Annual Financial Report 2014

WORLD DUTY FREE GROUP

2014 Annual Financial Report

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

WORLD DUTY FREE GROUP

AFRICA | AMERICAS | ASIA | EUROPE

Message from the Chairman

GIANMARIO TONDATO DA RUOS
CHAIRMAN
WORLD DUTY FREE S.p.A.

Dear Stakeholders,

World Duty Free Group operates in one of the most dynamic and exciting industries, in which the relentless search for excellence is the defining difference between one retailer and another.

Innovation in travel retail as a way to further engage with the end customer is part of WDFG's DNA, and, with the years, this approach has permitted World Duty Free Group to design and manage arguably the best airport retail operations in the world and become one of the industry's leading companies with an impressive track-record. Our reputation for developing exciting store environments, the innovative use of technology and a clear focus on customer service is second to none.

2014 saw the consolidation of World Duty Free Group's position as one of the most admired travel retailers in the industry, with a number of awards and recognition that bears testimony to WDFG´s unequalled retail proposition.

For the second consecutive year, WDFG was the proud recipient of the coveted 'Airport Retailer of the Year - Multiple Locations' at the 30th Frontier Awards, the travel retail industry's Oscars. In the same vein, London Heathrow Airport — where WDFG operates more than 60% of the retail offer by value — has been recognised by Skytrax, winning the 'Best Airport Shopping in the world' accolade for the last five years in a row. Individually, the Group's stores also earn year after year the industry's highest recognitions. To name but two of the latest, WDFG´s operation in London Heathrow Airport has been named 'Beauty Dreamstore' two years running by industry news source, *The Moodie Report*, and the Group´s Aveda store at Terminal 1 Minneapolis St. Paul Airport won 'Best Airport Retail Design' at the ARN Awards 2014.

We highly value this recognition of our business model which focuses on delivering an unrivalled customer experience, underpinned by strong relationships with our airport and brand partners.

In commercial terms, the company ending 2014 is a more robust Group. The renewal of key concessions — especially London Heathrow — new concessions granted in the USA and Europe and the start of new operations are just some of the main achievements of the Group in this year.

We are proud of our past, and optimistic about our future. Winds of change are now blowing for World Duty Free Group, but it is a company built on the solid foundations of one of the best concessions portfolio in the industry — both in terms of the length and the quality of its concessions — and the know-how, commitment and passion of its over 9,500 professionals, this ensures a bright future for World Duty Free Group.

Letter from the CEO

EUGENIO
ANDRADES
YUNTA
CEO
WORLD DUTY FREE S.p.A.

Dear Stakeholders,

World Duty Free Group today is a combination of four travel retail companies: Aldeasa, Alpha, WDF and most recently HMSHost Retail in the USA. The Group has evolved over time to become one of the leading travel retailers, known for its high quality commercial and retail standards and also for its strong partnership spirit within the industry. These key attributes have allowed us to establish and retain an enviable portfolio of contracts, characterised not only by the quality of the airports with whom we have developed strong partnerships, but also by the length of our contract portfolio, significantly above the industry average.

WDFG is in a strong position, capitalising on the knowledge and experience gained over almost forty years operating in this sector. With over EURO 2.4 billion in revenues and EURO 289 million of EBITDA, World Duty Free Group in 2014 has consolidated its position as one of the largest airport retail operators in the market. We are now firmly focused on the future and on achieving strong performance across the board. We are determined to continue to drive the company forward through five strategic business objectives.

Our main goal is to pursue further impetus to value creation, to be achieved through a process of organic growth as well as improvement and acceleration of internal processes of integration and efficiency in our operations.

In this regard, our first priority is to reinforce the focus of the team on delivering the best out of our current contract portfolio. This, together with the extension of existing contracts, is our most profitable growth driver. A prime example is the recent extension of our Heathrow contract, complemented by other valued contract extensions and a number of other small retail contracts. With these contract extensions, WDFG's enviable average portfolio length has been propelled to nearly 9 years, one of the best in the travel industry. We also reinforced our presence in Helsinki, a significant European gateway to Asia, by acquiring the business of Finnair and becoming the only duty free operator at the airport.

Further integration within the Group remains a key priority and completing the next phase of the integration process of the Group is essential. The very successful initial global purchasing programme drove the commercial model to a global level, enabling us to achieve sizable synergies and leverage best practice across the Group. The next stage of the programme focuses on organisational simplification, one IT platform and a single supply chain and logistics model.

Optimising the return on our Spanish concessions will continue to be a priority for the Group, as will the development and evolution of our business in the USA, a clear pillar for our future success and where we are now focused on two fronts: to defend our current portfolio and to work on new growth. WDFG won a tender launched by Westfield that permitted us to enter in Los Angeles airport with a ten year concession to operate six commercial areas. Other new concessions include a new beauty store in Terminal 3 of San Francisco airport, where the Group already operated, and, at the beginning of the year 2015, we completed the transfer of the remaining assets from HMSHost to World Duty Free Group, including 45 stores, located in the Atlanta and Oakland airports and the Empire State Building in New York. We also added a new airport — the William P. Hobby Airport in Houston — to our large portfolio of concessions in the US market.

These four objectives underpin and support the fifth objective: to deliver selective growth and to be active and open to business combinations. We strongly believe that market consolidation will continue and we want to play an active role in it.

These key objectives, that will set the future direction of our company in the years to come, were shared with our shareholders and the financial community during the presentation of our 3-year 2015-2017 optimisation plan in January 2015.

The Group begins a new journey, confident in the excellence of its business model, its significant international expertise and, above all, in the capability of our professional team. Together, we will use our experience to further strengthen WDFG's position in the market and to be an active player in the growth and consolidation story of this exciting industry for the benefit of our stakeholders, employees and society.

Boards and Officers

BOARD OF DIRECTORS

CHAIRMAN	Gianmario Tondato da Ruos [1]
CEO	Eugenio Miguel Andrades Yunta [3, E]
DIRECTORS	Gilberto Benetton [2]
	Alberto De Vecchi [2]
	Gianni Mion [1]
	Paolo Roverato [1, 6, 9]
	Carla Cico [2, 5, 10]
	Laura Cioli [2, 4, 8, 11, L]
	Lynda Christine Tyler-Cagni [2, 7, 11]

BOARD OF STATUTORY AUDITORS

CHAIRMAN	Marco Giuseppe Maria Rigotti [12]
STANDING AUDITORS	Massimo Catullo [12]
	Patrizia Paleologo Oriundi [12]
ALTERNATE AUDITORS	Antonella Campus [12]
	Cinzia Cravagna [12]

INDEPENDENT AUDITORS	KPMG S.P.A. [13]

[1] Appointed upon the incorporation of the company on March 27, 2013 and remain in office until the shareholders' meeting approving the financial statements as of and for the year ending December 31, 2015

[2] Appointed by shareholders' ordinary meeting held on July 18, 2013 and assumed office starting September 16, 2013 and until the shareholders' meeting approving the financial statements for the year ending December 31, 2015

[3] Appointed as Director and CEO at the Board of Directors' meeting of November 14, 2014 until the following shareholders' meeting

[4] Independent non-executive director, chairman of the Internal Control Committee and Corporate Governance

[5] Independent non-executive director, member of the Internal Control Committee and Corporate Governance

[6] Non-executive director, member of the Internal Control Committee and Corporate Governance

[7] Independent non-executive director, chairman of the Human Resources Committee

[8] Independent non-executive director, member of the Human Resources Committee

[9] Non-executive director, member of the Human Resources Committee

[10] Independent non-executive director, chairman of the Related Parties Operations Committee

[11] Independent non-executive director, member of the Related Parties Operations Committee

[12] Independent auditor, appointed upon the incorporation of the company on March 27, 2013, remain in office until the shareholders' meeting approving the financial statements as of and for the year ending December 31, 2015

[13] Appointed by shareholders' meeting held on July 18, 2013 for the financial years from 2013 to 2021

[E] Executive Director

[L] Lead Independent Director

Definitions

GROSS MARGIN
Revenue less Cost of supplies and goods

EBIT
Operating profit

EBITDA
EBIT excluding provision for risk and charges, restructuring costs, Linearisation of fixed concession fees and depreciation, amortization and impairment losses on property, plant and equipment and intangible assets

ADJUSTED EBITDA
EBITDA plus the recovery of annual concession fees paid in advance to AENA

ADJUSTED RENTS
Contractual concession fees minus the recovery of concession fees paid in advance to AENA

WORKING CAPITAL
Inventories plus Trade Receivables, Other assets and Income tax assets less Trade Payable, Other liabilities, Income tax liabilities and Employee benefits

CASH FLOW FROM OPERATIONS
Adjusted EBITDA plus change in Working Capital plus change in Non-current Non-financial Assets and Liabilities and Other non cash items

NET CASH FLOW FROM OPERATIONS
Cash Flow from Operations less net interests and taxes paid

CAPEX
Capital Expenditure excluding Investments in financial non-current Assets and Equity investments

FREE OPERATING CASH FLOW (FOCF)
Net Cash Flow from Operations less Capex paid, plus/minus Net Investments proceeds/paid

NET PROFIT
Profit for the year

NET FINANCIAL POSITION (NFP)
Bank loans and borrowings and Other financial Liabilities current and non-current minus Cash & Cash Equivalents and non-current financial Assets. Should the NFP be negative, it can be also be referred as Net Debt

NET INVESTED CAPITAL
Non-current Assets plus Working Capital plus Other non-current non-financial Assets and Liabilities plus Assets held for sale

EARNINGS PER SHARE
Profit for the year attributable to owners of the parent divided by the average number of outstanding shares

CONSTANT EXCHANGE RATES CHANGE
The variation that would have been reported had the comparative figures of consolidated companies with functional currencies other than Euro been converted at the same exchange rates of the current year

COMPARABLE GROWTH
Revenue generated only by those stores which have been up and running for periods reported with the same offer

OTHER FINANCIAL RESULTS
Includes the captions Net gain on the disposal of investments and Share of profit of associates

The indicators presented are not identified as accounting measures under IFRS and should not be considered as alternative measures to those provided by the financial statements to evaluate the Group's results. Since these financial measures are not determined and regulated by the relevant accounting standards for the preparation of consolidated financial statements, the methods applied for its determination might not be consistent with that adopted by other Groups and therefore these data might not be comparable with those eventually presented by such groups.

Some figures may have been rounded to the nearest million. Changes and ratios have been calculated using figures in thousands and not the figures rounded to the nearest million as shown.

Some reclassifications of 2013 figures and/or items have been made in order to get a better understanding of the changes during 2014. For further information refer to the explanatory notes to the Consolidated Financial Statements as of and for the year ended December 31, 2014 where accounting policies treatments followed by WDF Group are explained.

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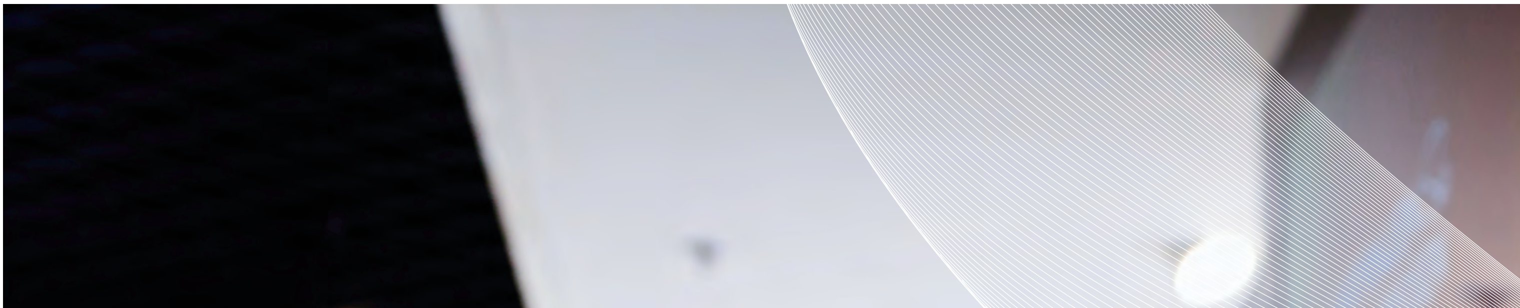

Director's Report

WORLD DUTY FREE S.p.A.

AT DECEMBER 31, 2014

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


VERTRAUEN Sie
unseren PREISEN
DÜSSELDORF DUTYFREE

1 • World Duty Free Group

OPERATIONS

World Duty Free S.p.A. (WDF S.p.A.), listed on Milan Stock Exchange, is the parent of World Duty Free Group ("WDFG" or the "Group"), one of the leading operators worldwide in the travel retail sector.

The Group operates duty free and duty paid stores, mainly located in airports, through a partnership concession model.

Under the duty free regime, goods sold are exempt from import taxes, customs and other taxes while under the duty paid regime, custom duties, import taxes and other taxes are applied to the goods sold. As regarding the operations in the European Union, in accordance with Directive 91/689/CEE of December 16, 1991 the duty paid regime applies if the passenger's final destination is domestic of a European Union member state, while the duty free regime applies if the passenger's final destination is outside of the European Union.

Today's World Duty Free Group was formed in 2011 when World Duty Free and Aldeasa combined to form a new force in travel retail. The two businesses were already considered among the world's leading retailers in the market and had extensive experience in the airport tax and duty free retail industry. In 2013 the Group acquired the retail division of HMSHost Corporation (a subsidiary of Autogrill, S.p.A.) in the US, adding more than 240 stores to the portfolio, notably increasing the Group's footprint.

World Duty Free Group is present in 105 locations across 20 countries on four continents. The airports in which the Group operates handle more than one billion passengers every year. This has permitted the company to very quickly adapt and understand local tastes, both of local and international consumers. With a workforce of over 9,500 employees, WDFG operates more than 500 stores.

This year, the Group has discontinued commercial and management services at cultural institutions and historical sites (such as cathedrals, museums or palaces) in Panama, Spain and Turkey operated by its subsidiary Palacios y Museos S.L.U., sold on September 30th, 2014.

World Duty Free Group is the sole duty free operator at five of the top 30 busiest international airports around the world — more than any other

A Company present in

20 COUNTRIES WORLDWIDE

105 LOCATIONS

99 are AIRPORTS

More than 500 STORES

operator. The Group is present in some of the most attractive hubs for international travel, including London Heathrow, London Gatwick, Madrid, Vancouver and Helsinki airports. The Group's largest market is Europe, with the United Kingdom and Spain as key markets; World Duty Free Group also has a strong presence in the US market, with over 240 stores spread across 30 locations, including 6 of the top 10 busiest US hubs, and maintains operations in the dynamic Middle-East market, with stores opened in Jordan (Amman, Marka and Aqaba airports) and Saudi Arabia (where the Group operates stores through a partnership in Jeddah, Riyadh and Dammam airports) amongst others.

The main location by geographical area and the main countries where WDFG operates are set out below:

AFRICA

Cape Verde

AMERICAS

Brazil
Canada
Chile
Curaçao
Jamaica
Mexico
Peru
USA

ASIA

India
Jordan
Kuwait
Saudi Arabia
Sri Lanka

EUROPE

Finland
France
Germany
Italy
Spain
United Kingdom

NUMBER OF LOCATIONS TRAVEL RETAIL & DUTY FREE

CHANNEL	UNITED KINGDOM	REST OF EUROPE	AMERICAS	ASIA AND MIDDLE EAST	TOTAL
Airports	21	30	38	11	100
Other locations	3	0	2	0	5
TOTAL	24	30	40	11	105

INDUSTRY RECOGNITION

Awards and recognition received from the industry are testimony to WDFG's unequalled retail proposition.

World Duty Free Group has been awarded 'Best Airport Retailer' by Frontier for two consecutive years, in 2013 and 2014.

London Heathrow Airport — where WDFG operates more than 60% of the retail offer — has been recognised by Skytrax, winning the Best of European Airport Shopping in the world accolade for the last five years in a row.

Individually, Group stores also earn year after year the industry's highest recognition. To name two of the latest, WDFG's operation in London Heathrow Airport has been named 'Beauty Dreamstore' two years running by industry news source, The Moodie Report and the Group's Aveda store at Terminal 1 Minneapolis St. Paul Airport 'Best Airport Retail Design' at the ARN Awards 2014.

THE TRAVEL RETAIL INDUSTRY

Over the last decade, the Travel Retail — and specifically the Airport Retail industry — has been constantly delivering sustained growth and this positive trajectory is expected to continue in the future, fuelled by a combination of drivers:

- maximising the value of existing contracts;
- enhancing the performance of less-profitable concessions in our portfolio;
- completion of European platform integration, with the aim of streamlining processes and generating synergies;

PARTNERSHIP

Partnership is key to WDFG strategy and the close relationship the Group has with airports and brand partners is instrumental to success in the industry. World Duty Free Group works hand in hand with brand owners and suppliers to create the most exciting and innovative environments in which to highlight some of the world's best known and most prestigious brands and their key product lines.

With this same approach, WDFG co-works with airports to properly design and merchandise stores to provide a shopping experience specifically tailored to meet the demands and interests of their passenger profile.


CHANEL

LOOKING TO THE FUTURE

World Duty Free Group has defined the master lines that will mark the future growth of the company for the next three years. This includes a combination of internal and external growth.

Internally, World Duty Free Group has a structured and comprehensive programme focused on streamlining operations and implementing efficiency initiatives across the whole, with the objective of delivering a more solid, agile and competitive company. The main levers of this plan include:

- maximising the value of existing contracts;
- enhancing the performance of less-profitable concessions in our portfolio;
- completion of European platform integration, with the aim of streamlining processes and generating synergies;
- developing the US division business, including the identification of selected opportunities for growth and revitalization of US assets as well as improving the profitability of the entire business by leveraging on the Group's retail expertise.

Externally, the Group will continue to assess opportunities through new concessions, potential business combinations and by entering into new categories and/or distribution channels.


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MOËT
-10%
RABATT


A
WORLD DUTY
FREE GROUP
EXPERIENCE

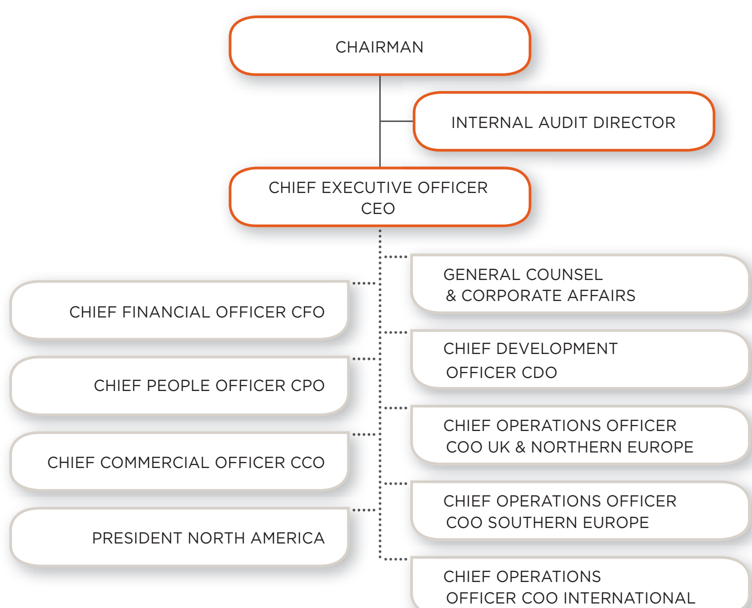
SIMPLIFIED GROUP STRUCTURE [1]

The main group companies in terms of revenue are reported below:

On June 18, 2014, the Board of Directors of World Duty Free, S.p.A. approved the project to simplify and streamline the corporate structure of the Group through the merger of World Duty Free Group, S.A.U. and World Duty Free Group España, S.A. The merger was approved by the Shareholders' Meeting held on December 15, 2014. The merger became effective on January 2015 with the filing of the corresponding public deed. At the same time, the merged company adopted the name World Duty Free Group, S.A.

ORGANIZATIONAL STRUCTURE

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



[1] Where not otherwise specified, all companies are wholly owned. See Annex 1 of the consolidated financial statements for a complete list of equity investments

2 •
Group performance

AIRPORT TRAFFIC IN 2014

Air transport sector sales performance shows a strong correlation with the volume of passenger traffic. Consecuently the travel retail market is highly sensitive to geopolitical and economic developments as well as to long-term demographic changes.

Passenger traffic[2] worldwide showed further growth in 2014 of 5.1% higher than 2013 and trending stronger than annual growth levels seen last year. This was driven especially by international traffic, (+5.8%). The Middle East region recorded the highest growth levels in International traffic (+9.4%) and all regions saw international traffic growth at 4.7% or higher.

Domestic traffic[3] grew at a positive rate of 4.5%. European Domestic traffic increased by 5.1% showing a positive trend against 2013 traffic levels that had been flat versus 2012. North America domestic traffic continued to grow (+2.9%).

Of the roughly 4.5 billion passengers worldwide, Europe, North America and Asia Pacific contribute to make up 86% of total passengers, circa 30%, 29%, and 27% respectively. Europe saw a total 5.3% increase, with traffic gains in both international and domestic segments despite ongoing economic uncertainty. North America's growth of +3.3% is a resurgence considering the mature market and historic average growth levels of circa 0.5% since 2000.

Asia-Pacific grew +5.9%. Although major commercial airports began to experience capacity constraints (such as Beijing +2.9%), newer airports supported domestic growth. The Middle East growth was highest at 9.4%. Traffic in the Latin America & Caribbean region grew strongly at 6.4%, supported by burgeoning domestic markets in Brazil, Mexico and Colombia.

For 2014 the trend in the main airports where the Group is present came to +4.9% in the United Kingdom[4] and +4.5% in Spain.[5] Growth in the UK was across all traffic destinations; domestic, European and international segments. Spanish traffic in 2013 was impacted due to the country's economic crisis. However 2014 saw a recovery here, with growth on the Spanish mainland complemented by further volume gains on the Canary Islands as tourist traffic shifted to the Canaries from more volatile tourist destinations in the Middle East.

2 SOURCES: ACI, PaxFlash_FreightFlash, February 2015 Press release

3 Domestic traffic includes passengers travelling within the same country whilst international passengers includes passengers that fly from one country to another

4 BAA, Airport of Manchester and Stansted, Airport of Gatwick, January-December 2014

5 AENA. January – December 2014

2.1. Financial highlights

(IN MILLIONS OF EURO)	2014	2013	CHANGE	CHANGE AT CONSTANT EXCHANGE RATES
Revenue	2,406.6	2,078.5	15.8%	13.7%
Adjusted EBITDA	289.7	275.4	5.2%	2.9%
Adjusted EBITDA margin	12.0%	13.2%		
EBIT	129.9	163.6	(20.6%)	(23.5%)
EBIT margin	5.4%	7.9%		
Net Profit	41.5	110.8	(62.5%)	(65.6%)
% of revenue	1.7%	5.3%		
Free Operating Cash Flow	103.6	(225.6)	n.a.	
CAPEX	80.2	60.9	31.8%	
% revenue	3.3%	2.9%		

(IN MILLIONS OF EURO)	DECEMBER 31, 2014	DECEMBER 31, 2013	CHANGE
Net invested capital	1,455.7	1,445.9	0.7%
Net financial position	969.5	1,026.7	(5.6%)

INTRODUCTION

During 2013, Autogrill S.p.A., a subsidiary of Schematrentaquattro S.p.A., initiated and completed a strategic project to split the Food & Beverage business from the Travel Retail & Duty Free business. That split was realized through the partial proportional demerger (the "Demerger"), effective from October 1, 2013, of the Travel Retail & Duty Free business from Autogrill S.p.A. in favor of WDF S.p.A., specifically incorporated by Autogrill S.p.A. for the purpose of the Demerger. In particular, with the Demerger, Autogrill S.p.A. transferred to WDF S.p.A. its investment in World Duty Free Group S.A.U. ("WDFG S.A.U."), a parent of a group operating in the Travel Retail & Duty Free sector.

Based on the approach already followed in the consolidated financial statements of the Group as of and for the year ended December 31, 2013, the Directors' Report considers in the column "2013" the combined financial and economic results of the World Duty Free Group for the twelve month period ended December 31, 2013, irrespective of the Demerger's effective date.

Jean Paul
GAULTIER
"LE MALE"
Worldwide exclusive
DKNY


Dior
Gates
Toilets
Dior
CLARINS
Dior Addict
MAKE UP
EVENT

2.2. Business performance

(IN MILLIONS OF EURO)	12 MONTHS				CHANGE	
	2014	% ON REVENUE	2013	% ON REVENUE	2014	CONSTANT EXCHANGE RATES
Revenue	2,406.6	100.0%	2,078.5	100.0%	15.8%	13.7%
Other Operating Income	33.0	1.4%	27.2	1.3%	21.3%	21.7%
Total revenue and other Operating Income	2,439.6	101.4%	2,105.7	101.3%	15.9%	13.8%
Supplies and goods	(993.0)	41.3%	(853.3)	41.1%	16.4%	14.5%
Personnel expense	(279.0)	11.6%	(220.7)	10.6%	26.4%	24.4%
Contractual concession fees	(750.0)	31.2%	(639.7)	30.8%	17.2%	15.1%
Other operating expense	(157.1)	6.5%	(136.2)	6.6%	15.3%	14.1%
EBITDA	260.5	10.8%	255.8	12.3%	1.8%	(0.6%)
Provisions for risk and charges	(9.3)	0.4%	(1.0)	0.0%	830.0%	840.0%
Restructuring costs	(9.5)	0.4%	-	0.0%	n.a.	n.a.
Linearisation of concession fees	(8.5)	0.4%	-	0.0%	n.a.	n.a.
Depreciation, amortisation and impairment losses	(103.3)	4.3%	(91.2)	4.4%	13.3%	11.4%
EBIT	129.9	5.4%	163.6	7.9%	(20.6%)	(23.5%)
Net financial costs	(43.6)	1.8%	(34.3)	1.7%	27.1%	25.7%
Other financial results	10.7	0.4%	2.0	0.1%	435.0%	430.0%
Pre tax profit	97.0	4.0%	131.3	6.3%	(26.1%)	(29.4%)
Income tax	(55.5)	2.3%	(20.5)	1.0%	170.7%	166.3%
NET PROFIT ATTRIBUTABLE TO:	**41.5**	**1.7%**	**110.8**	**5.3%**	**(62.5%)**	**(65.6%)**
- controlling interest	34.9	1.5%	105.8	5.1%	(67.0%)	(53.2%)
- non-controlling interest	6.6	0.3%	5.0	0.2%	32.0%	32.0%

ADJUSTED EBITDA

Adjusted EBITDA	289.7	12.0%	275.4	13.2%	5.2%	2.9%

REVENUE

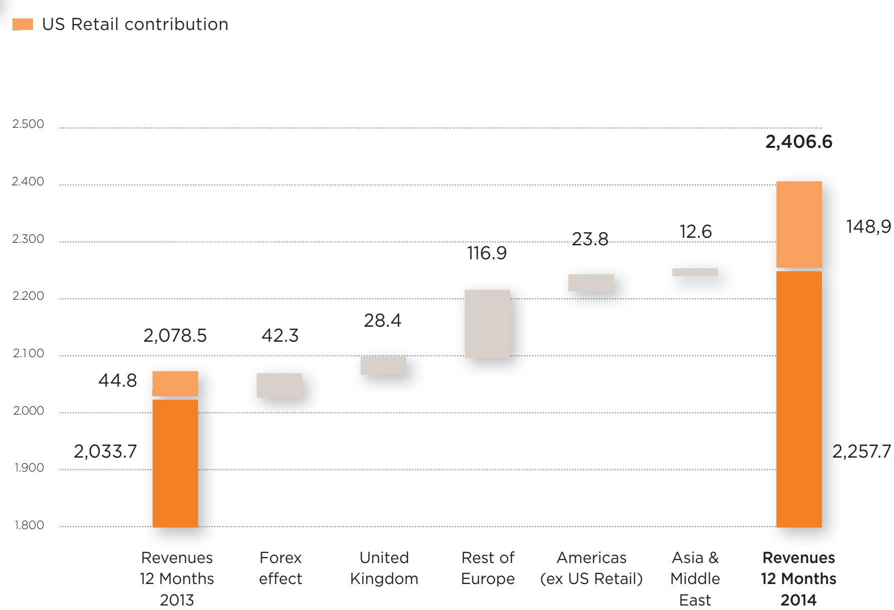
The Group closed the full year of 2014 with consolidated revenue of EURO 2,406.6 million, +15.8% compared to the previous year's figure of EURO 2,078.5 million. At constant exchange rates, revenue increased by +13.7%, since the exchange rate trends of the currencies in which WDFG operates had a positive impact on revenue mainly due to GBP strength versus the Euro. The US Retail business, acquired in September 2013, had a revenue contribution of EURO 148.9 million for the full year of 2014 (EURO 44.8 million for the last quarter of 2013 after its acquisition). Excluding the US Retail business, sales grew by +11.0% at current exchange or 8.9% at constant exchange rates.

Revenue related to the airport channel amounts to EURO 2,352.4 million or 97.7% of the total revenue generated in 2014. The Group also supplies wholesale commercial services for different categories of customers, for amounts of 2.3% of the Group's total revenue, amounting to EURO 54.2 million. This included revenues for the Spanish subsidiary Palacios y Museos S.L.U., which was sold to a third party in September 2014.

Category sales mix movements versus the full year of 2013 were impacted by the inclusion of the US Retail business with a different category profile. Excluding this effect, airport sales growth above the average was seen in the Tobacco category. This was due to increased Canary Island sales levels from the new Tenerife Sur main store opening in April 2014 that has a higher level of Tobacco sales. Beauty continues to be the key category, being 45.6% of the sales mix outside US Retail, with sales increasing just ahead of company growth. Luxury sales declined as a result of fewer concessions in the Spain mainland business.

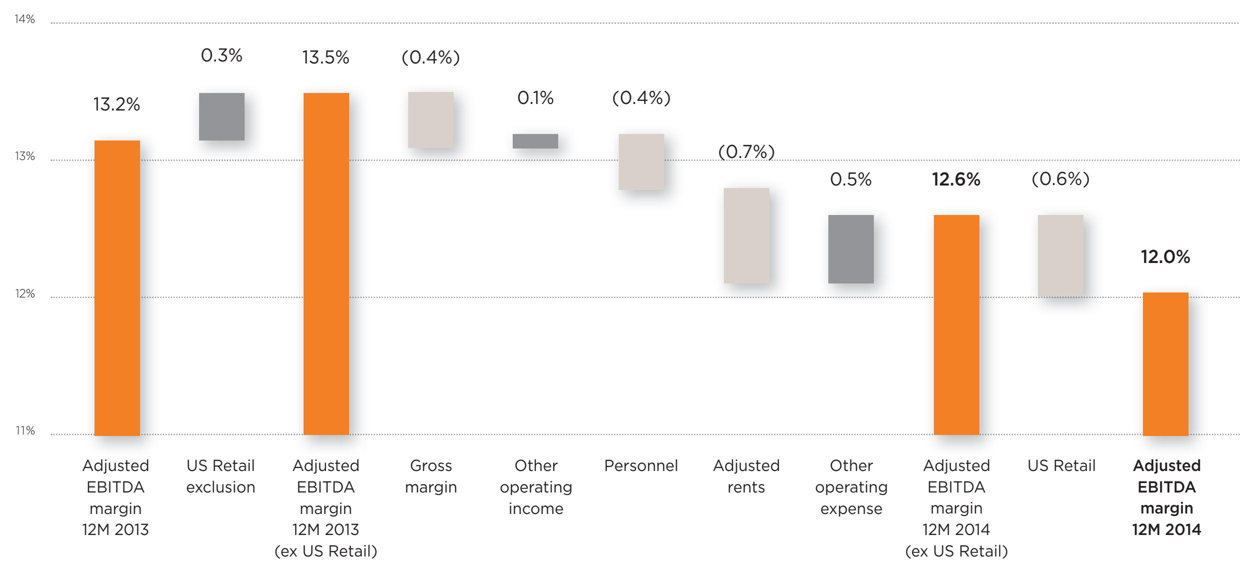
Perimeter changes included the new business at Helsinki airport that opened in March 2014, delivering EURO 27.7 million sales over the year. Düsseldorf saw the completion of some developments in new stores in July 2014 and likewise Jamaica sales increased +138% thanks to additional stores in place alongside the exit of a direct competitor at the airport. Outside of this, Heathrow saw the new Terminal 2 opening in July 2014, on an existing customer base, with no sales gain.

CHANGE IN REVENUE (IN MILLIONS OF EURO)



CHANGE IN ADJUSTED EBITDA MARGIN

(IN MILLIONS OF EURO)



ADJUSTED EBITDA

Adjusted Ebitda was EURO 289.7 million, improving 5.2% from EURO 275.4 million last year. 2014 adjusted Ebitda margin was 12.0% on revenue compared to 13.2% in 2013. The US Retail business dilutes gross margins by -0.6 percent points over 12 months of sales in 2014, against a dilution of -0.3 percent points in 2013 over 3 months.

Excluding the US Retail business, 2014 adjusted Ebitda margin was therefore 12.6% against 13.5% reported in 2013, a decline of -0.9 percent points.

Gross margin declined -0.4 percent points, despite gross margin rates improving in most countries as better supplier terms were secured with global agreements. Gross margin declined -0.2 percent points through a shift in country sales mix including new categories at a lower gross margin. Increased wholesale activity diluted margin a further -0.1 percent points as this business model works on a low margin basis. Madrid airport promotions in the second half of 2014, pushed sales and cash margin but the gross margin rate declined -0.1 percent points.

Adjusted rents increased 0.7 percent points, predominantly through an increase in Rest of Europe region adjusted rents by 1.6 percent points. Spain rental increases under the new concession operated for a full 12 months in 2014, against 7 months in 2013 from the contract effective date in May 2013. Rents also increased at Heathrow with the extension of the contract signed in October 2014.

Other operating expense rates improved 0.5 percent points on sales as a result of an intense cost control program in most of the countries in which the Group operates. In addition increased revenues dilute those operating cost rates that are fixed in nature. This productivity gain from increased revenue size offsets the margin decline reported.

PROVISION FOR RISK AND CHARGES

In 2014, this represented an expense of EURO 9.3 million compared to an expense of EURO 1.0 million in 2013. The increase is mainly due to the recognition of an onerous contract provision for an amount of EURO 6.3 million based on the most recent projections of the concession in Düsseldorf. Also, a provision of EURO 1.8 million was recorded in connection with potential indirect taxation liabilities in the Asia & Middle East segment. Both items were booked in the Fourth Quarter of 2014.

RESTRUCTURING COSTS

Costs connected to the integration and reorganization process were recorded in an amount of EURO 9.5 million, most of it (EURO 6.0 million) related to consultancy services for the design of the restructuring and business plan, while the rest (EURO 3.5 million) was connected to the exit package of the former CEO and other employees.

LINEARISATION OF CONCESSION FEES

This item represents the adjustment to recognize on a straight-line basis, as provided by the International Accounting Standards 17, from December 1, 2014 the minimum guaranteed concession fees derived from Spanish contracts in Lot I (Madrid as main airport) and Lot 2 (Barcelona as main airport). A non-cash expense of EURO 8.5 million was recorded in 2014. For additional information, please refer to the notes to the consolidated financial statements.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

In 2014, Depreciation, amortization and impairment losses reached EURO 103.3 million, +13.3% compared to EURO 91.2 million recorded in 2013, mainly due to the contribution of the US Retail business along with additional investments incurred from the end of 2013.

NET FINANCIAL EXPENSES

Net financial costs in 2014 reached EURO 43.6 million, higher by EURO 9.3 million compared to the same period of 2013, mainly due to the higher average debt during 2014 than in 2013.

OTHER FINANCIAL RESULTS

Net capital gains of EURO 10.7 million were recorded in 2014 compared to EURO 2.0 million in the previous year, derived from the sale of the Group's financial investment on Creuers del Port de Barcelona, S.A. and its subsidiary Palacios y Museos, S.LU.

INCOME TAX

In 2014, income tax was EURO 55.5 million (EURO 20.5 million in the same period of 2013) affected by the write-off in the fourth quarter of the tax credits and deferred tax assets on tax losses (EURO 19.4 million) capitalized in prior periods in those geographies where no generation of taxable profits can be reasonably expected within the horizon of the plan approved by the Board of Directors on January 15, 2015. Excluding this one-off item, the average tax rate was 37.1% in 2014.

For the same reason, in the Fourth Quarter of 2014, deferred tax assets of EURO 15.4m were not recognized.

In addition, Income Tax in 2013 recorded the positive effect (EURO 8.5 million) of the recovery of deferred taxes in the UK related to lowering tax rates.

Excluding all the effects described above, the average tax rate was 21.2% in 2014 compared to 21.9% in 2013, as shown in the table below.

(IN MILLIONS OF EURO)	12 MONTHS	
	2014	2013
Pre-tax profit	97.0	131.3
Income tax	55.5	20.5
% on Pre-tax profit	57.2%	15.6%
a. Tax credits write-off	19.4	0.0
Income tax excluding (a)	36.0	20.5
% on Pre-tax profit excluding (a)	37.1%	15.6%
b. Deferred tax assets prudently not recognized in the year	15.4	0.3
Income tax excluding (a) and (b)	20.6	20.2
% on Pre-tax profit excluding (a) and (b)	21.2%	15.4%
c. Tax rate differences in UK	0.0	-8.5
Income tax excluding (a), (b) and (c)	20.6	28.7
% on Pre-tax profit excluding (a), (b) and (c)	21.2%	21.9%

NET PROFIT FOR THE YEAR

In 2014, Net profit for the year was EURO 41.5 million, lower by EURO 69.3 million compared to EURO 110.8 million recorded in the same period of 2013, mainly due to higher provisions for risks and restructuring charges related to the Group's reorganization and integration process, the aforementioned linearisation of concession fees as well as higher borrowing costs and higher income tax. Net profit attributable to owners of the parent and to non-controlling interests was EURO 34.9 million and EURO 6.6 million, respectively, while 2013 saw EURO 105.8 million and EURO 5.0 million, respectively.

2.3. Financial position

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION [6]

(IN MILLIONS OF EURO)	DECEMBER 31, 2014	DECEMBER 31, 2013	CHANGE
Intangible assets	1,186.9	1,167.7	19.2
Property, plant and equipment	180.0	137.7	42.3
Financial assets	35.5	41.1	(5.6)
A. Non-current assets	1,402.4	1,346.5	55.9
Inventories	185.2	154.4	30.8
Trade receivables	48.1	38.7	9.4
Other assets	62.8	54.6	8.2
Trade payables	(281.0)	(235.5)	(45.5)
Other liabilities	(115.0)	(118.7)	3.7
B. Working capital	(99.9)	(106.5)	6.6
C. Invested capital, less current liabilities	1,302.5	1,240.0	62.5
D. Other non-current non-financial assets and liabilities	153.2	205.9	(52.7)
E. Assets held for sale	-	-	-
F. Net invested capital	**1,455.7**	**1,445.9**	**9.8**
Equity attributable to owners of the parent	478.1	411.0	67.1
Equity attributable to non-controlling interests	8.1	8.2	(0.1)
G. Equity	**486.2**	**419.2**	**67.0**
Non-current financial liabilities	993.9	984.3	9.6
H. Non-current net financial indebtedness	993.9	984.3	9.6
Current financial liabilities	43.9	78.2	(34.3)
Cash and cash equivalent and other current financial assets	(68.3)	(35.8)	(32.5)
I. Current net financial indebtedness	**(24.4)**	**42.4**	**(66.8)**
NET FINANCIAL POSITION (H+I)	**969.5**	**1,026.7**	**(57.2)**

Net invested capital was EURO 1,455.7 million, EURO 9.8 million higher than the amount shown as at December 31, 2013, mainly due to the change in working capital since the changes in non-current assets and other non-current and non-financial assets and liabilities basically offset each other.

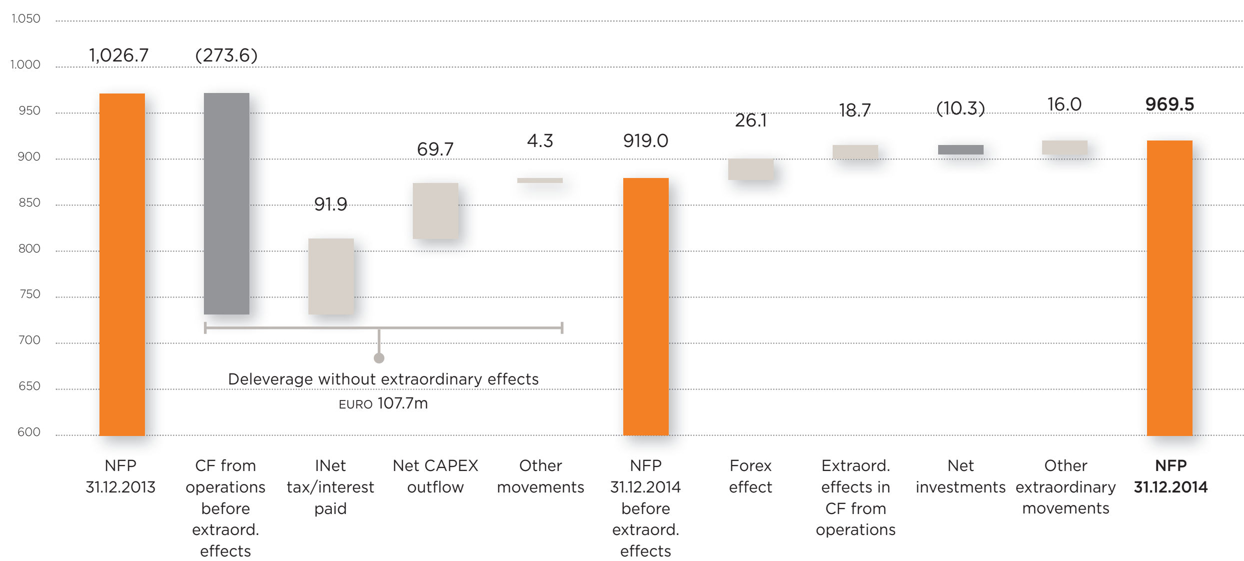
Intangible assets increased affected by exchange rate evolution while the change in property, plant and equipment is connected with the investments made that are described in the section of this report relating to capital expenditure. Financial assets dropped mainly due to the sale of the Group's interest on Creuers del Port de Barcelona.

The decrease of other non-current and non-financial assets and liabilities is basically due to the recovery of the upfront payment made to AENA and the write-off of the deferred tax assets explained in the section of this report relating to income tax.

6 The items in the reclassified consolidated statement of financial position are directly extracted from the consolidated financial statements, supplemented by the related notes

CHANGE IN NET FINANCIAL POSITION

(IN MILLIONS OF EURO)



Net Financial Position decreased from EURO 1,026.7 million as at 31 December 2013 to EURO 969.5 million at the end of 2014. This change was negatively impacted by certain extraordinary effects described below; excluding these effects, Net Financial Position at the end of 2014 would have been EURO 919.0 million instead, showing a decrease of over EURO 100 million.

The most relevant extraordinary effect was that related to the translation into Euro of the portion of the Net Financial Position denominated in Pound Sterling, given its strength against the Euro at the end of 2014. This accounted for a negative impact of EURO 26.1 million.

Cash flow from operations recorded also two extraordinary negative effects in 2014 amounting to EURO 18.7 million in total: I) EURO 14.2 million payment to HMSHost as net working capital adjustment; II) EURO 4.5 million rent down payment made in the fourth quarter of 2014 derived from the extension of the Heathrow contract signed in October 2014.

The Group accounted for net proceeds of EURO 10.3 million relating net investments in 2014. In the third quarter of 2014 the Group received EURO 23.5 million from the sale of its interest in Creuers del Port de Barcelona, S.A. and Palacios y Museos, S.L.U. In the fourth quarter of 2014, WDFG paid EURO 13.2 million in connection with the acquisition of Finnair's Travel Retail operations in the airport of Helsinki.

Lastly, other extraordinary negative movements of EURO 16.0 million were seen, all of them in the fourth quarter of 2014, mainly related to the closing of loan following the Group's debt refinancing (which has enabled us to extend the term and improve the economic conditions).

In 2014, Free Operating Cash Flow was EURO 103.6 million despite being affected by the higher than previous year payments of Net Interest (mainly due to the increase in debt average level) and Net Capex outflow (following the higher level of investment required mainly on new contracts in Spain and the Rest of Europe).

CAPITAL EXPENDITURE

Net capital expenditure in 2014 was EURO 80.2 million, up from EURO 60.9 million in the previous year, from 2.9% to 3.3% of revenue. Capital expenditure in 2014 mostly concerned the new and extended concessions in European airports totaling about EURO 65.1 million.

NET CASH GENERATION

(IN MILLIONS OF EURO)	12 MONTHS			12 MONTHS		
	DECEMBER 31 2014	EXTRAORD. EFFECTS	2014 (*)	2013	EXTRAORD. EFFECTS	2013 (*)
Adjusted EBITDA	289.7	0.0	289.7	275.4	0.0	275.4
Change in net working capital and net change in non-current non-financial assets and liabilities	(34.6)	(18.7)	(15.9)	(10.7)	(5.9)	(4.8)
AENA advance payment	0.0	0.0	0.0	(278.9)	(278.9)	0.0
Other non-cash items	(0.2)	0.0	(0.2)	0.5	0.0	0.5
Cash Flow from operations	254.9	(18.7)	273.6	(13.7)	(284.8)	271.1
Tax paid	(49.1)	0.0	(49.1)	(50.8)	0.0	(50.8)
Net interest paid	(42.8)	0.0	(42.8)	(31.6)	0.0	(31.6)
Net Cash Flow from operations	163.0	(18.7)	181.7	(96.1)	(284.8)	188.7
Net CAPEX outflow	(69.7)	0.0	(69.7)	(49.5)	0.0	(49.5)
Net investments (paid) / proceeds	10.3	10.3	0.0	(80.0)	(80.0)	0.0
Free operating Cash Flow	**103.6**	**(8.4)**	**112.0**	**(225.6)**	**(364.8)**	**139.2**

(*) Extraordinary effects excluded

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Business segments

12 MONTHS 2014 (IN MILLIONS OF EURO)	UK	REST OF EUROPE	AMERICAS	ASIA & MIDDLE EAST	TOTAL
Revenue	1,057.8	737.6	438.3	172.9	2,406.6
Other Operating Income	3.5	15.8	9.9	3.8	33.0
Total revenue and other operating income	1,061.3	753.4	448.2	176.7	2,439.6
EBITDA	147.1	51.7	35.2	26.5	260.5
Provisions for risk and charges	-	(6.8)	(0.2)	(2.3)	(9.3)
Restructuring costs	-	(9.5)	-	-	(9.5)
Linearisation of concession fees	-	(8.5)	-	-	(8.5)
Depreciation, amortisation and impairment losses	(36.6)	(42.1)	(15.9)	(8.7)	(103.3)
EBIT	110.5	(15.2)	19.1	15.5	129.9
Adjusted EBITDA	**147.1**	**80.9**	**35.2**	**26.5**	**289.7**

12 MONTHS 2013 (IN MILLIONS OF EURO)	UK	REST OF EUROPE	AMERICAS	ASIA & MIDDLE EAST	TOTAL
Revenue	975.6	620.7	322.2	160.0	2,078.5
Other Operating Income	3.9	12.9	6.2	4.2	27.2
Total revenue and other operating income	979.5	633.6	328.4	164.2	2,105.7
EBITDA	147.3	56.8	28.2	23.5	255.8
Provisions for risk and charges	-	-	(0.5)	(0.5)	(1.0)
Restructuring costs	-	-	-	-	-
Linearisation of concession fees	-	-	-	-	-
Depreciation, amortisation and impairment losses	(36.7)	(34.8)	(11.0)	(8.7)	(91.2)
EBIT	110.6	22.0	16.7	14.3	163.6
Adjusted EBITDA	**147.3**	**76.4**	**28.2**	**23.5**	**275.4**


NOUVEAUTÉS / NEW
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REVENUES

In the **UNITED KINGDOM** revenue reached EURO 1,057.8 million, compared with EURO 975.6 million in the full year of 2013, representing an increase of 8.4%. Strong GBP rates supported this and at constant exchange rates the growth was +2.9%. UK Passenger growth of 4.9% and spend per passenger increases countered weak spend performance from International travelers due to the exchange rate effect.

Heathrow Airport recorded sales of EURO 468.5 million (-2.4% at constant exchange rates). This compares to a traffic[7] increase of +1.4%, with these traffic gains being seen across all destinations (Non-EU, EU and Domestic traffic).

Outside Heathrow, remaining UK sales were EURO 589.3 million, growing strongly by +7.6% at constant exchange rates. This was achieved equally from passenger volumes and spend gains. A stronger GBP does not impact as much as Heathrow, as there is a greater mix of British travellers.

Gatwick, at EURO 192.1 million sales grew by 5.2% at constant exchange rates. Passenger volumes[8] improved by 7.5%, however a spend decline of -2.7%, with the sales of some shops declining through adverse passenger flows. Manchester at EURO 101.3 million sales improved 6.3% at constant exchange, driven primarily by +5.8% traffic.[9] Stansted with EURO 66.6 million sales achieved a constant exchange rate growth of +24.9%, attracting greater passenger volumes[10] of +12.0% and increasing spends +12.9% from the new walk-through store and the abolition of previous shopping restrictions imposed by airlines.

Rest of EUROPE sales were EURO 737.6 million, +18.8% higher versus 2013. Of this, some EURO 52.7 million sales were from Wholesale and 'Palacios y Museos' businesses, +25.5% versus 2013. This latter business was disposed of on 30th September 2014.

Rest of Europe Airport sales were EURO 684.9 million, up +18.4% compared to EURO 578.7 million in 2013. This EURO 106.2 million sales increase includes EURO 27.7 million of sales or +4.8% from the new Helsinki business. A sales increase of EURO 78.6 million was seen across Spain, Germany and Italy combined, being +13.6% versus last year.

Spain airport sales at EURO 595.5 million improved +14.1%. Growth was despite the collateral disruption caused by refurbishment works being carried out in Spanish Airports. Traffic[11] increased by +4.5%, with new developments supporting a spend gains of +9.5% versus 2013 to which the opening of the new main Tenerife Sur store has significantly contributed.

The Spain airport revenue increase was despite Madrid sales dropping by EURO -3.4 million or -2.6%, affected by the poor spends in Madrid. These dropped by -7.9% after traffic volume gains of +5.3%. This is attributable to lower business travel levels, airport common area refurbishment works affecting shopping experience, regulatory sales restrictions in certain categories and less sales to airport staff. Madrid sales in the fourth quarter gradually recovered levels of 2013, partially thanks to promotional activities.

Spanish airport sales excluding Madrid were EURO 466.3 million, being EURO +76.8 million or +19.7% higher. This included a +4.3% gain in passenger volumes. As mentioned before, sales growth was led by the Canary Islands benefiting from strong traffic growth as an alternative tourist destination to North Africa and Middle East countries and particularly the new Tenerife Sur main store which increased sales by EURO 28.0 million. Refurbishments completed in 2013 such as Palma de Mallorca, Malaga and Alicante are now seeing good results, Palma being +13.3%, Malaga +15.5% and Alicante +12.3 particularly benefited from a strong GBP. This improves our value perception to the UK customer base.

7 Heathrow Airports Ltd, January-December 2014
8 Gatwick Airport, January-December 2014
9 Manchester Airport, January-December 2014
10 Stansted Airport, January-December 2014
11 AENA, January-December 2014


Gates
Puertas
B18 to a B29
8 min.
A
swatch
Wine Festival
Board with your shopping bag from the airport's shops!
Ofertas


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Other Europe airports outside Spain improved EURO 32.8 million, or EURO 5.1 million excluding the addition from the new opening in Helsinki. Italy was down EURO 1.1 million against the corresponding prior year period due to Catania closing. Düsseldorf has seen a EURO 6.2 million sales increase with development completions, despite sales reductions to Russian passengers.

The **AMERICAS** revenue amounted to EURO 438.3 million, up 39.7% at constant exchange rates. The US Retail business had sales of EURO 148.9 million in 2014, versus 2013 EURO sales of 44.8 million for the fourth quarter of 2013. America's sales growth at constant exchange rates excluding US Retail came to 8.5%.

Vancouver drove this, being +19.4% at constant exchange rates. A complete store development gave improved Luxury and Beauty propositions, and pushed sales gains on high-spending Chinese passengers.

LATAM airport sales improved 4.2% at constant exchange rates. Jamaica accounted for a large part of this, with a 138.6% gain as a local competitor closed and sales moved to WDFG, improving predominantly liquor sales. Peru sales grew +2.9% due to better passenger volumes. Chile sales declined by -1.9% with development work impacting worst on Quarter 1, and positive effects started to be seen through to completion in Quarter 3 onwards. Mexico sales declined -3.9% with a downturn in Russian passenger volumes alongside destruction of Los Cabos Airport due to a hurricane. All LATAM airports have been negatively impacted by local currency weakness that made domestic spends become less attractive, the economic downturn across LATAM, and increased taxes on high spending nationalities such as Brazilians and Argentineans.

ASIA and MIDDLE EAST revenue amounted to EURO 172.9 million, up 7.8% on constant exchange rates. This growth has been driven mainly by Jordan, with sales of EURO 83.0 million being up 14.3% at constant exchange rates. The new walkthrough development completed in 2013 has driven spends, alongside greater passenger volumes. Kuwait saw constant exchange gains of +4.3% through increased passenger levels.

ADJUSTED EBITDA

In the **UNITED KINGDOM**, Adjusted Ebitda was EURO 147.1 million, basically in line with EURO 147.3 million in 2013. Ebitda margin came to 13.9% compared to 15.1% in 2013. Operational costs increased as Heathrow moved from 4 to 5 terminals on the same sales base, with the new terminal 2 being opened in June 2014. Heathrow rentals increased, as a result of a contract extension signed in October 2014.

In the **Rest of EUROPE**, the adjusted Ebitda reached EURO 80.9 million, a gain of 6.0% with respect to EURO 76.4 million reported in 2013, while the adjusted Ebitda margin came to 11.0%, versus the prior year at 12.3%. The cash settlement, for the AENA contract advance payment, of EURO 29.2 million was included in 2014 whereas EURO 19.6 million was recognised over 8 months of 2013. Increased rentals from the new Spanish contracts for a full year in 2014 versus 7 months in 2013 accounted for this margin decline.

In the **AMERICAS**, Adjusted Ebitda amounted to EURO 35.2 million, improving by 24.8% at current exchange rates (29.1% at constant exchanges) in respect of the EURO 28.2 million reported in 2013. This included an Adjusted Ebitda gain of EURO 4.2 million, through the new US Retail business inclusion. The Adjusted Ebitda margin of 8.0% in 2014 has decreased from 8.8% in 2013 due to this US Retail business which trades at a lower margin profit level. Excluding US Retail, the Americas business Adjusted Ebitda increased EURO 2.8 million due to increased sales volumes, with an Adjusted Ebitda margin of 10.7% in 2014, improving 0.5 percent points.

In **ASIA and the MIDDLE EAST**, Adjusted Ebitda amounted to EURO 26.5 million, improving by 12.8% at current exchange rates compared to EURO 23.5 million in 2013. The Ebitda margin of 15.3% increased 0.6 percent points from 14.7% in 2013 due to lower operating expenses and higher product margins.


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4 •

Performance in the fourth quarter of 2014

(IN MILLIONS OF EURO)	4TH QUARTER				CHANGE	
	2014	% ON REVENUE	2013	% ON REVENUE	2013	CONSTANT EXCHANGE RATES
Revenue	633.4	100.0%	547.0	100.0%	15.8%	11.2%
Other Operating Income	10.2	1.6%	7.2	1.3%	41.7%	37.5%
Total revenue and other operating income	643.6	101.6%	554.2	101.3%	16.1%	11.5%
Supplies and goods	(263.1)	41.5%	(224.3)	41.0%	17.3%	12.8%
Personnel expense	(78.9)	12.5%	(67.2)	12.3%	17.4%	13.1%
Contractual concession fees	(194.8)	30.8%	(161.3)	29.5%	20.8%	16.2%
Other operating expense	(41.9)	6.6%	(39.5)	7.2%	6.1%	(0.3%)
EBITDA	64.9	10.2%	61.9	11.3%	4.8%	(0.6%)
Provisions for risk and charges	(9.4)	1.5%	(1.1)	0.2%	754.5%	736.4%
Restructuring costs	(5.5)	0.9%	-	0.0%	n.a.	n.a.
Linearisation of concession fees	(8.5)	1.3%	-	0.0%	n.a.	n.a.
Depreciation, amortisation and impairment losses	(30.5)	4.8%	(25.3)	4.6%	20.6%	16.6%
EBIT	11.0	1.7%	35.5	6.5%	(69.0%)	(73.0%)
Net financial costs	(13.6)	2.1%	(10.6)	1.9%	28.3%	28.3%
Other financial results	0.2	0.0%	(0.1)	0.0%	100.0%	0.0%
Pre tax profit	(2.8)	0.4%	24.8	4.5%	(111.3%)	(116.5%)
Income tax	(28.7)	4.5%	(4.9)	0.9%	485.7%	475.5%
NET PROFIT ATTRIBUTABLE TO:	(31.5)	5.0%	19.9	3.6%	(258.3%)	(262.3%)
- controlling interest	(34.0)	5.4%	16.5	3.0%	(306.1%)	(310.9%)
- non-controlling interest	2.5	0.4%	3.4	0.6%	(26.5%)	(26.5%)
ADJUSTED EBITDA						
Adjusted EBITDA	72.2	11.4%	69.7	12.7%	3.5%	0.6%

REVENUE

Group revenue at EURO 633.4 million for the fourth quarter 2014 is up 15.8% at current exchange rates, and +11.2% at constant exchange rates.

Revenue in **UNITED KINGDOM** airports reached EURO 281.5 million, up 4.9% at constant exchange rates (+11.2% at current exchange rates) compared to the fourth quarter of 2013, driven by traffic (up 5.9% across listed airports) with spend per passenger lower by -1.0%. Heathrow Airport recorded sales of EURO 127.3 million (down -3.1% at constant exchange rates) despite a modest traffic increase of 1.3%. Heathrow passenger spends are down 4.4%; a GBP f/x appreciation leads to worse value perception by the traveller. Traffic shift to the non-walkthrough Terminal 2 also weakens spends. Outside Heathrow the positive sales performance continued into the fourth quarter, with sales of EURO 154.2 million being 12.5% higher than 2013 at constant exchange rates. Stansted's positive results continued for the quarter, being 34.9% higher through 20.1% volume increases and a 12.3% spend gain supported by the new walkthrough store. Sales at Gatwick (+6.5%) and Manchester (+7.2%) have been almost fully volume driven by spends per passenger, with a traffic growth of 1%.

Rest of EUROPE sales were EURO 181.6 million, up 30.2% compared to the fourth quarter of 2013. Airport sales of EURO 167.2 million were EURO 37.7 million or 29.1% higher. The new Helsinki business gave EURO 10.9 million, with Düsseldorf rising EURO 2.3 million on development completion.

Spanish airport sales of EURO 140.1 million improved by EURO 24.1 million or 20.7%. This was supported by a 4.3% passenger increase, alongside +16.4% average spend increases. A EURO 11.1 million sales gain was delivered through the new Tenerife Sur main store. Madrid sales improved +9.4%, in line with traffic growth, increasing sales by EURO 3.1 million. Spend levels recovered to match 2013 spends, an improvement versus prior quarters as sales incentive plans were actioned. Barcelona achieved a +9.1% sales growth through a combination of volume and spend, with lower sales to Russian passenger being offset by greater Britain passengers sales volumes, supported by a stronger GBP.

AMERICAS revenue amounted to EURO 124.4 million, up 4.5% at constant exchange rates compared to the same period of 2013. The US Retail business was acquired at the start of the fourth quarter in 2013, so sales are comparable. Jamaica drove America revenue, being 202.3% higher through competitor exit and store development. Canada, Chile and Peru all saw single digit growth, but Mexico sales declined -4.0% at constant exchange through lower Russian volumes and Los Cabos Airport being destroyed in a hurricane.

In **ASIA and the MIDDLE EAST**, sales were EURO 45.9 million, up 4.1% at constant exchange rates. The new Jordan walkthrough store drove 5.4% growth. Sri Lanka grows 7.5%.


POLO


Living Thing

ADJUSTED EBITDA

Adjusted Ebitda in the fourth quarter of 2014 amounted to EURO 72.2 million, showing an increase of EURO 2.5 million, +3.5% versus the same period of 2013. Excluding the US Retail Division, it would have remained basically flat compared to the fourth quarter of 2013. The Adjusted Ebitda margin of 11.4% decreased by 1.3% from 12.7% in the fourth quarter 2013.

Adjusted rents worsened by -1.6 percent points in Quarter 4. There was an increase in Heathrow rents being seen from October 2014 through the newly signed contract increasing the concession life. WDFG's Spain sales did not reach the expected levels, thus activating the minimum annual guaranteed amounts on this concession.

Operating and Personnel cost rates improved jointly by 0.5 percent points, primarily through costs being controlled whilst revenues increased.

CAPITAL EXPENDITURE

In the fourth quarter of 2014 net capex was EURO 27.0 million (EURO 36.1 million in the corresponding period of the previous year), amounting to 4.3% of revenue, mainly driven by investments in the European Airports.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

In the fourth quarter of 2014 depreciation, amortization and impairment losses amounted to EURO 30.5 million, with an increase of EURO 5.2 million compared to EURO 25.3 million recorded in the same period of 2013 (16.6% at current exchange rates).

NET FINANCIAL COSTS

In the fourth quarter of 2014 net financial costs was EURO 13.6 million higher by EURO 3.0 million, compared to EURO 10.6 million in the same period of 2013. Although lower interest expense was recorded in the fourth quarter of 2014 than the previous year, net financial expenses increased due to write-off of the outstanding balance of the upfront fee relating to the financing cancelled in November 2014 when debt was refinanced.

INCOME TAX

In the fourth quarter of 2014 income tax was EURO 28.7 million (EURO 4.9 million in the corresponding period of 2013), affected by the write-off of deferred tax assets and the non-recognition of new deferred taxes already described in section 1.2.2 of this Directors' Report.

NET PROFIT

In the fourth quarter of 2014 net profit reached EURO (31.5) million compared to EURO 19.9 million in the same period of 2013. Profit attributable to the owners of the parent amounted to EURO (34.0) million compared to EURO 16.5 million in the fourth quarter of 2013. The negative result of the fourth quarter was due to extraordinary charges and the changes to tax charges.

5 •

Financial review of WORLD DUTY FREE S.p.A.

Although the company was incorporated in March 2013, its operations changed significantly from 1 October 2013 as a result of the Demerger. As such, the Income Statement for 2014 is not fully comparable with 2013.

Unlike in 2013, in 2014 the company recognized EURO 10.0 million dividends distributed and paid by its subsidiary WDFG, S.A.U.

Other operating expense mainly corresponds to costs for consulting services, management fees regarding the service agreement granted with its subsidiaries (WDFG, S.A. and WDFG UK Holding, Ltd.).

Remuneration to the Board of Directors is included within Personnel expense.

5.1. Income Statement results

CONDENSED INCOME STATEMENT

IN THOUSANDS OF EURO	2014	2013
Dividends and other income from investments	10,000.0	-
Other operating income	0.7	-
Total revenue and other operating income	10,000.7	-
Personnel expense	(1,937.9)	(222.4)
Other operating expense	(4,419.5)	(707.3)
EBITDA	3,643.3	(929.7)
Depreciation, amortization and impairment losses	(7.5)	(0.7)
EBIT	3,635.8	(930.4)
Net financial costs	(201.0)	(28.1)
Pre-tax profit	3,434.8	(958.5)
Income tax	-	-
Profit (loss) for the year	3,434.8	(958.5)

5.2. Reclassified statement of financial position

IN MILLIONS OF EURO	DECEMBER 31, 2014	DECEMBER 31, 2013
Property, plant and equipment	0.1	-
Financial assets	428.9	428.9
A. Non-current assets	429.0	428.9
Other assets	-	0.2
Trade payables	(2.8)	(4.7)
Other liabilities	(1.3)	(0.6)
B. Working capital	(4.1)	(5.1)
C. Invested capital, less current liabilities	424.9	423.8
D. Other non-current non-financial assets and liabilities	-	-
E. Assets held for sale	-	-
F. Net invested capital	424.9	423.8
Equity attributable to owners of the parent	422.5	419.1
Equity attributable to non-controlling interests	-	-
G. Equity	422.5	419.1
Non-current financial liabilities	-	6.3
H. Non-current financial indebtedness	-	6.3
Current financial liabilities	2.4	-
Cash and cash equivalent and other current financial assets	-	(1.6)
I. Current net financial indebtedness	2.4	(1.6)
Net financial position (H+I)	**2.4**	**4.7**

Financial assets include the investment in WDFG S.A.U., which was transferred by Autogrill S.p.A. to WDF S.p.A. due to the Demerger.

Non-current financial liabilities consist of the revolving facility loan granted in 2013 by the subsidiary WDFG S.A.U. for a maximum amount of EURO 10 million. This facility remains fully available to WDF S.p.A. even if not utilized as of 31 December 2014.

Current financial liabilities in 2014 of EURO 2.4 million consist of the amount drawn on banking credit lines granted for a maximum amount of EURO 5.0 million.

6 • Outlook

On January 15, 2015, the Board of Directors of WDF S.p.A. approved the three-year budget for the years 2015 to 2017, accompanied by Due Diligence carried out by KPMG.

The Group objective for the next three years is clear: to focus group activity on maximising the value of the portfolio of existing concessions, completion of the integration process, improving the profitability of the Spanish business and expanding the US business.

Actions towards completing the integration process include a single IT Platform, a single supply chain and logistics model and the simplification of the corporate structure and central functions at the United Kingdom and Spain offices. Specifically, the business rationale for the changes to the corporate structure is that the UK office will become the corporate centre and headquarters of the Group, thus reducing operating expenses and role duplication.

The three-year budget 2015-2017 foresees reaching consolidated revenues in the range of EURO 2.630 million and EURO 2.670 million at the end of 2015, with Adjusted EBITDA between EURO 279 million and EURO 294 million.

The first eight weeks of 2015 (ending February 22) delivered a growth rate in airport sales of +19.5% (+8.6% at constant exchange rates) compared to the same period of the previous year. Growth was concentrated mainly on Rest of Europe and, especially, in Spain, with the latter recording an increase of +22.5% against the same period of 2014.

EVENTS AFTER THE REPORTING DATE

Since December 31, 2014, no additional events have occurred that would have entailed an adjustment to the figures reported or required additional disclosures.

On February 27th, 2015, the Board of Directors of WDF S.p.A. approved the acquisition of the last business activities that remained not transferred from HMSHost. The purchase price agreed was USD 19 million plus a potential adjustment in connection with the net working

capital of business activities transferred at the acquisition date. The transfer, that follows the required authorization granted by the landlords, was effective as of February 28, 2015. The payment of the purchase price and the potential net working capital adjustment are subject to a 5% retention guarantee.

This acquisition is particularly relevant for WDF as it completes the transfer of the Travel Retail assets of HMSHost in North America, which started in the context of the partial and proportional demerger from Autogrill S.p.A. in favour of World Duty Free S.p.A. Following the transaction, WDFG will operate 33 stores at the Atlanta Airport (totalling 3,205 square meters), 12 stores at the Oakland Airport (with a total of 614 square meters) and one store at the Empire State Building in New York (with 279 square meters). In total, 45 additional stores and 4,098 square meters. The combined turnover of these three concessions in 2014 exceeded USD 59m; 2014 revenue from all the concessions in the United States including the business activities acquired in 2015 would have been USD 256.7m. With the transfer of these stores, World Duty Free Group expands and strengthens its footprint in the US, taking the total number of stores to 249 spread across 31 airports (including the top 5 busiest airports in the US) and 2 cultural locations — Houston Space Centre and the Empire State Building.

On 19th February 2015, World Duty Group, together with its local partner in Kuwait That Es-Salasil, has signed with the *General Directorate of Civil Aviation* of Kuwait (DGAC) a five-year contract to operate the duty free stores at Kuwait International Airport. The new contract, which is effective as of March 1, 2015, includes an option for an additional year under the same conditions.

7 • Other information

7.1. Corporate Social Responsibility

To date, World Duty Free Group (WDFG or the Group) Corporate Social Responsibility information was disclosed through Autogrill's Sustainability Report until year 2013, when the Demerger took place and WDFG was listed on the Milan Stock Exchange. The information relative to the Group's sustainability efforts for this year was included in the World Duty Free Group *2013 Annual Financial Report*, while 2014 comes published as an independent report for the first time.

SUSTAINABILITY AT WORLD DUTY FREE GROUP

With more than 9,500 employees, and present in 20 countries worldwide, World Duty Free Group interacts with Society and with the environment where it maintains operations.

Due to this undeniable interaction, and with the aim to go further than just reporting on its financial performance[12], World Duty Free Group has prepared its first Sustainability Report at 31 December 2014 to carry out a detailed analysis of its impacts and its relationship with Society and the environment.

The objective of the Sustainability Report is to show the Group's performance in the sustainability field outlining its impacts, describing its management, highlighting the year's main achievements, and identifying the areas for improvement.

This report has been drafted following the Global Reporting Initiative (GRI-G4) guidelines. Its contents, design and structure are all based on the criteria given for the "in accordance" core approach.

The Scope of this first report includes the whole Group for the general profile information, but is limited to Europe and specifically to the United Kingdom (UK) and Spain (its most relevant markets), for specific performance aspects.

The Sustainability Report coexists and complements both the Group's Annual Financial and Corporate Governance Reports. It goes into more detail than the latter reports do, describing the Company's interaction with society and the environment, and aims to outline the Group's future sustainability strategy rather than focus on past activities.

EMPLOYEES

One of the most important assets of the Group is its people. The employees of WDFG have certain needs and rights and the Group should be aware of both and meet them in order to ensure that its people feel comfortable and satisfied in their jobs. Promoting a good work-life balance, and showing concern for the professional development and satisfaction of employees creates a win-win situation: employees feel motivated and involved and the Group benefits from a higher productivity rate which traditionally comes as a result of this.

COMMUNICATION AND ENGAGEMENT

Internal Communication is the main tool that a company has to build a good relationship with its employees and share with them its mission, vision and values. Communication helps the business to strengthen its employees' feelings of pride and belonging to the Company and therefore their engagement with the Group.

For WDFG, employees' engagement is extremely important. Studies evidence that an engaged workforce is key for a sustained competitive advantage and accelerated business performance, leading to improved financial results, higher customer satisfaction and higher employee retention.

To achieve a high level of engagement, communication needs to be clear, transparent and bi-directional and be always aligned with the Group's strategy. It has to be punctual and have a balance between sending and receiving

[12] Every year with its WDFG Annual Financial Report

information to ensure employees are also heard and their concerns are raised. It needs to establish an open, clear and constructive dialogue.

The Group has developed different communication and dialogue tools to deliver information and send and receive messages through various channels, like its online Group's intranet (LINK online) launched in 2014, its printed and digital internal magazine, several face to face events, conferences and meetings among others.

WDFG also undertakes periodical surveys to assess employees' level of engagement and satisfaction to measure our Business performance at making employees feel committed with its goals and its values.

HEALTH & SAFETY AT WORK

Procuring good health and safety (H&S) at the workplace is a major responsibility for a company to ensure employee welfare.

WDFG strives to achieve the highest applicable Occupational H&S standards and promote their compliance across the whole Group and among all employees, business partners and sub-contractors.

To manage this, the Group has a Health and Safety Policy that sets a framework to be applied by all Group locations and defines all the accountabilities of Senior Executives and Appointed Persons within the Group.

ENVIRONMENT

World Duty Free Group is a retail Company whose major activity consists of selling third party products at third party installations. Its direct environmental impact is therefore low, but not insignificant.

Considering all the Group's activities, the main environmental aspects are associated with energy and materials consumption and with waste generation. An efficient management of these aspects can lower the derived environmental impact[13] to minimum levels.

In this context, the energy consumption of stores and the logistics activity materials and fuel use, as well as the production of packaging and other waste are the main, are the main aspects that need to be considered. Head and airport offices activities' energy, water and materials consumption, and waste production, and the emissions derived from business travel cannot either be ignored.

ENVIRONMENTAL POLICY

To respond to the need of mitigating business impacts and guide actions towards this objective, the Group has developed an Environmental Policy. With this policy, World Duty Free Group's (WDFG) Board of Directors recognises WDFG's ongoing commitments to managing and developing its business in a sustainable manner.

The objective of this WDFG policy is to define an environmental framework to guide action at every location and to define environment accountabilities for Senior Executives and Appointed Persons within WDFG to ensure legal compliance and an active management of the Group's environmental aspects and impacts wherever it operates.

COMMUNITIES

As part of its commitment to corporate social responsibility, WDFG supports many activities in communities in which it operates. The Group has a particular focus on education, youth development and charities for children and encourages its employees to work as active members at a local level.

[13] Environmental impact: any change to the environment, whether adverse or beneficial, resulting from a facility's activities, products, or services. (www.epa.gov)


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CRÈME DE LA
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Dior
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Worldwide exclusive
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GAULTIER

7.2.

Main risks and uncertainties faced by World Duty Free Group

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

WDF Group has in place risk management processes across the Group where the main risks identified are periodically brought to the attention of the control bodies.

The main business risks are presented below except with regards to the main financial risks which are disclosed under "Other information" in the illustrative notes to the consolidated financial statements.

RISKS ASSOCIATED WITH THE CONCENTRATION OF WDFG'S ACTIVITIES IN THE UNITED KINGDOM AND IN SPAIN

Considering the fundamental contribution of the concessions in the United Kingdom and in Spain to the WDFG's revenue, the loss or non-renewal of these concessions or any event which may negatively impact the volume of passengers transiting through the UK or Spanish airports in which the Group operates (especially London Heathrow, Madrid Barajas and Barcelona El Prat), may adversely affect WDFG's financial position and results of operations.

Concessions in the United Kingdom and in Spain are expected to expire starting from 2020 and the Group works proactively to mitigate this risk by diversifying activities through the acquisition of new contracts, both within and outside UK and Spain, and the renewal of existing contracts. The recent extension of the concessions in Heathrow airport (initially expiring in 2020 extended to 2026) shows the success of the Group managing this type of risk. To reach these targets WDFG manages relationship with its licensors to understand and anticipate possible development opportunities in airports where retail activities already exist.

In addition, the Group actively explores opportunities in other countries to reduce its dependency on Spain and the UK. Recent openings in Germany, Finland and the acquisition of the US Retail business are good examples of this strategy. Although the integration of the US retail business in 2013 has diminished the relative weight of the UK and Spanish operations — during 2014, about to 68% of the total revenue the risk of concentration of the business in these areas remains significant.

RISKS ASSOCIATED WITH THE ACQUISITION, RENEWAL AND RETENTION OF WDFG CONCESSIONS

WDFG performs its core activity predominantly under concession agreements where it has the right to operate in certain airport commercial areas. Concessions are the Group's core asset and, consequently, WDFG focuses its strategy on renewing its existing concessions and on acquiring new ones. Due to the strong competition in this sector, in the case of new acquisitions and/or renewals of concessions, the terms provided by the licensors may be less favorable than those currently in place. For example, although still delivering a remarkably good profitability for the Group the rent increase seen in Heathrow derived from the last extension agreed with the landlord confirms the general tendency in this direction of the travel retail industry.

The Group works proactively to mitigate the risk of not acquiring any new contracts or not renewing existing ones or not maintaining the profitability of the concessions.

In particular the Group works constantly, with the support of its current licensors, to analyze traffic trends and customer needs in order to present the best offer and to effectively manage existing Travel retail and Duty Free shops. This means constantly reviewing product offer and service standards in order to keep them competitive in terms of quality and price and suitable to different consumer spending habits driving a win/win relationship with landlords as higher sales bring higher revenues to both parties.

In some cases, concession agreements in force may be terminated or cease to be in force for various reasons beyond WDFG's control, including an order by the competent authorities or courts nullifying them, or the licensors not granting their prior approval to transactions resulting in a change in control of a member of the Group.

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

RISKS ASSOCIATED WITH EVENTS THAT MAY AFFECT PASSENGER TRAFFIC AND THEIR SPENDING ATTITUDES

WDFG's operations largely rely on sales to passengers in transit through the airports in which the Group is present. Group performance, therefore, is influenced by the evolution in the traveler spending attitudes and shows a significant correlation with variation in the number of passengers. Travelers spending attitudes and passenger traffic are both highly sensitive to general economic trends and, in particular, trends in consumers' confidence, availability and costs of consumer credit, inflation or deflation, interest and exchange rates and unemployment levels.

Particularly, impulse buying at an airport is strongly influenced by the exchange rate between the country of origin and the destination. It is essential to monitor the price perceived by the customer as a result of exchange rate fluctuations, in order to boost sales of products that are especially good value in certain countries.

The Group has managed to obtain a sort of natural compensation among the different locations where we operate, as the strength of sterling has challenged UK sales and at the same time fosters sales in Spain for British travelers who typically are the most significant customer base for the Group. On top of that WDFG has proactively operated to innovate its offer and constantly meet the buying attitude of a changing passenger nationality mix.

The Group's widespread operations around the globe, and its constant attention to product supply and demand in countries of origin and destination, help it identify the advantage customers will perceive from favorable rates of exchange, mitigating in practice this risk.

Another new factor that can influence the consumer attitudes to buying at the airport is the increasing availability of alternative distribution channels, sometimes perceived as more convenient, such as internet and home delivery. WDFG's attention to customer needs and strong innovative offering has limited the impact of such a risk.

Furthermore, passenger traffic is also sensitive to events beyond WDFG's control, including for example: political instability, acts or threats of terrorism, hostilities or wars, increased security control time, fuel price escalations, emerging alternatives to air travel (such as high speed rail), strikes, disruption or suspension of services provided by airlines, amongst others.

In addition, limited capacity at some airports can adversely affect the ability of the Group to constantly increase its sales in existing concessions. However, main carriers are encouraged to operate with bigger new planes and increase occupation load factors.

Any event that may adversely impact air traveler spending attitudes, their dwelling time at the airport and passenger traffic (such as those mentioned above) may negatively affect WDFG's sales and thus may adversely affect WDFG's financial position and results of operations.

RISKS ASSOCIATED WITH THE CHANGES TO THE REGULATIONS GOVERNING THE DUTY FREE SALE OF PRODUCTS AND THE SECTOR IN WHICH WDFG OPERATES

The ability to operate under the duty free regime is a competitive advantage for WDFG vis-a-vis those operators who cannot take advantage of this regime. Nevertheless, the respective governmental authorities of the countries where WDFG operates may amend or suppress the implementation of the duty free regime for some categories of products, or modify the taxation regime applied to the products sold in traditional shops outside the airports, thus eliminating part of WDFG's competitive advantage. Furthermore, if the requirements for granting, maintaining or renewing certifications, licenses and authorizations to operate duty free shops in airports are modified, and WDFG is not able to adapt to the new requirements, the Group may lose the authorization to operate under the duty free regime, in general, in one of the markets where it operates or with respect to certain categories of products.

Particularly, sale of tobacco is heavily regulated and, as a general matter, the applicable regulations of the countries where the Group operates, or its concession agreements, impose some advertising and/or sale restrictions of tobacco products. Moreover, an increasing number of national and local governments have prohibited, or are proposing to prohibit, smoking in public places. In particular in the UK, in addition to the existing restrictions on the display of tobacco products, a new regulation on tobacco packaging is expected in 2016 that may affect negatively the sales of such products.

As the sale of tobacco represents an important share of the Group's revenues, if the Group were no longer able to sell tobacco products under the duty free regime in general or in some of the markets where it is present, or if the tightening of the ban on smoking caused a reduction in the sales of these products, the WDFG's financial-economic condition and assets may be adversely affected.

To mitigate these risks, with the support of external specialists, WDFG stays constantly abreast of legal developments so it can adapt its processes, procedures and controls to the new requirements and bring personnel up to date. It also relies on constant monitoring and frequent audits of service quality with respect to contractual and legal obligations.

RISKS ASSOCIATED WITH THE LOSS OF REPUTATION BY THE GROUP WITH RESPECT TO LICENSORS, CUSTOMERS AND CUSTOMS AND TAX AUTHORITIES

Reputation with respect to both customers and licensors has great importance for WDFG. The reputation of the Group with respect to licensors and also customers represents one of the key elements on which licensors grant or renew concession agreements. The reputation of WDFG with respect to customers could be negatively affected by the reduction in the perceived quality of the services rendered, with a consequent loss of appeal and clients; the reputation of WDFG towards licensors could be negatively affected by the inability of the same to fulfill its contractual obligations. In addition, the reputation of the Group could also be affected by third party conduct; for instance, in those countries where it operates through management agreements with local partners, by such partners' conduct.

In relation to the above risks, over the years, WDFG has built and maintained a good reputation with respect to both licensors and customers. An implicit confirmation of the good reputation of the Group is represented by its ability to renew its expiring concession agreements and to obtain new ones.

Furthermore, WDFG monitors constantly the quality of the services provided to customers (in terms of perceived satisfaction and product safety) and to licensors (in terms of compliance with the quantitative and qualitative parameters set forth in the agreements).

RISKS ASSOCIATED WITH THE GROUP OPERATION IN EMERGING MARKETS

WDFG is present in some emerging markets which in 2014 generated 12.4% of consolidated revenue. The Group's strategy envisages expanding in further emerging markets, which typically present higher risks as compared to OECD area markets. Among the most significant risks of operating in these countries are those arising from the interruption of operation due to political or social instability, in addition to the establishment/enforcement of foreign exchange restrictions which, if they were to occur, could effectively prevent the Group from repatriating the profits. If these risks occur, they may adversely affect the implementation of the WDFG's strategy in these markets.

RISKS ASSOCIATED WITH SPECIFIC PROVISIONS CONTAINED IN THE CONCESSION AGREEMENTS ENTERED INTO BY MEMBERS OF WDFG

The concession agreements to which the members of WDFG are party contain provisions limiting the WDFG concessioner's ability to perform its activities in the relevant airports, including but not limited to, restrictions on the range of products to be offered for sale and to the applicable pricing policy.

Furthermore, the concession agreements typically entitle the licensors, even when the licensee is not in breach, to unilaterally modify certain terms of the concession (sometimes without any corresponding indemnification right), for reasons of public interest or airport safety.

By virtue of these clauses, which do not relate to the determination of the concession charges, the licensors may, among other things, modify the extension or the location of the WDFG stores, which could reduce the flow of passengers through them.

Among other things, the need to comply with these conditions may prevent the Group from appealing to or capturing of its customers, thus adversely affecting the financial position and results of operations of the Group.

Even though if these risks exist, in the last three financial years none of the concession agreements entered into by WDFG has been unilaterally modified by the relevant licensor.

The concession agreements of the travel retail sector, and also many of those entered into by WDFG are typically for initial fixed term periods and generally provide for the licensee obligation to pay guaranteed minimum annual charges, not always in relation with the revenues actually generated or the flow of passengers. If the revenue generated by a concession is lower than that foreseen when the concession was acquired (even due to a reduction in the passengers spending attitude or, in some instances, in the number of passengers itself), the profitability of the concession may decrease or even become negative due to the obligation to pay the guaranteed minimum annual charges, thus adversely affecting the Group's financial position and results of operations.

RISKS ASSOCIATED WITH PRODUCT PROCUREMENT

The risks associated with product procurement can be ascribed to two main factors: the degree of concentration WDFG shows with regard to some suppliers and the complexity of effectively managing the supply chain so as to continuously ensure a complete, balanced and effective assortment of products, meeting consumer expectations.

It should be noted, however, that airport commercial areas are an appealing distribution channel for suppliers, which enhances WDFG bargaining power.

Furthermore, as regards the main suppliers that are also brand partners of the Group, the collaborative approach the Group has adopted with these suppliers may further reduce their interest in taking advantage of their potential bargaining power.

RISKS ASSOCIATED WITH THE DEFINED BENEFIT PENSION PLAN OF WDFG UK LTD

The Group has pension obligations through its subsidiary WDFG UK Ltd (the Company) who sponsors a funded defined benefit pension plan (the Plan) for qualifying UK employees. The Plan has been closed to new joiners for many years and the majority of members has either retired or has left service. The Plan is administered by a separate board of Trustees which is legally separate from the Company. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

Under the Plan, employees are entitled to annual pensions on retirement at age 65 of one-sixteenth of final pensionable salary for each year of service. Pensionable salary is defined as gross pay less the basic state Pension. Benefits are also payable on death and following other events such as withdrawing from active service. No other post-retirement benefits are provided to these employees.

A funding valuation of the Plan was carried out by a qualified actuary as of April 5, 2014. The Company agreed to pay deficit contributions and the next funding valuation is due no later than April 5, 2017 at which time progress towards full-funding will be reviewed.

The Plan exposes the Company to a number of non-controllable risks, the most significant of which are: I) asset volatility: the liabilities are calculated using, amongst others, a discount rate set with reference to corporate bond yields, while assets devalue or revalue based on the performance of the different markets; if the assets have a lower yield, will originate, therefore, a deficit; if assets underperform this yield, this will create a deficit; II) changes in bond yields: a decrease in corporate bond yields will increase the value placed on the Plan's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Plan's bond holdings; III) inflation risk: a significant proportion of the Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities; and IV) life expectancy: the majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The Company remains exposed to risks from the Plan, as part of the pension strategy the Company and Trustees have agreed a long-term strategy to reduce pension risks over time, based on criteria set by the Company achieved through a package of liability reduction and investment measures.

RISKS ASSOCIATED WITH THE COMPLETION OF THE INTEGRATION PROCESS

WDFG is the result of the integration of three different entities: Alpha Group, WDF and Aldeasa. Substantial synergies have been generated over the last few years. The Group has identified further savings thanks to the completion of the operative integration process; such savings have been included in the three year budget communicated to the market.

This integration plan is critical to set solid basis for the future growth of the Group and to develop a robust operational model to face the increasing competition in the market. Simultaneously it is complex and therefore involves a degree of execution risk. All these risks can lead to the failure or delays in re-engineering processes and can adversely affect the future strategies of the Group which may result in a failure to benefit from the expected savings and in a partial achievement of the financial results that the Group has planned.

Among others, the measures planned involve the integration and simplification of corporate structure and central functions in Spain and UK offices. The UK will become the operational center of the Group, reducing operating expenses and redesigning the organizational structure towards a leaner model. Whilst the process will increase the efficiency and effectiveness of corporate processes, there could be a risk of failure in change management. Moreover there is a risk of a potential conflict with labor representatives, in particular, in Spain. WDFG has the attitude to minimize as much as possible the impact on employees, negotiate conditions and to maintain open communication channels with employee organizations. Nevertheless, there could be a risk of losing sales due to operational disruptions in shops or lack of labor force engagement.

Additionally, the success of the integration process and of Group success relies on the skills and the expertise of key top managers and employees. The retention of such personnel cannot be guaranteed and the competition in the market for industry expertise increases the risk of losing talent. Therefore WDF Group has implemented a global talent program to retain and identify top talent, delivering a specific training program and defining tailored career plans.

Other measures of the integration plan relate to the reduction and consolidation of warehouses and the reduction of transport costs alongside the implementation of global best practices across warehouses and an increase in product availability. These activities are particularly ambitious and affect directly the core processes of the Group; consequently, there is the risk that a lack of efficiency programming or delivering the planning activities could lead to disruptions in supply chain services to stores resulting in loss of sales and loss of reputation with respect to landlords or in inefficiencies influencing margins.

To mitigate these risks, the Group is implementing clear responsibilities, a strong top management commitment and a steering committee to monitor progress of the plan and to ‘fine tune’ during delivery.

IT systems integration should become an enabler and particularly converging into one common retail platform worldwide, eliminating duplications and standardizing processes. This integration will support the abovementioned organizational and logistics integrations and will increase the risks of information systems downtime or disruptions. To this extent, a robust change management process has been carefully defined, a global business impact analysis is in progress and consequent contingency plans will be put in place.


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PROMISE
PURCHASE ANY BEAUTY OR LIQUOR PRODUCT, IF YOU THEN FIND IT CHEAPER ON THE DÜSSELDORF CITY HIGH STREET, WE WILL GIVE YOU THE DIFFERENCE IN A DÜSSELDORFDUTYFREE VOUCHER.*
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DUS AD WALK
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PRICE PROMISE


SELDORF DUTYFREE
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Tobacco
Tabak
Tobacco
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Tobacco
Tabak
Tobacco
NIVEA
L'ORÉAL
L'ORÉAL
PARIS
AJ
ARMANI
JEANS

7.3. Corporate Governance

All information on corporate governance is included in the Corporate Governance Report (prepared in accordance with art. 123-*bis* of the Consolidated Finance Act), approved by the Board of Directors and released together with this Annual Report. It is also available online at www.worlddutyfreegroup.com

7.4. Management and coordination

In its meeting of December 18, 2014, the Board of Directors considered that WDF S.p.A. is not subject to management and coordination by the parent company, Edizione S.r.l., pursuant to art. 2497-*bis* of the Italian Civil Code.

In particular, the Board of Directors, confirming the conclusion reached in 2013, considered the transactions heretofore occurred with Edizione S.r.l. (through Schematrentaquattro S.p.A.) do not provide evidence for management and coordination activity.

7.5. Related party transactions

Transactions with the Group's related parties do not qualify as atypical or unusual and fall within the normal scope of operations. They are conducted in the interest of the Group on an arm's length basis. Information about related party transactions during 2014 is provided in Note 9.1 of the consolidated financial statements and Note 6.1 of the separate financial statements. On June 18, 2014 the Board of Directors of World Duty Free S.p.A. resolved to approve the reverse merger of World Duty Free Group S.A.U. into World Duty Free Group España, S.A. In accordance with Art. 14, paragraph 2, of the regulations adopted by Consob resolution no. 17221/2010 concerning transactions with related parties (the "Consob OPC Regulations") and Art.12.3.1 of the procedure relating to transactions with related parties of the Company, the Company exercises the right to not apply the said procedure in relation to the reverse Merger of WDFG S.A.U. into WDFG España, which can be described as an operation of major relevance within the terms of Art. 4, paragraph 1 a) of the Consob OPC Regulations as other related parties of the Company have no significant interest in WDFG S.A.U. and WDFG España.

7.6. Statement pursuant to art. 2.6.2 (comma 10) of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A.

In respect of art. 36 of Consob Regulation no. 16191 of 29 October 2007 on conditions for the listing of companies that control entities formed or governed under the laws of countries outside the European Union that are of material significance to the consolidated financial statements, we report that four companies fall under these provisions (Aldeasa Jordan Duty Free Shops Ltd, World Duty Free Group US Inc, World Duty Free North America LLC and Aldeasa Mexico de CV), that suitable procedures have been adopted to ensure full compliance with said rules, and that the conditions stated in art. 36 have been satisfied.

7.7. Research and development

In relation to the nature of its activities, the Group invests in innovation and improvements to the quality of services. It does not conduct technological research as such.

7.8. Treasury shares

On June 18, 2014, WDF S.p.A. announced the launch of a share buy-back programme for up to 12,726,000 shares, representing 5% of its share capital, in accordance with the authorization granted by the shareholders in their meeting held on May 14, 2014.

The programme has the following aims: a) the carrying out of investment and the establishment of an inventory of shares to be used in each case subject to the provisions in force, either directly or through intermediaries for interventions to contain abnormal movements in prices and stabilise the performance of trading and prices, in the event of momentary phenomena caused by an excess volatility or low trading liquidity; b) use treasury shares to serve any share incentive plans for directors and employees of the Company and / or companies directly or indirectly controlled, either by the free grant of options to purchase, or through the 'attribution of free shares (known as stock option plans and stock grant); (c) acquire its own shares to be used, in line with the strategies of the Company, in capital transactions or other transactions in relation to which it is necessary or appropriate to exchange or sell of blocks of shares by means of an exchange, transfer or other method of disposal.

The purchases of treasury shares must take place when referring to the purposes referred to in subparagraph (a) above, at a price inclusive of purchase costs no lower than 20% and not more than a maximum of more than 20% compared to the official price of the ordinary shares registered by Borsa Italiana, S.p.A. on the trading day preceding the day on which the purchase is made, or, if referring to the purposes specified in subparagraphs (b) and (c) above, at a price inclusive of purchase costs not less than the minimum of more than 20% and not more than a maximum of more than 20% over the weighted average of the official prices of the ordinary shares of World Duty Free recorded by Borsa Italiana S.p.A. over the last ten trading days prior to the date of purchase or price fixing. Based on this criterion, established by the shareholders, the Company is presently unable to estimate the maximum amount of purchases that will be made under the program.

Purchases may be transacted on regulated markets and may also be made by trading options or financial instruments based on World Duty Free stock pursuant to the provisions of the law, including, but not limited to the Rules of the markets organized and managed by Borsa Italiana S.p.A., the Italian Legislative Decree 58/98, the Issuers' Regulations and all other applicable regulations, and therefore the rules laid down in Directive 2003/6/EC and its implementing rules and accepted EU and domestic levels practices. The number of treasury shares acquirable each day must not exceed 25% of the average volume of World Duty Free stock traded in the previous 20 trading days.

World Duty Free will disclose to the market the details of any transactions as indicated by relevant legislation and regulations. The buy-back programme may be implemented in one or more tranches within 18 months of the date of the aforementioned shareholders' resolution, ie. by November 14, 2015.

Shareholder approval does not put the Company under any obligation to make share purchases. The programme may also be implemented on a partial basis and revoked at any time, provided such decisions are promptly disclosed to the market.

At December 31, 2014, WDF S.p.A. does not hold treasury shares.

Its subsidiaries do not own equity or other instruments representing the share capital of WDF S.p.A., and did not at any time during the year, either directly or through trust companies or other intermediaries.

WDF S.p.A. and its subsidiaries, as of December 31, 2014 do not own equity or other instruments representing the share capital of the ultimate parents, and did not at any time during the year, either directly or through trust companies or other intermediaries.

7.9. Significant non-recurring events and transactions

During 2014, there were no significant non-recurring events or transactions as defined by Consob Resolution 15519 of July 27, 2006 and Consob Communication DEM/6064293 of July 28, 2006.

7.10. Atypical or unusual transactions

No atypical or unusual transactions, as defined by Consob Communications DEM/6037577 of April 28, 2006 and DEM/6064293 of July 28, 2006, were performed in 2014.

7.11. Statement of reconciliation between parent and consolidated equity

IN THOUSAND OF EURO	EQUITY AS OF DECEMBER 31, 2013	CHANGES IN EQUITY	PROFIT (LOSS) FOR 2014	EQUITY AS OF DECEMBER 31, 2014
WDF S.p.A. separate financial statements	419,095.1	-	3,434.8	422,529.9
Effect of the consolidation of subsidiaries' financial statements and related deferred taxation	37,789.9	(2.623.0)	31,467,2	66,634.1
Translation reserve	(44,903.0)	35.669.0	-	(9,234.0)
Hedging reserve (*)	(999.0)	(860.0)	-	(1,859.0)
Group consolidated financial statements	410,983.0	32,186.0	34,902.0	478,071.0
Equity attributable to non-controlling interests	8,152.0	(6,676.0)	6,594.0	8,070.0
Total consolidated equity	419,135.0	25,510.0	41,496.0	486,141.0

(*) Net of tax effects

7.12. Shareholders' Meeting

The Board of Directors, in accordance with art. 2364 (2º comma) of the Italian Civil Code and art. 21 of the by-laws, has decided to call the Shareholders' Meeting within the extended deadline of 180 days after the end of the business year, in consideration of needs and obligations relating to the preparation of the consolidated financial statements.

8 ·

Proposal for approval

Proposal for approval of the financial statements and allocation of the 2014 profit

Dear Shareholders,

The year ended December 31, 2014 closed with a profit of EURO 3,434,822.

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

motion

"In their Meeting, the shareholders:

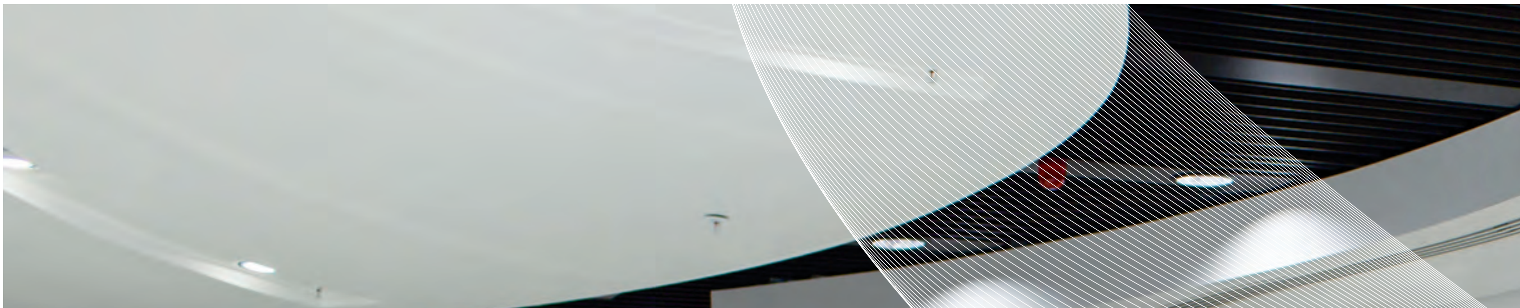
- having examined the financial statements as of and for the year ended December 31, 2014, which closed with a profit of EURO 3,434,822;
- having acknowledged the reports of the Board of Statutory Auditors and of the independent auditors, KPMG S.p.A.;

hereby resolves

a. to approve the financial statements of World Duty Free S.p.A. as of and for the year ended 31 December 2014, showing a profit of EURO 3,434,822;
b. to allocate EURO 24,000 to the Legal Reserve, as required by Italian Civil Code Art. 2430;
c. to carry forward the remaining profit for the year, in the amount of EURO 3,410,822."

March 11, 2015

The Board of Directors



Consolidated Financial Statements

AS OF AND FOR THE YEAR
ENDED DECEMBER 31, 2014

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


BOBBI BROWN
KIEHL'S
TO-GO
VACATION-READY
Great Gift Ideas

1.1. Statement of financial position

IN THOUSANDS OF EURO	NOTES	2014	OF WHICH RELATED PARTIES	2013	OF WHICH RELATED PARTIES
		AS OF DECEMBER 31			
ASSETS					
Current assets		364,400		283,450	
Cash and cash equivalents	2.4.1	53,096	-	22,772	-
Other financial assets	2.4.2	15,155	-	12,994	-
Income tax assets	2.5.9	11,642	-	13,019	-
Other assets	2.4.3	51,130	52	41,595	2,013
Trade receivables	2.4.4	48,134	38	38,659	18
Inventories	2.4.5	185,243	-	154,411	-
Non-current assets		1,652,776		1,639,759	
Property, plant and equipment	2.4.6	174,397	-	131,100	-
Investment property	2.4.7	5,636	-	6,556	-
Goodwill	2.4.8	659,236	-	617,234	-
Other intangible assets	2.4.9	527,668	-	550,478	-
Equity investments	2.4.10	-	-	8,822	-
Other financial assets	2.4.11	35,501	-	32,228	-
Deferred tax assets	2.5.9	11,025	-	29,100	-
Other assets	2.4.3	239,313	-	264,241	-
TOTAL ASSETS		**2,017,176**		**1,923,209**	
LIABILITIES AND EQUITY					
LIABILITIES		1,531,035		1,504,074	
Current liabilities		439,890		432,352	
Trade payables	2.4.12	280,950	191	235,493	15,529
Income tax liabilities	2.5.9	16,896	-	18,351	-
Other liabilities	2.4.13	45,900	2,477	63,663	2,287
Other financial liabilities	2.4.14	3,943	-	4,663	3,855
Bank loans and borrowings	2.4.16	40,000	-	73,530	-
Employee benefits	2.4.17	32,479	608	24,709	-
Provisions for risks and charges	2.4.18	19,722	-	11,943	-
Non-current liabilities		1,091,145		1,071,722	
Other financial liabilities	2.4.15	2,927	-	1,751	-
Loans, net of current portion	2.4.16	991,032	-	982,519	-
Deferred tax liabilities	2.5.9	53,818	-	63,939	-
Employee benefits	2.4.17	23,490	-	15,232	-
Provisions for risks and charges	2.4.18	11,399	-	8,281	-
Trade payables	2.4.19	8,479	-	-	-
EQUITY		**486,141**		**419,135**	
- attributable to owners of the parent	2.4.20	478,071		410,983	
- attributable to non-controlling interests	2.4.20	8,070		8,152	
TOTAL LIABILITIES AND EQUITY		**2,017,176**		**1,923,209**	

1.2.

Income statement

IN THOUSANDS OF EURO	NOTES	2014	OF WHICH RELATED PARTIES	2013(*)	OF WHICH RELATED PARTIES
Revenue	2.5.1	2,406,640	-	2,078,477	24
Other operating income	2.5.2	32,967	-	27,099	319
Total revenue and other operating income		2,439,607		2,105,576	
Supplies and goods	2.5.3	(992,959)	-	(853,290)	-
Personnel expense	2.5.4	(282,508)	(4,364)	(220,810)	610
Concession fees	2.5.5	(758,448)	-	(639,742)	-
- *Contractual fees*		*(749,969)*	-	*(639,742)*	-
- *Linearisation*		*(8,479)*	-	-	-
Other operating expense	2.5.6	(172,536)	(1,682)	(136,895)	(4,267)
Depreciation and amortization		(101,661)	-	(90,708)	-
Impairment losses on property, plant and equipment and intangible assets		(1,554)	-	(569)	-
Operating profit		129,941		163,562	
Financial income	2.5.7	11,502	-	10,801	-
Financial expense	2.5.7	(55,095)	-	(45,060)	-
Share of profit of associates	2.4.10	120	-	2,058	-
Net gain on the disposal of investments	2.5.8	10,520	-	(17)	-
Pre-tax profit		96,988		131,344	
Income tax	2.5.9	(55,492)	-	(20,469)	-
Profit for the year		41,496		110,875	
Attributable to:					
- owners of the parent		34,902		105,826	
- non-controlling interest		6,594		5,049	
Earnings per share (IN EURO CENTS)	2.5.10				
- basic		13.71		41.58	
- diluted		13.71		41.58	

(*) The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1 "Accounting policies, basis of preparation and consolidation"

1.3.
Statement of comprehensive income

IN THOUSANDS OF EURO	NOTES	2014	2013(*)
Profit for the year		41,496	110,875
Comprehensive income items that will not be subsequently reclassified to profit or loss			
Net actuarial losses on defined benefit plans	2.4.17	(12,007)	(11,980)
Income tax on comprehensive income items that will not be subsequently reclassified to profit or loss	2.4.17	1,724	2,253
Total comprehensive income items that will not be subsequently reclassified to profit or loss		(10,283)	(9,727)
Comprehensive income items that will be reclassified subsequently to profit or loss			
Effective portion of fair value change in cash flow hedges	2.4.20	(1,156)	4,658
Foreign currency translation differences for foreign operations	2.4.20	57,724	(23,308)
Gains (losses) on net investment hedge	2.4.20	(20,246)	6,208
Income tax on comprehensive income items that will be subsequently reclassified to profit or loss	2.4.20	5,964	(3,260)
Total comprehensive income items that will be subsequently reclassified to profit or loss		42,286	(15,702)
Total comprehensive income for the year		73,499	85,446
- attributable to owners of the parent		67,508	80,268
- attributable to non-controlling interests		5,991	5,178

FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER

(*) The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1 "Accounting policies, basis of preparation and consolidation"

1.4.

Statement of changes in equity (note 2.4.19)

IN THOUSANDS OF EURO	SHARE CAPITAL	LEGAL RESERVE	HEDGING RESERVE	TRANSLATION RESERVE	OTHER RESERVES	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EQUITY
BALANCE AS OF JANUARY 1, 2014	63,720	12,720	(999)	(44,903)	380,445	410,983	8,152	419,135
Comprehensive income for the year								
Profit for the year	-	-	-	-	34,902	34,902	6,594	41,496
Effective portion of fair value change in cash flow hedges, net of tax effect	-	-	(860)	-	-	(860)	-	(860)
Translation differences on foreign investments	-	-	-	50,253	8,073	58,326	(602)	57,724
Gains (losses) on net investment hedge, net of tax effect	-	-	-	(14,584)	-	(14,584)	7	(14,577)
Net actuarial losses on defined employee benefit plans, net of the tax effect	-	-	-	-	(10,276)	(10,276)	(8)	(10,284)
Total comprehensive income for the year	-	-	(860)	35,669	32,699	67,508	5,991	73,499
Contributions by and distributions to owners of the parent								
Dividend distribution	-	-	-	-	-	-	(7,388)	(7,388)
Changes in Group consolidation scope	-	-	-	-	(363)	(363)	1,315	952
Share-based payments	-	-	-	-	(57)	(57)	-	(57)
Total contributions by and distributions to owners of the parent	-	-	-	-	(420)	(420)	(6,073)	(6,493)
BALANCE AS OF 31 DECEMBER, 2014	63,720	12,720	(1,859)	(9,234)	412,724	478,071	8,070	486,141

IN THOUSANDS OF EURO	SHARE CAPITAL	LEGAL RESERVE	HEDGING RESERVE	TRANS-LATION RESERVE	OTHER RESERVES	EQUITY ATTRIBU-TABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBU-TABLE TO NON-CON-TROLLING INTERESTS	EQUITY
BALANCE AS OF JANUARY 1, 2013	-	-	(4,258)	(28,683)	628,482	595,541	2,657	598,198
Comprehensive income for the year								
Profit for the year	-	-	-	-	105,826	105,826	5,049	110,875
Effective portion of fair value change in cash flow hedges, net of tax effect	-	-	3,259	-	-	3,259	-	3,259
Translation differences on foreign investmentse	-	-	-	(20,567)	(2,870)	(23,437)	129	(23,308)
Gains (losses) on net investment hedge, net of tax effect	-	-	-	4,347	-	4,347	-	4,347
Net actuarial losses on defined employee benefit plans, net of the tax effect	-	-	-	-	(9,727)	(9,727)	-	(9,727)
Total comprehensive income for the year	-	-	3,259	(16,220)	93,229	80,268	5,178	85,446
Contributions by and distributions to owners of the parent								
Incorporation of WDF SpA (March 27, 2013)	120	-	-	-	10	130	-	130
Demerger effect	63,600	12,720	-	-	(76,320)	-	-	-
Transaction costs for the issuance and the listing of the shares	-	-	-	-	(8,956)	(8,956)	-	(8,956)
Dividend distribution	-	-	-	-	(220,000)	(220,000)	(1,080)	(221,080)
Changes in Group consolidation scope	-	-	-	-	(35,962)	(35,962)	1,397	(34,565)
Share-based payments	-	-	-	-	(38)	(38)	-	(38)
Total contributions by and distributions to owners of the parent	63,720	12,720	-	-	(341,266)	(264,826)	317	(264,509)
BALANCE AS OF DECEMBER 31, 2013	63,720	12,720	(999)	(44,903)	380,445	410,983	8,152	419,135

(*) The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1 "Accounting policies, basis of preparation and consolidation"

1.5.

Statement of cash flows

IN THOUSANDS OF EURO	NOTES	2014	OF WHICH RELATED PARTIES	2013(*)	OF WHICH RELATED PARTIES
		FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER			
Cash and cash equivalents at the beginning of the year	2.4.1	22,772		18,684	
Pre-tax profit and net financial expense for the year		140,581	(6,163)	165,603	(4,006)
Amortization, depreciation and impairment losses on non-current assets, net of reversals		103,215	-	91,277	-
Impairment losses and (gains)/losses on disposal of financial assets	2.5.8	(10,639)	-	(2,041)	-
(Gains)/losses on disposal of non-current assets		(238)	-	488	-
Change in working capital		(31,126)	(13,284)	(20,159)	302
Linearisation of concession fees		8,479	-	-	
AENA Advances (Increase)/Decrease	2.4.3	29,237	-	(261,925)	-
Net change in non-current non-financial assets and liabilities		15,436	-	13,087	-
Cash flows from / (used in) operating activities		254,945		(13,670)	
Net taxes paid		(49,070)	-	(50,800)	-
Net interest paid		(42,764)	(128)	(31,582)	(637)
Net cash flows from / (used in) operating activities		163,111		(96,052)	
Acquisition of the US Retail Division		(13,237)	-	(76,124)	
Acquisition of property, plant and equipment	2.4.6-9	(72,926)	-	(49,689)	-
Proceeds from sale of property, plant and equipment		3,220	-	152	-
Proceeds from the sale of associates		22,540	-	-	
Proceeds from the sale of subsidiaries		950	-	-	
Net change in non-current financial assets		(3,581)	-	(26,077)	-
Net cash flows used in investing activities		(63,034)		(151,738)	
Opening of new non-current loans	2.4.16	921,864	-	1,124,922	-
Repayments of non-current loans	2.4.16	(979,134)	-	(645,111)	(70,000)
Repayments of current loans, net of new loans	2.4.16	(14,381)	(4,379)	5,973	-
Dividends paid	2.4.20	(4,106)	-	(220,080)	(220,000)
Transaction costs for the issue and listing of the shares		(2,775)	(1,716)	(5,681)	1,789
Incorporation of World Duty Free, S.p.A.	2.4.20	-	-	130	-
Other cash flows		1,558	-	(6,834)	-
Net cash flows from / (used in) financing activities		(76,974)		253,319	
Net increase / (decrease) in cash and cash equivalents		23,103		5,529	
Effect of exchange rate fluctuation on net cash and cash equivalents		7,221		(1,441)	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2.4.1	53,096		22,772	

(*) The combined financial information for the year ended December 31, 2013 has been prepared in accordance with paragraph 2.1. "Accounting policies, basis of preparation and consolidation"

2 •

Notes to the consolidated financial statements

GROUP OPERATIONS

World Duty Free S.p.A. (hereafter also referred to as "WDF S.p.A.") is a public limited company incorporated on March 27, 2013 under the laws of the Italian Republic. The duration of the company is fixed at December 31, 2070. WDF S.p.A.'s registered office is located in Novara, Via Greppi 2. The secondary office is located in Milan, Corso di Porta Vittoria, 16.

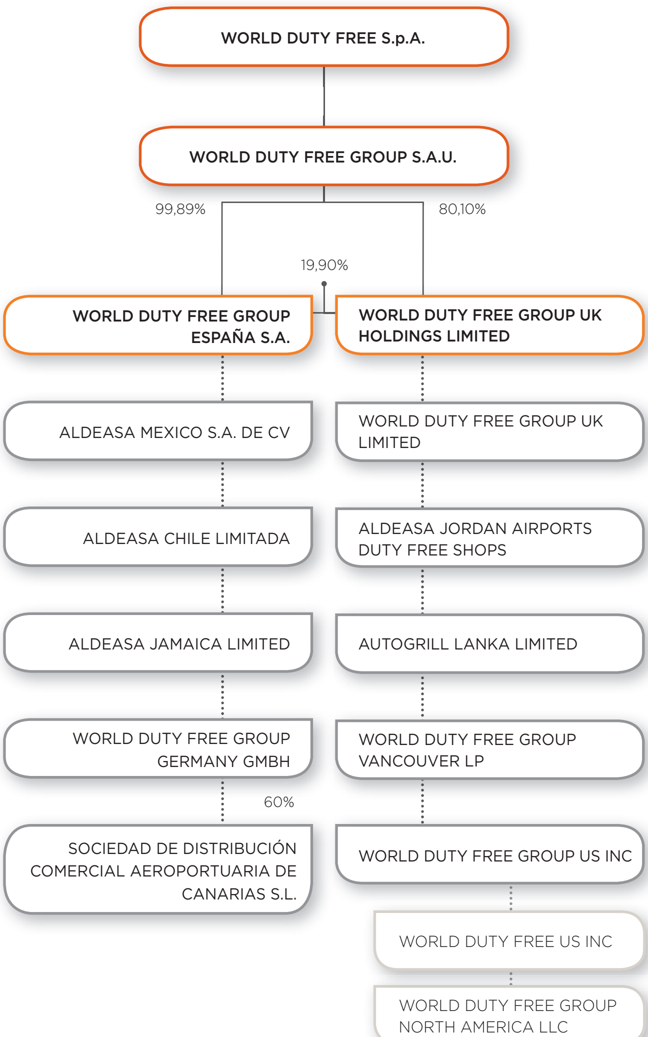
The company is a subsidiary of Schematrentaquattro S.p.A., which holds, as of December 31, 2014 50.1% of its share capital. Schematrentraquattro S.p.A. is fully owned by Edizione S.r.l.

WDF S.p.A. and its subsidiaries (the "WDF Group", "WDFG" or the "Group") are engaged, almost exclusively at airport venues, in the sale of fragrances and cosmetics, spirits, tobacco products and other items with "duty free" and "duty paid" tax status.

The WDF Group operates stores throughout the world in the following geographical regions: (I) United Kingdom; (II) rest of Europe (mainly Spain, but also Finland, Germany and Italy); (III) Americas (mainly Brazil, Canada, Chile, Curaçao, Jamaica, Mexico, Peru and the United States of America); and (IV) Asia and Middle East (mainly India, Jordan, Kuwait, and Sri Lanka).

Group structure

The Group's main companies are shown in the chart below:



On June 18, 2014, the Board of Directors of World Duty Free S.p.A. approved the project to streamline and optimise the Group's organisational structure by merging World Duty Free Group S.A.U. and World Duty Free Group España S.A. The General Meetings of the respective companies, held on December 15, 2014, approved the merger, which became effective in January 2015 when the relevant public deed was filed. The resulting entity is called World Duty Free Group, S.A.

For a complete list of the WDF Group's subsidiaries at December 31, 2014, please see Annex 1.

The Group holds the majority of the voting rights in all its subsidiaries. There are no individually significant non-controlling interests. The subsidiaries with non-controlling interests are:

- Sociedad de Distribución Comercial Aeroportuaria de Canarias, S.A. This company operates stores in the airports of the Canary Islands (Spain), most of them included in the concession agreement entered into with AENA for Lot 3 as described below;

- World Duty Free Group North America, LLC and its subsidiaries. This subgroup is composed of 27 companies. As detailed in Annex 1, the Group holds the majority of the shares or quotas in said companies. Indeed, local laws require that operations carried out with public entities, such as airport companies, involve "accredited disadvantaged business enterprises" (for instance, ethnic minorities). There are no individually significant non-controlling interests.

The competitive scenario

The WDF Group runs its activities under the duty free and the duty paid regimes. In particular, under the duty free regime, goods sold are exempt from import taxes, customs and other taxes while under the duty paid regime, import taxes and other taxes are applied to the goods sold. As regarding the stores managed in the European Union, in accordance with Directive 91/680/CEE of December 16, 1991 (superseded by Directive 2006/112/CEE) the duty paid regime applies if the passenger's final destination is domestic or a European Union member state, while the duty free regime applies if the passenger's final destination is outside of the European Union.

The airport stores are typically operated pursuant to so called concession agreements entered into by the airport authorities (as licensors) and the group (as licensee). The conditions, duration and fees payable are set in each of the concession agreements and they may differ significantly from one agreement to the other. The most significant agreements are those signed with the former BAA Airports Limited and with AENA in the case of the United Kingdom and Spain, respectively.

The UK Framework agreement

In May 2008, the Group and the UK Airports Operators,[14] all belonging to BAA Group at that date, entered into a Framework Agreement, which provides the terms and conditions under which WDFG manages certain retail shops located in the commercial areas of the London Heathrow, Gatwick and Stansted airports and of the Southampton, Edinburgh, Glasgow and Aberdeen airports for the sale of certain categories of goods (e.g. "Beauty", "Tobacco", "certain Food" and "Liquor" categories). The framework agreement is supplemented by specific attachments entered into at a later stage as a result of transfers of ownership of some of the UK Airports Operators. However, the contents of the individual agreements reflect the original framework agreement.

The Framework Agreement will expire upon either expiration or termination of all concession agreements with the individual airports. The individual concession agreements will expire on May 21, 2020, and WDFG may benefit from a three-year extension subject to certain conditions being met. Furthermore, on October 2, 2014, the Group and Heathrow Airports Ltd agreed a six years and six months extension of its concession agreements to operate at Heathrow. The extension applies to stores currently operated by WDFG in all Heathrow terminals, postponing the expiration of the agreement from 2020 to 2026.

The fees WDFG shall pay under each concession agreement are equal to the greater of: (I) a variable fee that is calculated by applying to the revenue a percentage provided under each individual concession agreement for every category of product and tax regime; and (II) a yearly minimum guaranteed fee provided under each Individual Concession Agreement. The minimum guaranteed fees are calculated in relation to the number of outgoing international passengers.

[14] Heathrow Airport Ltd, Gatwick Airport Ltd, Stansted Airport Ltd, Southampton International Airport Ltd, Edinburgh Airport Ltd, Glasgow Airport Ltd and Aberdeen Airport Ltd

The AENA agreements in Spain

On June 29, 2012, AENA, in accordance with the principles foreseen in the Spanish Law 31/2007 for negotiation procedures, issued a public call to tender for the "Travel Retail" activity under the "Duty Free" and "Duty Paid" systems in premises allocated by AENA Aeropuertos, S.A. for this business for the period 2013-2020.

The tender was grouped in three different lots of airports:

- Lot 1, composed of 11 airports, Madrid being the main one
- Lot 2, composed of 9 airports, Barcelona being the main one
- Lot 3, composed of 6 airports, all of them located in the Canary Islands.

On December 18, 2012, AENA's Directors agreed to award the new contracts for the three airport lots to the WDF Group.

In February 2013, WDF subsidiaries World Duty Free Group España S.A. (in connection with Lots 1 and 2) and Sociedad de Distribución Comercial Aeroportuaria de Canarias S.L. (in connection with Lot 3) and AENA executed the corresponding agreements (the "AENA Agreements").

The three Lots are governed by separate agreements, with a rent which is the higher of I) a variable percentage of sales and II) a Minimum Annual Guarantee (MAG). Variable percentages of sales and MAG differ by Lot.

The agreed rents are based on the long-term traffic forecasts issued by AENA at the time of the tender in 2012. The MAGs for the lots over the contract term are shown in the table:

IN THOUSANDS OF EURO

YEAR	LOTS 1 e 2	LOT 3
2013	97,620	2,638
2014	152,872	25,740
2015	206,106	42,305
2016	229,119	48,422
2017	247,531	54,937
2018	263,270	57,731
2019	280,898	60,410
2020	266,809	52,305
	1,744,225	344,488

In February 2013, the Group paid to AENA, as set out in the AENA Agreements: (I) the sum of EURO 278,933 thousand (plus VAT amounting to EURO 58,576 thousand) as advance payment of a portion of the concession fees payable over the duration of the contracts; and (II) EURO 27,318 thousand as a security deposit. The advance payment is to be gradually recovered by means of deductions from the concession fees payable over the duration of the AENA Agreements (see Note 2.4.3) based on a calendar agreed between the parties. The security deposit will be reimbursed in full at the end of the concession agreement provided that the Group's contractual obligations under the AENA Agreements are satisfied. (see Note 2.4.11).

Pursuant to the terms of the AENA Agreements, three bank guarantees (one per Lot) were provided to the Spanish airport company on behalf of the WDF Group to cover its contractual obligations under the Agreements. For additional details, please see the more comprehensive information provided in note 8 "Guarantees provided, commitments and contingent liabilities."

Apart from the payment of the concession fees described above, the company shall pay an additional rent for the support spaces as well as fulfil investment commitments of EURO 94 million throughout the life of the agreements.

In addition to the contracts for Lots 1, 2 and 3, the Group operates other stores in the Spanish airports awarded in different tenders. The operations of these stores are governed by agreements separate from the AENA agreements and represent less than 1.5% of the consolidated revenue of the Group in 2014.

2.1. Accounting policies, basis of preparation and consolidation

The main measurement criteria and significant accounting policies adopted in the preparation of these consolidated financial statements are described below.

GENERAL STANDARDS

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (*International Accounting Standards* – IAS and *International Financial Reporting Standards* – IFRS) issued by the International Financial Reporting Standards Board and endorsed by the European Union (EU-IFRS), supplemented by the respective interpretations (*Standing Interpretations Committee* – SIC and *International Financial Reporting Interpretations Committee* – IFRIC) (all of the abovementioned standards and interpretations are being hereinafter referred to as the "IFRS").

Moreover, please note that the IFRS have been applied consistently for all of the periods presented in these consolidated financial statements.

For a better understanding of the financial statements, the Group reclassified a number of line items compared with the information for the previous year. These changes had no impact on equity and the result for the previous year. The main reclassifications are set out below:

- Advance to suppliers of merchandise, amounting to EURO 2,182 thousand, have been reclassified from "Inventories" to "Trade receivables."
- Employee benefit liabilities are presented in separate lines of the statement of financial position. Current liabilities include EURO 25,285 thousand that were presented as at December 31, 2013 under 'Other payables', while the amount recognized under non-current liabilities is EURO 15,232 thousand and includes EURO 2,752 thousand presented as "Other non-current payables" as well as EURO 11,904 thousand classified as "Defined benefit plans" as at December 31, 2013.
- Accrued interest, amounting to EURO 1,615 thousand, has been reclassified from "Other financial liabilities, current" to "Bank loans and borrowings, current"
- The fees earned on credit card collections, amounting to EURO 1,083 thousand, have been reclassified from "Other operating expense" to "Other operating income."
- Transport costs, amounting to EURO 5,579 thousand, have been reclassified from "Other operating expense" to "Cost of supplies and goods."
- Costs for leases, rents, concessions and royalties have been reclassified as follows: fees were reclassified to "Concession fees" and rents, totaling EURO 17,717, to "Other operating expense."

The Consolidated Financial Statements have been prepared in accordance with the resolutions regarding the financial statement presentation format adopted by CONSOB in implementation of Article 9 of Legislative Decree No. 38/2005 and other CONSOB regulations and resolutions concerning financial statements.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for the items that, in accordance with IFRS, are measured at fair value, as specified in the individual accounting policies below, and in accordance with the going concern assumption. They have been prepared with clarity and give a true and fair view of the financial position, results of operations and cash flows of the WDF Group.

Below are described the nature and impact of the accounting standards and amendments issued by the IASB and endorsed by the European Union which were adopted for the first time in these financial statements:

- IFRS 10, 'Consolidated financial statements': establishes the principles for the preparation and presentation of the consolidated financial statements, introducing a new and comprehensive control framework.
- IFRS 11, 'Joint arrangements': establishes the principles to be followed in classifying joint arrangements and the related accounting treatment in the consolidated and separate financial statements.
- IFRS 12, 'Disclosure of interests in other entities': sets out the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates and consolidated and unconsolidated structured entities.
- IAS 28 "Investments in associates and joint ventures": establishes the principles to identify instances of significant influence over an associate. It also introduces the criteria for the application of the equity method with reference to associates and joint ventures.
- Amendments to IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosure of interests in other entities: Transition guidance and amendments to IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities, IAS 27 Separate financial statements and IAS 28 Investments in associates and joint ventures: investment entities: these amendments clarify certain implementation issues and the criteria to be followed in the accounting of subsidiaries, associates and joint venture when the parent is an investment entity.
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36: these amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units (CGUs) for which an impairment loss has been recognized or reversed during the period.
- Novation of Derivatives and continuation of Hedge Accounting – Amendments to IAS 39: these amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.
- Offsetting financial assets and financial liabilities – Amendments to IAS 32: these amendments clarify the offsetting criteria in IAS 32.

The application of new standards and amendments had no significant impact on the Group's consolidated financial statements, except for additional disclosure requirements concerning non-controlling interests.

The WDF Group did not adopt early the standards or interpretations reported below, which are mandatory for annual periods beginning on or after 1 January 2015.

NEW STANDARDS AND INTERPRETATIONS NOT YET APPLICABLE

The table below lists the IFRS, interpretations, amendments to existing standards and interpretations or specific provisions contained in standards or interpretations approved by the IASB, showing those that were endorsed and not endorsed by the European Union as of the date of the preparation of these consolidated financial statements.

The Group is assessing the potential impact on the consolidated financial statements resulting from the application of these standards. However, based on a preliminary analysis, no significant effects should arise from the application of the above mentioned accounting standards.

DESCRIPTION	ENDORSED BY THE EU AT THE DATE OF THE FINANCIAL STATEMENTS	IASB EFFECTIVE DATE
IFRS 9 Financial Instruments	NO	January 1, 2018
IFRS 14 Regulatory deferral accounts	NO	January 1, 2016
IFRS 15 Revenue from contracts with customers	NO	January 1, 2017
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the consolidation exception	NO	January 1, 2016
Amendments to IAS 1: Disclosure Initiative	NO	January 1, 2016
Annual Improvements to IFRSs 2012–2014 Cycle	NO	January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NO	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	NO	January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	NO	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	NO	January 1, 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	NO	January 1, 2016
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	YES	July 1, 2014
Annual Improvements to IFRSs 2010–2012 Cycle	YES	July 1, 2014
Annual Improvements to IFRSs 2011–2013 Cycle	YES	July 1, 2014
IFRIC 21 Levies	YES	January 1, 2014

BASIS OF PREPARATION OF THE COMPARATIVE FIGURES

Demerger of Autogrill S.p.A. in favor of World Duty Free S.p.A. and basis of presentation of the comparative figures.

On October 1, 2013, the partial proportional demerger of Autogrill S.p.A. in favor of WDF S.p.A. (the "Demerger") became effective, following the resolutions of the respective shareholders' meetings on June 6, 2013.

Under the Demerger, Autogrill S.p.A. transferred to WDF S.p.A. its investment in World Duty Free Group S.A.U. ("WDFG S.A.U."), a parent of a group operating in the Travel Retail & Duty Free sector ("Group WDFG S.A.U."). The Demerger was considered a "business combination involving entities or businesses under common control." It was therefore excluded from the application of IFRS 3 and IFRIC 17 (International Financial Reporting Committee) and was recognized applying the continuity of values principle.

For the purpose of the Demerger, WDF S.p.A. prepared and issued on September 26, 2013 the information document, pursuant to Article 57, paragraph 1, letter d) of the Issuers Regulation (the "Information Document") for the admission to trading on the *Mercato Telematico Azionario* (MTA) of its shares, in order to make available information deemed by CONSOB equivalent to the information contained in a listing prospectus.

Consistently with the approach already followed in the consolidated financial statements of the Group as of and for the year ended December 31, 2013, the comparative figures from 2013 concerning the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement included in these Consolidated Financial Statements represent the combined financial position and results of operations of the WDF Group for the annual period ended December 31, 2013, irrespective of the Demerger's effective date (October 1, 2013). Therefore, the comparative figures represent the combined financial position and results of operations of WDF S.p.A. for the period from March 27, 2013 (date of incorporation) to December 31, 2013 and the consolidated results of the WDFG S.A.U. Group for the twelve month period ended December 31, 2013.

For further information about the Demerger and the basis of preparation of the Group's comparative financial information, please refer to the consolidated financial statements of the WDF Group as of and for the year ended December 31, 2013.

STRUCTURE, FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

WDF made the following choices regarding the presentation format and content of the Consolidated Financial Statements:

- in the statement of financial position, current and non-current assets and liabilities are shown separately;
- in the income statement, costs and revenue are classified by nature;
- the statement of comprehensive income is presented separately;
- the statement of cash flows is presented using the indirect method.

The presentation formats used, as described above, are those most suitable to present the results of operations, financial position and cash flows of WDF.

The Group's financial statements are presented in Euro, which is the Group's presentation currency. The amounts in the statements as well as the tables in the notes are in thousands of Euros, unless otherwise indicated.

CONSOLIDATION SCOPE AND CRITERIA

Consolidation scope

There were no changes in the consolidation scope during 2014 compared to 31 December 2013, except for the sale of the equity investment in the wholly-owned subsidiary Palacios y Museos S.L.U., completed in September 2014, and the acquisition of Finnair's stores in Helsinki airport by the subsidiary WDFG Helsinky Oy. Please refer to note 2.2 for more information.

In 2014, Palacios y Museos S.L.U. contributed EURO 8,065 thousand to the Group's consolidated revenue.

Subsidiaries

Subsidiaries are entities the Group either controls or is exposed to variable returns from its involvement with the entity, or has rights to them, and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

In the event control is lost, the Group derecognizes the assets and liabilities of the former subsidiary, as well as any non-controlling interests and the other components of equity related to subsidiaries. Any gain or loss associated with the loss of control is recognized in profit/(loss) for the year. Any investment retained in the former subsidiary is initially recognized at its fair value when control is lost.

Below is the basis of consolidation:

(I) ACCOUNTING AND TIMING STANDARDIZATION

The financial statements of each company in the scope of consolidation are prepared following the local policies and adjusted, if needed, to follow the Group accounting policies, based on EU-IFRS.

If one entity closes its financial statements on a date other than that of the consolidated financial statements, its consolidation takes into account interim financial statements for the same date and period of time of the consolidated financial statements.

World Duty Free Group North America, LLC and its subsidiaries close their financial year on the Friday closest to December 31 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 relevant accounting data included in the 2014 consolidated financial statements cover the period from January 5, 2014 to January 2, 2015.

(II) TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The financial statements of each company in the scope of consolidation are prepared in its functional currency. For the purpose of the consolidated financial statements, the asset and the liabilities of 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 year-end rates. Income and expense are converted at the average exchange rates for the year, which approximate those at the date of the transactions. Exchange rate differences are recognized in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity. These are the main exchange rates used to translate the financial statements of the main subsidiaries with a functional currency other than the Euro:

	RATE ON DECEMBER, 31 2014	AVERAGE RATE FOR THE YEAR	RATE ON DECEMBER, 31 2013	AVERAGE RATE FOR THE YEAR
US dollar	1.2141	1.3285	1.3791	1.3281
British pound	0.7789	0.8061	0.8337	0.8493
Canadian dollar	1.4063	1.4661	1.4671	1.3684
Mexican peso	17.8975	17.6733	18.0446	16.9646

(III) the assets and liabilities, revenue and costs of the subsidiaries are consolidated line by line and the proportionate share of equity and profit (loss) is allocated to non-controlling interests where applicable; equity and profit (loss) attributable to non-controlling interests are reported separately in equity, the income statement and the statement of comprehensive income;

(IV) significant gains and losses, with the related tax effects, arising from transactions between consolidated companies, and not yet realized with third parties, are eliminated, unless the transaction provides evidence of impairment of the asset transferred. Intragroup payables and receivables, expenses and revenue, and financial income and expenses are also eliminated if significant.

Interests in equity-accounted investees

Interests in equity-accounted investees are represented by associates.

Associates are companies over whose financial and operational policies WDF has a significant influence, but not control or joint control. According to the equity method, they are initially recognized at cost. Subsequently, the Group recognizes its share of the profit or loss and other comprehensive income of the investee until the date on which significant influence ceases or the investment is classified as held for sale.

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.

Business combinations

WDF applies the acquisition method to business combinations except for those under common control. Under the acquisition method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and of the liabilities assumed by WDF on the date of acquisition and the equity instruments issued in exchange for control of the company acquired. Costs incidental to the acquisition are recorded in the statement of comprehensive income as incurred.

The identifiable assets acquired and the liabilities assumed are recognized at fair value on the acquisition date, except for the following items which are recognized in accordance with their relevant accounting policy:

- Deferred tax assets and liabilities;
- Employee benefit assets and liabilities;
- Liabilities or equity instruments relating to share-based payments of the company acquired or to payments based on the shares of the Group, issued to replace contracts of the company acquired;
- Assets held for sale and discontinued operations.

Goodwill acquired in a business combination is allocated to the cash-generating units expected to benefit from the synergies of the combination.

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 net value at the acquisition date 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 re-measured at its acquisition-date fair value and any resulting gain or loss is recognized in profit or loss.

Business combinations under common control

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and such control is not transitory, are considered business combinations involving entities "*under common control*." Business combinations under common control are excluded from the scope of IFRS 3 "*Business Combinations*", which governs the accounting for business combinations, and from other IFRS. In the absence of an applicable accounting standard, such transactions should be accounted for considering the requirements of IAS 8, ensuring the reliable and faithful representation of the transaction. The accounting principles chosen to account for business combinations under common control should reflect the economic substance of the transaction, independent of the legal form. The key driver when considering the accounting treatment is the economic effect of the transaction, which should make reference to an increase in value which should be realized as a significant variation in cash flows of the net assets transferred.

In relation to the accounting treatment of the transaction, the Group also follows the current guiding principles and interpretations, in particular the guidance set out by OPI 1 (Assirevi preliminary guidelines regarding IFRS) "*Business combinations of entities under common control in separate and consolidated financial statements*."

WDF recognises net assets transferred in a business combination under common control based on the pre-acquisition carrying amount as presented in the consolidated financial statements of the common parent and recognizes the difference between the consideration amount and the net asset value of the assets transferred as an adjustment to the consolidated equity reserves attributable to the Group.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency of the Group's company at the exchange rates ruling at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency based on the exchange rate ruling at the reporting date. Exchange rate differences are recognized in profit or loss.

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.

TRADE AND OTHER CURRENT AND NON-CURRENT ASSETS

"Trade receivables" and "Other assets" 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 investment) 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 reporting date 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.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

INVENTORIES

Inventories are recognized at the lower of purchase cost and market value. Purchase cost includes directly attributable expenses, net of discounts, calculated using the average cost method. When the carrying amount of inventories is higher than their net realizable value, they are written down and an impairment loss is recognised in 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.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

"Property, plant and equipment" and "Investment property" 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. 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 or with a significantly different useful life to that of the asset to which the component belongs are considered separately when determining depreciation.

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.

"Property, plant and equipment" and "Investment property" are systematically depreciated on a straight-line basis at rates deemed to reflect their estimated useful lives. WDF reviews the useful life of property, plant and equipment and investment property annually.

The depreciation periods used are as follows:

	ESTIMATED USEFUL LIFE
Buildings and investment property	25-50 years
Plant and machinery	3-15 years
Other equipment	4 years
Furniture	4-10 years
Electronic machinery	4-10 years
Motorvehicles	6 years
Other	4-10 years

Land is not depreciated.

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

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

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

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. For more details please refer to the following paragraph "Impairment losses on non-financial assets."

Upon the sale of a company or part of a company whose previous acquisition gave rise to goodwill, the residual value of the goodwill is taken into consideration in order to determine 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 on a systematic basis over their useful life when it is likely that use of the asset will generate future economic benefits.

WDF reviews the estimated useful life and amortization method of these assets annually and whenever there is evidence of possible impairment losses. If impairment losses arise — determined in accordance with the section "Impairment losses on non-financial assets" — the asset is impaired accordingly.

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

	ESTIMATED USEFUL LIFE
Concessions	7-20 years
Licenses and trademarks	5-20 years
Software	3 years
Other	Term of the right

CONCESSIONS

The Group operates a significant number of stores worldwide, located mainly in airports. The concessions granted by the airport authorities may comprise one or several stores and are awarded either in a public or in a private tender or as a result of private negotiations.

The airport authorities grant the right to sell a predefined assortment of products to travelers during the concession period as defined in the concession agreements, which typically define, among other aspects:

- concession fees;
- investment commitments;
- positioning of the stores.

The concession fees may be:

- fixed;
- variable:
  - based, for instance, on the space allocated, sales, or the number of passengers;
  - they may include a minimum guaranteed amount, either fixed or increasing over time, calculated on the basis of the space allocated, sales, the number of passengers, average spending per passenger, or a combination of these factors.

The Group analyzes the various contractual provisions in order to assess whether or not the agreements qualify as operating leases. Often, the agreements include provisions that may suggest they are operating leases, and other elements that may lead to different conclusions.

As the IFRSs do not include specific references to the accounting for concession agreements, the Group refers to IAS 17 and the relevant interpretations also in accounting for those concession agreements that do not immediately qualify as operating leases.

Fixed concession fees that remain constant over time are accounted for based on contractual provisions. Fixed concession fees that may increase or decrease over time are accounted for on a straight-line basis over the term of the agreement, except if there are other contractual provisions concerning the allocation of the overall expense, recognizing a liability or an asset through profit or loss in a specific line item called "concession fees – Linearisation" for the excess/shortfall over/under the contractual amount for the individual year.

Entirely variable concession fees are accounted for using the accrual basis of accounting according to contractual provisions.

For concession agreements providing for variable fees as well as minimum guaranteed fees, the Group's management carries out an analysis at the time they are entered into to assess the likelihood the minimum guaranteed amounts will be paid on a recurring basis over the term of the agreement. This analysis considers a series of factors, including the existence of mechanisms to adjust the minimum guaranteed amounts in the future, together with the Group's management assessment of the likelihood that these adjustments will occur, as well as the probability that the variable fees, calculated based on sales estimates for the term of the agreement, will exceed the minimum guaranteed amounts. Therefore, if the assessment suggests that concession fees will be essentially variable, the Group will recognize them to the extent of the variable fee established in the agreement; conversely, if concession fees are likely to correspond to the minimum guaranteed amounts, they will be recognized as described above concerning fixed concession fees, on a straight line basis through the Linearisation of the cost over the term of the contract. In the event the circumstances change, the Group's management revises its previous assessments concerning the likelihood the minimum guaranteed amounts will be paid; the change in estimates and the relevant accounting effects are recognized prospectively over the remaining contractual term of the concession agreement.

LEASES

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 split 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 using the method above described for Concessions, to which reference should be made.

IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

Annually, or when specific events or changed circumstances indicate the possibility of a loss in value, WDF evaluates whether there is internal or external evidence of impairment of its property, plant and equipment or intangible assets with definite useful life. 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 (CGU) is a group of assets that generates cash flows largely 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 indefinite life intangible assets are tested for impairment at each reporting date 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.

Group management performs impairment testing as follows: I) the recoverable amount is calculated for each cash-generating unit, although in the case of property, plant and equipment, whenever possible, impairment is calculated for each individual item; II) 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.

Every year senior management prepares a five-year business plan, by market and activity, for each CGU. The main components of this plan are profit and loss projections and investment and working capital projections. Other factors which affect the calculation of recoverable amount are: I) the discount rate to be applied, understood to be the average cost of capital, considering the specific risks of the assets; and II) the cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets and forecasts; III) the estimated probability that the concessions will be renewed.

The projections are prepared on the basis of past experience and the best estimates available, which are consistent with external sources of information.

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 remaining amount 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 recognized. The reversal of impairment losses is taken to the income statement.

Based on the Group's organizational structure and activities, the cash-generating units are essentially the same as the geographical areas.

TRADE PAYABLES

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

LOANS AND BORROWINGS

Interest-bearing loans, bank loans and current 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, if the financial effect of payment deferral is material.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are expensed as the related service is rendered. WDF recognizes a liability for the amount expected to be paid if it has a present, legal or constructive obligation to make such payments as a result of past events and the obligation can be estimated reliably.

Share-based payment transactions

The grant-date fair value of equity settled share-based payment bonuses granted to employees is recognized under expenses, with a corresponding increase in equity, over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of equity instruments for which the related service and non-market performance conditions are met, such that the amount ultimately recognized as an expense is based on the number of equity instruments that satisfy those conditions at the vesting date. For share-based payment bonuses with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions. Concerning non-vesting conditions, any differences between the assumptions made at the grant date and the actual outcome have no accounting impact.

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 during which the employees become unconditionally entitled to payment. The liability is measured at each reporting date and at the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognized in the income statement.

Defined contribution plans

Contributions to be paid to defined-contribution plans are expensed as employees render their service; the contributions paid in advance are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined benefit plans

The Group's net obligations is respect of its defined benefit plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted and the fair value of any plan assets is deducted from liabilities.

An independent actuary calculates the obligation using the projected unit credit method. If the calculation generates a contingent asset for the Group, the carrying amount of said asset is limited to the present value of economic benefits available in the form of cash 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.

Actuarial gains and losses, the returns on plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) arising from the remeasurement of the net liability for defined benefit plans are immediately recognized in other comprehensive income. Net interest for the period on the net defined benefit liability/(asset) is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net liability/(asset), accounting for any changes in the net defined benefit liability/(asset) occurred during the period as a result of the contributions received and the benefits paid. Net interest and the other costs relating to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit relating to past service by employees or the gain or loss on curtailment is recognised in profit or loss when the plan amendment or curtailment occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted. Remeasurements are recognized in profit or loss in the period in which they arise.

Post-employment benefits

Post-employment benefits are recognized as an expense when the Group is demonstrably committed without possibility of withdrawal to provide them or, if earlier, when the Group recognizes the restructuring costs. Termination benefits that fall due more than twelve months after the reporting period are discounted.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recognized when WDF 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 contract provision is recognized when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. 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 WDF 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.

EQUITY

SHARE CAPITAL

The share capital is composed wholly of ordinary shares.

COSTS FOR EQUITY TRANSACTIONS

Transaction costs directly attributable to equity transactions are accounted for and deducted from equity.

RECOGNITION OF REVENUE AND COSTS

Purchases and sales of goods are recognized 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 rewards 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 rewards 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 case 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.

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 available-for-sale financial assets), dividends received, proceeds from the transfer of available-for-sale financial assets, fair value changes in financial assets recognized in profit or loss, income arising from a business combination due to the re-measurement 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 sale of available-for-sale financial assets, fair value changes in financial assets at fair value through 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.

Borrowing 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 exchange rate 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.

INCOME TAX

The tax expense 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. The taxable profit 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 and tax assets. Current tax liabilities are determined using the enacted tax rates in effect (on an official or de facto basis) on the reporting date in the countries where WDF operates.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that future taxable profit 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 a future taxable profit.

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 profit. 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 enacted at the reporting date or approved and not yet in force.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax receivables and payables and when they pertain to the same tax authorities.

WDF S.p.A. and WDFG Italia S.r.l. (formerly Alpha Retail Italia S.r.l.) agreed to be included in the national tax consolidation scheme of Edizione S.r.l., for the three-year period from 2013 to 2015, in accordance with provisions of the Consolidated Income Tax Act. The contract signed by the parties provides for payment in full of the amount corresponding to the transferred losses or profits times the IRES (corporate tax) rate, as well as the transfer of any tax assets. Tax losses are reimbursed when Edizione S.r.l. uses them within the tax consolidation scheme.

EARNINGS PER SHARE

The Group 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 WDF S.p.A. 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 for the effects of all dilutive potential ordinary shares.

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 swap, forward rate agreements, and combination of these. The use of derivatives is governed by Group policies approved by the WDF 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. Please refer to the policy described in note 4 "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 (the actual effectiveness is within a range of 80%-125%); (III) the hedge is effective throughout the 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 measurement 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.

USE OF ESTIMATES

The preparation of the consolidated financial statements and notes requires Group management, on the basis of the IFRS requirements, 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 reporting dates. Actual results may differ. Estimates are used to determine the effects of business combinations, asset impairment, the fair value of derivatives, allowances for impairment, concession contracts accounting, leases and allowance for inventory write down, 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 year in which the change in estimates occurs and future years.

2.2. Business combinations

THE ACQUISITION OF FINNAIR'S TRAVEL RETAIL OPERATIONS

On October 1, 2014, World Duty Free Group completed the acquisition of Finnair's Travel Retail operations in the Helsinki airport. The acquisition comprised two stores in the Helsinki airport and, following the acquisition, World Duty Free Group is the only duty free operator in the Helsinki airport.

The table that follows summarizes the assets and liabilities transferred at the acquisition date:

IN THOUSANDS OF EURO	ASSETS AND LIABILITIES TRANSFERRED	FAIR VALUE ADJUSTMENT	ASSETS AND LIABILITIES ACQUIRED
Property, plant and equipment	22	-	22
Intangible assets (concessions)	-	13,200	13,200
Non-current assets	22	13,200	13,222
Inventories	1,612	-	1,612
Trade and other liabilities	(680)	-	(680)
Net working capital	932	-	932
Net invested capital	954	13,200	14,154
Acquisition cost			14,154

THE ACQUISITION OF THE US RETAIL DIVISION

In July 2013, World Duty Free Group US Inc (a subsidiary of WDF S.p.A.) and WDFG S.A.U. entered into a purchase agreement with HMSHost Corporation and its subsidiary Host International Inc (both subsidiaries of Autogrill S.p.A.) in relation to the sale of 248 convenience stores located in 29 US airports (the "US Retail Division").

On September 6, 2013 the Group acquired from HMSHost Corporation, a company under common control of Edizione S.r.l., WDFG North America LLC and its subsidiaries (US Retail Division). The initial consideration (USD 105 million) relating to the business activities transferred in 2013 was increased by USD 18 million based on the net working capital at the acquisition date of the business activities transferred. The payment (net of the 5% guarantee) in connection with the increase based on the net working capital was made in February 2014. Both the initial consideration and the subsequent increase were subject to a 5% retention as a guarantee under the scope of the agreement. These amounts were paid to HMSHost Corporation in July 2014.

Some business activities under the agreement were transferred to the World Duty Free Group in subsequent closings once the necessary authorization was granted by the lessors. In February 2015, the Board of Directors of WDF S.p.A. approved the acquisition of the business activities that remained not transferred. The purchase price agreed was USD 19 million plus a potential adjustment in connection with the net working capital of the business activities transferred at the acquisition date. This transfer is effective as of February 28, 2015. The payment of the purchase price and the potential net working capital adjustment are subject to a 5% retention guarantee.

The acquisition of the US Retail Division is a business combination under common control and it was accounted for in accordance with the accounting principles reported in the section above. Therefore, the assets and the liabilities of the acquired entity are reflected at their carrying amount in WDF consolidated financial statements. The difference between the consideration paid and the net assets transferred by December 31, 2014 was recorded at the acquisition date as a decrease in equity for an amount of EURO 35.9 million.

The table that follows summarizes the assets and liabilities of the US Retail Division at the acquisition date:

IN THOUSANDS OF USD	SEPTEMBER 7, 2013
Property and equipment, net	26,476
Goodwill and intangible assets	33,241
A. Non-current assets	59,717
Inventories	16,814
Other current assets	10,246
Trade and other current liabilities	(10,634)
B. Working capital	16,426
C. Other non-current non-financial assets and liabilities	(1,689)
D. Net invested capital	74,454
Equity attributable to owners of the parent	73,270
Equity attributable to non-controlling interests	2,720
E. Equity	75,990
F. Net financial position	(1,536)
G. Total, as in D	74,454
Acquisition cost	123,279
Effect on consolidated equity	50,009

The acquisition has generated tax assets not recognized, amounting to about EURO 14.5 million.

The revenue and the operating loss included in the consolidated income statement in 2014 contributed by the US Retail Division was, respectively, EURO 148.8 million and EURO -1.8 million.

The revenue and the operating loss included in the consolidated income statement between September 6, 2013 and December 31, 2013, contributed by the US Retail Division were, respectively EURO 44.8 million and EURO -2.5 million.

2.3. Other significant events

APPROVAL OF THE NEW BUSINESS PLAN

In January 2015, the Board of Directors approved the 2015-2017 three-year budget, focused on maximizing the value of the portfolio of existing concessions, continuing the integration of the European platforms, and expanding the US business.

EXTENSION OF CONTRACT WITH LONDON HEATHROW AIRPORT

On October 2, 2014, the Board of Directors of WDF S.p.A. agreed a six year and six month extension of its concession agreement for all the stores operated by the Group at London Heathrow, taking its expiration from 2020 to 2026.

The renegotiation of the concession agreement entails higher concession fees, additional investments, and an upfront payment of GBP 3.9 million, already made.

NEW CONTRACTS

The Group was the highest bidder in the Kuwait International Airport tender, where World Duty Free Group, together with its local partner, That Es-Salasil, is the incumbent operator since 2006. The new concession is for five years, starting in March 2015, with the option for an additional year. The final agreement was signed in February 2015.

2.4.

Notes to the statement of financial position

CURRENT ASSETS

2.4.1. Cash and cash equivalents

The following table shows a breakdown of "Cash and cash equivalents":

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Bank and cash deposits	49,992	20,098	29,894
Cash and cash equivalents on hand	3,104	2,674	430
TOTAL	53,096	22,772	30,324

"Bank and cash deposits" mainly consists of bank current accounts.

"Cash and cash equivalents on hand" includes cash floats at the stores and the amounts in the process of being credited to the bank accounts. The amount may vary substantially, depending on the frequency of cash receipt pickups at the stores, generally handled by specialized carriers.

2.4.2. Other financial assets

The following table shows a breakdown of 'Other financial assets.'

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Receivables from credit cards companies	10,846	12,886	(2,040)
Market value of hedging derivatives	1,901	51	1,850
Receivable from joint venture partners	1,382	-	1,382
Other financial assets	1,026	57	969
TOTAL	15,155	12,994	2,161

The "Market value of hedging derivatives" corresponds to the fair value of exchange rate swaps.

2.4.3. Other assets

The table below shows a breakdown of "Other assets":

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Concession advance payment - AENA	27,969	18,921	9,048
Other concession advance payments	8,608	8,129	479
Inland revenue and government agencies	10,621	8,378	2,243
Other	3,932	6,167	(2,235)
TOTAL CURRENT	51,130	41,595	9,535
Concession advance payment - AENA	226,236	252,632	(26,396)
Other concession advance payments	13,077	10,672	2,405
Other	-	937	(937)
TOTAL NON-CURRENT	239,313	264,241	(24,928)

"Concession and lease advance payments – AENA" refers to amounts paid in advance to AENA, which are initially recognized at fair value and subsequently measured at amortized cost.

"Other concession and lease payments" refers to agreements entered into with airport authorities in Jordan and Mexico, and as of December 31, 2014 includes the consideration paid to renew the concession agreements for Heathrow airport.

"Inland revenue and government agencies" refers mainly to indirect tax assets.

2.4.4. Trade receivables

A breakdown of "Trade receivables" is provided below:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Trade receivables - suppliers	31,639	28,207	3,432
Advance to suppliers	2,256	2,182	74
Trade receivables - customers	16,325	10,309	6,016
Allowance for impairment	(2,086)	(2,039)	(47)
TOTAL	48,134	38,659	9,475

"Trade receivables-suppliers" consist mainly of promotional contributions receivables and discounts on purchases.

"Trade receivables-customers" reflects primarily receivables for the wholesale business and marketing services to suppliers.

The table shows the changes that occurred in the "Allowance for impairment":

IN THOUSANDS OF EURO	2014	2013
Opening balance as of January 1	2,039	2,204
Increases, net of releases	360	78
Utilizations	(8)	(232)
Changes in consolidation scope	(333)	105
Exchange rate differences	28	(116)
Closing balance as of December 31	2,086	2,039

2.4.5. Inventories

A breakdown of "Inventories" is provided below:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Finished goods	188,615	158,364	30,251
Allowance for inventory write-down	(3,372)	(3,953)	581
TOTAL	185,243	154,411	30,832

The increase in inventories registered in 2014 is mainly due to increased sales areas in Spain and UK, and the new openings in Helsinki airport (Finland).

The WDF Group is the holder of several insurance policies aimed at covering risks for existing inventories due to extraordinary events (earthquakes, floods, etc.). The WDF Group believes that these policies are sufficient to cover the carrying amount of the inventories.

The following changes took place in the "Allowance for inventory write down."

IN THOUSANDS OF EURO	2014	2013
Opening balance as of January 1	3,953	3,385
Increases, net of releases	311	5,799
Utilizations	(682)	(5,857)
Changes in consolidation scope	(415)	675
Exchange rate differences	205	(49)
Closing balance as of December 31	3,372	3,953

Please note that, on the reference dates, the inventories were not encumbered by any type of guarantee provided to third parties.

NON-CURRENT ASSETS

2.4.6. Property, plant and equipment

The tables that follow report the change in "Property, plant and equipment":

IN THOUSANDS OF EURO	AS OF DECEMBER 31, 2013	INCREASES	DECREASES	RECLASSIFI-CATIONS	CHANGES IN CONSOLIDA-TION SCOPE	IMPAIRMENT LOSSES	EXCHANGE RATE DIFFE-RENCES	AS OF DECEMBER 31, 2014
Historical cost								
Buildings	10,861	84	(93)	(83)	(84)	-	525	11,210
Plant and machinery	93,122	21,185	(10,392)	5,080	(234)	-	2,264	111,025
Other equipment	15,031	3,711	(43)	345	-	-	1,636	20,680
Furniture	168,002	14,946	(6,274)	23,857	(534)	-	10,980	210,977
Electronic machinery	30,790	1,664	(1,186)	1,779	(458)	-	1,827	34,416
Motor vehicles	1,747	131	(28)	44	(19)	-	146	2,021
Other	1,584	20	(56)	(9)	(606)	-	52	985
Assets under construction	26,062	37,153	(2,194)	(31,510)	(5)	-	1,073	30,579
Total historical cost	347,199	78,894	(20,266)	(497)	(1,940)	-	18,503	421,893
Accumulated depreciation and impairment losses								
Buildings	6,316	557	(93)	(32)	(18)	-	297	7,027
Plant and machinery	50,808	10,911	(10,078)	41	(213)	688	1,531	53,688
Other equipment	3,741	3,532	(35)	345	-	-	478	8,061
Furniture	125,966	18,798	(5,810)	145	(379)	303	8,679	147,702
Electronic machinery	26,891	1,015	(1,186)	819	(316)	9	1,633	28,865
Motor vehicles	1,312	151	(28)	(8)	(7)	-	113	1,533
Other	1,065	116	(54)	(18)	(535)	-	46	620
Total accumulated depreciation and impairment losses	216,099	35,080	(17,284)	1,292	(1,468)	1,000	12,777	247,496
Carrying amount	131,100	**43,814**	**(2,982)**	**(1,789)**	**(472)**	**(1,000)**	**5,726**	**174,397**

IN THOUSANDS OF EURO	AS OF DECEMBER 31, 2012	INCREASES	DECREASES	RECLASSIFI-CATIONS	CHANGES IN CONSOLIDA-TION SCOPE	IMPAIRMENT LOSSES	EXCHANGE RATE DIFFE-RENCES	AS OF DECEMBER 31, 2013
Cost								
Buildings	12,628	73	(1,593)	-	-	-	(247)	10,861
Plant and machinery	78,394	29,661	(15,053)	1,898	-	-	(1,778)	93,122
Other equipment	3,066	561	(48)	745	10,710	-	(3)	15,031
Furniture	164,539	8,548	(10,013)	3,912	4,811	-	(3,795)	168,002
Electronic machinery	30,350	1,146	(767)	735	-	-	(674)	30,790
Motor vehicles	1,566	102	(145)	95	184	-	(55)	1,747
Other	1,462	326	(126)	(26)	-	-	(52)	1,584
Assets under construction	7,674	22,309	(55)	(7,377)	3,756	-	(245)	26,062
Total históric al cost	299,679	62,726	(27,800)	(18)	19,461	-	(6,849)	347,199
Accumulated depreciation and impairment								
Buildings	7,558	513	(1,593)	-	-	-	(162)	6,316
Plant and machinery	59,864	6,565	(14,882)	2	-	352	(1,093)	50,808
Other equipment	2,297	1,450	(40)	79	-	-	(45)	3,741
Furniture	120,493	17,414	(9,615)	2	-	217	(2,545)	125,966
Electronic machinery	26,934	1,307	(764)	-	-	-	(586)	26,891
Motor vehicles	1,193	124	(144)	36	148	-	(45)	1,312
Other	985	135	(127)	112	-	-	(40)	1,065
Total accumulated depreciation and impairment losses	219,324	27,508	(27,165)	231	148	569	(4,516)	216,099
Carrying amount	**80,355**	**35,218**	**(635)**	**(249)**	**19,313**	**(569)**	**(2,333)**	**131,100**

In 2014, the most significant additions correspond to the increase of sales areas in the Spanish airports, the openings at the Helsinki airport (Finland) and the new stores in the terminal T2 of Heathrow airport (United Kingdom). Other changes are related to new walkthrough stores in Mexico and Jordan and the new terminal in Santiago de Chile (Chile).

The changes in the consolidation scope refer mainly to the sale of Palacios y Museos S.L.U. and its subsidiaries.

In 2014, the decreases correspond mainly to the disposal of fixed assets at the stores in the airport of Los Cabos (Mexico), due to the damage caused by a hurricane, to some stores in Spain that were refurbished during the year, and the closure of the warehouse in Barcelona following the opening of a new logistic hub in the city.

In 2013, increases referred to development of new sales spaces in airports in relation to new or extended concessions, mainly in Spain (Madrid, Barcelona, Palma de Mallorca and the Canary Islands), Germany (Düsseldorf) and Santiago de Chile (Chile) and the change in consolidation scope relates in full to the US Retail acquisition.

In 2013, disposals of furniture and technical equipment mainly comprise those derived from the renewal of sales spaces in Spanish airports due to new contracts with AENA, the closing of the old terminal of Amman airport in Jordan and the ceasing of operations in Orlando (United States).

The impairment loss recognised in 2014 refers to the stores in Los Cabos (Mexico), which were damaged by a hurricane.

As of December 31, 2014, no operating assets were encumbered by any type of guarantee provided to third parties and there were no non-current assets held under finance leases.

The cost of fully depreciated property, plant and equipment and investment property which are in use as of December 31, 2014 and 2013 is as follows:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Building	4,135	2,750	1,385
Machinery and equipment	27,576	28,828	(1,252)
Furniture and fixtures	95,455	77,263	18,192
Other	43,218	8,688	34,530
TOTAL	170,384	117,529	52,855

2.4.7. Investment property

Here below is a breakdown of "Investment property":

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Historical cost	11,777	11,765	12
Accumulated depreciation	(5,585)	(5,209)	(376)
Impairment losses	(556)	-	(556)
TOTAL	5,636	6,556	(920)

Details of income and expenses from investment property are as follows:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Rental income	596	502	94
Depreciation charge on investment property	(376)	(376)	-
Operating expense	(965)	(806)	(159)

Investment property includes a warehouse building in Madrid leased to third parties under leases that expire in 2017 and 2018.

Future minimum lease payments receivable under the operating lease are as follows:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Less than one year	569	500	69
Between 1 and 5 years	498	1,529	(1,031)
Over 5 years	-	-	-
TOTAL	1,067	2.029	(962)

The WDF Group has contracted some insurance policies to cover the risks of damages to its property, plant and equipment and investment property. The insurance policies purchased are considered sufficient to cover these risks.

2.4.8. Goodwill

Goodwill was generated by the acquisitions of World Duty Free Group España, S.A. (formerly Aldeasa S.A.), completed in two stages (50% in 2005 and the remaining 50% in 2008), Autogrill Holdings UK Plc. (formerly Alpha Group Plc.) in 2007 and World Duty Free Group UK Holdings, Ltd. (formerly World Duty Free Europe Ltd.) in 2008.

The cash-generating units (CGUs) are determined on the basis of the geographical segments, being not larger than the operating segments. They are also consistent with the way in which the goodwill is monitored for internal management purposes.

The carrying amounts of goodwill attributed to the CGUs are as follows:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
United Kingdom	455,490	423,985	31,505
Rest of Europe	82,243	82,243	-
Americas	72,017	66,225	5,792
Asia & Middle East	49,486	44,781	4,705
TOTAL	659,236	617,234	42,002

The changes in goodwill on the reporting dates are attributable to the change in exchange rates.

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 determined using as a reference the Capital Assets Pricing Model, based as much as possible on indicators and parameters observable in the market.

Future cash flows were estimated based on the 2015 budget and the forecasts in the 2016-2019 Business Plan.

Cash flows beyond the period covered by the plan were estimated by extrapolating plan information and applying nominal growth rates ("g rate"), which do not exceed the long-term growth estimates for the sector and the country in which each CGU operates and by using the perpetuity method to calculate the terminal value. The "g rate" used is consistent with that observed in the financial estimates of analysts who follow the company.

The table below shows the main underlying assumptions used for impairment testing purposes:

	FORECAST NOMINAL GROWTH RATE "G"	DISCOUNT RATE 2014		DISCOUNT RATE 2013	
		Post tax	Pre tax	Post tax	Pre tax
United Kingdom	2.00%	6.18%	6.51%	6.61%	6.91%
Rest of Europe	2.00%	4.76%-6.29%	5.23%-6.83%	5.63%-8.33%	6.20%-9.14%
Americas	2.00%	5.45%-18.45%	6.25%-19.78%	6.07%-13.61%	6.83%-14.95%
Asia & Middle East	2.00%	7.01%-12.90%	7.21%-13.82%	7.41%-14.49%	7.57%-16.32%

The main assumptions used to estimate cash flows for impairment test purposes are reported below:

- UNITED KINGDOM: as a mature market, small growth rates in terms of passengers and spends have been projected for the period 2015-2019; profitability in line with recent past years.
- Rest of EUROPE: significant revenue growth rates have been projected for the period 2015-2019 given the contribution of new operations (Helsinki) and full contribution of Düsseldorf and Spain (Madrid, Barcelona, Palma de Mallorca and Canary Islands). Slight dilution in terms of profitability is assumed affected by the first years of the new operations and by the higher rental costs related to the new contracts in Spain.
- AMERICAS: moderate growth rates have been assumed on a like-for-like basis considering the impact of the full year consolidation of the US Retail Division; profitability diluted compared to historical, due to the contribution of the US Retail Division, although the Group expects a slight improvement at constant perimeter.
- ASIA and MIDDLE EAST: although overall positive revenue growth rate is assumed for the period 2015-2019, rates differ from country to country. Profitability is assumed to be slightly below the historical.

Based on the above assumptions, the amount of goodwill attributed to each cash-generating unit was found to be fully recoverable.

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

	2014	
	DISCOUNT RATE, NET OF TAX EFFECT	«G»
United Kingdom	20.86%	(93.20%)
Rest of Europe	12.17%	(9.20%)
Americas	20.11%	(52.90%)
Asia & Middle East	19.91%	(26.20%)

Furthermore, additional sensitivity analysis have been performed, considering:

- a reduction in the "g rate" of 1 percentage point and an increase in the discount rate by 2 percentage points;
- a significant reduction in the rate of renewal of concessions implicit in the terminal value used in the determination of value in use;
- variations in specific assumptions used in the business plan.

In addition, we have analysed the changes in the calculation of the value in use between 2014 and 2013 and an analysis of the reasonableness of the discount rate developed analytically was carried out, in order to determine the value in use, with the discount rate used by financial analysts.

The above mentioned analysis has also confirmed full recoverability of goodwill and the reasonableness of the assumptions used.

2.4.9. Other intangible assets

The movement of "Other intangible assets" is reported in the next table:

IN THOUSANDS OF EURO	AS OF DECEMBER 31, 2013	INCREASES	DECREASES	RECLASSI-FICATIONS	CHANGES IN CONSOLIDA-TION SCOPE	EXCHANGE RATE DIFFE-RENCES	AS OF DECEMBER 31, 2014
Cost							
Concessions	849,323	13,200	-	(2,076)	-	41,024	901,471
Licences and trademarks	126,407	-	(9)	-	-	8,893	135,291
Software	36,660	1,353	(270)	3,619	(342)	1,933	42,953
Assets under development	2,405	12	-	(2,405)	(12)	-	-
Other	2,856	-	-	-	-	-	2,856
Total historical cost	1,017,651	14,565	(279)	(862)	(354)	51,850	1,082,571
Accumulated amortization							
Concessions	394,651	57,942	-	(2,076)	-	19,941	470,458
Licences and trademarks	36,152	6,590	(9)	-	-	2,774	45,507
Software	35,379	1,530	(270)	(563)	(202)	1,929	37,803
Other	991	144	-	-	-	-	1,135
Total accumulated depreciation and impairment losses	467,173	66,206	(279)	(2,639)	(202)	24,644	554,903
Carrying amount	**550,478**	**(51,641)**	**-**	**1,777**	**(152)**	**27,206**	**527,668**

IN THOUSANDS OF EURO	AS OF DECEMBER 31, 2012	INCREASES	DECREASES	RECLASSI-FICATIONS	CHANGES IN CONSOLIDA-TION SCOPE	EXCHANGE RATE DIFFEREN-CES	AS OF DECEMBER 31, 2013
Cost							
Concessions	860,840	-	-	-	1,899	(13,416)	849,323
Licences and trademarks	129,108	-	(79)	-	103	(2,725)	126,407
Software	36,488	557	(22)	249	-	(612)	36,660
Assets under development	2,237	168	-	-	-	-	2,405
Other	2,856	-	-	-	-	-	2,856
Total historical cost	1,031,529	725	(101)	249	2,002	(16,753)	1,017,651
Accumulated amortization							
Concessions	341,979	55,861	-	-	1,828	(5,017)	394,651
Licences and trademarks	30,415	6,241	(77)	-	98	(525)	36,152
Software	35,413	578	(22)	-	-	(590)	35,379
Other	848	143	-	-	-	-	991
Total accumulated depreciation and impairment losses	408,655	62,823	(99)	-	1,926	(6,132)	467,173
Carrying amount	**622,874**	**(62,098)**	**(2)**	**249**	**76**	**(10,621)**	**550,478**

"Concessions" represents mainly the carrying amount of the contract rights deriving from the fair value measurement (Purchase Price Allocation) of the acquired assets and liabilities of World Duty Free Group UK Holding Ltd. (formerly World Duty Free Europe Ltd.) and World Duty Free Group España, S.A. (formerly Aldeasa S.A.). The increase in 2014 refers to the contract right recognized as part of the acquisition of the new stores in the Helsinki airport.

"Licenses and trademarks" consist mainly of the amount assigned to the WDF trademark as part of the above mentioned measurement process.

A breakdown of concessions by geographical segment at December 31, 2014 and 2013 is provided below:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
United Kingdom	217,944	219,169	(1,225)
Rest of Europe	159,599	173,053	(13,454)
Americas	21,616	25,221	(3,605)
Asia & Middle East	31,854	37,229	(5,375)
TOTAL	431,013	454,672	(23,659)

The cost of fully amortized intangible assets in use as at 31 December 2014 is as follows:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Computer software	19,520	18,450	1,070
Other	35	3	32
TOTAL	19,555	18,453	1,102

2.4.10. Interests in equity-accounted investees

At December 31, 2013, this item included the 23% investment in Creuers del Port de Barcelona S.A., which was sold in 2014 to Global Ports Holding — the port operating unit of Turkish Global Yatirim Holding — for EURO 20,427 thousand. The sale generated a capital gain of EURO 13,198 thousand.

The gains from the application of the equity method amounted to EURO 120 thousand (EURO 205 thousand at December 31, 2013).

In 2014, the WDF Group did not receive dividends from Creuers del Port de Barcelona S.A. (EURO 1,904 thousand at December 31, 2013).

2.4.11. Other financial assets

"Other financial assets" include:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Interest- bearing deposits with third parties	26,466	26,520	(54)
Guarantee deposits	8,910	5,668	3,242
Receivable from joint venture partners	125	-	125
Other financial assets from third parties	-	40	(40)
TOTAL	35,501	32,228	3,273

"Interest bearing deposits with third parties" refers mainly to the amortized cost of AENA deposits. These deposits were registered at inception at their present value considering the implicit rate of interest. The difference between that amount and the amount paid is expensed over the term of the contract.

"Guarantee deposits" are measured at amortized cost and were provided in relation with various legal proceedings. The increase refers mainly to the deposits required by the Court of competent jurisdiction in relation to the outstanding litigation in India (see note 2.4.18).

2.4.12. Trade payables

"Trade payables" classified under current liabilities amount to EURO 280,950 thousand (EURO 235,493 thousand as of December 31, 2013) and mainly include the purchase of goods for resale and the payables to airport authorities for concession fees. The increase with respect to the prior year is mainly related to the higher volumes of activity and the acquisition in Finland.

The "non-current trade payables" include the amount due to the accounting using the straight line method of minimum guaranteed fees due to AENA as further discussed in notes 2.4.19 and 2.5.5.

2.4.13. Other liabilities, current

A breakdown of "Other liabilities" at December 31, 2014 and December 31, 2013 is provided below:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Indirect taxes	12,605	11,560	1,045
Withholding taxes	3,231	5,505	(2,274)
Suppliers for investments	22,630	19,305	3,325
Other	7,434	27,293	(19,859)
TOTAL	45,900	63,663	(17,763)

"Indirect taxes" refers to withholding taxes, excise duties and other indirect taxes.

"Suppliers for investments" corresponds to the payable due to suppliers for investments concerning mainly new and refurbished stores in Spain, the United Kingdom and the United States.

2.4.14. Other financial liabilities, current

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Fair value of currency hedging derivatives	3,943	474	3,469
Other financial liabilities	-	4,189	(4,189)
TOTAL	3,943	4,663	(720)

At December 31, 2014, this item includes the fair value of currency derivatives.

The balance as of December 31, 2013 mainly included EURO 3,955 thousand, which is 5% of the consideration due for the acquisition of US Retail Division, withheld by the Group as a guarantee and settled in July 2014.

2.4.15. Other financial liabilities, non current

The balance as of December 31, 2014 includes the fair value of interest rate hedging derivatives for an amount of EURO 2,927 thousand (EURO 1,751 thousand as of December 31, 2013).

2.4.16. Bank loans and borrowings

The table below provides a breakdown both for "Bank loans and borrowings" and "Loans, net of current portion" at December 31, 2014 and December 31, 2013:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Credit lines	39,302	21,915	17,387
Unsecured bank loans	-	50,000	(50,000)
Accrued interest	698	1,615	(917)
Total current	40,000	73,530	(33,530)
Unsecured bank loans	994,917	995,094	(177)
Commissions on loans	(3,885)	(12,575)	8,690
Total non current	991,032	982,519	8,513
TOTAL	1,031,032	1,056,049	(25,017)

The Group was granted short-term credit lines amounting to EURO 70 million, on which it had drawn EURO 40 million at December 31, 2014. These credit lines are renewable annually at maturity and entail no specific covenants, guarantees or other restrictions.

On November 14, 2014, the Group finalized an agreement to restructure the bank loan entered into on May 30, 2013, totaling EURO 1,250 million. Under the new deal, the Group extends maturity of the facilities until November 2019 and improves the economic conditions, benefiting from the current favorable market conditions.

At December 31, 2014, WDFG S.A.U., WDFG España S.A., WDFG UK Holdings Ltd and WDFG UK Ltd had drawn down the followings amounts under the new agreement:

The amount available for the Tranche A is amortised by EURO 50 million after one year from the signing date, and by EURO 100 million in each subsequent year until the fourth year.

This loan provides for an interest rate linked to Euribor or Libor, depending on the currency used for the loan, in addition to a market spread. The spread is applied for both tranches and determined every six months by reference to the Leverage Ratio.

The new loan includes the obligation to maintain certain financial ratios based on the consolidated financial statements of Group WDFG S.A.U., breach of which might entail the prepayment of the loan. These ratios have to be tested at June 30 and December 31 every year during the remaining term of the loan. The financial ratios refer to: I) the “Leverage Ratio”

TRANCHES	CURRENCY	TYPE	TOTAL AVAILABLE (IN MILLIONS)	DRAW DOWN AS OF DECEMBER 31, 2014	DURATION
Tranche A	EURO/GBP/USD	amortising term loan	525	525	5 years
Tranche B	EURO/GBP/USD	credit revolving facility	725	467	5 years
TOTAL			1.250	992	

which is calculated as the ratio between the "Adjusted consolidated Total Net Debt" and the "Adjusted EBITDA" and must not exceed a threshold decreasing from 4.25 to 3.50 during the tenor of the Loan and II) the "Interest Cover Ratio" which is the ratio between the "Adjusted EBITDA" and the "Adjusted Consolidated net financial expense", which shall be no less than 4.00 in each verification period until December 31, 2015 and not lower than 4.50 for each verification period thereafter. For the calculation of these ratios, the Adjusted consolidated total net debt, the "Adjusted EBITDA" and the adjusted consolidated net financial expense are measured in accordance with the contractual definition and therefore could differ from the amounts valid for financial statements purposes. Thus, the final ratios are not readily apparent from the consolidated financial statements.

As of December 31, 2014, all of the above financial covenants were satisfied.

The agreement considers the possibility of an early repayment and cancellation of all or part of the loan in case of material disposals, any capital markets issuance, other circumstances usually provided for in these agreements, and the occurrence of "Change of Control" events, as defined in the loan agreement. The loan agreement provides that the lenders shall negotiate for a period not exceeding 30 days from the "Change of Control" date, to determine whether the facilities under the loan agreement can continue and on what basis. At the end of the 30-day period, any lender not agreeing to continue the facility may require the borrower to repay early and cancel the portion of the credit line it granted by serving 10 days' prior notice in writing.

The loan also provides certain limits upon the disposal of assets, assumption of additional financial indebtedness and issuance of guarantees or other securities, distribution of dividends and carrying out extraordinary transactions. Non-compliance with these limitations or with the covenants would entitle the lenders to draw stop, cancel and/or accelerate the loan.

2.4.17. Employee benefits

The breakdown of "Employee benefits" is as follows:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Personnel	20,332	14,455	5,877
Social Security institutions	4,237	4,344	(107)
Stock options	-	376	(376)
Long-term employee incentive plans and other	7,034	4,968	2,066
Defined contribution plans	876	566	310
TOTAL CURRENT	32,479	24,709	7,770
Defined benefit plans	21,810	11,904	9,906
Defined contribution plans	1,041	576	465
Stock options	634	-	634
Long-term employee incentive plans	-	2,752	(2,752)
Other	5	-	5
TOTAL NON-CURRENT	23,490	15,232	8,258

“Personnel” includes, among others, the liability for short-term employee incentive plans payable in the following year.

In the past, the Group offered a Long-Term Incentive Plan (LTIP) to key management personnel. The plan involves financial targets and its purpose was to reduce the turnover of key management personnel. The liability for this plan is recognized under “Employee incentive plans and other” and will be settled in April 2015.

Defined contribution plans

”Defined contribution plans” refer to mandatory contribution plans as well as contributions to employee’s pension plans. The Group sponsors defined contribution plans in Spain, the United Kingdom, the United States, and Germany.

Defined benefit plans

The WDF Group operates defined benefit pension plans mainly in the UK under specific regulatory frameworks. The pension plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members’ length of service and their salary in the final years leading up to retirement. In the UK plans, pensions in payment are generally updated in line with the retail price index. The majority of benefit payments are from trustee administered funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations, as is the nature of the relationship between the Group and the trustees (or equivalent) and their composition.

Responsibility for governance of the plans — including investment decisions and contribution schedules — lies jointly with the company and the board of trustees. The board of trustees must be composed of representatives of the company and plan participants in accordance with the plans’ regulations.

“Defined benefit plans” are shown in the financial statements net of the fair value of the related plan assets.

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognized at December 31, 2014 and 2013:

IN THOUSANDS OF EURO	31.12.2014	31.12.2013	CHANGE
Present value of funded plans	(187,342)	(156,681)	(30,661)
Fair value of plan assets	165,532	144,777	20,755
	(21,810)	(11,904)	(9,906)
Present value of unfunded obligations	-	-	-
Total deficit of defined benefit pension plans	(21,810)	(11,904)	(9,906)
Impact of minimum funding requirement/asset ceiling	-	-	-
DEFINED PENSION BENEFITS	(21,810)	(11,904)	(9,906)

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

ACTUARIAL ASSUMPTIONS	AS OF DECEMBER 31 2014	2013
Discount rate	3.70%	4.45%
Inflation rate (RPI)	3.20%	3.65%
Salary increase rate	4.20%	4.65%
Pension increase rate	2.10%	2.20%

The discount rates were determined based on the yield of high grade corporate bonds at the reporting date.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

IN THOUSANDS OF EURO	IMPACT ON DEFINED BENEFIT OBLIGATION Change in assumption	Increase in Liability
Discount rate	Decrease by 0.25%	6,944
Inflation rate (RPI)	Increase by 0.25%	5,282
Life expectancy	Increase by 1 year	3,835

The change in the present value of the defined benefit obligation is as follows:

IN THOUSANDS OF EURO	2014	2013
AS OF JANUARY 1	156,681	151,009
Current service cost (recognized in the income statement)	211	201
Interest expense (recognized in the income statement)	7,083	6,431
Employee's share of contributions	110	105
Remeasurement - (Gain)/loss from change in demographic assumptions	(538)	(101)
Remeasurement - (Gain)/loss from change in financial assumptions	14,681	6,513
Remeasurement - (Gain)/loss from experience	4,057	311
Net benefits paid outi	(6,223)	(4,737)
Net Exchange rate gains (losses)	11,280	(3,051)
AS OF DECEMBER 31	187,342	156,681

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

The weighted average duration of the defined benefit obligation is 20 years.

The movement in the plan assets is as follows:

IN THOUSANDS OF EURO	2014	2013
AS OF JANUARY 1	144,777	140,787
Interest income on plan assets (recognized in the income statement)	6,538	6,064
Remeasurement - (Gain)/loss return on plan assets	6,188	8,903
Initial actuarial gain/(loss) on annuity policy	-	(14,160)
Employee's share of contributions	110	104
Group's share of contributions	3,727	10,080
Net benefits paid out	(6,223)	(4,142)
Net Exchange rate gains (losses)	10,415	(2,859)
AS OF DECEMBER 31	165,532	144,777

The main categories of plan assets are:

	AS OF DECEMBER 31, 2014				AS OF DECEMBER 31, 2013			
IN THOUSANDS OF EURO	QUOTED	UNQUOTED	TOTAL	%	QUOTED	UNQUOTED	TOTAL	%
Equity instruments	45,116	-	45,116	27%	38,618	-	38,618	27%
Bonds	22,228	-	22,228	13%	17,437	-	17,437	12%
Qualifying insurance policies (*)	-	60,494	60,494	37%	-	49,178	49,178	34%
Investment funds	36,985	-	36,985	22%	37,708	-	37,708	26%
Cash and cash equivalents	709	-	709	0%	1,836	-	1,836	1%
TOTAL	105,038	60,494	165,532	100%	95,599	49,178	144,777	100%

(*) The buy-in annuity policy is the only asset class that is not quoted on an active market

PHANTOM STOCK OPTION PLAN

The 2014 Phantom Stock Option Plan ("Phantom SOP"), approved by the Board of Directors on May 14, 2014, is designed to serve as an incentive and to retain managers and other employees within the Group who perform important functions for the achievement of business objectives by providing incentives to create value for the shareholders and at the same time a system to promote retention.

The 2014 Phantom SOP provides for the free-of-charge grant to the beneficiaries of Phantom Stock Options (the "Options") conferring entitlement to the payment of a gross cash amount (the "Bonus") calculated on the basis of the possible increase in the value of the Company's ordinary shares (the "Shares") including dividend payouts in the reference period. There is a maximum amount (the "Cap") established by the Board of Directors for each beneficiary and for each cycle.

The plan, in its entirety, will expire in 2020. The number of Options granted to each beneficiary is established by the Board of Directors with regard to the position held by each beneficiary in the Group. In June 2014, 2,791,480 options were granted to selected employees and directors of the Group under the new Phantom SOP.

The Options granted will vest and therefore become exercisable depending on achievement of a minimum share price performance target for the three-year vesting period and under conditions specified in the 2014 Phantom SOP Rules.

The plan will be cash settled. The Phantom Stock Option Plan incorporates an initial vesting period whereby the beneficiary must retain 20% of the total allocated shares for a one-year "lock up" period. This lock-up period for the first wave expires on June 18, 2018, when the remaining 20% of options allocated can be exercised; all options allocated in the first wave expire in June 2020.

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, estimated dividend payments, the term of the plan and the risk free rate of return. The calculation was performed using the binomial method. The cost recognized by WDF in 2014 amounts to EURO 634 thousand.

2.4.18. Provision for risks and charges

A breakdown of this item at December 31, 2014 and 2013 with the current and non-current portions shown separately is provided below:

"Provision for taxes", amounting to EURO 14,123 thousand (EURO 11,937 thousand as of December 31, 2013), represents the amount expected to be paid as a result of lawsuits underway in India in relation to indirect taxes and customs duty. The change mainly

IN THOUSANDS OF EURO	AS OF DECEMBER 31, 2013	PROVISIONS, NET OF RELEASES	UTILIZA-TIONS	EXCHANGE RATE DIFFEREN-CES	CHANGES IN CONSOLIDA-TION SCOPE	RECLASSIFI-CATIONS	AS OF DECEMBER 31, 2014
Provision for tax	11,937	519	-	1,664	-	-	14,120
Provision for onerous contracts	-	3,471	-	-	-	-	3,471
Other provisions	6	1,966	(7)	166	-	-	2,131
Total current provisions for risks and charges	11,943	5,956	(7)	1,830	-	-	19,722
Provision for the refurbishment of third-party assets	7,564	125	(441)	532	-	-	7,780
Provision for onerous contracts	-	2,889	(28)	3	-	-	2,864
Other provisions	717	37	-	1	-	-	755
Total non-current provisions for risks and charges	8,281	3,051	(469)	536	-	-	11,399

IN THOUSANDS OF EURO	AS OF DECEMBER 31, 2012	PROVISIONS, NET OF RELEASES	UTILIZA-TIONS	EXCHANGE RATE DIFFE-RENCES	CHANGES IN CONSOLIDA-TION SCOPE	RECLASSIFI-CATIONS	AS OF DECEMBER 31, 2013
Provision for tax	12,403	551	-	(958)	-	(59)	11,937
Other provisions	-	364	(345)	(13)	-	-	6
Total current provisions for risks and charges	12,403	915	(345)	(971)	-	(59)	11,943
Provision for legal disputes	21	-	-	-	-	(21)	-
Provision for the refurbishment of third-party assets	6,833	865	(6)	(128)	-	-	7,564
Other provisions	-	-	(6)	-	30	693	717
Total non-current provisions for risks and charges	6,854	865	(12)	(128)	30	672	8,281

is due to exchange rate differences. In 2014, the Group provided a guarantee deposit amounting to nearly EURO 3.2 million in relation to this dispute.

The "provision for onerous contracts" corresponds to the concession agreement for the stores in Düsseldorf airport. This amount is the lower of the minimum cost for fulfilling the contract and the non-performance penalty.

The "provision for the refurbishment of third-party assets", amounting to EURO 7,780 thousand as of December 31, 2014 (EURO 7,564 thousand as at December 31, 2013), includes the costs the Group expects to incur to return the commercial areas of the airports to their original condition at the end of the a number of concessions in the United Kingdom.

2.4.19. Trade payables, non current

"Trade payables" corresponds to the difference between the concession fees calculated on a straight-line basis over the remaining term of the agreement and the corresponding minimum guaranteed payments. This amount refers exclusively to Lots 1 and 2 of the AENA agreement. It will increase in the following years and be reverted through profit or loss as the minimum guaranteed amounts are gradually settled (see Note 2.5.5 for more information). The liability will be recognized and subsequently reversed as follows, assuming that in the following years the Group will continue to consider as due only the minimum guaranteed amounts for lots 1 and 2 of the AENA agreements:

IN THOUSANDS OF EURO	2015	2016-2019	2020
Increase / (decrease)	48,509	(2,357)	(54,631)

2.4.20. Equity

The changes in equity are shown in the relevant schedule of these financial statements. A description of the content of the main components of equity is provided below, together with some details about the main changes for the year.

Share capital
The share capital of WDF S.p.A., fully subscribed and paid in, amounts to EURO 63,720 thousand and consists of 254,520,000 ordinary shares with no par value.

On the date of incorporation (March 27, 2013), the share capital amounted to EURO 120 thousand, consisting of 120,000 shares with no par value. As a result of the Demerger from Autogrill completed on October 1, 2013, the share capital of WDF S.p.A. increased by EURO 63,600 thousand, by issuing 254,400,000 new ordinary shares.

Legal reserve
The item includes the portion of the parent's net income to an extent from a minimum of 5% to 20% of the share capital, as stated by art. 2430 of the Italian Civil Code. As of December 31, 2014 and 2013, this item amounts to EURO 12,720 thousand.

Hedging reserve
The "Hedging reserve", amounting to a negative EURO 447 thousand, includes the effective component of the fair value of derivatives designated as cash flow hedges.

Translation reserve
Translation differences arise on the translation of the financial statements of companies with a functional currency other than the Euro.

Other reserves and retained earnings

This item includes retained earnings and the amount set aside in connection with the recognized costs of the stock options plans.

The changes in these reserves in 2013 included, among other things: I) EURO 220 million in dividends paid to Autogrill S.p.A. on April 30, 2013 as the sole shareholder in WDFG S.A.U.; II) EURO 35.9 million as movements related to changes in consolidation scope due to the acquisition of the US Retail Division (please refer to note 2.2 for further information).

Non-controlling interests in equity

Non-controlling interests in equity amount to EURO 8,070 thousand (EURO 8,152 thousand at December 31, 2013). The change is mainly due to the profit for the year achieved by the group companies where minorities exist, net of dividends paid.

The following table summarizes the information relating to subsidiaries with non-controlling interests in 2014, before intra-group eliminations.

IN THOUSANDS OF EURO	Sociedad de Distribución Comercial Aeroporturaria de Canarias S.A.	World Duty Free North America LLC Sottogruppo
NCI percentage	40%	10% - 49%
Non-current assets	15,353	48,501
Current assets	29,149	20,558
Non-curent liabilities	1,214	243
Current liabilities	25,855	12,465
Net assets	17,433	56,351
Current amount of NCI	**6,973**	**1,665**
Revenue	114,281	150,274
Profit for the year	11,919	(3,112)
CEC	-	-
Total comprehensive income	11,919	(3,112)
Profit allocated to NCI	4,768	1,733
OCI allocated to NCI	-	-
Cash flows from operating activities	12,666	5,790
Cash flows from investing activities	(4,630)	(4,951)
Cash flows from financing activities	(7,959)	(3,182)
Net increase/decrease in cash and cash equivalents	**77**	**(2,343)**
Dividends to NCI	**(4,184)**	**(3,182)**

Treasury shares

World Duty Free S.p.A. has launched a share buy-back program for up to 12,726,000 shares, representing 5% of its share capital, in accordance with the authorization granted by the shareholders in their meeting held on May 14, 2014. The buy-back program may be implemented in one or more tranches within 18 months of the date of the aforementioned shareholders' resolution, i.e. by November 14, 2015. As at December 31, 2014 the company does not own any treasury shares.

Other comprehensive income

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

	AS OF DECEMBER 31, 2014			AS OF DECEMBER 31, 2013		
IN THOUSANDS OF EURO	GROSS AMOUNT	TAX INCOME/ (EXPENSE)	CARRYING AMOUNT	GROSS AMOUNT	TAX INCOME/ (EXPENSE)	CARRYING AMOUNT
Remeasurement of the defined liability (asset)	(12,007)	1,724	(10,283)	(11,980)	2,253	(9,727)
Effective portion of fair value change in cash flow hedges	(1,156)	295	(861)	4,658	(1,398)	3,260
Foreign currency translation differences for foreign operations	57,724	-	57,724	(23,308)	-	(23,308)
Gains (losses) on net investment hedge	(20,246)	5,669	(14,577)	6,208	(1,862)	4,346
Total other comprehensive income	24,315	7,688	32,003	(24,422)	(1,007)	(25,429)

WDF S.p.A. operates as the holding company of World Duty Free Group and therefore its ability to distribute dividends to its shareholders depends on the amount of dividends distributed by the subsidiary WDFG S.A.U.

In this regard, the new bank facility contract signed by the subsidiaries in November 2014 allows WDFG S.A.U. to make dividend distributions if the leverage ratio (calculated according to the contractual definitions, which also consider the effect of dividend distributions, as described in Note 2.4.16) does not exceed the contractually set limits.

2.5. Notes to the income statement

2.5.1. Revenue

Revenue for the year ended December 31, 2014 amounted to EURO 2,406,640 thousand, an increase of EURO 328,163 thousand with respect to the EURO 2,078,477 thousand for the year ended December 31, 2013. The increase is mainly due to the full-year contribution of US Retail Division to the 2014 performance, whereas in 2013 it contributed only to the last quarter. Furthermore, in 2014, revenue includes the contribution of the stores in Helsinki airport and the full-year contribution of the stores in the Spanish airports.

2.5.2. Other operating income

The table below shows a breakdown of "Other operating income":

	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER	
IN THOUSANDS OF EURO	2014	2013
Marketing promotional contributions	21,298	18,019
Other income	11,669	9,080
TOTAL	32,967	27,099

2.5.3. Supplies and goods

The table below shows a breakdown of "Supplies and goods":

	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER	
IN THOUSANDS OF EURO	2014	2013
Purchases	1,015,826	861,467
Change in inventories	(22,867)	(8,177)
TOTAL	992,959	853,290

2.5.4. Personnel expense

Below is the breakdown of "Personnel expense":

The caption includes the directors remuneration detailed at 9.1.

	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER	
IN THOUSANDS OF EURO	2014	2013
Wages and salaries	211,370	176,382
Social security contributions	31,660	27,563
Emoluments to the Board of Directors	983	187
Defined and defined contribution benefit plans	5,830	2,589
Post-employment benefits	3,532	-
Other costs	29,133	14,089
TOTAL	282,508	220,810

The increase in "Wages and salaries" is mainly due to the change in the scope of consolidation and the new openings (US Retail Division and Helsinki).

"Post-employment benefits" include restructuring costs in relation with the reorganization of the Group in progress amounting to EURO 3,532 thousand. A significant portion of this amount corresponds to the indemnity of the outgoing CEO (see note 9.1).

The average headcount, expressed in terms of full-time equivalent employees, has risen to 9,406 (8,376 for 2013).

Other costs mainly refer to the cost of temporary personnel used in the summer period to meet the higher volume of passenger traffic, and therefore sales.

2.5.5. Concession fees

The table below shows a breakdown of "Concession fees":

IN THOUSANDS OF EURO	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2014	2013
Contractual fees	749,969	639,742
Linearisation	8,479	-
TOTAL	758,448	639,742

The increase in "Contractual fees" is due to the growth in sales revenue, the higher rent cost incurred as a result of the new contracts, and the contribution of the new entities consolidated in 2014, including the US Retail Division and Helsinki.

A breakdown by maturity of the minimum future payments for existing concessions at December 31, 2014 is as follows:

IN THOUSANDS OF EURO YEAR	TOTAL FUTURE MINIMUM CONCESSION PAYMENTS	TOTAL SUB-CONCESSION FUTURE MINIMUM PAYMENTS	NET FUTURE CONCESSION PAYMENTS
2015	266,903	3,295	263,608
2016	275,083	1,112	273,971
2017	290,097	1,094	289,003
2018	298,707	993	297,714
2019	313,799	945	312,854
After 2019	391,348	1,271	390,077
TOTAL	1,835,937	8,710	1,827,227

It should be noted that at the inception date, the Group evaluated the substantial aspects of the AENA agreements and concluded that the minimum guaranteed amounts contained therein were contingent in substance based on several factors, one of the most relevant being that the projections available at that time showed a low likelihood for the level of sales to be below the threshold for minimum guaranteed amounts to be triggered. During the fourth quarter of 2014, the Group reconsidered the substantial aspects of the AENA agreements and, by early December 2014, concluded that, although the results of the analysis made at inception date were still applicable in the case of Lot 3, some circumstances had changed (mainly, the likelihood for the level of sales to trigger the minimum guaranteed amounts recurrently throughout the life of the contract is now deemed to be high based on the latest projections available) in the case of Lot 1 and 2, which led to the conclusion to consider fixed the minimum guaranteed amounts relating these two lots.

Therefore, concession fees relating to Lots 1 and 2 of the AENA agreements are recognized on a straight-line basis prospectively starting December 1, 2014. The relevant accounting effects are represented in the line item "Linearisation" of the income statement.

The line item "Linearisation" was determined as the difference between the cost calculated on a straight-line basis of the minimum guaranteed fees for Lots 1 and 2 starting from December 1, 2014 and throughout the remaining term of the concession, and the minimum concession fees due for December 2014.

2.5.6. Other operating expense

A breakdown of "Other operating expense" is provided below:

IN THOUSANDS OF EURO	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2014	2013
Consulting and professional services	28,148	18,559
Maintenance	19,108	14,336
Commission on credit card payments	18,037	13,701
Advertising and market research	15,030	10,634
Operating lease instalments	17,770	17,075
Royalties	1,638	642
Utilities	11,279	9,865
Travel expenses	12,742	10,477
Storage and transport	2,178	1,585
Surveillance	5,542	4,723
Insurance	2,974	1,973
Cleaning	2,786	2,681
Telephone and postal charges	3,829	3,031
Banking services	3,029	3,685
Other services	10,240	13,405
Costs for materials and services	154,330	126,372
Impairment losses on receivables	411	77
Provisions for risks, net of releases	8,960	916
Other operating expense	8,835	9,530
TOTAL	**172,536**	**136,895**

A breakdown by maturity of the future payments in relation to operating leases at December 31, 2014 is as follows:

IN THOUSANDS OF EURO YEAR	TOTAL FUTURE LEASE PAYMENTS
2015	31,987
2016	19,269
2017	18,216
2018	16,588
2019	14,486
After 2019	30,183
TOTAL	130,729

"Consulting and professional services" include consulting services in 2014 amounting to EURO 5,964 in relation to the restructuring of the Group.

The increase in "other operating expense" is mainly due to the US Retail Division and Helsinki airport.

Regarding the allocations to the provision for risks, see note 2.4.18 for further information.

2.5.7. Financial income and expense

A breakdown of “Financial income” and “Financial expense” is provided below:

IN THOUSANDS OF EURO	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2014	2013
Interest income	283	213
Exchange rate gains	83	-
Other financial income	11,136	10,588
TOTAL	11,502	10,801
Interest expense	41,649	34,184
Exchange rate losses	-	959
Other financial expense	13,446	9,917
TOTAL	55,095	45,060

“Other financial income” includes mainly the effect of measuring at amortized cost the AENA advance payment (see note 2.4.3).

“Interest expense” has increased largely because of the higher average indebtedness in 2014 compared to 2013.

“Other financial expense” in 2014 includes the derecognition of EURO 8.5 million of costs incidental to the loan reimbursed in November 2014, as already described in note 2.4.16. In 2013, the item included the effect related to the derecognition of EURO 4.9 million of costs incidental to the Multi currency Revolving Facility, which was settled in May 2013, and the fees for the reimbursement of a medium term credit facility amounting to EURO 1.2 billion.

2.5.8. Net gain on the disposal of equity investments and others

Net capital gains of EURO 10.7 million were recorded in 2014 (compared to EURO 2.0 million in the previous year). They derived from the sale of the Group’s investment in Creuers del Port de Barcelona S.A. and the subsidiary Palacios y Museos S.L.U.

2.5.9. Income tax

A breakdown of “Income tax” is provided below:

IN THOUSANDS OF EURO	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2014	2013
Current income tax	45,634	46,091
Deferred income taxes	9,858	(25,622)
TOTAL	55,492	20,469

The following table provides a reconciliation of the income tax expense recognized in the condensed consolidated interim financial statements with the theoretical tax liability, which was determined by applying the applicable theoretical rate to the pre-tax profit generated in each jurisdiction.

IN THOUSANDS OF EURO	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2014	2013
Pre-tax profit	96,988	131,344
Theoretical income tax	21,740	33,789
Non-deductible expenses	4,728	6,298
Exempt income	(6,700)	(5,473)
Increase/utilization of deferred tax assets on losses carried forward	25,416	(5,996)
Effect of tax rate differences	476	(8,516)
Other adjustments	9,832	367
Income tax	55,492	20,469

In 2014, the Group's theoretical tax rate was 22.4%, compared to 25.7% in 2013. This change mainly relates to the tax rate reduction in the UK along with different levels of profitability in the jurisdictions with higher tax rates where the Group operates.

In 2014, income tax was EURO 55.5 million (EURO 20.5 million in the same period of 2013), affected by the derecognition in the fourth quarter of a number of tax assets and deferred tax assets arising from tax losses totaling EURO 19.4 million. The derecognition was deemed appropriate considering the taxable profits expected to be generated over the timeframe of the plan approved by the Board of Directors on January 15, 2015.

Furthermore, in light of the above considerations, the Group did not recognize in the consolidated income Statement the benefits associated with the tax losses and tax assets generated in 2014. This unrecognized benefit totaled EURO 15.4 million.

In addition, income tax in 2013 benefited from the positive effect (EURO 8.5 million) of the reversal of deferred taxes in the UK due to the lowering of tax rates.

Deferred tax assets and deferred tax liabilities at December 31, 2014 and 2013 are broken down as follows:

IN THOUSANDS OF EURO DEFERRED TAX ASSETS AND LIABILITIES	AS OF DECEMBER 31, 2014 TEMPORARY DIFFERENCES	 TAX EFFECT	AS OF DECEMBER 31, 2013 TEMPORARY DIFFERENCES	 TAX EFFECT
Trade receivables	(413)	(124)	(459)	(43)
Employee benefits	13,721	5,203	17,961	4,154
Property, plants and equipment	13,203	4,603	21,000	4,536
Other intangible assets	239	72	114	34
Investment property	174	52	103	31
Inventories	1,346	516	212	43
Other payables	1,506	452	358	21
Other financial liabilities	2,409	723	1,425	428
Other receivables	(2,825)	(1,044)	(459)	(43)
Trade payables	250	85	-	-
Deferred tax assets arising from tax losses and tax assets	2,433	486	64,759	19,939
Total deferred tax assets	32,044	11,025	105,013	29,100
Investment property	415	124	580	174
Goodwill	17,870	3,844	20,072	4,103
Other intenagible assets	206,102	48,637	283,755	54,700
Investments	3,633	1,090	3,032	910
Provision for risks	161	48	161	48
Others	248	74	13,344	4,004
Total deferred tax liabilities	228,428	53,818	320,944	63,939
Total net deferred taxes	-	(42,793)	-	(34,839)

Deferred taxes regarding other intangible assets refer mainly to the World Duty Free trademark.

The Group has deferred tax assets arising from unused tax losses and tax credits amounting to EURO 55.6 million as of December 31, 2014 (EURO 56.2 million as of December 31, 2013), of which EURO 0.5 million recognized as deferred tax assets as of December 31, 2014 (EURO 19.9 million as of December 31, 2013). The deferred tax assets arising from unused tax losses and tax assets refer mainly to WDF S.p.A. and the Spanish companies of the Group. In particular, deferred tax assets and tax credits related to countries where taxable income is not expected to be generated in future years have been derecognized, based on the three-year budget approved by the Board of Directors on January 15, 2015.

"Income tax liabilities" amount to EURO 16,896 thousand as at December 31, 2014 (EURO 18,351 thousand as at December 31, 2013) and refers to the amount payable due to corporate income tax for the year, net of offsettable tax assets.

"Income tax assets" amounts to EURO 11,642 thousand as at December 31, 2014 (EURO 13,019 thousand as at December 31, 2013) and refers to advance payments made to tax authorities and tax credits for corporate income tax.

2.5.10. Basic and diluted earnings per share

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, as defined above, to account for the effects of all dilutive potential ordinary shares.

As of December 31, 2014 and December 31, 2013, the Group has no potentially dilutable ordinary shares.

The computation details are provided below:

	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER	
	2014	2013
Profit for the year attributable to owners of the parent (IN THOUSANDS OF EURO)	34,902	105,826
Number of shares (IN UNITS)	254,520,000	254,520,000
Basic and Diluted earnings per share (IN EURO CENTS)	13.71	41.58

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Net financial position

In accordance with the requirements of the CONSOB Communication of July 28, 2006 and consistent with the ESMA/2011/81 Recommendation, a breakdown of net financial position at December 31, 2014 and 2013 is provided below:

IN THOUSANDS OF EURO	NOTES	31.12.2014	OF WHICH RELATED PARTIES	31.12.2013	OF WHICH RELATED PARTIES	CHANGE
A) Cash on hand	2.4.1	3,104	-	2,674	-	430
B) Cash equivalents	2.4.1	49,992	-	20,098	-	29,894
D) Cash and cash equivalents (A+B)		53,096	-	22,772	-	30,324
E) Current financial assets	2.4.2	15,155	-	12,994	-	2,161
F) Bank loans and borrowings, current	2.4.16	(40,000)	-	(73,530)	-	33,530
H) Other financial liabilities	2.4.14	(3,943)	-	(4,663)	(3,855)	720
I) Current financial position (F+H)		(43,943)	-	(78,193)	(3,855)	34,250
J) Net current financial indebtedness (I+E+D)		24,308	-	(42,427)	(3,855)	66,735
K) Bank loans and borrowings, non current	2.4.16	(991,032)	-	(982,519)	-	(8,513)
M) Other financial liabilities, non current	2.4.15	(2,927)	-	(1,751)	-	(1,176)
N) Non-current financial indebtedness (K+M)		(993,959)	-	(984,270)	-	(9,689)
O) Net financial indebtedness (J+N) (*)		(969,651)	-	(1,026,697)	(3,855)	57,046
P) Non-current financial assets	2.4.11	125	-	40	-	85
Net financial position (O+P))		**(969,526)**	**-**	**(1,026,657)**	**(3,855)**	**57,131**

(*) As defined by CONSOB communication of July 28, 2006 and ESMA/2011/81 Recommendations

For further comments, see the Notes indicated above for each item.

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Financial risk management

WDF Group is exposed to the following risks:

I. market risk;
II. credit risk;
III. liquidity risk.

The Group adopted a financial risk management procedure that sets forth the organization, the segregation of responsibilities, a risk assessment system and the principles that govern the implementation of the policies and criteria for the recording of transactions in the accounting records.

Information about WDF is exposure to each of the above mentioned risks, the objectives, policies and processes to manage those risks, and the methods used to assess them is provided in this section of the notes.

MARKET RISK

The 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, manage and control, within acceptable levels, the exposure of the Group to these risks and the resulting impact on the Group's income statement, financial position and cash flow.

The Group's financial policy places special emphasis on the control and management of market risk, specifically with regard to interest rates and exchange rates, given the extent of the borrowings of the Group and its international footprint.

INTEREST RATE RISK

The aim of interest rate risk management is to mitigate and/or reduce financial expense volatility. This entails predetermining a portion of financial expense over a time timeframe consistent with the structure of the indebtedness, which, in turn, must be in line with the capital structure and future cash flows. When the desired risk profile cannot be obtained in the capital markets or through bank facilities, it is achieved by using derivatives for amounts and maturities in line with those of the liabilities that they hedge. The derivatives used are interest rate swaps (IRS).

At December 31, 2014, most of the indebtedness of the Group paid a floating rate. At December 31, 2014 the ratio of fixed rate debt to net debt is 24.1% (26.0% at December, 31, 2013).

The purpose of using derivatives is to make financial expense predictable for a portion of the debt, having established sustainable fixed rates. Hedging instruments are allocated to companies with significant exposure to interest rate risk where there are borrowings subject to floating rates (thus exposing WDF to higher finance costs if interest rate rises) or a fixed rate (which means that lower interest rates do not bring about a reduction in financial expense).

The Group contracted a number of interest rate swaps as hedging instruments on August 9, 2011 with an overall notional amount of GBP 200 million, maturity on July 21, 2016, and interest rates between 1.31% and 1.35%. These instruments were effective as at December 31, 2014 and December 31, 2013. Their fair value amounted to EURO 2,926 thousand at December 31, 2014 (EURO 1,751 thousand at December 31, 2013).

The fair value of derivatives is measured in accordance with techniques that use reference parameters observable in the market, other than prices quoted on active markets for the assets and liabilities that are being measured. Consequently, in the fair value hierarchical ranking they are classifiable at level 2 of the ranking.

A hypothetical unfavorable change of 1% in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at December 31, 2014 would increase net financial expense by EURO 7,832 thousand (EURO 6,707 thousand as of December 31, 2013).

CURRENCY RISK

Because it operates in international markets and uses different currencies, the Group is exposed to currency risk.

Fluctuations in exchange rates affect the results of WDF in several ways. A significant impact is represented by the translation effect, which emerges when the financial statements of foreign subsidiaries are translated into Euro. In addition, because a portion of the revenue and expense of the Group are denominated in currencies other than the Euro, increases or decreases in the value of the Euro versus those currencies can have an impact on the Consolidated Financial Statements of WDF.

However, because within each country revenue and expense are usually denominated in the same currency, the Group benefits to a significant extent from a natural hedging effect.

The aim of currency risk management is to neutralize in part this risk on foreign currency payables and receivables that are not denominated in Euro.

The following tables show for the main currencies the exposure of the equity and profit for the year of the Group to currency risk at December 31, 2013 and 2014:

IN THOUSANDS	CAD	GBP	USD	MXP
2014				
Equity	21,853	316,727	314,474	159,450
Profit for the year	12,114	81,641	20,297	58,623
2013				
Equity	16,740	333,099	303,833	171,202
Profit for the year	9,179	77,180	21,519	72,755

A 10% increase or depreciation of the Euro versus the currencies listed below would have caused, at December 31, 2013 and 2014, the effects on equity and profit shown in the table below, stated in thousands of Euro:

IN THOUSANDS OF EURO	CAD		GBP		USD		MXP		TOTAL	
2014	+ 10%	- 10%	+ 10%	- 10%	+ 10%	- 10%	+ 10%	- 10%	+ 10%	- 10%
Equity	1,783	(2,180)	(5,906)	7,219	(1,262)	1,542	680	(831)	(4,705)	5,751
Profit for the year	692	(846)	7,183	(8,780)	860	(1,052)	140	(171)	8,875	(10,848)
2013	+ 10%	- 10%	+ 10%	- 10%	+ 10%	- 10%	+ 10%	- 10%	+ 10%	- 10%
Equity	1,445	(1,766)	(8,439)	10,314	(942)	1,152	773	(945)	(7,163)	8,755
Profit for the year	549	(672)	7,874	(9,624)	948	(1,158)	248	(303)	9,619	(11,757)

This analysis was performed assuming that all other variables, interest rates in particular, remained constant.

WDF uses derivatives to hedge currency risk primarily in connection with the exposure arising from intra-group transactions.

Hedging instruments are allocated to companies with significant exposure to currency risk in terms of translation risk (i.e., the risk related to conversion into Euro 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.

In the case of financial instruments that hedge financial receivables and payables in a currency other than the reporting currency, any change in fair value and the corresponding change in the carrying value of the hedged assets and liabilities is recognized in profit or loss.

In the case of financial instruments that hedge the translation risk and, consequently, are designated as hedges of net investments, the effective component of fair value is recognized in comprehensive income and classified in equity in the "Translation reserve."

For the purposes of containing the net total exposure to the British pound, which is related to the presence of the Group in the United Kingdom, a portion of the indebtedness denominated in British pounds was designated as a hedge of net investment.

CREDIT RISK

The 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 trade receivables and financial investments of WDF.

At December 31, 2013 and 2014, the carrying amount of the financial assets represents the maximum exposure of the WDF Group to the credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties as shown below:

	AS OF DECEMBER 31		
IN THOUSANDS OF EURO	2014	2013	CHANGE
Bank and cash deposits	49,992	20,098	29,894
Other financial assets - current portion	15,155	12,994	2,161
Trade receivables	48,134	38,659	9,475
Other assets - current portion	51,130	41,595	9,535
Other financial assets - non-current portion	35,501	32,228	3,273
Other assets - non current portion	239,313	264,241	(24,928)
TOTAL	439,225	409,815	29,410

Because of the business model of WDF, centered on the relationship with the end consumer, the credit risk on trade receivables is not high relative to the total financial assets, as the consideration due for sales in the stores is generally settled in cash or with credit cards (included under 'other financial assets).

Trade receivables consist of promotional contributions and bonuses on purchases from suppliers and receivables from customers for wholesale transactions.

Other assets consist mainly of prepaid rent and advances for services, commercial investments made on behalf of concession grantors as well as amounts due from the tax authorities and the public administration and amounts due from credit card issuers, all of which entail a limited credit risk. The amounts corresponding to guarantee deposits and advance payments are contractually covered.

Other financial assets are recognized net of impairment losses computed to reflect the risk of default by counterparties. Impairment is determined in accordance with local procedures, which may require both impairment of individual positions, if individually material, when there is evidence of an objective condition of uncollectability of all or part of the amount due, and collective impairment calculated on the basis of historical and statistical data.

The table that follows shows the age of trade receivables at December 31, 2014 and 2013:

IN THOUSANDS OF EURO AND PERCENTAGE OF TRADE RECEIVABLES	NOT EXPIRED	OVERDUE NOT IMPAIRED				TOTAL
		1-3 MONTHS	3-6 MONTHS	6 MONTHS - 1 YEAR	OLTRE 1 YEAR	
Trade receivables as of December 31, 2014	18,576	25,884	2,864	810	-	48,134
Percentage of total trade receivables	39%	54%	6%	2%	0%	100%
Trade receivables as of December 31, 2013	12,476	21,824	1,687	2,432	240	38,659
Percentage of total trade receivables	32%	56%	4%	6%	1%	100%

There is no significant concentration of credit risk.

LIQUIDITY RISK

The liquidity risk arises when it proves difficult to meet the obligations relating to financial liabilities. The element 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.

The tables that follow show an analysis of the maturities of derivative and non-derivative financial liabilities at December 31, 2013 and 2014:

AS OF DECEMBER 31, 2014			MATURITY					
IN THOUSANDS OF EURO	CARRYING AMOUNT	TOTAL	1-3 MONTHS	3-6 MONTHS	6 MONTHS - 1 YEAR	1-2 YEARS	2-5 YEARS	OVER 5 YEARS
Non derivative financial liabilities								
Amounts drawn on credit lines	40,000	40,000	-	-	40,000	-	-	-
Unsecured bank loans	994,917	994,917	-	-	-	-	994,917	-
Trade payables	280,950	280,950	280,950	-	-	-	-	-
Due to suppliers for investments	22,630	22,630	22,630	-	-	-	-	-
Other liabilities	6,501	6,501	6,501	-	-	-	-	-
TOTAL	1,344,998	1,344,998	310,081	-	40,000	-	994,917	-
Derivative financial liabilities								
Currency derivatives	3,943	3,943	3,943	-	-	-	-	-
Interest rate swaps	2,927	2,927	-	-	-	2,927	-	-
TOTAL	6,870	6,870	3,943	-	-	2,927	-	-

AS OF DECEMBER 31, 2013			MATURITY					
IN THOUSANDS OF EURO	CARRYING AMOUNT	TOTAL	1-3 MONTHS	3-6 MONTHS	6 MONTHS - 1 YEAR	1-2 YEARS	2-5 YEARS	OVER 5 YEARS
Non-derivative financial liabilities								
Amounts drawn on credit lines	11,915	11,915	-	-	11,915	-	-	-
Unsecured bank loans	1,055,094	1,055,094	-	-	60,000	104,987	890,107	-
Other financial liabilities	4,189	4,189	4,189		-	-	-	-
Trade payables	235,493	235,493	235,493	-	-	-	-	-
Due to suppliers for investments	19,305	19,305	19,305	-	-	-	-	-
Other liabilities	5,036	5,036	5,036	-	-	-	-	-
TOTAL	1,331,032	1,331,032	264,023	-	71,915	104,987	890,107	-
Derivative financial liabilities								
Currency derivatives	474	474	474	-	-	-	-	-
Interest rate swaps	1,751	1,751	-	-	-	-	1,751	-
TOTAL	2,225	2,225	474	-	-	-	1,751	-

As of December 31, 2014 and 2013 there were no financial liabilities with a maturity longer than five years.

The loan agreement identifies certain 'events of default', customary for an agreement of this nature. If one of these events occurred and the lenders exercised their right, the Group would be obliged to promptly reimburse the drawn-down amounts of the Loan, and this would be terminated. Said events of default include, among others, failure by WDF to comply with certain financial covenants (see note 2.4.20 for further information). The Group carefully assessed its ability to meet the financial covenants even in case of events adversely affecting the Group's results of operations and cash generation. Although the sustainability assessment has shown that there are adequate security margins, it cannot be ruled out, however, that, if more serious adverse events occurred as compared to the ones already considered, the financial covenants might not be complied with.

In addition to the failure to comply with the financial covenants, the loan agreement provides for further 'events of default' or circumstances that may trigger the prepayment of the Loan (or part of it), including, by way of example, a change of control within WDF.

In February 2013, WDF made an outlay in excess of EURO 278,933 thousand (plus VAT amounting to EURO 58,576 thousand) as an advance payment in relation to AENA agreements and EURO 27,318 thousand as a security deposit. This advance payment will allow the Group to obtain more operating cash flows throughout the duration of the agreement.

The Group naturally has a negative working capital (EURO 75.5 million as of December 31, 2014 and EURO 146.0 million as of December 31, 2013). This peculiarity mainly arises from the following structural characteristics of the business of WDF: (I) a low value of trade receivables compared to the volume of sales, since much of the sales turn quickly into cash, as is usual for businesses of retail sale to the final consumer; and (II) an amount of inventories structurally reduced compared to the value of production. For these reasons, the amount of current liabilities and trade payables in particular, usually exceeds current assets.

The Group has unused committed bank facilities for approximately EURO 240 million as of December 31, 2014 (EURO 205 million as of December 31, 2013).

The objective of WDF is to maintain sufficient liquid assets to cover the liquidity risk. Moreover, the Group believes has sufficient flexibility in the time management of its investments and in containing overheads to address any financial stress, while complying with the covenants required by the loan agreements.

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Fair value estimation

For financial reporting purposes, fair value measurements are categorized into several hierarchical levels based on the inputs to the fair value measurements, as described below:

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

There was no transfer between the different levels of hierarchy during 2014.

(A) FINANCIAL INSTRUMENTS IN LEVEL 2

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

All the financial assets and liabilities of the Group are classified in level 2, except for the syndicated loan.

Excluding derivatives, these level 2 financial instruments are measured at amortized cost, which essentially corresponds to their fair value, except for the AENA advance payment and security deposits.

- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash-flows based on observable market yield curves. The credit value adjustment is based on directly observable market credit spreads for the respective counterparts. The debit value adjustment is considered by estimating the Group's own credit rating based on several representative financial ratios as well as on benchmarking analyses. Adjustments for both, own credit risk and counterparty credit risk, can be considered as not significant as of December 31, 2014.
- The fair value of the AENA upfront payment and guarantee deposits is calculated as the present value of the estimated future cash flows based on the counterparty credit risk; as shown in the following table:

IN THOUSANDS OF EURO	31.12.2014		31.12.2013	
OTHER FINANCIAL ASSETS	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
AENA advance payment, current and non current	252,632	259,768	271,553	271,553
Security deposits, non current	22,910	22,139	22,230	22,230

(B) FINANCIAL INSTRUMENTS IN LEVEL 3

The fair value of the bank loans has been estimated by discounting the future cash flows using observable risk free market interest rates plus a spread for the Group's own credit risk. The own credit risk spread is obtained by estimating the Group's own credit rating based on several representative financial ratios as well as on benchmarking analyses. Furthermore, the fair value is higher than the carrying amount as of December 31, 2014 and 2013 and should be close to the amortized cost considering the following aspects:

- The "risk-free part" of the loan's interest rate is linked to Euribor/Libor;
- The contractual credit spread is variable as well, that is, the credit spread is periodically adjusted depending on the credit risk of the Group; and
- The Group's own credit risk has not changed significantly since the respective dates of the signings (November 2014 for the new syndicated loan and May 2013 for the previous syndicated loan, cancelled before the signing of the new one).

IN THOUSANDS OF EURO	31.12.2014		31.12.2013	
BANK LOANS AND BORROWINGS	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Syndicated loan	991,032	984,835	1,032,519	1,032,519

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Segment reporting

The table below provides information about the Group's operating segments as of December 31, 2014 and 2013.

The Group operates in four geographical segments: United Kingdom, Rest of Europe, Americas and Asia and Middle East, designated as operating segments. The criteria applied to designate these geographical areas as operating segments were based, inter alia, on the methods used at the highest level of operational decision making to periodically review the results of WDF and adopt decisions concerning the allocation of resources to the various operating segments and assess their performance.

The tables below present the relevant disclosure concerning the four geographical segments during the periods presented in the consolidated financial statements.

	FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER									
	UNITED KINGDOM		REST OF EUROPE		AMERICAS		ASIA & MIDDLE EAST		TOTAL	
IN THOUSANDS OF EURO	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	1,057,766	975,573	737,600	620,677	438,377	322,224	172,897	160,003	2,406,640	2,078,477
Other operating income	3,458	3,885	15,740	12,788	9,927	6,225	3,842	4,201	32,967	27,099
Total revenue and other operating income	1,061,224	979,458	753,340	633,465	448,304	328,449	176,739	164,204	2,439,607	2,105,576
Depreciation, amortization and impairment losses on property, plant, equipment and intangible assets	(36,591)	(36,742)	(42,021)	(34,850)	(15,858)	(10,972)	(8,745)	(8,713)	(103,215)	(91,277)
Operating profit/ (loss)	110,501	110,585	(15,180)	21,971	19,151	16,702	15,469	14,304	129,941	163,562

	31.12.2014						31.12.2013					
IN THOUSANDS OF EURO	UNITED KINGDOM	REST OF EUROPE	AMERICAS	ASIA & MIDDLE EAST	NOT ALLOCAT-ED	TOTAL	UNITED KINGDOM	REST OF EUROPE	AMERICAS	ASIA & MIDDLE EAST	NOT ALLOCAT-ED	TOTAL
Goodwill	455,490	82,242	72,017	49,487		659,236	423,985	82,243	66,225	44,781		617,234
Other intangible assets	308,116	166,024	21,669	31,859		527,668	309,943	178,053	25,238	37,244		550,478
Property, plant and equipment	57,599	72,311	39,672	4,815		174,397	37,908	56,157	32,525	4,510		131,100
Investment property	-	5,628	-	8		5,636	-	6,556	-	-		6,556
Financial assets	843	29,261	243	5,030		35,377	1,517	37,734	157	1,601		41,009
Non-current assets	822,048	355,466	133,601	91,199		1,402,314	773,353	360,743	124,145	88,136		1,346,377
Net working capital	(97,370)	(17,800)	19,500	(5,171)		(100,841)	(82,452)	(37,521)	8,965	3,958		(107,050)
Other non-current non-financial assets and liabilities	(25,189)	211,073	1,129	9,972	(42,793)	154,192	(19,799)	250,474	1,330	9,300	(34,839)	206,466
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Net invested capital	699,489	548,739	154,230	96,000	(42,793)	1,455,665	671,102	573,696	134,440	101,394	(34,839)	1,445,793

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Seasonal pattern

WDF Group's volumes are closely related to the flow of travelers, which is highly seasonal in some locations. A breakdown of 2014 results by quarter is as follows:

IN MILIONI DI EURO	1ST QUARTER 2014	1ST SEMESTER 2014	1ST NINE MONTHS 2014	FULL YEAR 2014
Revenue	438.5	1,047.0	1,773.6	2,406.6
% on full year	18.2%	43.5%	73.7%	100.0%
Operating profit	12.7	58.7	118.9	129.9
% on full year	9.8%	45.2%	91.5%	100.0%
Pre-tax profit	1.9	38.2	99.8	97.0
% on full year	2.0%	39.4%	102.9%	100.0%
Profit attributable to the owners of the parent	1.3	25.3	68.9	34.9
% on full year	3.7%	72.5%	197.4%	100.0%

Due to the seasonal nature of the flow of travelers in some airports, higher revenues and operating profits are usually expected in the second half of the year than the first six months.

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

8 • Guarantees provided, commitments and contingent liabilities

GUARANTEES

The Group provided guarantees totaling EURO 205,000 thousand as of December 31, 2014 (EURO 205,200 thousand at December 31, 2013), mainly in favor of concession operators and as a result of ongoing tax audits. This amount includes the bank guarantees pursuant to the AENA contracts, for a total amount of 46.3 million on behalf of the Group to AENA.

In 2014, the EURO 20,000 thousand guarantee granted by the Group in relation to the Singapore airport tender, as well as the EURO 4,490 thousand guarantee in favor of the tax authorities of New Delhi for an outstanding tax dispute, expired. On the other hand, the Group provided new guarantees of EURO 15,168 thousand in relation to the new concession agreement in Helsinki and EURO 9,400 thousand related to the US Retail Division.

The guarantees that WDFG had provided in relation to the ongoing tax audits in Spain, which are detailed below and amounted to EURO 43,200 thousand as of December 31, 2013, have been partially released as a result of the conclusion of the dispute concerning the fiscal year 2006, which was resolved in favor of the Group. The remaining guarantees outstanding at December 31, 2014 in relation to the ongoing dispute for the years 2007 and 2008 amount to EURO 15,800 thousand. The amount is revised yearly to account for interest.

CONTINGENT LIABILITIES

The subsidiary WDFG España S.A. is currently undergoing tax assessments in Spain related to the application of the Spanish Corporate Income Tax for the years 2006, 2007 and 2008. The Spanish Tax Authorities audit ended with certain findings relative to those years.

Company management believes, supported by the opinions of independent tax experts, that those findings will not result in obligations giving rise to an outflow of resources from WDF. The appeal filed by the company against the 2006 assessment has been favorably resolved by the *Tribunal Económico Administrativo Central* (body within the Spanish tax authorities structure). This resolution can still be appealed by the Spanish Administration before a higher Court level. The same favorable resolution can be expected in connection with 2007 and 2008.

The subsidiary WDFG S.A.U. is currently undergoing tax audit in Spain related to the application of the Spanish Corporate Income Tax for 2008 and 2009. Company management believes that the tax audit should not result in obligations giving rise to an outflow of resources from WDF.

In May 2000, WDFG (through its subsidiary Aldeasa Jordan Ltd) entered into a License Agreement with the Kingdom of Jordan by which the exclusive right to sell duty free products in certain Jordanian airports (Queen Alia being the main one) was granted to WDFG until April 2012. The License Agreement also allowed WDFG to operate as a free zone company under the umbrella of the Free Zone Corporation (FCZ) benefitting from certain tax exemptions in exchange of a fee based on a percentage on sales

In November 2007, the Kingdom of Jordan and Airport International Group ("AIG") entered into an agreement for the rehabilitation, expansion and operation of Queen Alia Airport. As part of the agreement, AIG was granted with the right to renew or not to renew the license to operate the duty free at the airports. Additionally, in November 2008 WDFG entered into a duty free concession agreement with AIG for Queen Alia International Airport up to 2032. Under the concession agreement, WDFG is obliged to pay to AIG a fee based on a percentage of sales replacing the former payment payable to the FCZ.

In April 2012 the License Agreement with the government expired, the concession agreement with AIG remaining into force, including the fee payment to be made by WDFG. Once the License Agreement expired, FZC requested WDFG to enter into a new license agreement with new fees payable to FCZ to be agreed while WDFG considers that AIG is competent to renew or not to renew the license.

The matter was referred by the Minister of Transport to the Legislation and Opinion Bureau, which is an office that is part of the Prime Ministry that is in charge of preparing legislations and giving opinions to the government, where the Legislation and Opinion Bureau stated in an opinion that AIG is a related party that has the right to renew or not to renew the License Agreement, and with the current contract WDFG is operating duty free with a valid title. However, the opinion did not enter on whether WDFG had to enter into a separate and new agreement with the Free Zone in order to benefit from the exemptions granted to companies operating at the Free Zones in Jordan. This unsolved matter has been transferred to the Special Bureau for Laws Interpretation whose opinion is still pending at the date of preparation of these consolidated financial statements.

In the event that WDFG will not be able to continue operating as a "free zone company", the Group would lose the tax benefits and exemptions enjoyed in Jordan with a retroactive effect as from May 2012, and the company operating in Jordan would be subject to regular taxation on corporate income applicable in such country (which at the date of these consolidated financial statements is equal to 14%), to a 16% sales tax and to a 16% tax on the concession charges paid to the licensors and on the sales made in shops at arrivals.

In 2012, 2013 and 2014, WDFG filed the corresponding tax returns with the applicable Jordanian tax authorities under the assumption of still being eligible to benefit from the tax exemptions of the free zone. The Jordanian tax authorities have not challenged this approach in any of the tax audits conducted so far to WDFG.

Based on the above, WDFG considers that it will be entitled to join the Free Zone with a possible payment of a fee to the Free Zone. WDFG considers uncertain whether the Free Zone will ask a retrospective payment for 2012, 2013 and 2014.

INVESTMENT COMMITMENTS

Concession contracts with airport authorities usually include investment commitments in the airport stores. The Group has pending commitments in relation to these agreements amounting to EURO 151,506 thousand as of December 31, 2014.

9 • Other information

9.1. Related party transactions

On June 18, 2014 the Board of Directors of World Duty Free S.p.A. met to discuss the approval of the merger of World Duty Free Group S.A.U. into World Duty Free Group España, S.A. In accordance with Art. 14, paragraph 2, of the regulations adopted by CONSOB resolution no. 17221/2010 concerning operations with related parties (the "CONSOB OPC Regulations") and Art.12.3.1 of the procedure governing operations with related parties of the Company, the latter exercised the right to not apply said procedure to the merger of WDFG S.A.U. into WDFG España, which can be described as an operation of major relevance under Art. 4, paragraph 1 a) of the CONSOB OPC Regulations, as the Company's other related parties have no significant investments in WDFG S.A.U. and WDFG España. In their meetings, the subsidiaries approved the merger of the two companies in December 2014. The merger became effective under the law in January 2015. As a result, WDFG S.A.U. was wound up without liquidation, as all its assets and liabilities were transferred to WDFG España, whose name was subsequently changed into World Duty Free Group, S.A.

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

The tables below provide an overview of transactions with related parties.

TRANSACTIONS WITH EDIZIONE S.R.L.

IN THOUSANDS OF EURO	31.12.2014	31.12.2013
Statement of Financial Position		
Other assets -current	52	51
Trade payables	(6)	(40)
Employee benefits	(95)	-
	2014	**2013**
Income Statement		
Operating expense (*)	(173)	(57)
Statement of Cash Flow		
Net cash flows from / (used in) operating activities	(111)	(17)

TRANSACTIONS WITH OTHER RELATED PARTIES

	AUTOGRILL S.P.A.		AUTOGRILL CATERING UK LTD		HMSHOST	
IN THOUSANDS OF EURO	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Statement of Financial Position						
Other assets, current	-	1	-	-	-	1,961
Trade receivables	38	-	-	-	-	18
Trade payables	(185)	(2,291)	-	(161)	-	(13,037)
Other liabilities, current	-	(520)	-	-	(2,477)	(1,767)
Other financial liabilities, current and non current	-	-	-	-	-	(3,855)
	2014	2013	2014	2013	2014	2013
Income Statement						
Revenue and other operating income	-	343	-	-	-	-
Operating expense (*)	(217)	(1,482)	(249)	-	(4,794)	(2,118)
Net financial expense	-	(654)	-	-	(117)	(38)
Statement of Cash Flows						
Net cash flows from / (used in) operating activities	(1,200)	(2,066)	(422)	163	(17,129)	(2,421)
Net cash flows from / (used in) financing activities	(1,716)	(288,211)	-	-	(4,379)	-

(*) "Operating expense" includes "supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties" and "Other operating expense"

As part of the acquisition of the US Retail Division, an agreement was executed for the provision from HMSHost Corporation to WDFG S.A.U. and its subsidiaries, until 31 March 2015, of several services (including accounting, IT, personnel management services and other administrative support services) in order to allow WDF Group to effectively carry out the activities of the recently-acquired US Retail Division.

The incidence of related party transactions on the statement of financial position, income statement and statement of cash flows of the Group is reported below:

AS OF DECEMBER 31, 2014 IN THOUSANDS OF EURO	TOTAL RELATED PARTIES	TOTAL GROUP	%
Statement of financial position			
Other assets, current	52	51,130	0.10%
Trade receivables	38	48,134	0.08%
Trade payables	(191)	(280,950)	0.07%
Other liabilities, current	(2,477)	(45,900)	5.40%
Employee benefits	(608)	(32,479)	1.87%
Other financial liabilities, current and non current	-	(6,870)	0.00%

2014 IN THOUSANDS OF EURO	TOTAL RELATED PARTIES	TOTAL GROUP	%
Income statement			
Revenue and other operating income	-	2,439,607	0.00%
Operating expense (*)	(6,046)	(2,197,972)	0.28%
Net financial expense	(117)	(43,593)	0.27%
Statement of Cash Flows			
Net cash flows from / (used in) operating activities	(19,575)	163,111	n.a
Net cash flows from / (used in) investing activities	-	(63,034)	n.a
Net cash flows from / (used in) financing activities	(6,095)	(76,974)	n.a

(*) "Operating expense" includes "Supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties"and "Other operating expense"

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The following remuneration was accrued by members of the Board of Directors and key management personnel of the Group during 2014:

NAME	OFFICE	TERM OF OFFICE	EURO REMUNE-RATION	WAGES AND SALARIES	BONUS AND OTHER INCENTIVES	NON MONETARY	STOCK OPTION PLAN	TOTAL
Gianmario Tondato da Ruos	Chairman	2013-2015	205,400	-	-	-	-	205,400
Eugenio Andrades	CEO	from 14.11.2014 to 2016	24,978	34,597	17,299	2,496	24,607	103,977
Jose Maria Palencia Saucedo	CEO	from 16.09.2013 to 14.11.2014	250,000	370,067	2,738,777	20,885	351,459	3,731,187
Gianni Mion	Director	2013-2015	54,800	-	-	-	-	54,800
Paolo Roverato	Director	2013-2015	95,000	-	-	-	-	95,000
Lynda Christine Tyler-Cagni	Director	from 16.09.2013 to 2015	74,600	-	-	-	-	74,600
Gilberto Benetton	Director	from 16.09.2013 to 2015	53,600	-	-	-	-	53,600
Alberto De Vecchi	Director	from 16.09.2013 to 2015	55,400	-	-	-	-	55,400
Laura Cioli	Director	from 16.09.2013 to 2015	94,400	-	-	-	-	94,400
Carla Cico	Director	from 16.09.2013 to 2015	75,200	-	-	-	-	75,200
Total Directors			983,378	404,664	2,756,076	23,381	376,066	4,543,564
Key management personnel			-	2,602,287	1,855,353	548,435	1,062,373	6,068,448
TOTAL			**983,378**	**3,006,951**	**4,611,429**	**571,816**	**1,438,439**	**10,612,012**

In its meeting on October 2, 2014, the Board of Directors, taking into account the agreement of the Human Resources Committee and the Committee for Operations with Related Parties, accepted the resignation of Mr. José María Palencia as Director and approved the termination of the employment relationship with him.

As CEO of WDF S.p.A., Mr. Palencia is entitled to receive the remuneration for the role of CEO, amounting to a gross total of EURO 150,000 per annum, as well as an annual variable pay for 2014 amounting to a gross total of EURO 100,000, due in January 2015.

The employment relationship with Mr. Palencia ended on December 31, 2014. Under his employment agreement, Mr. Palencia earned EURO 370,067 in wages and salaries and EURO 212,140 in variable pay for the year 2014.

The company WDFG S.A.U. paid to Mr. Palencia a gross EURO 2,172,357 for the termination of the employment relationship and a gross EURO 354,280 for the non-competition clause with regard to other institutions operating in the duty free sector for a term of 24 months. These amounts were settled in January 2015.

As part of the agreement, the parties also agreed the settlement of the options vested in April 2014 under the 2010 Stock Option Plan for a gross EURO 708,560, which WDFG S.A.U. paid on October 16, 2014. The relevant expense recognized by the company in 2014 totals EURO 276 thousand.

Mr. Palencia will be entitled to the incentive plans L-LTIP 2010-2012 — Wave 2 (vesting in April 2015) and the Phantom Stock Option 2014 Plan (which covers the July 2014 – July 2016 period). These incentive plans will be settled by the subsidiary WDFG S.A.U..

The agreement, which may be considered to be an operation with a related party of lesser relevance pursuant to the procedure adopted by the company on operations with related parties, has been analysed by the company's Committee for Operations with Related Parties which is made up exclusively by independent administrators, and they have expressed their approval of the agreement. Similarly, the company's Human Resources Committee is also in favour of the Board's agreements.

On November 14, 2014, Mr. Palencia left the Board of Directors of WDF S.p,A. and the Board has designated Eugenio Andrades as new Chief Executive Officer of WDF S.p.A.

The CEO's remuneration includes salary, bonuses paid under the annual incentive plan and bonuses accrued under the long-term incentive plan. The subsidiary WDFG S.A.U. will pay this remuneration under the existing employment relationship.

The CEO's contract states that in case of resignation with just cause or in case of dismissal without just cause, WDFG S.A.U. shall pay about EURO 1.5 million. In the event of discontinuation of office, the CEO shall retain the right to variable compensation under the incentive plans, subject to the achievement of the targets and satisfying any other conditions stated in the plans, during the relevant period of time.

A significant portion of the variable compensation paid to the CEO and key management personnel is tied to the achievement of specific targets established in advance by the Board of Directors of the Parent, by virtue of their participation in management incentive plans. In particular, the CEO and key management personnel participate 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.

9.2. Fees of the statutory auditors

Statutory auditors' fees for the year ended December 31, 2014 are as follows:

NAME	OFFICE	TERM OF OFFICE	(EURO) FEES	OTHER REMUNERATION	TOTAL
Marco Giuseppe Maria Rigotti	Chairman	2013-2015	82,500	15,000	97,500
Patrizia Paleologo Oriundi	Standing auditor	2013-2015	55,000	10,000	65,000
Massimo Catullo	Standing auditor	2013-2015	55,000	10,000	65,000

Other remuneration refers to the fees earned as members of the Supervisory Body as per Italian Legislative Decree 231/01.

9.3. Fees to the independent auditors

The table below provides an overview of the fees for the independent auditors and other companies in their network for the auditing services and other services provided:

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	FEES (IN THOUSANDS OF EURO)
Auditing	Principal auditor	Parent	71
	Rete del revisiore principale	Subsidiaries	997
Attestation	Principal auditor	Parent	-
	Auditor in principal auditor's network	Subsidiaries	-
Other services	Principal auditor	Parent	4
	Principal auditor	Subsidiaries	480
	Auditor in principal auditor's network	Subsidiaries	297
TOTAL			**1,849**

10.
Significant non-recurring events and transactions

Except for the merger of the two Spanish subsidiaries and the new stock option plan (see note 2.4.17), in 2014 there were no significant non-recurring events or transactions as defined by CONSOB's Resolution 15519 and Communication DEM/6064293.

11.
Atypical or unusual transactions

No atypical or unusual transactions, as defined by CONSOB Communications DEM/6037577 of April 28, 2006 and DEM/6064293 of July 28, 2006, were performed in 2014.

12.
Events after the reporting period

In January 2015, the Board of Directors of WDF S.p.A. decided to launch the integration process involving the implementation of a single IT Platform, the streamlining of the logistics model, and the simplification of the corporate structure and central functions of the subsidiaries in the United Kingdom and Spain offices.

Specifically, the rationale for the changes on the organizational structure is that the UK office will become the corporate centre and headquarters of the Group. Therefore, it will be necessary to reduce the operating expenses and the duplication of functions, as well as redesign the organizational structure towards a leaner model.

This restructuring activity was commenced on February 17, 2015 in both offices simultaneously; however the consultation processes that are to be followed are not the same due to differing local labor laws.

On February 28, 2015, the Board of Directors of WDF S.p.A. approved the acquisition of the business activities that remained not transferred from HMSHost. The purchase price agreed was USD 19 million plus a potential adjustment in connection with the amount of the net working capital at the date the acquisition is finalized. The acquisition, which was conditional on obtaining the authorization of the concession providers, became effective as of February 28, 2015. The payment of the purchase price and the potential adjustment are subject to a 5% retention guarantee.

13. Authorization for publication

The Board of Directors authorized the publication of these consolidated financial statements during the meeting held on March 11, 2015.

ANNEX 1

List of consolidated subsidiaries and other equity investments

COMPANY	Registered office	Currency	Share capital	% held at December 31, 2014	% held at December 31, 2013	Shareholders/quota holders
PARENT						
World Duty Free, S.p.A.	Novara	EUR	63,720,000	50.10%	50.10%	Schematrentaquattro, S.p.A.
COMPANIES CONSOLIDATED LINE-BY-LINE						
World Duty Free Group, S.A.U. (*)	Madrid	EUR	1,800,000	100.00%	100.00%	World Duty Free, S.p.A.
World Duty Free Group España, S.A.(*)	Madrid	EUR	10,772,462	99.93%	99.93%	World Duty Free Group, S.A.U.
Aldeasa Chile, Limitada	Santiago de Chile	USD	2,516,819	100.00%	100.00%	World Duty Free Group España, S.A.
Sociedad de Distribución Comercial Aeroportuaria de Canarias, S.L.	Telde (Gran Canaria)	EUR	667,110	60.00%	60.00%	World Duty Free Group España, S.A.
Aldeasa México, S.A. de C.V.	Cancún	PXM	60,962,541	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Prestadora de Servicios en Aeropuertos, S.A. de C.V.	Cancún	PXM	50,000	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Aldeasa Cabo Verde, S.A.	Ilha do Sal (Cabo Verde)	CVE	6,000,000	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Aldeasa Italia S.L.R.	Naples	EUR	10,000	100.00%	100.00%	World Duty Free Group España, S.A.
Aldeasa Duty Free Comercio e Importación de Productos LTDA	Sao Paulo	BRL	1,560,000	99.99%	99.79%	World Duty Free Group España, S.A.
				0.01%	0.21%	World Duty Free Group, S.A.U.
Palacios y Museos S.L.U.(**)	Madrid	EUR	160,000	-	100.00%	World Duty Free Group España, S.A.
Audioguiarte Servicios Culturales, S.L.U.(**)	Madrid	EUR	251,000	-	100.00%	Palacios y Museos, S.L.U.
Panalboa, S.A.(**)	Ciudad de Panamá	PAB	150,000	-	80.00%	Palacios y Museos, S.L.U.
Aldeasa Jamaica Ltd	St James (Jamaica)	JMD	280,000	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG Germany GmbH	Düsseldorf	EUR	250,000	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG Italia, S.r.L. (ARI) in liquidation	Rome	EUR	10,000	100.00%	100.00%	World Duty Free Group España, S.A.
Cancouver Uno S.L.U.	Madrid	EUR	3,010	100.00%	100.00%	WDFG UK Holdings Limited
WDFG Vancouver LP	Vancouver	CAD	9,500,000	99.99%	99.99%	Vancouver Uno S.L.U.
				0.01%	0.01%	WDFG Canada INC
WDFG Canada INC	Vancouver	CAD	1,000	100.00%	100.00%	Vancouver Uno S.L.U.
Aldeasa Jordan Airport Duty Free Shops	Amman	USD	705,218	100.00%	100.00%	WDFG UK Holdings Limited
WDFG US, Inc.	Delaware	USD	165,842,137	100.00%	100.00%	WDFG UK Holdings Limited
Alpha Keys Orlando Retail Associates LLP	Orlando	USD	100,000	-	85.00%	WDF US, Inc.
World Duty Free US, Inc.	Orlando	USD	1,400,000	100.00%	100.00%	WDFG US, Inc.
Aldeasa Atlanta, LLC	Atlanta	USD	1,672,000	100.00%	100.00%	WDFG US, Inc.
Aldeasa Atlanta JV	Atlanta	USD	-	51.00%	51.00%	Aldeasa Atlanta, LLC
				25.00%	25.00%	WDFG US, Inc.
Aldeasa Curaçao N.V.	Curacao	USD	500,000	100.00%	100.00%	WDFG UK Holdings Limited
Autogrill Lanka, Ltd	Colombo (Sri Lanka)	SLR	30,000,000	99.95%	99.00%	WDFG UK Holdings Limited
Alpha-Kreol (India) Pvt Ltd	Mumbai	INR	100,000	50.00%	50.00%	WDFG UK Holdings Limited
Airport Retail Pvt Limited	Mumbai	INR	601,472,800	50.00%	50.00%	Alpha Airports Retail Holdings Pvt Limited
				50.00%	50.00%	WDFG UK Holdings Limited
WDFG Helsinki Oy	Vantaa (Finland)	EUR	2,500	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG UK Holdings Limited	London	GBP	12,484,397	80.10%	80.10%	World Duty Free Group, S.A.U.
				19.90%	19.90%	World Duty Free Group España, S.A.

COMPANY	Registered office	Currency	Share capital	% held at December 31, 2014	% held at December 31, 2013	Shareholders/quota holders
WDFG GB Limited	London	GBP	1,000	100.00%	100.00%	WDFG UK Holdings Limited
WDFG UK Limited	London	GBP	360,000	100.00%	100.00%	WDFG UK Holdings Limited
WDFG Holdings UK Pension Trustees Limited	London	GBP	100	100.00%	100.00%	WDFG UK Limited
Alpha Retail Ireland Ltd	Dublin	EUR	1	100.00%	100.00%	WDFG UK Limited
WDFG Jersey Limited	Jersey	GBP	4,100	100.00%	100.00%	WDFG UK Limited
Alpha Airports Group (Channel Islands) Ltd	St Helier, Jersey	GBP	21	-	100.00%	WDFG UK Holdings Limited
Alpha Airports Retail Holdings Pvt Limited	Mumbai	INR	-	100.00%	100.00%	WDFG UK Holdings Limited
WDFG North America, LLC	Delaware	USD	72,047,935	100.00%	100.00%	WDFG US, Inc.
WDFG-Howell-Mickens, Terminal A Retail II, LLC	Delaware	USD	-	65.00%	65.00%	WDFG North America, LLC
WDFG-Love Field Partners III, LLC	Delaware	USD	-	51.00%	51.00%	WDFG North America, LLC
WDFG-SPI DEN Retail, LLC	Delaware	USD	-	75.00%	75.00%	WDFG North America, LLC
WDFG JV Holdings, LLC	Delaware	USD	-	100.00%	100.00%	WDFG North America, LLC
AIRSIDE E JV	n/a	USD	-	50.00%	50.00%	WDFG JV Holdings, LLC
WDFG-Tinsley JV	n/a	USD	-	84.00%	84.00%	WDFG JV Holdings, LLC
WDFG PROSE JV II	n/a	USD	-	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-ELN MSP Terminal 2 Retail, LLC	Delaware	USD	-	90.00%	90.00%	WDFG JV Holdings, LLC
Houston 8-WDFG JV	n/a	USD	-	60.00%	60.00%	WDFG JV Holdings, LLC
WDFG Bush Lubbock Airport JV	n/a	USD	-	90.00%	90.00%	WDFG JV Holdings, LLC
WDFG Adevco JV	n/a	USD	-	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-Howell-Mickens JV	n/a	USD	-	65.00%	65.00%	WDFG JV Holdings, LLC
WDFG-Solai MDW Retail, LLC	Delaware	USD	-	67.00%	67.00%	WDFG JV Holdings, LLC
WDFG-Diversified JV	n/a	USD	-	90.00%	90.00%	WDFG JV Holdings, LLC
WDFG-Java Star JV	n/a	USD	-	50.01%	50.01%	WDFG JV Holdings, LLC
WDFG-Howell Mickens Terminal A Retail I JV	Delaware	USD	-	65.00%	65.00%	WDFG JV Holdings, LLC
Phoenix-WDFG JV	n/a	USD	-	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-Houston 8 Terminal E, LLC	Delaware	USD	-	60.00%	60.00%	WDFG JV Holdings, LLC
WDFG-Chelsea JV 1	n/a	USD	-	65.00%	65.00%	WDFG JV Holdings, LLC
WDFG-Love Field Partners II, LLC	Delaware	USD	-	51.00%	51.00%	WDFG JV Holdings, LLC
WDFG-DFW AF, LLC	Delaware	USD	-	50.01%	50.01%	WDFG JV Holdings, LLC
WDFG-Houston 8 San Antonio JV	n/a	USD	-	63.00%	63.00%	WDFG JV Holdings, LLC
WDFG Miami Airport Retail Partners JV	n/a	USD	-	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-Howell Mickens JV III	n/a	USD	-	51.00%	51.00%	WDFG JV Holdings, LLC
WDFG-DMV DTW Retail LLC	Delaware	USD	-	79.00%	79.00%	WDFG JV Holdings, LLC
WDFG Detroit & Partners LLC	Delaware	USD	-	80.00%	20.00%	WDFG North America, LLC
Alpha ASD Ltd	London	GBP	20,000	100.00%	50.00%	WDFG UK Holdings Limited
WDFG France SNC	Neuilly Sur Seine	EUR	5,000	100.00%	-	WDFG UK Holdings Limited
WDFG Detroit&Partners LLC	Delaware	USD	-	80.00%	-	WDFG North America, LLC
WDFG-Stellar TPA 1 LLC	Delaware	USD	-	70.00%	-	WDFG North America, LLC
WDFG CA LLC	Delaware	USD	-	65.00%	-	WDFG North America, LLC

COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Creuers del Port de Barcelona S.A. (**)	Barcellona	EUR	3,005,061	-	23.00%	World Duty Free Group España, S.A.

(*) These two entities merged in 2015. Refer to note 9.1 for more information.

(**) The investment was sold in 2014.

Statement of the CEO and Manager in charge of financial reporting

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

1. We, the undersigned, Eugenio Andrades as Chief Executive Officer and David Jiménez-Blanco as manager in charge of financial reporting of World Duty Free S.p.A., hereby declare, including in accordance with art. 154-*bis* (3) and (4) of Legislative Decree no. 58 of 24 February 1998:
   a. The adequacy of, in relation to the characteristics of the business; and
   b. Due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during 2014.

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

3. We also confirm that:

   3.1 The consolidated financial statements:
      a. Have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
      b. Correspond to the ledgers and accounting entries;
      c. Provide a true and fair view of the financial position and results of operations of World Duty Free S.p.A. and of companies included in the consolidation.

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

Milan, March 11, 2015

Mr. Eugenio Miguel Andrades Yunta	Mr. David Jiménez-Blanco
Chief Executive Officer	Manager in charge of Financial Reporting

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

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

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

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

To the shareholders of
World Duty Free S.p.A.

1 We have audited the consolidated financial statements of the World Duty Free Group as at and for the year ended 31 December 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Reference should be made to the report dated 4 April 2014 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the World Duty Free Group as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the World Duty Free Group as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

4 The directors of World Duty Free S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative

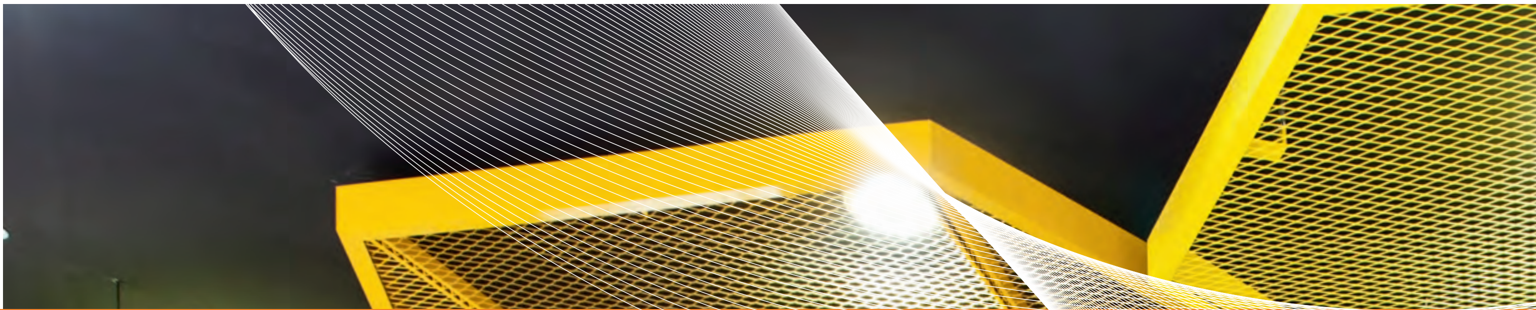
decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the consolidated financial statements of the World Duty Free Group as at and for the year ended 31 December 2014.

Milan, 8 April 2015

KPMG S.p.A.

(signed on the original)

Stefano Azzolari
Director



Separate Financial Statements

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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


Türe
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Separate financial statements

1.1.

Statement of financial position

EURO	NOTES	AS OF DECEMBER 31, 2014	OF WHICH PRELATED PARTIES	AS OF DECEMBER 31, 2013	OF WHICH PRELATED PARTIES
ASSETS					
Current assets					
Cash and cash equivalents	2.3.1	395	-	1,629,208	-
Other assets	2.3.2	10,717	-	157,568	-
Total current assets		11,112		1,786,776	
Non-current assets					
Property, plant and equipment	2.3.3	53,451	-	6,706	-
Other intangible assets		529	-	-	-
Equity investments	2.3.4	428,878,184	-	428,878,184	-
Other assets	2.4.3	-	-	1,098	-
Total non-current assets		428,932,164		428,885,988	
TOTAL ASSETS		**428,943,276**		**430,672,764**	
LIABILITIES AND EQUITY					
LIABILITIES					
Current liabilities					
Trade payables	2.3.5	2,822,203	2,093,360	4,712,940	2,314,959
Other liabilities	2.3.6	113,974	-	363,266	-
Employee benefits	2.3.7	1,025,329	877,560	187,000	-
Loans and borrowings from other financial backers	2.3.8	-	-	14,431	14,431
Loans	2.3.9	2,431,040	-	-	-
Total current liabilities		6,392,546		5,277,637	
Non-current liabilities					
Employee benefits	2.3.7	20,782	15,612	-	-
Loans and borrowings from other financial backers	2.3.8	-	-	6,300,000	6,300,000
Total non-current liabilities		20,782		6,300,000	-
Equity	2.3.10	**422,529,948**		**419,095,126**	
TOTAL LIABILITIES AND EQUITY		**428,943,276**		**430,672,764**	

1.2.
Income statement

EURO	NOTES	2014	OF WHICH PRELATED PARTIES	2013	OF WHICH PRELATED PARTIES
Dividends and other income from equity investments	2.4.1	10,000,000	10,000,000	-	-
Other operating income		740	-	-	-
Personnel expense	2.4.2	(1,937,942)	(1,548,310)	(222,410)	(35,410)
Other operating expense	2.4.3	(4,419,442)	(1,864,296)	(707,179)	(208,778)
Depreciation, amortization and impairment losses		(7,501)	-	(667)	-
Operating profit (loss)		3,635,855		(930,256)	
Financial income	2.4.4	26	-	-	-
Financial expense	2.4.4	(201,059)	(184,482)	(28,160)	(26,404)
Pre-tax profit/(loss)		3,434,822		(958,417)	
Income tax	2.4.5	-	-	-	-
Profit/(loss) for the year		**3,434,822**		**(958,417)**	

1.3.
Statement of comprehensive income

EURO	2014	2013
Profit/(loss) for the year	3,434,822	(958,417)
Items that will not be subsequently reclassified to profit or loss	-	-
Items that will be subsequently reclassified to profit or loss	-	-
Total comprehensive income (expense) for the year	**3,434,822**	**(958,417)**

1.4.

Statement of changes in equity (note 2.3.10)

EURO	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES AND RETAINED EARNINGS	PROFIT (LOSS) FOR THE YEAR	EQUITY
Balance as of January 1, 2014	63,720,000	12,720,000	343,613,543	(958,417)	419,095,126
Comprehensive income for the year					
Profit/(loss) for the year	-	-	-	3,434,822	3,434,822
Total comprehensive income for the year	-	-	-	3,434,822	3,434,822
Transaction with owners of the parent, recognized directly in equity					
Losses carried forward	-	-	(958,417)	958,417	-
Total transaction with owners of the parent, recognized directly in equity	-	-	(958,417)	958,417	
Balance as of December 31, 2014	**63,720,000**	**12,720,000**	**342,655,126**	**3,434,822**	**422,529,948**
Incorporation and contribution to share capital (March 27, 2013)	120,000	-	10,000	-	130,000
Comprehensive expense for the year					
Profit/(loss) for the year	-	-	-	(958,417)	(958,417)
Total comprehensive expense for the year	-	-	-	(958,417)	(958,417)
Transactions with owners of the parent, recognized directly in equity					
Partial demerger of Autogrill S.p.A.	63,600,000	12,720,000	352,558,184	-	428,878,184
Transaction costs for the issue and listing of the shares	-	-	(8,954,641)	-	(8,954,641)
Total transactions with owners of the parent, recognized directly in equity	63,600,000	12,720,000	343,603,543	-	419,923,543
Balance as of December 31, 2013	63,720,000	12,720,000	343,613,543	(958,417)	419,095,126

1.5.

Statement of cash flows

EURO	NOTES	FOR THE YEAR ENDED DECEMBER 31, 2014	FOR THE YEAR ENDED DECEMBER 31, 2013
Opening cash and cash equivalents	2.3.1	1,629,208	-
Pre-tax profit/(loss) and net financial expense for the year		3,635,855	(930,256)
Amortization, depreciation and impairment losses on non-current assets, net of reversals		7,501	667
Change in working capital in the year		1,641,209	1,829,476
Cash flows from operating activities		5,284,565	899,887
Net interest paid		(202,580)	(11,972)
Taxes paid		-	-
Net cash flows from operating activities		5,081,985	887,914
Acquisition of property, plant and equipment	2.3.3	(54,770)	(7,372)
Net change in non-current financial assets		1,100	-
Cash flows used in investing activities		(53,670)	(7,372)
Opening of intercompany loans from subsidiaries	2.3.8	-	6,300,000
Repayment of intercompany loans from subsidiaries	2.3.8	(6,300,000)	-
Opening of new loans		2,418,140	-
Transaction costs for the issue and listing of the shares	2.3.10	(2,775,268)	(5,681,334)
Incorporation of the company	2.3.10	-	130,000
Net cash flows from/(used in) financing activities		(6,657,128)	748,666
Cash flow for the year		(1,628,813)	1,629,208
Closing cash and cash equivalents	**2.3.1**	**395**	**1,629,208**

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Notes to the separate financial statements

2.1.

General information

COMPANY OPERATIONS

World Duty Free S.p.A. (hereinafter also "WDF S.p.A.") is a public limited liability company organized in accordance with the laws of the Italian Republic. WDF S.p.A. is the parent of World Duty Free Group which, at December 31, 2014, directly holds the entire interest in World Duty Free Group, S.A. (hereinafter also "WDFG S.A."), a company incorporated under Spanish law with registered office in Madrid, operating in the Travel Retail & Duty Free sector.

WDF S.p.A. was incorporated on March 27, 2013 and registered with the Novara Company Register from April, 3 2013. The duration of the company is fixed at December 31, 2070 and may be extended.

As parent, WDF S.p.A. has prepared consolidated financial statements for World Duty Free Group as of and for the year ended December 31, 2014.

The WDF's registered office is located in Novara, via Greppi, 2. The secondary office is located in Milan, Corso di Porta Vittoria 16.

DEMERGER OF AUTOGRILL S.P.A. IN FAVOR OF WDF S.P.A.

On October 1, 2013 the partial proportional demerger of Autogrill S.p.A. in favor of WDF S.p.A. (the "Demerger") became effective, following the resolutions of the respective shareholders' meetings on June 6, 2013.

The project of the Demerger was prepared jointly by the Autogrill S.p.A. and WDF S.p.A. boards of directors pursuant to Sections 2506-*bis* and 2501-*ter* of the Italian Civil Code and was approved by the respective boards of directors on May 3, 2013. The Demerger project was made available on Autogrill's website on May 4, 2013. The Demerger deed was executed on September 26, 2013 and it was filed with the Novara Companies' Register on September 27, 2013.

The scope of the Demerger was predominantly industrial and was aimed to separate the two sectors, Food & Beverage and Travel Retail & Duty Free, in which Autogrill Group operated, considering that these two sectors have substantially different features from each other, both in terms of market and competitive context of reference, as well as in terms of dynamic management and development strategies; the two sectors were also managed independently and no significant synergies connected one to the other.

With the Demerger, Autogrill S.p.A. transferred to WDF S.p.A. its investment in World Duty Free Group S.A.U. As a result of the Demerger, on October 1, 2013, the net assets of WDF S.p.A. increased by EURO 428,878 thousand. Therefore, the shareholders of Autogrill S.p.A. received, for no consideration, shares in WDF S.p.A. in the same number and of the same class of those previously held in Autogrill S.p.A.

Since October 1, 2013 the shares of WDF S.p.A. and of Autogrill S.p.A. have been listed separately on the MTA (Mercato Telematico Azionario) in Milan.

The two companies operate separately and independently and are related parties because they are subsidiaries of Schematrentaquattro S.p.A., which holds, as at December 31, 2014 and 2013 50.1% of the share capital of Autogrill S.p.A. and 50.1% of the share capital of WDF S.p.A. Schematrentraquattro S.p.A. is fully owned by Edizione S.r.l.

2014 SIGNIFICANT TRANSACTIONS

On June 18, 2014 the Boards of Directors of WDFG S.A.U. and its subsidiary World Duty Free Group España, S.A. ("WDFG S.A.") resolved on the reverse merger of both entities. The shareholders' meetings of these companies approved the merger on December 15, 2014.

The merger is legally effective, according to Spanish regulations, from January 20, 2015, and World Duty Free Group España S.A. was renamed World Duty Free Group S.A. (hereinafter "WDFG S.A.").

Due to the merger, the share of WDF S.p.A. in WDFG S.A. will be equal to 99.96%, as WDFG S.A.U. owned 99.93% of WDFG S.A. The merger has no impact on the financial statements of WDF S.p.A.

2.2.

Accounting policies

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 (or "International Accounting Standards") mean *International Financial Reporting Standards* including *International Accounting Standards* (IAS), supplemented by the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

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

The financial statements have been prepared in accordance with the historical cost principle, except for items that, in accordance with IFRS, are measured at fair value and in accordance with the going concern assumption.

These financial statements are denominated in Euro. The statement of financial position, income statement, the statement of comprehensive income, the statement of change in equity and the statement of cash flows are expressed in EURO. The amounts in the notes to the financial statements are expressed in Euro, unless otherwise stated.

STRUCTURE, FORMAT AND CONTENT OF THE FINANCIAL STATEMENTS

WDF S.p.A. made the following choices regarding the structure, format and content of the financial statements:

- in the statement of financial position, current and non-current assets and liabilities are shown separately;
- in the income statement, costs and revenue are classified by nature;
- the statement of comprehensive income is presented separately; and
- the statement of cash flows is presented in accordance with the indirect method.

The structure and the formats used, as described above, are those best suitable to present the results of operations, financial position and cash flows of WDF S.p.A.

The financial statements provide a true and fair view of the financial position, results of operations and cash flows of WDF S.p.A.

ACCOUNTING POLICIES AND MEASUREMENT CRITERIA

The main measurement criteria and significant accounting policies adopted in the preparation of the financial statements are described below.

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 assets. Property, plant and equipment are systematically depreciated on a straight-line basis at rates deemed to reflect their estimated useful lives. WDF S.p.A. systematically reviews the useful life of each asset annually. 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 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 periods used are as follows:

	ESTIMATED USEFUL LIFE
Furniture	10 years
Electronic machinery	3-5 years

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

Regardless of depreciation already recognized, if there are impairment losses, the asset is impaired accordingly.

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

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

INTANGIBLE ASSETS

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

The Company reviews the estimated useful life and amortization method of these assets annually and whenever there is evidence of possible impairment losses. If impairment losses arise the asset is impaired accordingly.

The company amortises software licenses over three years.

EQUITY INVESTMENTS

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

At each reporting date, the company tests whether there are internal or external indicators of impairment of the investment. If so, the recoverable amount of the assets is estimated to determine any impairment loss.

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

If the recoverable amount of the investment is estimated to be less than its carrying amount, it is reduced to the recoverable amount. Impairment losses are recognized in the income statement.

If the reason for an impairment loss no longer exists, the investment in subsidiaries is reversed to the new estimate of recoverable amount, which may not exceed the carrying amount that the investment would have had if the impairment loss had not been charged. The reversal of impairment is taken to the income statement.

OTHER ASSETS

"Other assets" are initially recognized at fair value, and subsequently at amortized cost, using the effective interest method, if the financial effect of payment deferral is material. They are impaired to reflect estimated impairment losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the cash and the current accounts with banks and post offices, as well as the demand deposits and other highly liquid short-term financial investments, with 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.

EQUITY

SHARE CAPITAL

The share capital is wholly composed of ordinary shares.

COSTS FOR EQUITY TRANSACTIONS

Transaction costs directly attributable to equity transactions are accounted for and deducted directly from equity. The related tax effect, if any, is also presented within equity.

TRADE PAYABLES AND OTHER LIABILITIES

"Trade payables and other liabilities" 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.

EMPLOYEE BENEFITS

I. **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

II. **Share-based payment transactionsi**

The grant-date fair value of equity settled share-based payment awards granted to employees is recognized in personnel expense, with a corresponding increase in equity, over the vesting period of 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 outcomes.

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 during which 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 in the income statement.

III. Defined contribution plans

Obligations for contributions to defined-contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

IV. Defined benefit plans

The company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

LOANS AND BORROWINGS

“Loans” and “Loans and borrowings from other financial backers” 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, if the financial effect of payment deferral is material.

RECOGNITION OF REVENUE AND COSTS

Dividend income is recognized in profit or loss on the date on which the Company’s right to perceive payment is established.

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

Service revenue and costs are recognized in proportion to the stage of completion at the reporting date. When the services covered under a single contract are provided in different years, the consideration will be broken down by service provided on the basis of the relative fair value.

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

FINANCIAL INCOME AND EXPENSE

Financial income mainly includes:

- interest income;
- interest expense;
- exchange rate gains and losses on financial assets and liabilities.

Interest income and expense are recognized on an accruals basis using the effective interest method.

Net exchange gain 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.

INCOME TAX

Tax for the year is the sum of current and deferred taxes recognized in profit or loss for the year, with the exception of 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 deductable or taxable. Current tax liabilities are determined using the enacted tax rates (on an official or de facto basis) at the reporting date.

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

Deferred tax liabilities are recognized on taxable temporary differences relating to equity investments in subsidiaries unless the company is able to control the reversal of these 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 enacted at the close of the year.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances and when they pertain to the same tax authorities.

WDF S.p.A. agreed to be included in the national tax consolidation scheme of Edizione S.r.l. for the three-year period from 2013 to 2015, in accordance with provisions of the Consolidated Income Tax Act. The contract signed by the parties provides for payment in full of the amount corresponding to the transferred losses or profits times the IRES (corporate tax) rate, as well as the transfer of any tax assets. The tax losses are reimbursed when Edizione S.r.l. would utilize them within the tax consolidation scheme.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency based on the exchange rate at the reporting date. Exchange rate gain and losses are recorded in the income statement.

USE OF ESTIMATES

The preparation of the separate financial statements and notes thereto requires management, on the basis of the IFRS requirements, to make estimates and assumptions that affect the carrying amounts of assets, liabilities, costs and income and the disclosure about contingent assets and liabilities at year end. Actual results may differ. Estimates are used to determine the allowances for impairment, the impairment losses on assets and taxes. Estimates and assumptions are periodically reviewed and the effect of any change is immediately taken to the income statement of the current and future years.

NEW STANDARDS AND INTERPRETATIONS NOT YET APPLICABLE

The table below lists the IFRS, interpretations, amendments to existing standards and interpretations or specific provisions contained in standards or interpretations approved by the IASB, showing those that were endorsed and not endorsed by the European Union as of the date of the preparation of these financial statements.

No significant effects should arise from the application of the above mentioned accounting standards.

WDF S.p.A. did not opt for early adoption of the standards or interpretations which have effective date as annual periods beginning after January 1, 2015.

DESCRIPTION	ENDORSED BY THE EU AT THE DATE OF THE FINANCIAL STATEMENTS	IASB EFFECTIVE DATE
IFRS 9 Financial Instruments	NO	January 1, 2018
IFRS 14 Regulatory deferral accounts	NO	January 1, 2016
IFRS 15 Revenue from contracts with customers	NO	January 1, 2017
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying thge consolidation exception	NO	January 1, 2016
Amendments to IAS 1: Disclosure Initiative	NO	January 1, 2016
Annual Improvements to IFRSs 2012–2014 Cycle	NO	January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NO	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	NO	January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	NO	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	NO	January 1, 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	NO	January 1, 2016
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	YES	July 1, 2014
Annual Improvements to IFRSs 2010–2012 Cycle	YES	July 1, 2014
Annual Improvements to IFRSs 2011–2013 Cycle	YES	July 1, 2014
IFRIC 21 Levies	YES	January 1, 2014

2.3 Notes to the statement of financial position

CURRENT ASSETS

2.3.1. Cash and cash equivalents

This item amounts to EURO 395 as of December 31, 2014 (EURO 1,629,208 as of December 31, 2013) and reflects the cash available on current bank accounts. Refer to Note 2.3.8 "Due to others" and Note 3 "Financial risk management" for more information.

2.3.2. Other assets

The item amounts to EURO 10,717 as of December 31, 2014 (EURO 157,568 as of December 31, 2013) and it relates mainly to the advance payment of an insurance premium.

NON-CURRENT ASSETS

2.3.3. Property, plant and equipment

The tables that follow report the change in this item in the current and previous reporting periods:

EURO	AS OF DECEMBER 31, 2013	INCREASES	AS OF DECEMBER 31, 2014
Cost			
Leasehold improvement	-	13,420	13,420
Furniture	1,761	3,690	5,451
Electronic machinery	5,612	37,030	42,642
Total cost	7,373	54,140	61,513
Accumulated depreciation			
Leasehold improvement	-	1,139	1,139
Furniture	106	617	723
Electronic machinery	561	5,639	6,200
Total accumulated depreciation	667	7,395	8,062
Carrying amount	**6,706**	**46,745**	**53,451**

EURO	AS OF MARCH 27, 2013	INCREASES	AS OF DECEMBER 31, 2013
Cost			
Furniture	-	1,761	1,761
Electronic machinery	-	5,612	5,612
Total cost	-	7,373	7,373
Accumulated depreciation			
Furniture	-	106	106
Electronic machinery	-	561	561
Total accumulated depreciation	-	667	667
Carrying amount	-	**6,706**	**6,706**

2.3.4. Equity Investments

This caption includes the investment in WDFG S.A.U. which was transferred in October 2013 by Autogrill S.p.A. to WDF S.p.A. due to the Demerger.

The main financial information of this subsidiary is reported below:

IN THOUSAND OF EURO	CARRYING AMOUNT	REGISTERED OFFICE	% HELD	REVENUE (*)	EQUITY (*)	PROFIT FOR THE YEAR (*)
	AS OF DECEMBER 31, 2014			AS OF DECEMBER 31, 2014		
WDFG S.A.U.	428,878	Madrid, Spain	100%	2,406,640	492,489	48,061
	AS OF DECEMBER 31, 2013			AS OF DECEMBER 31, 2013		
WDFG S.A.U.	428,878	Madrid, Spain	100%	2,078,477	428,919	111,833

(*) Data refer to the consolidated financial statements prepared under IFRS

The recoverable amount of the investment is tested by estimating the value in use, defined as the present value of estimated future cash flows for the subsidiary and other group companies (based on the 2015 budget and the business plan 2016-2019) discounted at rates calculated using the Capital Assets Pricing Model (from 6.2% to 18.5% in 2014 and from 5.3% to 14.5% in 2013). Cash flows beyond the period covered by projections have been estimated by extrapolating information from those forecasts and applying nominal growth rates (“g”), which do not exceed the long-term growth estimates for WDFG S.A.U. Group’s sector and countries of operation (equal to 2%).

Based on the result of the estimation process described above, the recoverable amount of the investment in WDFG S.A.U. is significantly higher than the corresponding carrying amount. Therefore, no impairment losses have been recognised.

For the full list of key data on investments in subsidiaries and associates held directly and indirectly as of December 31, 2014 see Annex 1.

LIABILITIES

2.3.5. Trade payables

The caption is detailed as follows:

EURO	31.12.2014	31.12.2013
Service suppliers, third parties	728,843	2,397,930
Service suppliers, related parties	2,093,360	2,315,010
TOTAL	2,822,203	4,712,940

"Service suppliers, third parties" refers to consulting services and includes, among other items, the remuneration of the statutory auditors. In 2013 this item mainly referred to the transaction costs directly related to the issue of the shares and to the listing process.

For more details about "Service suppliers, related parties" refer to the note 6.1.

2.3.6. Other payables

"Other payables" are detailed as follows:

EURO	31.12.2014	31.12.2013
Tax payables	113,974	204,402
Otheri		158,864
TOTAL	113,974	363,266

"Tax Payables" includes EURO 56,222 (EURO 202,763 as at December 31, 2013) for withholding taxes and EURO 57,752 (EURO 1,639 as at December 31, 2013) for VAT.

2.3.7. Employee benefits

This caption is detailed as follows:

EURO	31.12.2014	31.12.2013
Employees	22,559	-
Board of Directors (note 6.1)	877,560	187,000
Social Security institutions	125,210	-
TOTAL CURRENT EMPLOYEE BENEFITS	1,025,329	187,000
Incentive plans (note 6.1)	15,612	-
Other	5,170	-
TOTAL NON-CURRENT EMPLOYEE BENEFITS	20,782	-

The average headcount expressed in full time equivalent employees was 2 in 2014 (no employee in 2013).

"Other" includes the employees' leaving entittlement (TFR).

2.3.8. Loans and borrowings from other financial backers

This caption corresponds to the revolving credit facility granted by World Duty Free Group S.A.U. The main characteristics of this credit facility and withdrawn amounts are:

EURO	INCEPTION DATE	MATURITY	WITHDRAWN		
			MAXIMUM AMOUNT AVAILABLE	31.12.2014	31.12.2013
WDFG, S.A.U.	August 2013	November 2019	10,000,000	-	6,300,000

The credit facility provides for an interest rate linked to Euribor, plus a spread.

2.3.9. Loans

The table below provides a breakdown of this item:

EURO	31.12.2014	31.12.2013
Credit lines	2.418.140	-
Accrued interest	12.900	-
TOTAL CURRENT	2.431.040	-

On February 27, 2014, the company agreed a credit line with Intesa Sanpaolo S.p.A. of EURO 5 million, with termination six months from the date on which the credit lines have been fully repaid. It entails no specific covenants, guarantees or other restrictions. This credit line provides for an interest rate linked to Euribor, plus a spread.

2.3.10. Equity

The changes in equity are shown in the financial statements. A description of the content of the main equity captions is provided below, together with some details about the main changes for the year.

Share capital

On the date of incorporation (March 27, 2013), the share capital amounted to EURO 120 thousand, consisting of 120,000 shares with no par value, wholly held by Autogrill S.p.A. As a result of the Demerger, the share capital of WDF S.p.A. increased by EURO 63,600 thousand, by issuing 254,400,000 new ordinary shares assigned to Autogrill S.p.A. shareholders on the basis of one WDF S.p.A. share per each Autogrill S.p.A. share held.

As of December 31, 2014 and 2013 the share capital was equal to EURO 63,720,000, fully subscribed and paid in, represented by 254,520,000 ordinary shares with no par value.

Legal reserve

The item includes the portion of income for a minimum of 5% until it reaches 20% of the share capital, as stated by art. 2430 of the Italian Civil Code. As of December 31, 2014 and 2013 this item amounts to EURO 12,720 thousand.

Other reserves and retained earnings

This item amounts to EURO 342,655 thousand and includes: I) EURO 352,558 thousand from the Demerger; II) EURO (8,955) thousand as transaction costs directly related to the issue of new shares and the related listing recognized in 2013; III) EURO 10 thousand as an extraordinary reserve set up on the date of incorporation of the company; IV) EURO (958,417) as previous year losses.

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

EURO	AS OF DECEMBER 31, 2014	ELIGIBILITY OF USE	AMOUNT AVAILABLE
Share capital	63,720,000	-	-
Income-related reserves:			
Legal reserve	12,720,000	B	-
Other reserves and retained earnings	342,655,126	A,B, C	342,655,126

Key:
A: for share capital increases
B: for coverage of losses
C: for distribution to shareholders

WDF S.p.A. operates as the holding company of the World Duty Free Group and therefore its ability to distribute dividends to its shareholders depends on the amount of dividends distributed by the subsidiary WDFG S.A.U..

In this regard, the new loan agreement signed by the subsidiaries WDFG S.A.U., WDFG España, WDFG UK Holdings Ltd and WDFG UK Ltd in November 2014, provides for restrictions on WDFG S.A.U. ability to make any distribution that caused the leverage ratio (as defined in the agreement and that considers the effects of dividend distributions) to exceed the contractually authorized limits.

Treasury shares

World Duty Free S.p.A. has launched a share buy-back program for up to 12,726,000 shares, representing 5% of its share capital, in accordance with the authorization granted by the shareholders in their meeting held on May 14, 2014. The buy-back program may be implemented in one or more tranches within 18 months of the date of the aforementioned shareholders' resolution, i.e. by November 14, 2015. As at December 31, 2014 the company does not own any treasury shares.

2.4. Notes to the income statement

2.4.1. Dividends

On May 27, 2014, the shareholder's meeting of the subsidiary WDFG S.A.U. approved the distribution of a EURO 10,000,000 dividend. The dividend was collected by the company in June 2014.

2.4.2. Personnel expense

As of December 31, 2014 the company has 3 employees (none in 2013). The personnel expenses include EURO 549,316 (EURO 35,410 in 2013) in relation with the employees seconded from foreign subsidiaries for administrative and managing activities, as well as the remuneration of the members of the Board (EURO 998,990 in 2014 and EURO 187,000 in 2013).

2.4.3. Other operating expense

A breakdown of "Other operating expense" is provided below:

	2014		2013	
IN MIGLIAIA DI EURO	THIRD PARTIES	RELATED PARTIES	THIRD PARTIES	RELATED PARTIES
Consulting and professional services (note 6.1)	2,016,591	229,180	338,414	97,778
Fees to the Statutory Auditors and Supervisory Board (note 6.2)	227,500	-	76,809	-
Services rendered by subsidiaries (note 6.1)	-	1,541,680	-	95,000
Rents (note 6.1)	903	78,275	8,723	16,000
Other services	171,673	-	54,811	-
Other operating expense (note 6.1)	138,479	15,161	19,644	-
TOTAL	2,555,146	1,864,296	498,401	208,778

Consulting and professional services refer to administrative, IT, legal and tax services and also include the cost related to the service agreement executed with Autogrill S.p.A. for the supply of these services, in order to assist the transition period following the Demerger and in force up to June 2014. For more details about the charges incurred with Autogrill refer to Note 6.1.

The services from subsidiaries refer to the Service Agreement in place with WDFG S.A.U. and WDFG UK Holdings Ltd regarding the support activities in various business functions such as human resources management, financial reporting, internal auditing, l'investor relations and external communications.

2.4.4. Financial expense

Financial expense mainly include interest expense on the intragroup loan.

2.4.5. Income tax

Corporate direct taxes applicable to the Company are IRES (Imposta sul Reddito sulle Siocietà) and IRAP (Imposta Regionale sulle Attività Produttive). Last year, the company has incurred in losses that resulted in no corporate tax expense.

The reconciliation of the effective tax and theoretical IRES and IRAP amount is as follows:

EURO	2014			2013		
	IRES 27.50%	IRAP 5.57%	TOTAL 33.07%	IRES 27.50%	IRAP 3.90%	TOTAL 31.40%
Pre-tax profit/(loss)			3,434,822			(958,417)
Theoretical tax	944,576	19,132	1,135,896	(263,565)	(37,378)	(300,943)
Permanent differences:						
- Interests	55,284	11,198	66,482	725	1,028	8,278
- Dividends	(2,612,500)	(557)	(3,169,500)	-	-	-
- Other increases	-	-	-	44,929	627	51,199
- Other decreases	(516,126)	(13,559)	(529,685)	(492,505)	(69,846)	(562,351)
Net Temporary differences:						
- Originated in current year	110,237	113	11,035	-	-	-
- Originated in previous years	-	-	-	-	-	-
Total unrecognized tax losses and temporary differences asset/(liability)	2,018,529			703,891		
Income tax	-	-	-	-	-	-

Permanent differences in 2014 are mainly related to dividends distributed by subsidiaries, which are partly exempt.

IRES net losses by year of generation that could be offset against potential future taxable profits without any time limitation, are the following:

YEAR	TAX LOSS	TAX ASSET (27.5%)	DEADLINE
2013	2,559,603	703,801	N/A
2014	7,340,106	2,018,529	N/A
TOTAL	9,899,709	2,722,330	

The Company has not recorded any tax asset relating to tax losses and temporary differences, considering that the future possibility of use is influenced by the presence of recurring operating expenses, the limited taxability of dividends of subsidiaries and the use of the tax losses transferred to Edizione S.r.l. within the tax consolidation scheme have not been used thereby.

The Italian tax authorities can audit the income tax returns of the last four years. The 2013 and 2014 years can, therefore, be audited.

2.5. Net financial position

In accordance with the requirements of the CONSOB Communication of July 28, 2006 and consistent with the ESMA/2011/81 Recommendation, a breakdown of net financial position at December 31, 2014 and 2013 is provided below:

EURO	NOTES	AS OF DECEMBER 31, 2014	AS OF DECEMBER 31, 2013
A) Cash on hand	2.3.1	395	1,629,208
B) Cash equivalents		-	-
C) Securities held for trading		-	-
D) Cash and cash equivalents (A+B+C)		395	1,629,208
E) Current financial receivables		-	-
F) Bank loans and borrowings, current	2.3.9	(2,431,040)	-
G) Loans and borrowings from other financial backers	2.3.8	-	(14,431)
H) Other financial liabilities		-	-
I) Current financial indebtedness (F+G+H)		(2,431,040)	(14,431)
J) Net current financial position (I+E+D)		(2,430,645)	1,614,777
K) Bank loans and borrowings, net of current portion		-	-
L) Bonds issued		-	-
M) Loans and borrowings from other financial backers	2.3.8	-	(6,300,000)
N) Non-current financial position (K+L+M)		-	(6,300,000)
O) Net indebtness (J+N)*		(2,430,645)	(4,685,223)
P) Non-current financial assets		-	-
Net financial position (O+P)		**(2,430,645)**	**(4,685,223)**

(*) As defined by CONSOB Communication July 28, 2006 and ESMA/2011/81 Recommendations

3 •

Financial risk management

In connection with management risk, the main risks identified and managed by the company are as follows:

- credit risk, deriving from the possibility that a counterparty may default;
- liquidity risk, deriving from the lack of sufficient financial resources to meet financial obligations.

CREDIT RISK

The credit risk is the risk that financial institution counterparty may cause a financial loss by defaulting on an obligation. It mainly arises in relation to the financial investments of WDF S.p.A.

As of December 31, 2014 and 2013 the carrying amount of the financial assets represents the maximum exposure of WDF S.p.A. to the credit risk, as shown below:

EURO	31.12.2014	31.12.2013
Cash and cash equivalents	395	1,629,208
Other assets	10,717	157,568
Total exposure to credit risk	11,112	1,786.776

Other assets consist of advances for services, which entail a limited credit risk.

LIQUIDITY RISK

The liquidity risk arises when the company proves difficulties to meet the obligations relating to financial liabilities.

The table that follows shows an analysis of the maturities of financial liabilities as of December 31, 2014:

EURO	AS OF DECEMBER 31, 2014	1-3 MONTHS	3-6 MONTHS	6 MONTHS - 1 YEAR	1-2 YEARS	2-5 YEARS	OVER 5 YEARS
Loans	2,431,040	2,431,040	-	-	-	-	-
Trade payables	2,822,203	2,822,203	-	-	-	-	-
Other liabilities	113,974	113,974	-	-	-	-	-
Employee benefits	1,046,111	1,025,329	-	-	-	20,782	-
TOTAL	6,413,328	6,392,546	-	-	-	20,782	-

The table that follows shows an analysis of the maturities of financial liabilities as of December 31, 2013:

EURO	AS OF DECEMBER 31, 2013	1-3 MONTHS	3-6 MONTHS	6 MONTHS - 1 YEAR	1-2 YEARS	2-5 YEARS	OVER 5 YEARS
Loans and borrowings from other	6,314,431	14,431	-	-	-	6,300,000	-
Trade payables	4,712,940	4,712,940	-	-	-	-	-
Other liabilities	363,266	363,266	-	-	-	-	-
Employee benefits	187,000	187,000	-	-	-	-	-
TOTAL	11,577,637	5,277,637	-	-	-	6,300,000	-

As of December 31, 2014 there are no financial liabilities with a maturity over five years.

With regard to trade payables, there is no significant concentration of suppliers.

The objective of the company is to maintain sufficient liquid assets to address and cover any risk of financial stress.

Future financial needs will mainly be satisfied through:

- The use of available credit lines: the company has available bank facilities amounting to EURO 2.5 million of a credit line with a availability limit amounting to 5 million and an intercompany revolving credit facility due in 2019 with EURO 10 million availability.
- Dividends: the subsidiary WDFG S.A.U., even considering the restrictions of the syndicated bank loan, could distribute dividends to cover potential additional liquidity needs.

4 •

Fair value estimation

For financial reporting purposes, fair value measurements are categorized into levels based on the input data used in the valuation techniques, which are described as follows:

LEVEL 1 quoted prices (unadjusted) on active markets for identical assets or liabilities;
LEVEL 2 inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
LEVEL 3 inputs for asset and liability that are not based on observable market data (that is, unobservable inputs).

All the financial assets and liabilities of the company are classified in level 2. The carrying amount of financial assets and financial liabilities is substantially the same as their fair value.

5 •

Guarantees provided, commitments and contingent liabilities

As of December 31, 2014 and 2013 there were no guarantees provided and no commitments or contingent liabilities.

6 • Other information

6.1. Related party transactions

WDF S.p.A. is controlled by Schematrentaquattro S.p.A. (formerly Schematrentaquattro S.r.l.), which owns as of December 31, 2014 and 2013, 50.1% of its ordinary shares. Schematrentaquattro S.p.A. is a wholly-owned subsidiary of Edizione S.r.l.

On June 18, 2014 the Board of Directors of World Duty Free S.p.A. resolved to approve the reverse merger of World Duty Free Group S.A.U. into World Duty Free Group España, S.A. In accordance with Art. 14, paragraph 2, of the regulations adopted by CONSOB resolution no. 17221/2010 concerning operations with related parties (the "CONSOB OPC Regulations") and Art. 12.3.1 of the procedure relating to transactions with related parties of the Company, the Company has exercised the right to not apply the said procedure in relation to the reverse Merger of WDFG S.A.U. in WDFG España, which can be described as an operation of major relevance within the terms of Art. 4, paragraph 1 a) of the CONSOB OPC Regulations as other related parties of the company have no significant interest in WDFG S.A.U. and WDFG España. The shareholders' meetings of these subsidiaries approved the merger of the two entities in December 2014, which was filed in January 2015. As a consequence, WDFG S.A.U. was dissolved without liquidation, as all its assets and liabilities have been transferred to WDFG España, which changed its name to World Duty Free Group, S.A.

All related party transactions are carried out in the interest of WDF S.p.A. and at arm's length.

In 2014 and 2013 WDF S.p.A. had no transactions with its direct parent, Schematrentaquattro S.p.A.

TRANSACTIONS WITH EDIZIONE S.R.L.

EURO	31.12.2014	31.12.2013
Statement of financial position		
Trade payables	6,344	39,647
	2014	2013
INCOME STATEMENT		
Operating expense (*)	(78,487)	(56,898)
Statement of cash flows		
Net cash flows from / (used in) operating activities	(111,843)	(17,198)

(*) "Operating expense" includes "Other operating income", "Supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties" and "Other operating expense"

"Operating expenses" mainly refer to insurance, utilities and lease costs, as well as to the fees due to a director of the company to be paid over to Edizione S.r.l. where he serves as executive manager.

"Trade payables" and "Employee benefits" outstanding on December 31, 2014 and 2013 are related to the above-mentioned operating expense.

TRANSACTIONS WITH THE SUBSIDIARIES AND OTHER RELATED COMPANIES

	AUTOGRILL S.P.A.		WDFG S.A.U.		WORLD DUTY FREE GROUP, UK LTD.	
EURO	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Statement of financial position						
Trade payables	72,896	1,788,650	1,836,200	473,946	177,920	12,717
Loans and borrowing from other financial backers	-	-	-	6,314,431	-	-
	2014	2013	2014	2013	2014	2013
Income statement						
Dividends and other income from investments	-	-	10,000,000	-	-	-
Operating expense (*)	(244,139)	(57,290)	(1,836,201)	(118,000)	(254,789)	(12,000)
Net financial income / (expense)	-	-	(184,482)	(26,404)	-	-
Statement of cash Flows						
Net cash flows from / (used in) operating activities	(199,843)	-	(672,861)	(11,972)	(89,579)	-
Net cash flows from / (used in) financing activities	(1,760,050)	-	3,700,000	6,300,000	-	-

(*) "Operating expense" includes "Other operating income", "Supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties" and "Other operating expense"

AUTOGRILL

"Operating expense" is related to the service agreement signed with Autogrill S.p.A. for the supply of IT, administrative and legal support services, in order to assist the transition period following the Demerger. The agreement was in force up to June 2014.

"Trade payables" outstanding on December 31, 2014 and 2013 are related to the above mentioned operating expense and, in 2013, to the payments due for expenses advanced in 2013 by Autogrill S.p.A. on WDFG behalf related to the issue of the new shares, the Demerger and the related listing process, accounted for by the company under a specific equity reserve deducted from equity.

WDFG S.A.U. AND WORLD DUTY FREE GROUP, UK LTD

"Financial expense" consists of interest expense related to the loan provided by the subsidiary.

"Personnel expense" consists of charges for seconded employees that carry out administrative support activities.

"Trade payables" are related to the above-mentioned costs and the provision, regulated by contract, of administrative, financial, tax, human resources, investor relations, communication and compliance services.

"Loans and borrowings from other financial backers" consists of the credit line (revolving facility) granted by World Duty Free Group S.A.U. in August 2013 for a maximum amount of EURO 10 million. The withdrawn amount was repaid in June 2014 although the credit line remains in force and fully available as of December 31, 2014.

The impact of the related party transactions on the figures of the financial statements is as follows:

	Total related parties		WDF S.p.A.		%	
EURO	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Statement of financial position						
Other assets	-	-	10,717	157,568	-	-
Trade payables	2,093,360	2,314,960	2,822,203	4,712,940	74%	49%
Employee benefits	893,172	-	1,046,111	187,000	85%	-
Loans and borrowings from other financial backers	-	6,314,431	-	6,314,431	-	100%
	2014	2013	2014	2013	2014	2013
Income statement						
Dividends and other income from investments	10,000,000	-	10,000,000	-	100%	-
Operating expense (*)	(3,412,606)	(244,188)	(6,356,644)	(929,589)	54%	26%
Net financial income / (expense)	(184,482)	(26,404)	(201,033)	(28,160)	92%	94%
Statement of cash flows						
Net cash flows from / (used in) operating activities	(1,182,948)	(29,170)	5,081,985	887,914	-23%	-3%
Net cash flows from / (used in) investing activities	-	-	(53,670)	(7,372)	-	-
Net cash flows from / (used in) financing activities	1,939,950	6,300,000	(6,657,128)	748,666	-29%	841%

(*) "Operating expense" includes "Other operating income", "Supplies and goods", "Personnel expense", "Leases, rentals, concessions and royalties" and "Other operating expense"

REMUNERATION OF DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The remuneration accrued by the members of the Board of Directors and executives with strategic responsibilities in the Group for the parent and its subsidiaries for 2014 is detailed in the table below:

			EURO					
NAME	OFFICE	TERM OF OFFICE	REMUNE-RATION (1)	WAGES AND SALARIES (2)	BONUS AND OTHER INCENTIVES (2)	NON MONETARY (2)	STOCK OPTION PLAN (3)	TOTAL
Gianmario Tondato Da Ruos	Chairman	2013-2015	205,400	-	-	-	-	205,400
Eugenio Andrades	CEO	from 14.11.2014 to 2016	24,978	34,597	17,299	2,496	24,607	103,977
Jose Maria Palencia Saucedo	CEO	from 16.09.2013 to 14.11.2014	250,000	370,067	2,738,777	20,885	351,459	3,731,187
Gianni Mion	Director	2013-2015	54,800	-	-	-	-	54,800
Paolo Roverato	Director	2013-2015	95,000	-	-	-	-	95,000
Lynda Christine Tyler-Cagni	Director	from 16.09.2013 to 2015	74,600	-	-	-	-	74,600
Gilberto Benetton	Director	from 16.09.2013 to 2015	53,600	-	-	-	-	53,600
Alberto De Vecchi	Director	from 16.09.2013 to 2015	55,400	-	-	-	-	55,400
Laura Cioli	Director	from 16.09.2013 to 2015	94,400	-	-	-	-	94,400
Carla Cico	Director	from 16.09.2013 to 2015	75,200	-	-	-	-	75,200
Total Directors			983,378	404,664	2,756,076	23,381	376,066	4,543,564
Key management personnel			-	2,602,287	1,855,353	548,435	1,062,373	6,068,448
TOTAL			**983,378**	**3,006,951**	**4,611,429**	**571,816**	**1,438,439**	**10,612,012**

(1) Amounts accrued by WDF S.p.A.
(2) Amounts accrued by subsidiaries
(3) EURO 15.6 thousand accrued by WDF S.p.A.

In its meeting on October 2, 2014, the Board of Directors, taking into account the agreement of the Human Resources Committee and the Committee for Operations with Related Parties, accepted the resignation of Mr. José María Palencia as Director and approved the termination of the employment relationship with him.

As CEO of WDF S.p.A., Mr. Palencia is entitled to receive the remuneration for the role of CEO, amounting to a gross total of EURO 150,000 per annum, as well as an annual variable pay for 2014 amounting to a gross total of EURO 100,000, due in January 2015.

The employment relationship with Mr. Palencia ended on December 31, 2014. Under his employment agreement, Mr. Palencia earned EURO 370,067 in wages and salaries and EURO 212,140 in variable pay for the year 2014.

The company WDFG S.A.U. paid to Mr. Palencia a gross EURO 2,172,357 for the termination of the employment relationship and a gross EURO 354,280 for the non-competition clause with regard to other institutions operating in the duty free sector for a term of 24 months. These amounts were settled in January 2015.

As part of the agreement, the parties also agreed the settlement of the options vested in April 2014 under the 2010 Stock Option Plan for a gross EURO 708,560, which WDFG S.A.U. paid on October 16, 2014. The relevant expense recognized by the company in 2014 totals EURO 276 thousand.

Mr. Palencia will be entitled to the incentive plans L-LTIP 2010-2012 – Wave 2 (vesting in April 2015) and the Phantom Stock Option 2014 Plan (which covers the July 2014 – July 2016 period). These incentive plans will be settled by the subsidiary WDFG S.A.U..

The agreement, which may be considered to be an operation with a related party of lesser relevance pursuant to the procedure adopted by the company on operations with related parties, has been analyzed by the company's Committee for Operations with Related Parties which is made up exclusively of independent administrators, and they have expressed their approval of the agreement. Similarly, the company's Human Resources Committee is also in favour of the Board's agreements.

On November 14, 2014, Mr. Palencia left the Board of Directors of WDF S.p,A. and the Board designated Eugenio Andrades as new Chief Executive Officer of WDF S.p.A.

The CEO's remuneration includes salary, bonuses paid under the annual incentive plan and bonuses accrued under the long-term incentive plan. The subsidiary WDFG S.A.U. will pay this remuneration under the existing employment relationship.

The CEO's contract states that in case of resignation with just cause or in case of dismissal without just cause, WDFG S.A.U. shall pay about EURO 1.5 million. In the event of discontinuation of office, the CEO shall retain the right to variable compensation under the incentive plans, subject to the achievement of the targets and satisfying any other conditions stated in the plans, during the relevant period of time.

6.2. Fees of the statutory auditors

Statutory auditors' fees for the year ended December 31, 2014 are as follows:

The "other remuneration" corresponds to the remuneration earned as members of the Supervisory Board per legislative decree no. 231/01.

NAME	OFFICE	TERM OF OFFICE	(EURO) FEES	OTHER REMUNERATION	TOTAL
Marco Giuseppe Maria Rigotti	Chairman	2013-2015	82,500	15,000	**97,500**
Patrizia Paleologo Oriundi	Standing auditor	2013-2015	55,000	10,000	**65,000**
Massimo Catullo	Standing auditor	2013-2015	55,000	10,000	**65,000**

6.3. Fees of the independent auditors

The table below provides an overview of the fees of the independent auditors for the services provided in 2014:

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	FEES (EURO)
Auditing	KPMG S.p.A.	WDF S.p.A.	71,150
Other services	KPMG S.p.A.	WDF S.p.A.	3,500
TOTAL			74,650

7. Events after the reporting date

No events have occurred after the reporting date that would have entailed an adjustment to the figures in the financial statements or required additional disclosures in these notes.

8. Significant non-recurring events and transactions

During 2014, there were no significant non-recurring events or transactions as defined by CONSOB Resolution 15519 and CONSOB Communication DEM/6064293.

9. Atypical or unusual transactions

No atypical or unusual transactions, as defined by the CONSOB Communications DEM/6037577 of April 28, 2006 and DEM/6064293 of July 28, 2006, were performed in 2014.

10. Authorization for publication

The Board of Directors authorized the publication of these draft financial statements at its meeting of March 11, 2015.

The shareholders' meeting approving the separate financial statements has the power to request amendments to the financial statements.

ANNEX 2

List of investments held directly and indirectly in subsidiaries and associates

COMPANY	Registered office	Currency	Currency Share/quota capital	% held at December 31, 2014	% held at December 31, 2013	Shareholders/quota holders
SUBSIDIARIES						
World Duty Free Group, S.A.U. (*)	Madrid	EUR	1,800,000	100.00%	100.00%	World Duty Free, S.p.A.
World Duty Free Group España, S.A.(*)	Madrid	EUR	10,772,462	99.93%	99.93%	World Duty Free Group, S.A.U.
Aldeasa Chile, Limitada	Santiago de Chile	USD	2,516,819	100.00%	100.00%	World Duty Free Group España, S.A.
Sociedad de Distribución Comercial Aeroportuaria de Canarias, S.L.	Telde (Gran Canaria)	EUR	667,110	60.00%	60.00%	World Duty Free Group España, S.A.
Aldeasa México, S.A. de C.V.	Cancún	PXM	60,962,541	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Prestadora de Servicios en Aeropuertos, S.A. de C.V.	Cancún	PXM	50,000	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Aldeasa Cabo Verde, S.A.	Ilha do Sal (Cabo Verde)	CVE	6,000,000	99.99%	99.99%	World Duty Free Group España, S.A.
				0.01%	0.01%	World Duty Free Group, S.A.U.
Aldeasa Italia S.L.R.	Naples	EUR	10,000	100.00%	100.00%	World Duty Free Group España, S.A.
Aldeasa Duty Free Comercio e Importación de Productos LTDA	Sao Paulo	BRL	1,560,000	99.99%	99.79%	World Duty Free Group España, S.A.
				0.01%	0.21%	World Duty Free Group, S.A.U.
Palacios y Museos, S.L.U.(**)	Madrid	EUR	160,000	-	100.00%	World Duty Free Group España, S.A.
Audioguiarte Servicios Culturales, S.L.U.(**)	Madrid	EUR	251,000	-	100.00%	Palacios y Museos, S.L.U.
Panalboa, S.A.(**)	Ciudad de Panamá	PAB	150,000	-	80.00%	Palacios y Museos, S.L.U.
Aldeasa Jamaica Ltd	St James (Jamaica)	JMD	280,000	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG Germany GmbH	Düsseldorf	EUR	250,000	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG Italia, S.r.L. (ARI) in liquidation	Rome	EUR	10,000	100.00%	100.00%	World Duty Free Group España, S.A.
Cancouver Uno S.L.U.	Madrid	EUR	3,010	100.00%	100.00%	WDFG UK Holdings Limited
WDFG Vancouver LP	Vancouver	CAD	9,500,000	99.99%	99.99%	Vancouver Uno S.L.U.
				0.01%	0.01%	WDFG Canada INC
WDFG Canada INC	Vancouver	CAD	1,000	100.00%	100.00%	Vancouver Uno S.L.U.
Aldeasa Jordan Airport Duty Free Shops	Amman	USD	705,218	100.00%	100.00%	WDFG UK Holdings Limited
WDFG US, Inc.	Delaware	USD	165,842,137	100.00%	100.00%	WDFG UK Holdings Limited
Alpha Keys Orlando Retail Associates LLP	Orlando	USD	100,000	-	85.00%	WDF US, Inc.
World Duty Free US, Inc.	Orlando	USD	1,400,000	100.00%	100.00%	WDFG US, Inc.
Aldeasa Atlanta, LLC	Atlanta	USD	1,672,000	100.00%	100.00%	WDFG US, Inc.
Aldeasa Atlanta JV	Atlanta	USD	-	51.00%	51.00%	Aldeasa Atlanta, LLC
				25.00%	25.00%	WDFG US, Inc.
Aldeasa Curaçao N.V.	Curacao	USD	500,000	100.00%	100.00%	WDFG UK Holdings Limited
Autogrill Lanka, Ltd	Colombo (Sri Lanka)	SLR	30,000,000	99.95%	99.00%	WDFG UK Holdings Limited
Alpha-Kreol (India) Pvt Ltd	Mumbai	INR	100,000	50.00%	50.00%	WDFG UK Holdings Limited

COMPANY	Registered office	Currency	Currency Share/quota capital	% held at December 31, 2014	% held at December 31, 2013	Shareholders/quota holders
Airport Retail Pvt Limited	Mumbai	INR	601,472,800	50.00%	50.00%	Alpha Airports Retail Holdings Pvt Limited
				50.00%	50.00%	WDFG UK Holdings Limited
WDFG Helsinki Oy	Vantaa (Finland)	EUR	2,500	100.00%	100.00%	World Duty Free Group España, S.A.
WDFG UK Holdings Limited	London	GBP	12,484,397	80.10%	80.10%	World Duty Free Group, S.A.U.
				19.90%	19.90%	World Duty Free Group España, S.A.
WDFG GB Limited	London	GBP	1,000	100.00%	100.00%	WDFG UK Holdings Limited
WDFG UK Limited	London	GBP	360,000	100.00%	100.00%	WDFG UK Holdings Limited
WDFG Holdings UK Pension Trustees Limited (formerly Autogrill Holdings UK Pension Trustees Limited)	London	GBP	100	100.00%	100.00%	WDFG UK Limited
Alpha Retail Ireland Ltd	Dublin	EUR	1	100.00%	100.00%	WDFG UK Limited
WDFG Jersey Limited	Jersey	GBP	4,100	100.00%	100.00%	WDFG UK Limited
Alpha Airports Group (Channel Islands) Ltd	St Helier, Jersey	GBP	21	-	100.00%	WDFG UK Holdings Limited
Alpha Airports Retail Holdings Pvt Limited	Mumbai	INR	-	100.00%	100.00%	WDFG UK Holdings Limited
WDFG North America, LLC	Delaware	USD	72,047,935	100.00%	100.00%	WDFG US, Inc.
WDFG-Howell-Mickens, Terminal A Retail II, LLC	Delaware	USD	-	65.00%	65.00%	WDFG North America, LLC
WDFG-Love Field Partners III, LLC	Delaware	USD	-	51.00%	51.00%	WDFG North America, LLC
WDFG-SPI DEN Retail, LLC	Delaware	USD	-	75.00%	75.00%	WDFG North America, LLC
WDFG JV Holdings, LLC	Delaware	USD	-	100.00%	100.00%	WDFG North America, LLC
AIRSIDE E JV	n/a	USD	-	50.00%	50.00%	WDFG JV Holdings, LLC
WDFG-Tinsley JV	n/a	USD	-	84.00%	84.00%	WDFG JV Holdings, LLC
WDFG PROSE JV II	n/a	USD	-	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-ELN MSP Terminal 2 Retail, LLC	Delaware	USD	-	90.00%	90.00%	WDFG JV Holdings, LLC
Houston 8-WDFG JV	n/a	USD	-	60.00%	60.00%	WDFG JV Holdings, LLC
WDFG Bush Lubbock Airport JV	n/a	USD	-	90.00%	90.00%	WDFG JV Holdings, LLC
WDFG Adevco JV	n/a	USD	-	70.00%	70.00%	WDFG JV Holdings, LLC
WDFG-Howell-Mickens JV	n/a	USD	-	65.00%	65.00%	WDFG JV Holdings, LLC
WDFG-Solai MDW Retail, LLC	Delaware	USD	-	67.00%	67.00%	WDFG JV Holdings, LLC
WDFG-Diversified JV	n/a	USD	-	90.00%	90.00%	WDFG JV Holdings, LLC
WDFG-Java Star JV	n/a	USD	-	50.01%	50.01%	WDFG JV Holdings, LLC
WDFG-Howell Mickens Terminal A Retail I JV	Delaware	USD	-	65.00%	65.00%	WDFG JV Holdings, LLC
Phoenix-WDFG JV	n/a	USD	-	70.00%	70.00%	WDFG JV Holdings, LLC

(*) These two entities have merged in 2015.
Refer to note 6.1 for more information.
(**) The investment was sold in 2014.

Statement of the CEO and Manager in charge of financial reporting

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

1. We, the undersigned, Eugenio Miguel Andrades Yunta as Chief Executive Officer and David Jiménez-Blanco as manager in charge of financial reporting of World Duty Free S.p.A., hereby declare, including in accordance with art. 154-*bis* (3) and (4) of Legislative Decree no. 58 of 24 February 1998:
    a. the adequacy of, in relation to the characteristics of the business; and
    b. due compliance with the administrative and accounting procedures for the preparation of the separate financial statements during 2014.

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

3. We also confirm that:

    3.1 The separate financial statements:
        a. have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
        b. correspond to the ledgers and accounting entries;
        c. provide a true and fair view of the issuer's financial position and results of operations;

    3.2 the directors' report includes a reliable description of the performance and financial position of the issuer, along with the main risks and uncertainties to which it is exposed.

Milan, March 11, 2015

Eugenio Miguel Andrades Yunta	David Jiménez-Blanco
Chief Executive Officer	Manager in charge of financial reporting

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

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

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

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

To the shareholders of
World Duty Free S.p.A.

1 We have audited the separate financial statements of World Duty Free S.p.A. as at and for the year ended 31 December 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Reference should be made to the report dated 4 April 2014 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of World Duty Free S.p.A. as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of World Duty Free S.p.A. as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

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

structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of World Duty Free S.p.A. as at and for the year ended 31 December 2014.

Milan, 8 April 2015

KPMG S.p.A.

(signed on the original)

Stefano Azzolari
Director

The Board of Statutory Auditors' Report

Dear Shareholders,

with this report, drafted pursuant to Article 153 of Legislative Decree 58/1998 (TUF [Consolidated finance Law]) with consideration of the applicable CONSOB recommendations, the Board of Statutory Auditors at World Duty Free S.p.A. ("WDF" or the "Company") hereby presents the oversight activities undertaken and their results.

Recall that the Company was incorporated on 27 March 2013 by Autogrill S.p.A. ("Autogrill") within the scope of the partial proportional demerger of the *Travel Retail & Duty Free* businesses (the "Demerger") undertaken by Autogrill, which became effective on 1 October 2013, day on which the Company shares were listed on the screen-based stock exchange managed by Borsa Italiana S.p.A.

In line with what occurred in the previous financial statements, the comparative data for the 2013 financial year submitted in the consolidated financial statements as concerns the income statement, the overall income statement, the table of changes in net equity and the financial statement represent the aggregate financial results of the Group for the financial year closed as at 31 December 2013, independent of the Demerger effective date (1 October 2013). Therefore, the comparative data represent the aggregate financial results of the WDF S.p.A. Company for the period from 27 March 2013 (incorporation date) to 31 December 2013 and the consolidated results of the World Duty Free Group S.A.U. ("WDFG", sub holding head of a group working in the Travel Retail & Duty Free sector, wholly owned and subject of the Demerger) for the twelve month financial year closed on 31 December 2013.

The separate 2014 financial statements closed with profits of 3.4 million EUROS compared to the loss of 958 thousand EUROS from the previous financial year. At a consolidated level, the Group's profits came to 34.9 million EUROS against the 105.8 million EUROS from the previous financial year (considering a period of 12 months for that financial year).

The KPMG S.p.A. Audit Company's report on the World Duty Free S.p.A.'s financial statements as at 31/12/2014, issued on 8 April 2015, contains no significant events. Equally, The KPMG S.p.A. Audit Company's report on the World Duty Free S.p.A. and its subsidiaries' consolidated financial statements as at 31/12/2014, issued on the same date, contains no significant events.

1. Supervision undertaken and information received

During the financial year closed as at 31 December 2014, the Board of Statutory Auditors performed the supervisory activity provided for by law, with consideration of the applicable CONSOB recommendations, concerning corporate controls and, in particular, of the CONSOB Notice 1025564 of 6 April 2001, as well as the standards of conduct recommended by the Italian National Council of Accountants and Bookkeepers.

For this purpose, during the financial year, the Board:

- held 14 meetings, wherein all standing members were present;
- participated in 9 meetings, usually jointly with the Board of Directors;
- participated in 9 meetings, usually jointly with the control and risks and corporate governance committee;
- participated in 8 meetings, usually jointly with the human resources committee;
- participated in 4 meetings, usually jointly with the operations with associated parties committee;
- participated jointly in the ordinary shareholders' meeting on 14 May 2014 to approve the 2013 financial statements, the proposal to authorize the Board of Directors, pursuant to and by the effects of Articles 2357 et seq. of the Civil Code and Article 132 of Legislative Decree 58 of 24 February 1998 for the purchase of treasury shares, the approval of an employee incentive plan and for a consultation on remuneration policy;
- kept an open and free communications channel and held regular meetings with the external audit company, for the purpose of prompt exchange of data and information relevant for the performance of its duties;
- kept an open and free communications channel and held regular meetings with the head of the internal audit department.

During the Board of Directors' meetings, the Board of Statutory Auditors was informed by the administrators of the business pursued by the Company and the Group, which it heads, as well as of the Company's and the Group's most economically significant transactions and of any operations in which they were involved on their own behalf or on that of third parties.

Such knowledge was also obtained through verifications and information provided by the Chief Executive Officer and by involved department heads, through participation in meetings with the control and risks and corporate governance committee and other advisory committees.

During these meetings and in contacts with the external audit company, there emerged no actions by management that might be construed as reprehensible.

Note that within the scope of the Board of Auditors' activities in 2014:

- No reports pursuant to Article 2408 c.c. were made.
- No complaints were filed.

During the financial year, the Board of Auditors expressed its favourable opinion on the co-opted appointment of Eugenio Miguel Andrades Yunta as member of the Board of Directors.

The Company is the head of a Group and prepares consolidated financial statements.

The Company, though legally controlled by the Edizione s.r.l. Company, (through the Schematrentaquattro S.p.A. Company), is not openly subject to its management and co-ordination, as illustrated by management in its Corporate Governance and Share Ownership Report. The Board of Auditors verified how this judgement emerged following a specific discussion and how it does not appear to be affected by the presence of certain corporate personalities from the Edizione s.r.l. Company in the World Duty Free S.p.A. Board.

The Board of Directors decided to apply the longer term, pursuant to Article 2364 c.c. and Article 21 of the Company charter, to call the shareholders' meeting to approve the 2014 financial statements, given the presence of applicable prerequisites. The financial statements documentation shall in any event be made public well within the terms as set out in Article 154-*ter* TUF (120 days from the closing of the financial year).

2. Main economic, financial and investment transactions. Related Party Transactions

On 18 June 2014 the Board of Directors of WDFG S.A.U. and of its subsidiary, World Duty Free Group España, S.A. ("WDFG S.A.") resolved the merger by incorporation operation of the WDFG S.A.U. into WDFG S.A. The shareholders' meeting approved the merger operation on 15 December 2014. The merger became legally effective, as provided for by Spanish law on 20 January 2015. By effect of the merger, the World Duty Free Group España, S.A. was renamed World Duty Free Group S.A. ("WDFG S.A.").

On 14 November 2014, the Group concluded an agreement to reconfigure the bank loan taken out on 30 May 2013 for a total of 1,250 million EUROS. The new agreement provides for an extension of the residual life of the credit lines until November 2019 and an improvement of its economic terms and conditions.

Apart from the foregoing, the 2014 financial year saw no other major significant transactions concerning economic, financial or equity position of the Company or the Group, which might be considered outside of ordinary operations and which would therefore require mention in the Report on Operations.

OPINION OF THE BOARD OF STATUTORY AUDITORS

In general, the Board of Auditors feels that there was compliance with the laws, the charter and the standards of proper administration.

The Board of Statutory Auditors did not find or receive notification from the external auditing firm or the head of the internal audit department of any atypical and/or unusual transactions undertaken with third parties, related parties or intergroup, as set out in the CONSOB Notice of 6 April 2001 and the CONSOB Notice DEM/6064293 of 28 July 2006. Nor, during the 2014 financial year did there occur any extraordinary significant events or operations as set out in the CONSOB Resolution 15519 of 27 July 2006 and the CONSOB Notice DEM/6064293 of 28 July 2006.

As concerns transactions with related parties, the Board of Statutory Auditors ensured compliance with procedures adopted by the Company as concern the standards indicated by CONSOB. This procedure, which may be viewed on the Company Internet site, provides for the exemption from those standards — under specific conditions — of resolutions concerning remuneration of top management and administrators with strategic responsibilities.

In light of the specificity of the Group's business, the inclusion among the "ordinary transactions with related parties" of those transactions "that fall within the ordinary performance of operational activities and of the connected financial activity (identified based on the criteria contained in the CONSOB Regulation and Notice 1007868 of 24 September 2010) and that were concluded (...) under similar conditions to those usually undertaken with unrelated parties for operations of a corresponding nature, size and risk" takes on particular importance, where they are considered similar to those usually undertaken with unrelated parties with conditions defined through participation of the Company or a subsidiary in competitive bidding, as long as the bid has been necessarily prepared in compliance with set corporate policy, applicable to all cases of participation in calls for competitive bidding even if not called by related parties, which require minimum profitability parameters and which have been approved by the Company board of directors, pursuant to and by the effects of this procedure."

To date there have been approved no policies applicable to such a provision.

The administrators have reported on ordinary and less significant transactions undertaken with related parties, in the report on operations and the notes to the financial statements, by providing indications of their nature and size. These indications are appropriate in consideration of their dimensions.

The administrators have also noted in the report on operations, how the aforementioned merger by incorporation of WDFG S.A.U. into WDFG S.A. did not trigger the application of the related parties procedure, because no other related parties in the Company held any significant interest therein.

For its part, the Board of Statutory Auditors found no violations of any law or charter nor any transactions undertaken by management that were clearly imprudent or risky or that were in potential conflict of interest or in contrast with the resolutions taken by the shareholders' meeting or that might compromise the integrity of the company's assets.

3. Financial year performance and economic situation

As already noted, Group profits came to 34.9 million EUROS compared to the 16.5 million EUROS in the previous financial year (considering the consolidation of the World Duty Free Group S.A.U. results beginning from 1 October 2013, where with a period of 12 months considered, 2013 Group profits come to 105.8 million EUROS).

Consolidated net equity attributable to the shareholders of the Holding Company came to 478 million EUROS at the end of 2014 (411 million EUROS at the end of 2013).

The consolidated net financial position was negative at 969.6 million EUROS at the end of 2014 compared to 1,026.7 million EUROS at the end of 2013. The main changes may be attributable to the generation of operating cash (273.6 million EUROS), to taxes and net interest paid (91.9 million EUROS) and to the investments made (69.7 million EUROS).

The consolidated net financial position was mainly made up of (992 million EUROS) the portion of the medium- to long-term bank loan used in tranches of 1,250 million EUROS underwritten by World Duty Free Group S.A.U. and some of its subsidiaries on 30 May 2013 and, as noted before, reconfigured on 14 November 2014.

The current consolidated net financial position was positive at 24.3 million EUROS compared to the negative 42.4 million EUROS at the end of 2013, with a change equal to 66.7 million EUROS.

The Group's loan contracts provide for the maintenance of certain economic indicators within certain values calculated based on parameters for the World Duty Free Group S.A.U. detailed in the notes to the financial statements. Management reported in the

Report on Operations and in the financial statements that all parameters were complied with at the end of 2014.

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

The Company's organizational structure is distinguished by its being purely a holding company. Given that, the Board of Statutory Auditors has found the Company's organizational structure appropriate to its size, the structure of its business and its objectives pursued, whilst also being suitable for enabling compliance with applicable legislation.

Since 2013, the Company has instituted a process of updating its internal control and risk management system, being the compendium of rules, procedures and organizational structures aimed at enabling the conduct of a healthy and correct business consistent with its strategic objectives, through an appropriate process of identification, measurement, management and monitoring of the main risks. This activity, undertaken in 2014, saw the involvement of Board of Directors on several occasions and also concerned Group companies having strategic significance.

The CEO — as executive head of the internal control and risk management system — shall define the instruments and procedures for implementation of the risk management system, in performance of the Board of Directors' guidelines, whilst ensuring their distribution to all of the Group's organizational units along with guidance and coordination. The organizational units are entrusted with the responsibility and the entirety of the systematic process for risk identification, measurement, monitoring and management along with setting out any applicable countermeasures whilst ensuring the overall suitability of the foregoing system, its actual operation, updating to comply with operational changes and conditions as well as with applicable laws and regulations.

Supervising this activity shall be the job of the Group's Internal Audit Department, whose head shall report to the Chairman of the Board of Directors, being the former's direct supervisor, to the executive manager in charge of the internal control and risk management system, to the control and risks and corporate governance committee and to the Board of Statutory Auditors.

In addition, on 13 February 2014, an Enterprise Risk Manager was appointed.

The internal control and risk management system is the compendium of rules, procedures and organizational structures aimed at enabling the conduct of a healthy and correct business consistent with its strategic objectives, through an appropriate process of identification, measurement, management and monitoring of the main risks. This system has been organized on three different control levels, with the final being represented by the Group's Internal Audit Department.

The head of the Group's Internal Audit Department, who has no operational duties, often refers to the control and risks and corporate governance committee, to which the former reports periodically on the activities undertaken along with submission of an annual work programme. The Board of Statutory Auditors, also acting as the internal control committee, instituted pursuant to Article 19 of Legislative Decree 39/2010, shall maintain constant communications with the head of the department, checking on the effectiveness of its operations.

From the work done by this department no significant critical issues emerged in the definition and actual application of the internal control and risk management system that might have significantly compromised the pursuit of an acceptable overall risk profile.

Existing policy and procedures concern, among other things, numerous topics pertinent to financial disclosure, communication of privileged information to the market, corporate governance, internal dealing, appointment of external audit companies, internal audits, in addition to other topics referred to in this report. The system is founded on the Group's Code of Ethics.

As concerns continuous disclosure obligations as set out in Article 114, paragraph 2, TUF, the procedure for the communication of privileged information provides for the liability of the chairs and executive directors responsible for the significant subsidiaries (i.e. the World Duty Free S.p.A. Company's direct subsidiaries and the sub-holding companies) for the proper application of the same procedure on privileged information concerning the companies represented and administered by the latter, as well as other subsidiaries, promptly communicating the privileged information to the WDF Chairman and/or CEO.

In addition to adopting the foregoing procedure and ensuring and implementing any updates, the significant subsidiaries shall also appoint a party responsible for the application and implementation of that procedure in those same significant subsidiaries as well as in their respective subsidiaries.

The methodological approach to risk management adopted by the Company, described in the Report on Corporate Governance and Ownership Structure, shall be based on the systematic and structured identification, analysis and measurement of the risk areas capable of influencing the achievement of strategic objectives. This shall be in support of management's and the Board of Directors' decision making processes, of their assessment of the Company's overall exposure to risks, of the guidelines for the required mitigation actions, contributing to the reduction of the level of volatility of the objectives set and as a result an evaluation of whether or not the nature and level of risk assumed is compatible with the Company's strategic objectives. This model shall pursue the progressive integration into decision-making and business processes as an objective.

The report on operations provides information on the risks the Company is exposed to, also for the purposes as set out in Article 19, paragraph 1, letter b) of Legislative Decree 39/2010.

The Company has adopted a model of organisation, management and direct control for the prevention of crimes provided for by Legislative Decree 231/2001 — concerning the Company's administrative liability for crimes committed by its employees and staff. The Oversight Board functions shall be assigned by the Company Board of Directors to the Board of Statutory Auditors, resulting in the term of office of the members of the Oversight Board being dependent on the term of office of the members of the Board of Statutory Auditors.

The assignment of the Oversight Board functions to the Board of Statutory Auditors complied with Article 6, paragraph 4-*bis*, of Legislative Decree 231/2001 (introduced by Law 183 of 12 November 2011). Both the remuneration and the organizational position of the Oversight Board appear such as to not compromise the independence of the members of the Board of Statutory Auditors.

Consistent with the Organizational Model pursuant to ex Legislative Decree 231/2001, the Oversight Board shall make use of the Internal Audit Department for the performance of monitoring activities and may make use of, under its direct surveillance and responsibility, all Company departments or external consultants.

It is hereby acknowledged that the Company has complied with privacy obligations pursuant to the provisions of Legislative Decree 196/2003 concerning the processing of personal data and has seen to the preparation of the Security Planning Document.

With particular reference to the administrative area, in the Report on Corporate Governance and Ownership

Structure, the Board of Directors analytically describes the principal characteristics of the existing internal control and risk management system as concerns the financial disclosure process, in line with the provisions set out in Article 123-*bis* TUF.

The Company, being compliant with the provisions introduced by Law 262/2005 and upon proposal of the Control and Risks and Corporate Governance Committee and with the favourable opinion of the Board of Statutory Auditors, a Director has been appointed and assigned (the Assigned Director) to the drafting of the corporate accounting documents. On 18 December 2013 the Board adopted an Assigned Director Regulation, which provides for, among other things:

- the attribution to that director of appropriate powers and means, including, among other things, the financial resources and personnel as well as the power to stipulate, modify or cancel any contract, including employment contracts (excluding for management figures), that the director deems necessary, useful and appropriate for the performance of his or her assigned duties; appropriate access by the Assigned Director to information considered significant for the completion of assigned duties both inside of World Duty Free S.p.A., as well as inside of the Group's companies; the Assigned Director shall have the authority to supervise existing corporate procedures and authorize new procedures when these have an impact on the financial statements, the consolidated financial statements and on documents subject to certification; the Assigned Director shall have the authority to make use of the collaboration of all corporate organizational units and to issue to the companies in the Group, within specifically defined limits, any directive and have them adopt any deed, procedure or conduct deemed useful and such as to enable the same Assigned Director the authority to perform assigned tasks; the Assigned Director shall have the same powers of inspection and control given to the Board of Statutory Auditors and the external audit company, both as concerns the World Duty Free Company and other Group companies, within the limits nevertheless of the competencies of the departments attributed to the latter and, as concerns the Group's overseas Companies, within the limits provided for by local legislation.
- It is the Assigned Director's duty to report to the Board of Directors, at least each half-year, on the performance of the activities undertaken, highlighting any critical issues that emerged during the period and the policy shifts undertaken to surpass them; it is the Director's duty to report to the Chair of the Board of Directors any events which, due to their criticality or seriousness, might require the taking of urgent decisions by the Board of Directors; it is the Director's duty to ensure an appropriate flow of information concerning its activities to the Control and Risks and Corporate Governance Committee, to the Board of Statutory Auditors, to the external audit company and to the Oversight Board pursuant to ex Legislative Decree 231/01 and to the executive manager in charge of the internal control and risk management system, at least each half-year, or when deemed necessary or requested by these parties;
- It is the duty of the significant subsidiaries' board of directors to ensure that appropriate and suitable control systems are adopted to monitor administrative and accounting processes, which generate reports sent to the World Duty Free S.p.A. Company for the purpose of the preparation of the consolidated financial statements and to constantly supervise their suitable and effective application, as well as to ensure the preparation of appropriate administrative and accounting procedures. These shall also be based on guidelines indicated by the Assigned Director. The executive organs of those companies must, among other things, conduct, with the support of internal departments (Internal Audit) or external independent agencies, appropriate verification activities aimed at obtaining proof of the actual application of the administrative and

accounting procedures and the control activities provided for, including upon request of the Assigned Director, periodically certifying the suitable and effective application of the administrative and accounting procedures to the holding company, World Duty Free.

The Director assigned to the drafting of the corporate accounting documents shall perform an assessment of the internal control and administrative accounting system. From the annual report of that same Director submitted to the Board of Directors, there emerged no critical issues concerning the definition of the design and the actual application of the internal control system such that might significantly invalidate the accounting and financial disclosure. The ordinary faults found were already subject of appropriate corrective measures, in order to minimize the exposure to risk and ensure the complete suitability of all phases of the process.

As concerns Article 36 of the CONSOB Market Regulation (which provides for fulfilments for subsidiaries incorporated or regulated pursuant to laws of countries not a part of the European Union and with significant relevance to the consolidated financial statements), the four Group companies concerning which this provision is applicable (Aldeasa Jordan Duty Free Shops Ltd, World Duty Free Group US Inc., World Duty Free North America LLC, Aldeasa Mexico de CV) all have appropriate procedures for the regular transmission of the economic, financial and equity data necessary for the preparation of the consolidated financial statements to the Group management and to the auditors.

EXTERNAL AUDIT

All Group companies are subject to full account audit (sometimes referred only to the reporting package prepared for consolidation purposes) by the audit firms belonging to the KPMG Group, the external audit company appointed on 18 July 2013, with the appointment to expire upon approval of the 2021 financial statements.

On 8 April 2015 the Board of Statutory Auditors received a report from the external audit company, pursuant to the third paragraph of Article 19 of Legislative Decree 39/2010, which indicated no significant faults in the internal control system as concerns the financial disclosure process.

In the notes to the financial year and consolidated financial statements, management provided analytical information concerning compensation paid to the external audit company and to the offices belonging to its group as set out in the table below.

TYPE OF SERVICE	PARTY PROVIDING THE SERVICE	RECEIVER OF THE SERVICE	COMPENSATION (THOUSANDS OF EURO)
External Audit	Principal Auditor	Holding Company	71
	Principal Auditor Group	Subsidiaries	997
Certification Services	Principal Auditor	Holding Company	-
	Principal Auditor Group	Subsidiaries	-
Other Services	Principal Auditor	Holding Company	4
	Principal Auditor	Subsidiaries	480
	Principal Auditor Group	Subsidiaries	297
TOTAL			1,848

The Board of Statutory Auditors noted that there emerged no critical aspects concerning the independence of the external audit company and has confirmed that it received from that same company its independence confirmation notice pursuant to Article 17, paragraph 9, letter a), of Legislative Decree 39/2010.

In addition, the Board of Statutory Auditors noted that in November 2013 the Company adopted the Group procedure concerning job assignments to the external audit company and the offices in its group by World Duty Free and its subsidiaries. Among other things, this procedure provides that the holding company's external audit firm also be responsible for the external audit of the subsidiaries and governs the assignment of additional jobs not compatible with auditing activities, pursuant to the current laws in force, or which may be harmful to the external audit company's independence. In line with this procedure, in 2014 the Board of Statutory Auditors verified as a preventive measure the assignment of KPMG to perform a business, legal and financial due diligence.

5. Corporate governance

Analytic information concerning the procedures used to implement the corporate governance standards approved by Borsa Italiana (contained in the applicable Code of Conduct, hereinafter, "the Borsa Italiana Code") is provided by management in the annual Report on Corporate Governance and Ownership Structure approved on 11 March 2015 and annexed to the financial statement documents.

This Report complies with the provisions set out in Article 123-*bis* TUF. The external audit company, in its reports, confirmed that the report on operations and the disclosures as set out in paragraph 1, letters c), d), f), l), m) and in paragraph 2, letter b) of Article 123-*bis* of Legislative Decree 58/98 submitted in the Report on Corporate Governance and Ownership Structure are consistent with the Company's as well as the consolidated financial statements.

On 20 September 2013 the Board of Directors resolved the adoption of its own code of conduct, aimed at reflecting the general standards of the Borsa Italiana Code, which is actually specific for the Company and which gathers the basic rules of corporate governance that the Company undertakes to implement in a single, systematically organized document. The entire document may be viewed on the Company internet site, in the "Governance" – "Regulations and Procedures" section.

With general reference to the foregoing, The Board of Statutory Auditors notes the following.

The CEO is the head of business operations as well as the only director who may be qualified as executive. The Board of Directors is furthermore involved — also thorough the action of its committees — in the decision making processes concerning several connected areas, including the budget, strategic, industrial and financial planning, and numerous areas connected to corporate governance (including remuneration), and the control and risk system.

During the financial year, the Company has verified that administrators qualified as "independent" actually do meet the independence requirements as set out in the Code of Conduct. In the same manner, the independence of the members of the Board of Statutory Auditors has also been ascertained, pursuant to the same Code of Conduct.

The Board of Statutory Auditors has supervised the procedures used for the actual implementation of the corporate rules of governance as set out in the Borsa Italiana Code, which the Company has publicly undertaken to uphold.

The composition of the Board of Directors is consistent with the legislative provisions concerning gender.

6.

Concluding remarks on supervisory activities and the financial statements

The Board of Statutory Auditors has ascertained, through direct verification and information gathered from the external audit company and the director assigned to the drafting of the corporate accounting documents, full compliance with the laws concerning the formation of the consolidated financial statements of the World Duty Free Group, the World Duty Free S.p.A. Company's financial statements and the applicable Board of Directors' Report. In addition, during the performance of the supervisory activities, no events emerged requiring any reporting to control bodies or any mention in this document.

The external audit company, in its reports issued pursuant to Articles 14 and 16 of Legislative Decree 39 of 27 January 2010, gave an unqualified opinion on the 2014 consolidated financial statements and regular financial statements. Certifications by the Assigned Director and the CEO are attached to the consolidated financial statements and regular financial statements as provided for by Article 154-*bis* TUF.

The Board of Statutory Auditors, based on the work done during the financial year, finds no reason to object to the approval of the financial statements as at 31 December 2014 and to the applicable proposals for resolutions put forward by the Board of Directors.

Milan, 9 April 2015

The Board of Statutory Auditors of World Duty Free S.p.A.

Marco Rigotti
Massimo Catullo
Patrizia Paleologo Oriundi

REGISTERED OFFICE | Via Greppi, 2
28100 Novara - Italy

SHARE CAPITAL | EURO 63,720,000.00 fully paid-up

Trade Register of Novara and Fiscal
Code nº. 02362490035

SECONDARY OFFICE | Corso di Porta Vittoria n. 16, Milano
20122 Milano (MI) – Italy
COMUNICATION | Telephone: +34 912 742 200
INVESTOR RELATIONS | Telephone: +44 20 86 24 45 42

www.worlddutyfreegroup.com

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WORLDDUTY FREEGROUP

AFRICA | AMERICAS | ASIA | EUROPE

ITALY
Corso di Porta Vittoria, 16
20122 Milano
(+39) 02 5412 1395

SPAIN
Josefa Valcárcel, 30
28027 Madrid
(+34) 912 742 200

UK
4 New Square, Bedfont Lakes
Feltham, Middlesex TW14 8HA
(+44) 20 8624 4300

USA
6905 Rockledge Drive
Bethesda, Maryland 20817
(+1) 240 694 4100

www.worlddutyfreegroup.com