



# ***Autogrill Group***

## **1st Half 2002 Results**



Milan, 5 August 2002

**Main comments**

- **Total net sales reached 1,526.7 ml. euro, up by 2.6% compared to 1H2001 (2.3% net of FX impact)**
- **In North America net sales were up by 5.7%, with strong results in both channels**
- **In Europe, good results in France (+6.8% in net sales) and in Spain (turnover up by 21.6%, including Receco), Italy grew by 0.3% for the poor results of non-catering sales and the airport channel**
- **Thanks to a strong increase in North American profitability (+20.4%), Group EBITDA reached 158.3 ml. euro, 10.4% of net sales (10.2% in 1H2001)**
- **Although the first half is always the slowest period of the year because of the seasonal nature of the business, the Group increased its cash flow generation: pre-tax cash flow grew by 23%, reaching 132.6 ml. euro, and pre-tax free cash flow was up by 5.6% compared to 1H2001**
- **Net debt decreased by 16.8% (-6% net of FX impact), with all the financial indicators confirming the continued improvement in the Group's financial structure**



# 1st Half 2002 Results

## Group Financial Highlights

	1H2002	1H2001	Diff. %	Diff. % net of FX impact
<b>Systemwide Sales</b>	1.563,5	1.524,3	2,6%	2,3%
<b>Net Sales</b>	1.526,7	1.487,9	2,6%	2,3%
<b>EBITDA</b>	158,3	151,4	4,6%	4,5%
<i>% on net sales</i>	10,4%	10,2%		
<b>PRE-TAX CASH FLOW</b>	132,6	107,8	23,0%	23,0%
<i>% on net sales</i>	8,7%	7,2%		
<b>CAPEX</b>	71,1	78,7	-9,7%	-3,8%
<i>% on net sales</i>	4,7%	5,3%		
<b>PRE TAX FREE CASH FLOW*</b>	7,6	7,2	5,6%	
<i>% on net sales</i>	0,5%	0,5%		
<b>NET DEBT</b>	1.079,6	1.297,2	-16,8%	-6%

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



# 1st Half 2002 Results

## Financial Ratios

	1H2002	1H2001	2002 Target	2001
<b>ROI *</b>	<b>6,4%</b>	<b>5,4%</b>	<b>20,0%</b>	<b>17,1%</b>
<b>PRE-TAX FCFROI **</b>	<b>0,6%</b>	<b>0,5%</b>	<b>11,5%</b>	<b>11,2% ***</b>
<b>EBITDA interest coverage</b>	<b>8,7</b>	<b>4,2</b>	<b>9,5</b>	<b>6,9</b>
<b>EBITA interest coverage</b>	<b>4,5</b>	<b>2,3</b>	<b>6,1</b>	<b>4,1</b>
<b>Pre-Tax Cash Flow / Net Debt</b>	<b>12,3%</b>	<b>8,3%</b>	<b>25,0%</b>	<b>23,2% ***</b>

\* *EBITA on net invested capital (without financial assets)*

\*\* *Free Cash Flow on net invested capital (without financial assets)*

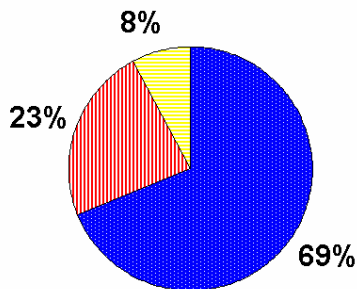
\*\*\* *FCFROI Estimates*



# 1st Half 2002 Results

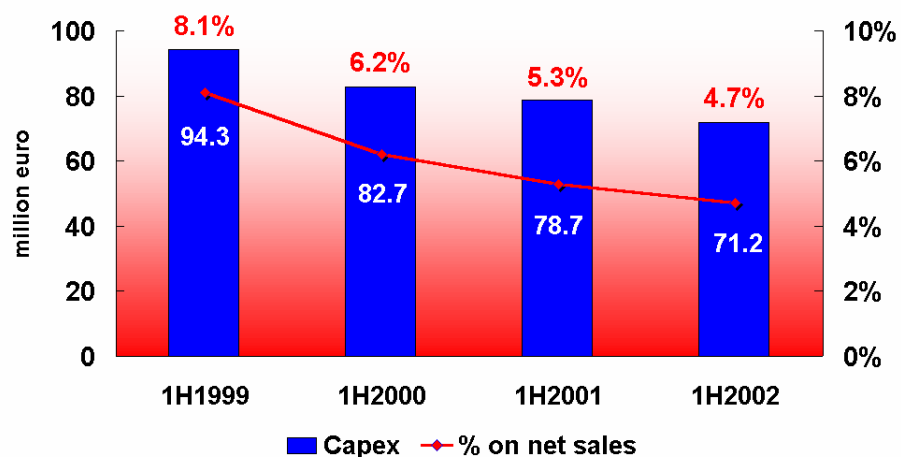
## Capex and Free Cash Flow analysis

CAPEX by SCOPE

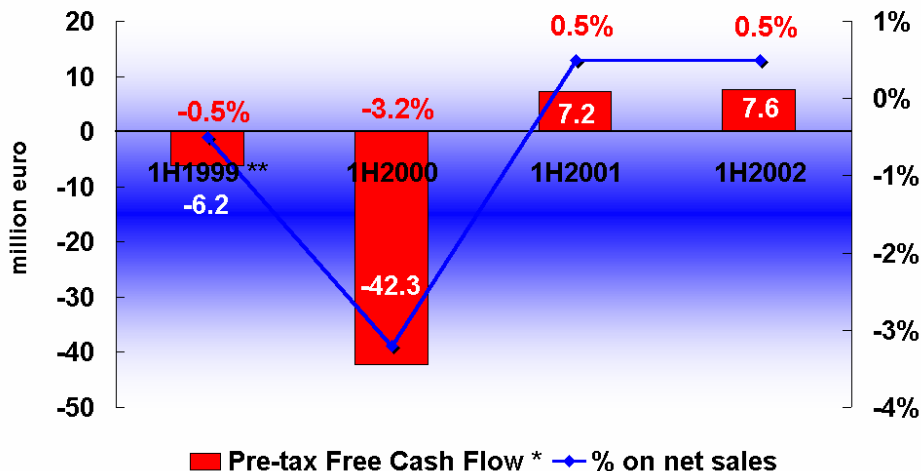


■ Development ■ Maintenance ■ Others

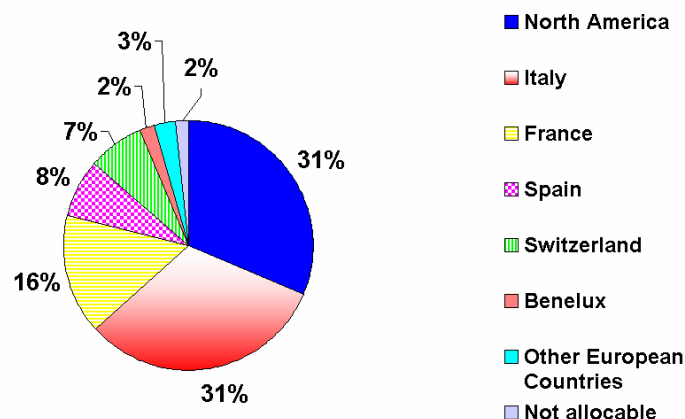
1HALF CAPEX EVOLUTION



PRE-TAX FCF\* 1HALF TREND



CAPEX by COUNTRIES



\* Cash Flow - Capex +/- Delta NWC \*\* 1999 Pro-Forma figures



# 1st Half 2002 Results

## New Deals

1H2002 DEALS	ACQUISITION RATIONALE	IMPACT ON 2002 TARGET
<b>RISTOP</b>	<i>Acquire a company with a strong know-how in managing small-medium size travel plazas</i>	None
<b>PASTARITO</b>	<i>Complete the Autogrill concept portfolio Introduce a new concept in the concession channel Acquire an extensive network in major Italian cities</i>	Financial Fixed Assets
<b>RECECO</b>	<i>Enforce Group presence in Spain Enter in the railway station channel</i>	Fully consolidated
<b>LETTUCE SERVIEW</b>	<i>Penetrate in Canada's market with a strong critical mass Enter in the Canadian motorway channel Increase market share in the Canadian airport channel</i>	Fully consolidated
<b>CISIM FOOD</b>	<i>Achieve a critical mass in the Italian airport channel</i>	None



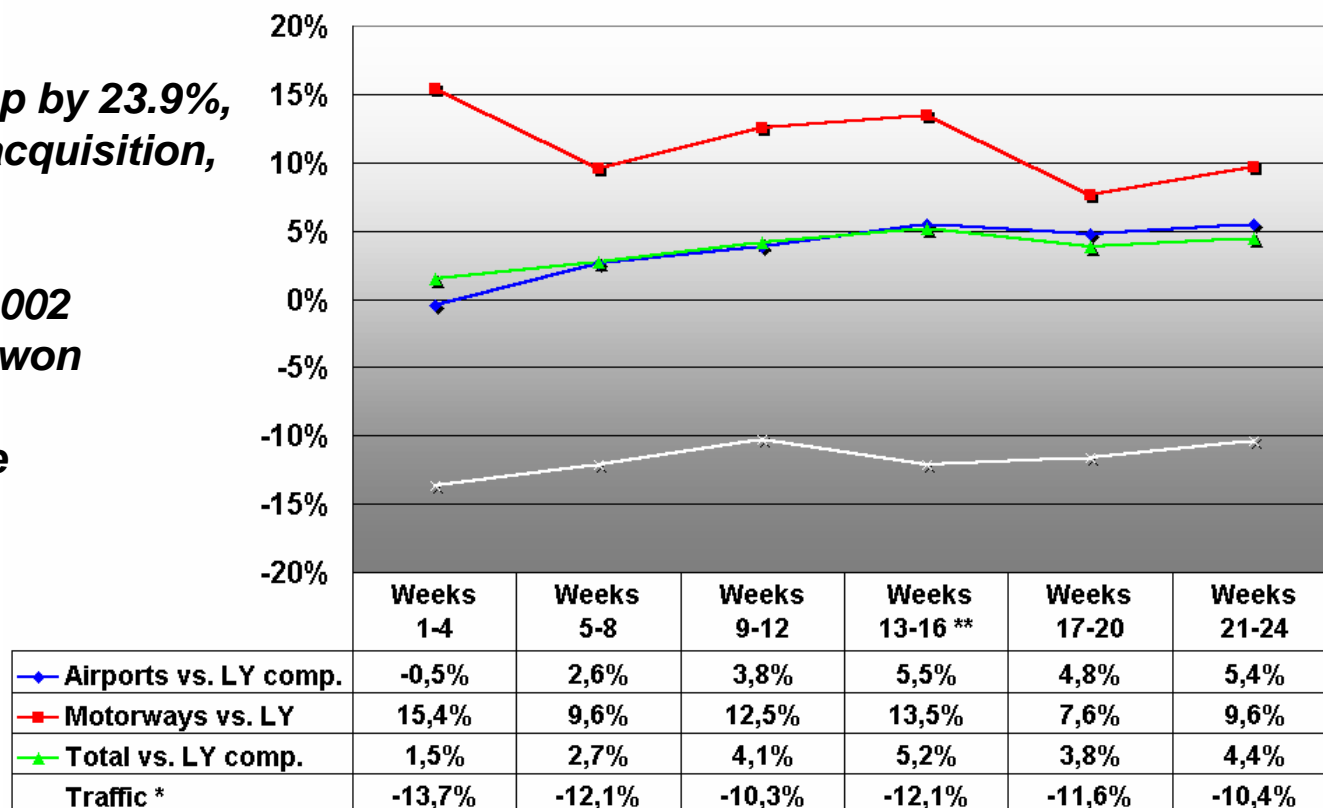
# *Regional performance*



# 1st Half 2002 Results

## North America - Sales evolution

- Total net sales increased by 5.7% compared to 1H2001, reaching 732.7 ml\$
- While traffic is still down (-11.4%\*), **airport channel sales** grew by 4% on like-for-like basis
- **Motorway sales** are up by 23.9%, and net of Lettuce's acquisition, by 11%
- In the first 6 months 2002 HMSHost secured or won contracts for around 800 ml\$ of cumulative turnover



\* Source: ATA

\*\* In 2001 Easter was in week 16th, in 2002 it was in week 14th



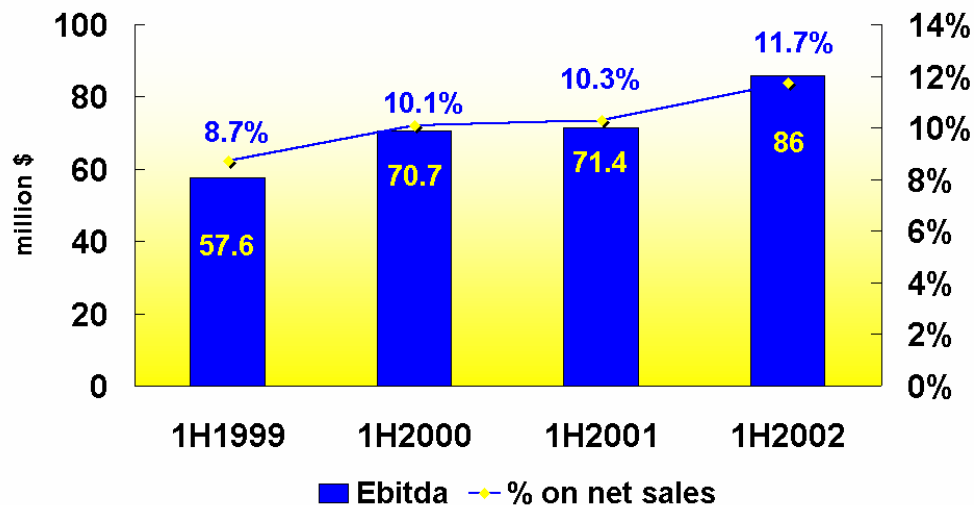


# 1st Half 2002 Results

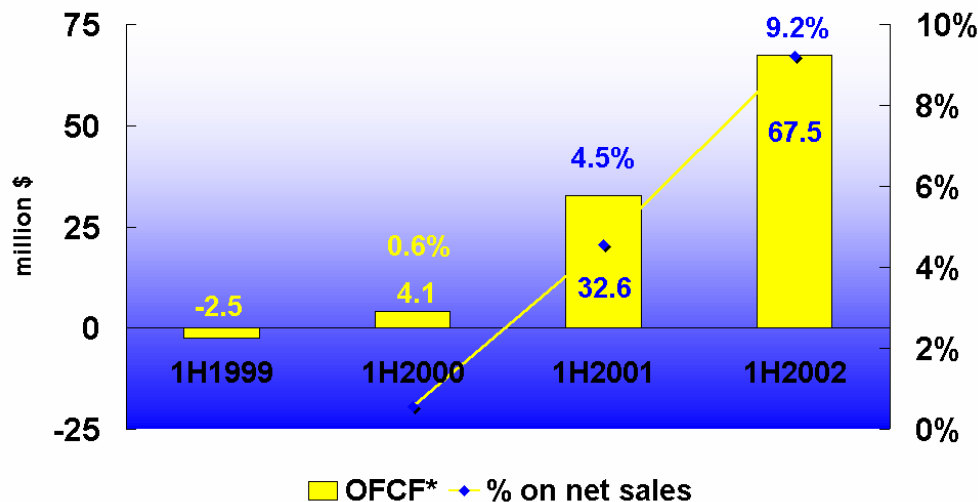
## North America - Profitability and Cash Flow

- Ebitda grew by 20.4%, reaching 86 ml\$ (11.7% on net sales compared 10.3% of 1H2001)
- Labor productivity improvement confirmed at 10% during all 1H2002

HMSHOST 1H EBITDA TREND



HMS 1H OFCF\* TREND



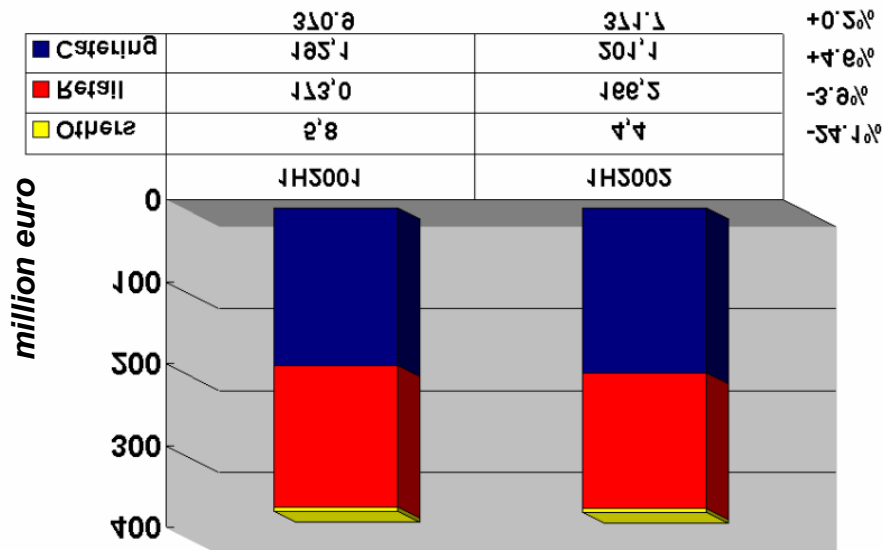
- Operating Free Cash Flow\* achieved 67.5 ml\$, up 107% on 1H2001
- For the implementation of the “National Processing Center” project during 1H2002 3.7 m\$ of extraordinary costs were allocated

\* Ebitda-Extr. -Capex-/ +Delta WorkingCapital

# 1st Half 2002 Results

## Italy - Sales evolution

- In Italy turnover reached 465.4 ml. euro, up 0.3%
- The long-standing difficulties in non-catering products and the reduction in airport channel sales (-6.6% compared to 1H2001) were the cause of this result



ITALIAN MOTORWAY SALES BREAKDOWN

Million euro		1H2001	1H2002	Diff. %
Motorway	Net Sales	370,9	371,7	0,2%
	Cash Flow Store	71,9	73,7	2,4%
	% on Net Sales	19,4%	19,8%	
Airports	Net Sales	15,4	14,4	-6,6%
	Cash Flow Store	1,9	(0,0)	n.s.
	% on Net Sales	12,6%	-0,3%	
Rail	Net Sales	4,2	5,0	18,6%
	Cash Flow Store	0,6	0,7	32,6%
	% on Net Sales	13,1%	14,6%	
Others	Net Sales	72,2	74,0	2,5%
	Cash Flow Store	9,6	7,4	-22,6%
	% on Net Sales	13,3%	10,1%	
TOTAL	NET SALES	464,0	465,4	0,3%
	Cash Flow Store	84,7	81,5	-3,7%
	% on Net Sales	18,2%	17,5%	
	EBITDA	64,3	64,7	0,7%
	% on Net Sales	13,9%	13,9%	

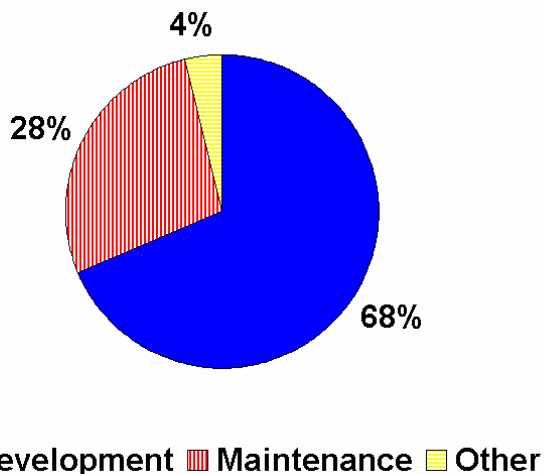
- QSR net sales grew by over 15% with good results for both Spizzico (+12.4%) and BK (+28.6%)

# 1st Half 2002 Results

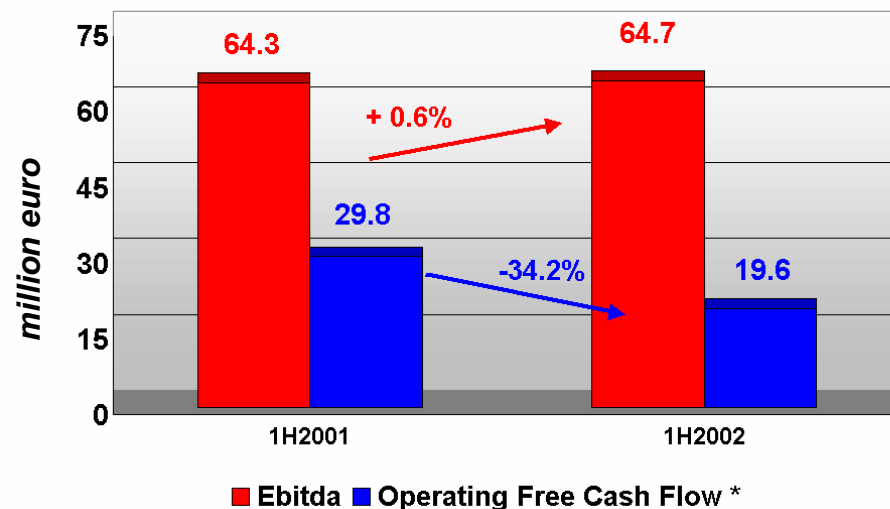
## Italy - Profitability and Cash Flow

- Thanks to the counter-measures adopted, profitability was not affected by the sales performance: EBITDA rose from 64.3 to 64.7 ml. euro, maintaining a constant ratio to sales

### ITALIAN CAPEX BREAKDOWN by SCOPE



### ITALY EBITDA and OFCF\* TREND



- Capital expenditure for re-branding, restructuring and expansion (in the half year 10 new Spizzico and BK outlets were opened) caused the reduction in OFCF\* compared to the previous half year

\* Ebitda-Extr. -Capex-/ +Delta WorkingCapital

## Rest of Europe

- **Turnover in France increased by 6.8% to 84.8 m. euro, with +7% and +8.3% growth in the motorway and railway businesses respectively. EBITDA fell by -0.9 m. euro to 6.5 ml. euro due to reduced flexibility in labor cost management during May and June**

**On 28 May, the ADAC\* 2002 survey ranked *Montelimar East* as the best motorway travel plaza in Europe (a score of 89.86/100)**



*Montelimar East (France)*

- **Net sales in Spain reached 34.1 m. euro, a 21.6% increase compared to 1H2001, with 4.1 m. generated by the new railway channel; motorway sales were up 7.1% to 30 m. euro. EBITDA totaled 2.3 m. euro, 6.7% on net sales (7.9% in 1H2001) owing to the impact of increased rents and lower productivity.**
- **The disposal of non-core assets and a poor traffic evolution caused weak performances in Belgium (-1%), Holland (-3%) and Switzerland (-18.3%) compared to 1H2001**

\* *European Automobile Club Association*



# Outlook





## **1st Half 2002 Results**

### **2002 outlook**

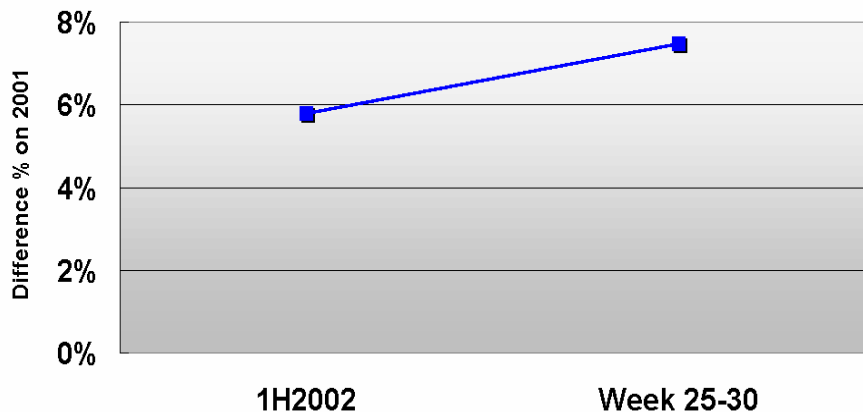
- ***The economic situation still shows the sign of uncertainty that marked the 1st half, especially in European countries***
- ***Nonetheless, the Group is aiming to carry out the planned efficiency improvement projects and to produce cash flows in line with the delivered targets***
- ***North American business is expected to continue improvements on all key performance indicators***
- ***Actions on product mix and cost structure we are implementing in Europe should allow the Group to strongly improve performances in second part of the year***
- ***From a strategic point of view we expect to continue to improve the quality of the contract portfolio through more aggressive renewals and small medium size acquisitions***



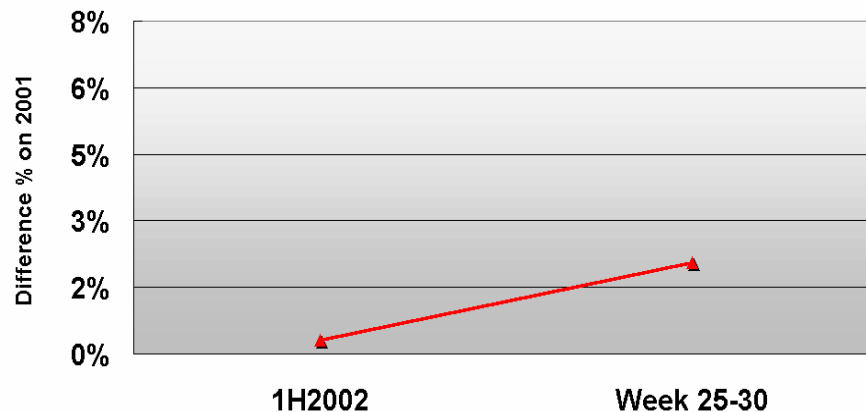
# 1st Half 2002 Results

## 2002 outlook - July sales trend

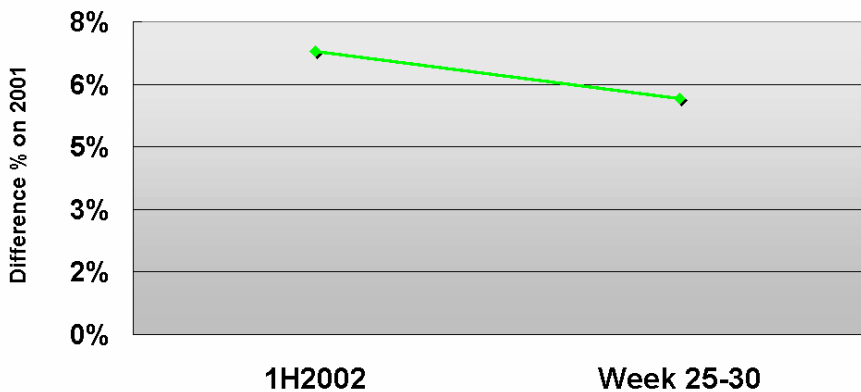
### 2002 HMSHOST SALES TREND



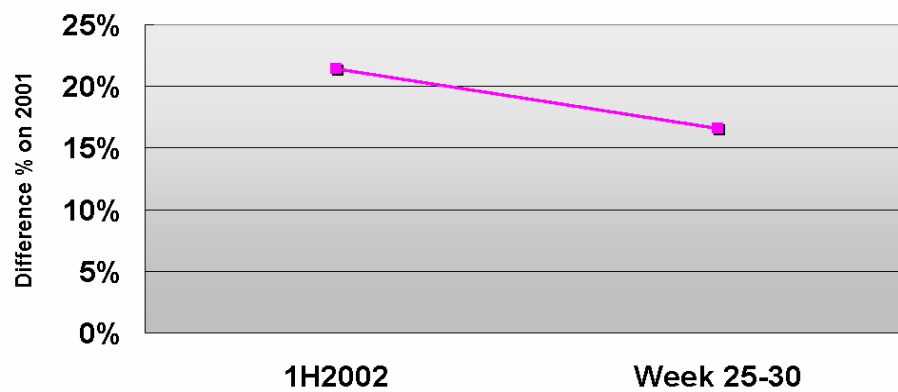
### 2002 ITALY SALES TREND



### 2002 FRANCE SALES TREND



### 2002 SPAIN SALES TREND



- The change in the Euro/Dollar exchange rate has an influence on the nominal values expressed in euro of the Group's financial statements without having a significant effect on cash flow and EV**

	2002 Target Constant Exchange Rates	2002 Target Current Exchange Rates
Net Sales	3400	3310
EBITDA	424	412,5
% on net sales	12,5%	12,5%
CASH FLOW	295	289
% on net sales	8,7%	8,7%
CAPEX	200	190
% on net sales	5,9%	5,7%
Free cash flow	130	128
% on net sales	3,8%	3,9%
Net financial position	1050	950

	Constant Exchange Rates	Current Exchange Rates
2002 Ebitda target	424	412,5
Current stock price	10	10
Equity Value	2544	2544
Net Debt	1050	950
Enterprise Value	3594	3494
EV/Ebitda	8,5	8,5

**The sensitivity analysis that was carried out foresees an average exchange rate at end 2002 based on the average rate for the first six months + the current exchange rate extended to the end of the year**





# ***Annex***

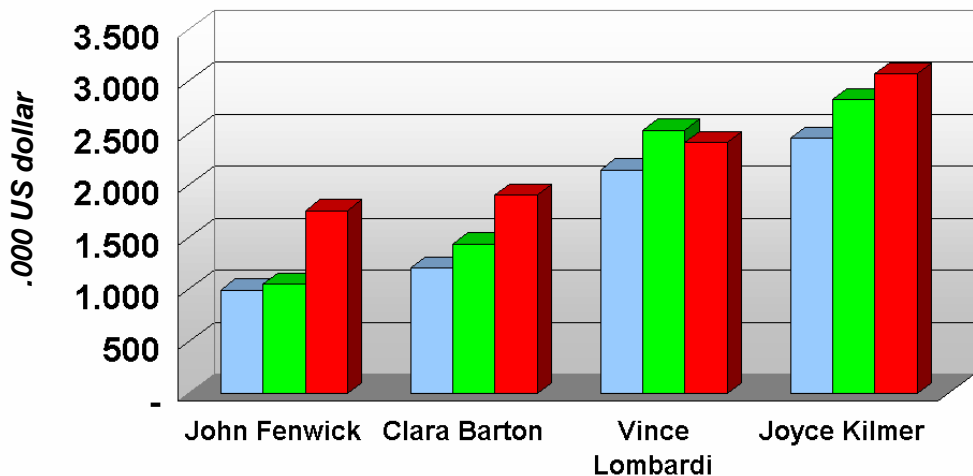


# 1st Half 2002 Results - Annex

## North America - New Jersey Turnpike

- The **New Jersey Turnpike**, which links Philadelphia and New York, is one of the most important motorways in the USA: everyday, more than 600.000\* vehicles travel down its 118.5 miles
- In 1999 the concession was renewed for 20 years and a 3-year refurbishment plan was agreed providing for a complete renovation of all travel plaza
- Buildings have been refurbished in order to introduce enhanced service facilities and the offer has been completely re-defined: for the first time branded products both for food & beverages and retail were introduced in HMSHost motorway locations

**SALES REFURBISHED TRAVEL PLAZAS**



+16.5% on budget

+ 34% on 2000 sales

■ 24 weeks 2000 ■ 24 weeks 2002 budget ■ 24 weeks 2002 actual

\* Source: NEW JERSEY TURNPIKE AUTHORITIES



# 1st Half 2002 Results - Annex

## North America - *New contracts and awards*

- In the first 6 months 2002 HMSHost secured or won contracts for around 800 ml. \$**
- Kansas City, Detroit, Los Angeles airports and Ohio Turnpike agreements were particularly important from a competitive point of view**

Country	Place	Date	Events	Channel	Activity	Concession Length	Total forecast sales (mln euro - mln \$ for N.A.)
NORTH AMERICA	Kansas City	January	contract extension	airport	food	15 (2016)	210
	Palm Beach	January	contract extension	airport	food	12 (2014)	90
	Ohio Turnpike	January	tender win	motorways	food&retail	12 (2015)	115
	Detroit	March	tender win	airport	food&retail	10	50
	Vancouver	April	tender win	airport	retail	5	10
	Calgary	May	tender win	airport	retail	10	20
	Los Angeles	May	contract extension	airport	food	6	200
	Newark	May	tender win	airport	food&retail	7 and 5	10
	Orange County	June	contract extension	airport	food	2 (2004)	14
	S. Antonio	June	tender win	airport	food&retail	7	16

## 1st Half 2002 Results - Annex

### North America - New contracts and awards

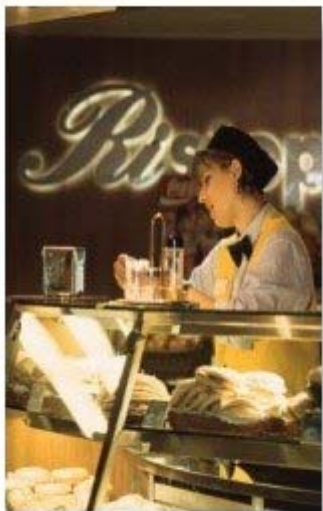


Inside an “Expedia.com Café” location

- **HMSHost** was named winner of the **2002 Airport Retail News Best Concession Poll** for excellence in restaurant design and operation
- **Expedia.com Café** was awarded the **2002 Grand Prize for Design** in the Restaurant/Food service category by the National Association of Store Fixture Manufacturers
- **Palm Beach and San Jose airports** captured top honors in the “**North America’s 2002 Excellence in Airport Concessions Contest**” run by ACI

- **Ms. Linda Moore**, HMSHost Vice President of Government Affairs, **received a special award from the Federal Aviation Administration**: this award recognises Ms. Moore’s dedication to the FAA’s goals as well as her steadfast commitment to furthering the participation of Disadvantaged Business Enterprise in airport concessions and construction

## New Deals - RISTOP



A Ristop location

- **Ristop** is an Italian company that operate in the **motorway channel, railway stations and shopping malls**
- **Most of the 24 motorways area are located in eastern side Italy, on “Autovie Venete” and “Autostrada Torino-Savona” network**
- **The Company generates a turnover close to 55 ml Euro**



**Ristopizza:**  
Il piatto italiano più amato nel mondo anche in autostrada.



**L'orto ristorante:**  
Cucina a vista ed ingredienti freschi nei grandi centri commerciali.



**Ristobirra:**  
Il locale di tendenza creato in collaborazione con Hieneken-Moretti.

## New Deals - **PASTARITO**

- Pastarito operates in **Italy**, in the **high street channel**
- The Company runs nearly **70 table-service restaurants** in the most important Italian cities (Milan, Rome, Turin, Bologna and Florence) and abroad (Paris and Barcelona)
- The chain has been built up by leveraging management know-how and expertise in the Italian real estate market
- Offer is focused on **pasta** and **pizza** and the “create your own dishes” formula is a key factor in its success
- The “**Pastarito**” brand has achieved impressive visibility and recognition in the cities of presence thanks to a widespread network (high-street and suburbs)
- Pastarito business model has excellent profitability, despite the fact that the Company is still in the development phase
- Excluding Spizzico and McDonalds, which are fast-food chain, Pastarito is **the only successful food chain to emerge in Italy in the last few years**





## New Deals - **RECECO**

- Receco operates in **Spain**, in the **railway station** channel
- The Company manages **7 point of sales in the 3 AVE stations: Madrid Atocha, Sevilla and Cordoba**
- **Current floor space is around 2.240 sq.m. but an additional 1.270 sq.m. are immediately available**
- The offer is focused on **food&beverage products**
- **15 years** of average residual portfolio life
- **Excellent management relationships with landlords and railway operators**
- **Although the network has not been extended since 1995, high -speed rail traffic has grow by 7.5% per year \*; with the expansion of the network, traffic will rise from 6 to 37 ml. passengers by 2010 \***

\* MINISTERIO de FOMENTO, RENFE



Madrid Atocha railway station



Francisco Ontañón  
9º Concurso Fotográfico "Caminos de Hierro"

Inside of Sevilla railway station



## **1st Half 2002 Results - Annex**

### **New Deals - *LETTUCE SERVIEW***

- **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**





 **Autogrill Group**

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