

2. Consolidated financial statements



2.1 Consolidated financial statements

2.1.1 Statement of financial position

Note	(€k)	31.12.2012	31.12.2011	Change
ASSETS				
Current assets				
		746,857	754,504	(7,647)
I	Cash and cash equivalents	154,562	212,381	(57,819)
II	Other financial assets	26,876	17,579	9,297
III	Tax assets	29,375	13,382	15,993
IV	Other receivables	225,340	191,639	33,701
V	Trade receivables	53,599	53,481	118
VI	Inventories	257,105	266,042	(8,937)
Non-current assets				
		3,168,201	3,235,225	(67,024)
VII	Property, plant and equipment	957,999	923,393	34,606
VIII	Goodwill	1,394,254	1,410,806	(16,552)
IX	Other intangible assets	678,724	743,671	(64,947)
X	Investments	12,393	12,355	38
XI	Other financial assets	19,319	17,219	2,100
XII	Deferred tax assets	71,023	94,894	(23,871)
XIII	Other receivables	27,386	32,887	(5,501)
XXI	Post-employment benefits and other defined benefit plan	7,103	-	7,103
Assets held for sale				
		-	43	(43)
TOTAL ASSETS				
		3,915,058	3,989,772	(74,714)
LIABILITIES AND EQUITY				
LIABILITIES				
Current liabilities				
		1,449,196	1,252,775	196,421
XIV	Trade payables	643,958	632,366	11,592
XV	Tax liabilities	25,164	25,493	(329)
XVI	Other payables	393,563	368,916	24,647
XIX	Due to banks	128,869	183,513	(54,644)
XVII	Other financial liabilities	31,627	30,655	972
XX	Bonds	201,607	-	201,607
XXII	Provisions for risks and charges	24,408	11,832	12,576
Non-current liabilities				
		1,617,183	1,937,579	(320,396)
XVIII	Other payables	37,354	71,027	(33,673)
XIX	Loans, net of current portion	1,194,393	1,239,207	(44,814)
XX	Bonds	123,665	332,378	(208,713)
XII	Deferred tax liabilities	146,528	164,331	(17,803)
XXI	Post-employment benefits and other employee benefits	70,929	75,945	(5,016)
XXII	Provisions for risks and charges	44,314	54,691	(10,377)
XXIII EQUITY				
	- attributable to owners of the parent	822,328	779,776	42,552
	- attributable to non-controlling interests	26,351	19,642	6,709
TOTAL LIABILITIES AND EQUITY				
		3,915,058	3,989,772	(74,714)

2.1.2 Income statement

Note	(€k)	2012	2011	Change
XXIV	Revenue	6,686,721	6,422,193	264,528
XXV	Other operating income	130,089	132,092	(2,003)
	Total revenue and other operating income	6,816,810	6,554,285	262,525
XXVI	Raw materials, supplies and goods	2,774,764	2,695,899	78,865
XXVII	Personnel expense	1,537,714	1,472,616	65,098
XXVIII	Leases, rentals, concessions and royalty	1,295,017	1,193,940	101,077
XXIX	Other operating costs	619,372	574,879	44,493
XXX	Depreciation and amortization	313,632	298,839	14,793
XXX	Impairment losses on property, plant and equipment and intangible assets	24,391	15,138	9,253
	Operating profit	251,920	302,974	(51,054)
XXXI	Financial income	2,648	2,199	449
XXXI	Financial expense	(92,239)	(85,000)	(7,239)
	Adjustment to the value of financial assets	(362)	(733)	371
	Pre-tax profit	161,966	219,440	(57,474)
XXXII	Income tax	(51,702)	(80,315)	28,613
	Profit for the period attributable to:	110,264	139,125	(28,861)
	- owners of the parent	96,753	126,304	(29,551)
	- non-controlling interests	13,511	12,821	690
XXXIII	Earnings per share (in € cents)			
	- basic	38.2	49.8	(11.6)
	- diluted	38.2	49.8	(11.6)

2.1.3 Statement of comprehensive income

Note	(€k)	2012	2011	Change
	Profit for the year	110,264	139,125	(28,861)
XXIII	Effective portion of fair value change in cash flow hedges	(2,157)	(5,254)	3,097
XXIII	Net change in fair value of cash flow hedges reclassified to profit or loss	24,965	17,620	7,345
XXIII	Foreign currency translation differences for foreign operations	14,688	32,350	(17,662)
XXIII	Gains (losses) on net investment hedge	(7,103)	(10,166)	3,063
XXIII	Income tax on comprehensive income	(4,088)	(203)	(3,885)
	Total comprehensive income for the year	136,569	173,472	(36,903)
	- attributable to owners of the parent	114,163	156,142	(41,979)
	- attributable to non-controlling interests	22,405	17,330	5,076

2.1.4 Statement of changes in equity (note XXIII)

(€k)	Share capital	Legal reserve	Hedging reserve	Translation reserve	Other reserves and retained earnings	Treasury shares	Profit for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2010	132,288	26,458	(41,397)	(16,902)	487,121	(944)	103,408	690,032	21,335
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	126,304	126,304	12,821
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	9,056	-	-	-	-	9,056	-
Foreign currency translation differences for foreign operations and other changes	-	-	-	27,841	-	-	-	27,841	4,509
Gains (losses) on net investment hedges, net of the tax effect	-	-	-	(7,059)	-	-	-	(7,059)	-
Total comprehensive income for the year	-	-	9,056	20,782	-	-	126,304	156,142	17,330
Transactions with owners of the parent, recognised directly in equity									
Contributions by and distributions to owners of the parent									
Allocation of 2010 profit to reserves	-	-	-	-	103,408	-	(103,408)	-	-
Dividend distribution	-	-	-	-	(61,026)	-	-	(61,026)	(17,409)
Treasury shares	-	-	-	-	-	(6,780)	-	(6,780)	-
Stock options	-	-	-	-	1,721	-	-	1,721	-
Total contributions by and distributions to owners of the parent	-	-	-	-	44,103	(6,780)	(103,408)	(66,085)	(17,409)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests	-	-	-	-	(313)	-	-	(313)	(1,613)
Total transactions with owners of the parent	-	-	-	-	43,790	(6,780)	(103,408)	(66,398)	(19,022)
31.12.2011	132,288	26,458	(32,341)	3,881	530,911	(7,724)	126,304	779,777	19,642

(€k)	Share capital	Legal reserve	Hedging reserve	Translation reserve	Other reserves and retained earnings	Treasury shares	Profit for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
31.12.2011	132,288	26,458	(32,341)	3,881	530,911	(7,724)	126,304	779,777	19,642
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	96,753	96,753	13,511
Effective portion of fair value change in cash flow hedges, net of the tax effect	-	-	16,598	-	-	-	-	16,598	-
Foreign currency translation differences for foreign operations and other changes	-	-	-	5,793	-	-	-	5,793	8,895
Gains (losses) on net investment hedges, net of the tax effect	-	-	-	(4,981)	-	-	-	(4,981)	-
Total comprehensive income for the year	-	-	16,598	812	-	-	96,753	114,163	22,405
Transactions with owners of the parent, recognised directly in equity									
Contributions by and distributions to owners of the parent									
Allocation of 2011 profit to reserves	-	-	-	-	126,304	-	(126,304)	-	-
Dividend distribution	-	-	-	-	(70,951)	-	-	(70,951)	(15,579)
Stock options	-	-	-	-	(778)	-	-	(778)	-
Total contributions by and distributions to owners of the parent	-	-	-	-	54,575	-	(126,304)	(71,728)	(15,579)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests	-	-	-	-	117	-	-	117	(117)
Total transactions with owners of the parent	-	-	-	-	54,693	-	(126,304)	(71,611)	(15,696)
31.12.2012	132,288	26,458	(15,743)	4,693	585,604	(7,724)	96,753	822,328	26,351

2.1.5 Statement of cash flows

(€m)	2012	2011
Opening net cash and cash equivalents	179.6	156.9
Pre-tax profit and net financial expense for the year	251.6	302.2
Amortization, depreciation and impairment losses on non-current assets, net of reversals	338.0	314.0
Adjustment and (gains)/losses on disposal of financial assets	0.4	0.7
(Gain)/losses on disposal of non-current assets	(2.3)	(2.5)
Change in working capital *	0.8	(60.0)
Net change in non-current non-financial assets and liabilities	(32.0)	(40.1)
Cash flow from operating activities	556.4	514.4
Taxes paid	(77.3)	(87.4)
Interest paid	(60.3)	(112.8)
Net cash flow from operating activities	418.8	314.1
Acquisition of property, plant and equipment and intangible assets	(282.9)	(216.1)
Proceeds from sale of non-current assets	3.9	7.9
Acquisition of consolidated equity investments	(0.6)	(3.2)
Net change in non-current financial assets	(1.7)	1.3
Net cash flow used in investing activities	(281.4)	(210.1)
Repayments of bonds	0.0	(46.4)
Repayments of non-current loans, net of new loans	0.9	71.9
Repayments of current loans, net of new loans	(144.0)	(22.6)
Dividends paid	(70.9)	(61.0)
Other cash flows **	(4.8)	(24.9)
Net cash flow used in financing activities	(218.8)	(83.0)
Cash flow for the period	(81.4)	21.1
Effect of exchange rate fluctuation on net cash and cash equivalents	(1.4)	1.6
Closing net cash and cash equivalents	96.8	179.6

* Includes the exchange rate gains (losses) on income components

** Includes dividends paid to non-controlling interests in subsidiaries

Reconciliation of net cash and cash equivalents

(€m)	2012	2011
Opening – net cash and cash equivalents – balance as of 31 December 2011 and as of 31 December 2010	179.6	156.9
Cash and cash equivalents	212.4	176.1
Current account overdrafts	(32.8)	(19.3)
Closing – net cash and cash equivalents – balance as of 31 December 2012 and as of 31 December 2011	96.8	179.6
Cash and cash equivalents	154.6	212.4
Current account overdrafts	(57.8)	(32.8)

2.2 Notes to the consolidated financial statements

Group operations

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

2.2.1 Accounting policies and basis of consolidation

General standards

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

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.

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 2012:

- Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of financial assets.

The application of this standard had no significant impact on the consolidated financial statements.

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2013:

- Amendments to IAS 1 Presentation of financial statements – Presentation of items of other comprehensive income;
- Amendments to IAS 19 Employee benefits;
- Amendments to IAS 12 Income taxes – Deferred taxation: recovery of underlying assets;
- Amendments to IAS 32 Financial instruments: Presentation – offsetting financial assets and financial liabilities;
- Amendments to IFRS 7 Financial Instruments: Disclosures – offsetting financial assets and financial liabilities;
- IFRS 13 Fair value measurement.

More in detail, IAS 19 changes the definition of short-term benefits and other long-term employee benefits in order to clarify the difference between the two. In the case of defined benefit plans, the

biggest change introduced by the new accounting standard is that actuarial gains and losses should be recognized in the statement of comprehensive income; the corridor approach used by the Group, as described in greater detail below, will no longer be allowed. Management believes that the different way of recognizing actuarial gains and losses will increase liabilities by approximately € 49.4m as of 1 January 2013 and have an impact on the statement of comprehensive income, net of the tax effect, of € 37.5m.

However, those estimates could vary as a result of changes in the accounting standard for the expected return on plan assets, the effects of which have not yet been formally determined.

Management is also measuring the effects of the amendments to IFRS 13, but believes that the changes to IAS 1 would not affect the consolidated financial statements of the Autogrill Group to an extent requiring mention in these notes.

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

- IFRS 10 Consolidated financial statements;
- IFRS 11 Joint arrangements;
- IFRS 12 Disclosure of interests in other entities;
- IAS 27 Separate financial statements;
- IAS 28 Investments in associates and joint ventures.

IFRS 10 establishes a single model of control to determine whether an investee should be consolidated. According to IFRS 11, the Group's investments in joint ventures, i.e. arrangements whereby the parties have rights to the net assets of the entity, will be accounted for using the equity method. There is a possibility that the Group will have to reclassify its joint arrangements and therefore modify its current method of accounting for these investments. IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The Group is currently comparing these new disclosure requirements with those now in force.

The consolidated financial statements were prepared on a going-concern basis using the euro as the presentation currency. Unless otherwise specified, the figures in the financial statements and notes are in thousands of euros (€k), while those in the statement of cash flows are in millions of euros (€m).

Structure, format and content of the consolidated financial statements

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

In accordance with IAS 1 Revised and IAS 7, the formats used in the 2012 consolidated financial statements are as follows:

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

The financial statements of each company in the scope of consolidation are prepared in the currency of its primary location (functional currency). For the purposes of the consolidated financial statements, the assets and liabilities of foreign subsidiaries with a functional currency other than the euro (including goodwill and fair value adjustments generated by the acquisition of a foreign business) are translated at the rates prevailing at year end, which approximate those on the transaction date. Income and expense are converted at average exchange rates for the year. Exchange differences are recognized in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity. Exchange gains and losses arising from receivables or payables with foreign operations, the collection or payment of which is neither planned nor likely in the foreseeable future, are treated as part of the net investment in foreign operations and are recognized in other comprehensive income and shown under "translation reserve" in the statement of changes in equity.

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

	2012		2011	
	Rate on 31 December	Average rate for the year	Rate on 31 December	Average rate for the year
US Dollar	1.3194	1.2848	1.2939	1.3922
Canadian Dollar	1.3137	1.2842	1.3215	1.3763
Swiss Franc	1.2072	1.2053	1.2156	1.2329
British Sterling	0.8161	0.8109	0.8353	0.8679

Consolidation scope and criteria

The scope of consolidation includes subsidiaries (companies for which the parent, Autogrill S.p.A., has the power to determine financial and operational policies so as to obtain benefits from their business) and joint ventures (entities subject to joint control, as defined by IAS 31). The list of consolidated companies is annexed to these notes.

Specifically, the consolidated financial statements include the financial statements at 31 December 2012 of Autogrill S.p.A. and all companies of which it directly or indirectly holds the majority of the voting rights or over which it exerts dominant influence. These latter include the French companies Sorebo S.A., Soberest S.A., Volcarest S.A. and S.R.S.R.A. S.A., as well as some joint ventures belonging to the American group (see annex), which are controlled on the basis of a 50% or lower stake and an agreement that puts their business under the management of Autogrill.

The financial statements of subsidiaries are consolidated on a line-by-line basis, i.e. by recognizing the full amount of each asset, liability, income and expense item of the individual company and eliminating the carrying amount of the consolidated equity investments held by the parent against the relative share of equity.

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

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

The Autogrill Group also holds joint control of Caresquick N.V. (Belgium) and the newly formed ITDC – Aldeasa India Pvt. Ltd. (India). They are consolidated using the proportionate method.

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

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

HMSHost Corporation (formerly Autogrill Group Inc.) and its subsidiaries close their fiscal year on the Friday closest to 31 December and divide it into 13 four-week periods, which in turn are grouped into 12-week quarters with the exception of the last which is a 16-week quarter. As a result, the accounts included in the 2012 consolidated financial statements cover the period 31 December 2011 to 28 December 2012, while the previous year's accounts covered the period 1 January 2011 to 30 December 2011.

Accounting policies

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

Business combinations

Business combinations carried out since 1 January 2008

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

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

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

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

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

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

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

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

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

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

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

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

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

Business combinations carried out before 1 January 2004

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

Acquisitions of non-controlling interests

The Group applies IAS 27 – Consolidated and separate financial statements (2008 revision) to all acquisitions of non-controlling investments. On that basis, such acquisitions are treated as transactions carried out with shareholders in their capacity as owners, and do not give rise to goodwill. Adjustments to non-controlling investments are based on a proportional amount of the subsidiary's net assets. Previously, the recognition of goodwill from the acquisition of a non-controlling interest in a subsidiary represented the excess cost of the additional investment with respect to the carrying amount of the interest in the net assets acquired on the transaction date.

Associates

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

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

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

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

Joint ventures

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

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

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

Recognition of revenue and costs

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

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

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

Recognition of financial income and expense

Financial income includes interest on invested liquidity (including financial assets available for sale), dividends received, 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 are recognized when the Group's right to receive them is established.

Financial expense includes interest on loans, discounting on provisions and deferred income, losses from the transfer of 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.

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

Net 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.

Group companies provide defined benefit and defined contribution plans.

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

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

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

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

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

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

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

- TFR accrued at 31 December 2006 by employees of the Group's Italian companies 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 "Other payables".

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognized in personnel expense, with a corresponding increase in equity, 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 awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet those conditions at the vesting date. For share-based payments with non-vesting performance conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual conditions.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, 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 relating to business combinations or items recognized directly in equity or in other comprehensive income.

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

For the period 2010-2012, Autogrill S.p.A. and its Italian subsidiaries Nuova Sidap S.r.l. and WDFG Italia S.r.l. (formerly Alpha Retail Italia S.r.l.)¹ have joined the domestic tax consolidation scheme of the ultimate parent Edizione S.r.l., as permitted by the Consolidated Income Tax Act. The regulation signed by the parties provides for payment in full of the amount corresponding to the transferred losses or

¹. For WDFG Italy S.r.l. the relevant period is 2011-2013

profits times the IRES (corporate tax) rate, as well as the transfer of any tax assets. The net current tax asset or liability for the year, in respect of IRES only, is therefore recognized as a receivable or payable due from/to Edizione S.r.l. and is therefore not shown under tax assets or liabilities but under "other receivables" or "other payables".

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

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

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

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

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 Group 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 asset:

Concessions, licenses, trademarks and similar rights:	
Software licenses	3–6 years or term of license
License to sell state monopoly goods	Term of license
Trademarks and brands	5–20 years
Contractual rights	Term of the rights
Other:	
Software on commission	3–6 years
Other costs to be amortized	3–10 years or term of underlying contract

Property, plant and equipment

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

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

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

The depreciation rates are as follows:

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

Land is not depreciated.

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

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

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

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

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

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

Leased assets

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

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

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

Impairment of assets

At each annual or interim reporting date, the Group tests whether there is internal or external evidence of impairment of its property, plant and equipment or intangible assets. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs; a cash-generating unit is a group of assets that generates cash flows broadly independent from other assets or groups of assets. With regard to property, plant and equipment used in the sales network, this minimum aggregation unit is the sales outlet or sales outlets covered by a single concession agreement.

Goodwill 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 lowest level at which goodwill is monitored for internal reporting purposes, though reflecting the maximum level of this aggregation represented by the operating segment. Goodwill acquired in a business combination is allocated to the cash-generating units expected to benefit from the synergies of the combination.

The recoverable amount is the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their current value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, it is reduced to the recoverable amount. Impairment losses are recognized in the income statement.

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

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

Assets/liabilities held for sale and discontinued operations

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

In the financial statements:

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

Current assets and current & non-current liabilities

Inventories

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

Financial assets and liabilities

Trade and other receivables

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

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

Other financial assets

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

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

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

Share capital and purchase of treasury shares

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

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

Cash and cash equivalents

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

Loans and borrowings

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

Convertible bonds

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

Trade payables

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

Derivative financial instruments and hedge accounting

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

See the policy described in section 2.2.5, "Financial risk management".

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

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

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

Fair value changes are measured as described below.

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

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

- **Cash flow hedge:** if a financial instrument is designated as a hedge against exposure to variations in the future cash flows of a recognized asset or liability or a forecast transaction that is highly probable and could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognized in comprehensive income and presented in the “hedging reserve” under equity. The cumulative gain or loss is reclassified from comprehensive income and recognized in profit or loss in the same year in which the hedged transaction is recognized. Fair value gains and losses associated with a hedge (or part of a hedge) which has become ineffective are recognized in the income statement immediately. If a hedge or a hedging relationship is terminated, but the hedged transaction has not yet taken place, the gains or losses accrued up to that time in the statement of comprehensive income are reclassified to profit or loss as soon as the transaction occurs. If the transaction is no longer expected to take place, the gains or losses not yet realized that have been included in comprehensive income are reclassified immediately to profit or loss;
- **Hedge of net investment:** if a derivative is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediary holding company, the effective portion of the gain or loss on the hedge is recognized in comprehensive income and presented in the “translation reserve” under equity, while the ineffective portion is taken to profit or loss. On disposal of the foreign operation, the gain or loss on the effective portion of the hedge that has been cumulatively recognized in the translation reserve is also taken to profit or loss.

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

Provisions for risks and charges

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

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

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

Foreign currency transactions

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

Earnings per share

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

Use of estimates

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

2.2.2 Notes to the statement of financial position

Current assets

I. Cash and cash equivalents

(€k)	31.12.2012	31.12.2011	Change
Bank and post office deposits	88,995	146,562	(57,567)
Cash and equivalents on hand	65,567	65,819	(252)
Total	154,562	212,381	(57,819)

“Bank and post office deposits” consist mainly of current accounts.

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

At constant exchange rates, this item would have decreased by € 55,525k.

II. Other financial assets

(€k)	31.12.2012	31.12.2011	Change
Fair value of interest rate hedging derivatives	11,182	11,929	(747)
Receivables from associates	10,890	2,846	8,044
Fair value of exchange rate hedging derivatives	685	751	(66)
Other financial assets	4,120	2,053	2,066
Total	26,876	17,579	9,297

“Fair value of interest rate hedging derivatives” refers to derivatives outstanding at 31 December 2012, with a combined notional value of \$ 75m.

“Receivables from associates” and “Other financial assets” consist mostly of receivables from joint venture partners in North America; the change reflects the increased capital expenditure in 2012.

“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.

See section 2.2.5, “Financial risk management,” for a more detailed analysis of how the Group manages these risks.

III. Tax assets

These amount to € 29,375k (€ 13,382k at 31 December 2011) and refer to income tax advances and credits.

IV. Other receivables

(€k)	31.12.2012	31.12.2011	Change
Suppliers	92,994	75,474	17,520
Lease and concession advance payments	27,220	24,111	3,109
Inland revenue and government agencies	27,624	29,177	(1,554)
Receivables from credit cards companies	23,070	25,462	(2,393)
Personnel	2,234	1,726	508
Advances to grantors for investments	10,212	4,994	5,218
Sub-concessionaires	2,153	1,353	800
Receivables from parent company	14,446	3,820	10,627
Other	25,387	25,521	(135)
Total	225,340	191,639	33,701

"Suppliers" refers chiefly to amounts receivable for promotional contributions and supplier bonuses awaiting settlement, as well as advances for services to be received. The change on the previous year is due in part to the higher volume of purchases by the Travel Retail & Duty-Free segment.

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

Receivables from "Inland revenue and government agencies" relate mostly to indirect taxes.

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

"Receivables from parent company" concern the amount due from Edizione S.r.l. to the Italian companies participating in the domestic tax consolidation scheme; they increased from € 3,820k at 31 December 2011 to € 14,446k because of the IRES refund due as a result of the retrospective deduction of IRAP pertaining to personnel expense for the years 2007-2011 in accordance with art. 2 of Decree Law 201/2011.

"Other" includes prepayments for maintenance, insurance policies and local taxes and commissions receivable on commission-generating businesses.

At constant exchange rates, this item would have increased by € 33,577K.

V. Trade receivables

(€k)	31.12.2012	31.12.2011	Change
Third parties	64,258	63,519	739
Allowance for impairment	(10,660)	(10,039)	(621)
Total	53,599	53,481	118

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

At constant exchange rates, the change in this item would amount to € +501k.

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

(€k)	
Allowance for impairment at 31.12.2011	10,039
Increases	745
Other movements and exchange differences	419
Utilizations	(543)
Allowance for impairment at 31.12.2012	10,660

VI. Inventories

(€k)	31.12.2012	31.12.2011	Change
Food & Beverage	111,636	118,613	(6,977)
Travel Retail & Duty-Free	142,462	143,843	(1,381)
Sundry merchandise and other	3,007	3,587	(579)
Total	257,105	266,042	(8,937)

Inventories are shown net of the write-down provision of € 4,721k (€ 4,807k at 31 December 2011), determined on the basis of slow-moving goods. The allocation for the year was € 7,211k and utilizations came to € 7,337k.

At constant exchange rates, this item would have decreased by € 8,636k.

Non-current assets

VII. Property, plant and equipment

(€k)	31.12.2012			31.12.2011			Change
	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	
Land and buildings	170,201	(86,113)	84,088	167,500	(82,504)	84,996	(908)
Leasehold improvements	1,068,098	(741,397)	326,701	1,088,751	(766,803)	321,948	4,753
Plant and machinery	282,969	(220,880)	62,089	277,270	(219,879)	57,391	4,698
Industrial and commercial equipment	848,204	(635,852)	212,352	824,011	(609,854)	214,157	(1,805)
Assets to be transferred free of charge	482,990	(370,460)	112,530	472,390	(359,748)	112,642	(112)
Other	66,127	(55,916)	10,211	65,866	(54,245)	11,621	(1,410)
Assets under construction and payments on account	150,028	-	150,028	120,638	-	120,638	29,390
Total	3,068,617	(2,110,618)	957,999	3,016,426	(2,093,033)	923,393	34,606

Investments in 2012 amounted to € 291,240k (of which € 17,143k for intangible assets), while the carrying amount of disposals was € 7,876k. Disposals generated net gains of € 2,323k.

In addition to depreciation of € 220,669k, impairment testing of individual locations or contracts resulted in impairment losses of € 7,694k. Impairment testing was based on estimated future cash flows (without incorporating any assumed efficiency gains), discounted at the average cost of capital, which reflects the cost of money and the specific business risk associated with each country of operation.

At constant exchange rates, the change in this item would amount to € +39,301k.

“Leasehold improvements” refer to expenses incurred to set up or adapt leased premises and concessions. This includes costs for the development of locations managed at airports, at shopping centers in North America, and at several motorway locations.

The increase in “Assets under construction and payments on account” mainly reflects the greater investments in course in North America.

In accordance with the financial method, this item includes the contractual value of the following property, plant and equipment held under finance leases:

(€k)	31.12.2012			31.12.2011		
	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Gross amount	Accumulated depreciation & impairment losses	Carrying amount
Land and buildings	12,795	(10,416)	2,379	12,795	(10,289)	2,506
Plant and machinery	761	(344)	417	758	(192)	566
Assets to be transferred free of charge	12,788	(10,328)	2,460	12,788	(9,867)	2,921
Leasehold improvements	60	(14)	46	58	(2)	56
Industrial and commercial equipment	7	(2)	5	7	-	7
Other	10	(2)	8	9	-	9
Total	26,421	(21,106)	5,315	26,415	(20,350)	6,066

The financial payable for these goods amounts to € 12,179k and is included under "Other financial liabilities" (current) for € 1,103k (€ 1,688k at the end of 2011) and "Other financial liabilities" (non-current) for € 11,076k (€ 12,200k the previous year). Future lease payments at 31 December 2012 amounted to € 20,990k (€ 23,713k at the end of 2011).

The Group also uses third party assets worth € 1,515k and rents businesses with assets worth € 12,769k.

VIII. Goodwill

At 31 December 2012 goodwill amounted to € 1,394,254k, compared with € 1,410,806k the previous year. The change consists primarily of impairment losses of € 16,700k.

The cash-generating units (CGUs) were identified on the basis of business segments, and in some cases further split by geographical area, consistently with the minimum level at which goodwill is monitored for internal management purposes.

Details of goodwill allocation are provided in the table below:

(€k)	31.12.2012	31.12.2011	Change
Food & Beverage			
Italy	83,631	83,516	115
HMSHost	452,020	460,262	(8,242)
Other	253,486	269,012	(15,526)
Travel Retail & Duty-Free			
Europe	515,371	505,932	9,439
North America	37,670	38,945	(1,275)
Central and South America	5,727	5,840	(113)
Rest of the world	46,348	47,298	(949)
Total	1,394,254	1,410,806	(16,552)

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

The discount rate was set in consideration of the Capital Assets Pricing Model, which is based, as far as possible, on indicators and variables that can be observed from the market.

Future cash flows have been estimated on the basis of the 2013 budget and forecasts for 2014-2017 (explicit forecast period). Cash flows beyond 2017 have been projected by extrapolating information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of each CGU's sector and country of operation, and by using the perpetuity method to calculate terminal value.

Below are the main assumptions used for impairment testing. The discount rate has changed since the previous year, to reflect market conditions at 31 December 2012:

	Forecast nominal growth rate "g"	Discount rate 2012		Discount rate 2011	
		Post tax	Pre tax	Post tax	Pre tax
Food & Beverage					
Italy	1.0%	8.70%	14.53%	8.18%	13.14%
HMSHost	2.0%	5.15%	6.97%	5.63%	7.69%
Other countries	1.0%-2.0%	4.32%-9.95%	5.35%-11.46%	4.73%-12.75%	5.64%-13.62%
Travel Retail & Duty-Free					
Europe	2.0%	5.49%-10.47%	6.62%-17.32%	6.09%-10.78%	7.11%-15.02%
North and South America	2.0%	5.63%-13.16%	8.18%-17.49%	5.63%-13.16%	8.18%-17.49%
Rest of the world	2.0%	6.28%-10.11%	7.40%-18.85%	6.75%-10.60%	7.70%-15.21%

To estimate cash flows for the period 2013-2017, management has made some assumptions including an estimate of air and road traffic volumes, future sales, operating costs, investments, and changes in working capital.

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

Food & Beverage

- Italy: motorway traffic is assumed to slow in 2013 and enjoy a moderate recovery in the following years, while the renewal rate for expiring contracts should be in line with Autogrill's track record. Operating costs, in particular rent, as a percentage of revenue have been revised in accordance with the expiration of leases and concession contracts.
- HMSHost: projections for 2013 assume a moderate recovery in airport traffic. For 2014-2017, average annual growth is expected to outperform the trend in Europe. The renewal rate of existing contracts was estimated on the basis of the Group's historical trends. The total incidence of operating costs is expected to decrease slightly due to the positive effect of operating leverage.
- Other European countries: revenue projections are based on motorway traffic and airport traffic assumptions that differ from country to country. The total weight of location operating costs is expected to decrease thanks to the cost-cutting measures undertaken.

For all CGUs, growth investments are correlated with the expiration of contracts, while maintenance investments are assumed to be consistent with historical trends.

Travel Retail & Duty-Free

- Europe: specific traffic assumptions were formed for the United Kingdom and Spain for the years 2013-2017, in line with the available traffic forecasts. For Spain, sales are expected to grow in light of the recent contract renewals and the increased commercial space at the airports served. The other cost items are expected to continue existing trends, save for rent reviews in Spain in connection with the renewal of rental and concession contracts at airports. Higher investment is assumed in parallel with expiring contracts.
- Americas: traffic is expected to grow in 2013-2017, with the highest rates in Central and South America. Profitability is assumed to be stable, based in part on a track record of performance gains.
- Rest of the world: for 2013-2017, traffic growth assumptions are different from country to country. Operating costs as a percentage of revenue have been revised in accordance with the expiration of leases and concession contracts, to reflect the most likely scenarios in terms of contract renewals and rent.

On the basis of these assumptions, the amount of goodwill attributed to each CGU was found to be fully recoverable with the exception of Food & Beverage Spain, due to the ongoing weakness of the motorway channel as a result of the country's economic situation. The impairment loss on goodwill for that CGU, in the amount of € 16,700k, is recognized under "Food & Beverage – other".

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

	Discount rate net of taxes	g
Food & Beverage		
Italy	19.77%	(30.20%)
HMSHost	13.32%	(15.92%)
Switzerland	4.38%	0.93%
Belgium	8.70%	(1.47%)
France	13.78%	(16.85%)
Other countries	7.22%/41.67%	(14.29%)/(10.23%)
Travel Retail & Duty-Free		
Europe	15.45%	(20.25%)
North and South America	21.92%	(*)
Rest of the world	18.17%	(29.59%)

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

IX. Other intangible assets

(€k)	31.12.2012	31.12.2011	Change
Concessions, licenses, trademarks and similar rights	657,006	725,427	(68,421)
Assets under development and payments on account	9,832	6,102	3,730
Other	11,886	12,142	(256)
Total	678,724	743,671	(64,947)

“Concessions, licenses, trademarks and similar rights” consist mainly of the amounts determined upon fair-value measurement of the assets and liabilities acquired with World Duty Free Group UK Holding Ltd. (formerly World Duty Free Europe Ltd) and World Duty Free España S.A. (formerly Aldeasa S.A.), namely contractual rights for € 518,862k (€ 583,652k at 31 December 2011) and the tradename World Duty Free for € 98,675k (€ 102,745k the previous year).

All “Other intangible assets” have finite useful lives.

The change in this item would amount to € -72,082k at constant exchange rates.

The following table shows movements during the year in property, plant and equipment, goodwill, and other intangible assets.

Intangible assets

(€k)	31.12.2011			Change in gross carrying amount			
	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount	Change in consolidation scope	Exchange rate gains (losses)	Increases	Decreases
Concessions, licenses, trademarks and similar rights	1,090,225	(364,798)	725,427	254	7,549	6,176	(11,210)
Assets under development and payments on account	6,103	-	6,103	-	-	9,385	(74)
Other	66,138	(53,996)	12,142	-	580	1,582	(1,321)
Total	1,162,466	(418,794)	743,672	254	8,129	17,143	(12,605)

(€k)	31.12.2011			Change in gross carrying amount			
	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount	Change in consolidation scope	Exchange rate gains (losses)	Increases	Decreases
Goodwill	1,446,081	(35,275)	1,410,806	-	396	-	-

Property, plant and equipment

(€k)	31.12.2011			Change in gross carrying amount			
	Gross carrying amount	Accumulated depreciation and impair. losses	Carrying amount	Change in consolidation scope	Exchange rate gains (losses)	Increases	Decreases
Land and buildings	167,500	(82,504)	84,996	-	313	4,344	(225)
Leasehold improvements	1,088,751	(766,803)	321,948	69	(11,443)	44,969	(102,473)
Plant and machinery	277,270	(219,879)	57,391	-	1,161	14,985	(22,237)
Industrial and commercial equipment	824,011	(609,854)	214,157	-	(2,020)	47,104	(56,134)
Assets to be transferred free of charge	472,390	(359,748)	112,642	251	-	17,840	(18,986)
Other	65,866	(54,245)	11,621	-	511	2,368	(3,439)
Assets under construction and payments on account	120,638	-	120,638	-	(1,106)	142,487	(4,362)
Total	3,016,426	(2,093,033)	923,393	320	(12,584)	274,097	(207,856)

Change in gross carrying amount		Amortization/Impairment losses					31.12.2012		
Other movements	Total	Exchange rate gains (losses)	Increases			Total	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount
			Amort.	Imp. losses	Decreases				
3,608	6,377	(167)	(85,756)	-	11,125	(74,798)	1,096,602	(439,596)	657,006
15,582	3,729	-	-	-	-	-	9,832	-	9,832
3,698	4,539	(564)	(5,712)	-	1,480	(4,796)	70,678	(58,792)	11,886
1,724	14,645	(731)	(91,468)	-	12,605	(79,594)	1,177,112	(498,388)	678,724
Other movements	Total	Exchange rate gains (losses)	Impairment losses	Decreases	Total	Gross carrying amount	Accumulated amort. and impair. losses	Carrying amount	
-	396	(246)	(16,700)	-	(16,948)	1,446,477	(52,223)	1,394,254	

Change in gross carrying amount		Amortization/Impairment losses					31.12.2012		
Other movements	Total	Exchange rate gains (losses)	Increases			Total	Gross carrying amount	Accumulated deprec. and impair. losses	Carrying amount
			Deprec.	Imp. losses	Decreases				
(1,732)	2,700	(176)	(4,068)	471	164	(3,609)	170,201	(86,113)	84,088
48,224	(20,654)	9,413	(78,760)	(6,308)	101,062	25,407	1,068,097	(741,397)	326,701
11,788	5,697	(935)	(20,451)	(821)	21,207	(1,000)	282,969	(220,880)	62,089
34,991	24,192	2,898	(83,911)	(579)	55,595	(25,997)	848,203	(635,852)	212,352
11,746	10,600	-	(30,368)	(448)	20,104	(10,712)	482,990	(370,460)	112,530
820	260	(398)	(4,606)	(6)	3,340	(1,670)	66,127	(55,916)	10,211
(107,629)	29,390	-	-	-	-	-	150,028	-	150,028
(1,792)	52,185	10,802	(222,164)	(7,691)	201,472	(17,581)	3,068,615	(2,110,618)	957,999

X. Investments

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

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

Using the equity method, € -362k was recognized in the income statement under "Adjustment to the value of financial assets".

Name	Registered office	Country	% held	Currency	Revenues	Profit/(loss)	Total	Total	Carrying amount (€k)
					Currency/000				
Souk al Mouhajir S.A.	Tangier	Morocco	36%	Dhs	4,169	(406)	18,188	2,746	468
Creuers del Port de Barcelona S.A.	Barcelona	Spain	23%	Euro	18,020	1,789	54,454	12,900	8,668
Dewina Host Sdn Bhd	Kuala Lumpur	Malaysia	49%	Myr	18,556	247	11,275	2,190	1,453
TGIF National Airport Restaurant Joint Venture	Texas	USA	25%	Usd	2,024	59	8	-	-
HKSC Developments L.P. (Projecto)	Winnipeg	Canada	49%	Cad	22,204	(3,978)	54,167	51,386	1,516
HKSC Opco L.P. (Opco)	Winnipeg	Canada	49%	Cad	53	44	295	171	61
Other									227
Total									12,393

XI. Other financial assets

(€k)	31.12.2012	31.12.2011	Change
Interest-bearing sums with third parties	3,359	4,515	(1,157)
Guarantee deposits	11,897	9,676	2,221
Other financial receivables from third parties	4,064	3,027	1,036
Total	19,319	17,219	2,100

At constant exchange rates, this item would have increased by € 2,216K.

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

XII. Deferred tax assets

Deferred tax assets, shown net of offsettable deferred tax liabilities, amount to € 71,023k (€ 94,894k at 31 December 2011). The change for the year, € -23,871k, would amount to € -23,652k at constant exchange rates.

The main components of this item are detailed below:

- € 25,363k (€ 27,225k at 31 December 2011) for the Italian companies, where deferred tax assets are generated primarily by the different depreciation/amortization period and the deferred deductibility of provisions for risks and charges;

- € 27,877k (€ 39,869k the previous year) for the companies in the Travel Retail & Duty-Free business, mostly in relation to losses carried forward;
- € 10,064k (€ 8,961k at 31 December 2011) for the French Food & Beverage companies, mostly in connection with losses carried forward and the different amortization and depreciation periods.

Tax losses existing at 31 December 2012 on which deferred tax assets have not been recognized amount to € 185,632k.

At 31 December 2012, "Deferred tax liabilities" not offsettable against deferred tax assets amounted to € 146,528k (€ 164,331k at 31 December 2011) and refer mainly to temporary differences concerning the intangible assets to which the Group allocated part of the price paid for the acquisition of World Duty Free Group UK Holding Ltd. (formerly World Duty Free Europe Ltd.) and World Duty Free España S.A. (formerly Aldeasa S.A.).

The change at constant exchange rates would have been € -19,535k.

Total net deferred tax assets at 31 December 2012 (€ 75,505K) are analyzed below:

(€k)	2012		2011	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Trade receivables	10,327	2,843	7,114	1,907
Other receivables	30,667	9,263	39,073	15,524
Property, plant and equipment and other intangible assets	(489,514)	(133,163)	(588,070)	(149,382)
Total temporary differences on assets	(448,520)	(121,056)	(541,883)	(131,952)
Other payables	(1,702)	1865	(2,507)	(709)
Defined benefit plans	(60,992)	(24,193)	(72,547)	(27,634)
Provisions for risks and charges	(17,392)	15,633	(31,157)	(9,638)
Other reserves and retained earnings	204,164	15,838	160,733	13,125
Total temporary differences on liabilities and equity	124,078	(14,853)	54,522	(24,856)
Net deferred tax		(106,203)		(107,095)
Deferred tax assets arising from tax losses		30,698		37,658
Total net deferred tax		(75,505)		(69,437)

The deferred tax liabilities on "Other reserves and retained earnings" refer to the effect of deferred taxation on the retained earnings of subsidiaries.

XIII. Other receivables

Most of the other non-current receivables, € 27,386k at 31 December 2012, consist of premiums due from suppliers in relation to long-term procurement contracts and concession fees paid in advance.

Current liabilities

XIV. Trade payables

Trade payables at 31 December 2012 amounted to € 643,958K, up from € 632,366K at the end of 2011.

The change at constant exchange rates would have been € +11,656k.

XV. Tax liabilities

At € 25,164k, these decreased by € 329k and refer to taxes accrued during the year net of offsettable credits. The income tax balance of the Italian companies participating in Edizione S.r.l.'s domestic tax consolidation scheme is recognized under "Other payables" or "Other receivables".

At constant exchange rates, this item would have decreased by € 347k.

XVI. Other payables

(€k)	31.12.2012	31.12.2011	Change
Personnel expense	162,672	153,923	8,749
Due to suppliers for investments	86,412	80,555	5,857
Social security and defined contribution plans	47,726	42,010	5,716
Indirect taxes	29,631	33,316	(3,685)
Withholding taxes	18,044	14,124	3,919
Other	49,079	44,988	4,091
Total	393,563	368,916	24,647

"Personnel expense" includes, among other items, bonuses on 2012 results and bonuses for the 2010-2012 incentive plan, which will both be paid in 2013.

The heading "Other" includes amounts due to directors and statutory auditors (€ 1,165k), as well as accrued liabilities for insurance, utilities, and maintenance pertaining to 2012.

At constant exchange rates, the change in this item would amount to € +25,832k.

XVII. Other financial liabilities

(€k)	31.12.2012	31.12.2011	Change
Fair value of interest rate hedging derivatives	20,789	18,958	1,831
Accrued expenses and deferred income for interest on loans	7,567	8,481	(913)
Lease payments due to others	1,103	1,688	(585)
Fair value of exchange rate hedging derivatives	1,002	813	189
Other financial accrued expenses and deferred income	1,139	716	422
Liabilities due to others	27	-	27
Total	31,627	30,655	972

“Fair value of interest rate hedging derivatives” refers to the fair value measurement of interest rate swaps outstanding at 31 December 2012, with notional values of € 120m and £ 200m. The change in value reflects the trend in interest rates, net of payments made.

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

Details of the derivatives outstanding at year end are provided in section 2.2.5, “Financial risk management”.

Non-current liabilities

XVIII. Other payables

The balance of € 37,354k (€ 71,027k at 31 December 2011) consists mainly of the provision for long-term employee incentive plans and the liability for defined contribution plans. Most of the decrease with respect to 31 December 2011 is due to the reclassification to current liabilities ("Other payables") of the bonuses due to personnel under the 2010-2012 incentive plan, which are payable in 2013.

At constant exchange rates, the change in this item would amount to € -33,187k.

XIX. Loans

(€k)	31.12.2012	31.12.2011	Change
Current account overdrafts	57,792	32,753	25,039
Unsecured bank loans current	14,556	21	14,535
Current portion of non-current debt	56,521	150,740	(94,219)
Total current	128,869	183,513	(54,644)
Unsecured bank loans non-current	1,193,654	1,238,851	(45,197)
Commissions on bond issues	(10,625)	(12,509)	1,883
Lease payments due to others	11,076	12,200	(1,124)
Liabilities due to others	288	665	(377)
Total non-current	1,194,393	1,239,207	(44,814)
Total	1,323,262	1,422,720	(99,458)

At constant exchange rates, this item would have decreased by € 106,340k.

In 2012 the Group terminated a multicurrency revolving credit facility of € 150m, which matured on 9 June 2012.

In June 2012 it obtained a new, 18-month revolving credit facility of € 200m, maturing on 30 November 2013.

The breakdown of "Unsecured bank loans" at the close of 2012 and 2011 is shown below:

Credit lines	Expiry	31.12.2012		31.12.2011	
		Amount (€k)	Drawdowns in €k *	Amount (€k)	Drawdowns in €k *
Term Loan - Autogrill S.p.A.	June 2015	200,000	200,000	200,000	200,000
2005 Syndicated line		200,000	200,000	200,000	200,000
Multicurrency Revolving Facility - Autogrill S.p.A.	June 2012	-	-	150,000	150,740
2010 line		-	-	150,000	150,740
Multicurrency Revolving Facility - Autogrill S.p.A. **	July 2016	700,000	549,419	700,000	542,809
Multicurrency Revolving Facility - Travel Retail ***	July 2016	650,000	500,756	650,000	496,040
2011 Syndicated lines		1,350,000	1,050,175	1,350,000	1,038,850
Revolving facility agreement - HMSHost Corporation ****	June 2014	189,480	-	-	-
Revolving facility agreement - Autogrill S.p.A.	November 2013	200,000	-	-	-
2012 lines		389,480	-	-	-
Total lines of credit		1,939,480	1,250,175	1,700,000	1,389,589
current portion		266,666	56,521	150,000	150,740
Total lines of credit net of current portion		1,672,814	1,193,654	1,550,000	1,238,851

* Drawdowns in currency are measured based on exchange rates at 31 December 2012 and 31 December 2011

** This line can be also drawn down by HMSHost Corporation and Host International Inc.

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

**** Amount to be used solely in US dollars for up to a maximum of \$ 250m

At 31 December 2012 the credit facilities maturing after one year had been drawn down by about 67%. Floating interest is charged on all bank loans. The weighted average term of bank loans, including unutilized credit lines, is two years and seven months (approximately four years at 31 December 2011).

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

At 31 December 2012 all of the above covenants were amply satisfied.

XX. Bonds

(€k)	31.12.2012	31.12.2011	Change
Non-convertible bonds	201,607	-	201,607
Total current	201,607	-	201,607
Non-convertible bonds	124,508	333,065	(208,557)
Commissions on bond issues	(843)	(687)	(156)
Total non-current	123,665	332,378	(208,713)
Total	325,272	332,378	(7,106)

“Non-convertible bonds” refer to private placements guaranteed by Autogrill S.p.A. and issued by HMSHost Corporation (formerly Autogrill Group Inc.):

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

Regarding this second private placement, in December 2012 the parties modified the contract to state that the ratios to be satisfied would be determined solely with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.) and that, under certain conditions, the loan would no longer be guaranteed by Autogrill S.p.A.

In January 2013, Autogrill S.p.A. guaranteed a new bond issue of \$ 150m, maturing in January 2023 and paying fixed half-yearly interest at 5.12%. The proceeds were used, together with credit facilities existing at 31 December 2012, to pay back the private placement issued in 2003. Under this new issue as well, there are financial ratios to be satisfied with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.), and under certain conditions, the issue will no longer be guaranteed by Autogrill S.p.A.

On the whole, at 31 December 2012 this item amounted to € 325,272k, compared with € 332,378k at the end of 2011. The change reflects the translation effect (€ – 6,423k) and the change in fair value.

In 2012 there was a gain on the hedged item of \$ 0.7m (€ 0.5m) and a loss on the hedge of the same amount, so the effect on the income statement was nil. The cumulative amount of fair value changes on the hedged item increased the liability at 31 December 2012 by \$ 14.7m (€ 11.2m).

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

The regulations of the private placement maturing in May 2017 and of the new bond issue maturing in January 2023 require the maintenance of the following financial ratios: a leverage ratio (gross debt/ EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5, calculated solely with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.).

The regulations of the bond issue maturing in January 2013 require a leverage ratio (net debt/EBITDA) of 3.5 or less and interest coverage (EBITDA/net financial expense) of at least 4.5, calculated on data for the entire Group.

For the calculation of these ratios, gross and net debt, EBITDA and financial charges are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, they are not readily apparent from the financial statements.

At 31 December 2012 these contractual requirements were fully satisfied.

XXI. Defined benefit plans

This item amounted to € 70,929k at the close of the year, a decrease of € 5,016k with respect to 31 December 2011.

The change at constant exchange rates would have been € -4,680k.

The table below shows details of employee benefits recognized as defined benefit plans. The legal obligation for Italian post-employment benefits (trattamento di fine rapporto or "TFR") is € 70,790k, compared with € 63,636k determined on an actuarial basis.

(€k)	31.12.2012	31.12.2011	Change
Defined benefit plans:			
Post-employment benefit	63,636	65,993	(2,358)
Health insurance plans	304	262	42
Other	6,989	9,689	(2,700)
	70,929	75,945	(5,016)
Others defined benefit plans	(7,103)	-	(7,103)
Total	63,826	75,945	(12,119)

This item is shown net of the positive fair value of the defined benefit plan of a subsidiary in the amount of € 7,103k.

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognized at 31 December 2012:

(€k)	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of the funded plans	249,895	226,443	212,225	206,172	161,495
Fair value of the plan assets	(213,947)	(198,223)	(189,771)	(167,761)	(139,731)
	35,948	28,220	22,454	38,411	21,764
Present value of the unfunded plans	77,242	54,703	65,405	73,640	76,863
Actuarial gains (losses) not recognised	(49,364)	16,978	6,860	(10,351)	8,875
Net liabilities recognised	63,826	75,945	94,719	101,700	107,502

The change in actuarial losses not recognized reflects the trend in market rates.

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

(€k)	Italy		Switzerland		Great Britain		Other plans	
	2012	2011	2012	2011	2012	2011	2012	2011
Discount rate	2.7%	6.6%	2.0%	2.5%	4.5%	4.8%	1.9% - 5.3%	3.5% - 6.0%
Inflation rate	2.2%	2.3%	1.8%	1.9%	3.3%	3.1%	2.0%	1.8% - 2.0%
Yield on assets	-	-	2.0%	3.2%	5.3%	5.5%	4.2%	5.8%
Salary increase rate	-	-	1.0%	1.0%	4.3%	4.1%	1.8% - 2.9%	1.8% - 2.2%
Pension increase rate	3.2%	3.3%	-	-	2.1% - 3.1%	1.9% - 3.0%	2.0%	2.0%
Increase in healthcare costs	-	-	-	-	-	-	8.4%	8.7%

The 2012 discount rates were determined based on the yield of high grade corporate bonds at the date of these financial statements.

Below are the amounts recognized in the income statement for defined benefit plans:

(€k)	2012	2011	Change
Current service costs	3,016	2,309	707
Interest expense	11,930	13,366	(1,436)
Estimated yield on plan assets	(9,758)	(9,988)	230
Total	5,188	5,687	(499)

Interest expense is recognized under "Financial expense" net of the expected yield on plan assets, while the post-employment benefit cost is recognized under "Personnel expense".

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

(€k)	Italy	Switzerland	Great Britain	Other plans	Total
Present value of the obligation at 31.12.2010	60,380	71,794	124,194	21,262	277,630
Current service costs	(234)	1,924	115	504	2,309
Interest expense	3,772	2,236	6,425	934	13,366
Actuarial losses (gains)	(7,453)	1,350	5,028	(2,465)	(3,540)
Employees' share of contributions	-	1,795	120	92	2,007
Benefits paid	(5,520)	(5,737)	(3,113)	(746)	(15,116)
Exchange rate gains (losses)	-	2,115	4,039	12	6,166
Other	(1,614)	-	-	(61)	(1,675)
Present value of the obligation at 31.12.2011	49,331	75,475	136,808	19,532	281,146
Current service costs	730	1,990	181	115	3,016
Interest expense	2,202	1,944	6,690	1,094	11,930
Actuarial losses (gains)	24,739	4,585	6,837	4,458	40,619
Group's share of contributions	-	1,778	109	70	1,958
Benefits paid	(4,966)	(5,883)	(3,376)	(1,098)	(15,322)
Exchange rate gains (losses)	-	516	3,159	(7)	3,669
Other	579	(536)	-	78	121
Present value of the obligation at 31.12.2012	72,615	79,870	150,410	24,243	327,137

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

(€k)	Italy	Switzerland	Great Britain	Other plans	Total
Fair value of the assets at 31.12.2010	-	69,108	104,560	16,102	189,770
Estimated yield on plan assets	-	2,224	7,028	736	9,988
Actuarial losses (gains)	-	(12,585)	(2,155)	(2,568)	(17,308)
Employees' share of contributions	-	1,795	120	-	1,915
Group's share of contributions	-	1,929	15,536	304	17,770
Benefits paid	-	(5,739)	(3,113)	(477)	(9,329)
Exchange rate gains (losses)	-	2,010	3,460	-	5,470
Other	-	-	-	(53)	(53)
Fair value of the assets at 31.12.2011	-	58,742	125,436	14,044	198,223
Estimated yield on plan assets	-	1,830	7,116	812	9,758
Actuarial losses (gains)	-	(6,733)	2,076	4,023	(634)
Employees' share of contributions	-	1,778	109	-	1,887
Group's share of contributions	-	5,302	6,493	561	12,356
Benefits paid	-	(5,883)	(3,370)	(533)	(9,785)
Exchange rate gains (losses)	-	406	2,900	-	3,306
Other	-	(1,122)	27	(69)	(1,164)
Fair value of the assets at 31.12.2012	-	54,321	140,787	18,838	213,947

The main categories of plan assets are:

(€k)	Switzerland	Great Britain	Other plans
Equity instruments	32.7%	50.1%	-
Bonds	-	43.3%	-
Real estate	15.6%	-	-
Other debt instruments issued by third parties	26.2%	-	-
Other securities	25.5%	6.6%	100.0%

XXII. Provisions for risks and charges

(€k)	31.12.2011	Other movements and exchange rate	Allocations	Utilizations	31.12.2012
Provision for taxes	3,064	406	(316)	-	3,154
Other provisions	8,441	(6,529)	7,636	(1,300)	8,248
Provision for legal disputes	-	5,323	7,492	(30)	12,785
Onerous contracts provision	327	0	(106)	-	221
Total provisions for current risks and charges	11,832	(800)	14,706	(1,330)	24,408
Provision for taxes	4,085	(3,096)	-	(598)	390
Other provisions	28,724	2,639	15,559	(4,623)	21,181
Provision for legal disputes	3,458	90	1,083	(1,157)	3,475
Provision for the refurbishment of third party assets	9,421	171	3,354	(250)	12,696
Onerous contracts provision	9,003	27	(310)	(2,149)	6,571
Total provisions for non-current risks and charges	54,691	(169)	(1,432)	(8,776)	44,314

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

Provision for taxes

The current portion relates primarily to disputes over US companies' direct and indirect tax obligations.

Other provisions

These refer mainly to a US "self-insurance" provision of € 26,329k to cover the deductibles on third-party liability provided for in insurance plans. In 2012, € 7,696k was allocated to this provision and € 5,605k was used for insurance settlements.

In addition, some € 4.5m in provisions no longer considered necessary were released during the year, given the resolution of a commercial dispute with a concession grantor in Italy.

Provision for legal disputes

This provision covers the risk of losing lawsuits brought against Group companies, and takes account of the opinions of the Group's legal advisors. Utilizations concern actual payments during the year as well as revised amounts, where necessary. Most of the change in 2012 concerns a dispute over customs duties with the Indian tax authorities.

Provision for the refurbishment of third party assets

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

Onerous contracts provision

This refers to long-term leases or concession agreements on commercial units that are not profitable enough to cover the rent.

XXIII. Equity attributable to owners of the parent

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

Share capital

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

Schematrentaquattro S.r.l., a wholly-owned subsidiary of Edizione S.r.l., owned shares representing 59.28% of the share capital at 31 December 2012.

Legal reserve

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

Hedging reserve

The "Hedging reserve," amounting to € -15,743k (€ -32,341k at 31 December 2011), corresponds to the effective portion of the fair value of derivatives designated as cash flow hedges.

The increase of € 16,598k relates to the fair value change of derivatives designated as cash flow hedges (€ +22,809k), net of the tax effect (€ -6,211k).

Translation reserve

Translation differences are generated by the translation into euros of the foreign currency financial statements of companies consolidated on a line-by-line basis or using the proportionate method, net of the fair value of instruments designated as net investment hedges. The increase amounts to € 5,793k in exchange rate gains on the translation of foreign currency financial statements, less € -4,981k for the fair value loss on instruments designated as net investment hedges (€ -7,103k), net of the tax effect (€ +2,122k).

Other reserves and retained earnings

This item includes the profits of subsidiaries not distributed as dividends, consolidation adjustments, and the amount set aside in connection with the recognized costs of the stock option plans.

The change for the year stems primarily from the allocation of the 2011 profit to reserves and the subsequent payment of € 70,951k in dividends on 24 May 2012, based on the resolutions of the annual general meeting of 19 April 2012.

Treasury shares

The shareholders' meeting of 19 April 2012, after revoking the authorization granted on 21 April 2011 and pursuant to arts. 2357 et seq. of the Italian Civil Code, authorized the purchase and subsequent disposal of ordinary shares with a par value of € 0.52 each up to a maximum of 12,720,000 shares.

At 31 December 2012 the parent owned 1,004,934 treasury shares with a carrying amount of € 7,724k and an average carrying amount of € 7.69 per share. No additional shares were purchased in 2012.

Non-controlling interests

Non-controlling interests amount to € 26,351k, compared with € 19,642k at 31 December 2011. The increase is due to the payment of dividends for € 15,579k, partly offset by € 13,511k in profit and € 9,754k in capital contributions.

Other comprehensive income

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

(€k)	2012			2011		
	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Effective portion of the fair value change of derivatives designated as cash flow hedges	(2,157)	655	(1,502)	(5,254)	1,535	(3,719)
Net change in fair value of cash flow hedges reclassified to profit or loss	24,965	(6,866)	18,100	17,620	(4,845)	12,774
Gains (losses) from translation of financial statements in non-euro currencies	14,688	-	14,688	32,350	-	32,350
Gains (losses) on net investment hedges	(7,103)	2,122	(4,981)	(10,166)	3,107	(7,059)
Total other consolidated comprehensive income	30,393	(4,089)	26,305	34,550	(203)	34,347

2.2.3 Notes to the income statement

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

XXIV. Revenue

Revenue in 2012 came to € 6,686,721k, an increase of € 264,528k with respect to the previous year's revenue of € 6,422,193k.

The increase at constant exchange rates would have been € 27,273k.

Revenue includes the sale of fuel, mostly at rest stops in Italy and Switzerland, which came to € 609,152k (€ 577,565k the previous year).

For details of performance by segment, see section 2.2.6 (Segment reporting) and the Directors' Report.

XXV. Other operating income

(€k)	2012	2011	Change
Bonuses from suppliers	63,587	53,491	10,096
Income from business leases	10,818	11,360	(542)
Affiliation fees	2,788	3,743	(955)
Gains on sales of property, plant and equipment	3,804	4,673	(869)
Other revenue	49,092	58,825	(9,733)
Total	130,089	132,092	(2,003)

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

The change at constant exchange rates would have been € -2,345k.

XXVI. Raw materials, supplies and goods

(€k)	2012	2011	Change
Purchases	2,766,072	2,713,320	52,751
Change in inventories	8,692	(17,421)	26,114
Total	2,774,764	2,695,899	78,865

The increase at constant exchange rates would have been € 9,066k.

XXVII. Personnel expense

(€k)	2012	2011	Change
Wages and salaries	1,209,414	1,157,313	52,101
Social security contributions	218,813	208,151	10,662
Employee benefits	30,928	27,530	3,398
Other costs	78,559	79,622	(1,063)
Total	1,537,714	1,472,616	65,098

The increase at constant exchange rates would have been € 4,594k.

“Other costs” includes the portion pertaining to the year of the 2010 stock option plan and the fees paid to members of the Board of Directors (see section 2.2.10 for details).

The average headcount, expressed in terms of equivalent full-time employees, was 47,762 (46,940 the previous year).

XXVIII. Leases, rentals, concessions and royalties

(€k)	2012	2011	Change
Leases, rentals and concessions	1,213,180	1,123,102	90,078
Royalties	81,837	70,839	10,999
Total	1,295,017	1,193,940	101,077

At constant exchange rates, the change in this item would amount to € +51,891k.

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

XXIX. Other operating costs

(€k)	2012	2011	Change
Utilities	104,137	103,933	204
Maintenance	81,485	80,292	1,194
Cleaning and disinfestations	52,622	52,904	(281)
Consulting services	65,635	48,856	16,780
Commissions on credit card payments	47,470	42,373	5,096
Storage and transport	22,284	22,814	(531)
Advertising and market research	25,618	26,332	(715)
Travel expenses	34,589	30,278	4,311
Telephone and postal charges	18,194	16,687	1,507
Equipment hire and lease	9,561	9,429	132
Insurance	8,067	7,624	443
Surveillance	9,231	8,547	684
Transport of valuables	6,205	5,786	420
Banking services	6,723	5,826	897
Sundry materials	33,924	32,419	1,505
Other services	38,379	33,766	4,614
Costs for materials and services	564,124	527,865	36,260
Impairment losses on receivables	987	376	611
For taxes	(316)	1,125	(1,441)
For legal disputes	8,575	(996)	9,572
For onerous contracts	(416)	(3,650)	3,234
For other risks	1,725	3,888	(2,163)
Provisions for risks	9,568	367	9,202
Indirect and local taxes	24,182	23,181	1,002
Other operating costs	20,510	23,090	(2,580)
Total	619,372	574,879	44,493

The increase at constant exchange rates would have been € 23,741k.

“Sundry materials” refer to the purchase of inexpensive equipment and to various consumables such as uniforms, office supplies, and advertising materials.

“Consulting services” include, among others, strategic consulting in Italy and the United States and consulting costs for the renewal of the duty-free concessions in Spain.

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

The decrease in “Provisions for risks – for other risks” reflects the release of funds due to the resolution of a commercial dispute with a concession grantor in Italy.

In 2011, "Provisions for risks – for onerous contracts" included the reduction of a provision by about € 5m due to the sale of some units in Belgium. Likewise, "Provisions for risks – for other risks" reflected a decrease of € 4m in connection with the sale of the Flight segment.

XXX. Depreciation, amortization and impairment losses

In detail:

(€k)	2012	2011	Change
Other intangible assets	91,467	93,743	(2,277)
Property, plant and equipment	191,798	177,825	13,973
Assets to be transferred free of charge	30,368	27,271	3,096
Total	313,632	298,839	14,793

At constant exchange rates, the increase in this item would have been € 4,383k.

Impairment losses (net of reversals) were recognized in the amount of € 24,391k, following tests of the recoverability of carrying amounts on the basis of the projected cash flows of each cash generating unit.

The following table provides a breakdown by type of asset:

(€k)	2012	2011	Change
Goodwill	16,700	-	16,700
Other intangible assets	-	9,023	(9,023)
Property, plant and equipment	7,244	4,686	2,558
Assets to be transferred free of charge	448	1,429	(982)
Total	24,391	15,138	9,253

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

XXXI. Financial income and expense

(€k)	2012	2011	Change
Interest income	1,472	1,094	378
Interest differential on exchange rate hedges	308	-	308
Ineffective portion of hedging instruments	43	837	(793)
Other financial income	824	268	556
Total	2,648	2,199	449

(€k)	2012	2011	Change
Interest expense	83,080	73,424	9,656
Discounting of long-term liabilities	2,793	3,534	(742)
Exchange rate losses	418	199	219
Interest differential on exchange rate hedges	-	65	(65)
Fees paid on loans and bonds	530	3,092	(2,562)
Other financial expense	5,418	4,685	734
Total	92,239	85,000	7,240
Total net financial expense	(89,592)	(82,801)	(6,791)

In 2011, "Fees paid on loans and bonds" included € 2,391k in early loan closure fees as part of the Group refinancing process that were paid in 2008 and 2010 and not yet fully expensed.

XXXII. Income tax

The balance of € 51,702k (€ 80,315k in 2011) includes € 42,892k in current taxes (€ 68,721k the previous year) and € 503k in net deferred tax liabilities (net deferred tax assets of € 273k in 2011). Regional tax on production activities (IRAP), which is charged on Italian operations and whose basis is essentially EBIT plus personnel expense, came to € 8,307k (€ 11,867k the previous year).

In 2012 the Group's theoretical tax rate, excluding IRAP, was about 35% and in line with the previous year.

Not counting IRAP, the average effective tax rate was reduced from 31.2% in 2011 to 26.8%, due mainly to the IRES refund resulting from the retrospective deduction of IRAP pertaining to personnel expense for the years 2007-2011 in accordance with art. 2 of Decree Law 201/2011. Gross of that effect, the effective tax rate would have been 34.5%.

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

(€k)	2012	2011
Theoretical income tax	56,701	76,454
Reduced tax due to the direct taxation of minority partners in fully consolidated US joint ventures	(4,002)	(3,600)
Net effect of unrecognised tax losses, of utilization of unrecognized prior-year tax losses and the revision of estimates on the taxability/ deductibility of temporary differences	4,541	3,745
Tax rate variation effects in the United Kingdom	(6,801)	(5,616)
IRES refund resulting from the retrospective deduction of IRAP pertaining to personnel	(12,467)	-
Other permanent differences	5,424	(2,534)
Income tax, excluding IRAP	43,395	68,449
IRAP	8,307	11,867
Recognised income tax	51,702	80,315

XXXIII. Basic and diluted earnings per share

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

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

Below is the calculation of basic earnings per share:

	2012	2011
Profit for the year attributable to owners of the parent (€k)	96,753	126,304
Weighted average no. of outstanding shares (no./000)	253,395	253,395
Basic earning per share (€/cent)	38.2	49.8

	2012	2011
Profit for the year attributable to owners of the parent (€k)	96,753	126,304
Weighted average no. of outstanding shares (no./000)	253,395	253,395
Weighted average no. of shares included in stock option plans (no./000)	-	297
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	253,395	253,692
Diluted earning per share (€/cent)	38.2	49.8

2.2.4 Net financial position

Details of the net financial position at 31 December 2012 and 31 December 2011 are as follows:

Note	(€m)	31.12.2012	31.12.2011	Change
I	A) Cash on hand	65.6	65.8	10.2
I	B) Cash equivalents	89.0	146.6	(57.6)
	C) Securities held for trading	-	-	-
	D) Cash and cash equivalents (A + B + C)	154.6	212.4	(57.8)
II	E) Current financial assets	26.9	17.6	9.3
XIX	FI Due to banks, current	(128.9)	(183.5)	54.6
XX	G) Bonds issued	(201.6)	(0.0)	(201.6)
XVII	H) Other financial liabilities	(31.6)	(30.7)	(1.0)
	I) Current financial indebtedness (F + G + H)	(362.1)	(214.2)	(147.9)
	J) Net current financial indebtedness (I + E + D)	(180.7)	15.8	(196.5)
XIX	KI Due to banks, net of current portion	(1,183.0)	(1,226.3)	43.3
XX	L) Bonds issued	(123.7)	(332.4)	208.7
XIX	M) Due to others	(11.4)	(12.9)	1.5
	N) Non-current financial indebtedness (K + L + M)	(1,318.1)	(1,571.6)	253.5
	O) Net non-current indebtedness (J + N) *	(1,498.7)	(1,555.8)	57.1
XI	Non-current financial assets	4.1	3.0	1.0
	Net financial indebtedness (O + P)	(1,494.7)	(1,552.8)	58.1

* As defined in the CESR recommendation of 10 February 2005

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

At the close of 2012 and 2011 there were no financial liabilities or assets due to or from related parties.

2.2.5 Financial risk management

The Group is exposed to the following risks:

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

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

Market risk

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

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

Interest rate risk

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

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

Currently, the ratio of fixed-rate debt to net debt (i.e., net of financial assets, which are generally floating-rate) must as a matter of policy be in the range of 40 to 60% with reference to the Autogrill Group as a whole. At 31 December 2012 the ratio was 42%. The percentage of fixed-rate debt is higher when considering debt denominated in British pounds (48%) and US dollars (54%) as opposed to debt in euros (23%).

At 31 December 2012, gross debt denominated in US dollars amounted to \$ 750.6m, including \$ 429m in bond issues. Part of the interest rate risk is hedged by fixed-to-floating interest rate swaps for \$ 75m, classified as fair value hedges.

Gross debt in British pounds at year end amounted to £ 416m, for drawdowns on committed multicurrency facilities. Part of the interest rate risk is hedged by floating-to-fixed interest rate swaps for a notional amount of £ 200m.

When applying the policy described above, interest rate risk management instruments were accounted for as cash flow hedges in Group companies' financial statements where they were subject to this risk, and thus recognized as financial assets or liabilities with a specific balancing entry in comprehensive income and presented in the hedging reserve under equity. In the year ended 31 December 2012, a fair value change of € +16,598k was recognized in respect of derivatives found to be effective.

The basic details of IRS contracts used as cash flow hedges at 31 December 2012 are as follows:

Underlying	Notional amount	Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Term Loan € 200m	€k 120,000	24.06.2015	4.66%	3 months Euribor	(14,381)
Term Loan £ 385m	£k 200,000	21.07.2016	1.34%	1 month Libor Gbp	(6,408)

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

Underlying	Notional amount	Expiry	Average fixed rate received	Floating rate received	Fair value (€k)
Bond issue	\$k 75,000	09.05.2017	5.73%	6 months Usd Libor + 0.4755/0.5055%	11,182

These instruments were accounted for as fair value hedges in the financial statements of Group companies subject to this risk, and thus recognized as financial assets or liabilities with a balancing entry in the income statement. In 2012, the change in fair value was a negative \$ 0.7m (€ 0.5m), which canceled the effects on the income statement of changes in the payable's fair value.

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

A hypothetical unfavorable change of 1% in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at 31 December 2012 would increase net financial expense by € 9,523k.

Currency risk

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

(Currency/000)	Usd	Cad	Gbp	Chf
Equity	416,137	176,557	389,209	189,776
Profit	103,730	9,255	53,343	4,022

If the euro had risen by 5% against the above currencies, at 31 December 2012 equity and profit for the year (in thousands of euros) would have been reduced as shown in the following table:

(Currency/000)	Usd	Cad	Gbp	Chf
Equity	15,019	6,400	22,710	7,486
Profit	3,845	343	3,133	159

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

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

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

The fair value of hedges outstanding at 31 December 2012 is shown below:

Notional amount (currency/000)	Expiry	Spot rate	Forward rate	Fair value (€k)
Usd 32,022	26.03.2013	1.3282-1.3288	1.3284-1.3294	214
Usd 10,176	16.01.2013	1.3276-1.3289	1.3276-1.3289	(57)
Usd 14,250	10.01.2013	-	1.327	60
Usd 7,572	26.03.2013	1.3178-1.3295	1.3185-1.3322	(16)
Gbp 10,162	15.01.2013	-	0.81645	(5)
Gbp 26,000	22.01.2013	0.813	0.813225	(92)
Chf 4,100	22.01.2013	1.2088-1.2090	1.2082-1.2087	3
Cad 50,000	28.01.2013	1.2850-1.2950	1.2874-1.2966	(753)
Cad 4,240	15.01.2013	-	1.3122	(1)
Kwd 4,650	27.03.2013	1.3719-1.3722	1.3723-1.3734	57
Kwd 964	21.01.2013	-	3.3755	(28)
Sek 25,000	22.01.2013	8.6845	8.6935	35
Pen 29,403	26.03.2013	3.368	3.37	(25)
Pen 5,407	16.01.2013	-	3.4217	(25)

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

The fair value of these hedges outstanding at 31 December 2012 is shown in the following table:

Notional amount (currency/000)		Expiry	Spot rate	Forward rate	Fair value (€k)
Chf	60,000	23.01.2013	1.2-1.2002	1.1996-1.9930	316

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

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

Credit risk

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

The carrying amount of the financial assets is the Group's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties, as detailed in section 2.2.8.

Financial assets

Exposure at 31 December 2012 and 31 December 2011 was as follows:

(€k)	31.12.2012	31.12.2011	Change
Bank and post office deposits	88,995	146,562	(57,566)
Other current financial assets	15,010	4,899	10,111
Trade receivables	53,599	53,481	118
Other receivables	254,715	205,022	49,694
Derivative instruments	11,866	12,680	(813)
Other non-current financial assets	19,319	17,219	2,100
Other non-current receivables	27,386	32,887	(5,501)
Total	470,891	472,749	(1,858)

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

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

Other receivables consist mainly of amounts due from Inland Revenue and other government agencies, 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 local procedures, which may require impairment of individual positions, if material, where there is evidence of an objective condition of uncollectability of part or all of the amount due, or generic impairment calculated on the basis of historical and statistical data.

The following table shows the age of trade receivables by category of debtor at 31 December 2012:

Trade receivables

(€k)	31.12.2012						Total
	Expired not impaired						
	Not expired	1-3 months	3-6 months	6 months - 1 year	Over 1 year		
Airlines	7,191	2,641	5,264	168	16	15,280	
Franchises	2,420	519	-	892	-	3,831	
Catering services agreements	2,373	4,091	143	353	-	6,960	
Other	16,007	7,004	86	4,415	16	27,529	
Total	27,991	14,255	5,493	5,828	32	53,599	

Trade receivables

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

There is no significant concentration of credit risk: the top 10 customers account for 20.9% of total trade receivables, and the largest customer (Eni S.p.A.) for 5.9%.

Liquidity risk

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

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

Exposure and maturity data at the close of 2012 and 2011 were as follows:

Non-derivative financial liabilities

(€k)	31.12.2012						
	Carrying amount	Contractual cash flows					
		Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Current account overdrafts	57,792	57,792	54,474	-	3,318	-	-
Unsecured bank loans	1,264,731	1,264,731	14,540	5	56,531	1,193,654	-
Lease payments due to others	12,179	12,179	370	241	491	2,897	8,179
Other financial liabilities	315	315	27	-	-	-	288
Bonds	326,115	326,115	201,607	-	-	124,508	-
Trade payables	643,958	643,958	606,680	31,303	5,720	255	-
Due to suppliers for investments	86,412	86,412	86,398	-	-	14	-
Total	2,391,501	2,391,501	964,096	31,549	66,060	1,321,328	8,467

Derivative financial liabilities

(€k)	31.12.2012						
	Carrying amount	Contractual cash flows					
		Total	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
Forward foreign exchange derivatives	685	685	685	-	-	-	-
Interest rate swap	11,182	11,182	-	1,336	-	9,846	-
Total	11,867	11,867	685	1,336	-	9,846	-

Non derivative financial liabilities

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

Derivative financial liabilities

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

With regard to exposure to trade payables, there is no significant concentration of suppliers, of whom the largest 10 account for 16.1% of the total and the leading supplier (Autostrade per l'Italia S.p.A.) for 4.8%.

In January 2013, HMSHost Corporation (formerly Autogrill Group Inc.) contracted a new bond issue for a total amount of \$ 150m, guaranteed by Autogrill S.p.A., maturing in January 2023 with a six-month coupon at a fixed 5.12%. The proceeds were used, together with credit facilities existing at 31 December 2012, to pay back the private placement issued in 2003. Under this new issue, there are financial ratios to be satisfied with reference to the companies headed up by HMSHost Corporation (formerly Autogrill Group Inc.), and under certain conditions, the issue will no longer be guaranteed by Autogrill S.p.A.

The loan contracts (note XIX) and bonds (note XXI) outstanding at 31 December 2012 require the satisfaction of certain financial ratios, specifically, the leverage ratio (net debt/EBITDA) and interest coverage (EBITDA/net financial expense). These are measured with different criteria and for different groupings of companies depending on the loan and the beneficiary. In particular, Autogrill S.p.A. has outstanding loans for which the above ratios are calculated on figures pertaining to the Autogrill Group as a whole. The subsidiary World Duty Free Group S.A.U. has loans for which they are calculated with reference to the sub-consolidated group of Travel Retail & Duty-Free companies, and the subsidiary HMSHost Corporation (formerly Autogrill Group Inc.) has loans for which the perimeter considered when calculating these ratios is the sub-consolidated entity HMSHost Corporation.

For all loans, the leverage ratio must be less than 3.5 each time it is measured (normally every six months). Over the last two years it has stayed within the range of 2-3. Interest coverage, measured with the same frequency, must be higher than 4.5. Over the last two years it has stayed within the range of 6.9-18.9.

In February 2013 the Group made an outlay in excess of € 300m when the subsidiary World Duty Free Group España signed a contract with AENA, Spain's airport management entity, after winning a contract to operate travel retail shops for the period 2013-2020. The contract calls for the advance payment of part of the fixed portion of rent, which will be deducted from future payments throughout the term of the contract, until 2020. The advance payment to AENA will significantly raise the leverage ratio for a period of 12 to 24 months. It is likely, however, that the ample cash generated by the Travel Retail business will soon bring financial leverage back to entirely safe levels for the loans granted to World Duty Free Group S.A.U. and its subsidiaries.

For the loans held at 31 December 2012 by Autogrill S.p.A., whose boundary for these ratios is the entire Autogrill Group, if the increased leverage of Travel Retail due to the contract with AENA were to be compounded in 2013 by a further significant decline in Food & Beverage revenue in Europe, then the leverage ratio could, for a limited period of time, come very close to the limit of 3.5 – all the more so given the seasonal nature of Food & Beverage whereby the net generation of cash is concentrated in the second and especially the third quarter of the year.

Management believes that the Group has enough flexibility in timing its investments and cutting structural costs to manage any resulting financial tension and continue to satisfy its covenants.

2.2.6 Segment reporting

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

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

The segment’s performance is monitored separately for each organization/country, followed by an analysis of performance by sales unit. Only “Italy” and “HMSHost” are presented on their own, while the remaining European units (each of them quite small) are grouped together under the heading “Other”. This segment also includes the resources pertaining to “Corporate” functions, i.e. the centralized units in charge of administration, finance and control, strategic planning, legal affairs, human resources and organization, marketing, purchasing and engineering, and information and communication technology.

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

In the following table, the column “Unallocated” includes the year’s share of the financial charges recognized using the amortized cost method, as a result of the refinancing concluded in 2011.

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

Segment (€k)	2012							Consolidated
	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Food & Beverage Corporate	Food & Beverage Total	Travel Retail & Duty Free	Unallocated	
Revenue	1,810,972	2,124,868	748,908	-	4,684,748	2,001,973	-	6,686,721
Other operating income	67,914	3,795	31,812	1,152	104,673	25,416	-	130,089
Total revenue and other operating income	1,878,886	2,128,663	780,720	1,152	4,789,421	2,027,389	-	6,816,810
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(60,660)	(106,984)	(56,410)	(1,302)	(225,357)	(112,666)	-	(338,023)
Operating profit (loss)	27,118	119,908	(14,965)	(29,812)	102,250	149,670	-	251,920
Net financial expense					(50,315)	(18,473)	(20,804)	(89,592)
Adjustment to the value of financial assets					(2,206)	1,844	-	(362)
Pre-tax profit/(loss)					49,729	133,041	(20,804)	161,966
Income tax					(27,211)	(30,212)	5,721	(51,702)
Profit (loss) for the year					22,518	102,829	(15,083)	110,264

	31.12.2012							
Goodwill	83,631	452,020	253,486	-	789,137	605,117	-	1,394,254
Other intangible assets	1,962	13,730	23,162	16,997	55,851	622,874	-	678,724
Property, plant and equipment	208,358	423,015	198,324	41,016	870,713	87,287	-	957,999
Financial assets	-	-	-	14,537	14,537	13,111	-	27,649
Non-current assets	293,951	888,764	474,973	72,550	1,730,238	1,328,389	-	3,058,627
Assets held for sale	-	-	-	-	-	-	-	-
Net working capital	(192,775)	(101,308)	(125,857)	8,170	(411,770)	(101,960)	-	(513,731)
Other non-current non-financial assets and liabilities	(65,260)	(2,958)	(15,595)	(63,866)	(147,679)	(53,880)	-	(201,559)
Net invested capital	35,916	784,498	333,521	16,854	1,170,788	1,172,549	-	2,343,337

2011

Segment (€k)	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Food & Beverage Corporate	Food & Beverage Total	Travel Retail & Duty Free	Unallocated	Consolidated
Revenue	1,906,841	1,924,294	770,263	-	4,601,399	1,820,794	-	6,422,193
Other operating income	70,014	2,715	29,296	5,983	108,009	24,084	-	132,092
Total revenue and other operating income	1,976,855	1,927,009	799,560	5,983	4,709,407	1,844,878	-	6,554,285
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(51,606)	(89,896)	(44,628)	(6,533)	(192,663)	(121,315)	-	(313,978)
Operating profit (loss)	81,053	134,534	12,205	(31,811)	195,981	106,992	-	302,974
Net financial expense					(46,887)	(28,166)	(7,747)	(82,800)
Adjustment to the value of financial assets					(2,129)	1,396	-	(733)
Pre-tax profit/loss					146,966	80,222	(7,747)	219,440
Income tax					(66,123)	(16,322)	2,131	(80,315)
Profit (loss) for the year					80,843	63,900	(5,617)	139,125

31.12.2011

Goodwill	83,516	460,262	269,013	-	812,791	598,015	-	1,410,806
Other intangible assets	(15,327)	13,785	21,696	33,384	53,538	690,133	-	743,671
Property, plant and equipment	202,988	379,350	202,258	42,144	826,741	96,652	-	923,393
Financial assets				16,880	16,880	9,667	-	26,547
Non-current assets	271,177	853,397	492,967	92,408	1,709,950	1,394,467	-	3,104,417
Assets held for sale	-	-	-	43	43	-	-	43
Net working capital	(165,788)	(73,655)	(98,461)	(59,558)	(397,462)	(93,721)	-	(491,182)
Other non-current non-financial assets and liabilities	(86,618)	(5,518)	(5,875)	(79,894)	(177,905)	(83,189)	-	(261,094)
Net invested capital	18,771	774,224	388,631	(47,000)	1,134,625	1,217,558	-	2,352,184

Geographical area

(€k)	2012						Consolidated
	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	
Food & Beverage revenue	1,810,972	1,977,087	15,093	62,374	772,816	46,406	4,684,748
Travel Retail & Duty-Free revenue	15,164	93,460	961,744	581,565	217	349,823	2,001,973
Total revenue	1,826,136	2,070,547	976,837	643,940	773,033	396,229	6,686,721

2011

(€k)	2011						Consolidated
	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	
Food & Beverage revenue	1,906,841	1,784,282	14,102	71,764	781,696	42,714	4,601,399
Travel Retail & Duty-Free revenue	6,748	88,208	859,670	563,070	2,285	300,814	1,820,794
Total revenue	1,913,589	1,872,490	873,772	634,834	783,981	343,528	6,422,193

2.2.7 Seasonal patterns

The Group's volumes are closely related to the flow of travelers, which is highly seasonal in some businesses, and this in turn affects consolidated results. A breakdown of 2012 results by quarter shows that volumes are concentrated in the second half of the year, and particularly in the third quarter, when business is at a peak due to summer holidays.

(€m)	2012			
	First quarter	First half	First nine months	Full year
Revenue	1,241.52	2,763.94	4,522.47	6,077.57
% on full year	20.4%	45.5%	74.4%	100.0%
Operating profit (loss)	(4.1)	67.0	230.6	251.9
% on full year	n.s.	26.6%	91.5%	100.0%
Pre-tax profit (loss)	(25.6)	22.1	166.0	162.0
% on full year	n.s.	13.6%	102.5%	100.0%
Profit (loss) for the year attributable to the owners of the parent	(18.4)	11.9	102.0	96.8
% on full year	n.s.	12.3%	105.4%	100.0%

Notes:

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

The above figures are merely indicative and cannot be used to predict results.

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

2.2.8 Guarantees given, commitments and contingent liabilities

Guarantees

At 31 December 2012 the guarantees given by the Autogrill Group amounted to € 197,208k (€ 179,612k at the close of 2011) and referred to performance bonds and other personal guarantees issued in favor of grantors and business counterparties.

Commitments

Commitments outstanding at 31 December 2012, essentially unchanged since the previous year, concern:

- € 2,272k to be paid for the purchase of two commercial properties;
- the value of third-party assets in use (€ 1,515k);
- the value of the assets of leased businesses (€ 12,769k);
- the value of sale-or-return products held at Group locations (€ 5,752k).

The Group has also agreed to minimum future payments under operating leases, as detailed in section 2.2.9.

Contingent liabilities

In 2010 and 2011 Autogrill S.p.A. was audited by the tax authorities for, respectively, the year 2007 and the years 2008-2009, leading to preliminary assessment reports that mostly address the subject of "transfer prices".

After providing documentation of its proper conduct to the tax authorities (which agreed with its theoretical arguments), for the sole purpose of concluding the issue without a tax dispute, Autogrill opted to pay the assessments but under considerably more favorable terms than those initially proposed.

In 2012 the Spanish company World Duty Free España S.A. (formerly Aldeasa S.A.) was also audited by the local tax authorities, which concluded with certain findings. Supported by the opinion of local tax experts, Management believes that those findings have insufficient legal bases and that they are highly likely to be rejected when disputed.

2.2.9 Operating leases

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

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

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

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

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

Access concession

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

Area concession

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

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

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

Service concession

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

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

Business lease and commercial lease

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

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

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

Sub-contract

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

The table below gives details by due date of the Group's future minimum lease payments at 31 December 2012:

Year (€k)	Total future lease payments	Sub-lease future payments *	Net future lease payments
2013	653,676	21,820	631,856
2014	600,927	20,914	580,013
2015	572,123	18,202	553,921
2016	524,792	13,371	511,420
2017	476,688	12,595	464,092
After 2017	1,525,204	38,319	1,486,885
Total	4,353,409	125,221	4,228,187

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

In 2012, the fees recognized in the income statement amount to € 1,213,180k for leases (including € 790,146k in future minimum lease payments), net of € 55,989k for sub-leases (including € 24,071k in future minimum lease payments).

2.2.10 Other information

Related party transactions

Autogrill S.p.A. is controlled by Schematrentaquattro S.r.l., which owns 59.28% of the Company's ordinary shares. Schematrentaquattro S.r.l. is a wholly-owned subsidiary of Edizione S.r.l.

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

Transactions with associates are negligible.

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

Transactions with Edizione S.r.l.

(€k)	2012	2011	Change
Income statement			
Revenue	2	3	(1)
Other operating income	106	91	15
Personnel expense	129	210	(81)
Other operating cost	49	82	(33)

(€k)	31.12.2012	31.12.2011	Change
Statement of financial position			
Trade receivables	3	4	(1)
Other receivables	14,446	3,820	10,626
Other payables	156	280	(124)

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

"Personnel expense" refers to the accrual at 31 December 2012 for fees due to a director of Autogrill S.p.A., to be recharged over to Edizione S.r.l. where he serves as executive manager.

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

"Other receivables" consist of:

- € 12,467k 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;
- € 2,024k for 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);
- € 409k for Autogrill S.p.A.'s IRES liability to Edizione S.r.l., representing tax due net of advance payments in 2012.

The amount shown also includes the receivables of Nuova Sidap S.r.l. (€ 200k) and WDFG Italia S.r.l. (€ 164k) for their participation in the tax consolidation scheme of Edizione S.r.l.

In accordance with the tax consolidation rules, the above will be settled by the third day prior to the normal deadline for payment of the IRES balance for 2012 (July 2013) less the balance due for 2012 and the first advance on 2013, with the exception of the tax refunds, which will be settled when they are received from Edizione S.r.l.

“Other payables” include the liability for fees due to a director of Autogrill S.p.A., executive manager of Edizione S.r.l., accrued at 31 December 2012.

Transactions with related companies

Income statement (€k)	Atlantia Group			Gemina Group		
	2012	2011	Change	2012	2011	Change
Revenue	17	10	7	11	-	11
Other operating income	1,381	2,890	(1,509)	-	-	-
Raw materials, supplies and goods	-	-	-	56	-	56
Leases, rentals, concessions and royalties	67,419	77,429	(10,010)	8,864	9,705	(841)
Other operating costs	3,220	1,372	1,848	37	69	(32)
Financial expense	1,774	1,351	423	-	-	-

Statement of financial position (€k)	31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change
Trade receivables	1,450	2,627	(1,177)	252	39	213
Other receivables	54	54	-	-	-	-
Trade payables	33,944	38,233	(4,289)	1,418	1,469	(51)
Other payables	1	1	-	-	-	-

Income statement (€k)	Sagat S.p.A.		
	2012	2011	Change
Revenue	-	-	-
Other operating income	-	-	-
Leases, rentals, concessions and royalties	1,166	1,135	31
Other operating costs	1	-	1

Statement of financial position (€k)	31.12.2012	31.12.2011	Change
Trade receivables	12	22	(10)
Trade payables	456	136	320
Other payables	-	-	-

Becom S.r.l.			Olimpias S.p.A.			Fabrica S.p.A.		
2012	2011	Change	2012	2011	Change	2012	2011	Change
-	-	-	-	-	-	-	-	-
390	384	6	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	95	210	(115)	-	20	(20)
-	-	-	-	-	-	-	-	-
31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change
455	560	(105)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	36	79	(43)	-	-	-
-	-	-	-	-	-	-	-	-
Verde Sport S.p.A.			Benetton Group S.p.A.			Edizione Property S.p.A.		
2012	2011	Change	2012	2011	Change	2012	2011	Change
18	25	(7)	-	-	-	4	4	-
9	2	7	-	-	-	1	1	-
-	-	-	-	-	-	-	-	-
45	33	12	-	-	-	-	-	-
31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change	31.12.2012	31.12.2011	Change
2	10	(8)	1	-	1	6	6	-
-	-	-	-	-	-	-	-	-
-	8	(8)	-	-	-	-	-	-

- **Atlantia Group:** "Other operating income" refers to commissions on sales of Viacards (automatic toll collection cards) and the reimbursement of utility costs incurred on behalf of Autostrade per l'Italia S.p.A. "Other operating expense" consists mainly of the purchase of advertising space. "Leases, rentals, concessions and royalties" refer to concession fees and accessory costs pertaining to the year. "Financial expense" reflects interest accrued in relation to the revised payment schedule for concession fees.
- **Gemina Group:** costs refer to rent and ancillary expenses for the management of locations at Rome's Fiumicino and Ciampino airports managed by Aeroporti di Roma S.p.A., while "Other operating expense" concerns telephone, ICT and parking services.
- **Bencom S.r.l.:** "Other operating income" refers to rent and related charges for the sublet of premises in Via Dante, Milan. All liabilities are current; the receivable from Bencom S.r.l. will be settled in installments until the sub-lease expires in April 2017.
- **Sagat S.p.A.:** costs refer to the concession fees and related costs for the management of premises at Turin airport.
- **Verde Sport S.p.A.:** "Revenue" and "Trade receivables" refer to sales of products under the commercial affiliation contract for operating a Spizzico restaurant at La Ghirada – Città dello Sport. "Other operating expense" concerns sponsorships at sporting events.
- **Olimpias S.p.A.:** costs refer to the purchase of uniforms for sales personnel and the purchase of sundry materials.
- **Benetton Group S.p.A.:** Trade receivables refer to catering services provided at the Milan offices.

Summary

Income statement (€k)	2012		
	Edizione S.r.l. and other related companies	Total Group	%
Revenue	52	6,686,721	0.0%
Other operating income	1,887	130,089	1.5%
Raw materials, supplies and goods	56	2,774,764	0.0%
Personnel expense	129	1,537,714	0.0%
Leases, rentals, concessions and royalties	77,449	1,295,017	6.0%
Other operating cost	3,447	619,372	0.6%
Financial expense	1,774	92,239	1.9%

Statement of financial position (€k)	31.12.2012		
	Edizione S.r.l. and other related companies	Total Group	%
Trade receivables	2,181	53,599	4.1%
Other receivables	14,500	252,726	5.7%
Trade payables	35,854	643,958	5.6%
Other payables	157	430,917	0.0%

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 2012:

Name	Office held	Term of office	Remuneration (€)	Bonus and other incentives (€)	Three year long-term incentive plan 2010-2012 (€)	Non- monetary benefits (€)	Other fees (€)
Gilberto Benetton	Chairman	2011-2014	57,800	-	-	-	-
Gianmario Tondato Da Ruos (*)	CEO	2011-2014	529,722	319,214	3,029,538	57,674	401,099
Alessandro Benetton	Director	2011-2014	56,600	-	-	-	-
Francesco Giavazzi	Director	2011-2014	55,400	-	-	-	-
Arnaldo Camuffo	Director	2011-2014	92,600	-	-	-	-
Paolo Roverato	Director	2011-2014	129,200	-	-	-	-
Gianni Mion	Director	2011-2014	95,000	-	-	-	-
Alfredo Malguzzi	Director	2011-2014	95,000	-	-	-	-
Tommaso Barracco	Director	From 21.04.2011 to 2014	95,600	-	-	-	-
Marco Jesi	Director	From 21.04.2011 to 2014	95,600	-	-	-	-
Marco Mangiagalli	Director	From 21.04.2011 to 2014	95,000	-	-	-	-
Stefano Orlando	Director	From 21.04.2011 to 2014	96,200	-	-	-	-
Massimo Fasanella d'Amore di Ruffano	Director	From 07.03.2012 to 2014	47,559	-	-	-	-
Total directors			1,541,281	319,214	3,029,538	57,674	401,099
Key managers with strategic responsibilities				1,782,884	6,085,244	219,816	3,254,924
Total			1,541,281	2,102,098	9,114,782	277,490	3,656,023

(*) The CEO's remuneration includes his salary from Autogrill S.p.A. (shown under "Other fees"), bonuses paid under the annual incentive plan, and bonuses accrued under the long-term incentive plan for 2010-2012, which will be paid in 2013. "Remuneration" also includes compensation related to previous years for € 11,922.

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

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

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

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

Statutory auditors' fees

The following fees were paid to members of the Board of Statutory Auditors in 2012:

Name	Office held	Term of office	Fees (€)	Other fees (€)
Marco Giuseppe Maria Rigotti	Chairman	19.04.2012 -31.12.2014	60,413	-
Luigi Biscozzi	Standing auditor	01.01.2012 -31.12.2014	65,662	25,978
Eugenio Colucci	Standing auditor	01.01.2012 -31.12.2014	55,000	17,788
Ettore Maria Tosi	Standing auditor	01.01.2012 -19.04.2012	2,900	18,822
Total Statutory Auditors			183,975	62,588

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

Independent auditors' fees for audit and other services

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Parent's auditors	Parent	324
	Parent's auditors	Subsidiaries	51
	Parent's auditors network	Subsidiaries	2,454
Attestation	Parent's auditors	Parent	24
	Parent's auditors	Subsidiaries	26
	Parent's auditors network	Subsidiaries	865
Other services	Parent's auditors	Parent and subsidiaries	13
	Parent's auditors network	Subsidiaries	118

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/or employees of Autogrill S.p.A. and/or its subsidiaries to subscribe, i.e., purchase ordinary Autogrill shares at the ratio of one share per option granted. The options are granted to beneficiaries free of charge and may be exercised, once the vesting period has elapsed, at a strike price calculated as the average stock market price for the month preceding the grant date.

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

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

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

² As defined by art. 9(4) of Presidential Decree 917 of 22 December 1986

On 10 November 2010, the Board of Directors granted 1,261,000 options, out of the 2,000,000 available, to 11 beneficiaries meeting the requirements of the plan. The options are exercisable during the period from 20 April 2014 to 30 April 2015, at a strike price of € 9.34. On 29 July 2011 the Board of Directors assigned an additional 188,000 options to two other beneficiaries meeting the plan requirements; these can also be exercised between 20 April 2014 and 30 April 2015, at a strike price of € 8.91. On 16 February 2012, the Board of Directors assigned 120,000 options to a new beneficiary at a strike price of € 8.19, which can likewise be exercised between 20 April 2014 and 30 April 2015.

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

The status of the plan at 31 December 2012 is as follows.

	Number of options	Fair value existing options (€)
Options assigned at 31.12.2011	1,209,294	1.27
New options assigned during 2012	120,000	0.51
Options expired/voided during 2012	-	-
Options assigned at 31.12.2012	1,329,294	1.22

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

The average fair value of the options assigned in 2012 is € 0.51, while the average fair value of the options outstanding at 31 December 2012 is € 1.22.

For the year, the total costs recognized in the income statement in relation to such share-based payment plans amounted to € 491k.

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

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

During the extraordinary general meeting of 21 April 2011, the shareholders approved a new share-based incentive plan for the Group's top management. In addition to cash incentives (the “main plan”) pertaining to 2010-2012, Autogrill's New Leadership Team Long Term Incentive Plan (L-LTIP) envisages the free assignment of ordinary Autogrill shares subject to certain conditions, including the achievement of specified Group performance targets during the three-year periods 2010-2013 (“Wave 1”) and 2012-2014 (“Wave 2”).

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

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

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

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

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

At 31 December 2012, the Company believes it is unlikely that the minimum performance targets required for implementation of "Wave 1" will be met, so no costs or provisions have been recognized for that plan.

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

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

In 2012 55,000 units were also voided, corresponding to a maximum of 40,752 shares, with an average fair value of € 6.62.

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

At 31 December 2012, Autogrill's management believes it is unlikely that the minimum performance targets required for implementation of "Wave 2" will be met, so no costs or provisions have been recognized for that plan.

The status of the plan at 31 December 2012 is as follows:

Plan Wave 1 (2011-2013)	Number of options	Fair value existing options (€)
Options assigned at 31.12.2011	654,573	6.98
New options assigned during 2012	179,761	6.91
Options expired/voided during 2012	(19,666)	7.32
Non market condition adjustment	(814,668)	6.96
Options assigned at 31.12.2012	-	-

Plan Wave 2 (2012-2014)	Number of options	Fair value existing options (€)
Options assigned at 31.12.2011	-	-
New options assigned during 2012	702,537	6.25
Options expired/voided during 2012	(20,376)	6.62
Non market condition adjustment	(682,161)	6.24
Options assigned at 31.12.2012	-	-

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

2.2.11 Significant non-recurring events and transactions

In 2012, there were no significant non-recurring events or transactions as defined by Consob's Resolution no. 15519 and Communication DEM/6064293.

2.2.12 Atypical or unusual transactions

No atypical or unusual transactions, as defined by Consob Communications DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006, were performed in 2012.

2.2.13 Events after the reporting period

Since 31 December 2012, no events have occurred that if known in advance would have entailed an adjustment to the figures in the financial statements or required additional disclosures in these Notes.

On 24 January 2013 the Board of Directors 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 Annex 3B of the Issuer Regulation no. 11971/1999 in the case of significant mergers, demergers, increases in share capital through the transfer of goods in kind, acquisitions and transfers.

On 17 January 2013, HMSHost Corporation (formerly Autogrill Group Inc.) contracted a new bond issue for a total amount of \$ 150m, guaranteed by Autogrill S.p.A., maturing in January 2023 with a six-month coupon at a fixed rate 5.12%. The proceeds were used to partially repay the bond issue issued in 2003. The bond regulations include the determination of economic and financial ratios to be met by HMSHost Corporation and its subsidiaries.

On 1 February, Autogrill announced that it had begun to study the feasibility of a possible industrial and corporate reorganization designed to separate its two business sectors, Food & Beverage and Travel Retail & Duty-Free. This could potentially involve the demerger of the Travel Retail operations currently held by Autogrill.

After being assigned in December 2012 the Travel Retail concessions in Spanish airports, on 14 February 2013 the subsidiary World Duty Free Group S.A.U., through its subsidiaries World Duty Free Group España S.A. and Sociedad de Distribución Aeroportuaria de Canarias S.L., and AENA signed a contract for the operation of these businesses until 2020. As agreed in the contract, the company then paid an advance of about € 280m plus VAT covering part of the concession fees as well as € 26m as a guarantee deposit. The advance payment will be deducted from scheduled instalments over the duration of the contract.

2.2.14 Authorization for publication

The Board of Directors authorized the publication of these consolidated financial statements at its meeting of 7 March 2013.