



## Autogrill 2000 results



Milan, 3 April 2001



## Index

- Performance in 2000
- Growth Strategies



## Main comments

- During 2000, the company aimed, one, to strengthen competitiveness by growing market share and boosting the appeal of its offer in strategic countries and, two, to intensify action to improve efficiency and integrate newly acquired companies
- In the USA, this translated into priority on raising margins and the strategic content of the contract portfolio, introducing projects to boost cost structure flexibility and leveraging key opportunities in procurement and distribution
- In Europe, the groundwork was laid to build up a strong European chain image by gradually promoting the Autogrill umbrella brand in locations in all countries and making significant investments to extend and consolidate the product portfolio (Spizzico, Ciao, A-Cafè, Pan Esprit)



## 2000 Performance

### Group Financial Highlights

	1999	2000	Diff.% 00 vs 99	Diff.% net of FX impact
<b>Systemwide Sales</b>	2726	3122	14,5%	6,1%
<b>Net Sales</b>	2651	3041	14,7%	6,0%
<b>EBITDA</b>	308	373	21,1%	11,5%
<i>% on net sales</i>	11,6%	12,3%		
<b>CASH FLOW</b>	204,6	258	26,1%	20,0%
<i>% on net sales</i>	7,7%	8,5%		
<b>CAPEX</b>	211,6	181,4	-14,3%	-13,7%
<i>% on net sales</i>	8,0%	5,9%		
<b>FREE CASH FLOW</b>		115,4		
<i>% on net sales</i>	0,0%	3,8%		
<b>NET DEBT**</b>	1051	1004	-4,4%	-11%

\*\* Net of Passaggio acquisition



## 2000 Performance

### Financial ratios

	1999	2000 <i>excl. Passaggio</i>	2000 <i>with Passaggio</i>
<b>EPS on restated net profit</b>	0,31	0,47	
<b>ROI *</b>	14,1%	18,6%	17,5%
<b>CFROI **</b>	15,6%	20,5%	19,0%
<b>EBITDA interest coverage</b>	6,1	5,7	5,7
<b>Cash flow / Net Debt</b>	20%	25,4%	24%
<b>Net Debt / EBITDA</b>	3,4	2,7	3,1

\* EBITA on net invested capital

\*\*Cash flow on net invested capital



## 2000 Group Sales by Product

### Growth Rate

	1999	2000	Diff.% 00 vs 99	Diff.% net of FX impact
Catering	1964	2302	17,2%	7,4%
Retail	607	662	9,0%	5,6%
Others*	79,9	77	-3,6%	-4,0%
<b>Total Group</b>	<b>2651</b>	<b>3041</b>	<b>14,7%</b>	<b>6,0%</b>

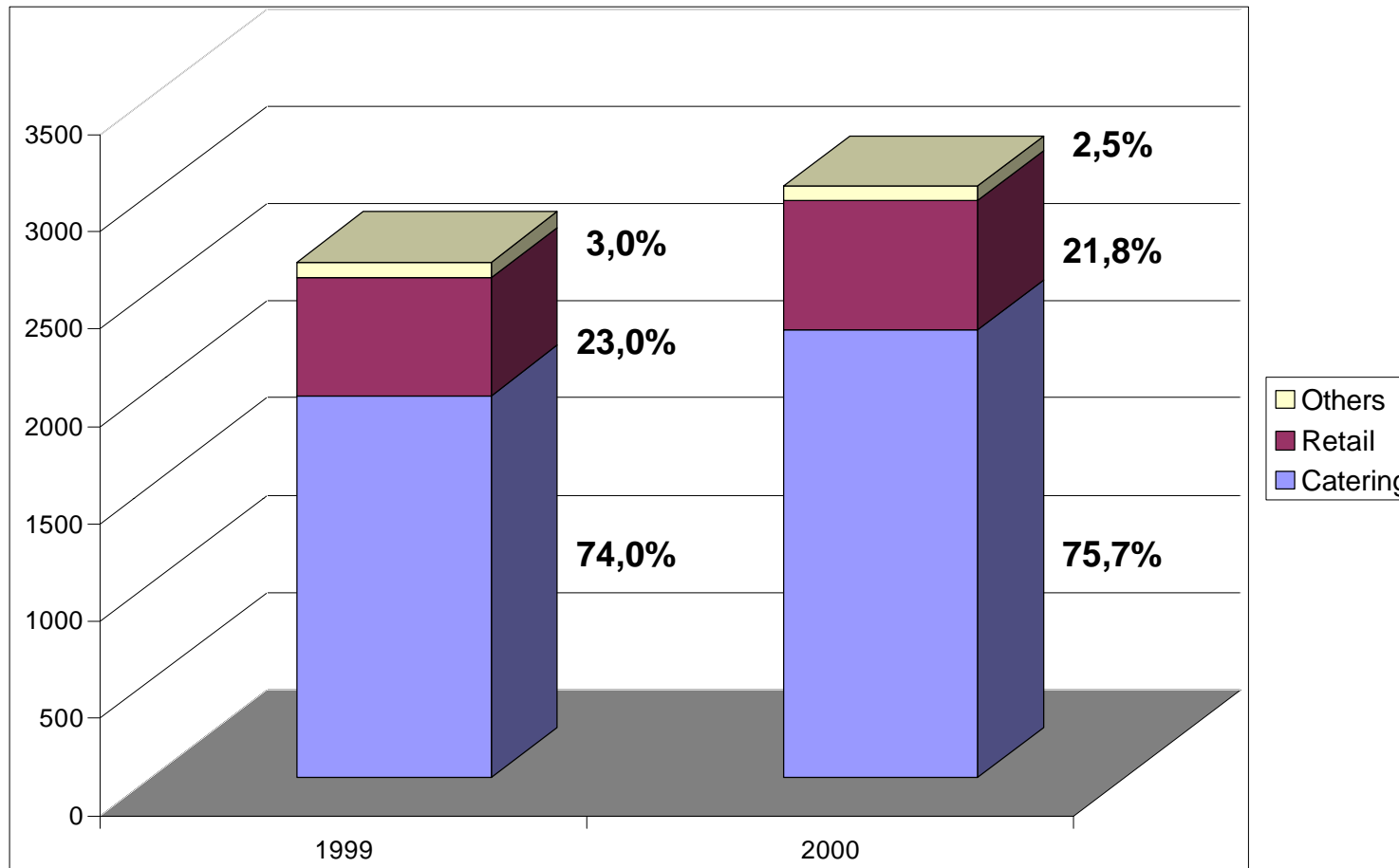
\* Lotteries and other Ancillary



## 2000 Group Sales by Product

### Catering and Retail

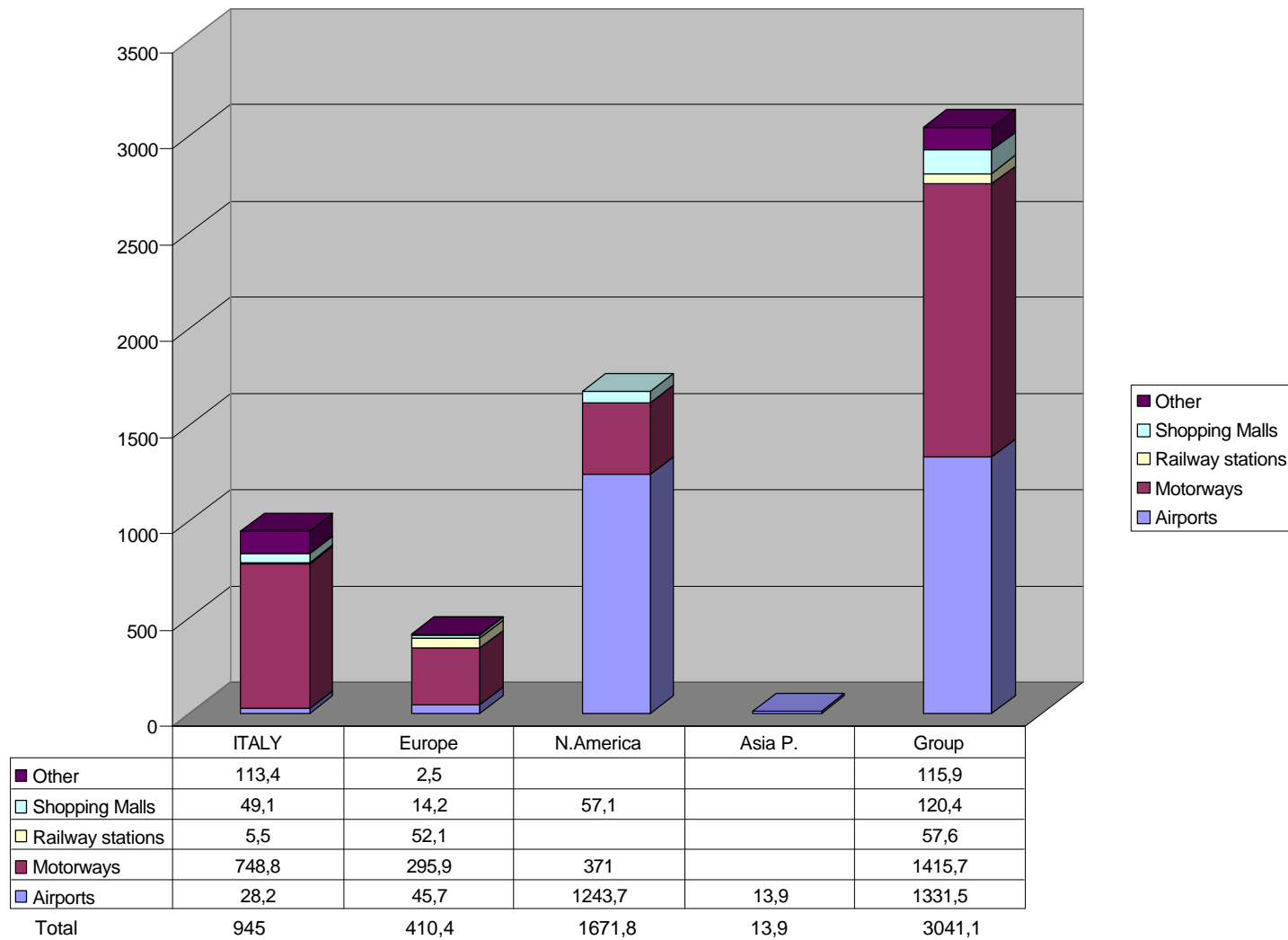
Net sales by product





# 2000 Group Performance

## Sales Breakdown (Euro million)



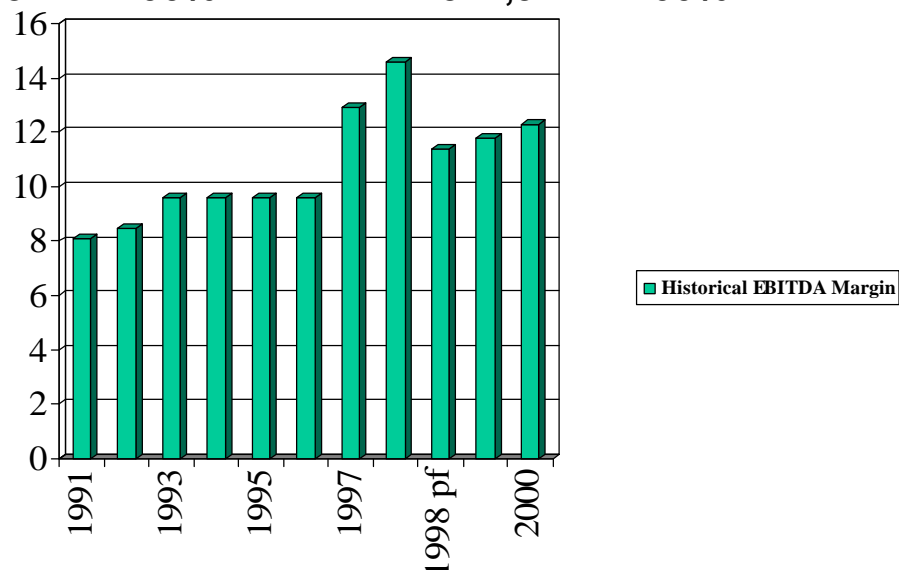




## 2000 Group Performance

### EBITDA EVOLUTION

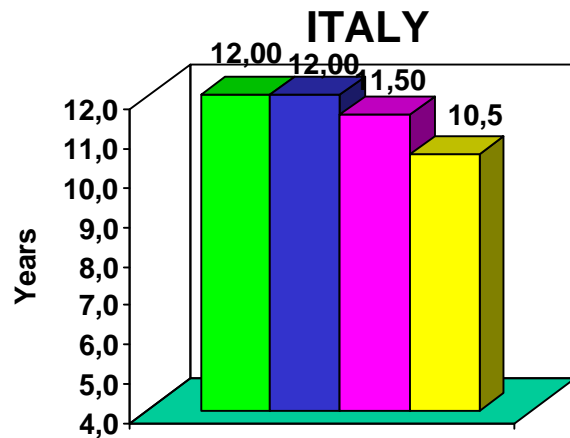
	1999		2000		Var. %
	EBITDA	% on total	EBITDA	% on total	
HMS	138,2	45%	197,2	53%	43%
EUROPE	174,4	57%	182,1	49%	4%
Others	-4,6	-1%	-6,4	-2%	39%
<b>TOTAL</b>	<b>308</b>	<b>100%</b>	<b>372,9</b>	<b>100%</b>	<b>21%</b>



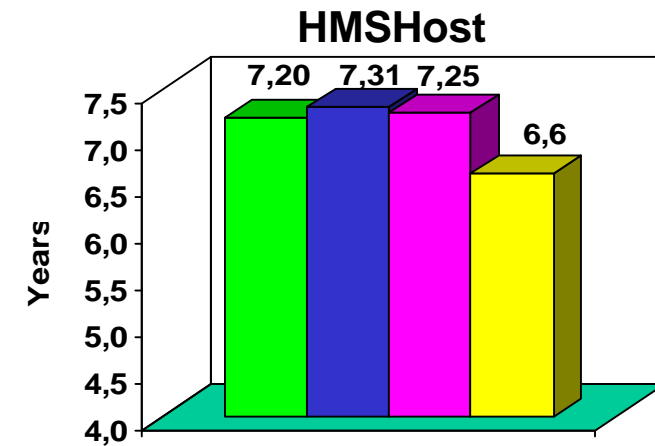


## 2000 Group Performance

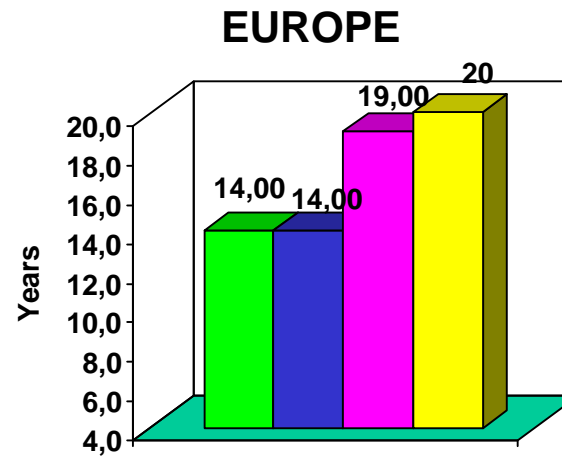
### AVERAGE RESIDUAL LIFE OF OUR PORTFOLIO



■ 1997 ■ 1998 ■ 1999 ■ 2001



■ 1997 ■ 1998 ■ 1999 ■ 2001



■ 1997 ■ 1998 ■ 1999 ■ 2001



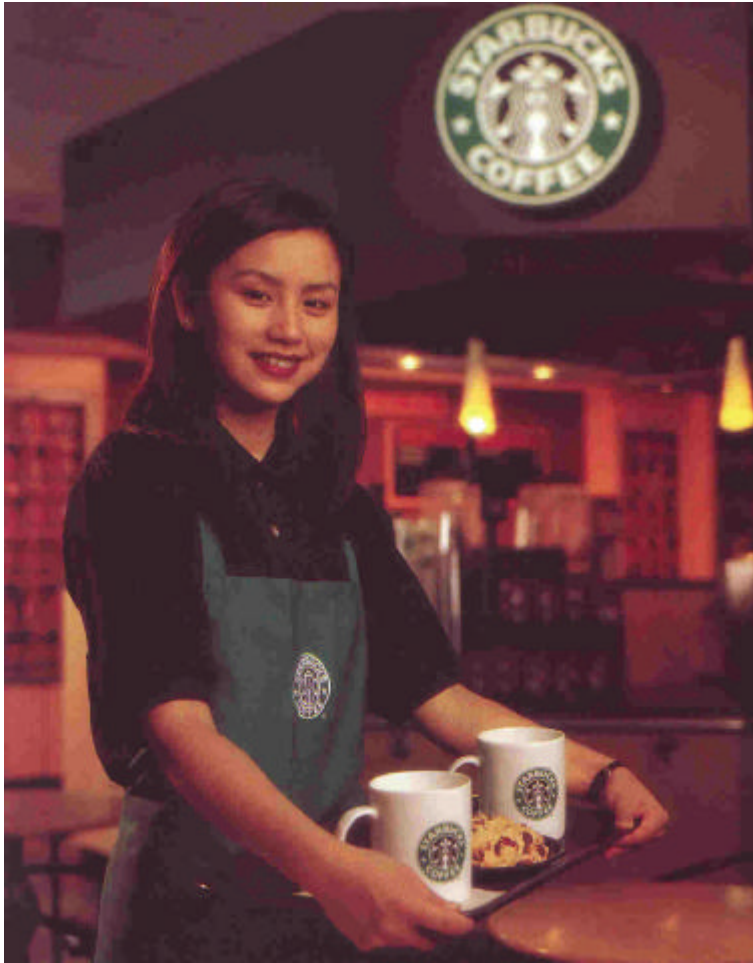
## 2000 Group Performance

### OTHER COMMENTS

- We leveraged our excellent results to rationalise and strengthen the contract portfolio
- Measures concerned a motorway in the USA; several shopping malls in Poland and Belgium; an airport in Asia
- We are considering the sale of a number of shopping malls in the USA
- All this will have a positive impact on margins and free cash flow, set against a decrease of approximately 40 million euro in annual revenues, enabling us to focus on better growth opportunities



**HMS Host**





## HMS Host

### 2000 Performance

- **Net sales increased 6%** vs. 1999:
  - Comparable North American Airport + 10%
  - Comparable Motorways + 0,7%



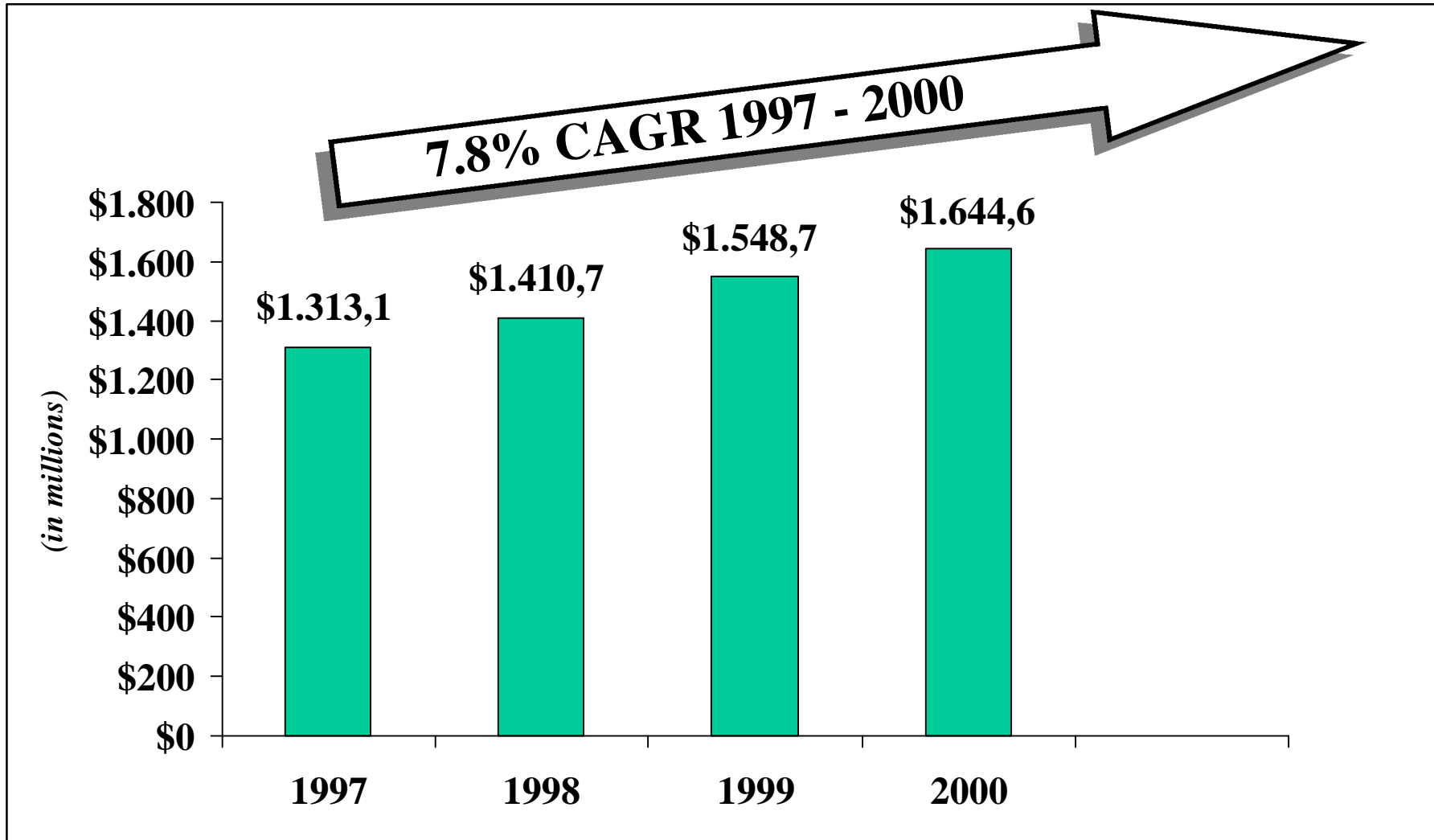
• **EBITDA increased 23,8%** vs. previous year, representing an improvement from 9,7% to 11,4% in margin. This increase was mainly driven by increase in comparable sales, an improvement in cost of sales margins and in payroll costs margins due to emphasis on recruitment, retention, productivity and scheduling.

• **Capex decreased 26%** vs. previous year (5,9% on net sales). More or less 84% of the total amount has been invested in development and restructuring projects, 7% for maintenance, 9% for corporate projects (mainly ICT)



**HMS Host**

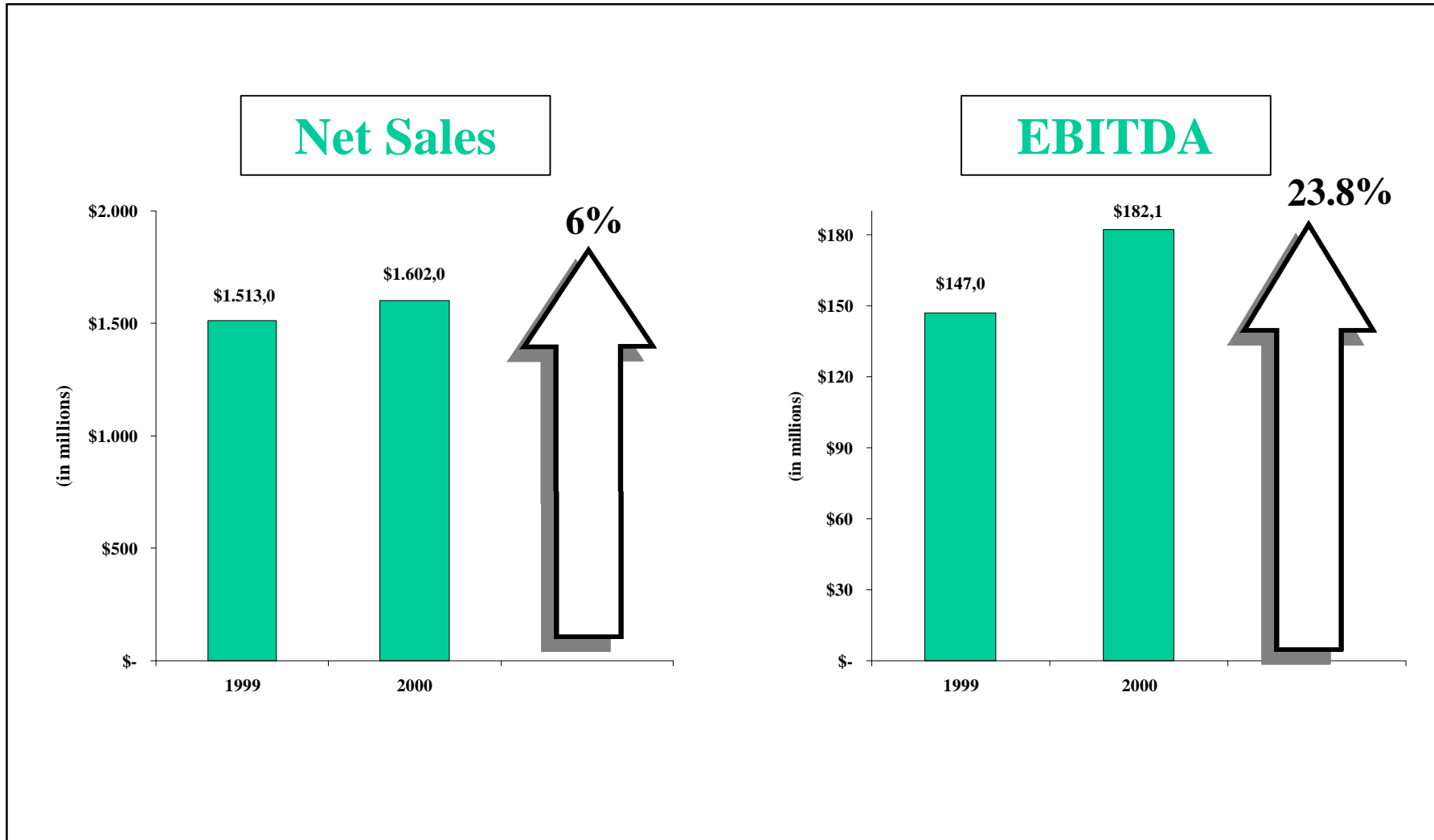
**Total Revenues**





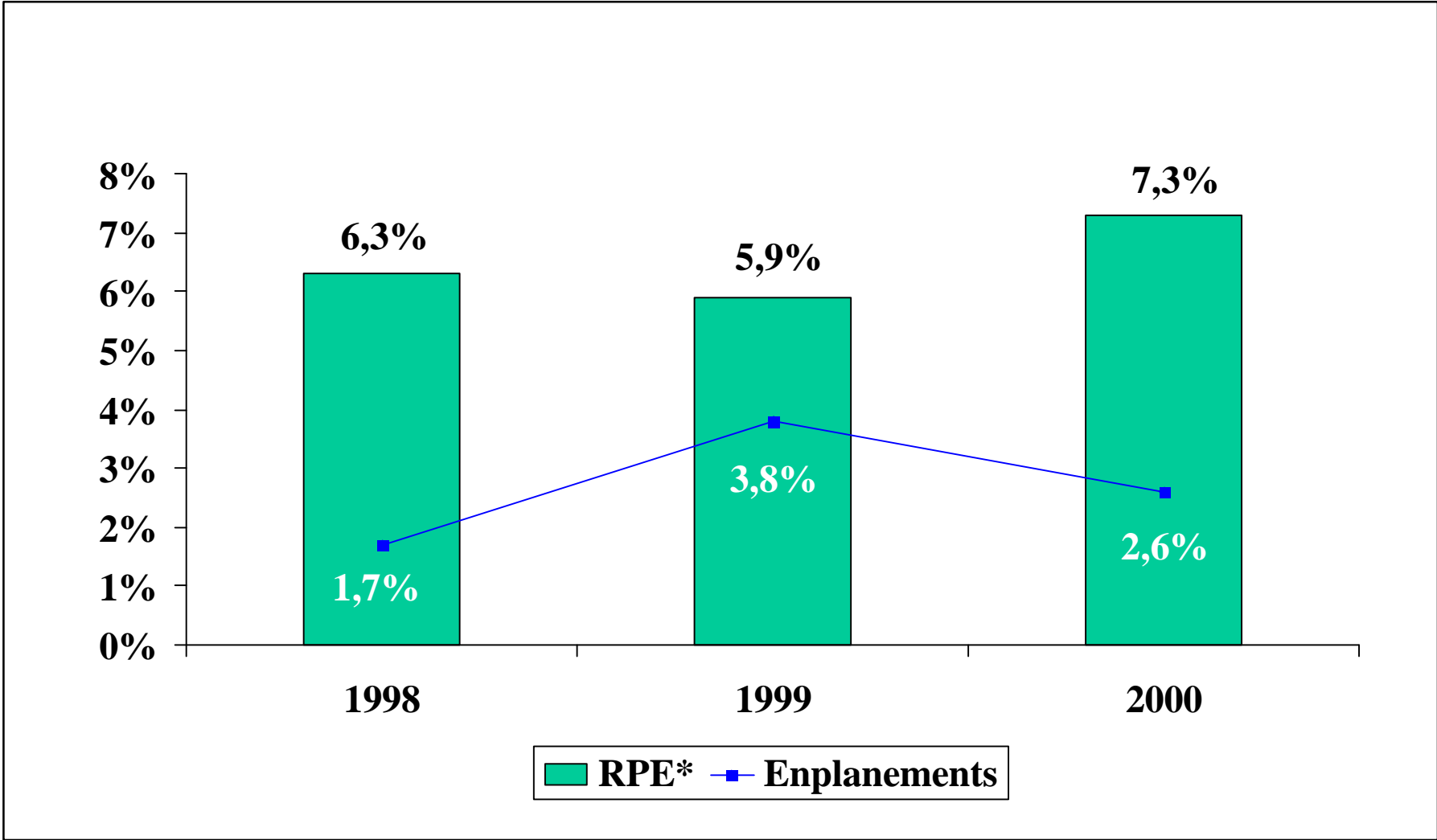
**HMS Host**

## Growth in Net Sales and EBITDA





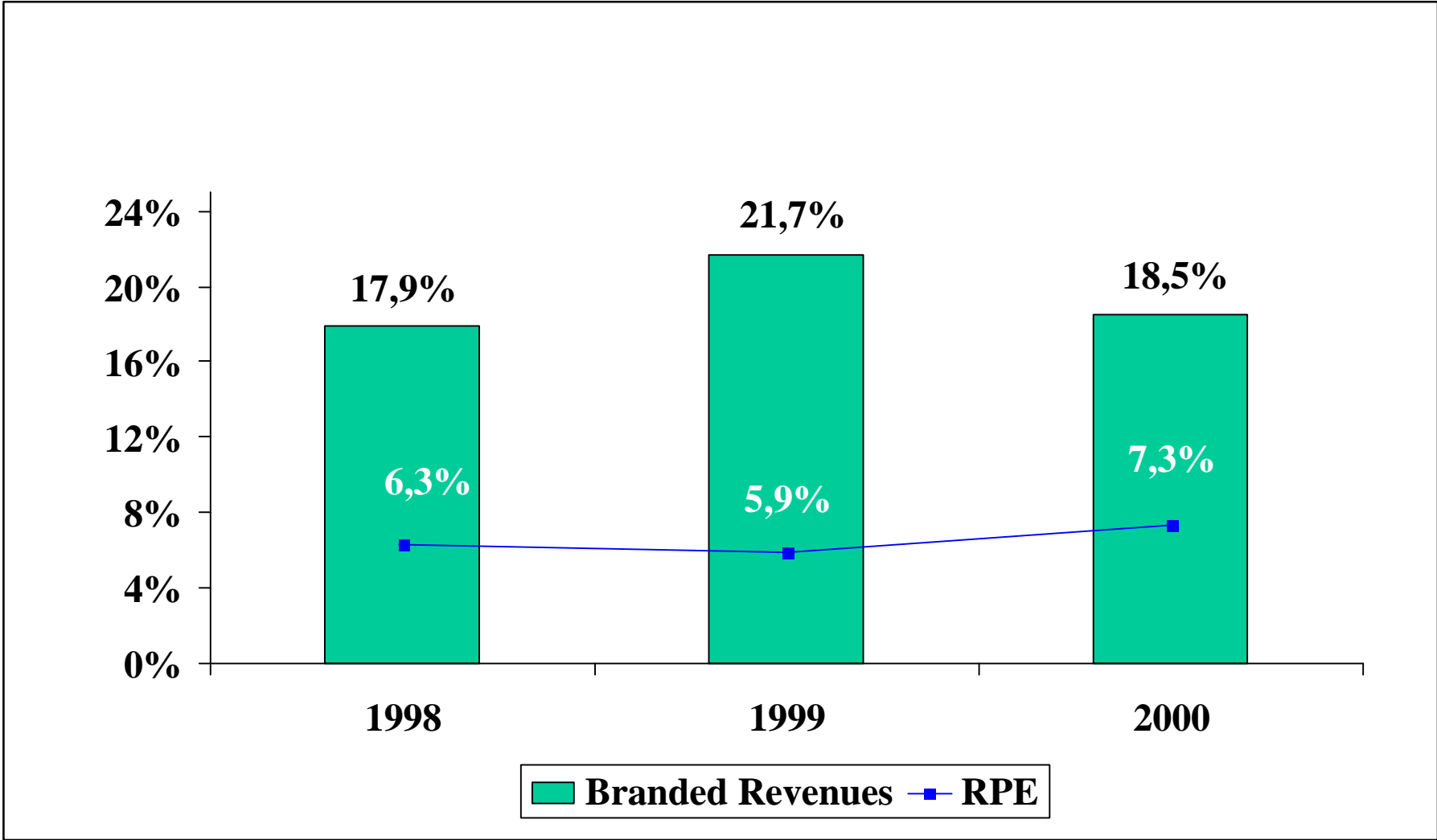
**HMS Host**  
**RPE and Emplanement Growth**







**HMS Host**  
**RPE and Branded Revenue Growth**

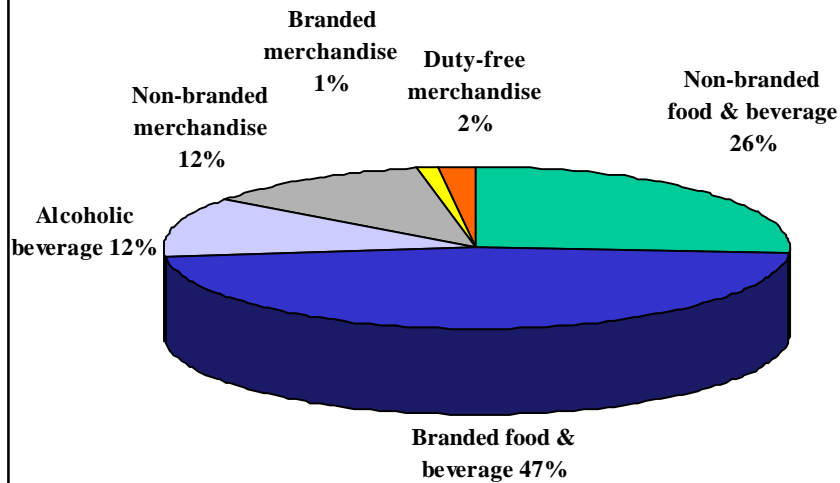




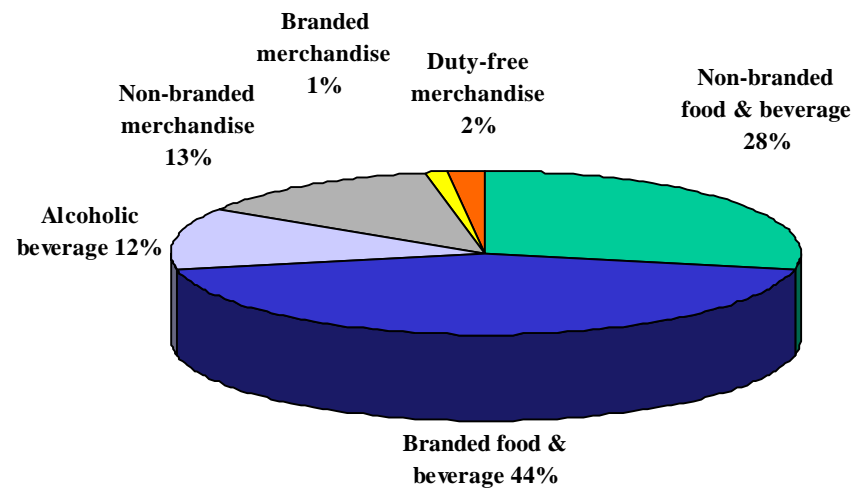
**HMS Host**

## Strategic shift to Branded concepts

2000



1999

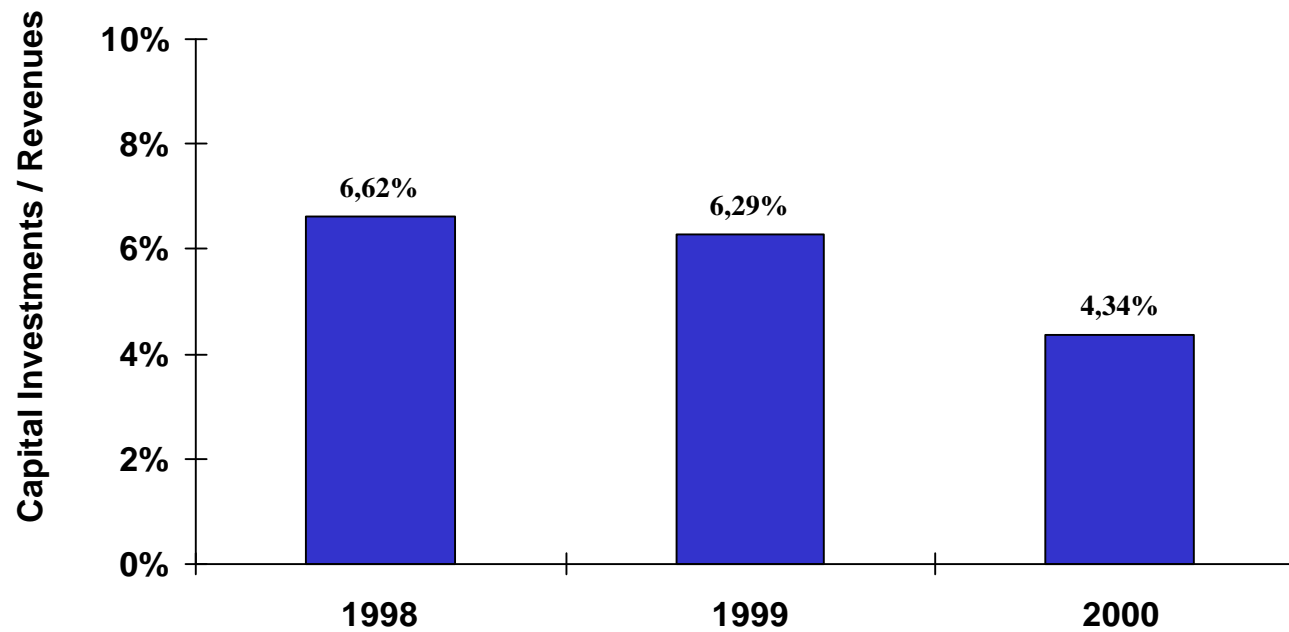


**14.3% CAGR SINCE 1997 IN BRANDED REVENUES**



**HMS Host**

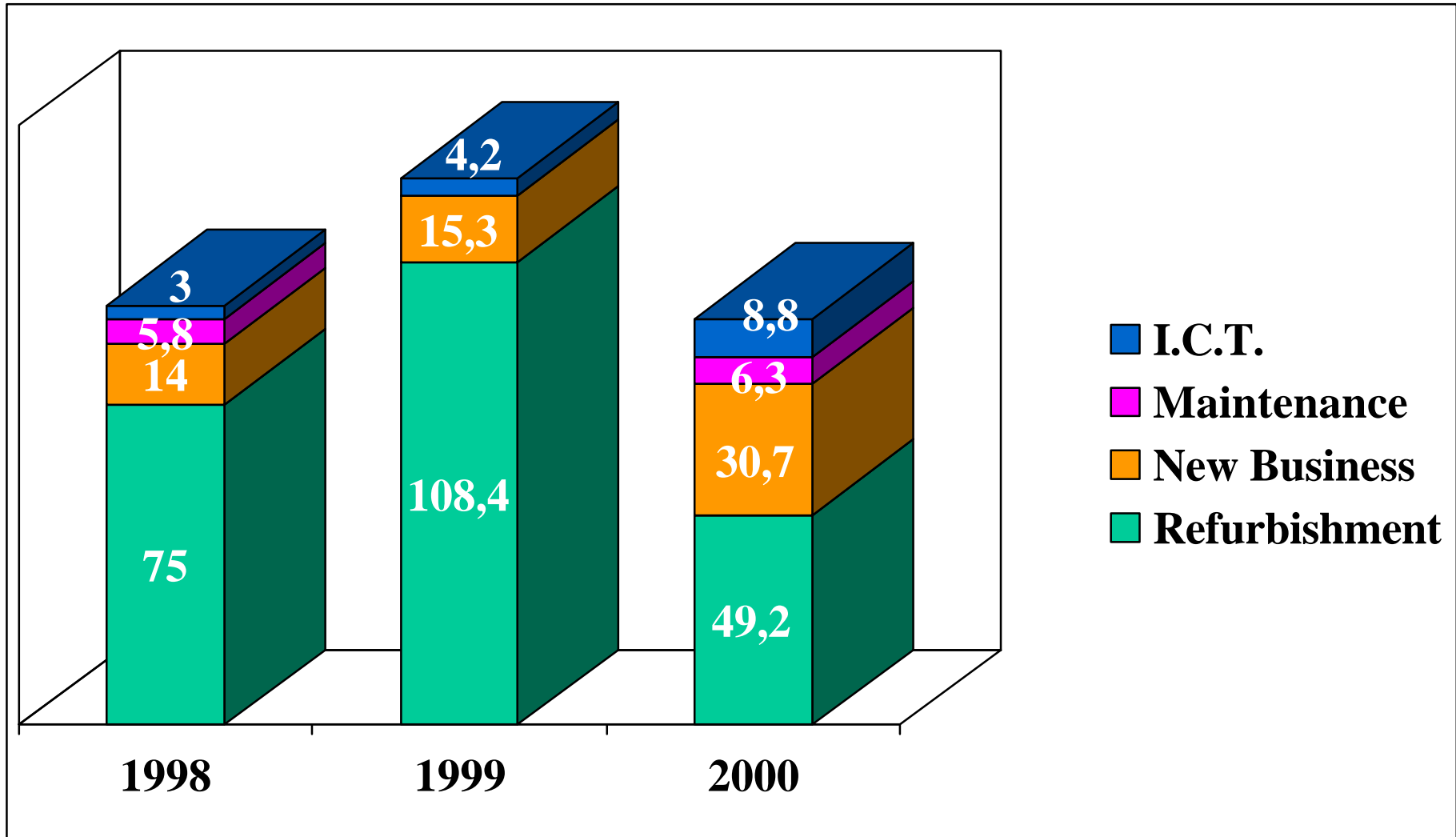
## Capital Investments in Core Markets as a % of Revenues





**HMS Host**

## Capital Investment Breakdown

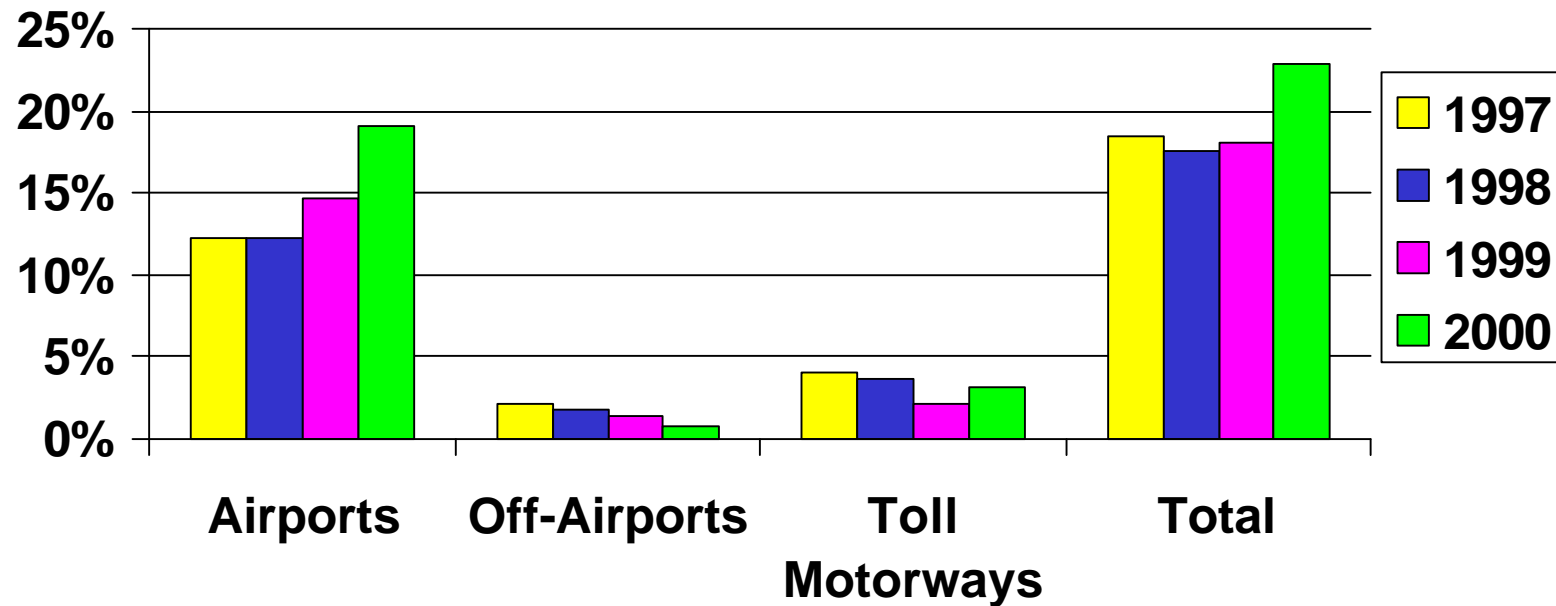




**HMS Host**

Lease Expirations

### Percentage of Total Revenues Expiring from 2000 to 2003





**HMS Host**

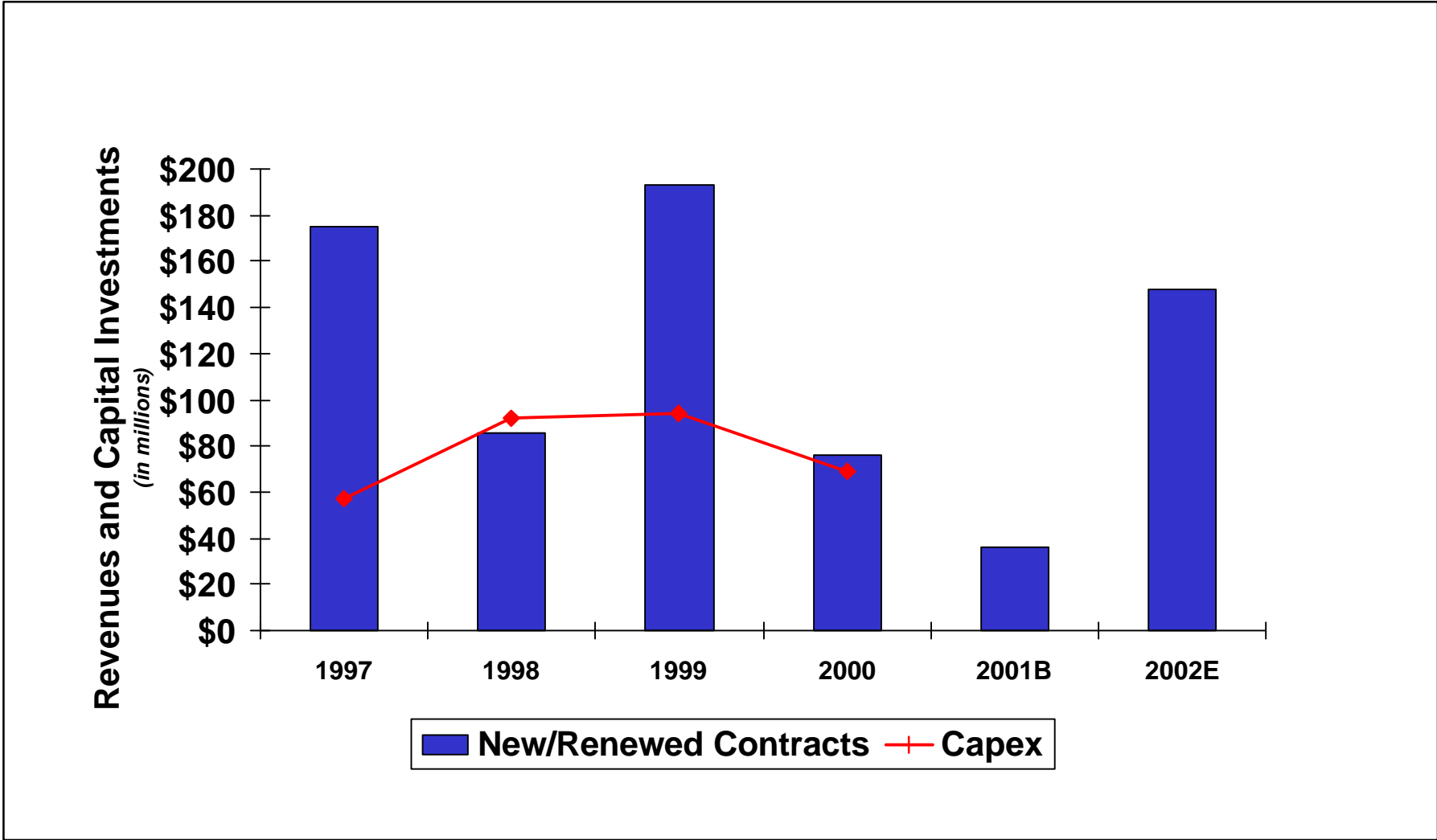
## Airport contract awards & Lease extension

### AIRPORT CONTRACT AWARDS & LEASE EXTENSIONS (March 1998 through March 2001)

USD million	New contract wins (a)	Competitive wins / Extension (b)	Lost/exited/ walked contracts (c)	Total contracts up for renewal (d)	Net incremental turnover (a - c) % on (d)	
	85,9	181,4	43,9	225,3	42	19%



**HMS Host**  
New/Renewed Core Contracts





 Italy







**Italy**

## 2000 - Financial Highlights

- The year's revenues from restaurant services rose 10% from the previous year, while falling sales of lottery tickets were once again a negative factor on sales of retail merchandise
- On motorways, sales rose 5.1% (+ 7% food & beverage) compared to traffic growth of 3.5%
- In airports, sales were up 18% compared to an 11.9% increase in passengers
- In railway stations, sales rose by 4.1 million euro due to new outlets at Rome Termini and Milan Cadorna (both opened during the second half of 2000)
- The number of QSR outlets rose to 175, with 27 new openings



## Italy

### Operating results by division

<b>Italy Division</b>	<b>System wide Sales</b>	<b>930,0</b>	<b>982,7</b>	<b>5,7%</b>
	<b>Net Sales</b>	<b>880,3</b>	<b>934,2</b>	<b>6,1%</b>
	<b>EBITDA</b>	<b>130,5</b>	<b>140,4</b>	<b>7,6%</b>
	<b>% on Net Sales</b>	<b>14,8%</b>	<b>15,0%</b>	
<b>QSR Division</b>	<b>System wide Sales</b>	<b>75,7</b>	<b>101,1</b>	<b>33,6%</b>
	<b>Net Sales</b>	<b>5,2</b>	<b>11,1</b>	<b>113,5%</b>
	<b>Total Revenues</b>	<b>12,4</b>	<b>21,7</b>	<b>75,0%</b>
	<b>EBITDA</b>	<b>1,0</b>	<b>0,3</b>	<b>-70,0%</b>
	<b>% on Total Revenues</b>	<b>8,1%</b>	<b>1,4%</b>	
<b>Total</b>	<b>System wide Sales</b>	<b>1005,7</b>	<b>1083,8</b>	<b>7,8%</b>
	<b>Net Sales</b>	<b>885,5</b>	<b>945,3</b>	<b>6,8%</b>
	<b>Total Revenues</b>	<b>907,1</b>	<b>971,2</b>	<b>7,1%</b>
	<b>EBITDA</b>	<b>131,5</b>	<b>140,7</b>	<b>7,0%</b>
	<b>% on Net Sales</b>	<b>14,9%</b>	<b>14,9%</b>	



## Rest of Europe

2000 Performance





## Rest of Europe

### 2000 Performance

#### **France**

- growth was below projections, due to oil prices, bad weather conditions in key periods of the year, the lorry-drivers strike
- margins therefore fell, in part also as a result of the 35-hour week
- the outlook for 2001 is positive, considering that in 2000 an 18 million euro investment program was implemented to boost the quality and quantity of services at several key sites

#### **Spain**

- sales growth was higher than expected (+13.5%) due to a significant rise in traffic and improvements in the offer.
- margins were affected by the costs of an important contract renewal and the start-up costs of several major locations

#### **Benelux**

- In the Netherlands, revenue growth was in line with projections, with a significant improvement in margins
- Belgium reported good like-for-like growth, with the year's sales and margins reflecting the restructuring of the locations portfolio: closure of a number of unprofitable shopping mall locations (a total of 12 outlets are to be closed for annual revenues of 6.8 million euro)



## Rest of Europe

### 2000 Performance

Sales and EBITDA - Europe		Year end		Var. %
		1999	Act 2000	vs. 1999
France	Net Sales	155,7	161,2	3,5%
	EBITDA	21,8	21,2	-3,0%
	<i>% on Net Sales</i>	14,0%	13,1%	
Autogrill España	Net Sales	54,5	61,9	13,5%
	EBITDA	8,4	8,4	0,5%
	<i>% on Net Sales</i>	15,4%	13,6%	
Autogrill Belgie	Net Sales	46,5	45,5	-2,0%
	EBITDA	5,8	4,9	-16,5%
	<i>% on Net Sales</i>	12,6%	10,7%	
Autogrill Nederland	Net Sales	55,3	57,6	4,1%
	EBITDA	7,8	8,8	12,6%
	<i>% on Net Sales</i>	14,1%	15,3%	
Autogrill Austria	Net Sales	21,4	21,9	2,3%
	EBITDA	1,5	2,0	30,4%
	<i>% on Net Sales</i>	7,2%	9,2%	
Autogrill Deutschland	Net Sales	10,7	10,6	-1,3%
	EBITDA	0,5	(0,3)	n.s
	<i>% on Net Sales</i>	4,7%	-2,5%	
Autogrill Hellas	Net Sales	2,6	2,9	14,2%
	EBITDA	0,0	0,1	n.s
	<i>% on Net Sales</i>	1,9%	3,3%	
Total Other Eur. Countries	Net Sales	346,7	361,5	4,3%
	EBITDA	46,0	45,1	-1,8%
		13,3%	12,5%	



## Index

- Performance in 2000
- Growth Strategies



## Growth strategies

### HMSHost growth and profitability

- **Growth within HMSHost's core base will be generated through increased capture, improved labor productivity and capital efficiency**
- **Profitability will be enhanced also through special projects of cost savings**

#### Primary driver of capture

- concept selection
- new services
- Improve awareness of unit
- product improvement

#### Identified area of savings

- Procurement/ distribution
- Field organization
- Productivity
- Shared services / outsourcing



## Growth strategies

### HMSHost business development

- Business Development focus will largely be on retaining our existing base of contracts at competitive rents and increasing our real estate penetration in existing contracts
- We are aggressively repositioning HMSHost retail expertise (concept design, product quality) and build relationships to win upcoming RFPs  
At the same time, a JV/alliance or an acquisition would allow HMSHost to improve our competitive positioning in the channel, increasing odds of winning contracts and lowering operating costs
- We are assessing the market of mid/small airports to set up a market share through bids, JV/alliances and acquisitions





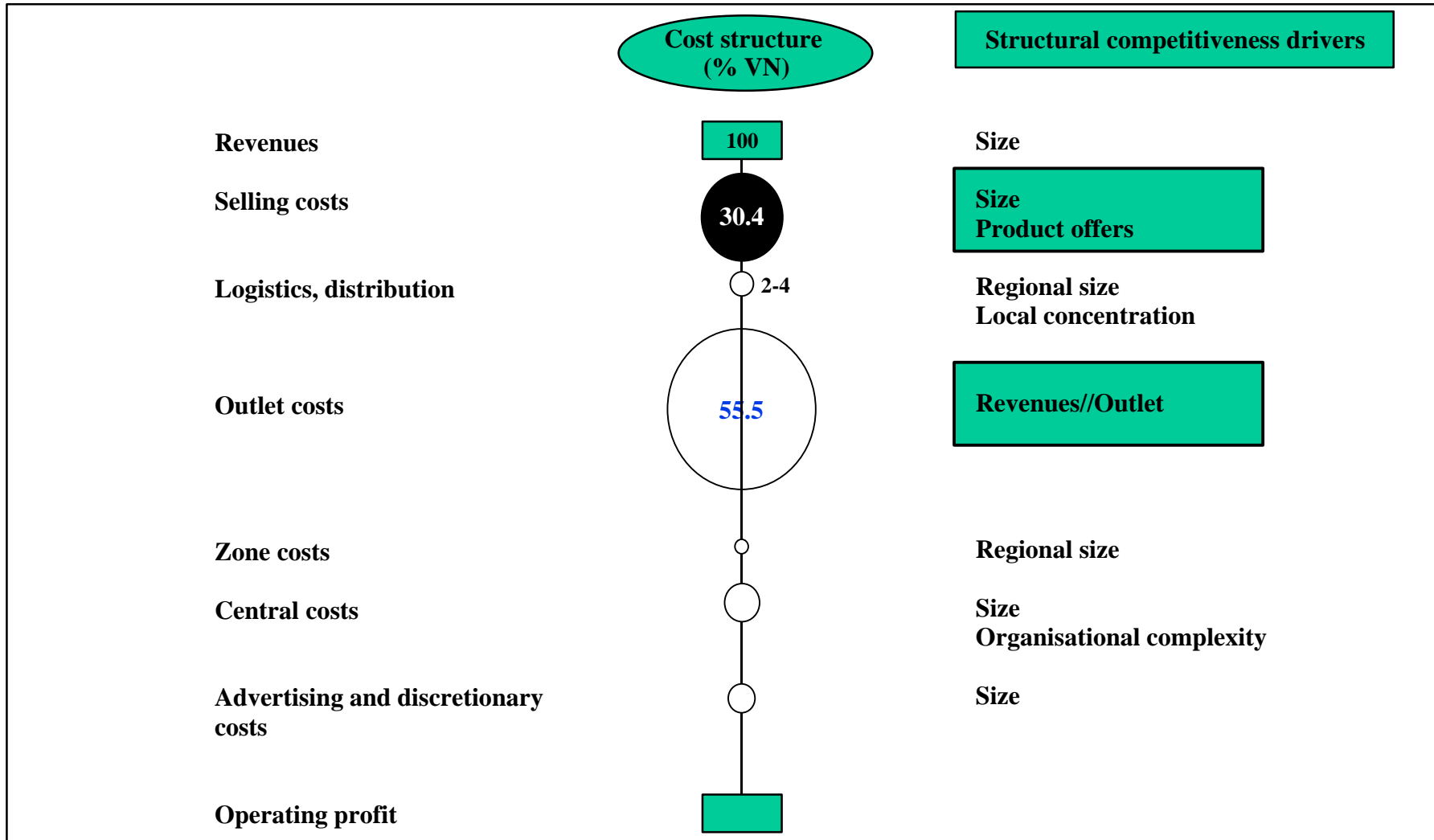
## North America concession market

Airport Food & Beverage		Airport Retail		Travel Plazas	
	Rev. *		Rev. *		Rev. *
<b>HMSHost</b>	<b>1002</b>	<b>Paradies</b>	<b>184</b>	<b>HMSHost</b>	<b>343</b>
<b>CA One</b>	<b>190</b>	<b>WHSmith</b>	<b>151</b>	<b>McDonald's</b>	<b>157</b>
<b>Concessions Int'l</b>	<b>74</b>	<b>HMSHost</b>	<b>201</b>		
<b>Anton Airfoods</b>	<b>73</b>	<b>Hudson</b>	<b>93</b>		
<b>Cara</b>	<b>40</b>	<b>Hachette</b>	<b>43</b>		
<b>Creative Host</b>	<b>34</b>	<b>CA One</b>	<b>25</b>		
<b>SSP</b>	<b>28</b>				
* our estimates					



# Growth strategies

## Europe : main competitiveness drivers





## Growth strategies

### European growth and profitability

- Italy

- room for increasing capture in all channels
- higher market share in airports, rail stations and shopping malls
- Expansion of city outlets through multibrand offer
- Sharp increase in branded offer on motorways, using proprietary concepts
- extension of motorway areas

- Rest of Europe

- Introduction of Autogrill as umbrella brand
- Expansion of QSR offer on all markets
- Sharp rise in productivity



## Growth strategies

### European strategic development

- Acquisitions/partnerships/JVs being considered to raise revenue levels in some countries (eg, Spain, Germany) and some channels (airports, railway stations)
- In Germany, growth will also be achieved by tendering for the new contracts scheduled for the end of 2001
- We are also assessing acquisitions in other European countries we currently do not cover, mainly to support the growth of the airport channel
- Spizzico: the new organisation provides for a QSR division in all countries. This will facilitate Spizzico penetration of the concessions channel, to easily reach the target of 300 - 350 outlets by the end of 2003



## Growth strategies

### European concession market

Channel	FRANCE	GERMANY	SPAIN	OTHERS
	Company	Company	Company	Company
<b>Airports</b>				
- food&beverage	Eliance SSP-Compass Gate Gourmet	LSG Flughafen Munchen Moevenpick	SSP-Compass Accor-GR Eliance Areas	Carestel SSP-Compass
- retail		Weinauer Trading Gebr. Heinemann	Aldeasa	Nuance BAA/World Duty Free WH Smith US DFS Group
<b>Motorways</b>	Eliance	Tank & Rast Mitropa Moevenpick Dinea	Areas Accor-GR	Rosenberger Carestel Rasta Van der Valk Granada - Compass Welcome Break
<b>Railway stations</b>	Eliance SSP-Compass	Mitropa Le Buffet	Carmen la Comida Accor-GR	Trafikrest. DSB Rest. SSP-Compass Granada Compass
<b>Others</b>	Casino' Cafeteria Elior		VIPS Cenesa TelePizza	QUICK WH Smith



## Growth strategies

### Passaggio

- We are working with the help of BCG in integrating Passaggio in our Group
- first results are positive in terms of cost savings and capital discipline
- on the revenue side, we already began to refurbish some locations in order to deliver Autogrill brands and services



## New deals 2001

### Railway stations

#### Bern railway station

- Passaggio has been awarded a food and beverage contract to operate four locations at Bern railway station.
- The four restaurant concessions covered by the new ten-year contract will generate overall revenues of approximately 40 million euros.
- The powerful concept line-up for Bern will include a Spizzico, an A-Cafè , a Passaggio bar-snack- take away and a restaurant with table-service



## Long Range Plan Projections

		2003 PLAN Autogrill + Passaggio
<b>Net Sales</b>		<b>3745</b>
<b>EBITDA</b>		<b>528</b>
<i>% on net sales</i>		<i>14,1%</i>
<b>CASH FLOW</b>		<b>375</b>
<i>% on net sales</i>		<i>10,0%</i>
<b>CAPEX</b>	<b>AVG YEAR</b>	<b>190</b>
<i>% on net sales</i>		<i>5,1%</i>
<b>Free cash flow (cumulative 2001-03)</b>		<b>490</b>
<b>Net financial position</b>		<b>750</b>

exch. Rate eur:usd 0,95