

Autogrill S.p.A.

2016 Annual Report

(Translated from the original version issued in Italian)



Boards and officers

BOARD OF DIRECTORS ¹

Chairman ^{2, 3}

Gilberto Benetton

CEO ^{2, 3, 4}

Gianmario Tondato Da Ruos ^E

Directors

Ernesto Albanese ¹

Tommaso Barracco ^{5, 1}

Alessandro Benetton

Francesco Umile Chiappetta ^{6, 1}

Carolyn Dittmeier ^{6, 7, 1}

Massimo Fasanella d'Amore di Ruffano ^{5, 8, 1}

Giorgina Gallo ^{5, 7, 1}

Stefano Orlando ^{7, 8, 1, L}

Marco Patuano ^{5, 12}

Paolo Roverato ^{6, 8}

Neriman Ülsever ¹

Secretary

Paola Bottero

BOARD OF STATUTORY AUDITORS ⁹

Chairman

Marco Rigotti ¹⁰

Standing auditor

Antonella Carù ¹⁰

Standing auditor

Eugenio Colucci ¹⁰

Alternate auditor

Giuseppe Angiolini ¹⁰

Alternate auditor

Pierumberto Spanò ¹⁰

Independent auditors ¹¹

Deloitte & Touche S.p.A.

1. Elected by the annual general meeting of 28 May 2014; in office until approval of the 2016 financial statements

2. Appointed at the Board of Directors meeting of 28 May 2014

3. Powers assigned by law and the company's by-laws, particularly legal representation with individual signing authority

4. Powers of ordinary administration, with individual signing authority, per Board resolution of 28 May 2014

5. Member of the Strategies and Investments Committee

6. Member of the Internal Control, Risks and Corporate Governance Committee

7. Member of the Related Party Transactions Committee

8. Member of the Human Resources Committee

9. Elected by the annual general meeting of 28 May 2015; in office until approval of the 2017 financial statements

10. Chartered accountant/auditor

11. Assignment granted by the annual general meeting of 28 May 2015, to expire on approval of the 2023 financial statements

12. Coopted on 26 January 2017 to replace outgoing director Gianni Mion

E Executive director

I Independent director as defined by the Corporate Governance Code for Listed Companies (version approved in July 2015 by the Corporate Governance Committee and endorsed by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria) and pursuant to Arts. 147-ter (4) and 148 (3) of Legislative Decree 58/1998

L Lead Independent Director



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INFORMATION



1



Directors' Report on operations

DEFINITIONS AND SYMBOLS

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

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

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

Like-for-like basis: compares revenue generated by locations open throughout both years.



1.1 Operations

Autogrill S.p.A. conducts food & beverage operations at major travel facilities (motorways, airports and railway stations), where it serves a local and international clientele. It also operates high street and shopping center locations and temporary outlets during trade fairs and other events.

Its offerings strongly reflect local characteristics, with the use of mostly proprietary brands, as well as a more global reach through the use of well-known international brands under license.

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



1.2 Performance

1.2.1 GENERAL BUSINESS CONTEXT AND TRAFFIC TRENDS

In 2016, GDP in Italy grew by 1.1%, a slight recovery with respect to the previous year.

For the first nine months of the year, motorway traffic in Italy was up by 3.7% ¹ compared with the same period in 2015.

Italian airports enjoyed a 4.6% increase in passenger traffic ² compared with the previous year.

1.2.2 INCOME STATEMENT RESULTS

Condensed income statement ³

(€m)	2016	% of revenue	2015	% of revenue	Change
Revenue	967.5	100.0%	986.3	100.0%	-1.9%
Other operating income	62.8	6.5%	66.0	6.7%	-4.8%
Total revenue and other operating income	1,030.3	106.5%	1,052.3	106.7%	-2.1%
Raw materials, supplies and goods	(462.5)	47.8%	(475.7)	48.2%	-2.8%
Personnel expense	(264.2)	27.3%	(270.6)	27.4%	-2.4%
Leases, rentals, concessions and royalties	(162.2)	16.8%	(161.2)	16.3%	0.6%
Other operating expense	(114.6)	11.8%	(118.8)	12.0%	-3.5%
EBITDA	26.8	2.8%	26.0	2.6%	3.1%
Depreciation, amortization and impairment losses	(45.3)	4.7%	(54.4)	5.5%	-16.7%
EBIT	(18.5)	1.9%	(28.4)	2.9%	-34.9%
Financial (expense)/income	71.2	7.4%	82.7	8.4%	-13.9%
Income (expense) from investments	(11.5)	1.2%	-	-	-
Pre-tax profit	41.2	4.3%	54.3	5.5%	-24.1%
Income tax	(4.7)	-0.5%	5.0	0.5%	-194.0%
Profit	36.5	3.8%	59.3	6.0%	-38.4%

1. Source: AISCAT, January-September 2016

2. Source: Assaeroporti, January-December 2016

3. "Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the income statement primarily because they do not include revenue from the sale of fuel. The related net amount is classified as "Other operating income" in accordance with Autogrill's protocol for the analysis of figures. This revenue came to € 1k in 2016 (€ 2.1m in 2015) and the cost to € 0.6k (€ 2.1m the previous year)

Revenue

Autogrill S.p.A. earned revenue of € 967,5m in 2016, a decrease of 1.9% on the previous year's € 986,3m. On a like-for-like basis, revenue decreased by 1.2% with respect to 2015.

Sales by channel are detailed below:

(€m)	2016	2015	Change
Motorway	721.7	733.5	-1.6%
Airports	74.6	77.6	-3.9%
Other channel	134.5	140.1	-4.0%
Sales to franchisees, third parties and subsidiaries	36.7	35.1	4.6%
Total	967.5	986.3	-1.9%

In the **motorway** channel, sales decreased from € 733,5m in 2015 to € 721,7m (-1.6%). The downward trend reflects the closure of various locations as a result of selective tendering in 2016. On a like-for-like basis total sales decreased by 0.6%, with food and beverage sales down by 0.2%, market sales showing growth of 1%, and complementary sales (lottery tickets and tobacco products) declining by 2.4%.

Revenue in the **airport** channel came to € 74,6m, down from € 77,6m in 2015 (-3.9%). The decrease in sales is due primarily to the closure of various locations at Bologna airport.

In **other channels** revenue amounted to € 134,5m, decrease of 4% on the previous year's € 140,1m, as detailed below:

- **Railway stations:** revenues of € 37,5m in 2016 compare with € 36,7m the previous year, with 2% growth driven by the solid performance of Bistrot at Milan Central Station.
- **Shopping centers and high streets:** revenue fell from € 86,7m to € 82,4m (-5%), due largely to the closure of several unprofitable locations in 2016.
- **Trade fairs and events:** revenue for the year came to € 14,6m, down by 12,5% on the previous year's € 16,7m, due to the lower number of events held at the main locations in this channel.

Other operating income

Other operating income of € 62,8m consists mostly of promotional contributions from suppliers and capital gains from the sale of property, plant and equipment. Most of the decrease of € 3,2m with respect to 2015 concerns the capital gain recognized that year on the sale of the warehouse building in Anagni, near Frosinone.

Raw materials, supplies and goods

In 2016 the cost of goods sold was € 462,5m, down from € 475,7m the previous year, due mainly to the reduction in revenue. As a percentage of sales it decreased from 48,2% in 2015 to 47,8%, thanks to a favourable sales mix and to gains in efficiency.

Personnel expense

Personnel expense, at € 264.2m, compares with € 270.6m the previous year and was roughly unchanged as a percentage of sales. At food and beverage locations, personnel expense decreased due to the smaller number of locations and the reduction in average hourly cost, reflecting the full benefit of the new in-house employment contract signed in 2015. Personnel expense at headquarters was on the rise, due mostly to higher provisions in connection with bonuses and incentive plans.

Leases, rentals, concessions and royalties

These costs came to € 162.2m, essentially in line with the previous year's € 161.2m, and rose from 16.3% to 16.8% of revenue. That trend reflects the different sales mix — a steeper decline in sales of complementary goods (tobacco products, newspapers and lottery tickets) to which minimum rates apply — as well as the payment of fixed or minimum guaranteed rent on locations suffering a decrease in sales.

Other operating expense

Other operating expense in 2016 came to € 114.6m, down from € 118.8m the previous year, thanks to the optimization of utility, maintenance and cleaning costs and a reduction in credit card fees. At headquarters, operating expense decreased due mainly to lower costs for consulting and IT services.

EBITDA

The year closed with EBITDA of € 26.8m, up from € 26m in 2015. Greater cost efficiency in major spending areas, such as personnel and overheads, offset the decrease caused by lower sales.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses amounted to € 45.3m in 2016, down from € 54.4m the previous year, due to the smaller number of locations operated. Also, because the contracts for several locations reached their natural expiration dates at the end of 2015, the corresponding investments had been written off in full, leading to a temporary decline in depreciation in 2016.

Impairment losses of € 4.9m were recognized on property, plant & equipment and intangible assets in 2016, compared with € 5.8m the previous year.

Financial income and expense

Net financial income totalled € 71.2m, compared with € 82.7m in 2015. The decrease is due primarily to a reduction in dividends from subsidiaries (€ 67m in 2016, versus € 98m in 2015), which was partially offset by the € 11.5m capital gain on the sale of Autogrill Nederland B.V. and by a decline in interest expense due to lower debt.

Adjustments to the value of financial assets

This item includes an impairment loss of € 11.5m on the investment in Holding de Participations Autogrill S.a.s. The estimated recoverable amount of the investment, determined by discounting cash flows on the basis of projected results, was lower than the carrying amount accounted for at historical cost, due to the subsidiary's reduced perimeter of activities following the sale of the railway station business.

Income tax

Income tax for 2016 shows a negative balance of € 4.7m, compared to a positive balance of € 5m the previous year, which benefited from net deferred tax assets of € 6m.

Profit for the year

The year closed with a net profit of € 36.5m, down from € 59.3m in 2015, due mainly to the trend in depreciation, amortization and impairment losses, financial income and expense, adjustments to the value of financial assets and taxes.

1.2.3 RECLASSIFIED STATEMENT OF FINANCIAL POSITION ⁴

(€m)	31.12.2016	31.12.2015	Change
Intangible assets	117.4	118.6	(1.2)
Property, plant and equipment	161.1	157.4	3.7
Financial assets	556.2	566.0	(9.8)
A) Non-current assets	834.7	842.0	(7.3)
Inventories	47.6	65.3	(17.7)
Trade receivables	28.1	27.0	1.1
Other receivables	106.0	136.2	(30.2)
Trade payables	(144.5)	(170.9)	26.4
Other payables	(85.7)	(73.9)	(11.8)
B) Working capital	(48.5)	(16.2)	(32.3)
Invested capital (A + B)	786.2	825.8	(39.6)
C) Other non-current non-financial assets and liabilities	(58.6)	(64.4)	5.8
D) Net invested capital (A + B + C)	727.6	761.4	(33.8)
E) Equity	481.1	475.7	5.4
Non-current financial liabilities	183.5	277.8	(94.3)
Non-current financial assets	(22.8)	(52.7)	29.9
F) Non-current financial indebtedness	160.7	225.1	(64.4)
Current financial liabilities	107.3	88.8	18.5
Cash and cash equivalents and current financial assets	(21.5)	(28.2)	6.7
G) Current net financial indebtedness	85.8	60.6	25.2
Net financial position (G + F)	246.5	285.7	(39.2)
H) Total (E + F + G) as in D)	727.6	761.4	(33.8)

The statement of financial position shows a decrease of € 39.6m in invested capital with respect to the previous year.

The decrease in non-current assets is due in part to the disposal of the Dutch affiliate, as mentioned above.

The reduction in "Inventories" is explained chiefly by lower purchases of state monopoly goods and instant lottery tickets at the end of the year.

The decrease in "Other receivables" refers mainly to the smaller dividends approved by subsidiaries in 2016 and not yet received by the end of the year.

Most of the decrease item "Trade payables" reflects reduced purchasing in late 2016, in particular of state monopoly goods and instant lottery tickets.

The increase in "Other payables" refers to greater amounts due to employees for bonuses and to suppliers for capital expenditure.

The net financial position at 31 December 2016 had decreased to € 246.5m, from € 285.7m the previous year, thanks to cash generation in 2016.

4. "B) Working capital" includes the items "III. Other receivables", "IV Trade receivables", "V. Inventories", "XII. Trade payables", "XIII. Tax liabilities" and "XIV. Other payables"
 "C. Other non-current non-financial assets and liabilities" includes the items "XI. Other receivables", "XVII. Other payables", "XIX. Post-employment benefits and other employee benefits" and "XX. Provisions for risks and charges"
 "Current financial liabilities" are comprised of "XV. Bank loans and borrowings" and "XVI. Other financial liabilities"
 "Cash and cash equivalents and current financial assets" include "I. Cash and cash equivalents" and "II. Other financial assets"

Capital expenditure

Capital expenditure in 2016 came to € 48,5m (€ 41,1m in 2015) and refers mostly to new outlets at Secchia Ovest (Eataly), Arda, Cadorna, Venezia Mestre (Puro Gusto), Genova Principe (Time Café), and Palermo Airport (Tentazioni), and investments in progress at Cantagallo, Milano Duomo, Venezia Santa Lucia (Bistrot) and Villorese Ovest.

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

1.2.4 PERFORMANCE OF KEY SUBSIDIARIES

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

Revenue in 2016 by HMSHost Corporation increased by 8.4% to \$ 3,093.4m (\$ 2,854.5m the previous year).

EBITDA rose from \$ 328.8m in 2015 to \$ 351.5m (+6.8%), and from 11.3% to 11.4% of revenue.

The net profit increased to \$ 112.2m, from \$ 103.4m the previous year (+8.5%).

1.3 Outlook

In 2017 Autogrill expects overall revenue to decrease, due to its departure from various locations as a result of selective contract renewals in 2016. On a like-for-like basis, sales are expected to rise slightly, in line with the forecast for traffic.

SUBSEQUENT EVENTS

Since 31 December 2016, no events have occurred that would have entailed an adjustment to the figures in the financial statements or required additional disclosures in these Notes.

In January and February 2017, dividends were received from subsidiaries in the amount of € 60.2m.



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1.4 Other information

1.4.1 CORPORATE SOCIAL RESPONSIBILITY

In addition to Autogrill's direct operations in Italy, through its subsidiaries it serves food & beverages in 31 countries around the world.

Because sustainability goals and CSR policies apply to the Autogrill group as a whole, for further information, see section 1.5.1 ("Corporate Social Responsibility") of the consolidated financial statements.

1.4.2 MAIN RISKS AND UNCERTAINTIES FACED BY AUTOGRILL

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

For further information, see section 1.5.2 ("Main risks and uncertainties faced by the Autogrill Group") in the consolidated financial statements.

1.4.3 CORPORATE GOVERNANCE

All information on this subject is included in the Corporate Governance Report, prepared in accordance with art. 123-*bis* of the Consolidated Finance Act and approved by the Board of Directors along with the annual report. It is available at Autogrill's headquarters and secondary office and online at www.autogrill.com (Governance section).

1.4.4 MANAGEMENT AND COORDINATION

At its meeting of 18 January 2007, the Board of Directors decided that there were no conditions whereby Autogrill would be subject to the management and coordination of the parent, Schematrentaquattro S.r.l. (which became Schematrentaquattro S.p.A. on 18 November 2013), pursuant to Art. 2497-*bis* of the Italian Civil Code. Specifically, at that meeting the Board verified that there were no indicators of effective dominant influence by the controlling shareholder, given Autogrill's extensive managerial, organizational and administrative autonomy and the lack of instructions or directives from Schematrentaquattro S.p.A. During the current year (2017), the Company started a process aimed at evaluating if the conditions that determined the resolution of 18 January 2007 still apply.

1.4.5 RELATED PARTY TRANSACTIONS

Transactions with the Company's related parties do not qualify as atypical or unusual and fall within the normal sphere of operations. They are conducted in the interests of Autogrill S.p.A. on an arm's length basis. See the section "Other information" in the Notes for further information on related party transactions, including the disclosures required by CONSOB Resolution 17221 of 12 March 2010 (amended with Resolution 17389 of 23 June 2010). The "Procedure for related party transactions" is available online at www.autogrill.com (Governance/Related parties).

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

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

1.4.7 RESEARCH AND DEVELOPMENT

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

1.4.8 TREASURY SHARES

The annual general meeting of 26 May 2016, pursuant to arts. 2357 et seq. of the Italian Civil Code and after revoking the unutilized part of the authorization granted previously, authorized the purchase and subsequent disposal of ordinary shares up to a maximum of 12,720,000 shares.

At 31 December 2016 Autogrill S.p.A. owned 365,212 treasury shares (unchanged since the end of 2015), with a carrying amount of € 1,447k and an average carrying amount of € 3.96 per share.

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

1.4.9 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In 2016, there were no significant non-recurring events or transactions as defined by CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006.

1.4.10 ATYPICAL OR UNUSUAL TRANSACTIONS

In 2016 there were no atypical and/or unusual transactions as defined by CONSOB Communication DEM/6064293 of 28 July 2006.

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

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



1.5 Annual General Meeting

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



1.6 Proposal for approval of the financial statements and allocation of the 2016 profit

Dear Shareholders,

the year ended 31 December 2016 closed with a net profit of € 36,455,088.

The Board of Directors recommends that the Company pay a total dividend of € 40,704,000, drawn from:

- the 2016 net profit, for € 36,455,088;
- profit carried forward from previous years, as listed under “Other reserves and retained earnings,” for € 4,248,912.

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

motion

The Annual General Meeting of shareholders:

- having examined the 2016 financial statements which close with a net profit of € 36,455,088;
- having noted, based on the Company's 2016 financial statements, that the minimum legal reserve balance required by Italian Civil Code Art. 2430 has been met;
- having acknowledged the reports of the Board of Statutory Auditors and of the independent auditors, Deloitte & Touche S.p.A.;

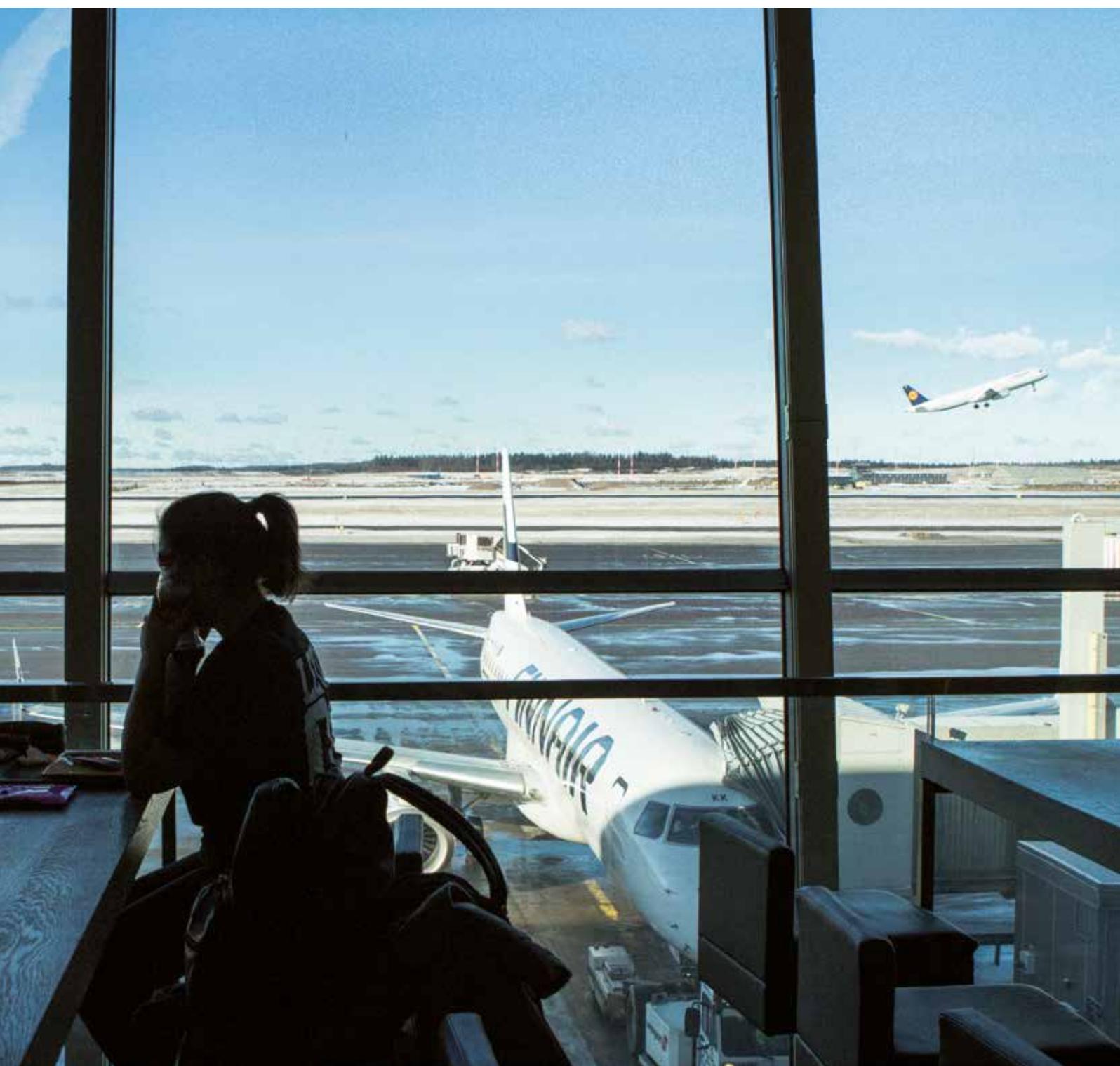
hereby resolves

- a) to approve the financial statements of Autogrill S.p.A. at and for the year ended 31 December 2016, showing a net profit of € 36,455,088;
- b) to distribute a dividend of € 0.16 per entitled share, hence a total of € 40,704,000, drawn from:
 - the 2016 net profit, for € 36,455,088;
 - profit carried forward from previous years, as listed under “Other reserves and retained earnings,” for € 4,248,912;
- c) to pay the dividend as from 21 June 2017, with coupon no. 12 going ex-div on 20 June 2017.

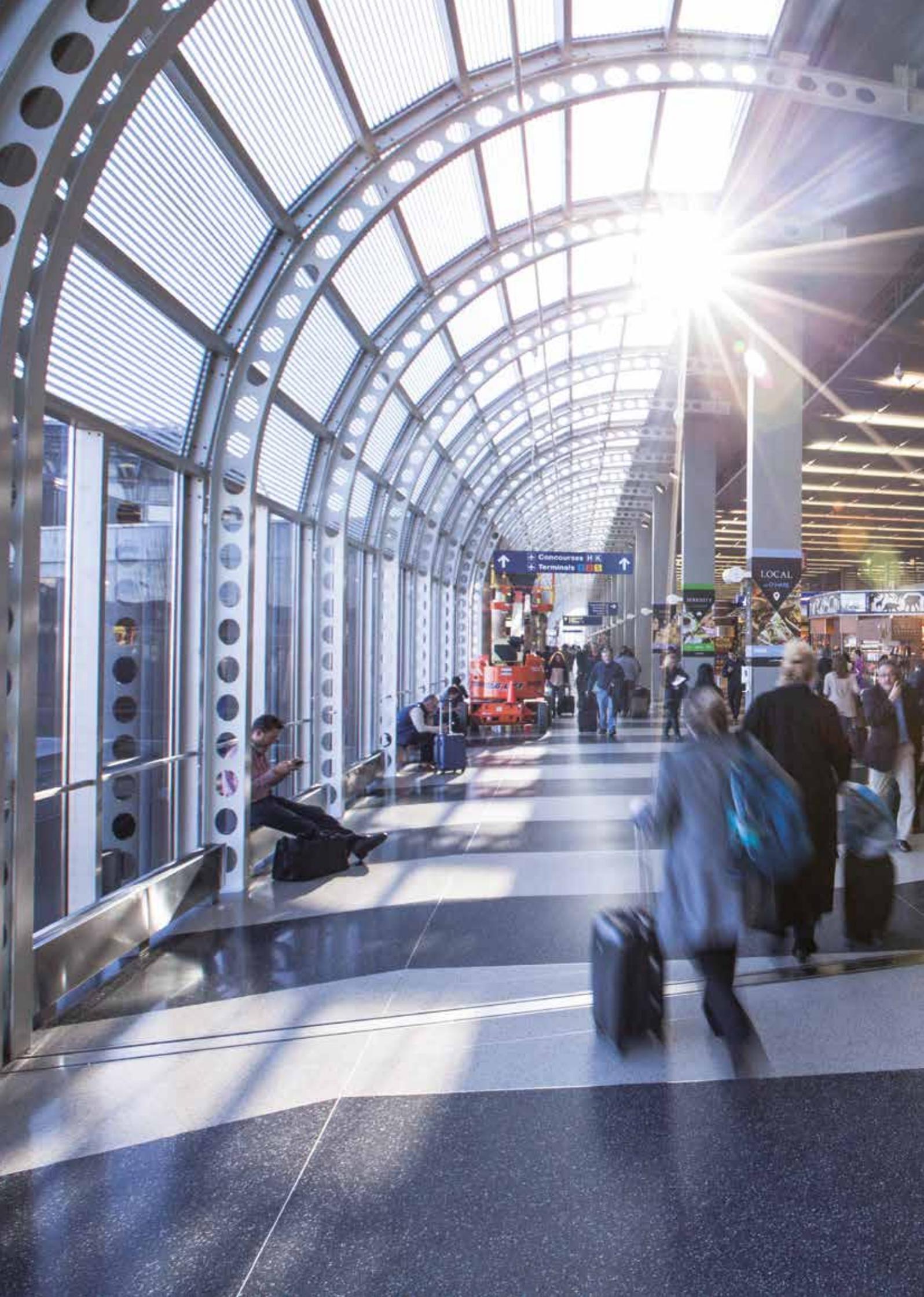
9 March 2017

The Board of Directors

2



Separate financial statements



2.1

Separate financial statements

2.1.1 STATEMENT OF FINANCIAL POSITION

Note	(€)	31.12.2016	Of which related parties	31.12.2015	Of which related parties
ASSETS					
I	Cash and cash equivalents	19,561,838		22,475,466	
II	Other financial assets	1,961,370	621,112	6,045,077	5,253,138
	Tax assets	260,077		906,641	
III	Other receivables	105,778,372	79,945,398	135,032,488	105,400,820
IV	Trade receivables	28,106,949	5,193,090	26,970,949	5,898,784
V	Inventories	47,643,967		65,264,367	
	Total current assets	203,312,573		256,694,988	
VI	Property, plant and equipment	161,100,117		157,384,560	
VII	Goodwill	83,631,225		83,631,225	
VIII	Other intangible assets	33,774,213		34,929,444	
IX	Investments	554,465,159		565,965,159	
X	Other financial assets	24,434,885	22,800,622	52,673,614	51,104,926
XI	Other receivables	8,310,316		9,115,950	
	Total non-current assets	865,715,915		903,699,952	
	TOTAL ASSETS	1,069,028,488		1,160,394,940	
LIABILITIES AND EQUITY					
LIABILITIES					
XII	Trade payables	144,472,657	31,839,929	170,870,194	32,870,782
XIII	Tax liabilities	2,888,904		2,475,000	
XIV	Other payables	82,912,180	6,579,047	71,282,553	7,064,312
XV	Bank loans and borrowings	79,288,348		57,861,856	
XVI	Other financial liabilities	28,032,387	27,284,661	30,923,338	30,785,736
	Total current liabilities	337,594,476		333,412,941	
XVII	Other payables	4,878,541		8,234,649	
XVIII	Loans, net of current portion	183,403,600		277,813,112	
XIX	Post-employment benefits and other employee benefits	56,129,796		59,532,496	
XX	Provisions for risks and charges	5,925,055		5,742,590	
	Total non-current liabilities	250,336,992		351,322,847	
XXI	EQUITY	481,097,020		475,659,152	
	TOTAL LIABILITIES AND EQUITY	1,069,028,488		1,160,394,940	

2.1.2 INCOME STATEMENT

Note	(€)	2016	Of which related parties	2015	Of which related parties
XXII	Revenue	967,545,331	22,398,298	988,491,756	20,528,588
XXIII	Other operating income	62,823,990	6,802,010	65,981,579	6,796,860
	Total revenue and other operating income	1,030,369,321		1,054,473,335	
XXIV	Raw materials, supplies and goods	462,548,661	3,733,873	477,819,056	4,134,255
XXV	Personnel expense	264,188,297	1,825,975	270,642,709	443,210
XXVI	Leases, rentals, concessions and royalties	162,179,414	72,416,939	161,150,628	72,085,838
XXVII	Other operating expense	114,644,759	11,636,717	118,862,174	10,537,241
XXVIII	Amortization and depreciation	40,367,428		48,617,197	
XXIX	Impairment losses	4,941,804		5,750,443	
	Operating loss	(18,501,042)		(28,368,872)	
XXX	Financial income	80,483,400	67,740,318	100,715,459	99,620,553
XXXI	Financial expense	(9,309,938)	576,579	(18,039,337)	992,696
XXXII	Impairment losses on financial assets	(11,500,000)		-	
	Pre-tax profit	41,172,420		54,307,250	
XXXIII	Income tax	(4,717,332)		5,039,853	
	Profit for the year	36,455,088		59,347,103	

2.1.3 STATEMENT OF COMPREHENSIVE INCOME

2. Separate financial statements

Note	(€)	2016	2015
	Profit for the year	36,455,088	59,347,103
	Items of comprehensive income that will not be reclassified to profit or loss	(533,046)	1,383,777
XIX	Actuarial gains on defined benefit plans	(701,376)	2,368,999
XXXIII	Tax on items that will not be reclassified to profit or loss	168,330	(985,222)
	Items that may be subsequently reclassified to profit or loss	-	2,341,144
	Effective portion of fair value change in cash flow hedges	-	2,648,498
	Fair value gain on held for sale financial assets	-	580,666
	Tax on items that will be subsequently reclassified to profit or loss	-	(888,020)
	Total comprehensive income for the year	35,922,042	63,072,024

2.1.4 STATEMENT OF CHANGES IN EQUITY

(€)	Share capital	Legal reserve	Hedging reserve	Other reserves and retained earnings	Held for sale financial assets reserve	Treasury shares reserve	Profit for the year	Equity
31.12.2014	68,688,000	13,737,600	(1,920,161)	296,218,510	(420,983)	(3,450,808)	19,039,367	391,891,524
Total comprehensive income (expense) for the year								
Profit for the year	-	-	-	-	-	-	59,347,103	59,347,103
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	1,920,161	-	-	-	-	1,920,161
Fair value gain on held for sale financial assets	-	-	-	-	420,983	-	-	420,983
Actuarial gains (losses) on defined benefit plans, net of the tax effect	-	-	-	1,383,777	-	-	-	1,383,777
Total comprehensive income (expense) for the year	-	-	1,920,161	1,383,777	420,983	-	59,347,103	63,072,024
Allocation of 2014 profit	-	-	-	19,039,367	-	-	(19,039,367)	-
Stock option	-	-	-	101,841	-	2,003,542	-	2,105,383
Disposal of investments under common control	-	-	-	18,590,221	-	-	-	18,590,221
Total contributions by and distributions to owners of the parent	-	-	-	37,731,429	-	2,003,542	(19,039,367)	20,695,604
31.12.2015	68,688,000	13,737,600	-	335,333,716	-	(1,447,266)	59,347,103	475,659,152
Total comprehensive income (expense) for the year								
Profit for the year	-	-	-	-	-	-	36,455,088	36,455,088
Actuarial gains (losses) on defined benefit plans, net of the tax effect	-	-	-	(533,046)	-	-	-	(533,046)
Total comprehensive income (expense) for the year	-	-	-	(533,046)	-	-	36,455,088	35,922,042
Allocation of 2015 profit	-	-	-	28,862,929	-	-	(28,862,929)	-
Dividend distribution	-	-	-	-	-	-	(30,484,174)	(30,484,174)
Total contributions by and distributions to owners of the parent	-	-	-	28,862,929	-	-	(59,347,103)	(30,484,174)
31.12.2016	68,688,000	13,737,600	-	363,663,599	-	(1,447,266)	36,455,088	481,097,020

2.1.5 STATEMENT OF CASH FLOWS

(€)	2016	2015
Opening net cash and cash equivalents	(386,390)	16,756,585
Pre-tax profit and net financial expense for the year	(18,501,042)	(28,368,872)
Amortization, depreciation and impairment losses on non-current assets, net of reversals	45,309,232	54,367,641
(Gains)/Losses on disposal of non-current assets	(1,083,919)	(2,448,699)
Change in working capital	(975,958)	(6,524,243)
Net change in non-current non-financial assets and liabilities	(6,925,218)	3,661,460
Cash flow from operating activities	17,823,095	20,687,287
Taxes (paid)/reimbursed	(2,644,811)	828,594
Net interest paid	(4,736,506)	(10,121,878)
Net cash flow from operating activities	10,441,778	11,394,003
Acquisition of property, plant and equipment and intangible assets	(42,692,792)	(41,517,580)
Proceeds from sale of non-current assets	1,756,362	6,577,168
Net change in investments in subsidiaries	22,721,850	30,854,718
Dividends received	92,574,311	6,651,802
Net change in non-current financial assets	(65,732)	5,839,092
Net cash flow used in investing activities	74,293,999	8,405,200
Net change in intercompany loans and borrowings	16,409,976	18,153,779
New non-current borrowings	-	277,360,452
Repayments of non-current loans	(35,000,000)	(308,571,429)
Repayments of current loans, net of new loans	(17,387,303)	(20,000,000)
Dividends paid	(30,484,174)	-
Exercise of stock options	-	2,105,383
Other cash flows	385,604	(5,990,363)
Net cash flow used in financing activities	(66,075,897)	(36,942,178)
Cash flow for the period	18,659,880	(17,142,975)
Closing net cash and cash equivalents	18,273,490	(386,390)

Reconciliation of net cash and cash equivalent

(€)	2016	2015
Opening – net cash and cash equivalents – balance as of 1 January 2016 and as of 1 January 2015	(386,390)	16,756,585
Cash and cash equivalents	22,475,466	24,064,150
Current account overdrafts	(22,861,856)	(7,307,565)
Closing – net cash and cash equivalents – balance as of 31 December 2016 and as of 31 December 2015	18,273,490	(386,390)
Cash and cash equivalents	19,561,838	22,475,466
Current account overdrafts	(1,288,348)	(22,861,856)



2.2 Notes to the financial statements

2.2.1 ACCOUNTING POLICIES

Company operations

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

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

General standards

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

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

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

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2016:

- **Amendments to IAS 19 Employee benefits: employee contributions**, governing the accounting treatment of contributions from employees or third parties to defined benefit plans.
- **Annual improvements to IFRS (2010-2012 cycle)**, introducing clarifications and guidance regarding the following standards: IFRS 2, IFRS 3, IFRS 8, IAS 13, IAS 16, IAS 38 and IAS 24.
- **Amendments to IAS 1: Disclosure initiative**, which clarify the concepts of materiality and aggregation/disaggregation in financial statements,

- notes and specific IFRS disclosure requirements and the presentation of OCI items of equity-accounted associates and joint ventures.
- **Annual improvements to IFRS (2012-2014 cycle)**, introducing clarifications and guidance regarding the following standards: IFRS 5, IFRS 7, IAS 19 and IAS 34.
- **Amendments to IAS 16 and IAS 38: clarification of acceptable methods of depreciation and amortization**, which exclude the use of revenue-based methods.
- **Amendments to IFRS 11: Acquisition of an interest in a joint operation** requiring that such interests be accounted for in accordance with IFRS 3 if the operation constitutes a business as defined by IFRS 3.
- **Amendments to IAS 27: Equity method in separate financial statements**, which introduces the option in separate financial statements to use the equity method to value investments in subsidiaries, joint ventures and associates.
- **Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – applying the consolidation exception.**

The application of the standards and interpretations listed above did not affect the financial statements to an extent requiring mention in these notes. In particular, the Company did not opt to use the equity method to value its investments, which are therefore still valued at cost.

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in years beginning on or after 1 January 2017 that the Group did not choose to apply early in the 2016 financial statements:

- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial instruments.

The application of the standards and interpretations listed above is not expected to influence the financial statements to an extent requiring mention in these notes.

Concerning the future implementation of the new IFRS 16 - Leases, which is expected to be endorsed by the EU during the second half of 2017 and will replace IAS 17 - Leasing as from 1 January 2019, the Group has set up a program to analyze in detail the concession contracts and contractual clauses in order to preliminarily quantify the impact of the new standard.

Structure, format and content of the separate financial statements

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

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

In accordance with IAS 1 and IAS 7, the formats used in the 2016 financial statements are as follows:

- Statement of financial position, with assets and liabilities split between current and non-current items
- Income statement, with costs classified by nature
- Statement of comprehensive income

- Statement of changes in equity
- Statement of cash flows, using the indirect method to determine cash flow from operating activities

Accounting policies

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

Business combinations

Business combinations carried out since 1 January 2008

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

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

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

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

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

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

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

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

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

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

Business combinations carried out before 1 January 2004

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

Recognition of revenue and costs

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

Revenue is recognized when the risks and the benefits connected to ownership of the goods are transferred to the buyer, recovery of the consideration is probable, the associated costs or possible return of the goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of the revenue can be accurately measured. If it is probable that discounts will be granted and the amount can be measured reliably, the discount is charged as a reduction of revenue when the sale is recognized.

The transfer of the risks and benefits varies with the type of sale made. In the case of a retail sale, the transfer generally takes place when the goods are delivered and the consumer has paid the consideration asked. In the instance of wholesale transactions, the transfer usually coincides with the arrival of the products in the client's warehouse.

Service revenue and costs are recognized according to the stage of completion at year end. Stage of completion is determined according to measurements of the work performed. When the services covered under a single contract are provided in different years, the consideration will be broken down by service provided on the basis of the relative fair value.

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

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

Recognition of financial income and expense

Financial income includes interest on invested liquidity (including financial assets available for sale), dividends approved, proceeds from the transfer of financial assets available for sale, fair value changes in financial assets recognized in profit or loss, income arising from a business combination due to the remeasurement at fair value of the interest already held, gains on hedging instruments recognized in profit or loss, and the reclassification of net gains previously recognized in other comprehensive income. Interest income is recognized on an accruals basis using

the effective interest method. Dividends receivable are recognized when the Company's right to receive them is established.

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

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

Employee benefits

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

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

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

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

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined benefit plans may be unfunded or entirely or partly funded by contributions paid by the employer, and sometimes by the employee, to a company or fund which is legally separate from the company that pays the benefits.

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

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

Due to changes in the system of post-employment benefits (trattamento di fine rapporto or TFR) brought about by Law 296 of 27 December 2006 and

by the decrees and regulations issued in early 2007 (the “Social security reform”):

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

Share-based payments

In the case of share-based payment transactions settled with equity instruments of the company, the grant-date fair value of the options granted to employees is recognized in personnel expense with a corresponding increase in equity (“Other reserves and retained earnings”), over the period in which the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of incentives (options) for which the related service and non-market conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that will definitively vest. Likewise, when estimating the fair value of the options granted, all non-vesting conditions must be considered. There is no true-up for differences between expected and actual conditions. In the case of cash-settled share-based payment transactions (or those settled with equity or other financial instruments of a different entity), the fair value of the amount payable to employees is recognized as an expense with a corresponding increase in liabilities over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit expenses in the income statement.

Income tax

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

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

For three-year period 2016-2018, Autogrill S.p.A. has joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l. as permitted by the Consolidated Income Tax Act. The tax consolidation rules governing the participating Edizione group companies provide for payment in full of the amount corresponding to the IRES (corporate tax) rate times the transferred profits or the losses if effectively utilized in accordance with tax law, as well as the transfer of any tax assets. The net current tax asset or liability for the year, in respect of IRES only, is therefore recognized as a receivable or payable due from/to Edizione S.r.l. and is therefore not shown under tax assets or liabilities but under “Other receivables” or “Other payables.”

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets, arising from deductible temporary differences and losses carried forward, are recognized and maintained in the

financial statements to the extent that future taxable income is likely to be earned allowing use of those assets. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income.

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

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

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

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

Non-current assets

Goodwill

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

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

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

Other intangible assets

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

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

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

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

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

Property, plant and equipment

Property, plant and equipment are recognized when it is probable that use of the asset will generate future benefits and when the cost of the asset can be reliably determined.

They are stated at purchase price or production cost, including ancillary charges and direct or indirect costs according to the share that can reasonably be attributed to the asset.

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

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

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

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

Land is not depreciated.

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

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

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

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

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

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

Leased assets

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

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

Operating lease payments are calculated over the term of the lease. Benefits received or to be received, and those given or to be given, as incentives for taking out operating leases are also recognized on a straight-line basis for the entire duration of the lease (see section 2.2.8 - Operating leases).

Investments

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

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

Impairment losses and reversals on non-financial assets

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

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

The cash generating units to which goodwill has been allocated are grouped so that the level of detection of impairment reflects the most detailed level at which goodwill is monitored for internal reporting purposes in the country to which the goodwill refers. Goodwill acquired in a business combination is allocated to the cash-generating units expected to benefit from the synergies of the combination.

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

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

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

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

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

Assets/liabilities held for sale

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

Non-current assets held for sale are shown in the statement of financial position separately from other assets/liabilities and are not offset.

Current assets and current & non-current liabilities

Inventories

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

Financial assets and liabilities

Trade and other receivables

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

In accordance with IAS 39, factored receivables are derecognized if the contract entails the full transfer of the associated risks and rewards

(contractual rights to receive cash flows from the asset). The difference between the carrying value of the asset transferred and the amount received is recognized in the income statement under financial expense.

Other financial assets

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

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

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

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

With respect to the financial statements for the year ended 31 December 2015, for the sake of clarity, receivables from credit card companies have been reclassified from “Other current receivables” to “Other current financial assets” in the amount of € 275k.

Cash and cash equivalents

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

Loans and bank overdrafts

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

Trade payables

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

Derivative financial instruments and hedge accounting

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

To manage these risks the Company uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. Company policy is to convert part of floating-rate debt into fixed-rate. The use of derivatives is governed by Company policies

approved by the Board of Directors, which establish precise written procedures concerning the use of derivatives in accordance with Autogrill's risk management strategies. Derivative contracts have been entered into with counterparties deemed to be financially solid, with the aim of reducing default risk to a minimum. The Company does not use derivatives for purely trading purposes, but rather to hedge identified risks.

For further information see the policy described in section 2.2.5.2 - "Financial risk management."

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

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

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

Fair value changes are measured as described below.

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

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

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

Provisions for risks and charges

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

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

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

Share capital and purchase of treasury shares

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

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

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

Foreign currency transactions

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

Use of estimates

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

2.2.2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

Current assets

I. Cash and cash equivalents

In detail:

(€k)	31.12.2016	31.12.2015	Change
Bank and post office deposits	942	2,205	(1,263)
Cash and equivalents on hand	18,620	20,270	(1,650)
Total	19,562	22,475	(2,913)

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

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

II. Other financial assets

Other financial assets are as follows:

(€k)	31.12.2016	31.12.2015	Change
Financial receivables from subsidiaries			
Autogrill Austria A.G.	8	1	7
Autogrill Belgie N.V.	-	60	(60)
Autogrill Deutschland GmbH	-	68	(68)
Autogrill Hellas E.p.E.	9	1,372	(1,363)
Nuova Sidap S.r.l.	481	3,634	(3,153)
Holding de Participations Autogrill S.a.s.	101	36	65
Autogrill Nederland B.V.	-	81	(81)
Autogrill Polska Sp.zo.o.	20	2	18
Fair value of exchange rate hedging derivatives	679	516	163
Receivables from credit card companies	663	275	388
Total	1,961	6,045	(4,084)

“Financial receivables from subsidiaries” consist of loans and interest accrued.

The main changes with respect to the previous year are due to a decrease in the short-term cash pool balance due from Nuova Sidap S.r.l. and the reclassification to other non-current financial assets of the loan to Autogrill Hellas E.p.E., which now matures in 2020.

“Fair value of exchange rate hedging derivatives” refers to the fair value measurement of the derivatives entered into to hedge exchange rate risk, in

particular to the forward purchase and/or sale of currency, in connection with intercompany loans granted and dividends received.

III. Other receivables

“Other receivables” are shown in detail below:

(€k)	31.12.2016	31.12.2015	Change
Suppliers	19,314	15,177	4,137
Lease and concession advance payments	3,424	4,200	(776)
Inland revenue and government agencies	438	4,786	(4,348)
Personnel	181	282	(101)
Receivables from subsidiaries	66,077	90,104	(24,027)
Other	16,344	20,484	(4,140)
Total	105,778	135,033	(29,255)

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

“Lease and concession advance payments” consist of lease instalments paid in advance, as required by contract.

The main reason for the decrease in receivables from “Inland revenue and government agencies” is the fact that there was net VAT receivable as of 31 December 2015 and net VAT payable at the end of 2016.

“Receivables from subsidiaries” consist primarily of dividends approved but not yet received at 31 December 2016, from the following companies:

- HMSHost Corporation for € 54,000k (\$ 60,000k), shown net of withholding tax; the dividend was received in full in January 2017;
- Autogrill Iberia S.L.U. for € 5,519k. This dividend was received in full in February 2017;
- Autogrill Belgie N.V. for € 3,300k.

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

The decrease refers mainly to the receipt in January 2016 of € 1,521k from the IRES refund for the deduction from taxable income of the portion of IRAP concerning personnel expense paid from 2004 to 2007 (Law 185/2008); € 184k in interest; and the receipt of € 288k for taxes withheld in 2014 and transferred to the consolidating company, Edizione S.r.l.

IV. Trade receivables

Trade receivables of € 28.107k at 31 December 2016 are detailed below:

(€k)	31.12.2016	31.12.2015	Change
Third parties	25,338	22,979	2,359
Disputed receivables	2,621	4,867	(2,246)
Due from subsidiaries	3,577	4,425	(848)
Allowance for impairment	(3,429)	(5,300)	1,871
Total	28,107	26,971	1,136

“Third parties” refers mainly to motorway partners, catering service agreements and accounts with affiliated companies. These last, amounting to € 4,428k at the close of the year (€ 5,905k at the end of 2015), are secured by bank guarantees totalling € 3,712k.

“Disputed receivables” are accounts being pursued through the courts. The net decrease reflects the recognition of losses, through use of the allowance mentioned below.

“Due from subsidiaries” relate to trade agreements with Group companies, specifically for the sale of goods and services to the subsidiary Nuova Sidap S.r.l.

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

(€k)	
Allowance for impairment at 31.12.2015	5,300
Accruals	900
Utilizations	(2,771)
Allowance for impairment at 31.12.2016	3,429

Net allocations of € 900k in 2016 (€ 792k the previous year) take account of the risk of disputes following the utilizations in 2016; as mentioned above, those utilizations, amounting to € 2,771k, refer to the settlement of disputes against which bad debt provisions had been made in the past.

V. Inventories

Inventories consist of:

(€k)	31.12.2016	31.12.2015	Change
Food & Beverage items	33,554	34,278	(724)
State monopoly goods, lottery tickets and newspapers	12,573	29,487	(16,914)
Fuel and lubricants	-	2	(2)
Sundry merchandise and other items	1,517	1,497	20
Total	47,644	65,264	(17,620)

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

(€k)	
Balance at 31.12.2015	1,012
Accruals	40
Utilizations	-
Balance at 31.12.2016	1,052

The decrease in “State monopoly goods, lottery tickets and newspapers” is due in part to different purchasing patterns late in the year. The provision for inventory write-down takes account of the nature of inventories (most of which are fast-moving) and the Company’s rights of return.

Non-current assets

VI. Property, plant and equipment

As follows:

(€k)	31.12.2016	31.12.2015	Change
Land and buildings	29,664	29,129	535
Leasehold improvements	50,883	47,134	3,749
Plant and machinery	8,452	8,403	49
Industrial and commercial equipment	28,687	29,390	(703)
Assets to be transferred free of charge	23,779	26,536	(2,757)
Other	1,319	1,854	(535)
Assets under construction and payments on account	18,316	14,939	3,377
Total	161,100	157,385	3,715

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

(€k)	Non-industrial land	Industrial land and buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Assets to be transferred free of charge	Other	Assets under construction and payments on account	Total
Gross amount									
Balance at 1 January 2015	5,426	48,154	230,231	58,387	306,455	141,601	32,095	23,418	845,767
Increases	-	636	12,999	1,085	5,990	3,916	301	9,670	34,597
Decreases	-	(6,195)	(5,954)	(7,007)	(20,149)	(1,708)	(3,570)	(345)	(44,928)
Other movements	-	265	9,038	536	2,620	4,867	313	(17,804)	(165)
Balance at 31 December 2015	5,426	42,860	246,314	53,001	294,916	148,676	29,139	14,939	835,271
Increases	-	653	11,629	1,361	8,021	4,277	226	15,241	41,408
Decreases	-	(57)	(4,562)	(467)	(4,341)	(20,886)	(166)	(72)	(30,551)
Other movements	-	1,271	3,799	823	2,780	2,706	107	(11,792)	(306)
Balance at 31 December 2016	5,426	44,727	257,180	54,718	301,376	134,773	29,306	18,316	845,822
Accumulated depreciation & impairment losses									
Balance at 1 January 2015	-	(22,141)	(191,669)	(47,872)	(273,643)	(108,601)	(29,877)	-	(673,803)
Increases	-	(1,139)	(11,753)	(2,424)	(11,521)	(12,107)	(962)	-	(39,906)
New impairment losses	-	(370)	(1,700)	(110)	(410)	(3,141)	(15)	-	(5,746)
Decreases	-	4,493	5,942	5,808	20,048	1,709	3,569	-	41,569
Balance at 31 December 2015	-	(19,157)	(199,180)	(44,598)	(265,526)	(122,140)	(27,285)	-	(677,886)
Increases	-	(984)	(10,435)	(1,986)	(10,219)	(7,432)	(846)	-	(31,902)
New impairment losses	-	(350)	(1,227)	(94)	(932)	(2,306)	(10)	-	(4,919)
Decreases	-	2	4,545	412	3,988	20,884	154	-	29,985
Balance at 31 December 2016	-	(20,489)	(206,297)	(46,266)	(272,689)	(110,994)	(27,987)	-	(684,722)
Carrying amount									
Balance at 31 December 2015	5,426	23,703	47,134	8,403	29,390	26,536	1,854	14,939	157,385
Balance at 31 December 2016	5,426	24,238	50,883	8,452	28,687	23,779	1,319	18,316	161,100

The increase of € 41,408k stems primarily from the modernization and renovation of stores and the replacement of obsolete plant, equipment and furnishings. Significant capital expenditure in 2016 concerned new outlets at Secchia Ovest (Eataly), Arda, Cadorna, Venezia Mestre (Puro Gusto), Genova Principe (Time Café), and Palermo Airport (Tentazioni), and investments in progress at Cantagallo, Milano Duomo, Venezia Santa Lucia (Bistrot) and Villorresi Ovest.

Decreases for the year, amounting to € 30,551k, consist of € 26,222k in assets transferred free of charge upon the expiration of concessions at Ledra Ovest, Paganella Est, Campogalliano Est, Rho Sud, Masseria Ovest, Vomano Ovest, Novara, Foglia Est, Tirreno Ovest and Villarboit Sud, and € 4,329k for the disposal of assets at other locations that were closed during the year.

Those disposals produced a capital gain of € 1,102k.

Impairment testing resulted in net impairment losses of € 4,919k (€ 5,746k in 2015), based on estimated future cash flows (without incorporating any assumed efficiency gains) discounted at the weighted average cost of capital, which reflects the cost of money and the specific business risk.

VII. Goodwill

“Goodwill” shows a balance of € 83,631k, unchanged since the previous year.

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

The discount rate reflects the capital assets pricing model, based on indicators and variables observable in the market, as well as the risks of carrying out the plan.

Future cash flows have been estimated on the basis of the 2017 budget and forecasts for 2018-2021 (explicit forecast period), and adjusted for compliance with the provisions of IAS 36. Cash flows beyond 2021 have been projected by normalizing information from those forecasts and applying a nominal growth rate (“g”), which does not exceed the long-term growth projection for Italy, and by using the perpetuity method to calculate terminal value.

The discount rate after taxes used in 2016 was 5.8% (5.7% the previous year).

In particular, internal estimates call for a moderate increase in motorway traffic. The selective strategy for future investments will reduce the sphere of operations, though only to a limited degree. Operating costs are expected to go down as a share of revenue, thanks to targeted efficiency measures.

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

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

For the most significant assumptions used in the impairment tests, the rates at which the existing gap between the CGU’s value in use and its carrying amount would no longer exist are 10.7% for the tax-free discount rate and -6.9% for the “g” rate.

Additional steps included:

- a sensitivity analysis, considering specific risk factors inherent to the plan as well as changes in the discount rate and g rate;
- a comparison between the CGU's value in use for 2016 and 2015 with gap analysis.

These steps confirmed that goodwill is fully recoverable and that the assumptions used are reasonable.

VIII. Other intangible assets

As follows:

(€k)	31.12.2016	31.12.2015	Change
Concessions, licenses, trademarks and similar rights	14,774	16,672	(1,898)
Assets under development and payments on account	7,046	5,709	1,337
Other	11,954	12,548	(594)
Total	33,774	34,929	(1,155)

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

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

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

All “Other intangible assets” have finite useful lives.

Movements in other intangible assets are summarized below:

(€k)	Concessions, licenses, trademarks and similar rights	Assets under development and payments on account	Other	Total
Gross amount				
Balance at 1 January 2015	46,899	5,412	69,725	122,036
Increases	824	5,020	664	6,508
Decreases	(149)	(9)	(9)	(167)
Other movements	822	(4,714)	4,057	165
Balance at 31 December 2015	48,396	5,709	74,437	128,542
Increases	521	6,179	434	7,134
Decreases	(590)	(102)	(17)	(709)
Other movements	13	(4,740)	5,033	306
Balance at 31 December 2016	48,340	7,046	79,887	135,273
Accumulated depreciation & impairment losses				
Balance at 1 January 2015	(29,366)	-	(55,679)	(85,045)
Increases	(2,495)	-	(6,216)	(8,711)
New impairment losses	(4)	-	-	(4)
Decreases	141	-	6	147
Balance at 31 December 2015	(31,724)	-	(61,889)	(93,613)
Increases	(2,406)	-	(6,059)	(8,465)
New impairment losses	(20)	-	(1)	(21)
Decreases	584	-	16	600
Other movements	-	-	-	-
Balance at 31 December 2016	(33,566)	-	(67,933)	(101,499)
Carrying amount				
Balance at 31 December 2015	16,672	5,709	12,548	34,929
Balance at 31 December 2016	14,774	7,046	11,954	33,774

IX. Investments

Investments at 31 December 2016 were worth € 554,465k: € 554,445k in subsidiaries and € 20k in other companies (neither subsidiaries nor associates).

Movements during the year are shown below:

(€k)	31.12.2015			Impairment (losses)/ reversals	31.12.2016		
	Cost	Impairment losses	Carrying amount		Cost	Impairment losses	Carrying amount
Nuova Sidap S.r.l.	9,253	-	9,253	-	9,253	-	9,253
GTA S.r.l.	60	-	60	-	60	-	60
Autogrill Austria A.G.	32,771	(27,893)	4,878	-	32,771	(27,893)	4,878
Autogrill Belgie N.V.	46,375	-	46,375	-	46,375	-	46,375
Autogrill Czech S.r.o.	6,048	(3,031)	3,017	-	6,048	(3,031)	3,017
Autogrill D.o.o.	4,764	(4,764)	-	-	4,764	(4,764)	-
Autogrill Deutschland GmbH	35,435	-	35,435	-	35,435	-	35,435
Autogrill Iberia S.L.U.	47,629	(35,400)	12,229	-	47,629	(35,400)	12,229
Autogrill Hellas E.p.E.	4,791	(2,791)	2,000	-	4,791	(2,791)	2,000
HMSHost Corporation	217,423	-	217,423	-	217,423	-	217,423
Autogrill Polska Sp.zo.o.	4,805	(4,805)	-	-	4,805	(4,805)	-
Autogrill Schweiz A.G.	243,031	(102,950)	140,081	-	243,031	(102,950)	140,081
Holding de Participations Autogrill S.a.s.	119,694	(24,500)	95,194	(11,500)	119,694	(36,000)	83,694
Autogrill Nederland B.V.	41,372	(41,372)	-	-	-	-	-
Others	20	-	20	-	20	-	20
Total	813,471	(247,506)	565,965	(11,500)	772,099	(217,634)	554,465

The recoverable amount of investments is tested by estimating their value in use, defined as the present value of estimated future cash flows based on the 2017 budget and financial projections for 2018-2021, adjusted to comply with the provisions of IAS 36 and discounted using the weighted average cost of capital in the respective regions (from 3.7% to 11.6%), calculated using the capital assets pricing model and based on parameters observable in the market. Cash flows beyond 2021 have been projected by normalizing information from those forecasts and applying nominal growth rates (“g”), which do not exceed the long-term growth estimates of each company’s sector and country in which each investment operates (from 1% to 2.4%, consistently with medium to long-term inflation forecasts by the International Monetary Fund), and by using the perpetuity method to calculate terminal value.

In 2016 there were trigger events for impairment of the investment in Holding de Participations Autogrill S.a.s. The estimated recoverable amount of the investment, determined by discounting cash flows on the basis of projected results, was lower than the carrying amount accounted for at historical cost, due to the subsidiary’s reduced perimeter of activity following the sale of the railway station business. The impairment loss of € 11,500k was recognized in the income statement.

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

In the context of efforts to focus on strategic operations most in line with growth targets and on the related significant channels, on 3 November 2016 Autogrill S.p.A. finalized the sale of Autogrill Nederland B.V. and its two subsidiaries, which manage restaurants and hotels at 18 rest stops in the Netherlands, to El Gr8 Investments B.V., an subsidiary of the Van der Valkior Group. With a sale price of € 22.6m and considering the value of financial receivables, the transaction determined a capital gain of € 11,539k.

The following table provides key data on subsidiaries at 31 December 2016 (see the Annex for a full list of subsidiaries held indirectly):

Name	Registered office	Currency	Share capital/quota	Number of shares/quotas *	Equity at 31.12.2016 *	2016 profit (loss) *	% held		Carrying amount (€) *
							Directly	Indirectly	
Nuova Sidap S.r.l.	Novara (Italy)	Euro	100,000	1	8,721	2,176	100	-	9,253
GTA S.r.l.	Novara (Italy)	Euro	50,000	1	46	(3)	100	-	60
Autogrill Austria A.G.	Gottesbrunn (Austria)	Euro	7,500,000	7,500,000	752	(379)	100	-	4,878
Autogrill Belgie N.V.	Antwerpen (Belgium)	Euro	6,700,000	8,882,601	11,805	109	100	0.001	46,375
Autogrill Czech S.r.o.	Prague (Czech Republic)	Czk	154,463,000	-	69,441	12,033	100	-	3,017
Autogrill D.o.o.	Lubjana (Slovenia)	Euro	1,342,670	-	1,110	106	100	-	-
Autogrill Deutschland GmbH	Munich (Germany)	Euro	205,000	1	24,471	919	100	-	35,435
Autogrill Iberia S.L.U.	Madrid (Spain)	Euro	7,000,000	7,000,000	10,425	557	100	-	12,229
Autogrill Hellas E.p.E.	Avlona Attikis (Greece)	Euro	3,696,330	123,211	4,269	1,002	100	-	2,000
HMSHost Corporation	Wilmington (USA)	Usd	10	1,000	415,493	112,243	100	-	217,423
Autogrill Polska Sp.zo.o.	Katowice (Poland)	Pln	14,050,000	28,100	3,401	(987)	100	-	-
Autogrill Schweiz A.G.	Oltten (Switzerland)	Chf	23,183,000	23,183	38,294	3,460	100	-	140,081
Holding de Participations Autogrill S.a.s.	Marseille (France)	Euro	84,581,920	556,460	72,118	12,037	100	-	83,694
Others									20
Total									554,465

* Amounts in local currency, in thousands

X. Other financial assets

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

(€k)	31.12.2016	31.12.2015	Change
Loans granted to subsidiaries:			
Nuova Sidap S.r.l.	3,500	8,000	(4,500)
Autogrill Austria A.G.	2,221	3,605	(1,384)
Autogrill Polska Sp.zo.o.	2,280	2,300	(20)
Autogrill Nederland B.V.	-	11,400	(11,400)
Holding de Participations Autogrill S.a.s.	13,500	25,800	(12,300)
Autogrill Hellas E.p.E.	1,300	-	1,300
Guarantee deposits	1,624	1,559	65
Other financial receivables from third parties	10	10	-
Total	24,435	52,674	(28,239)

All of these loans charge interest at market rates.

The principal changes in this item are due to:

- partial repayment of the loan granted to Nuova Sidap S.r.l. for € 4,500k;
- termination of the loan granted to the company Autogrill Nederland B.V. for € 11,400k, due to the disposal of this investment (see section IX “Investments” for details);
- partial repayment of the loan granted to Holding de Participations Autogrill S.a.s. for € 12,300k, due in part to the disposal of the railway station business by the French subsidiary;
- reclassification to non-current receivables of the loan granted to the subsidiary Autogrill Hellas E.p.E., whose maturity has been extended to 2020.

XI. Other receivables

Most of the balance of € 8,310k (€ 9,116k at 31 December 2015) consists of concession fees paid in advance for motorway food & beverage operations.

The change is due primarily to the reclassification to current receivables of the amount due within 12 months of the close of the year (€ 1,657k).

Current liabilities

XII. Trade payables

This item amounts to € 144,473k, as detailed below:

(€k)	31.12.2016	31.12.2015	Change
Due to suppliers	144,120	170,598	(26,478)
Due to subsidiaries	353	272	81
Total	144,473	170,870	(26,397)

The decrease is due in part to a reduction in purchases, in particular of state monopoly goods and instant lottery tickets, as a result of different purchasing patterns late in the year as compared with the end of 2015.

XIII. Tax liabilities

The balance of € 2,889k (€ 2,475k at 31 December 2015) is shown net of offsettable tax credits.

XIV. Other payables

With a balance of € 82,912k (€ 71,283k at 31 December 2015), these are made up as follows:

(€k)	31.12.2016	31.12.2015	Change
Personnel expense	25,380	16,870	8,510
Due to suppliers for investments	20,093	14,244	5,849
Social security and defined contribution plans	13,547	12,890	657
Indirect taxes	5,451	1,901	3,550
Withholding taxes	5,282	5,010	272
Other	13,159	20,368	(7,209)
Total	82,912	71,283	11,629

The change in personnel expense is due mostly to the reclassification to current liabilities of the portion of stock option plans and deferred bonuses payable within the next 12 months.

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

“Indirect taxes” increased primarily as a result of the VAT balance, with VAT payable of € 2,830k at the end of the year, compared with a net VAT credit at 31 December 2015.

The heading “Other” includes amounts due to subsidiaries (€ 4,637k), promotional contributions from suppliers pertaining to future years (€ 1,445k), premiums due to franchisees (€ 1,314k), and pension fund payables (€ 996k). Most of the decrease since the previous year reflects the transfer of premiums received from suppliers on behalf of subsidiaries.

XV. Bank loans and borrowings

This item amounts to € 79,288k, as detailed below:

(€k)	31.12.2016	31.12.2015	Change
Unsecured bank loans	18,000	35,000	(17,000)
Current account overdraft	1,288	22,862	(21,574)
Bank loans current	60,000	-	60,000
Total	79,288	57,862	21,426

It consists of current account overdrafts, unsecured bank loans, and the amount due in 2017 on the amortizing term loan (“Current portion of long-term loan”).

The changes in these components are due to the different pattern in the use of credit lines and the approaching maturity of the amortizing term loan.

XVI. Other financial liabilities

This item amounts to € 28,032k, as detailed below:

(€k)	31.12.2016	31.12.2015	Change
Deposits received from:			
Autogrill Belgie N.V.	8,973	6,976	1,997
Autogrill Schweiz A.G.	9,312	12,024	(2,712)
Autogrill Deutschland GmbH	9,000	11,783	(2,783)
Holding de Participations Autogrill S.a.s.	-	2	(2)
Fair value of currency hedging derivatives	53	34	19
Accrued expenses and deferred income for interest on loans	692	100	592
Other financial accrued expenses and deferred income	2	4	(2)
Total	28,032	30,923	(2,891)

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

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

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

Non-current liabilities

XVII Other payables

With a balance of € 4,879k (€ 8,235k at 31 December 2015), this item refers mainly to deferred compensation under long-term incentive plans and the liability for the phantom stock option plans. The decrease is explained by the allocation for 2016, which reflects the reclassification to current liabilities of the relevant portion of the stock option plans and of bonuses payable within 12 months.

XVIII Loans, net of current portion

Amounting to € 183,404k (€ 277,813k at 31 December 2015), this item consists of € 185,000k in bank loans net of € 1,596k in charges and fees (€ 280,000k and € 2,187k at 31 December 2015).

Bank debt at 31 December 2016 and the previous year is broken down in the table below:

Credit Line	Expiry	31.12.2016		31.12.2015	
		Amount (€k)	Utilizations €k	Amount (€k)	Utilizations €k
Lines Revolving - RCF	March 2020	400,000	45,000	400,000	80,000
Lines Term Amortizing - TL	March 2020	200,000	200,000	200,000	200,000
Total lines of credit		600,000	245,000	600,000	280,000
<i>Of which current portion</i>		<i>(60,000)</i>	<i>(60,000)</i>		
Total lines of credit net of current portion		540,000	185,000	600,000	280,000

The significant reduction in debt reflects the reclassification of € 60m of the amortizing term loan to current liabilities, and a decrease of € 35m in the revolving credit facility.

Debt consists mainly of drawdowns on committed long-term credit lines, with an average duration of two years and nine months, compared with three years and nine months at the end of 2015. At 31 December 2016, credit lines had been drawn down by 41%.

The loan agreement signed on 12 March 2015, which covers the credit lines, requires Autogrill to maintain a leverage ratio (net debt/EBITDA) of 3.5 or less and an interest coverage ratio (EBITDA/net financial expense) of at least 4.5. Those ratios are calculated on consolidated figures or aggregates thereof, and hence refer to the group as a whole.

At 31 December 2016 all of the above covenants were satisfied. Forecasts for 2017 confirm that they will continue to be met over the next 12 months.

XIX Post-employment benefits and other employee benefits

At 31 December 2016 this item amounted to € 56,130k. Movements during the year were as follows:

(€k)	
Defined benefit plans at 1 January 2015	65,762
Interest expense	578
Actuarial losses (gains) due to:	
– demographic assumptions	-
– financial assumptions	(437)
– experience adjustments	(1,932)
Benefits paid	(4,439)
Defined benefit plans at 31 December 2015	59,532
Interest expense	793
Actuarial losses (gains) due to:	
– demographic assumptions	-
– financial assumptions	(459)
– experience adjustments	1,161
Benefits paid	(4,800)
Other	(97)
Defined benefit plans at 31 December 2016	56,130

The amounts recognized in the income statement for defined benefit plans, € 793k in 2016 (€ 578k the previous year), are listed under “Financial expense.”

At 31 December 2016 the gross liability for post-employment benefits (Art. 2120 of the Italian Civil Code) was € 51,009k.

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

(€k)	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Present value of plan obligations	55,428	61,901	59,107	68,596
Actuarial (gains) losses not recognised	702	(2,369)	6,655	(325)
Net liability recognised	56,130	59,532	65,762	68,271

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

(€k)	31.12.2016	31.12.2015
Discount rate	0.86%	1.39%
Inflation rate	1.5%	1.5% for 2016 1.8% for 2017 1.7% for 2018 1.6% for 2019 2% from 2020
Average frequency of termination	6.00%	6.00%
Average frequency of advances	2.00%	2.00%
Mortality table	RG48	RG48
Annual TFR increase	2.625%	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.000% from 2020

For 2016, the discount rate was based on the Iboxx Corporate AA 7- to 10-year index as of the measurement date. The selected yield was the one with a duration comparable to the assumed average remaining life of the employment contracts figuring in the calculation.

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

(€k)	Change	Increase	Decrease
Discount rate	+/- 0.25%	(1,027)	1,062
Inflation rate	+/- 0.25%	652	(641)
Turnover rate	+/- 1.00%	(329)	365

At the close of the year, the weighted average duration of the defined benefit obligation was 8 years and 1 month.

XX. Provisions for risks and charges

These amounted to € 5,925k at the end of 2016. Movements during the year are shown below:

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

(€k)	31.12.2014	Reclassifications	Accruals	Utilisations	Reversals	31.12.2015
Onerous contracts provision	625	3	-	-	-	628
Provision for legal disputes and other risks and charges	3,757	(3)	2,741	(1,150)	(230)	5,115
Total	4,382	-	2,741	(1,150)	(230)	5,743

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

The “Provision for legal disputes and other risks and charges” covers the risk stemming from litigation with employees and trading partners and reflects the opinions of the Company’s legal advisors. Utilizations and releases concern actual payments, as well as revised estimates where necessary. The provision also covers risks inherent to operating the core business.

XXI. Equity

Equity at 31 December 2016 amounts to € 481,097k.

The Annual General Meeting of 26 May 2016 voted to carry forward € 28,862k of the net profit, and to distribute € 30,484k as dividends amounting to € 0.12 per entitled share.

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

(€k)	31.12.2016	Eligibility for use	Amount available	Summary of utilisations in the past three years:	
				For loss coverage	For other reasons
Share capital	68,688		-	-	-
Income-related reserves:					
Legal reserve	13,738	B	-	-	-
Other reserves and retained earnings	371,261	A, B, C	371,261	-	-
Stock option reserve	183	A, B, C	183	-	-
Actuarial gains (losses) on defined benefit plans reserve	(7,780)		-	-	-
Total	363,664				
Treasury shares reserve	(1,447)		-	-	-
Total	444,643		371,444		
Share not available for distribution			(9,227)		
Share available for distribution			362,217		

Key:

A: for share capital increases

B: for loss coverage

C: for dividends

Share capital

At 31 December 2016 the share capital of Autogrill S.p.A., fully subscribed and paid in, amounts to € 68,688k and consists of 254,400,000 ordinary shares.

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

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

through the issue of up to 2,000,000 ordinary shares in one or more tranches. On 6 June 2013 the Annual General Meeting approved the proportional partial demerger of Autogrill S.p.A. and as a result made some changes to the 2010 stock option plan approved on 20 April 2010, which included extending until 30 April 2018 the deadline for exercising the options.

At 31 December 2016, options convertible into a maximum of 183,571 ordinary Autogrill shares had been granted.

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

Legal reserve

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

Other reserves and retained earnings

These amount to € 363,634k (€ 335,334k in 2015). The difference comes mainly from the carry-forward of the 2015 profit.

Other reserves and retained earnings also include the amount of actuarial gains and losses arising from the re-measurement of the liability for defined benefit plans (post-employment benefits), net of the tax effect. The change in other reserves and retained earnings relating to defined benefit plans amounts to € 701k, net of the tax effect (at a rate of 24%) of € 168k.

Treasury shares

At 31 December 2016 the Company owned 365,212 treasury shares, unchanged since the previous year, with a carrying amount of € 1,447k and an average carrying amount of € 3.96 per share.

The annual general meeting of 26 May 2016, pursuant to arts. 2357 et seq. of the Italian Civil Code and after revoking the unutilized part of the authorization granted previously, authorized the purchase and subsequent disposal of ordinary shares up to a maximum of 12,720,000 shares.

Other comprehensive income

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

(€k)	2016			2015		
	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Actuarial gains (losses) on defined benefit plans	(701)	168	(533)	2,369	(985)	1,384
Items that will never be reclassified to profit or loss	(701)	168	(533)	2,369	(985)	1,384
Effective portion of the fair value change of derivatives designated as cash flow hedges	-	-	-	2,648	(728)	1,920
Variation on fair value of available for sale financial assets	-	-	-	581	(160)	421
Items that will be reclassified subsequently to profit or loss	-	-	-	3,229	(888)	2,341

2.2.3 NOTES TO THE INCOME STATEMENT

XXII. Revenue

The total of € 967,545k is broken down below:

(€k)	2016	2015	Change
Food & beverage and retail sales	930,869	951,234	(20,365)
Fuel sales	2	2,143	(2,141)
Sales to affiliates, third parties and subsidiaries	36,674	35,115	1,559
Total	967,545	988,492	(20,947)

The reduction in “Food & beverage and retail sales” is explained mostly by the lower number of locations operated during the year, due to the closure of unprofitable locations and the Company’s selective participation in the 2016 bidding season for motorway contracts.

Food & beverage and retail sales are comprised chiefly of catering revenue of € 540,855k (€ 547,661k the previous year), sales of retail goods for € 157,456k (€ 158,543k in 2015), and sales of tobacco products, newspapers & magazines, and lottery tickets for € 232,537k (€ 244,985k the previous year).

Fuel sales decreased due to the disposal of those operations.

“Sales to affiliates, third parties and subsidiaries” consist mainly of revenue from franchise affiliates (€ 13,005k, compared with € 13,408k in 2015) and subsidiaries (€ 22,535k, up from € 20,489k the previous year).

XXIII. Other operating income

“Other operating income” of € 62,824k was made up as follows:

(€k)	2016	2015	Change
Bonuses from suppliers	40,463	42,536	(2,073)
Income from business leases	4,050	4,372	(322)
Affiliation fees	3,269	3,361	(92)
Gains on sales of property, plant and equipment	1,102	2,472	(1,370)
Other revenue	13,940	13,241	699
Total	62,824	65,982	(3,158)

“Gains on sales of property, plant and equipment” include € 1,036k for the sale of assets as a result of the departure from various locations. In 2015 they included € 2,293k for the sale of the central warehouse building in Anagni.

“Other revenue” consists mainly of the reimbursement of IT services (€ 3,549k), commissions on sales for which Autogrill acts as agent (€ 2,049k), and the reimbursement of insurance costs (€ 2,419k).

XXIV. Raw materials, supplies and goods

The cost of “Raw materials, supplies and goods” decreased by € 15,270k, due mostly to the smaller number of locations operated:

(€k)	2016	2015	Change
Total purchases relating to food & beverage and retail sales:	429,383	446,697	(17,314)
– merchandise and ingredients	217,611	221,223	(3,612)
– state monopoly products, newspapers and lottery tickets	211,771	223,356	(11,585)
– fuel for resale	(1)	2,118	(2,119)
Products for sale to affiliates, third parties and subsidiaries	33,166	31,122	2,044
Total	462,549	477,819	(15,270)

XXV. Personnel expense

This item came to € 264,188k, as follows:

(€k)	2016	2015	Change
Wages and salaries	186,380	189,339	(2,959)
Social security contributions	57,809	59,093	(1,284)
Employee benefits	11,891	12,647	(756)
Other costs	8,108	9,564	(1,456)
Total	264,188	270,643	(6,455)

The change in personnel expense is due mainly to the reduction in staff as a result of the smaller number of locations and to a decrease in the average hourly cost.

The year’s share of the cost of the phantom stock option plans came to € 4,840k (€ 5,154k in 2015). See the section “Information on incentive plans for directors and executives with strategic responsibilities” for a description of these plans.

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

	31.12.2016			31.12.2015		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Executives	60	-	60	60	-	60
Junior managers	414	2	416	449	4	453
White collars	532	123	655	572	121	693
Blue collars	2,425	5,130	7,555	2,558	5,302	7,860
Total	3,431	5,255	8,686	3,639	5,427	9,066

The above costs include five white collar employees and one executive seconded to Italian and foreign subsidiaries.

The average headcount, expressed in terms of equivalent full-time employees, was 6,651 in 2016 (6,789 the previous year). The decrease is due chiefly to the lower number of locations operated.

XXVI. Leases, rentals, concessions and royalties

These came to € 162,179k, as follows:

(€k)	2016	2015	Change
Leases, rentals and concessions	160,558	159,607	951
Royalties for use of brands	1,621	1,544	77
Total	162,179	161,151	1,028

The total of € 162,2m is essentially in line with the previous year's € 161,2m. The decrease in rent due to the smaller number of locations was offset by a less favourable sales mix, i.e. a more marked decline in sales of complementary goods (tobacco products, newspapers and lottery tickets) to which minimum rates apply.

XXVII. Other operating expense

Amounting to € 114,645k, these decreased with respect to 2015 as shown in the table below:

(€k)	2016	2015	Change
Utilities	26,847	29,372	(2,525)
Maintenance	12,222	12,931	(709)
Cleaning and disinfestations	16,305	16,859	(554)
Consulting and professional services	10,206	10,482	(276)
Commissions on credit card payments	752	1,347	(595)
Storage and transport	11,031	11,085	(54)
Advertising and market research	6,248	5,868	380
Travel expenses	3,687	3,657	30
Telephone and postal charges	1,353	1,649	(296)
Equipment hire and lease	2,431	2,506	(75)
Insurance	1,602	1,613	(11)
Surveillance	881	955	(74)
Transport of valuables	1,137	1,250	(113)
Banking services	1,144	1,065	79
Sundry materials	3,275	2,858	417
Other services	3,809	3,338	471
Costs for materials and services	102,930	106,835	(3,905)
Impairment losses on receivables (Note "IV. Trade receivables")	900	792	108
For legal disputes	595	498	97
For onerous contracts	232	-	232
For other risks	444	1,885	(1,441)
Provisions for risks (Note "XX. Provision for risks and charges")	1,271	2,383	(1,112)
Indirect and local taxes	5,740	6,033	(293)
Losses on disposals	18	24	(6)
Other charges	3,786	2,795	991
Other operating expense	3,804	2,819	985
Total	114,645	118,862	(4,217)

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

XXVIII. Amortization and depreciation

The total of € 40,367k is broken down below:

(€k)	2016	2015	Change
Other intangible assets	8,465	8,711	(246)
Property, plant and machinery	24,470	27,799	(3,329)
Assets to be transferred free of charge	7,432	12,107	(4,675)
Total amortization	40,367	48,617	(8,250)

The decrease in this item is a result of the smaller number of locations operated. Also, because the contracts for several locations reached their natural expiration dates at the end of 2015, the corresponding investments had been written off in full, leading to a temporary decline in depreciation in 2016.

XXIX. Impairment losses

In 2016, net impairment losses came to € 4,924k (€ 5,750k the previous year).

XXX. Financial income

Financial income amounted to € 80,483k, as follows:

(€k)	2016	2015	Change
Dividends from subsidiaries	66,989	98,418	(31,429)
Interest from subsidiaries	751	1,202	(451)
Bank interest income	19	310	(291)
Ineffective portion of hedging instruments	-	32	(32)
Exchange rate gains	941	373	568
Other financial income	11,783	380	11,403
Total	80,483	100,715	(20,232)

“Dividends from subsidiaries” consist of the following dividends received:

- HMSHost Corporation for € 54,600k (\$ 60,000k), approved on 21 December 2016, shown net of withholding tax;
- Autogrill Iberia S.L.U. for € 5,519k, approved on 21 December 2016;
- Autogrill Belgie N.V. for € 3,300k, approved on 22 December 2016;
- Autogrill Schweiz A.G. for € 633k (Chf 700k), received in June 2016.

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

“Other financial income” of € 11,539k refers to the capital gain on the sale of Autogrill Nederland B.V. on 3 November 2016.

See Note “IX. Investments”, for details of that transaction.

XXXI. Financial expense

Financial expense of € 9,310k is detailed below:

(€k)	2016	2015	Change
Interest expense	4,990	6,011	(1,021)
Exchange rate losses	2,614	5,957	(3,343)
Financial expense on post-employment benefits	790	578	212
Interest paid to subsidiaries	94	142	(48)
Commission	174	1,446	(1,272)
Other financial expense	648	3,905	(3,257)
Total	9,310	18,039	(8,729)

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

Exchange rate losses stem from derivatives in Swiss francs. In 2015 they also reflected the depreciation of the franc against the euro.

Most of the decrease in “Other financial expense” concerns the rate spreads paid upon termination of interest rate swaps in 2015.

The previous year’s figure for “Commission” included € 1.3k in banking fees not yet fully amortized on the € 500m loan that was paid back early in March 2015.

XXXII. Impairment losses on financial assets

This item, amounting to € 11,500k, refers to the impairment loss on Holding de Participations Autogrill S.a.s. as described in Note IX, Investments. The estimated recoverable amount of the investment, determined by discounting cash flows on the basis of projected results, was lower than the carrying amount accounted for at historical cost, due to the company’s reduced perimeter of activity following the sale of the railway station business.

XXXIII. Income tax

Income tax amounts to a negative € 4,717k (current taxes of € 4,549k and net deferred tax liabilities of € 168k), compared with a positive € 5040k in 2015, which benefited from net deferred tax assets of € 5,968k.

Current taxes consist mainly of IRAP (regional business tax) of € 1,160k (€ 765k in 2015) and IRES (corporate income tax) of € 2,877k, the latter referring to withholding tax on the dividend approved but not yet received from the subsidiary HMSHost Corporation.

Deferred tax assets have also been recognized on tax losses carried forward in the amount of € 1,419k, up to the limit of temporary differences that will lead to taxable income in future years. As a result, the net balance of deferred tax assets and liabilities recognized in the statement of financial position is zero.

There are also unrecognized tax losses of € 77,389k, corresponding to an unrecognized tax benefit of € 18,573k.

Considering that in 2017 the corporate income tax (IRES) rate for Italian companies will be reduced from 27,5% to 24% on the basis of the Stability Law (Law 208 of 28 December 2015), deferred taxes have been recognized at the new rate.

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

(€k)	31.12.2015	Recognised in profit and loss	Recognised in other comprehensive income	31.12.2016
Deferred tax assets:				
Property, plant and equipment	6,655	(154)	-	6,501
Trade receivables	1,225	(426)	-	799
Defined benefit	2,289	-	168	2,457
Provisions for risks and charges	1,621	53	-	1,674
Other liabilities	924	(97)	-	827
Profit brought forward/available reserve	8,715	1,419	-	10,134
Total	21,429	795	168	22,392
Deferred tax liabilities:				
Property, plant and equipment	12,733	1,478	-	14,211
Investments	7,315	-	-	7,315
Other assets	1,265	(469)	-	796
Other liabilities	116	(46)	-	70
Total	21,429	963	-	22,392

The following table reconciles effective tax and theoretical tax for 2016. Theoretical tax has been calculated at the tax rates currently in force.

(€k)	2016			2015		
	IRES 27.5%	IRAP 3.9%	Total 31.4%	IRES 27.5%	IRAP 3.9%	Total 31.4%
Pre-tax profit			41,172			54,307
Theoretical tax	11,322	1,606	12,928	14,934	2,118	17,052
Permanent differences:						
– Personnel expense	(131)	1,456	1,325	(139)	1,198	1,059
– Dividends and other financial items	(20,719)	(2,327)	(23,046)	(25,712)	(3,224)	(28,936)
– Impairment losses on equity investments	3,163	-	3,163	-	-	-
– Other	2,187	292	2,479	5,254	436	5,690
Net effect of unrecognised tax losses for the period	3,434	-	3,434	5,570	-	5,570
Increase in regional tax rate	-	(41)	(41)	-	40	40
Reversal of previous years' temporary differences	818	-	818	(1,367)	-	(1,367)
Taxed temporary differences deductible in future years	(73)	174	101	1,460	197	1,657
Total	-	1,160	1,160	-	765	765
Adjustment of prior years' provision for temporary differences	365	147	512	(3,461)	(746)	(4,207)
Taxes on dividends	2,877	-	2,877	4,370	-	4,370
Current taxes	3,241	1,308	4,549	909	19	928
Adjustment on tax rate	-	-	-	(1,962)	-	(1,962)
Reversal net temporary differences for the period	2,633	-	2,633	1,305	-	1,305
Net temporary differences	(712)	(333)	(1,045)	(1,051)	-	(1,051)
Effect of recognised tax losses	(1,419)	-	(1,419)	(4,260)	-	(4,260)
Net advance taxes	501	(333)	168	(5,968)	-	(5,968)
Income tax	3,743	975	4,717	(5,059)	19	(5,040)

2.2.4 NET FINANCIAL POSITION

The net financial position at the end of 2016 and 2015 is detailed below:

Note	(m€)	31.12.2016	31.12.2015	Change
I	A) Cash on hand	(19.6)	(22.5)	2.9
	B) Cash and cash equivalents	(19.6)	(22.5)	2.9
II	C) Current financial assets	(2.0)	(5.2)	3.2
	D) Bank loans and borrowings, current	61.3	22.9	38.4
	E) Other financial liabilities	46.0	65.7	(19.7)
XV-XVI	F) Current financial indebtedness (D + E)	107.3	88.6	18.7
	G) Net current financial indebtedness (B + C + F)	85.7	60.9	24.8
XVIII	H) Loans, net of current portion	183.6	277.8	(94.2)
	I) Non-current financial indebtedness	183.6	277.8	(94.2)
	J) Net financial indebtedness (G + I) *	269.3	338.7	(69.4)
X	Non-current financial assets	(22.8)	(53.0)	30.2
	Net financial indebtedness	246.5	285.7	(39.2)

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

With respect to the financial statements for the year ended 31 December 2015, for the sake of clarity, receivables from credit card companies have been reclassified from “Other current receivables” to “Other current financial assets” in the amount of € 275k.

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

In January and February 2017, dividends were collected for a total of € 60.2m.

2.2.5 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

2.2.5.1 Fair value

The following tables break down assets and liabilities by category at 31 December 2016 and 2015 and financial instruments measured at fair value by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities either directly (prices) or indirectly (derived from prices);

Level 3 – inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

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

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

31.12.2015

(€k)	Carrying amount				Fair value				
	Fair value - hedging instruments	Loans and receivables	Held-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Other actions	-	-	-	-	-	-	-	-	-
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	516	-	-	-	516	-	516	-	516
	516	-	-	-	516	-	516	-	516
Financial assets not measured at fair value									
Cash and cash equivalent	-	22,475	-	-	22,475	-	-	-	-
Trade receivables	-	26,971	-	-	26,971	-	-	-	-
Other current assets *	-	21,550	-	-	21,550	-	-	-	-
Other non current assets	-	261	-	-	261	-	-	-	-
Other financial assets (current)	-	5,207	-	-	5,207	-	-	-	-
Other financial assets (non-current)	-	52,674	-	-	52,674	-	-	-	-
	-	129,138	-	-	129,138	-	-	-	-
Financial liabilities measured at fair value									
Fair value of interest rate hedging derivatives	-	-	-	-	-	-	-	-	-
Fair value of currency hedging derivatives	34	-	-	-	34	-	34	-	34
	34	-	-	-	34	-	34	-	34
Financial liabilities not measured at fair value									
Bank overdraft	-	-	-	57,862	57,862	-	-	-	-
Unsecured current bank loans and borrowings	-	-	-	277,813	277,813	-	279,966	-	279,966
Finance leases	-	-	-	-	-	-	-	-	-
Financial liabilities due to others	-	-	-	30,600	30,600	-	-	-	-
Obligations	-	-	-	-	-	-	-	-	-
Trade payables	-	-	-	170,870	170,870	-	-	-	-
Other payables	-	-	-	20,255	20,255	-	-	-	-
Total	-	-	-	557,400	557,400	-	279,966	-	279,966

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

In 2016 there were no transfers between different hierarchical levels.

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

(a) Level 1 financial instruments

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

(b) Level 2 financial instruments

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

value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For level 2, the specific valuation techniques are as follows:

- the fair value of loans was estimated by discounting future cash flows at a risk-free market interest rate gross of a spread determined on the basis of the Group's credit risk, financial ratios and benchmarking.

2.2.5.2 Financial risk management

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

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

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

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

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

Market risk

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

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

Interest rate risk

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

Hedging instruments are allocated to companies with significant exposure to interest rate risk, through debt charging a floating rate (thus exposing the Group to higher finance costs if interest rates rise) or a fixed rate (which means that lower or higher interest rates do not bring about a reduction or an increase in the amount payable).

Exchange rate risk

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

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

The fair value of exchange rate hedges outstanding at 31 December 2016 is as follows:

	Notional amount (currency/000)	Expiry	Forward rate	Fair value (€k)
Chf	10,000	January 2017	1.0674	(53)
Pln	9,800	March 2017	4.4330	1
Usd	17,000	January 2017	1.0425	204
Usd	20,000	January 2017	1.0428	236
Usd	20,000	January 2017	1.0431	231
Usd	340	September 2017	1.0546	5

Credit risk

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

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

Exposure at 31 December 2016 and 31 December 2015 was as follows:

(€k)	31.12.2016	31.12.2015	Change
Cash and cash equivalents	942	2,205	(1,263)
Other current financial assets	1,961	5,770	(3,809)
Trade receivables	28,107	26,971	1,136
Other current receivables	92,716	115,781	(23,065)
Other non-current financial assets	24,435	52,674	(28,239)
Other non-current receivables	8,181	8,855	(674)
Total	156,342	212,256	(55,914)

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

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

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

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

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

The geographical breakdown is as follows:

Current financial assets

(€k)	2016	%	2015	%
Austria	8	0.4%	1	0,0%
Belgium	-	0.0%	60	1.0%
Germany	-	0.0%	68	1.2%
Greece	9	0.4%	1,372	23.8%
Italy	1,823	93.0%	4,150	71.9%
France	101	5.2%	36	0.6%
Netherlands	-	0.0%	81	1.4%
Poland	20	1.0%	2	0,0%
Total	1,961	100.0%	5,770	100.0%

Non-current financial assets

(€k)	2016	%	2015	%
Italy	5,133	21.0%	9,569	18.2%
Austria	2,222	9.1%	3,605	6.8%
Poland	2,280	9.3%	2,300	4.4%
Netherlands	-	0.0%	11,399	21.6%
France	13,500	55.3%	25,800	49.0%
Greece	1,300	5.3%	-	-
Total	24,435	100.0%	52,673	100.0%

Trade receivables are mainly governed by affiliation contacts with motorway partners and others under special agreement. The company's business model, focused on the final consumer, means that trade receivables are not materially significant in that sales are generally settled in cash. Affiliation entails the supply of merchandise and the payment of royalties for the operation of stores in Italy.

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

The following table shows the aging of invoiced trade receivables by class of debtor at 31 December 2016.

(€k)	Incidence on total receivables	Receivables	Overdue	1-3 months	3-6 months	6 months- 1 year	Over 1 year
Affiliates	16%	4,428	3,343	68	-	3,253	22
Special agreements	12%	3,294	1,828	1,328	-	325	176
Motorway partners	26%	7,305	5,048	239	-	1,027	3,781
Intercompany	13%	3,577	-	-	-	-	-
Other	34%	9,503	4,010	2,514	-	257	1,239
Total		28,107	14,230	4,149	-	4,863	5,218

First-demand bank guarantees are required on entering into affiliation agreements to cover exposure. At 31 December 2016 these guarantees amounted to € 3,712k.

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

There is no significant concentration of credit risk: the top 10 customers account for 36% of total trade receivables, and the largest customer Chef Express S.p.A. for 6%.

Liquidity risk

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

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

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

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

Exposure and maturity data at the close of 2016 and 2015 were as follows:

31.12.2016

Contractual cash flows

Non derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Current account overdrafts	1,288	1,288	1,288	-	-	-	-	-
Lease payments due to others	263,000	263,000	18,000	30,000	30,000	60,000	125,000	-
Trade payables	144,119	144,119	144,119	-	-	-	-	-
Due to suppliers for investments	20,093	20,093	20,093	-	-	-	-	-
Total	428,500	428,500	183,500	30,000	30,000	60,000	125,000	-

31.12.2015

Contractual cash flows

Non derivative financial liabilities (€k)	Carrying amount	Total	1-3 months	3-6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Current account overdrafts	22,862	22,862	22,862	-	-	-	-	-
Lease payments due to others	315,000	315,000	35,000	-	-	280,000	-	-
Trade payables	170,598	170,598	170,598	-	-	-	-	-
Due to suppliers for investments	14,244	14,244	14,244	-	-	-	-	-
Total	522,704	522,704	242,704	-	-	280,000	-	-

As for exposure to trade payables, there is no significant concentration of suppliers: the top 10 account for 43% of the total, the largest (Autostrade per l'Italia S.p.A.) for 17%, and the second largest (Energrid S.p.A.) for 8%.

2.2.6 SEASONAL PATTERNS

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

2.2.7 GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees and commitments

Guarantees given and commitments assumed come to € 253,025k, as follows:

(€k)	31.12.2016	31.12.2015	Change
Sureties and personal guarantees in favour of third parties	231,764	158,517	73,247
Sureties and personal guarantees in favour of subsidiaries	165	165	-
Other commitments and guarantees	21,096	21,060	36
Total	253,025	179,742	73,283

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

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

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

Contingent liabilities

At 31 December 2016, there were no contingent liabilities as described in IAS 37.

2.2.8 OPERATING LEASES

Area concession

With these contracts, the infrastructure operator (motorway or airport) grants a concession to a specialized entity to arrange and provide food & beverage and/or fuel services, authorizing it (i) to build and install, on land owned by the grantor, buildings, plant, furnishings and fittings designed for the sale of food and drink, complementary products and groceries and/or for the distribution of fuel, and (ii) to carry on this business against payment of a fee based on turnover, with certain stipulations regarding the means and continuity of service provision during the business hours established by the grantor.

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

Usually, on expiry of the contract, the assets built for the provision of motorway services must be transferred free of charge to the grantor, while this is almost never the case for airport terminals.

Access concession

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

Business lease and commercial lease

Leasing a business or business branches allows an operator to use rights and/or buildings, equipment etc. organized to serve food and beverage products. In some cases the business consists of an authorization to operate and of administrative licenses, in which case the operator incurs the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorization and the necessary buildings and equipment. Leasing a company in the concession business entails the obligation to ensure continuity of service and payment of a fee; for primary concession contracts between a petrol company and a motorway operator, it also entails reimbursement of the royalties due by the petrol company.

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

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

The fees due for these contracts may be a set amount and/or a percentage of revenue earned. In the latter case, there may also be an annual minimum payment that can either be fixed over the life of the contract, or periodically revised on the basis of certain variables measured during the previous period (e.g. total rent due for the year, inflation rate or index of passenger traffic).

The table below provides details by due date of the Group's future minimum payments, i.e. fixed fees and/or guaranteed minimums, the latter based on the variables mentioned above as of 31 December 2016:

Years (m€)	Total minimum lease payments	Minimum sub-lease payments	Net minimum lease payments
2016	94.0	2.3	91.7
2017	77.1	1.7	75.4
2018	66.7	1.3	65.4
2019	58.9	1.3	57.6
2020	51.8	1.2	50.6
Subsequent years	239.6	2.8	236.8
Total	588.1	10.6	577.5

2.2.9 OTHER INFORMATION

Related party transactions

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

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

In 2016 Autogrill S.p.A. had no transactions with its direct parent, Schematrentaquattro S.p.A.

Transactions with Edizione S.r.l.

Income statement (€k)	2016	2015	Change
Other operating income	25	41	(16)
Other operating expense	108	120	(12)
Personnel expense	106	106	-

Statement of financial position (€k)	31.12.2016	31.12.2015	Change
Other receivables	12,448	14,479	(2,031)
Other payables	107	139	(32)

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

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

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

“Other receivables” consist of:

- € 12,423k for the IRES (corporate income tax) refund due as a result of Art. 2 of Decree Law 201/2011, which recognized the deductibility of IRAP (regional tax) pertaining to personnel expense paid from 2007 to 2011);
- € 19k for taxes withheld in 2014 and transferred to the consolidating company Edizione S.r.l. In accordance with the regulations, the amount will be reimbursed after their use.

The decrease refers mainly to the receipt in January 2016 of € 1,521k from the IRES refund for the deduction from taxable income of the portion of IRAP concerning personnel expense paid from 2004 to 2007 (Law 185/2008); € 184k in interest; and the receipt of € 288k for taxes withheld in 2014 and transferred to the consolidating company, Edizione S.r.l.

“Other payables” include the fees accrued at 31 December 2016 to the director mentioned under “Personnel expense” above.

Transactions with related companies

Income statement (€k)	Atlantia group		Benetton Group S.r.l.	
	2016	2015	2016	2015
Revenue	33	35	-	-
Other operating income	990	600	394	394
Raw materials, supplies and goods	142	218	-	-
Other operating expense	2,914	2,975	-	-
Leases, rentals, concessions and royalties	76,400	75,309	-	-
Personnel expense	-	-	-	-
Financial income	-	-	-	-
Financial expense	483	851	-	-

Statement of financial position (€k)	Atlantia group		Benetton Group S.r.l.	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Trade receivables	1,600	1,243	7	222
Other receivables	1,594	1,247	-	-
Financial receivables	-	-	-	-
Trade payables	31,487	32,580	-	-
Other payables	-	-	-	-
Financial payables	-	-	-	-

In detail:

Atlantia group: “Other operating income” refers mainly to co-marketing fees for customer discounts and promotions and to commissions on sales of Viacards (automatic toll collection cards).

“Other operating expense” refers chiefly to the management of motorway locations.

“Leases, rentals, concessions and royalties” refer to concession fees and accessory costs pertaining to the year.

“Financial expense” reflects interest accrued at the annual rate of 4.35% in relation to the revised payment schedule for concession fees.

“Other receivables” consist primarily of fees for cleaning services at rest stops and the co-marketing fees described above.

“Trade payables” originate from the same transactions.

Edizione Property S.p.A.		Olimpias Group S.r.l.		Verde Sport S.p.A.	
2016	2015	2016	2015	2016	2015
-	-	-	-	8	5
4	8	-	-	6	8
-	-	4	35	-	-
-	-	-	-	43	45
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Edizione Property S.p.A.		Olimpias Group S.r.l.		Verde Sport S.p.A.	
31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
8	8	-	-	1	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	18	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Benetton Group: “Other operating income” refers to rent and related charges for the sublet of premises in Milan.

Olimpias Group S.r.l.: costs refer to the purchase of uniforms for sales personnel and the purchase of sundry materials.

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

“Revenue” refers to the sale of products relating to the commercial affiliation contract for the operation of an outlet at those facilities.

Transactions with subsidiaries

Transactions with Autogrill S.p.A.’s subsidiaries, summarized in the table below, are recurring and are both financial and commercial in nature. The amounts shown refer to transactions carried out during the year and to asset and liability balances at 31 December 2016.

Income statement (€k)	Autogrill Austria A.G.		Autogrill Belgie N.V.		Autogrill Schweiz A.G.	
	2016	2015	2016	2015	2016	2015
Revenue	26	25	7	3	17	12
Other operating income	34	62	253	231	1,371	1,414
Raw materials, supplies and goods	-	-	-	-	-	-
Other operating expense	(2)	(3)	216	256	112	80
Leases, rentals, concessions and royalties	-	-	-	-	-	-
Personell expense	-	-	760	737	277	140
Financial income	50	77	3,304	2,002	633	4,422
Financial expense	-	-	27	55	11	20

Statement of financial position (€k)	Autogrill Austria A.G.		Autogrill Belgie N.V.		Autogrill Schweiz A.G.	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Trade receivables	29	62	-	-	231	262
Other receivables	45	182	3,444	111	274	179
Financial receivables	2,229	3,607	-	60	-	-
Trade payables	-	-	-	-	-	-
Other payables	43	16	611	342	428	199
Financial payables	-	-	8,973	6,976	9,312	12,024

Income statement (€k)	Autogrill Hellas E.P.E.		Autogrill Nederland B.V.		Autogrill Polska Sp.zo.o.	
	2016	2015	2016	2015	2016	2015
Revenue	115	72	-	-	-	-
Other operating income	6	3	18	19	2	2
Raw materials, supplies and goods	-	-	-	-	-	-
Other operating expense	(2)	(3)	-	(2)	(1)	(2)
Leases, rentals, concessions and royalties	-	-	-	-	-	-
Personell expense	-	(3)	-	6	(232)	(219)
Financial income	21	29	142	243	77	82
Financial expense	-	-	-	-	-	-

Statement of financial position (€k)	Autogrill Hellas E.P.E.		Autogrill Nederland B.V.		Autogrill Polska Sp.zo.o.	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Trade receivables	27	-	-	-	-	-
Other receivables	5	4	-	11	48	60
Financial receivables	1,309	1,372	-	11,480	2,300	2,301
Trade payables	-	-	-	-	-	-
Other payables	56	9	-	38	7	2
Financial payables	-	-	-	-	-	-

Autogrill Czech S.r.o.		Autogrill Deutschland GmbH		Autogrill Iberia S.L.U.		Autogrill Côte France S.a.s.	
2016	2015	2016	2015	2016	2015	2016	2015
-	9	-	-	-	-	-	-
7	3	404	562	340	455	1,662	1,820
-	-	-	-	-	-	-	-
(1)	(2)	(9)	(19)	28	31	155	118
-	-	-	-	-	-	-	-
-	-	(125)	(109)	169	163	925	566
-	-	-	-	5,519	15	378	643
-	-	52	65	-	-	-	-

Autogrill Czech S.r.o.		Autogrill Deutschland GmbH		Autogrill Iberia S.L.U.		Autogrill Côte France S.a.s.	
31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
-	-	-	-	-	-	-	-
2	3	378	541	5,658	185	826	905
-	-	-	68	-	-	13,601	25,836
-	-	-	-	-	-	-	-
15	8	238	143	186	135	962	281
-	-	9,000	11,783	-	-	-	2

Autogrill D.o.o.		HMSThost Corporation		Nuova Sidap S.r.l.	
2016	2015	2016	2015	2016	2015
8	9	-	-	22,185	20,358
4	4	48	233	1,233	937
-	-	-	-	3,588	3,881
-	(1)	39	14	1,194	1,293
-	-	-	-	(3,983)	(3,223)
-	-	92	(236)	(147)	(707)
-	-	57,537	92,014	79	94
-	-	-	-	3	2

Autogrill D.o.o.		HMSThost Corporation		Nuova Sidap S.r.l.	
31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
-	-	-	-	3,290	4,101
2	3	54,167	87,417	1,053	62
-	-	-	-	3,983	11,634
-	-	-	-	353	272
13	4	867	2,666	1,039	1,726
-	-	-	-	-	-

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

Income statement (€k)	2016		
	Total related companies *	Autogrill S.p.A.	%
Revenue	22,398	967,545	2%
Other operating income	6,802	62,824	11%
Raw materials, supplies and goods	3,734	462,549	1%
Other operating expense	11,637	114,645	10%
Leases, rentals, concessions and royalties	72,417	162,179	45%
Personell expense	1,826	264,188	1%
Financial income	67,740	80,483	84%
Financial expense	577	9,310	6%

Statement of financial position (€k)	31.12.2016		
	Total related companies *	Autogrill S.p.A.	%
Trade receivables	5,193	28,107	18%
Other receivables	79,945	114,088	70%
Financial receivables	23,422	26,396	89%
Trade payables	31,840	144,473	22%
Other payables	6,579	87,791	7%
Financial payables	27,285	211,436	13%

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

Remuneration of directors and executives with strategic responsibilities

The following remuneration was paid to members of the Board of Directors and to executives with strategic responsibilities during the year ended 31 December 2016:

Name	Office held	Term of office	Remuneration (€)	Bonuses and other incentive (€)	Non-monetary benefits (€)	Other fees (€)
Gilberto Benetton	Chairman	2014/2016	57,200			
Gianmario Tondato Da Ruos	CEO	2014/2016	517,200	616,341	39,994	402,198
Alessandro Benetton	Director	2014/2016	54,800			
Paolo Roverato	Director	2014/2016	105,600			
Gianni Mion	Director	from 2014 to 1.12.2016	77,800			
Tommaso Barracco	Director	2014/2016	82,000			
Stefano Orlando	Director	2014/2016	92,000			
Massimo Fasanella d'Amore di Ruffano	Director	2014/2016	106,200			
Carolyn Dittmeier	Director	2014/2016	94,400			
Neriman Ülsever	Director	from 28.5.2014 to 2016	56,000			
Francesco Chiappetta	Director	from 28.5.2014 to 2016	82,600			
Ernesto Albanese	Director	from 28.5.2014 to 2016	56,000			
Giorgina Gallo	Director	from 28.5.2014 to 2016	93,200			
Total directors			1,475,000	616,341	39,994	402,198
Managers with strategic responsibilities (8 people)				1,325,959	243,476	2,562,170
Total			1,475,000	1,942,300	283,470	2,964,368

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

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

In 2010, the CEO received 425,000 options under the 2010 stock option plan; 330,073 of the options vested on 20 April 2014.

Under the 2014 phantom stock option plan described below, he received 883,495 options in Wave 1, 565,217 options in Wave 2 and 505,556 options in Wave 3. In January 2017, the CEO exercised 706,796 options under Wave 1 of the 2014 phantom stock option plan.

As for the 2016 phantom stock option plan described below, the CEO has been assigned 679,104 options under Wave 1.

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

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

Statutory auditors' fees

Statutory auditors' fees are as follows:

Name	Office held	Term of office	Fees (€)
Marco Giuseppe Maria Rigotti	Chairman	01.01.2015-31.12.2017	78,000
Eugenio Colucci	Standing auditor	01.01.2015-31.12.2017	50,000
Antonella Carù	Standing auditor	28.05.2015-31.12.2017	50,000
Total Statutory Auditors			178,000

Independent auditors' fees for audit and other services

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Deloitte & Touche S.p.A.	Autogrill S.p.A.	272
Attestation	Deloitte & Touche S.p.A.	Autogrill S.p.A.	168
Total			440

Incentive plans for directors and executives with strategic responsibilities

2010 Stock option plan

On 20 April 2010, the Annual General Meeting approved a stock option plan entitling executive directors and employees with strategic responsibilities of Autogrill S.p.A. and/or its subsidiaries to subscribe to or purchase ordinary Autogrill shares at the ratio of one share per option granted. The options are granted to beneficiaries free of charge and once the vesting period has elapsed, may be exercised between 20 April 2014 and 30 April 2015, at a strike price calculated as the average stock market price for the month preceding the grant date.

To service the plan, the extraordinary Annual General Meeting of 20 April 2010 also approved a capital increase against payment, valid whether subscribed in full or in part, and excluding subscription rights pursuant to art. 2441(5) and (8) of the Italian Civil Code and art. 134(2) of Legislative Decree 58 of 24 February 1998, by a maximum par value of € 1,040,000 (plus share premium), to be carried out no later than 30 May 2015 through the issue of up to 2,000,000 ordinary Autogrill shares in one or more tranches. The capital increase did not take place.

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

The number of options vested will then correspond to a percentage of the options assigned, ranging from 30% for a terminal value of € 11 per share to 100% for a terminal value of € 17 per share or higher. For each beneficiary there is also a “theoretical maximum capital gain” by virtue of which, regardless of other estimates, the number of options exercisable will be limited to the ratio “theoretical maximum capital gain”/(fair value - strike price)¹. The plan does not allow beneficiaries to request cash payments in alternative to the assignment of shares.

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

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

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

Changes to the 2010 stock option plan

On 6 June 2013 the Annual General Meeting approved the proportional partial demerger of Autogrill S.p.A., and as a result made some changes to the stock option plan approved on 20 April 2010. In accordance with these changes:

- the plan's beneficiaries are entitled, jointly or severally upon achieving the defined performance objectives, to receive one ordinary Autogrill share and one ordinary World Duty Free S.p.A. share for every vested option against payment of the strike price;
- terminal value, the condition allowing the options to be converted into Autogrill and World Duty Free shares, has been redefined as the sum of the average official price of the two shares (Autogrill and WDF) during the three months preceding the last day of the vesting period, plus the dividends paid between the date the options were assigned and the end of the vesting period;
- the strike price is split proportionally between the Autogrill S.p.A. share price and the World Duty Free S.p.A. share price on the basis of the average official stock market price of the two securities during the first 30 days following the listing of World Duty Free S.p.A. The strike price of Autogrill shares is between € 3.50 and € 4.17, while the strike price for World Duty Free shares is between € 4.33 and € 5.17, depending on the beneficiary and the strike price originally set for each;
- the deadline for exercising the options has been extended from 20 April 2015 to 30 April 2018, without altering the start date of 20 April 2014.

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

As a result of the demerger and the changes made to the plan, the average fair value of the options outstanding at 31 December 2016 was € 0.96 for the shares of Autogrill S.p.A.

In 2016 there were no costs recognized in relation to the payment plan based on Autogrill shares.

On 20 April 2014, in accordance with the stock option plan regulations, the vesting period ended and 1,209,294 assigned options were converted into 823,293 "vested options."

Between 1 January 2015 and 31 December 2015, 505,586 Autogrill S.p.A. options were exercised by various beneficiaries. During that time, 532,324 World Duty Free S.p.A. options were exercised. The CEO exercised 330,073 Autogrill S.p.A. options during the period.

No further options were exercised in 2016.

Movements during the period are shown below:

	Autogrill shares	
	Number of options	Fair value existing options (€)
Vested options at 1 January 2016	183,571	0.96
Options exercised in 2016	-	-
Vested options at 31 December 2016	183,571	0.96

Thorough information on the 2010 stock option plan is provided in the Disclosure Document prepared in accordance with Art. 84-*bis* (1) and Annex 3A (Schedule 7) of CONSOB Regulation 11971/1999, which is available to the public at www.autogrill.com.

2014 Phantom stock option plan

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

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

On 16 July 2014, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. Under Wave 1 (vesting period from 16 July 2014 to 15 July 2016), a total of 3,268,995 options were assigned, 883,495 of which to the chief executive officer. During the course of 2016, 177,094 options were cancelled.

In January 2017, 2,473,521 options were exercised, including 706,796 by the CEO. The simultaneous exercise by all beneficiaries is due to the options’ reaching their cap, i.e. their highest possible value as determined by the plan mechanics.

Under Wave 2 (vesting period from 16 July 2014 to 15 July 2017), a total of 2,835,967 options were assigned, 565,217 of which to the chief executive officer. Again under Wave 2, in 2015 an additional 144,504 options were assigned and 30,400 options were cancelled. During the course of 2016, 103,139 options were cancelled.

On 12 February 2015, under Wave 3 (vesting period from 12 February 2015 to 11 February 2018), a total of 2,752,656 options were assigned, 505,556 of which to the chief executive officer. In 2015 and 2016, respectively, 27,270 options and 107,945 options were cancelled under Wave 3 of the plan.

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

For 2016, the total costs recognized for this plan amounted to € 3,882k.

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

2016 Phantom stock option plan

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

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

On 26 July 2016, the plan was implemented and the terms and conditions of Wave 1 were defined. With a vesting period from 26 May 2016 to 25 May 2019, a total of 4,825,428 options were assigned, 679,104 of which to the chief executive officer. During the course of 2016, 91,418 options were cancelled.

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

In 2016, the total costs recognized for this plan amounted to € 958k.

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

2.2.10 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In 2016, there were no significant non-recurring events or transactions as defined by CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006.

2.2.11 ATYPICAL OR UNUSUAL TRANSACTIONS

In 2016 there were no atypical and/or unusual transactions as defined by CONSOB Communication DEM/6064293 of 28 July 2006.

2.2.12 SUBSEQUENT EVENTS

Since 31 December 2016, no events have occurred that would have entailed an adjustment to the figures in the financial statements or required additional disclosures in these Notes.

2.2.13 AUTHORIZATION FOR PUBLICATION

The Board of Directors authorized the publication of these draft financial statements at its meeting of 9 March 2017.

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

Annexes

LIST OF INVESTMENTS HELD DIRECTLY AND INDIRECTLY IN SUBSIDIARIES AND ASSOCIATES

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2016	Shareholders/quota holders
Parent					
Autogrill S.p.A.	Novara	Euro	68,688,000	50.1000%	Schematrentaquattro S.p.A.
Companies consolidated line-by-line					
Nuova Sidap S.r.l.	Novara	Euro	100,000	100.0000%	Autogrill S.p.A.
GTA S.r.l.	Novara	Euro	50,000	100.0000%	Autogrill S.p.A.
Autogrill Austria A.G.	Gottesbrunn	Euro	7,500,000	100.0000%	Autogrill S.p.A.
Autogrill Czech Sro	Prague	Czk	154,463,000	100.0000%	Autogrill S.p.A.
Autogrill D.o.o.	Lubjana	Euro	1,342,670	100.0000%	Autogrill S.p.A.
Autogrill Hellas E.p.E.	Avlonas	Euro	3,696,330	100.0000%	Autogrill S.p.A.
Autogrill Polska Sp.zo.o.	Katowice	Pln	14,050,000	100.0000%	Autogrill S.p.A.
Autogrill Iberia S.L.U.	Madrid	Euro	7,000,000	100.0000%	Autogrill S.p.A.
Autogrill Deutschland GmbH	Munich	Euro	205,000	100.0000%	Autogrill S.p.A.
Autogrill Belgie N.V.	Antwerpen	Euro	6,700,000	99.9900%	Autogrill S.p.A.
				0.0100%	Ac Restaurants & Hotels Beheer N.V.
Ac Restaurants & Hotels Beheer N.V.	Antwerpen	Euro	3,250,000	99.9900%	Autogrill Belgie N.V.
				0.0100%	Autogrill Nederland B.V.
Autogrill Schweiz A.G.	Olten	Chf	23,183,000	100.0000%	Autogrill S.p.A.
Restoroute de Bavois S.A.	Bavois	Chf	2,000,000	73.0000%	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Pont-en-Ogoz	Chf	1,500,000	54.3300%	Autogrill Schweiz A.G.
Holding de Participations Autogrill S.a.s.	Marseille	Euro	84,581,920	100.0000%	Autogrill S.p.A.
Autogrill Aéroports S.a.s.	Marseille	Euro	2,207,344	100.0000%	Holding de Participations Autogrill S.a.s.
Autogrill Côté France S.a.s.	Marseille	Euro	31,579,526	100.0000%	Holding de Participations Autogrill S.a.s.
Société Berrichonne de Restauration S.a.s. (Soberest)	Marseille	Euro	288,000	50.0100%	Autogrill Côté France S.a.s.
Société de Restauration de Bourgogne S.a.s. (Sorebo)	Marseille	Euro	144,000	50.0000%	Autogrill Côté France S.a.s.
Volcares S.a.s.	Champs	Euro	1,050,144	50.0000%	Autogrill Côté France S.a.s.
Autogrill Restauration Carrousel S.a.s.	Marseille	Euro	2,337,000	100.0000%	Holding de Participations Autogrill S.a.s.
Société de Gestion Pétrolière Autogrill S.à.r.l. (SGPA)	Marseille	Euro	8,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Autoroutes S.à.r.l.	Marseille	Euro	375,000	100.0000%	Autogrill Côté France S.a.s.
Autogrill FFH Centres Villes S.à.r.l.	Marseille	Euro	375,000	100.0000%	Autogrill Restauration Carrousel S.a.s.
Autogrill Restauration Loisirs SASU	Marseille	Euro	3,000,000	100.0000%	Holding de Participations Autogrill S.a.s.
HMSHost Corporation	Delaware	Usd	10	100.0000%	Autogrill S.p.A.
HMSHost International, Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost USA, LLC	Delaware	Usd	-	100.0000%	HMSHost Corporation
Host International, Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMSHost Tollroads, Inc.	Delaware	Usd	-	100.0000%	HMSHost Corporation
HMS Airport Terminal Services, Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2016	Shareholders/quota holders
Host International of Maryland, Inc.	Maryland	Usd	1,000	100.0000%	Host International, Inc.
Michigan Host, Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.
Host Services of New York, Inc.	Delaware	Usd	1,000	100.0000%	Host International, Inc.
Host International of Kansas, Inc.	Kansas	Usd	1,000	100.0000%	Host International, Inc.
Host Services, Inc.	Texas	Usd	-	100.0000%	Host International, Inc.
HMSHost USA, Inc.	Delaware	Usd	-	100.0000%	Host International, Inc.
Anton Airfood of Cincinnati, Inc.	Kentucky	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood, Inc.	Delaware	Usd	1,000	100.0000%	HMSHost Corporation
Anton Airfood of Texas, Inc.	Texas	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Newark, Inc.	New Jersey	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of JFK, Inc.	New York	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Minnesota, Inc.	Minnesota	Usd	-	100.0000%	Anton Airfood, Inc.
Palm Springs AAI, Inc.	California	Usd	-	100.0000%	Anton Airfood, Inc.
Fresno AAI, Inc.	California	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Seattle, Inc.	Washington	Usd	-	100.0000%	Anton Airfood, Inc.
Anton Airfood of Tulsa, Inc.	Oklahoma	Usd	-	100.0000%	Anton Airfood, Inc.
Islip AAI, Inc.	New York	Usd	-	100.0000%	Anton Airfood, Inc.
Host International (Poland) Sp.zo.o.	Warsaw	Usd	-	100.0000%	Host International, Inc.
Shenzhen Host Catering Company, Ltd.	Shenzhen	Usd	-	100.0000%	Host International, Inc.
Host Services Pty. Ltd.	North Cairns	Aud	6,252,872	100.0000%	Host International, Inc.
Host International of Canada, Ltd.	Vancouver	Cad	75,351,237	100.0000%	Host International, Inc.
Horeca Exploitatie Maatschappij Schiphol. B.V.	Haarlemmermeer	Euro	45,400	100.0000%	HMSHost International B.V.
Marriott Airport Concessions Pty. Ltd.	North Cairns	Aud	3,910,102	100.0000%	Host International, Inc.
HMSHost Services India Private, Ltd.	Bangalore	Inr	668,441,680	99.9900%	Host International, Inc.
				0.0100%	HMSHost International, Inc.
HMSHost Singapore Private, Ltd.	Singapore	Sgd	9,053,750	100.0000%	Host International, Inc.
Host (Malaysia) Sdn. Bhd.	Kuala Lumpur	Myr	2	100.0000%	Host International, Inc.
HMSHost New Zealand Ltd.	Auckland	Nzd	1,520,048	100.0000%	Host International, Inc.
HMSHost (Shanghai) Enterprise Management Consulting Co. Ltd. (in liquidation)	Shanghai	Cny	-	100.0000%	Host International, Inc.
HMSHost International B.V.	Haarlemmermeer	Euro	18,090	100.0000%	Host International, Inc.
HMSHost Hospitality Services Bharath Private, Ltd.	Karnataka	Inr	500,000	99.0000%	HMSHost Services India Private Ltd.
				1.0000%	Host International, Inc.
NAG B.V.	Haarlemmermeer	Euro	100	60.0000%	HMSHost International B.V.
HMSHost Finland Oy	Helsinki	Euro	2,500	100.0000%	HMSHost International B.V.
Host-Chelsea Joint Venture #3	Texas	Usd	-	63.8000%	Host International, Inc.
Host Bush Lubbock Airport Joint Venture	Texas	Usd	-	90.0000%	Host International, Inc.
Host/Diversified Joint Venture	Michigan	Usd	-	90.0000%	Host International, Inc.
Airside C F&B Joint Venture	Florida	Usd	-	70.0000%	Host International, Inc.
Host of Kahului Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International, Inc.
Host/ Coffee Star Joint Venture	Texas	Usd	-	50.0100%	Host International, Inc.
Southwest Florida Airport Joint Venture	Florida	Usd	-	78.0000%	Host International, Inc.
Host Honolulu Joint Venture Company	Hawaii	Usd	-	90.0000%	Host International, Inc.
Host/Forum Joint Venture	Baltimore	Usd	-	70.0000%	Host International, Inc.

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2016	Shareholders/quota holders
HMS/Blue Ginger Joint Venture	Texas	Usd	-	55.0000%	Host International, Inc.
Host/Java Star Joint Venture	Texas	Usd	-	50.0100%	Host International, Inc.
Host & Garrett Joint Venture	Mississippi	Usd	-	75.0000%	Host International, Inc.
Tinsley/Host - Tampa Joint Venture	Florida	Usd	-	49.0000%	Host International, Inc.
Host-Chelsea Joint Venture #1	Texas	Usd	-	65.0000%	Host International, Inc.
Host-Tinsley Joint Venture	Florida	Usd	-	84.0000%	Host International, Inc.
Host/Tarra Enterprises Joint Venture	Florida	Usd	-	75.0000%	Host International, Inc.
Host D&D STL FB, LLC	Missouri	Usd	-	75.0000%	Host International, Inc.
Host/LJA Joint Venture	Missouri	Usd	-	85.0000%	Host International, Inc.
Seattle Restaurant Associates	Olympia	Usd	-	70.0000%	Host International, Inc.
Bay Area Restaurant Group	California	Usd	-	49.0000%	Host International, Inc.
HMS Host Coffee Partners Joint Venture	Texas	Usd	-	50.0100%	Host International, Inc.
Host/JV Ventures McCarran Joint Venture	Nevada	Usd	-	60.0000%	Host International, Inc.
Host/ Howell - Mickens Joint Venture	Texas	Usd	-	65.0000%	Host International, Inc.
Miami Airport FB Partners Joint Venture	Florida	Usd	-	70.0000%	Host International, Inc.
Host DEI Jacksonville Joint Venture	Florida	Usd	-	51.0000%	Host International, Inc.
Host/JQ RDU Joint Venture	North Carolina	Usd	-	75.0000%	Host International, Inc.
Host CTI Denver Airport Joint Venture	Colorado	Usd	-	90.0000%	Host International, Inc.
HMS - D/FW Airport Joint Venture	Texas	Usd	-	65.0000%	Host International, Inc.
Host -Chelsea Joint Venture #4	Texas	Usd	-	63.0000%	Host International, Inc.
Host-CMS SAN F&B, LLC	Delaware	Usd	-	65.0000%	Host WAB SAN FB, LLC
Host GRL LIH F&B, LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host Fox PHX F&B, LLC	Delaware	Usd	-	75.0000%	Host International, Inc.
Host FDY ORF F&B, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
LTL ATL JV, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host ATLChefs JV 3, LLC	Delaware	Usd	-	95.0000%	Host International, Inc.
Host ATLChefs JV 5, LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host LGO PHX F&B, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host H8 Terminal E F&B, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host-Love Field Partners I, LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host-True Flavors SAT Terminal A FB	Delaware	Usd	-	65.0000%	Host International, Inc.
Host Havana LAX F&B, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host-CTI DEN F&B II, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host Lee JAX FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host/DFW AF, LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host Havana LAX TBIT FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host Houston 8 IAH Terminal B, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
HHL Cole's LAX F&B, LLC	Delaware	Usd	-	80.0000%	Host Havana LAX F&B, LLC
Host CMS LAX TBIT F&B, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host WAB SAN FB, LLC	Delaware	Usd	-	95.0000%	Host International, Inc.
Host JQE RDU Prime, LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
Host Howell Terminal A F&B, LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MCA TEI FLL FB, LLC	Delaware	Usd	-	76.0000%	Host International, Inc.
Host MCA SRQ FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2016	Shareholders/quota holders
HOST ECI ORD FB, LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host Aranza Howell DFW B&E FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host MGV IAD FB, LLC	Delaware	Usd	-	65.0000%	Host International, Inc.
Host MGV DCA FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host CTI DEN F&B STA, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host MGV DCA KT, LLC	Delaware	Usd	-	51.0000%	Host International, Inc.
Host MBA LAX SB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host H8 IAH FB I, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host BGV IAH FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Host TBL TPA FB, LLC	Delaware	Usd	-	71.0000%	Host International, Inc.
Host JQE CVG FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host MBA CMS LAX, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host VDV CMH FB LLC	Delaware	Usd	-	85.0000%	Host International, Inc.
HOST OHM GSO FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host JQE IIT FB, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host JVI PDX FB, LLC	Delaware	Usd	-	84.0000%	Host International, Inc.
Host TFC SDF FB, LLC	Delaware	Usd	-	60.0000%	Host International, Inc.
Host JQE RDU CONC D, LLC	Delaware	Usd	-	70.0000%	Host International, Inc.
Host SMI SFO FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host Ayala LAS FB, LLC	Delaware	Usd	-	55.0000%	Host International, Inc.
Stellar Partner, Inc.	Tampa	Usd	25,500	100.0000%	Host International, Inc.
Stellar Partners Tampa, LLC	Tampa	Usd	-	90.0000%	Stellar Partners, Inc.
Host LBL LAX T2 FB, LLC	Delaware	Usd	-	80.0000%	Host International, Inc.
Host BGI MHT FB, LLC	Delaware	Usd	-	90.0000%	Host International, Inc.
Host CEI KSL MSY, LLC	Delaware	Usd	-	63.0000%	Host International, Inc.
Host Java DFW MGO, LLC	Delaware	Usd	-	50.0100%	Host International, Inc.
Host Chen ANC FB LLC	Delaware	Usd	-	88.0000%	Host International, Inc.
Host MCA ATL FB, LLC	Delaware	Usd	-	64.0000%	Host International, Inc.
HMSHost Family Restaurants, Inc.	Maryland	Usd	2,000	100.0000%	Host International, Inc.
Autogrill Catering UK Ltd.	London	Gbp	217,063	100.0000%	HMSHost International B.V.
Restair UK Ltd.	London	Gbp	1	100.0000%	Autogrill Catering UK Ltd.
HMSHost Sweden A.B.	Stockholm	Sek	2,500,000	100.0000%	HMSHost International B.V.
HMSHost Ireland Ltd.	Cork	Euro	13,600,000	100.0000%	HMSHost International B.V.
HMSHost Nederland B.V.	Haarlemmermeer	Euro	100	100.0000%	HMSHost International B.V.
HMSHost Huazhuo (Beijing) Catering Management Co. Ltd.	Beijing	Cny	26,000,000	60.0000%	HMSHost International B.V.
HMSHost - UMÖE F&B Company AS	Bærum	Nok	60,000	51.0000%	HMSHost International B.V.
PT EMA INTI MITRA (Autogrill Topas Indonesia)	Jakarta	Idr	5,000,000,000	65.0000%	HMSHost International B.V.
SMSI Travel Centres, Inc.	Vancouver	Cad	10,800,100	100.0000%	Host International of Canada, Ltd.
HMSHost Yiyeccek Ve Icecek Hizmetleri A.S.	Istanbul	Trl	10,271,734	100.0000%	HMSHost International B.V.
Autogrill VFS F&B Co. Ltd.	Ho Chi Minh City	Usd	5,000,000	70.0000%	HMSHost International B.V.
Limited Liability Company Autogrill Rus	Saint Petersburg	Rub	10,000	100.0000%	NAG B.V.
PT Autogrill Taurus Gemilang Indonesia	Jakarta	Usd	1,000,000	70.0000%	HMSHost International B.V.
HMSHost Family Restaurants, LLC	Delaware	Usd	-	100.0000%	HMSHost Family Restaurants, Inc.

Company	Registered office	Currency	Share/ quota capital	% held at 31.12.2016	Shareholders/quota holders
HMSHost Motorways L.P.	Winnipeg	Cad	-	99.9999%	SMSI Travel Centres, Inc.
				0.0001%	HMSHost Motorways, Inc.
HMSHost Motorways, Inc.	Vancouver	Cad	-	100.0000%	SMSI Travel Centres, Inc.
HMSHost Antalya Yiyecek Ve İçecek Hizmetleri A.S.	Antalya	Trl	2,140,000	51.0000%	Hms Host Yiyecek Ve Icecek Hizmetleri A.S.
HK Travel Centres GP, Inc.	Toronto	Cad	-	51.0000%	HMSHost Motorways, Inc.
HK Travel Centres L.P.	Winnipeg	Cad	-	50.9999%	HMSHost Motorways L.P.
				0.0001%	HK Travel Centres GP, Inc.
Associates					
Caresquick N.V.	Brussels	Euro	3,300,000	50.000%	Autogrill Belgie N.V.
Autogrill Middle East, LLC	Abu Dhabi	Aed	100,000	50.000%	HMSHost International B.V.
Dewina Host Sdn. Bhd.	Kuala Lumpur	Myr	350,000	49.000%	Host International, Inc.
HKSC Opco L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HKSC Developments L.P.	Winnipeg	Cad	-	49.000%	HMSHost Motorways LP
HMS Host and Lite Bite Pte. Ltd.	Bangalore	Inr	100,000	51.000%	HMS Host Services India Private Limited
Arab Host Services LLC	Qatar	Qar	200,000	49.000%	Autogrill Middle East, LLC

CERTIFICATION BY THE CEO AND MANAGER IN CHARGE OF FINANCIAL REPORTING

Certification of the separate financial statements pursuant to Art. 81-ter
of CONSOB Regulation 11971 of 14 May 1999, as amended

1. We, the undersigned, Gianmario Tondato Da Ruos as chief executive officer and Alberto De Vecchi as manager in charge of financial reporting of Autogrill S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree no. 58 of 24 February 1998:
 - the adequacy of, in relation to the characteristics of the business; and
 - due compliance with the administrative and accounting procedures for the preparation of the separate financial statements during the course of 2016.
2. No significant findings have come to light in this respect.
3. We also confirm that:
 - 3.1 the separate financial statements:
 - a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
 - b) correspond to the ledgers and accounting entries;
 - c) give a true and fair view of the issuer's financial position and results;
 - 3.2 the directors' report on operations includes a reliable description of the performance and financial position of the company, along with the main risks and uncertainties to which it is exposed.

Milan, 9 March 2017

Gianmario Tondato Da Ruos
Chief Executive Officer

Alberto De Vecchi
Manager in Charge of
Financial Reporting

INDEPENDENT AUDITORS' REPORT**Deloitte.**Deloitte & Touche S.p.A.
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20144 Milano
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www.deloitte.it**INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010****To the Shareholders of
Autogrill S.p.A.****Report on the Separate Financial Statements**

We have audited the accompanying separate financial statements of Autogrill S.p.A., which comprise the statement of financial position as at December 31, 2016, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements.

Directors' Responsibility for the Separate Financial Statements

The Company's Directors are responsible for the preparation of these separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of Autogrill S.p.A. as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Ancona Bari Bergamo Bioglia Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

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Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the Directors' report on operations and of certain information included in the corporate governance and ownership report with the separate financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the Directors' report on operations and of certain information included in the corporate governance and ownership report required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are responsibility of the Directors of Autogrill S.p.A., with the separate financial statements of Autogrill S.p.A. as at December 31, 2016. In our opinion, the Directors' report on the operations and the information included in the corporate governance and ownership report referred to above are consistent with the separate financial statements of Autogrill S.p.A. as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 13, 2017

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

BOARD OF STATUTORY AUDITORS' REPORT

Dear Shareholders,

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

The separate financial statements for 2016 close with a profit of € 36.5 m, compared with a profit of € 59.3m in the previous year. At the consolidated level, the Group’s portion of the profit for the year came to € 98.2m versus € 64.2m in the prior year.

The report of the independent auditors KPMG S.p.A. on Autogrill S.p.A.’s separate financial statements for the year ended 31 December 2016, issued on 13 April 2017, was unqualified. Deloitte & Touche S.p.A.’s opinion on the Autogrill Group’s 2016 consolidated financial statements, issued on the same date, was also unqualified.

1. Supervisory activities performed and information received

During the year ended 31 December 2016 we performed the supervisory activities required by law, taking account of the recommendations provided by CONSOB (particularly Circular 1025564 of 6 April 2001) and of the rules of conduct advised by the Italian Accounting Profession.

To that end, during the year we:

- held 12 meetings, which were generally attended by all statutory auditors in office;
- attended, generally as a board, the 12 meetings of the Board of Directors;
- attended, generally as a board, the 10 meetings of the control, risks and corporate governance committee;
- attended, generally through the participation of the chairman, the 6 meetings of the human resources committee;
- attended, generally through the participation of the chairman or another auditor, the 2 meetings of the related party transactions committee;
- attended, as a board, the ordinary shareholders’ meeting held to approve the 2016 financial statements, during which the authorization to purchase treasury shares for up to a maximum of 5% of the share capital was also renewed;
- attended, generally through the participation of the chairman, the meetings of the strategies and investments committee;
- maintained an open channel of communication and held periodic meetings with the independent auditors, to share data and information relevant to our respective assignments;
- maintained an open channel of communication and held periodic meetings with the internal audit director and the enterprise risk management department;
- met with the Board of Statutory Auditors of the only Italian subsidiary, which led to no findings of note.

During the Board of Directors’ meetings, we were informed of the activities of the Company and the Group it heads, and of the transactions of the greatest

significance for the financial position and results of operations undertaken by the Company and the Group, as well as those in which Autogrill and the Group may have an interest on their own or third parties' behalf.

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

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

In the course of our activities, in 2016:

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

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

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

Although the Company is controlled by Schematrentaquattro S.r.l. (itself a subsidiary of Edizione S.r.l.), it is not subject to its management and coordination because, as stated in the report on corporate governance and ownership structure which refers to a resolution made by the Board in 2007, Autogrill has "extensive managerial organizational and administrative autonomy, with no instructions or directives on the part of Schematrentaquattro S.r.l. or Edizione S.r.l. that might be evidence of management or coordination on the part of controlling shareholders". This conclusion is not affected by the fact that a few representatives of Edizione S.r.l. serve on Autogrill's Board. In December 2016 we invited the Company to carry out a new assessment in order to verify the conclusions reached in 2007. Subsequently, in 2017 the company began a review of the elements underlying the resolution made at that time. We are confident that this process will be completed within the first six months of the year, following renewal of the Board of Directors.

With the necessary conditions satisfied, the Board of Directors has opted to convene the shareholders' meeting for approval of the 2016 financial statements by the extended deadline allowed by Italian Civil Code Art. 2364 and Art. 21 of the Company's by-laws. The financial statement documentation will in any case be made available to the public well before the deadline set by Art. 154-ter of the Consolidated Finance Act (120 days from the close of the year). As explained in the directors' report on operations, this decision was made in order to fulfil the obligations linked to the preparation of the consolidated financial statements by Autogrill S.p.A.

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

With regard to the transactions with a major impact on the balance sheet, income statement and financial position carried out by the Company and the

Group in 2016 and, in general, the most significant events, we would like to point out the following:

- in June 2016 the Group sold Autogrill Restauration Services S.a.s., which handles operations at French railway stations, as the channel lacked significant growth opportunities for the next several years. The consideration for the sale amounted to € 27.5m;
- in August 2016, in order to expand its presence at two major international airports (Los Angeles and Las Vegas), the purchase for \$ 37.9m of Concession Management Services, Inc. (CMS) was finalized in the United States. CMS operates 16 food & beverage outlets;
- in October 2016, in an attempt to penetrate the U.S. convenience retail market, the purchase for \$ 16.2m (\$2.3m to be paid in installments) of Stellar Partners, Inc. was finalized. The company is specialized in airport convenience retail outlets and operates 38 outlets at 10 US airports;
- in early November 2016 the Group finalized the disposal of its Dutch motorway operations, which generated € 33m in revenues in 2015, for € 22.6m. This marked the Group's departure from a business with a sizeable hotel component, which enjoyed little synergy with its other operations in the region and brought in limited cash flow and profits.

The above transactions are described adequately in the directors' report on operations and the explanatory notes, to which reference should be made. In general, the Board confirms that Autogrill has complied with laws, by-laws and sound management principles.

The Board has not found or been notified by the independent auditors or the head of internal audit of atypical or unusual transactions as defined by the CONSOB Communication of 6 April 2001 and CONSOB Communication DEM/6064293 of 28 July 2006 carried out with third parties, related parties or other companies in the Group. Nor in 2016 were there any significant non-recurring events or transactions, as defined by CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006.

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

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

Autogrill's RPT Procedures". We monitored the implementation of this part of the procedure. On 1 January 2016 a new capex policy was implemented. The policy was revised extensively, including with regard to the minimum profitability levels. The strategies and investments committee, along with the control, risks and corporate governance committee, monitor the results of the investments made on a regular basis which also serves to verify the adequacy of the capex policy. Internal audit also verifies that the procedure for related party transactions is also effective with respect to the capex policy.

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

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

3. Performance for the year, financial position

As mentioned above, the profit allocable to the Group amounted to € 98.2m versus a profit of € 64.2 million the previous year.

The consolidated net financial position was a negative € 578.0m at the end of 2016 versus negative € 629.0m at the end of 2015 (both figures include current financial assets and, therefore, the receivables from credit card companies; before this adjustment, the figure at year-end 2015 amounted to -€ 644.4m). More in detail, the result reflects the positive impact of the operating cash flow (€ 391.1m), offset by the net investments made in the year (€ 214.5 m).

The current net financial position reached a negative € 64.6m at the end of 2016 versus a positive € 109.7m at the end of the previous year. The difference is explained primarily by the reclassification as current liabilities of € 143.0m in bonds nearing maturity.

Net investments in 2016 amounted to € 227.1m versus € 210.6m in the prior year. These investments, an essential part of the Group's business, were made in HMSHost Nord America (€ 121.8m versus € 112.3m in the prior year), HMSHost International (€ 27.8m versus € 31.5m in the prior year) and Europe (€ 77.4 versus € 66.8m in the prior year). Contributions to EBITDA can be broken down as follows: HMSHost Nord America, \$ 295.0m (versus \$ 281.9m in the prior year); HMSHost International, € 51.0m (versus € 42.4m in the prior year); and Europe, € 121.4m (versus € 102.6m in the prior year).

Consolidated net equity allocable to the owners of the parent went from € 559.6 million at the end of 2015 to € 643.6million at the end of 2016.

The Group's loans and bond loans call for compliance with covenants, described in the notes to the financial statements. The directors pointed out in the report on operations that none of the covenants were breached in 2016 and forecasts for 2017 confirm that they will continue to be met over the next 12 months.

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

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

In terms of business, the Group is divided into business units: North America, International and Europe. It also has a corporate structure. More information on how operations are organized, specifically with regard to corporate functions, can be found in the report on corporate governance and ownership structure.

The Company prepares and published a corporate sustainability report in accordance with the Sustainability Reporting Standards defined in 2016 by the Global Report Initiative -GRI as per the "in accordance" Core option.

In 2016 the Company reinforced its internal control and risk management system, meaning the set of rules, procedures and organizational structures designed to facilitate sound, proper management that is in line with company objectives through an adequate system of identification, measurement, management and monitoring of the principal risks.

On various occasions the Board of Directors was involved in these activities, supported by the control, risks and corporate governance committee, and made specific mention of the progress made in relation to Enterprise Risk Management.

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

These efforts are overseen by the Group's Enterprise Risk Management department which reports to the Chief Financial Officer and assists the Chief Executive Officer, as well as the organizational units described above. The Group's internal audit acts as a third level of control and, in accordance with Borsa Italiana's new Corporate Governance Code, since January 2013 reports directly to the Chairman of the Board of Directors.

As in previous years and in exception to the principle of not involving operating units, this department also coordinates the preparation of the sustainability report which does not compromise its independence as the content and data included are processed, as well as approved, by the managers in charge of social and environmental issues. The document is also audited by Deloitte & Touche S.p.A.

The internal control system is defined by the Company's Code of Ethics as the set of instruments designed to orient, manage and oversee the Company's operations in order to foster the efficacy and efficiency of the business, ensure compliance with laws and in-house procedures, protect the Company's assets, and minimize impending risks. It is organized into three levels of control, the last of which consists of the Group internal audit department, which reports directly to the chairman of the Board of Directors, while coordinating its

activities closely with the director in charge of the internal control and risk management system.

The head of the Group's internal audit which has no ties to operating units, with the exception of the sustainability report mentioned above, reports frequently to the internal control, risks and corporate governance committee, presenting the annual plan of work and reporting periodically on the activities performed. The Board of Statutory Auditors, including in its capacity as internal control committee established pursuant to Art. 19 of Legislative Decree 39/2010 (revised in Legislative Decree 135/2016 in accordance with EU directive 2014/56), maintains a constant dialogue with the head of internal audit and ensures that his work is effective.

Internal audit activities have revealed no significant problems with the definition or implementation of the internal control and risk management system that might seriously compromise the achievement of an acceptable overall risk profile. However, some areas in need of improvement have been identified so as to minimize exposure to risk and ensure that all phases of the process are entirely sufficient.

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

Toward this end, a new version of the Code of Ethics was approved by the Board of Directors on 14 April 2016.

On 30 June 2016 a new internal dealing procedure was adopted in order to comply with the new laws relating to market abuse effective as of 3 July 2016.

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

As for risk management, the Company uses the enterprise risk management method described in the report on corporate governance and ownership structure.

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

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

On 20 December 2016, the Board of Directors examined the analysis of the risks to which the company and the group are exposed prepared based on the Group's financial forecasts for the period 2017-2019 and found the risk identified to be compatible with the Company's and the Group's objectives, as well as the financial forecasts discussed in the same meeting. The risk profile is updated on a quarterly basis.

In 2016 particular attention was once again paid to gaining a better understanding of the organizational structure, as well as the control and risk management system, of the U.S. subsidiary HMS Host.

Reporting to the human resources committee, the control, risks and corporate governance committee and the Board of Directors, we expressed some misgivings regarding the attraction and retention of key managers given that the MBO system, normally a short-term incentive, has been partially modified as a three-year plan. The risks seem especially acute given the group's multinational dimension.

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

The Company has adopted the organizational and management model for the prevention of criminal offenses envisaged by Legislative Decree 231/2001, concerning corporate liability for offenses committed by employees and other staff, which is regularly updated to reflect changes in the law. A new version of the model, which includes the new crimes introduced and Confindustria's new guidelines, was approved by the Board of Directors on 12 May 2016. We have met with the compliance committee which found no deficiencies or circumstances that would compromise the internal control and risk management system as they pertain to corporate liability pursuant to Legislative Decree 231/2001.

On 14 April 2016 the Board of Directors acknowledged the need to implement an instrument which would provide each Group employee with a means to report, via web, conduct of colleagues which is not in line with the Group's standards for conduct or particularly exemplary ("*Open Line - Autogrill Ethics and Compliance Reporting Tool*"). In the subsequent meeting held on 30 June 2016 the Board approved the policy for the use and management of this reporting tool.

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

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

The Company is compliant with Law 262/2005 and in that regard has named a manager in charge of financial reporting, recommended by the control, risks and corporate governance committee and approved by the Board of Statutory

Auditors. The Board of Directors has adopted regulations for the manager in charge of financial reporting, which, inter alia:

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

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

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

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

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

Please note also that the law relating to interim financial reporting was changed by Legislative Decree 25/2016, in implementation of EU directive 2013/50, and the mandatory quarterly reporting called for under art. 154.5-*ter* of Legislative Decree 58/1998 was eliminated. On 26 October 2016, pursuant to resolution n. 19770, CONSOB made a few regulatory changes, and introduced a new article 82-*ter*, effective as from 2 January 2017.

Toward this end, the Board of Directors resolved to continue to disclose information to the market in addition to the information provided in the annual and half-year reports on a voluntary basis. More in detail, the company will disclose:

- information pertaining to revenues recorded at 30 April and the relative performance by the end of May;
- information pertaining to revenues recorded at 31 August and the relative performance by the end of September;
- information pertaining to revenues recorded at 31 December and the relative performance by 15 February of the next year.

This information, obviously narrower in scope with respect to the information provided in prior years, will be compared to the same figures for the same period of the prior year and will be published by the Company on its website following approval by the Board of Directors.

Independent auditors

With the exception of some French companies subject to joint audit in accordance with local law, the accounts of all group companies are audited (sometimes with reference only to the individual or consolidated reporting packages prepared for Autogrill's consolidated financial statements) by Member Firms of the Deloitte & Touche Network. In particular, Deloitte & Touche S.p.A. was appointed on 28 May 2015 and its appointment will expire with approval of the 2023 financial statements.

We met with the independent auditors to discuss the plan of work, and on 13 April 2017 received from them the report required by Art. 19(3) of Legislative Decree 39/2010, which notes no significant deficiencies in the internal control system concerning the financial reporting process.

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

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Parent's auditors	Parent	272
	Parent's auditors	Subsidiaries	45
	Parent's auditors network	Subsidiaries	2,088
Attestation	Parent's auditors	Parent	168
	Parent's auditors	Subsidiaries	27
	Parent's auditors network	Subsidiaries	127
Other services	Parent's auditors network	Subsidiaries	11

We note that no questions have arisen regarding the independence of the independent audit firm and that on 13 April 2017 we received its confirmation of independence in accordance with Art. 17(9)(a) of Legislative Decree 39/2010.

Toward this end, in November 2012 the Company revised the Goup procedure for the hiring of independent auditors by Autogrill and its subsidiaries. The new procedure makes the independent auditors responsible for auditing the subsidiaries as well as the parent, and governs the assignment of additional tasks to the auditors to prevent them from having assignments that are incompatible with auditing, as defined by law, or in any case prejudicial to their independence. The procedure is currently being revised in order to comply with the changes introduced in Legislative Decree n.135/2016 in implementation of relative EU provisions.

5. Corporate governance

Detailed information on how Autogrill has implemented the corporate governance principles approved by Borsa Italiana (laid down in Borsa Italiana's Corporate Governance Code, referred to hereinafter as the "Code") is provided by the directors in the annual report on corporate governance and ownership structure (the "Report"), approved on 9 March 2017 and attached to the financial statements.

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

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

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

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

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

The Chief Executive Officer is the person primarily responsible for running the business, and the only executive member of the Board of Directors. The Board, a majority of whose members are independent, is involved—including through

the work of its committees—in decisions concerning a number of areas, such as strategies and investments, budgeting, strategic/industrial/financial planning, corporate governance (including remuneration), and the internal control and risk management system.

During the year the Company verified the true independence of the directors qualifying as such, in accordance with the Corporate Governance Code, providing their statements to us for review. The Company also ascertained the continued independence of the statutory auditors, according to the provisions of the same Code.

The company did not change the Autogrill Code to include provisions based on which an auditor who, directly or on behalf of third parties, has an interest in a given transaction being carried out by the Issuer should inform the other auditors and the Board of Directors in a timely and complete manner as to the nature, terms, origin and scope of the interest as the members of the Board of Statutory Auditors must, at any rate, comply with the relative provision in the Corporate Governance Code. We agree with the Company's assessment, while the presence of a specific provision in the Corporate Governance Code would have been viewed in a positive light.

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

With regard, once again, to the number of assignments, any offices held in other companies belonging to the Edizione group are still excluded from the maximum number referred to above. Toward this end, we refer to the observations made about management and coordination as this is one of the elements that should be taken into account by the Board during the review of its previous conclusions.

The directors have not formed a nominating committee or drawn up a plan for the succession of executive directors, in light of the company's ownership structure, and, with regard to the first committee, the presence currently of two directors from the minority list and the fact that two thirds of the current directors are independent. The decision to not adopt a succession plan for the executive directors is linked to the company's organization of its human resources and the peculiarities of its reference market, as well as the company's ownership structure.

There is, however, a strategies and investments committee which is currently comprised of three independent directors and one non-executive director, who is the chairman. This committee provides information and advice on Group strategy and investment policies, as well as on particularly relevant strategic or sizeable investment projects.

In December 2016 the Board of Directors' annual self-assessment process was begun. For the first time the process was carried out through direct interviews of the individual directors conducted by the Lead Independent Director. The outcome was discussed during the Board meeting held on 16 February 2017. The Board of Statutory Auditors was not involved in any way in the process, which is in keeping with the fact that no provisions in this regard are included in the Corporate Governance Code.

The corporate governance report contains information on the induction activities completed in 2016. We reiterate our view that this type of activity is key to increasing the efficacy of the non-executive directors and statutory auditors, and hope that such efforts will continue in the future and particularly in 2017, when the Board of Directors will be renewed.

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

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

In their report issued pursuant to Arts. 14 and 16 of Legislative Decree 39 of 27 January 2010, the independent auditors gave an unqualified opinion of the separate and the consolidated financial statements for 2015. Both the separate and the consolidated financial statements come with the certification by the manager in charge of financial reporting and chief executive officer required by Art. 154-*bis* TUF.

The general meeting called to approve the financial statements for 2016 is also asked to vote on other matters within its sphere of authority, including the renewal of the Board of Directors (the exiting Board provided its opinion as to the size and composition of the Board, particularly with regard to the professional profile of its members, in the report on corporate governance and ownership structure). Other items on the agenda which the shareholders will be asked to vote on include the authorization to buy and sell treasury shares and the remuneration report. The directors propose a dividend of € 0.16 per share.

On the basis of our work during the year, we find no reason not to approve the financial statements at 31 December 2016 and the motions presented by the Board of Directors.

Milan, 13 April 2017

The Statutory Auditors of Autogrill S.p.A.

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*Los Angeles International Airport,
Los Angeles, California, USA (cover)*

*Milano Centrale railway station
Milan, Italy, Europe (p. 4, 8-9, 38)*

*Chicago O'Hare International Airport,
Chicago, Illinois, USA (p. 6, 74)*

*Helsinki - Vantaa Airport,
Helsinki, Finland, Europe (p. 10-11)*

*Autogrill Villoresti Est, A8 Milan-Lakes motorway,
Linate (Milan), Italy, Europe (p. 12-13)*

*Charlotte Douglas International Airport,
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*Washington Dulles International Airport,
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*Leonardo da Vinci International Airport
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*Schiphol Amsterdam Airport,
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