



Press release

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Net sales up 13% in North America

Autogrill: in the first nine months 2004 Ebitda rises 4.8% to 341.3 m€ (+9.7% at constant exchange rates)

Net debt reduction of 180.8 m€ over the twelve months

Milan, 15th November 2004 - The Board of Directors of Autogrill S.p.A. (Milan: AGL.MI) met today and approved results for the third quarter 2004¹.

“We are committed to attain our year-end targets” – said Autogrill Group Chief Executive Officer **Gianmario Tondato Da Ruos** – “despite the impact of three main factors that are conditioning the market scenario: a clearly negative economic situation, the effects of the rise in oil prices and the continuous decline of the dollar, which for us means a negative impact on the exchange-rate effect and key raw material purchases.”

Consolidated results in the January-September 2004 period

Net sales

Autogrill's consolidated net sales for the first nine months 2004 totalled 2,336.4 m€, an increase of 1.4% (+6.2% at constant exchange rates) compared to 2,305.1 m€ in the same year-ago period². The result reflected a strong growth in the airport channel.

In North America, still favourable macro-economic conditions and increased passenger traffic continued to drive sales growth. In the first nine months 2004 Autogrill Group, Inc. (HMSHost Corp. + Anton Airfood Inc.) reported a 13% improvement in net sales, from 1,240.3 m\$ in the January-September 2003 period to 1,401.4 m\$.

Ebitda

Sales growth and labour productivity were the key drivers of further increased profitability. Autogrill's consolidated Ebitda for the first nine months grew by 4.8% (+9.7% at constant exchange rates), reaching 341.3 m€ compared to 325.8 m€ in the same year-ago period, despite an intensification of inflationary tensions in North America and higher rents linked to profit sharing contracts. The progressive rolling out of the Group's “best practice” procedures positively affected the Ebitda margin, which rose to 14.6% from 14.1% in the first nine months 2003.

¹ The quarterly report is not audited by independent auditors.

² To permit comparison, figures for the first nine months and the third quarter 2003 have been restated on a constant-size basis with correspondent 2004 periods.



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Pre-tax earnings

Operating profitability boosted 2004 nine-month pre-tax earnings by 9.2% (+13.5% at constant exchange rates) to 119.2 m€, compared to 109.2 m€ in the same year-ago period.

Capital expenditures

Capital expenditures amounted to 112.4 m€, against 120.1 m€ in the first nine months 2003. Spending occurred mainly in North America and were related to contract renewals and business opportunities.

Net financial position

The Group achieved a year-on-year improvement in net debt, partly due to the depreciation of the dollar, of 180.8 m€ (153.1 m€ at constant exchange rates) to 688.8 m€, against 869.6 m€ in the first nine months 2003. Compared to 800.2 m€ at the end of 2003, net debt showed an increase of 111.4 m€ (123.1 m€ at constant exchange rates).

After the redemption in June 2004 of 90% of the convertible bond issued in 1999, Group current debt structure mainly consists of two sources of financing (in addition to the residual 10% of the bond): a 370 m\$ fixed-rate private placement with average residual maturity of eight years, issued in January 2003 to US institutional investors; and an 800 m€ floating-rate syndicated loan issued in March 2004 and repayable in tranches up to five years.

Autogrill Group, Inc.

In the first nine months 2004 Autogrill Group, Inc.'s net sales in the airport channel increased by 2.5 times the passenger traffic (+5.7%; source: A.T.A.). In this channel, net sales improved by 14.4% to 1,067.5 m\$, from 933.4 m\$ in the same year-ago period. Sales in the motorway channel also strengthened, rising from 274.5 m\$ to 299.8 m\$ in the first nine months 2004 (+9.2%), partly assisted by the re-opening of some outlets refurbished in 2003.

For the first nine months Autogrill Group, Inc. reported an Ebitda of 199.8 m\$, up 13.5% on 176 m\$ in the same year-ago period. The result was achieved despite a significant increase in the cost of goods sold. The Ebitda margin rose from 14.2% to 14.3% in the first nine months 2004.

Italy

As of 30 September 2004, net sales increased by 1.4% to 797.5 m€, compared with 786.3 m€ as of 30 September 2003, despite the pull-out from 25 motorway locations and from 5 locations in non-concession activities. Specifically, concession activities increased by 2.9% compared to the first nine months 2003. Through successful commercial policies targeting a wider range of customer needs and the brand appeal, motorway business increased by 4% on a comparable basis (versus a traffic growth of 1.8%), while railway revenues grew by 9.1% and airport net sales by 7.8%. Ebitda rose to 136.8 m€, up 1.6% from 134.6 m€ in the 2003 period, with an Ebitda margin rising from 17.1% to 17.2%.

Rest of Europe

In the rest of Europe, the Group reported a strong increase in operating profitability albeit a slight downturn in net sales, which are still affected by business restructuring in Switzerland, as well as by the impact of higher oil prices on traffic.



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As of 30 September 2004 net sales totalled 395.9 m€, a decrease of 1.9% (-1.4% at constant exchange rates) compared to 403.8 m€ as of 30 September 2003; Ebitda improved by 18.5% (+18.7% at constant exchange rates) to 52.5 m€, against 44.3 m€ in the same year-ago period. The Ebitda margin improved by 2.3%, from 11% in January-September 2003 to 13.3% in the first nine months 2004.

Progress was particularly strong in Switzerland, where Ebitda rose from 2.4 m€ in the first nine months 2003 to 8.6 m€ or 10.5% of consolidated revenues (2.7% in the same year-ago period), thanks to the introduction of the Group's "best practice" and a strong performance at Zurich airport.

Consolidated results for the third quarter 2004

In the third quarter 2004, Autogrill reported slight improvements in consolidated net sales, Ebitda and Ebitda margin figures, against a slowdown in traffic in many European countries and a variation in the consumer demand due to climate changes in Europe.

Autogrill's third quarter 2004 consolidated net sales amounted to 883.1 m€, up 0.4% (+4.4% at constant exchange rates) on 879.3 m€ in the third quarter 2003. Consolidated Ebitda was 163 m€, up 0.6% (+4.4% at constant exchange rates) from 162 m€ in the same year-ago period, while the Ebitda margin rose from 18.4% to 18.5%.

Pre-tax earnings in the third quarter 2004 are not comparable with the prior third-quarter figure, which included capital gains of 14.1 m€ arising from asset disposals. Third-quarter consolidated pre-tax earnings were 90.8 m€, a reduction of 3.9% (-0.7% at constant exchange rates) on 94.5 m€ in the July-September 2003 period.

Organization structure

The Board of Directors also reviewed plans to strengthen Autogrill's corporate organization and to make a series of key management changes.

Under the plans, Chief Financial Officer Carmine Meoli will bring his professional expertise to the new post of Chief Operating Officer for Business Development. His responsibilities as CFO will be taken over by Vincenzo Durì, currently head of Group Planning & Control.

The changeover will take place in early 2005.

The new organization will strengthen Autogrill's top management structure by ensuring management continuity and enhancing internal competencies in two areas of vital importance for even greater business success.

Relevant post third quarter events

Since closure of the third quarter, Autogrill continued its drive for growth largely in areas other than Italian motorways.

In non-concession channels, in Italy, Autogrill opened 6 new locations which have to be summed up to the 9 locations opened since the beginning of 2004 for expected annual average revenues of 20 m€ and an average length of 12 years. Meanwhile, Autogrill France has been awarded a



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concession renewal in a location serving both carriage-ways of the A-62 Toulouse-Bordeaux motorway. The 15-year concession will generate a cumulative turnover of approximately 60 m€ from 2006-2020.

With regard to the Italian food & beverage areas awarded within the competitive framework handled by Roland Berger on behalf of Autostrade per l'Italia, actions have been taken to resolve issues raised by the Antitrust Authority and to eliminate the numerous appeals against the contract awards to the Associazione Temporanea d'Impresa (ATI, temporary company association) and the joint offers.

The elimination by Autostrade per l'Italia of the ATI awards on preemptive sites and a settlement reached with one of the appellants will enable all of the awards to be confirmed (cumulate estimated revenues of 1,900 m€), with the exception of 18 areas which represent approximately 200 m€ in cumulative revenues. A new request for tenders is to be held for most of the sites: Autogrill will present offers for all of them.