



# Autogrill Group

## 1st HALF 2003 RESULTS



Milan, 6 August 2003



# Autogrill Group

## Main Comments

- Net of FX impact, Group turnover increased by 3.6% despite adverse events like the Iraq war, weak economic environment and bad weather
- Capture rate and average ticket progress made sales trends outperform traffic evolution: in North America, airport revenues increased, on a comparable basis, by 4% versus a traffic decline of 3.6%\* and in Italy motorway sales grew by 5.6% compared to a 2.5%\*\* increase of traffic
- Ebitda totalled 164 m€, 11.5% on net sales, up, net of FX impact, by 16.8% This growth was contributed by 7.1 m€ from Italy, by 8.3 m\$ from North America, by 5.4 m€ from “Rest of Europe”° and by 2.1 m€ from additional saving in G&A
- The strong “Rest of Europe”° profitability result (from 3.2% to 5.6% on net sales) reflected the first implementation of Italian and North American Labour Productivity and C.o.g.s. best practices
- Net of FX impact, Pre-tax Cash Flow grew by 22.8% to 143.8 m€, up by 130 b.p. to 10.1% on net sales

\* Source: A.T.A.    \*\* Source: Autostrade S.p.A.

° Excluding Germany



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## Main Comments

- **Despite business seasonality, R.O.I.<sup>^</sup> posted a strong improvement, up to 7.5% from 6.2% in 1H2002**
- **Thanks to the Private Placement issue, debt average remaining life increased to above 5 years**
- **Restated Pre-Tax Profit reached 69.4 m€ (4.9% on net sales) versus 55.7 m€ of 1H2002<sup>^</sup> (3.6% on net sales), with a 24.6% growth**

<sup>^</sup> Historical Figures



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## Group Financial Highlights

	1H2003	1H2002 Historical Figures	1H2003 vs. 1H2002	Net of FX impact °
Net Sales	1.421,4	1.526,7	-6,9%	3,6%
EBITDA	164	158,3	3,6%	16,8%
% on net sales	11,5%	10,4%		
PRE-TAX PROFIT	24,2	0,2	n.s.	n.s.
% on net sales	1,7%	0,1%		
PRE-TAX CASH FLOW	143,8	132,6	8,4%	22,7%
% on net sales	10,1%	8,7%		
CAPEX	73,6	71,2	3,4%	8,1%
% on net sales	5,2%	4,7%		
PRE-TAX FREE CASH FLOW*	-61,6	7,6	n.s.	
% on net sales	-4,3%	0,5%		
NET DEBT	1.033,9	1.079,6	-4,2%	4,0%
EPS Restated**	0,27	0,22	24,6%	

\* Cash Flow - Capex +/- Delta Working Capital

\*\* Pre-Tax Profit + Goodwill Amortisation + Adjustment to Financial Assets

° 1H2003 AVERAGE FXC EUR/USD 1:1.104

1H2002 AVERAGE FXC EUR/USD 1:0.897



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## Group Financial Ratios

	1H2003	1H2002	2002 actual	2003 full year Target
		Historical Figures		
ROI*	7,5%	6,2%	20,0%	23,0%
EBITDA interest coverage	7,7	8,7	9,7	10,0
EBITA interest coverage	4,2	4,5	5,4	5,5
Pre Tax Cash Flow / Net Debt	13,9%	12,3%	** 31,4%	**33%

\* EBITA on Net Invested Capital (without Financial Assets)

\*\* Cash Flow on Net Debt

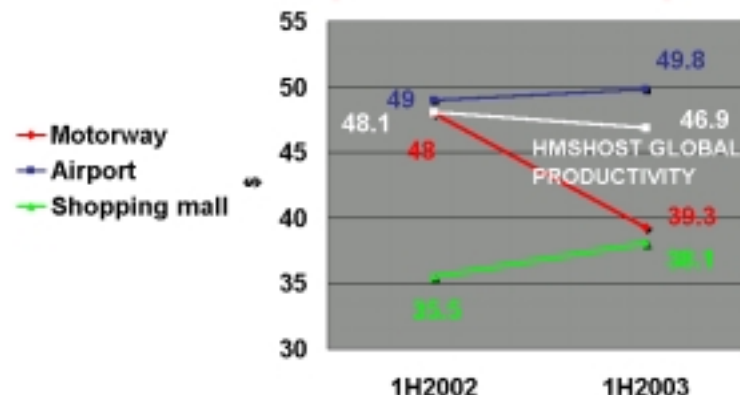


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## Regional Performance - North America

- Despite the Iraq war and Sars (Canada), sales increased globally by 5.2% to 770.8 m\$
- Up by 9.6% , EBITDA reached 94.3 m\$ versus 86 m\$ of 1H2002 (from 11.7% to 12.2% on net sales)
- The Anton Airfood acquisition was completed for an EV/Ebitda 8x and contributed with 32.9 ml\$ of sales and 6.1 m\$ of Ebitda

HMSHOST LABOR PRODUCTIVITY TREND  
(Main sales/Worked hours)



NORTH AMERICA		1H2002	1H2003	Diff. %	
Million \$	Motorway	Net Sales	159,3	152,5	-4,3%
		Store Cash Flow *	15,9	10,6	-33,3%
		% on Net Sales	10,0%	7,0%	
	Airport	Net Sales	549,6	598,3	8,9%
		Store Cash Flow *	100,6	120,1	19,4%
		% on Net Sales	18,3%	20,1%	
	Other (Shopping mall)	Net Sales	23,5	20,0	-14,9%
		Store Cash Flow *	0,3	1,2	300,0%
		% on Net Sales	1,1%	6,0%	
	Total	Net Sales	732,4	770,8	5,2%
		Store Cash Flow *	116,2	131,8	13,5%
		% on Net Sales	15,9%	17,1%	
EBITDA		86,0	94,3	9,6%	
% on Net Sales		11,7%	12,2%		

\* Ebitda + G&A  
(restated vs. 1Q2003)

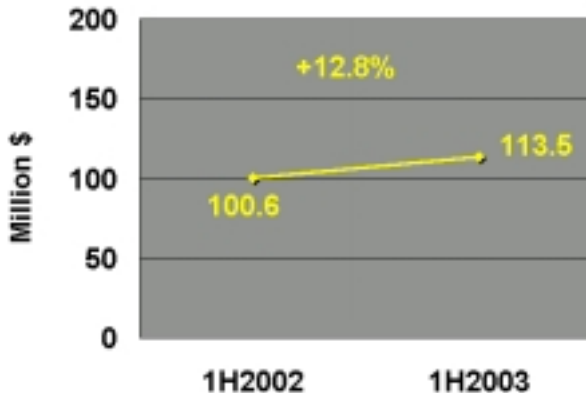


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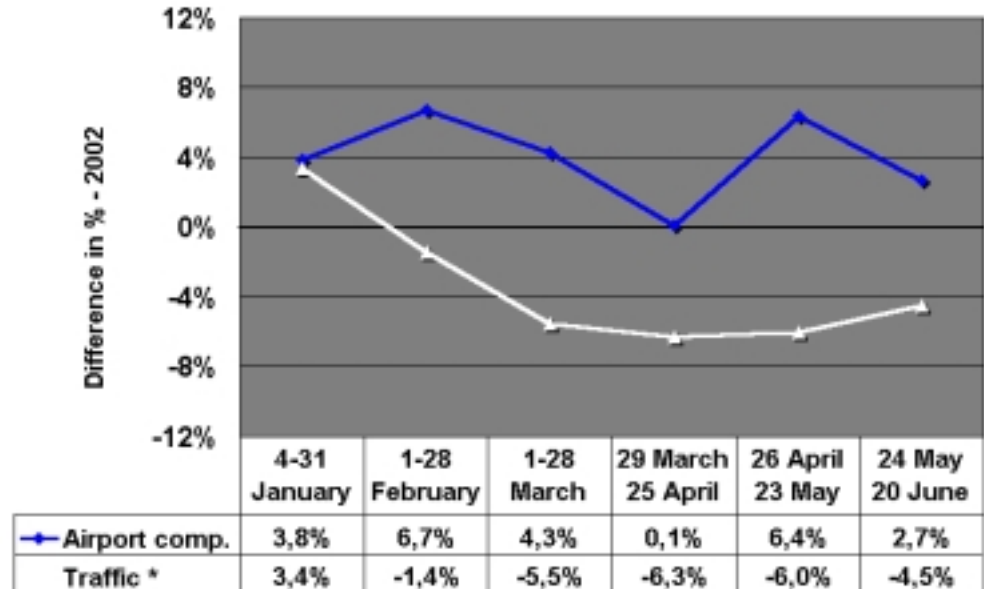
## Regional Performance - North America

- Airport sales reached 598.3 m\$, up by 8.9% versus 1H2002
- On a comparable basis the growth was 4% versus a 3.6% traffic\* decrease

**N.A. AIRPORT SCF\*\* TREND  
(on a comparable basis)**



**N.A. AIRPORT SALES EVOLUTION**



- Thanks to the contingency plan immediately implemented, channel profitability was not impacted and Store Cash Flow\*\* was up, on a comparable basis, by 12.8%

\* Source: A.T.A.    \*\* Ebitda + G&A (adjusted vs. 1Q2003)



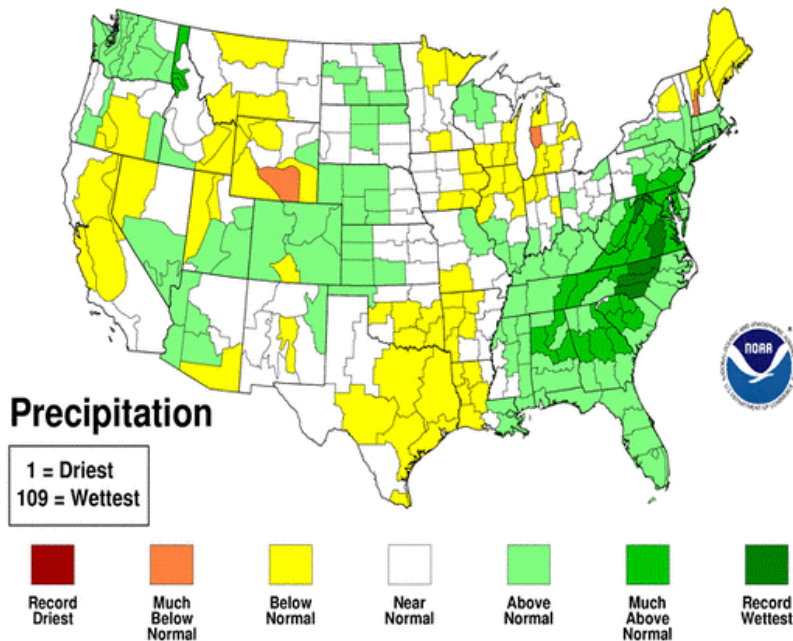
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## Regional Performance - North America

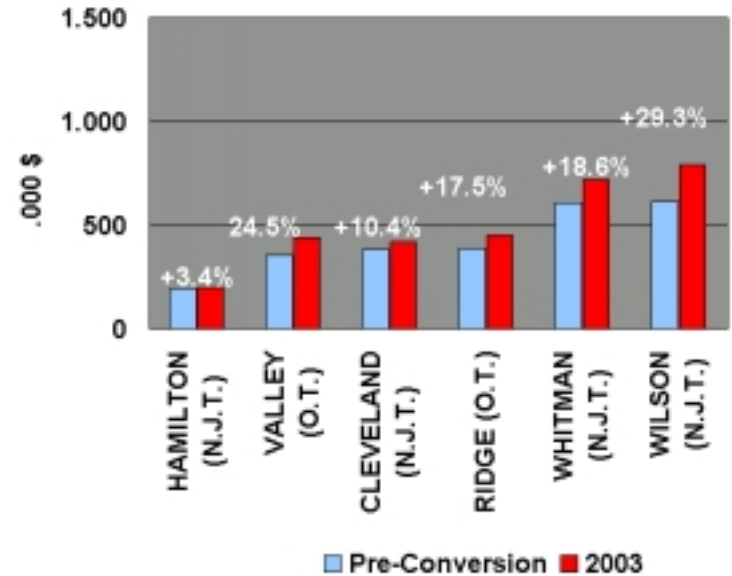
- Motorway sales were 152.5 m\$, down by 4.3% due to planned refurbishment activities on 6 locations and bad weather on the East Coast during February and the Memorial Day holiday
- First results of refurbished travel plazas are positive: on average, sales are up by 19%

### Jan - Jun 2003

National Climatic Data Center/NESDIS/NOAA



### REFURBISHED\* TRAVEL PLAZA SALES





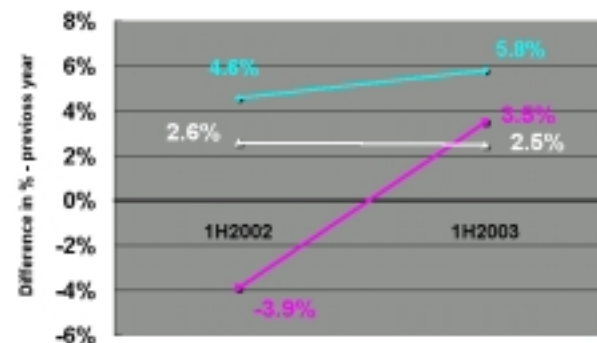


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## Regional Performance - Italy

- Italian sales grew by 4.3% to 485.3 m€, thanks to a strong performance of concession activities (+5.9%):
  - motorways up by 5.6% versus a traffic increase of 2.5% \*\*
  - airport sales grew globally by 12.1% and by 5.8% on a comparable basis (+1.9% the traffic growth in Group airports)
  - railway station up by 13.1%

ITALY MOTORWAY SALES EVOLUTION



\*\* Source: Autostrade S.p.A.    ° Source: Assaeroporti

ITALY			1H2002	1H2003	Traffic ** Diff. %
Motorway	Net Sales		367,4	387,8	5,6%
	Store Cash Flow *		73,3	78,9	7,7%
	% on Net Sales		19,9%	20,3%	
Airport	Net Sales		14,5	16,2	12,1%
	Store Cash Flow *		(0,0)	0,7	1518,2%
	% on Net Sales		-0,3%	4,3%	
Railway station	Net Sales		5,0	5,6	13,1%
	Store Cash Flow *		0,7	1,0	34,9%
	% on Net Sales		14,8%	17,6%	
Other (Fair&Exhibition, Shopping mall and Town)	Net Sales		78,6	75,6	-3,8%
	Store Cash Flow *		8,0	10,8	36,2%
	% on Net Sales		10,1%	14,3%	
Total	Net Sales		465,4	485,3	4,3%
	Store Cash Flow *		81,9	91,4	11,6%
	% on Net Sales		17,6%	18,8%	
	EBITDA		64,7	71,8	10,9%
	% on Net Sales		13,9%	14,6%	

\* Ebitda + G&A  
(adjusted vs. 1Q2003)

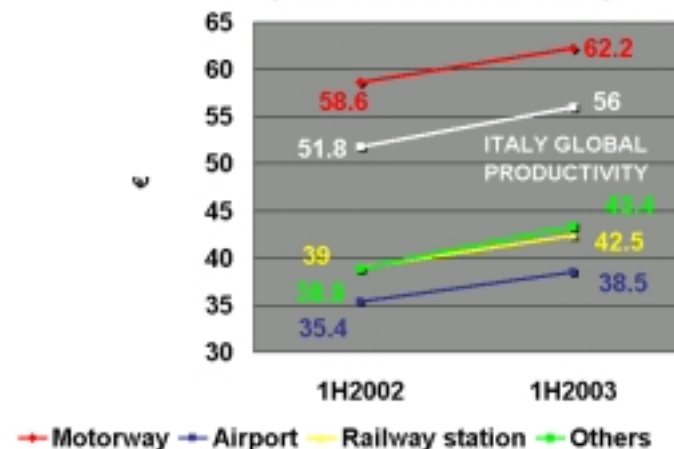


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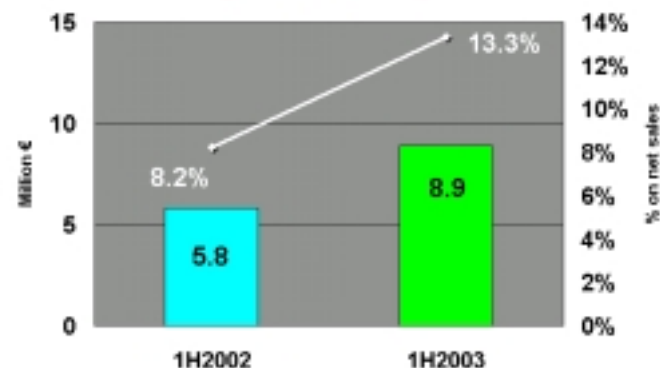
## Regional Performance - Italy

- Strong increase of profitability in Italy, with Ebitda at 71.8 m€ (+7.1 m€ compared to 1H2002), 14.8% of incidence on net sales
- Direct Labor Cost improved to 23.7% on net sales (24.1% in 1H2002) thanks to a 8.1% increase of Labor Productivity which more than balanced the effects of the new national labor contract
- The Store Cash Flow\* increase of the “Town & Malls” channel was particularly significant due to management improvements (C.o.g.s. and Labor Productivity), which more than compensated for the weak sales trend
- In the next months, a greater improvement of “Town & Malls” Store Cash Flow\* is expected, also as a consequence of the closing of less profitable locations

ITALY LABOR PRODUCTIVITY TREND  
(Main sales/Worked hours)



ITALY "TOWN & MALLS" CHANNEL PROFITABILITY  
(Store Cash Flow\*)



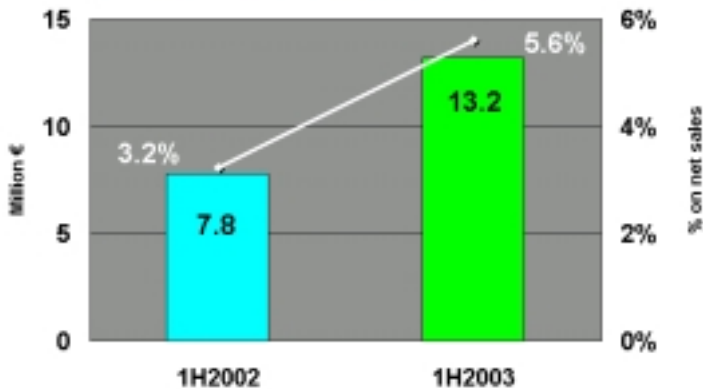
\* Ebitda + G&A (adjusted vs. 1Q2003)



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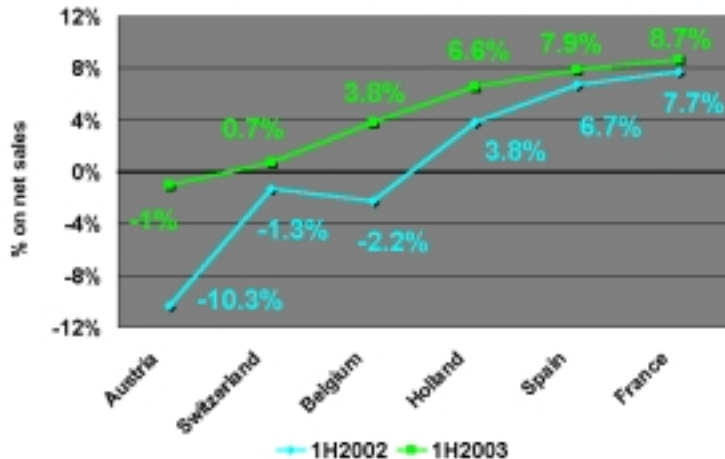
## Regional Performance - Rest of Europe

"REST of EUROPE" EBITDA EVOLUTION

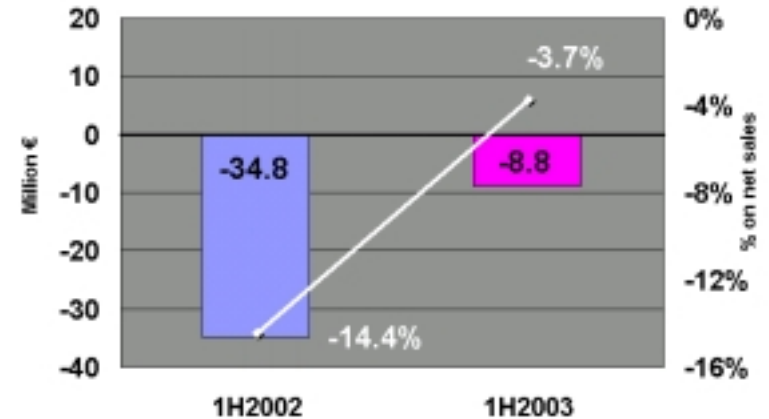


- "Rest of Europe"° recorded a very strong profitability improvement: Ebitda increased by 70% to 13.2 m€ (from 3.2% to 5.6% on net sales)
- Operating Free Cash Flow\* increased dramatically, growing from -34.8 m€ to -8.8 m€

"REST of EUROPE" EBITDA EVOLUTION



"REST of EUROPE" OFCF\* EVOLUTION



° Excluding Germany

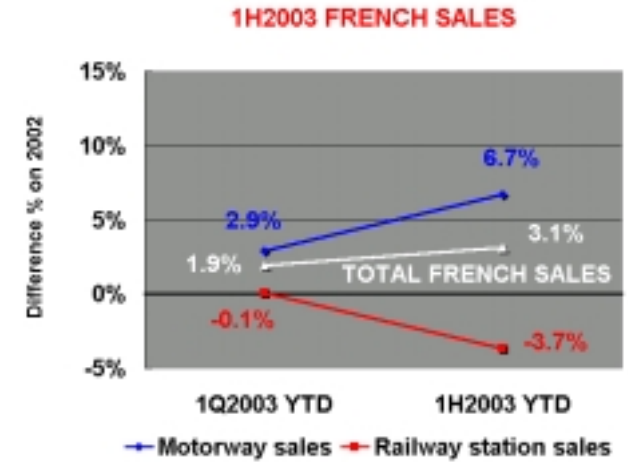
\*\* Ebitda - Capex +/- Delta N.W.C.



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## Regional Performance - Rest of Europe

- In **France**, strong performance of the motorway channel, with sales up 6.7% to 60.2 m€ and Store Cash Flow\* by 7.6% to 12.8 m€
- Poor results of the railway station channel, with sales down 3.7% to 26.9 m€ and Store Cash Flow\* down by 19.5% to 2 m€ due to bad traffic conditions also linked to national strikes in 2Q2003
- **Spanish** turnover grew by 4.3% to 35.5 m€ with motorway business up by 4.7%
- Railway station channel growth of 3.1% was less than forecasted because of delay in opening some new AVE connections
- **Switzerland** recuperated profits thanks to improvements in C.o.g.s. management, in Labour Productivity and in G&A, despite a 9.9% decrease of sales
- Good performance of Swiss motorways, with Store Cash Flow\* up by 11.2% to 5.2 mCHF (14.2% on net sales) but negative results in airports, with sales down by 28.6% also due to going out of Basel airport



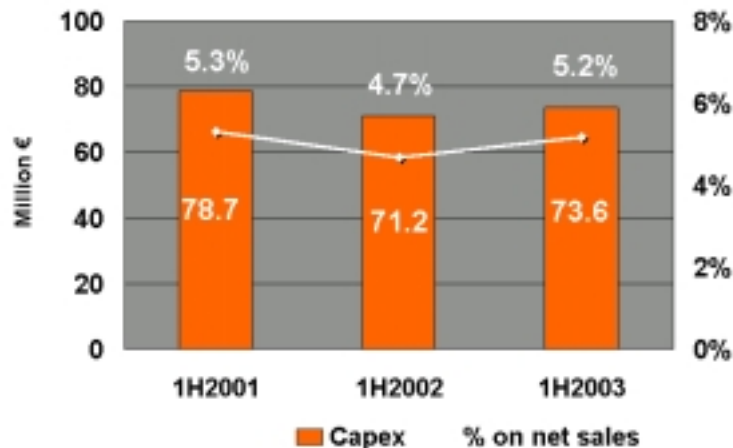
\* Ebitda + G&A (adjusted vs. 1Q2003)



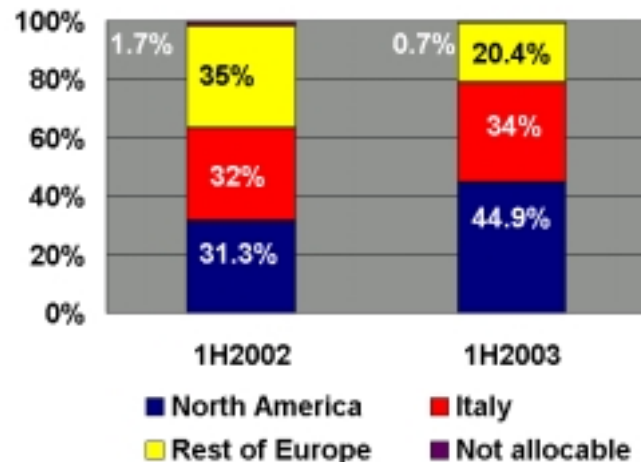
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## Capex Analysis

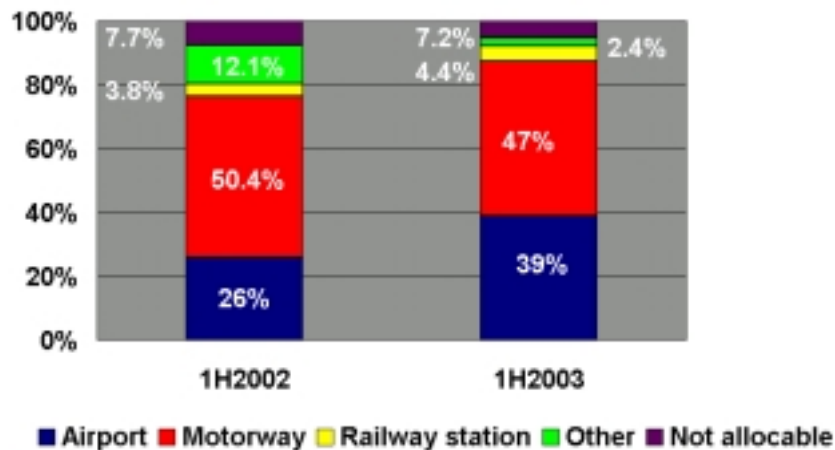
1HALF CAPEX EVOLUTION



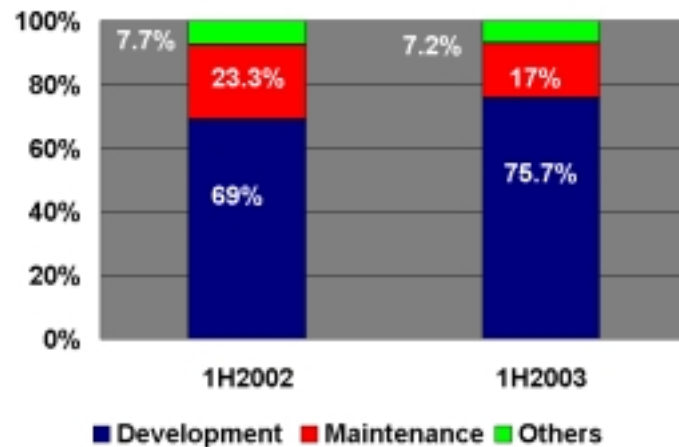
1HALF CAPEX BREAKDOWN by COUNTRY



1HALF CAPEX BREAKDOWN by CHANNEL



1HALF CAPEX BREAKDOWN by SCOPE





# Autogrill Group

## Contract Portfolio

- From the start of 2003, Autogrill extended or won contracts in North America for a projected cumulative turnover of around 1 bl\$.
- Atlanta and Minneapolis-St. Paul airport contracts were particularly important, for they increased the weight of retail activities
- with Seattle extension/victory, the Group secured one of HMSHost's top-10 locations
- In Europe, the Group confirmed its strength in Italy (Milan Linate airport) and continued its development in the railway station channel (Antwerp in Belgium)

COUNTRY	PLACE	DATE	EVENTS	CHANNEL	ACTIVITY	CONCESSION LENGTH	TOTAL FORCASTED SALES (ML € for EU - ML \$ for N.A.)
NORTH AMERICA	Houston	January	tender win	airport	food	10	60
	Atlanta	March	tender win	airport	retail	5	100
	Highways 401, Canada	April	concession extension	motorway	food	5	100
	Minneapolis	April	concession extension	airport	food&retail	13	220
	Christchurch	April	concession extension	airport	food	3	9
	Montreal	June	concession extension	airport	food	9	85
	Seattle	June	concession extension	airport	food&retail	11 food - 6 retail	295
	Seattle	July	tender win	airport	food&retail	10	130
	EUROPE	Milan, Italy	January	tender win	airport	food&retail	5
Antwerpen, Belgium		January	tender win	railway station	food	8	10

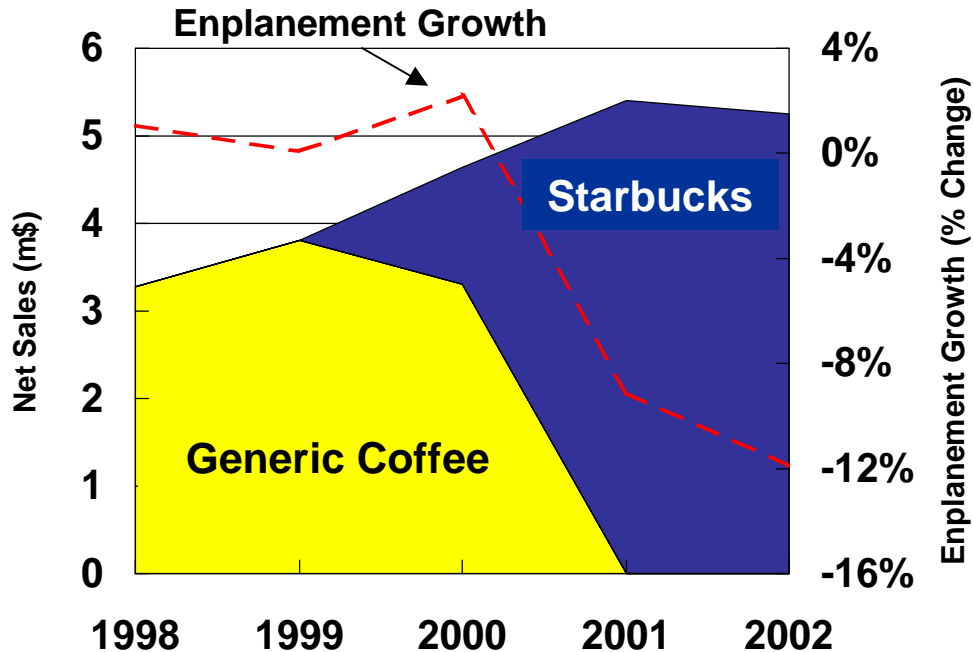


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## Contract Portfolio

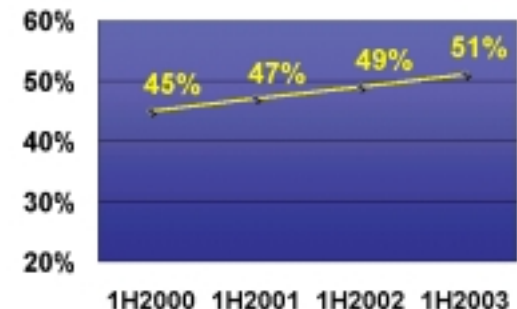
- Last April, the exclusive franchisee agreement with **Starbucks Coffee Group** was renewed: during next 10 years, HMSHost will be the sole operator able to use this world-famous brand in U.S. airports and motorways
- Nowadays, around 180 Starbucks outlets are managed by the Group and additional 35 new openings are scheduled over the next few months

### SAN FRANCISCO COFFEE CONVERSION (Same Four Locations - Illustrative Example)



- Group “branded-product” strategy will so be strengthened, in order to further increase the capture rate and the average ticket

### % of HMSHOST BRANDED REVENUES on NET SALES

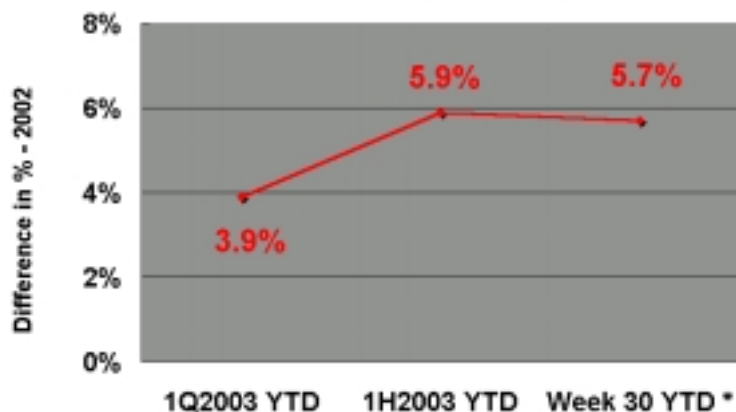




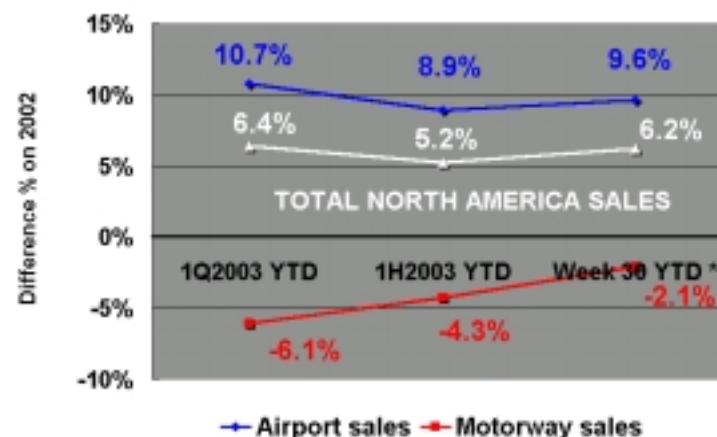
# Autogrill Group

## 2003 Outlook

ITALY CONCESSION SALES EVOLUTION



NORTH AMERICA SALES EVOLUTION



- As of the end July, Group sales year to date were up by 4% versus 2002, recording a further upgrading after 1H figures
- In more detail, sales showed strong improvements in North America and solid performances on Italian concession business and on both French and Spanish motorway network
- We continued to have poor sales performances in Netherlands and on French railway station network

\* Latest Estimates





# Autogrill Group

## 2003 Outlook - **New Guidelines**

- The strong 1H performance and the better than expected current business conditions increase our confidence in the full year results.
- The updated guidelines forecast a 20 bp. EBITDA and cash flow increase versus original estimates
- In any case, the Group believes it has the requested flexibility to maintain profitability and Free Cash Flow even in a more difficult economic environment

	CONSTANT FXC EUR/USD	FXC EUR/USD 1:1.1	FXC EUR/USD 1:1.13
Net Sales	3.455	3.190	3.130
<i>Delta vs. 2002</i>	4,2%	-3,8%	-5,6%
EBITDA	455	422	412
<i>% on net sales</i>	13,2%	13,2%	13,2%
CASH FLOW	335	310	300
<i>% on net sales</i>	9,7%	9,7%	9,6%
FREE CASH FLOW*	153	146	143
<i>% on net sales</i>	4,4%	4,6%	4,6%
EPS Restated**	0,61	0,60	0,59
EV/EBITDA***	7,5	7,9	8,0

\* Cash Flow - Capex +/- Delta N.W.C.  
 \*\* Pre-Tax Profit+Goodwill Amortisation+ Adjustment to Financial Assets  
 \*\*\* Based on 10€stock price



# Autogrill Group

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