

# No More Public Handouts to HMS Host Billionaires

*As U.S. airports navigate the challenges of COVID-19, many have chosen to provide rent and other relief to HMS Host and small, local businesses alike. In any future relief, airports should reconsider this approach. HMS Host and the billionaires who own it do not deserve another handout. They are already on track to receive \$475 million in aid and they project financial strength to investors.*

## HMS Host = Billionaires

HMS Host is the largest operator of airport concessions in the United States. It is wholly-owned by Italian corporation Autogrill, which in turn is controlled by the billionaire Benetton family and their global holding firm Edizione.<sup>1</sup> Edizione assets were valued at \$13.8 billion at the end of 2019.<sup>2</sup>

The Benetton family, referred to in the *Wall Street Journal* as “one of Italy’s most famous business dynasties,” has an empire sprawling well beyond its roots in the textile industry and HMS Host.<sup>3</sup> Its other holdings include major infrastructure such as roads and airports, plus telecommunications, banking and agriculture firms and even a rugby team.<sup>4</sup>

## Unnecessary Public Handouts to the Billionaires

HMS Host’s direct parent in the Benetton empire, Autogrill, has alone received or is negotiating terms for \$475 million in government handouts since the onset of COVID-19, some of it from airport authorities at the city and state level, and even more from a support program of the Italian government.

- **\$356 million: The “Italian Guarantee”**

On its July 30 earnings call with investors, company also reported it has had good progress in negotiations to receive a \$356 million aid package backed by the Italian government’s export credit agency, SACE.<sup>5</sup> The aid program, known as Garanzia Italia, provides long-term financing for Italian corporations. Atlantia, another Benetton holding, previously reported it could benefit from \$1.8 billion in aid under the same program.<sup>6</sup>

- **\$82 million: Lease abatements**

Autogrill also reported to investors that it had already received over \$82 million in lease abatements in the first half of 2020.<sup>7</sup> Though the company did not disclose a geographic breakdown of this rent relief, the United States is its largest market, with approximately 49% of Autogrill's 2019 global revenue coming from the U.S.<sup>8</sup> The company told investors it expects its abatement level to be lower in the second half of 2020.<sup>9</sup>

- **Unknown millions: Deferments**

The company has not disclosed how much it has received in deferments on either rent or relief capital expenditure commitments, but has received this type of aid in addition to abatements.

In New Jersey, for example, HMS Host informed the New Jersey Turnpike Authority that it would not pay for construction projects to which it had previously committed, leaving the agency to commit to cover up to \$40 million of HMS Host's costs to keep construction projects on track.<sup>10</sup>

Meanwhile, the company has also been able to improve its finances without government intervention. Autogrill reported to its investors in July that it had obtained a 15-month covenant holiday on all of its financial debt.

The company actually increased its cash balance the beginning of the year to June 2020 by 67%.<sup>11</sup> On March 12, Autogrill's Board passed a resolution to start a share buyback program of up to 3 million shares for a maximum cost of \$35.8 million to facilitate incentive plans for management, directors and other employees.<sup>12</sup> The share buyback program continued into April.<sup>13</sup>

## Leaving Workers Behind

In July, HMS Host's parent Autogrill told investors of its U.S. operation, "The renegotiations have been done with the landlords and the work that the team has done on the labor cost front have been tremendous."

That "tremendous" work on the "labor cost front" has been nothing short of devastating to communities, leaving thousands of long-time HMS Host employees out of work and without their health insurance in the middle of a pandemic. A 2019 analysis of HMS Host employment at 27 U.S. airports found that approximately 81% of the workers were people of color.

Despite hundreds of millions of dollars in government relief related to the Covid-19 pandemic, HMSHost issued WARN notices for lay off or furlough of over 8,000 of its workforce in the United States since March, a number that does not capture the full extent of job losses.<sup>14</sup> In April, Autogrill stated that part of the way it mitigated the financial impact of COVID-19 was to cut workers' hours to decrease labor costs 90 percent in North America by the end of March.<sup>15</sup>

## Protecting Your Airport's Interests, Not the Billionaires

If your airport does decide to grant relief to HMS Host regardless of its global financial position, it may be beneficial to make sure you protect the airport - and airport workers' - interests in the process.

Some examples of conditions on other relief granted include the following:

- The “Italian Guarantee” requires HMS Host’s parent company to negotiate Italian employment levels with Italian unions.
- Rent relief offered by the Los Angeles airport requires a right for laid off employees to their old jobs when business returns, fair employment levels and the continuation of health insurance coverage for workers the company laid off.<sup>16</sup>
- Rent relief offered by the New Orleans airport requires any income from business interruption insurance or government aid programs be applied toward rent that may otherwise be waived.<sup>17</sup>
- Rent relief offered by the Orlando airport in May requires a corresponding reduction in the length of the company’s lease.<sup>18</sup>

UNITE HERE can advise airports on any relief conditions aimed at protecting the interests of HMS Host employees. The airport should not assume HMS Host has these workers’ well-being in mind in its business decisions at this time.

## Endnotes

- 1 <https://www.autogrill.com/en/investor-relations/stock-information/shareholding>
- 2 <https://www.edizione.com/en/net-asset-value/> (converted Euro to Dollar)
- 3 <https://www.wsj.com/articles/battle-over-bridge-collapse-costs-italys-benetton-family-its-highways-business-11594816611>
- 4 See “Investment Portfolio” at <https://www.edizione.com/>.
- 5 Autogrill earnings call, July 30 2020. Transcript: [https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill\\_ir\\_transcript\\_30072020\\_0.pdf](https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill_ir_transcript_30072020_0.pdf). The program is the SACE Guarantee, for background see: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_655](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_655).
- 6 Atlantia 2019 earnings call: [https://www.atlantia.it/documents/20184/27156/2020-04-28\\_Atlantia\\_2019\\_Results\\_final.pdf/631f0cc4-b5c7-428d-bf9c-e21c28665e3e](https://www.atlantia.it/documents/20184/27156/2020-04-28_Atlantia_2019_Results_final.pdf/631f0cc4-b5c7-428d-bf9c-e21c28665e3e) - 1.25 billion Euro for Autostrade and 250 million Euro for the (privately held) Rome airport (Converted Euro to Dollar)
- 7 Autogrill earnings call, July 30 2020. Transcript: [https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill\\_ir\\_transcript\\_30072020\\_0.pdf](https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill_ir_transcript_30072020_0.pdf). (Converted Euro to Dollar)
- 8 Autogrill 2019 results presentation: [https://www.autogrill.com/sites/autogrill14corp/files/autogrill\\_group\\_-\\_fy2019\\_and\\_4m2020.pdf](https://www.autogrill.com/sites/autogrill14corp/files/autogrill_group_-_fy2019_and_4m2020.pdf)
- 9 Autogrill earnings call, July 30 2020. Transcript: [https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill\\_ir\\_transcript\\_30072020\\_0.pdf](https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill_ir_transcript_30072020_0.pdf).
- 10 New Jersey Transportation Authority. March 24, 2020 Board meeting minutes: <https://www.njta.com/media/5255/minutes-bm-3-24-2020.pdf>
- 11 Autogrill earnings call, July 30 2020. Transcript: [https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill\\_ir\\_transcript\\_30072020\\_0.pdf](https://www.autogrill.com/sites/autogrill14corp/files/transcript/autogrill_ir_transcript_30072020_0.pdf).
- 12 <https://www.autogrill.com/en/press-releases/autogrill-start-new-treasury-share-buyback-programme-purpose-autogrill-groups>
- 13 <https://www.autogrill.com/en/press-releases/notification-share-buyback-1> and <https://www.autogrill.com/en/press-releases/notification-share-buyback-2>
- 14 Analysis of publicly available WARN notices, March 2020 to July 2020.
- 15 <https://www.autogrill.com/en/press-releases/autogrill-update-covid-19>
- 16 Los Angeles World Airports MAG Relief form of agreements, April 16 2020
- 17 Louis Armstrong International Airport Letter Amendment for Concessionaires, April 23 2020
- 18 Greater Orlando Aviation Authority Agenda, May 20 2020.