



Autogrill Group

2002 Results



Milan, 24 March 2003



2002 Results

Main Comments

- STRONG BUSINESS PERFORMANCE
- FULL SUCCESS OF MARKETING AND OPERATIONAL PROJECTS
- IMPROVEMENT OF FINANCIAL STRUCTURE SOUNDNESS
- CONSISTENT EVOLUTION OF GROUP MARKET SHARE AND COMPETITIVE POSITION



2002 Results

Main Comments

- **Group sales reached 3.316 ml€, up by 1.5% (4.2% at constant exchange rate), Ebitda growth was 5.5% (+8.5% net of FX effect) and Cash Flow increased by 11.2% (+13.4% net of FX effect)**
- **Thanks to strong performance in both channels, North American sales increased by 9.8%**
- **There were good revenue trends in France (+6.8%) and Spain (+18.4%), and a sound second half made Italian sales grow by 2.3% on previous year**
- **North American and Italian profitability improvements (+17.4% and +6.2% respectively) pushed Group Ebitda to 402 ml€, 12.1% on net sales (11.7% last year)**
- **Cash Flow reached 289 ml€ (8.7% on net sales vs. 8% in 2001) while Free Cash Flow* flattened to 120 ml€ due only to the impact of the Tax Law 265/02 (additional 24 ml€ in pre-paid taxes)**
- **Net financial position decreased to 920 ml€, -17.8% vs. previous year (-6% net of FX impact), with all the financial indicators confirming the continued improvement in the Group's financial structure**

* Cash Flow - Capex +/- Delta Working Capital



2002 Results

Group Financial Highlights

	2002	2001	Diff. % 01 vs 00	Diff. % net of FX impact
Systemwide Sales	3.392,5	3.337,2	1,7%	4,3%
Net Sales	3.315,8	3.266,5	1,5%	4,2%
EBITDA	402,2	381,4	5,5%	8,5%
<i>% on net sales</i>	<i>12,1%</i>	<i>11,7%</i>		
CASH FLOW	289,1	260,0	11,2%	13,4%
<i>% on net sales</i>	<i>8,7%</i>	<i>8,0%</i>		
CAPEX	174,7	172,0	1,6%	8,4%
<i>% on net sales</i>	<i>5,3%</i>	<i>5,3%</i>		
FREE CASH FLOW*	120,3	148,9	-19,2%	
<i>% on net sales</i>	<i>3,6%</i>	<i>4,6%</i>		
NET DEBT	919,8	1.118,4	-17,8%	-6,0%

* Cash Flow - Capex +/- Delta Working Capital



2002 Results

Financial Ratios

	2002 Excl. Effect of Tax Law 265/02	2002 Actual	2001 Actual	2002 Target
ROI*		20,0%	17,1%	20,0%
FCFROI**	12,9%	10,7%	11,3%	11,5%
EBITDA interest coverage		9,7	6,9	9,5
EBITA interest coverage		7,0	4,1	6,1
Cash Flow / Net Debt		31,4%	23,2%	25%
Net Debt / EBITDA		2,3	2,9	2,3

* EBITA on Net Invested Capital (without Financial Assets)

** Free Cash Flow on Net Invested Capital (without Financial Assets)



2002 Results

Financial Ratios

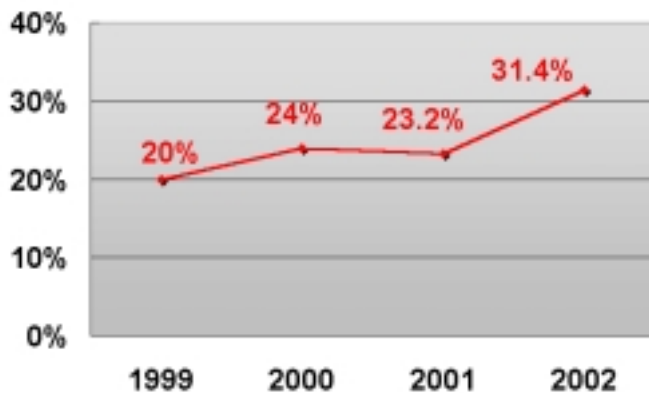
EBITDA interest coverage



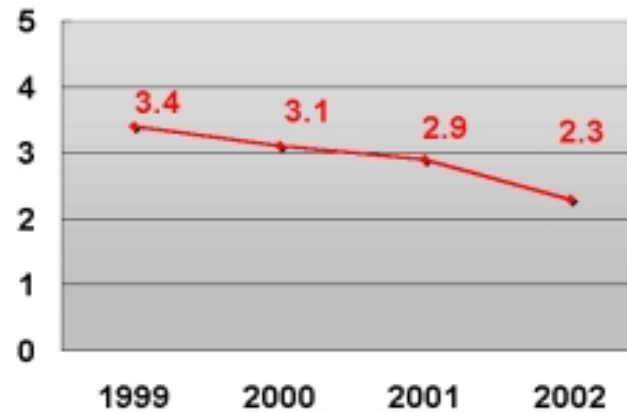
EBITA interest coverage



Cash Flow / Net Debt



Net Debt / Ebitda





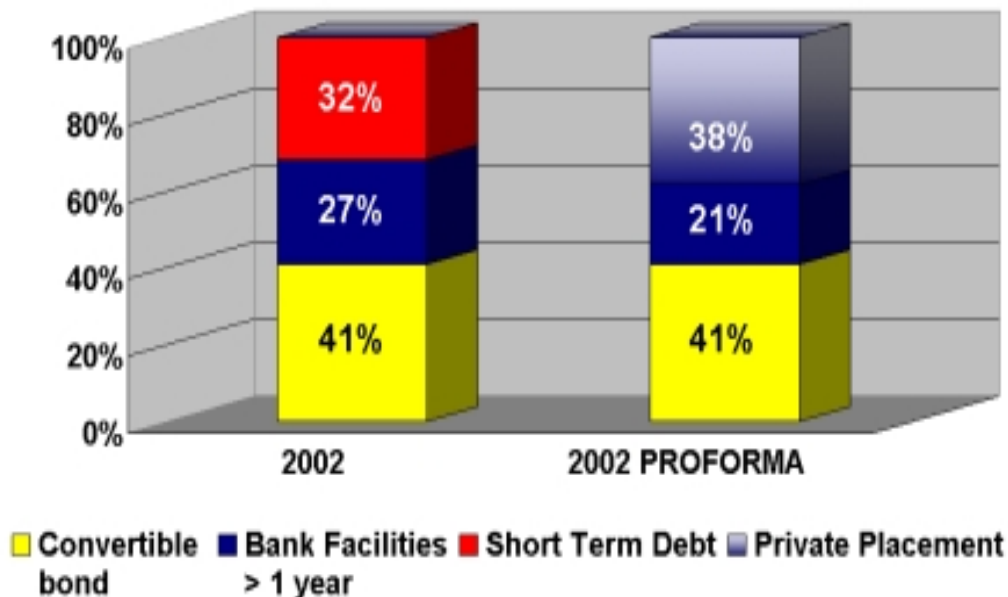
2002 Results

Financial Ratios - Private Placement

- In January 2003 Autogrill successfully completed a 370ml\$ bond placement on the US market
- Subscription applications from institutional investors totaled more than twice the original amount offered (150ml\$), reflecting the solid credit positioning of the Group
- The issue allows Autogrill to:
 - diversify its sources of financing
 - secure a significant extension of its debt repayment profile

AMOUNT	MATURITY	RATE	SPREAD
44 ml\$	2010	5,38%	US Treasury + 185
60 ml\$	2011	5,66%	US Treasury + 190
266 ml\$	2013	6,01%	US Treasury + 195

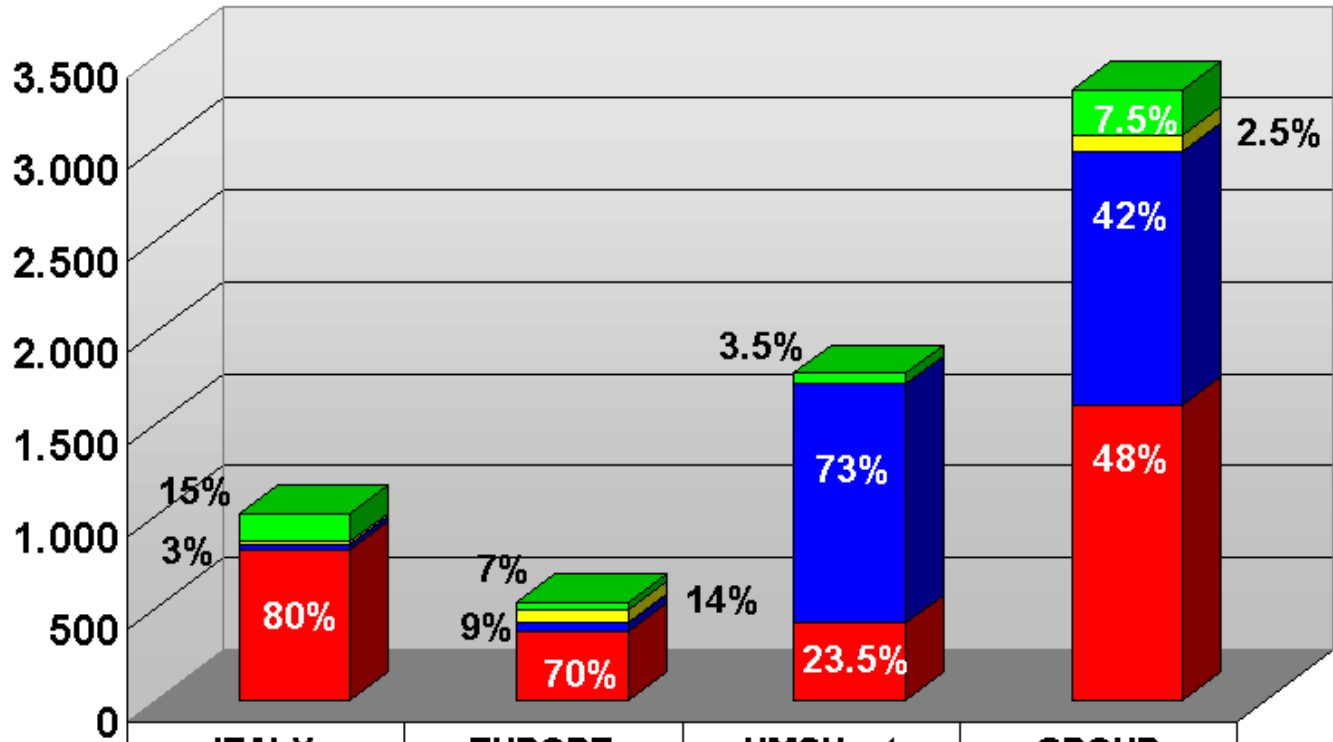
2002 NET FINANCIAL POSITION





2002 Results

Sales Analysis

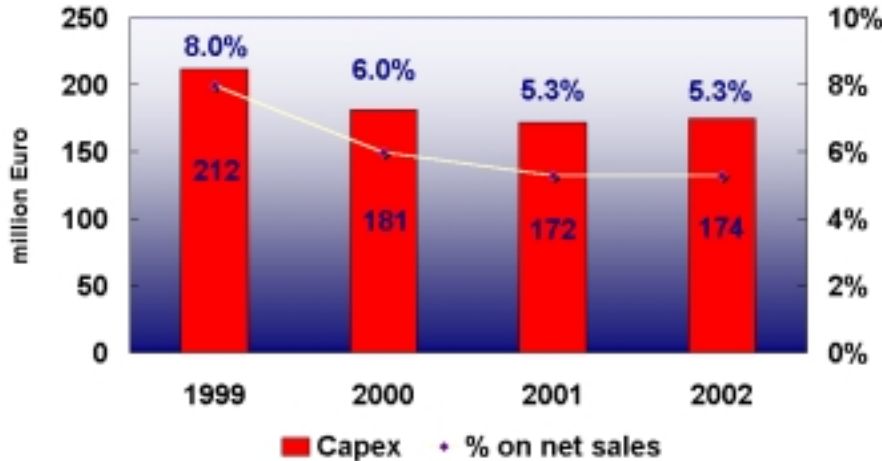


	ITALY	EUROPE	HMSHost	GROUP
Others	153	36	59	248
Railway stations	11	76		87
Airports	32	47	1.300	1.379
Motorways	816	370	416	1.601
	1.012	529	1.775	3.315

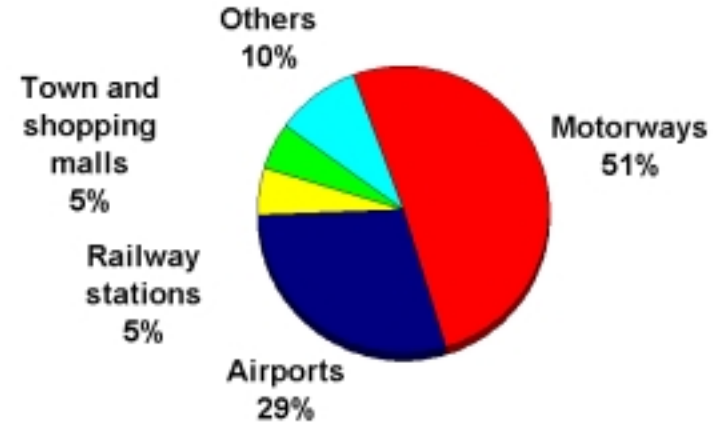
2002 Results

Capex and Free Cash Flow Analysis

CAPEX - NET SALES RATIO EVOLUTION



2002 CAPEX by CHANNEL



2002 CAPEX by COUNTRY



- 65% of capital expenditure was dedicated to development activities
- N.A. and Italian motorway refurbishment and upgrading plans represented the most important projects of 2002

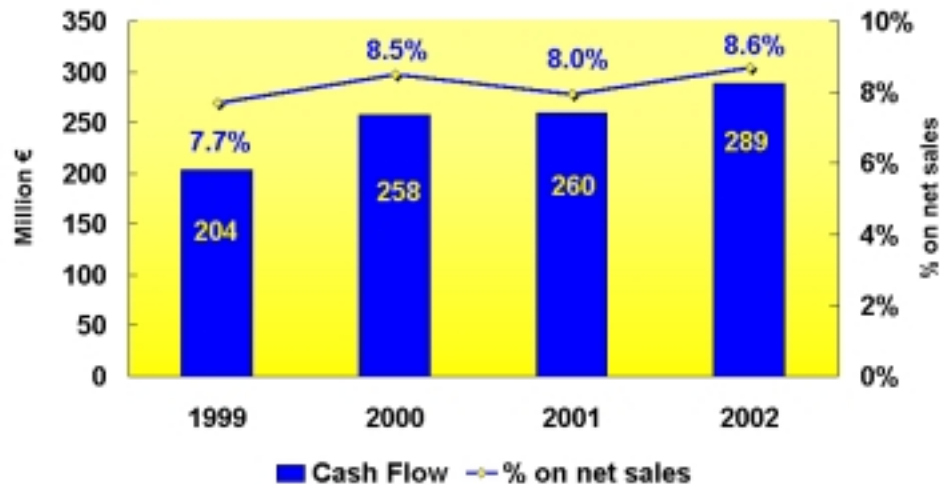


2002 Results

Capex and Free Cash Flow* Analysis

- Thanks to a 11.2% increase, Cash Flow reached 289.1 ml€ 8.7% on net sales (8% in 2001)
- FCF* was heavy impacted by Tax Law 265/02: arising pre-paid taxes absorbed more than 15% of 2002 FCF* generation

CASH FLOW - NET SALES RATIO EVOLUTION



FREE CASH FLOW - NET SALES RATIO EVOLUTION



IMPACT of TAX LAW 265/02 on 2002 FCF*



* Cash Flow - Capex +/- Delta Working Capital



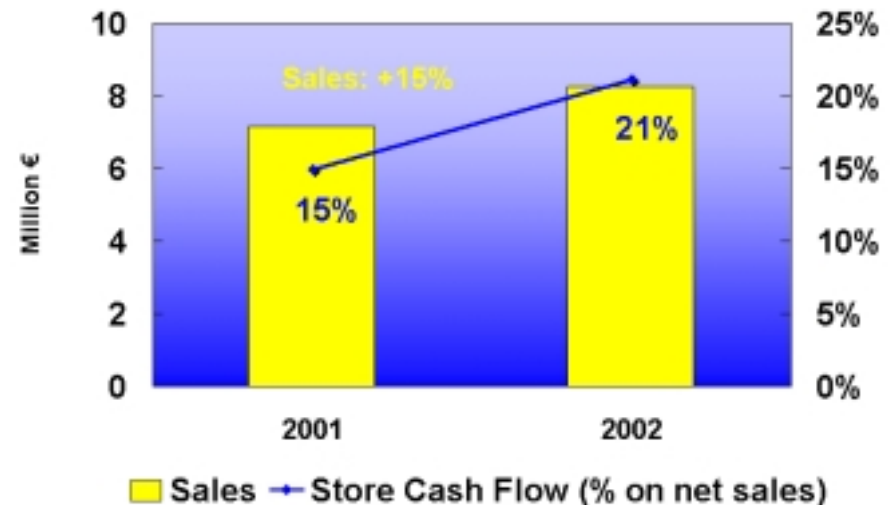
2002 Results

Receco and Lettuce Acquisitions

- Lettuce and Receco were successfully integrated into Group structure
- Receco turnover reached 8.2 ml€ (+15% vs. previous year)
- Strategic impact was even stronger: thanks to management's market knowledge and experience, the Group was able to win 2 important bids:
 - in November a 10-year food&beverage contract in Toronto airport for 300 ml\$ of cumulative turnover
 - in December, an 8-year food&beverage contract in Madrid Atocha railway station, the hub of Spanish high-speed lines



RECECO SALES and STORE CASH FLOW EVOLUTION





2002 Results

2002 Special Projects - Motorway Activities

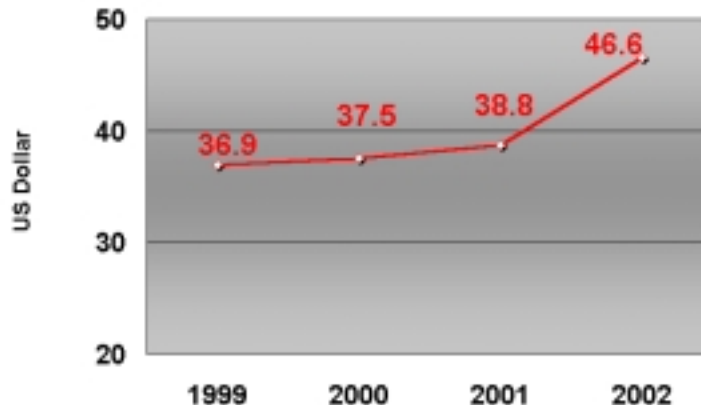
- In **North America**, a 3 years upgrading project was implemented focusing on the motorway channel and a strong rise in both in sales and profitability is expected as a result of:
 - complete concept portfolio renewal through introduction of high-street brands
 - full restructuring of service areas in order to boost penetration and number of contacts (e.g., New Jersey, Florida and Ohio Turnpikes)
 - change in the operational model in order to increase efficiency and productivity

+15% on budget

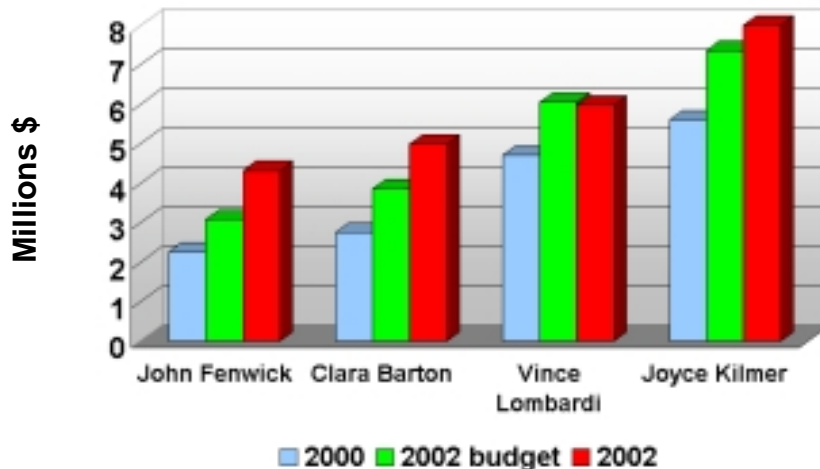
+ 52% on 2000 sales

* Sales per Labour Hour

1999-2002 N.A. MOTORWAY PRODUCTIVITY* TREND



N.J.T. REFURBISHED TRAVEL PLAZA SALES



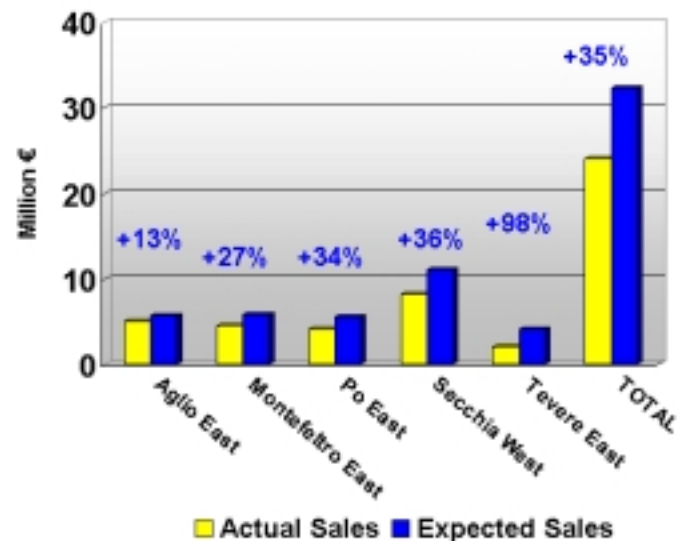
In **Italy**, order to

- restructure the most strategic and valuable locations, introducing “New Generation Area” model
- lower the strategic relevance of the smaller locations
- improve revenues after the re-bidding process that will take place in Italy in 2003 (120-130 ml€ of sales, 3.5% of total turnover)

Since last November five motorway areas have been under refurbishment according to these standards (refurbishment activities have been completed or will end in the next few weeks):

- outdoor spaces and buildings will be enlarged and refurbished in order to introduce enhanced service facilities
- product offer will be strongly improved, including Group brands: A-Cafè, Ciao and Spizzico
- Expected average turnover increase is 35%, forecasted average I.R.R. is 40%

ACTUAL/EXPECTED SALES AFTER REFRUBISHMENT



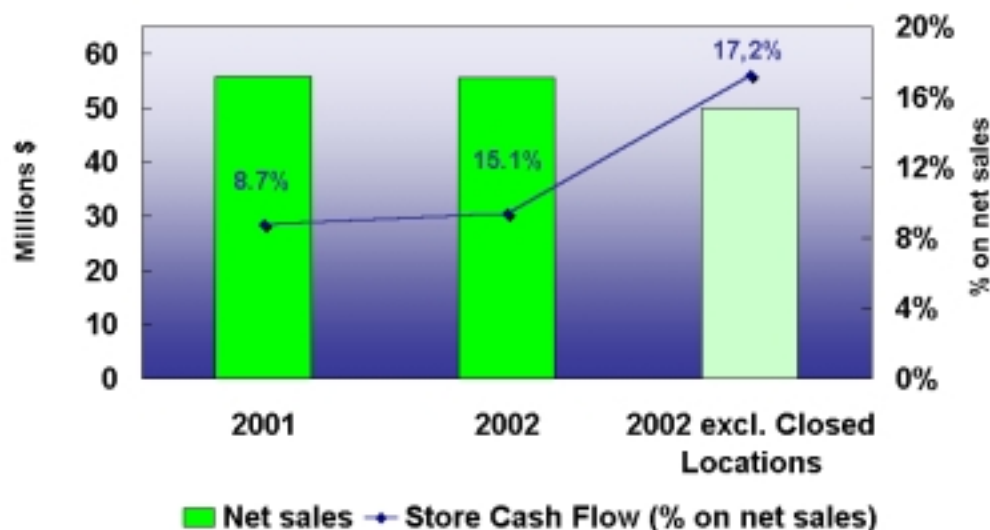


2002 Results

2002 Special Projects - N.A. Operations

- The location closings carried out during 3Q2002 in order to increase contract portfolio profitability (9.7 ml\$ of extraordinary costs incurred) led to N.A. shopping mall sales remaining flat vs. 2001 (around 55 ml\$) but Store Cash Flow grew from 8.7% to 15.1% on net sales

2001 and 2002 N.A. SHOPPING MALL RESULTS



- The “National Processing Center” was completed: new administrative procedures are now applied on the field, strongly increasing operational efficacy (12 ml\$ of annual savings in comparison to 10 m\$ of one-shot costs)

2002 Results

Group Contract Portfolio

- During 2002, the Group secured or won contracts for more than 1.6 bl€ of cumulative turnover
- In the airport channel, Orlando, Toronto, Kansas City and Los Angeles contracts were particularly important from a competitive point of view, while Ohio Turnpike and Atlantic City Expressway tender wins will further boost N.A. motorway restructuring plans



“DESTINATION L.A.” in Los Angeles airport

- In Europe, activities were focused in order to reinforce Group position in the weaker presence channels: airports (Turin) and railway stations (Madrid Atocha in Spain and Namur in Belgium)



“LA GALERIA” in Madrid Atocha railway station



2002 Results

Regional Performance

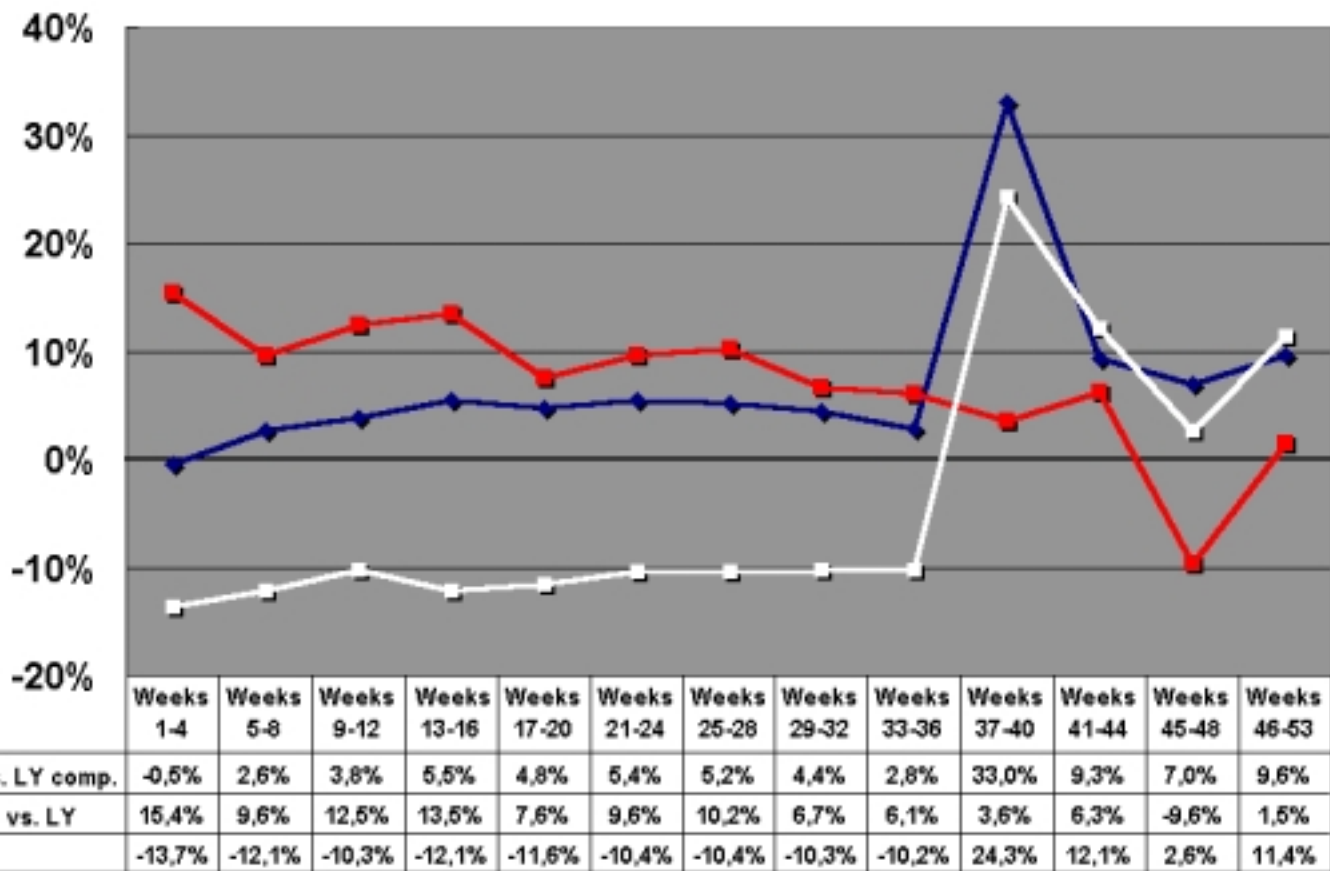




2002 Results

North American Activities

- North American sales grew by 9.8%, reaching 1.678 ml\$
- In the **airport channel** revenue increased, on like-for-like- basis, by 9% against a traffic decrease of 4.6% *
- **Motorway** turnover up by 23.9%, net of Canadian activities by 9.1%



* Source: ATA

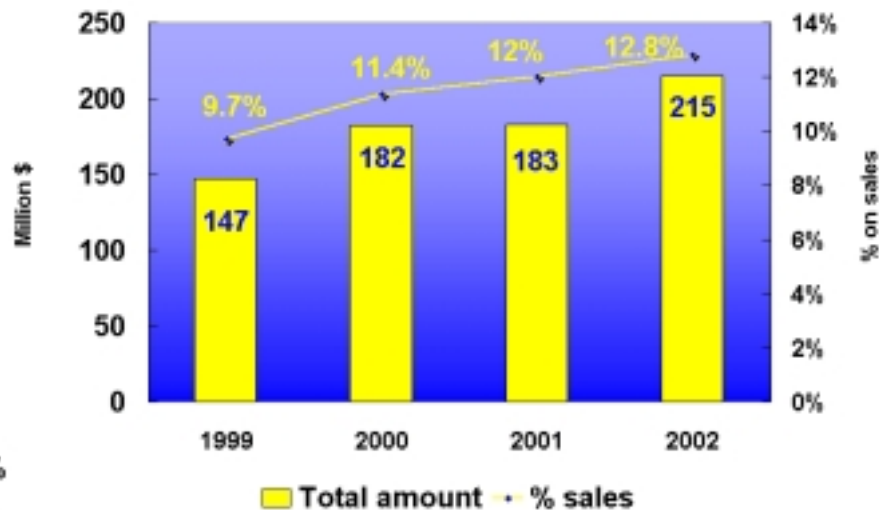


2002 Results

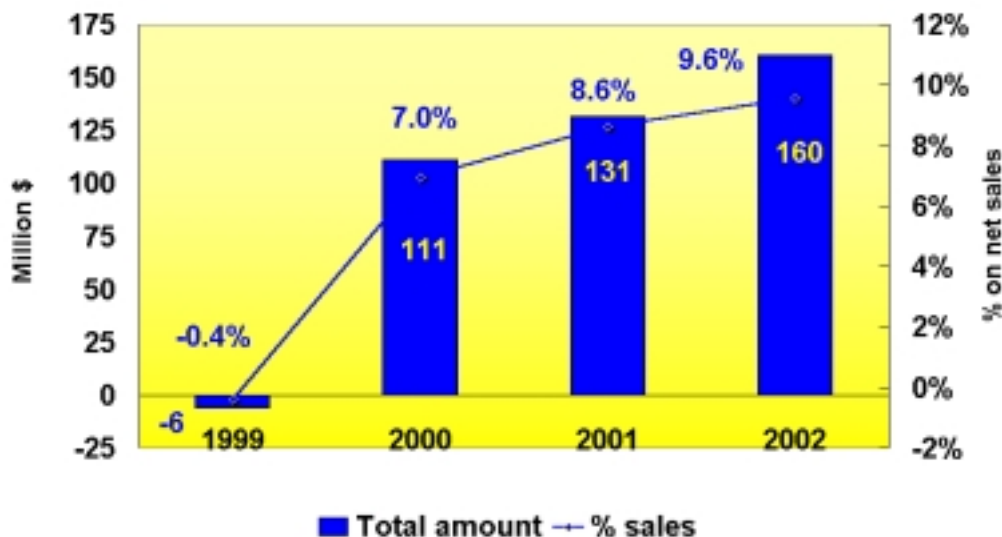
North American Activities

- Thanks to an increase of 17.4%, Ebitda reached 12.8% on net sales (12% in 2001), totalling 215.1 ml\$

N.A. ACTIVITY EBITDA TREND



N.A. ACTIVITY OFCF* TREND



- Cash generation improvement was even more significant: OFCF* up by 22.1% to 160.4 ml\$ (as % on net sales +100 b.p. vs. 2001)

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



2002 Results

Italy

- In Italy turnover reached 1.012 ml€ up by 2.3%
- Sales growth was strong in the second part of the year, after a first half affected by lower consumption and a decrease in air traffic
- Continuous product mix improvements which pushed up **motorway catering sales** (up by 5.8% vs. a 2.8% traffic increase*) generated this performance
- Airport traffic trends (-0.6%)** impacted **airport sales**
- Railway station** sales rose 25.9% thanks to new openings in the refurbished Rome Termini station

*** Lotteries and ancillary

Million €		2001	2002	Diff. %
Motorway	Net Sales	796,6	816	2,4%
	Store Cash Flow	165,1	173,9	
	% on Net Sales	20,7%	21,3%	
Airports	Net Sales	31,9	31,6	-1,0%
	Store Cash Flow	3,2	1,5	-53,1%
	% on Net Sales	10,0%	4,7%	
Railway Stations	Net Sales	8,5	10,7	25,9%
	Store Cash Flow	1,0	1,6	60,0%
	% on Net Sales	11,6%	15,0%	
Others	Net Sales	152,4	153,5	0,7%
	Store Cash Flow	18,6	18,8	1,1%
	% on Net Sales	12,2%	12,2%	
Total	Net Sales	989,4	1.011,7	2,3%
	Store Cash Flow	187,9	195,8	4,2%
	% on Net Sales	19,0%	19,4%	1,9%
	EBITDA	153,3	162,8	6,2%
	% on Net Sales	15,5%	16,1%	

* Source: AISCAT

** Source: ASSAEROPORTI (Autogrill airports)

ITALIAN MOTORWAY SALES

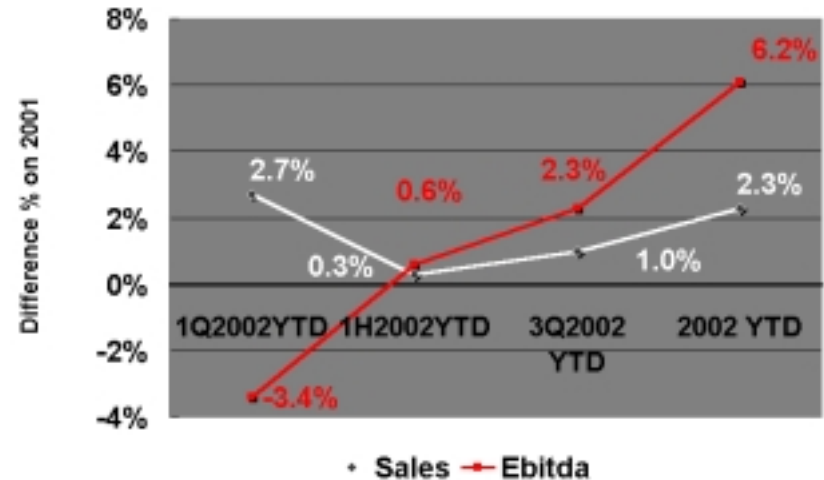
	2001	2002	
Catering	411,8	435,7	5,8%
Retail	345,0	333,5	-3,3%
Others ***	39,8	46,8	17,6%
	<u>796,6</u>	<u>816</u>	<u>2,4%</u>

2002 Results

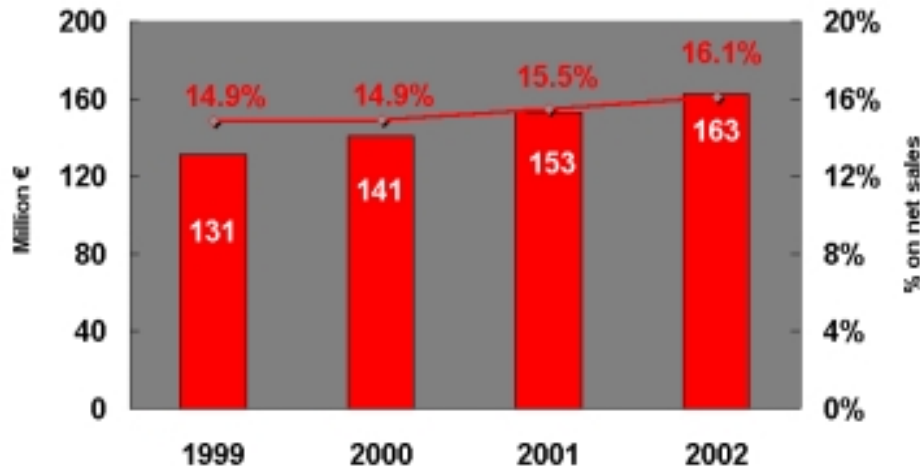
Italy

- The great ability to quickly react to environment and to adapt labor force enabled an increase in profitability higher than sales growth: +6.2% in comparison with 2.3%

2002 ITALY SALES and EBITDA EVOLUTION



ITALY EBITDA TREND



- Up by 6.2%, Ebitda reached 162.8 ml€ (16.1% on net sales vs. 15.5% of previous year)

2002 Results

Rest of Europe

- **French** sales totalled 187.7 ml€, up by 6.8%: both channels reported good results, with motorways and railway stations that increased respectively by 7.7% and 6%
- EBITDA fell by -0.9 ml€ to 22.7 ml€ (12.1% on net sales) due to reduced flexibility in labor cost management during the first half



After Beaune in 1999 and Corbiers in 2001, another French location was awarded: in May, the ADAC* 2002 survey ranked **Montelimar East** as the best motorway travel plaza in Europe

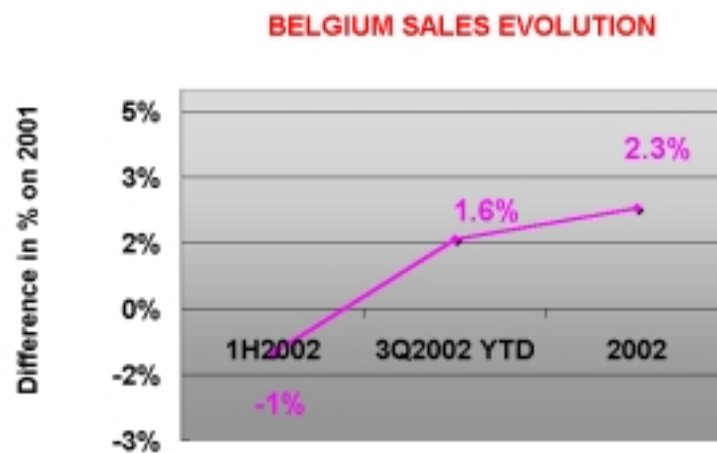
- In **Spain** sales increased by 18.5% to 78.7 ml€, with motorway sales up by 6% and 8.2 ml€ generated by the new acquired railway station activities
- EBITDA reached 7.9 ml€, +5.3% vs. previous year (10.1% on net sales)

* European Automobile Club Association

2002 Results

Rest of Europe

- In **Switzerland** sales were 135 ml€, impacted by the disposal of non-core assets performed in December 2001 and by Swiss airport traffic crises (14.6% traffic reduction in Zurich airport*)
- The country business model has been deeply revised in order to
 - redefine food and retail offer
 - centralise the supply chain
 - reorganize labor force
- Product mix changes made during the summer season reversed the negative sales trends in **Belgium**: net sales grew by 2.3% to 39.2 ml€
- In **Holland** (51.4 ml€), **Austria** (21.9 ml€) and **Germany** (7.8 ml€) sales were impacted by location closings and poor traffic conditions
- In **Greece** sales reached 7.2 ml€, up by 22.3%, with improvements both in motorways and in airports (+16.9% and 30% respectively)



* Source: FLUGHAFEN ZUERICH A.G.



2002 Results

Outlook





2002 Results

2003 Outlook - Targets and Tools

STRATEGIC TARGETS

• Profitability



OPERATING TARGETS

- A) Store Cash Flow >18% (minimum) on Net Sales in all Countries
- B) Free Cash Flow between 3,5% and 5% on Net Sales and, in any case, greater than €150 million per year



TOOLS

- Focus on productivity
- G&A reduction
- Focus on investments
- Portfolio selection

• Minimize Risks



- C) Retention Rate: 80% minimum on contract renewals
- D) Maintain an average contracts portfolio residual life > 9 years



- Portfolio selection
- Contract renewals

• Growth



- E) Average Organic Growth: 4%-6%
- F) Evaluate small size acquisitions



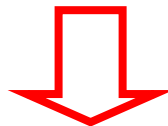
- Concepting
- Autogrill's delivering network
- Capturing
- New contracts in airp. and rail.
- Average ticket increase



2002 Results

2003 Outlook - Anton Airfood Inc.

- Anton Airfood is the 3rd N.A. food&beverage market player, with 104 restaurants in 13 airports
- The Company is specialized in the small-medium airport market segment
- Excellent management relationships with landlords and franchisers
- Strong regional and national portfolio brand: Popeye's chicken, Jump, TGI Friday's, ...



- Autogrill will consolidate Anton Airfood Inc. as from January 1
- Anton Airfood Inc. is expected to contribute revenues of around 70/80 ml\$
- A post-audit and due diligence are in progress in order to determine the final price



2002 Results

2003 Outlook - Budget 2003

	CONSTANT * EXCHANGE RATE	FXC EUR/USD 1:1	FXC EUR/USD 1:1.1
Net Sales	3.475	3.375	3.215
<i>Delta vs. 2002</i>	4,8%	1,8%	-3,0%
EBITDA	450	440	420
<i>% on net sales</i>	12,9%	13,0%	13,1%
CASH FLOW	330	320	310
<i>% on net sales</i>	9,5%	9,5%	9,6%
CAPEX	190	185	175
<i>% on net sales</i>	5,5%	5,5%	5,4%
FREE CASH FLOW **	153	149	146
<i>% on net sales</i>	4,4%	4,4%	4,5%
NET DEBT	860	890	790
EPS Restated ***	0,61	0,60	0,60
EV/EBITDA	6,1	6,4	6,5

* 2002 FXC

* Cash Flow - Capex +/- Delta Working Capital

*** EPS+Goodwill Amortisation



2002 Results

2003 Outlook - Budget 2003

BUDGET 2003 RISKS and OPPORTUNITIES

RISKS

- IRAK war and weak macro-economic environment
- First estimates on 2003 data point out a year start in line with expectations: as of February end, sales are up by 5% * and Ebitda by 20% in comparison with first two months of the previous year

OPPORTUNITIES

- Quicker than forecasted turnaround of weaker businesses
- New bids in European airports

* FXC EUR/USD 1:1



2002 Results

2003 Outlook - War Sensitivity Analysis

- Autogrill performed an analysis and a stress scenario to estimate the potential impact of a war on Group activities
- With regard to the N.A. business, attention focused on the 1989-92 period, characterized by the 1990-91 U.S. recession and the Gulf War
 - between 1989 and 1992 HMSHost sales increased on average by 4.5%, with a 3.3% over-performance on traffic evolution
 - during the worst recession year, 1991, sales grew by 2%
- A stress scenario was performed to assess Group resilience in terms of profitability and cash generation
- Even assuming the worst trade conditions (5% sales decrease through 2Q), Autogrill EBITDA and Cash Flow would not be impacted thanks to labour productivity and capex flexibility



2002 Results

2003 Outlook - Contract portfolio and awards

- 2003 opened with contracts awarded at Milan Linate airport (5-year food&beverage contract, 30 ml€ cumulative turnover) and Antwerp railway station (8-year food & beverage contract, estimated sales of 10 ml€)
- With almost 80 ml passengers every year, **Atlanta Hartsfield** is the world's busiest airport. HMHost has been present since 1994: in 2001 a IATA survey placed Atlanta among the world's Top Airports for food & beverage facilities
- The Group was awarded a 5-year retail contract which is expected to generate revenues of over 100 ml\$.
- Key elements in the tender were new concepts focused on Georgia State features (i.e. CNN Newsstand and Atlanta Emporium-Featuring the Coca-Cola Store)



Sketch of CNN NEWSSTAND in Atlanta airport



2002 Results

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