of a different situation. Rents are stable or decreasing a little bit because, you know, there is less and less competition and a lot of pressure on landlords, not only from the food and beverage part but also from the oil companies. There is a lot of consolidation. Customers, it's under the light, you know, are disappointed because of the prices of the oil, you know? You see this constantly. I mean, France is a good example, for sure, of this situation. So, I don't know what is going to happen but it's a very different situation, very different from market to market. The IPO that you ask is not in our presentation, so we won't even comment.

Lorenza Rivabene (Autogrill): Okay, we have time for one more question, and then after, that we are happy to invite you to a light lunch upstairs, thank you.

Steve Johnson (Autogrill): No more questions? Fantastic. Oh, one.

Alessandro Cecchini (Equita): Just about your target of net financial position for the year. If I am not wrong, probably your Capex expenditure in absolute terms, it's probably higher than in 2018, is this correct? This is the first question, and the second one is how much of this Capex is related to the US motorways business, just to underline that underlying trend? Thank you.

Camillo Rossotto (Autogrill): It's $30 million that's being suggested by the first line. No, you're correct in the first statement, and the piece that's connected to the US motorways, if that was your question, is $30 million. Yes and I invite you to try all the results of the work that Andrea is doing on the product upstairs. Thank you.