



Press release

Media Relations

Tel +39.02.4826.3250
Fax +39.02.4826.3614
ufficiostampa@autogrill.com
www.autogrill.com

First-half revenues rise to 1,080.3 Billion lire, up 7.4% compared with year-earlier period. Net income 24.8 Billion lire (up 48.4%). First-half cash flow rises 25.2%. Strong performance in Italian restaurant services, up 6.4%.

Autogrill boosts income and revenues in first half of 1999

Milan, 29th September 1999 - At a meeting today chaired by Gilberto Benetton, the Board of Directors of Autogrill S.p.A. approved the interim report for the first half of 1999 (*).

First-half performance. Autogrill Group revenues for the first half of the year to 30 June 1999 totalled 1,080.3 billion lire, an increase of 7.4% compared with the year-earlier period. Chain revenues, which include sales by franchisees, amounted to 1,143 billion lire, an improvement of 7.5%. Chain revenues included 70 billion lire for Autogrill's Quick-Service Restaurant (QSR) business, centred largely on the Spizzico brand.

A partial factor in the Group's revenue growth was the consolidation of France's Frantour Restauration Services, acquired by Holding de Participations Autogrill on 4 February 1999: Frantour, which reported first-half revenues of 42.3 billion lire, has operations in 13 major French railway stations. Another significant if less important factor was the acquisition – from Spanish oil company Cepsa – of the 50% of the Procace restaurant company not already owned by Autogrill: additional revenues for the first six months amounted to 5.1 billion lire. On a comparable basis, consolidated revenues grew by 2.7%.

Margins and financial position. Earnings net of minority shareholders grew 48.4% to 24.8 billion lire, while cash flow was 111.9 billion lire, an increase of 25.2% compared with the first-half of 1998. Adoption of the new IAS12 accounting standard had a positive impact of 16.2 billion lire on the final result and on cash flow.

Gross operating margin rose 2.0% to 134.5 billion lire: on a comparable basis, and not considering non-recurring charges relating to first-half extraordinary financial operations, gross operating margin growth was in line with the first-half revenue trend.

As a result of the new acquisitions, amortisation and depreciation rose by 20.6% from 71.6 billion lire to 86.3 billion.

The Group's financial structure was strengthened with the issue in June of a 678 billion lire convertible bond loan; with regard to the consolidated financial position, the Group had net indebtedness of 298.7 billion lire as of 30 June 1999, an increase of 126 billion compared with 31 December 1998. This was mainly due to the acquisitions in France and Spain. Compared with 30 June 1998, the financial position showed an improvement of 19 billion lire.



Press release

Media Relations

Tel +39.02.4826.3250
Fax +39.02.4826.3614
ufficiostampa@autogrill.com
www.autogrill.com

Strategic initiatives. Major strategic events included the announcement on 14 May of an exclusive agreement with the US Burger King Corporation for the opening of no less than 500 hamburger restaurants in Italy and Europe over a twenty-year period. Just 22 days later, Italy's first Burger King was opened in Milan, in the Autogrill food-court in piazza Duomo, followed by two other openings in Genoa and Pescara. In September, Autogrill completed the acquisition of Host Marriott Services, a US company with operations in four continents, which is a leading provider of restaurant services for travellers.

The sales network as of 30 June 1999 consisted of a total of 654 locations in nine continental European countries.

The Parent Company. Autogrill S.p.A., which controls operations in Italy, closed the first half of 1999 with revenues of 787.7 billion lire, an improvement of 2% compared with the year-earlier period. First-half gross operating margin was up 6.8% to 107.1 billion lire. First-half amortisation and depreciation increased by 10.9% to 48.3 billion lire. Restaurant operations performed well with an improvement of 6.4 % compared with the first half of 1998 to 447.3 billion lire. Retail operations (sales of a variety of goods, largely in motorway outlets) rose 3.7%. Sales of Italian lottery tickets continued to decrease (down 46.3%), leading to a 10.8% reduction in sales of complementary products (tobacco, lottery tickets, newspapers and magazines).

Outlook. Any analysis of 1999 first-half results should consider the highly seasonal nature of the motorway restaurant business, where the majority of revenues are concentrated in the second half. Autogrill's strong performance in July and August indicates that revenues and profitability trends for European operations will be in line with those of the first half. The full-year consolidated figures will also include Host Marriott Services Corporation, whose revenues for the first six months of the year amounted to 1,201.8 billion lire (up 9.8%). This acquisition brings a dramatic change, transforming the Autogrill Group into the world's largest provider of restaurant services for travellers and one of the leading QSR operators. The rise in costs and financial charges as a result of the acquisition and amortisation of goodwill will cause a decrease in net earnings, which will be offset by a significant increase not only in revenues but also in cash flow.

(*) The figures for the first six months of 1999 have not yet been audited or verified by the Board of Statutory Auditors.