



# Autogrill Group

## LETTUCE SERVIEW



Milan, 27 March 2002

- **General overview**
  - The Company and the Country
  - Acquisition rationale
  - Synergies and efficiency
  - Financials
- **Travel Plaza Division**
  - Highways 400 and 401
  - Operations
- **Airport Division**
  - Toronto airport
  - Operations



Canada



Toronto



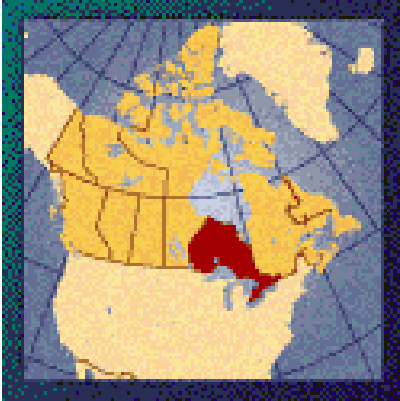
## LETTUCE SERVIEW

### General overview - The Company

- Lettuce Serview operates in **Canada**, southern Ontario, both in the **motorway and airport** channel
- The Company manages 18 travel plazas on **highways 400 and 401**, 16 stores at **Toronto airport**
- Operations are managed through 2 different and independent divisions
- Offer includes both **food service** and **retail products**
- Lettuce Serview manages a strong **brand portfolio** in both channels, with regional, national and international brands
- The travel and the airport division employ approximately 1,975 employees (1,800 and 175 respectively), with a limited number of full-time employees paid by the hour
- Both divisions have a well-established management team with many years of experience in the business

# LETTUCE SERVIEW

## General overview - Canada and Ontario



Lake District

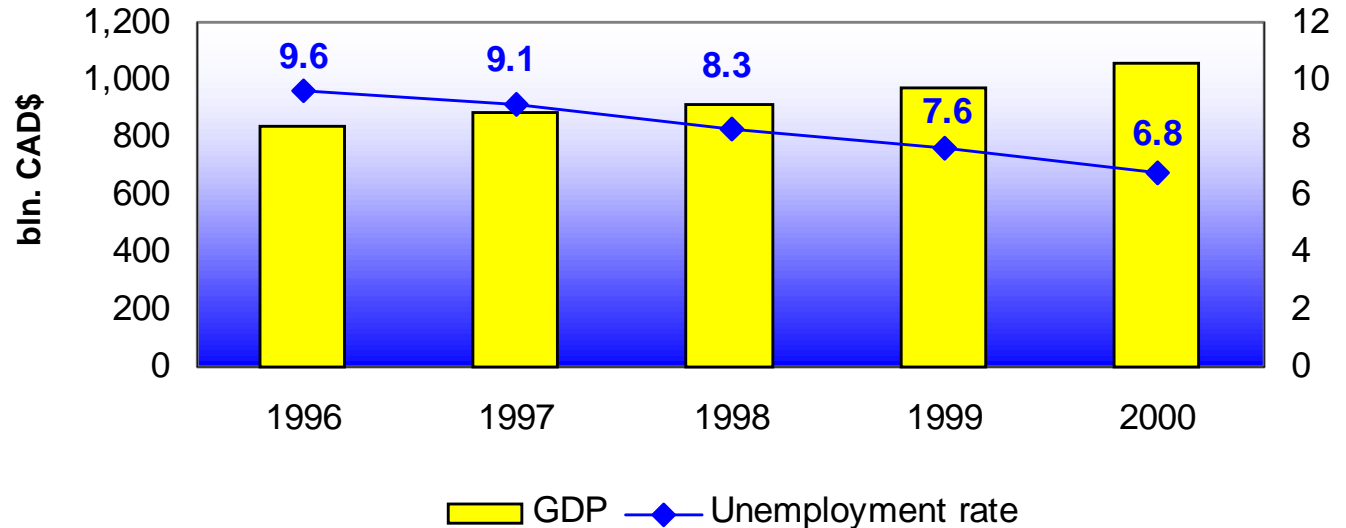


# LETTUCE SERVIEW

## General overview - Canada and Ontario

- Canada is one of the world's richest countries: during the last 5 years, its economy has grown faster than the US economy; in 2002 GDP will rise by an estimated 1.6% (vs. US growth of 1.4%) \*

### GDP and Unemployment rate trend \*\*



- The population amounts to more than 31 ml. Most Canadian inhabitants are located in Ontario (11.8 ml.) and in Quebec (7.4 ml) \*\*

\* Economist Intelligence Unit

\*\* Statistic Canada

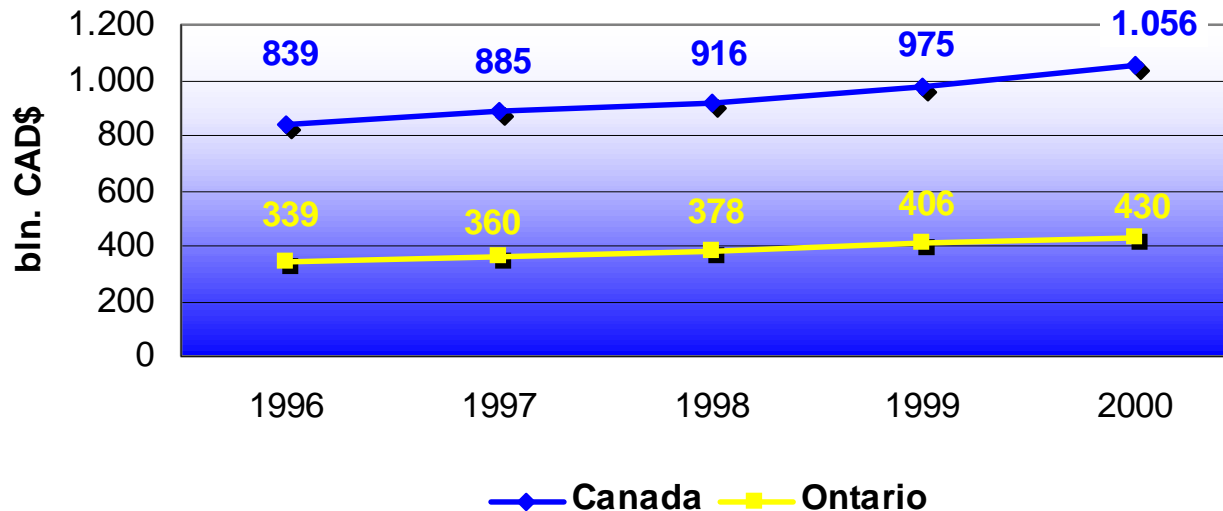


# LETTUCE SERVICE

## General overview - Canada and Ontario

- **Ontario is Canada's fastest growing and most dynamic region:** its GDP has grown faster than national GDP in the last 5 years (27% vs. 26%); in 2000, Ontario's unemployment rate was well below the national rate (5.7% vs. 6.8%) \*

GDP evolution\*



- **Of Canada's 17.9 ml. road motor vehicle registrations, 37% are located in Ontario, 23% in Quebec \***

\* Statistic Canada



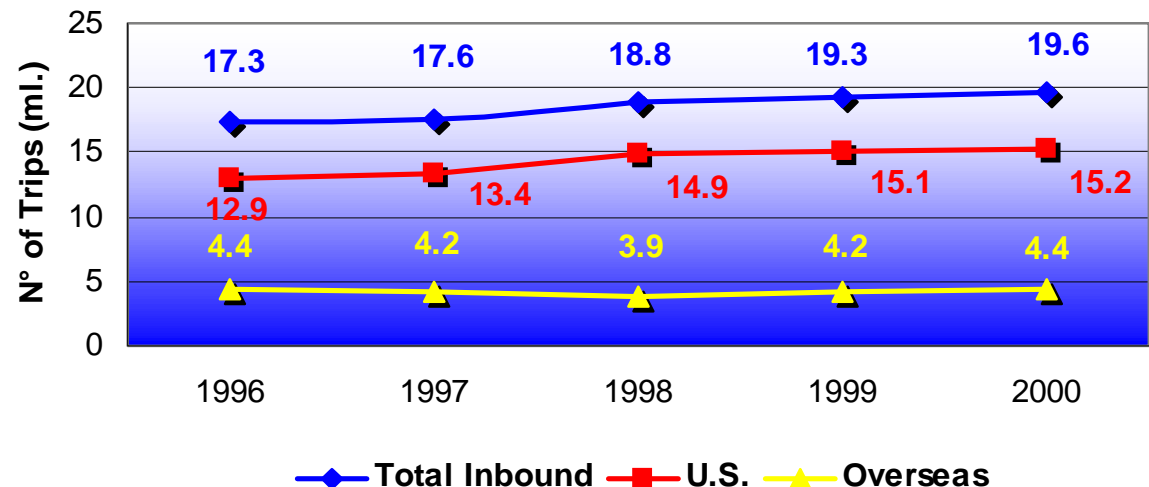
# LETTUCE SERVICE

## General overview - Canada and Ontario

- According to WTO, in 1998 and 1999 **Canada was the 7th tourism destination country in the world**

### Canadian Tourism Performance: Inbound Trips to Canada

Source:  
Canadian Tourism Commission



- **Ontario and Toronto in particular are the most important leisure destinations for Canadians:** in 1999 trips to Ontario totalled more than 30,000 (21% of the total); trips to Toronto totalled more than 10,000 (7%) \*

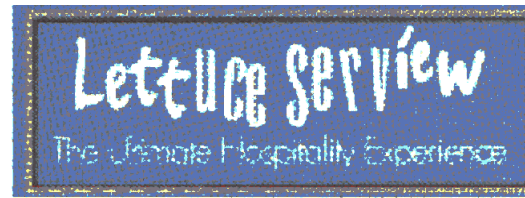
\* Statistic Canada



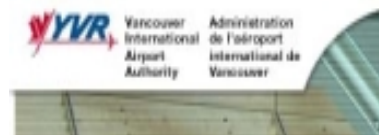
# LETTUCE SERVIEW

## General overview - Acquisition rationale

- **Achieve a strong critical mass in order to penetrate Canada's rapidly growing "on the move" market**
- **Enter the Canadian motorway channel as the market leader in Ontario, Canada's wealthiest and most densely populated region**



- **Increase market share in the Canadian airport channel**





# LETTUCE SERVICE

## General overview - Synergies and efficiency

- **Strategic synergies**

by **product**: Tim Hortons, KFC, Wendy's

by **channel**:

- HMS **motorways** network is localized on the north-east coast of the U.S., near the Canadian border
- in the Canadian **airport** channel we are already present in Calgary, Halifax, Montreal and Vancouver



- HMSHost motorway presence
- Lettuce Service activities area: Ontario

- **Operation efficiency:**

extending operations to the neighbouring geographical region will allow us to **improve synergies and volume-based cost benefits**, especially in terms of G&A and procurement



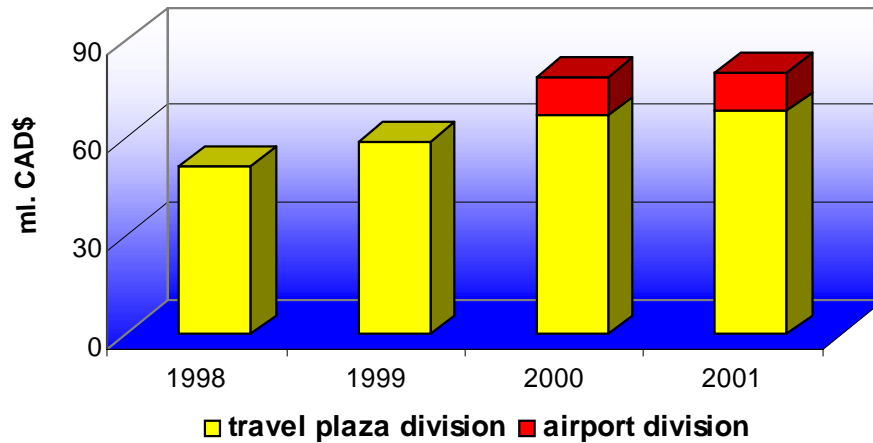
# LETTUCE SERVICE

## General overview - Financials

- Sales and Ebitda**

according to the preliminary figures for 2001, sales reached 80.3 ml.\* and Ebitda was 9% on sales

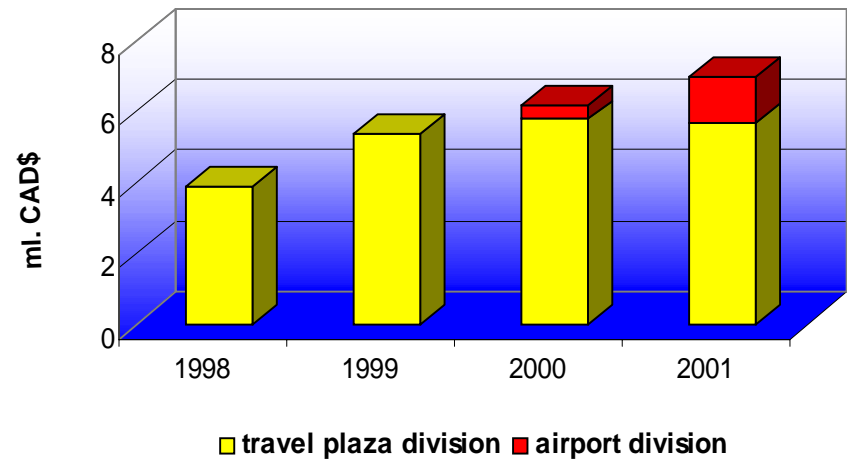
1998-2001 Sales breakdown



Growth: +56%

Growth: +79.5%

1998-2001 Ebitda breakdown



\* amount in \$CAD



## LETTUCE SERVICE

### Travel Plaza Division - Highways 400 and 401

- The Highways 400 and 401 system serves central and southern Ontario, **Canada's wealthiest and most densely populated region**; its geographical reach also includes southern Quebec (Montreal area)
- Highway 401 is not only the main transportation link between U.S. Midwest and commercial Canada, it also serves as a **major travel corridor for U.S. companies** moving goods between U.S. Midwest and Northeast
- The two highways are **extremely important from a tourist point of view**: driven by the National Parks ("**Lake District**") and the Canadian dollar trading well below the U.S. dollar, the tourism flows are rising continually
- **400 and 401 are toll free**, making them a low-cost route to market for U.S.-based companies; nor does this condition affect the quality of the asset, given the importance of the areas for tourism.



# LETTUCE SERVIEW

## Travel Plaza Division - Highways 400 and 401

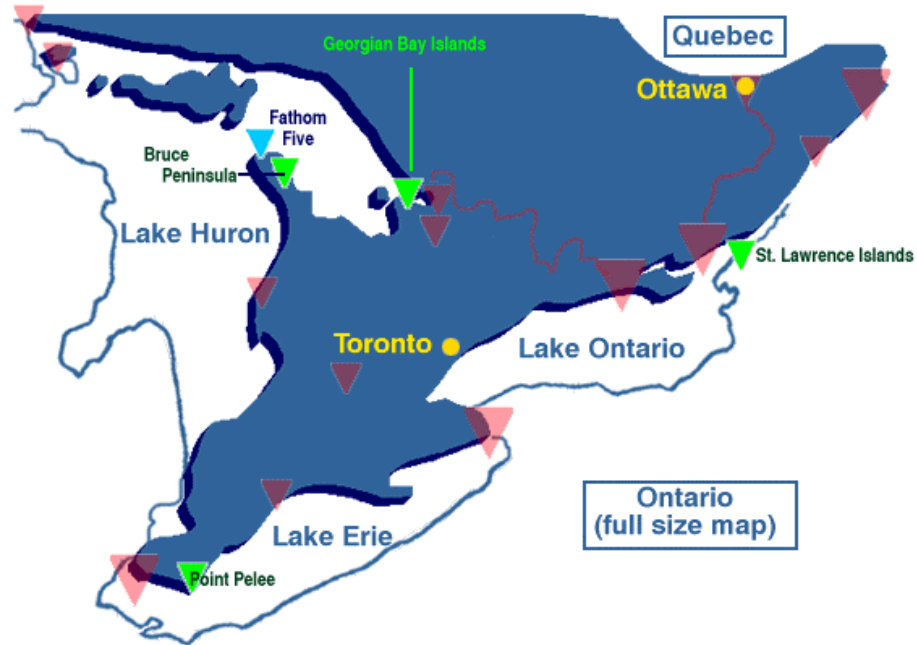


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Sa Majesté la Reine du chef du Canada, Ressources naturelles Canada.

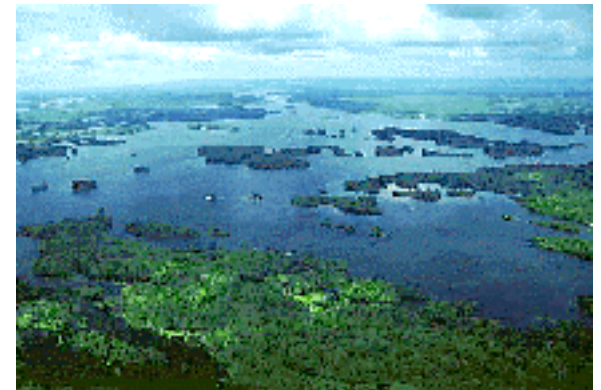


# LETTUCE SERVIEW

## Travel Plaza Division - Highways 400 and 401



The “Lake District”



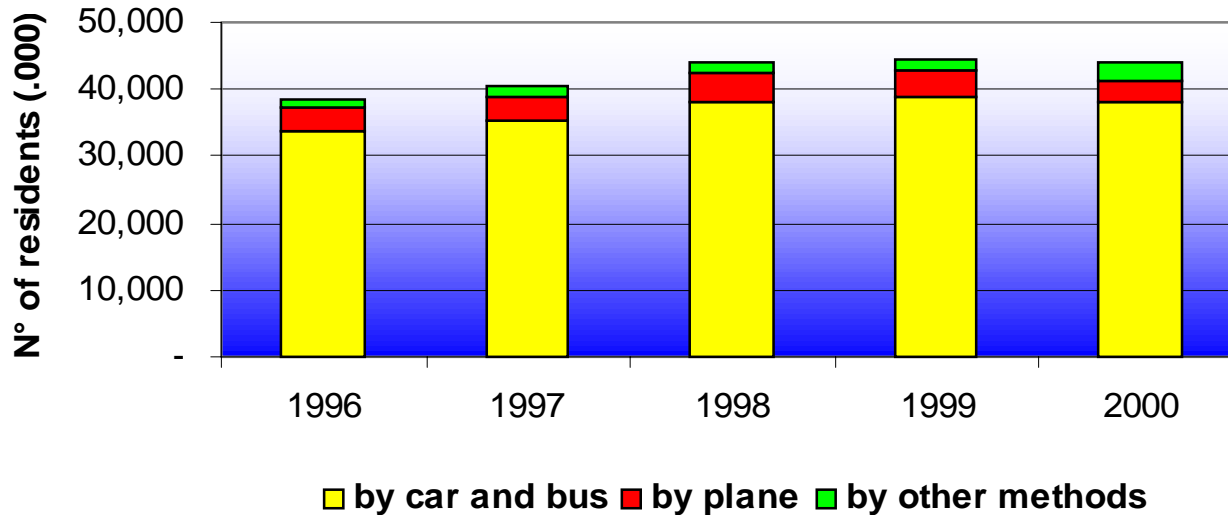


# LETTUCE SERVICE

## Travel Plaza Division - Highways 400 and 401

- The 3 main states of origin of U.S. visitors to Canada are New York, Michigan and Washington \*
- Car and bus are U.S. residents' preferred means of entry

### U.S. residents entering Canada \*



\* Statistic Canada



# LETTUCE SERVICE

## Travel Plaza Division - Operations

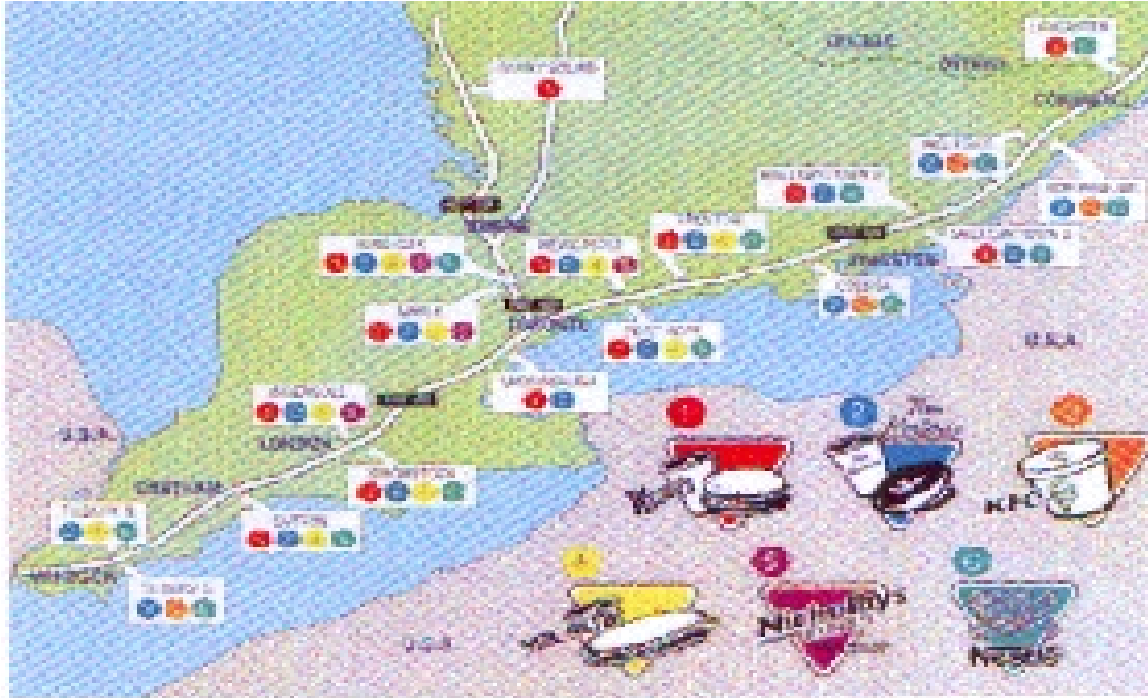
- The Travel Plaza Division network consists of **18 travel plazas**:  
17 located on highways 400 and 401, 1 on highway 69
- **60 outlets** operate in these travel plazas
- The concessions portfolio has an average residual term of **11 years**
- The offer includes strong, well-known national and international brands

Name	Offer	Diffusion	Presence in High Street
Tim Hortons	Coffee and baked goods	National	Y
Wendy's	Hamburgers	International	Y
Mr. Sub	Fish sandwiches	National	Y
Kentucky Fried Chicken	Chicken hamburgers and sandwiches	International	Y
Nestlé Ice cream	Fresh and pre-packaged ice cream	International	Y



# LETTUCE SERVIEW

## Travel Plaza Division - Operations



# Tim Hortons®



## MR. SUB

Always Something Good Goin' Down.





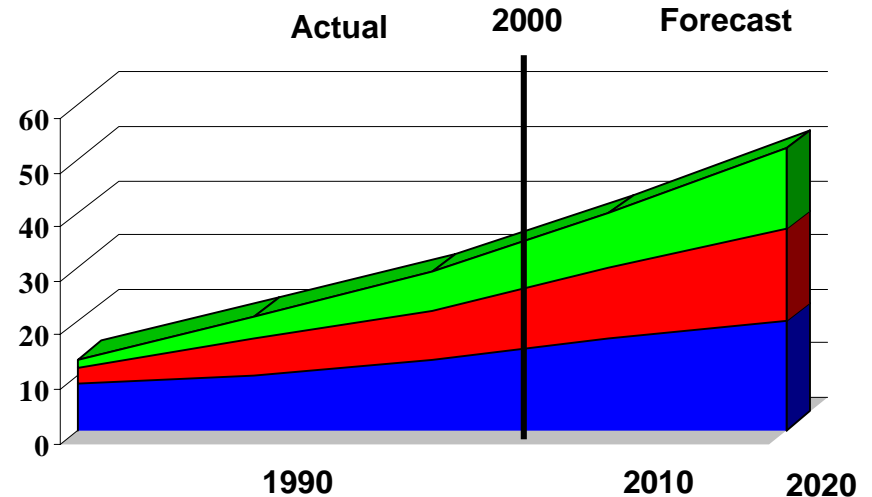
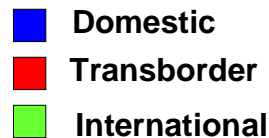


# LETTUCE SERVICE

## Airport Division - Toronto airport

- With around 29 ml. passengers in 2000 (+4% v. 1999), Toronto airport is **Canada's largest airport** and **the 26th worldwide**
- Toronto airport is the fourth largest entry point for international travellers into North America
- Toronto airport is the first North American airport to receive ISO14001 international environmental certification
- According to Transport Canada's General Forecast Update, passenger volumes will increase to 40 million by 2010 and to almost 50 million by 2020, **for average annual growth of approximately 3%.**

**Passenger Volumes**  
Source: Transport Canada



# LETTUCE SERVIEW

## Airport Division - Toronto airport

- In order to meet this traffic increase, a **10-year \$ 6.6 billion Development Program** was approved in 1999 and a single New Terminal is now under construction; the the program also includes new runways and taxiways, an infield cargo centre, .....
- **Neither the previous estimates nor the Development Plan were changed** after the events of 11th September 2001.
- **Toronto airport has already introduced the strict security rules** issued by Transport Canada

Development project and building activities in Toronto airport:





# LETTUCE SERVIEW

## Airport Division - Operations

- The Airport Division operates at **16 stores** throughout the 3 airport terminals
- From 1984 to 1999, the Company was the exclusive supplier of food service operations. When the local airport authorities decided to move from an exclusive to a competitive situation, **Lettuce Serview bid for and won the highest revenue and profitability locations**
- The concession length is **9 years**
- The **brand portfolio consists of 13 concepts**, 7 franchised, 6 company-owned: all these concepts reflect the cultural, geographical and culinary flavour of Toronto and the surrounding region and enjoy high customer recognition

Name	Offer	Presence in High Street
Baroli Coffee	Coffee, pizzettas, salads and desserts	Y
Piazza Manna	Restaurant	Y
Java Joe's	Coffee specialties	Y
Mars Diner	Restaurant	Y
Pumernickel's	Sandwiches	Y
Soly's Diner	Hamburger, hot dogs, ...	Y

Franchised  
brands



# Autogrill Group

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