2002 Annual Report

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Note:
This is a translation from the Italian text into English

Corporate Governance

Autogrill SpA Corporate Governance Information per CONSOB 1997 regulation n° 97001574

Board of Directors

(appointed until the approval of the 2004 full-year financial statements)

Chairman (1)	Gilberto **BENETTON**
Deputy Chairman	Livio **BUTTIGNOL** (5)
CEO (2)	Gianmario **TONDATO DA RUOS** (6)
Directors	Alessandro **BENETTON**
	Giorgio **BRUNETTI** (3)
	Antonio **BULGHERONI** (4)
	Marco **DESIDERATO** (3)
	Sergio **EREDE** (4)
	Carmine **MEOLI**
	Gianni **MION** (4)
	Gaetano **MORAZZONI** (3)

Board of Auditors

(appointed until the approval of the 2005 full-year financial statements)

Chairman	Gianluca **PONZELLINI**
Principal Auditors	Marco **REBOA**
	Ettore Maria **TOSI**
Alternate Auditors	Giovanni Pietro **CUNIAL**
	Graziano Gianmichele **VISENTIN**

Statutory Auditors

(appointed until the approval of the 2005 full-year financial statements)

Deloitte & Touche Italia SpA (formerly Arthur Andersen SpA)

1. Legal and statutory powers and legal representative of the Company including Company signatory.
2. Ordinary executive powers exercised with single signatory, as decided on 24 April 2003
3. Member of Audit Committee
4. Member of Remuneration Committee
5. Appointed on 24 March 2003
6. Appointed on 24 April 2003

Autogrill Group 2002 Financial Report

Autogrill Group 2002 Financial Highlights

(m€)	2002	2001	% Change Gross	% Change Constant FOREX[1]
Chain sales [2]	3.392,5	3.337,2	1,7%	4,3%
Sales	3.315,8	3.266,5	1,5%	4,2%
EBITDA [3]	402,2	381,4	5,5%	8,5%
% of sales	*12,1%*	*11,7%*		
EBITA [4]	224,4	225,8	-0,6%	2,3%
% of sales	*6,8%*	*6,9%*		
Net profit/(loss)	7,5	(12,9)	158,1%	164,1%
% of sales	*0,2%*	*(0,4%)*		
Cash flow	289,1	260,0	11,2%	13,3%
% of sales	8,7%	8,0%		
Investments [5]	174,7	171,8	1,7%	8,4%
Net working capital	(341,7)	(335,8)		
Net capital employed	1.156,6	1.354,7		
Net borrowings	(919,8)	(1.118,4)		

(1) Average change in $US/ Euro exchange rate between 2002 and 2001: +5.6%
Average change in SFR/Euro exchange rate between 2002 and 2001: -2.9%

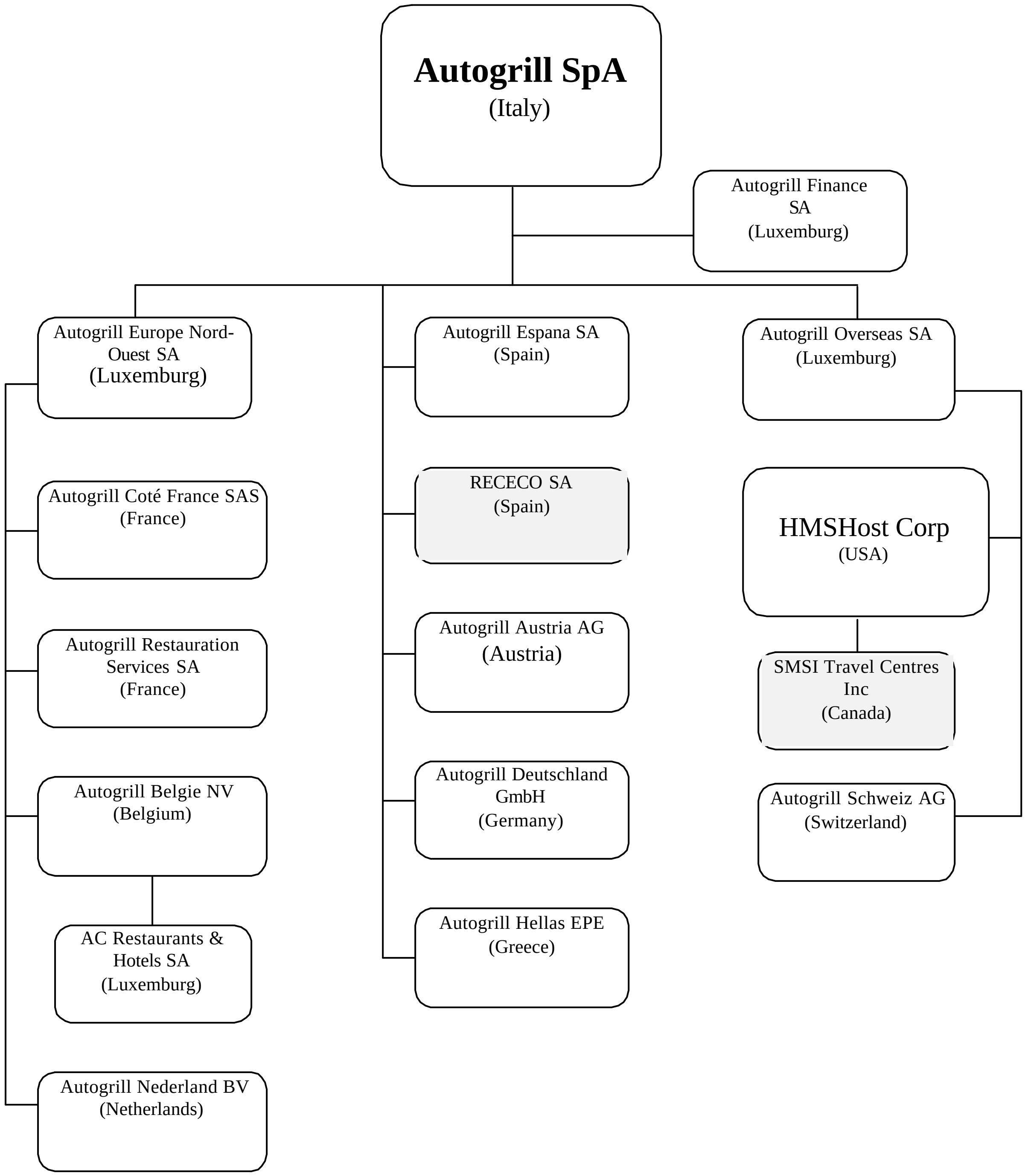
(2) Comprises all sales realised by operations under Group trade names, whether they be Group or franchisee operated.

(3) Profit before income tax, non-recuring items, finance costs and income, and depreciation and amortisation charges.

(4) Profit before income tax, non-recuring items, finance costs and income, and consodlidation differences and acquisition goodwill amortisation charges.

(5) Excluding investments in subsidiaries and other financial investments

Autogrill Simplified Group Stucture at 31 December 2002



Autogrill Group 2002 Operations Report

Chairman’s Message

Dear Shareholders,

During 2002, Autogrill celebrated twenty-five years in business, as one of the few Italian multinationals operating in the food, beverage and retail market. We are the world leader in our market segment, catering to people on the move. Over the last five years, sales have risen from m€ 887.7 to m€ 3,315.8, as we spread a taste of Italy and a dash of Italian know-how around the world.

Autogrill is continually reviewing its organisation and operating activities following a period of rapid growth driven by acquisitions, enabling it to achieve positive performances even in unfavourable economic environments.

During 2002, Autogrill considerably strengthened its relationship with concession providers, companies that contract out space to Autogrill from which it operates its outlets.

Autogrill succeeded in beating its rivals in many important competitions, winning and renewing concession contracts with forecast revenue streams of b € 1.6 over the coming years. These successes are largely due to the quality of the products and services offered to consumers and the diversity of the Group’s portfolio of brands and concepts.

2002 was the year in which measures implemented by the Group to offset the negative effects of September 11 began to yield results. These measures led to improvements in all aspects of Group management, reflected in the return to Group profitability, which was announced at the start of the year.

Some twenty-five years ago, Autogrill began its operations in Italy, in the motorway restaurant business. Today, the Group faces a more competitive and challenging home market, as market conditions there begin to reflect those in countries served by the Group for many years now.

This, coupled with competition regulations will soon lead to the renewal of a large number of motorway restaurant service provision contracts in Italy. Accordingly, the Group has redefined its outlets portfolio and revised its business concepts, product ranges and management methodologies.

Autogrill initiated new plans to develop and valorise its Human Resources during 2002, which will be implemented in 2003. The Board of Directors, at its meeting of 6 November 2002, approved the Autogrill Group Code of Ethics that defines the principles and values which must be upheld in the behaviour of each Group employee.

In summary, the strengthening of Autogrill’s top management as approved by the Board of Directors on 25 February 2003, and implemented one month later, is part of the Autogrill Group’s mission to improve operational unity and to merge expertise developed in two continents in order to maximise Group profitability.

Livio Buttignol, who in his role as Chief Executive Officer has achieved consistently improving excellent results, has been appointed to the position of Vice-Chairman of the Board of Directors.

Gianmario Tondato Da Ruos, currently President and Chief Operating Officer of the Group’s US subsidiary, HMSHost, which accounted for a significant proportion of Group performance in 2002, will now assume the position of Chief Executive Officer.

Gilberto Benetton
Chairman of the Board of Directors

Group Profile

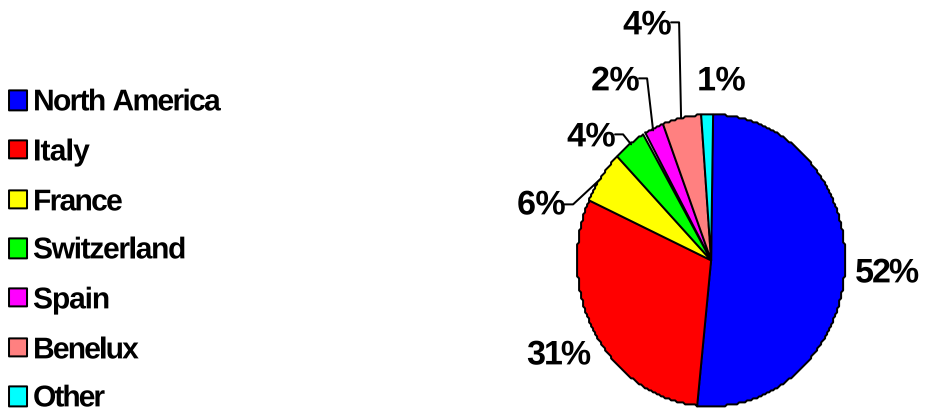
Autogrill Group is an Italian multinational with 25 years of business expertise. In that time, the Group has become the world's leading operator of food and beverage outlets and retail outlets for mass consumption products for motorway, airport and railway travellers.

The Group employs a workforce of 40,000 people in over 4,300 sales outlets in 900 locations and 15 countries. At many locations, numerous Autogrill food, beverage and retail outlets operate side-by-side.

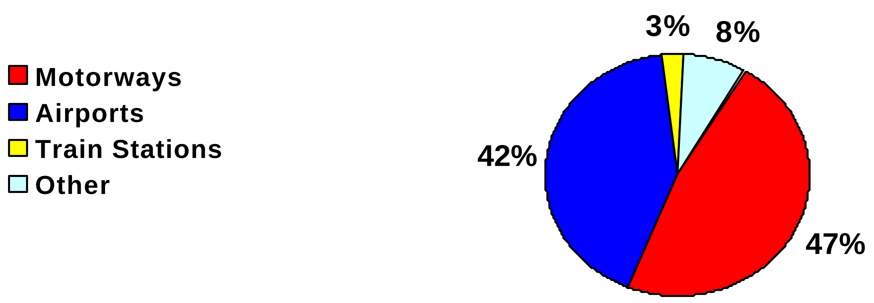
The richness and diversity of the product and brand portfolio is one of the Group's strengths. The Group's mission is to offer the best possible food and beverage concept for the people on the move, and excellent customer service. This often means being open for service on a 24 hours a day, 365 days a year basis.

As concession activities account for 90% of Group sales, Autogrill's success is largely due to its ability to create value for concession providers, companies that contract out space to Autogrill in order for it to operate its outlets.

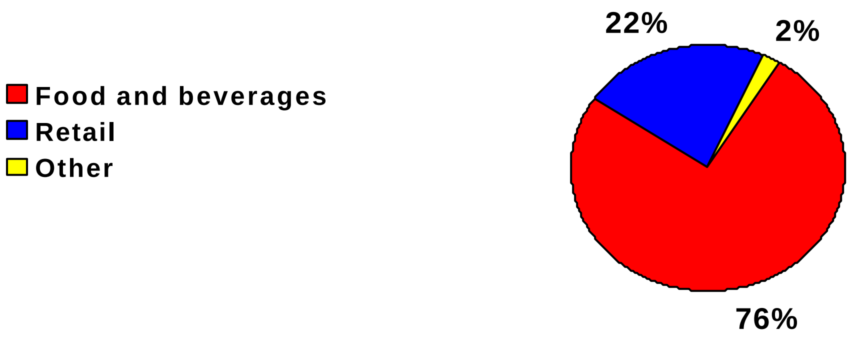
Analysis of Autogrill Group 2002 Financial Year Sales by Geographic Region



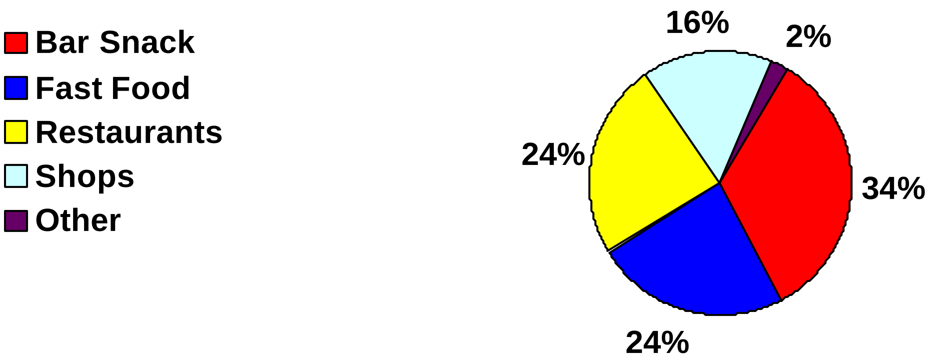
Analysis of Autogrill Group 2002 Financial Year Sales by Distribution Channel



Analysis of Autogrill Group 2002 Financial Year Sales by Service Line



Analysis of Group 2002 Financial Year Sales by Business Concept



Group Financial Results

Unless otherwise specified, figures in the Operations Report are expressed in millions of Euros, represented by the symbol m€. Comparative Income Statement figures refer to 2001 financial year results, while comparative Balance Sheet figures refer to balances at 2001 year-end.
The performance of the Euro against the US dollar makes direct comparison with last year's figures difficult. Thus, the changes in Group financial results explained below refer to a constant exchange rate basis.

During 2002, Autogrill Group's two major markets, North America and Europe, experienced significant economic weakness, which was accentuated by the stock market crisis.

Analysis of Group business segment results indicates a noticeable drop in air passenger traffic in North America and lower consumer spending in Europe following the introduction of the Euro.

Despite these factors, Autogrill Group 2002 full year sales increased by 4.2% on a constant exchange basis over the previous year to m€ 3,315.8 (up 1.5% on a current exchange rate basis).

Newly consolidated subsidiaries contributed m€ 67.9 to Group sales, which more than offset the lost sales of m€ 33.1 arising from the disposal of operations as part of the Group's portfolio rationalisation policy.

Through the acquisition of a controlling ownership interest in Receco SA in Spain and SMSI Travel Centres Inc in Canada, the Group took over new business synergies with the existing ones.

On a like-for-like outlets basis, Group sales increased 4.8% on a constant exchange rate basis and 1.6% on a current exchange rate basis, exceeding traffic and passenger numbers performance, which traditionally drives sales for the entire sector.

EBITDA improved by 8.5% on a constant exchange rate basis to m€ 402.2 (up 5.5% on a current exchange rate basis). EBITDA as a percentage of sales improved to 12.1% from 11.7% for 2001.

Cash flow increased by 11.2% to m€ 289.1, which enabled the Group to reduce its net borrowings by m€ 198.6 to m€ 919.8, when adjusted to reflect the movements in Euro/$US exchange rates. Investments amounting to m € 174.7 enabled the Group to undertake modernisation and development works in line with the previous year.

Depreciation, amortisation and writedown charges remained virtually unchanged at m € 274.3. Following a review of its Swiss and North American operations goodwill, the Group posted a m€ 13 writedown for the former, which was more than offset by a m€ 29.5 reduction in the latter's amortisation, as a result of an extension of its economic life.

As a result of the above, Group operating profit improved by 22% on a constant exchange rate basis to m€ 115.4 (up 18.4% on a current exchange rate basis).

Group profit before tax tripled to m€ 67.9 from m€ 21.5 during 2001, as a result of the Group realizing net exceptional income and incurring lower finance costs in 2002.

Autogrill Group achieved a net profit of € 7.5 million for 2002, compared with a net loss of m€ 12.9 for 2001, despite a significantly higher income tax expense.

Autogrill Group Condensed Consolidated Income Statement

(m€)	2002		2001		Change		% Change Constant FOREX		% Change Like-for-like basis (1)	
Sales	3.315,8		3.266,5		49,3	*1,5%*	133,3	*4,2%*	102,1	*3,1%*
Other operating revenues	91,2		78,5		12,7	*16,2%*	16,6	*22,3%*	16,5	*22,1%*
Operating revenues	**3.407,0**	***100,0%***	**3.345,0**	***100,0%***	**62,0**	***1,9%***	**149,9**	***4,6%***	**118,6**	***3,5%***
Cost of sales	(1.929,3)	*-56,6%*	(1.886,1)	*-56,4%*	(43,2)	*2,3%*	(91,6)	*5,0%*	(67,7)	*3,6%*
Gross profit	**1.477,7**	***43,4%***	**1.458,9**	***43,6%***	**18,8**	***1,3%***	**58,3**	***4,1%***	**50,9**	***3,4%***
Personnel cost	(1.030,9)	*-30,3%*	(1.039,3)	*-31,1%*	8,4	*-0,8%*	(18,4)	*1,8%*	(17,4)	*1,6%*
Provision charges & current asset writedowns	(15,7)	*-0,5%*	(12,3)	*-0,4%*	(3,4)	*27,6%*	(3,9)	*33,1%*	(3,9)	*33,1%*
Other operating expenses	(41,4)	*-1,2%*	(36,9)	*-1,1%*	(4,5)	*12,2%*	(5,5)	*15,3%*	(4,9)	*13,4%*
Gross operating profit	**389,7**	***11,4%***	**370,4**	***11,1%***	**19,3**	***5,2%***	**30,5**	***8,5%***	**24,7**	***6,7%***
Consolidation differences & acquisition goodwill amortisation and writedowns	(96,5)	*-2,8%*	(117,3)	*-3,5%*	20,8	*-17,7%*	16,9	*-14,9%*	19,3	*-16,6%*
Intangible assets and PPE depreciation/amoritsation/writedowns	(177,8)	*-5,2%*	(155,6)	*-4,7%*	(22,2)	*14,3%*	(26,6)	*17,6%*	(24,9)	*16,1%*
Operating profit (EBIT)	**115,4**	***3,4%***	**97,5**	***2,9%***	**17,9**	***18,4%***	**20,8**	***22,0%***	**19,1**	***19,7%***
Net finance costs	(41,5)	*-1,2%*	(55,3)	*-1,7%*	13,8	*-25,0%*	11,3	*-21,4%*	12,4	*-22,9%*
Financial asset writedowns	(7,3)	*-0,2%*	(1,2)	*0,0%*	(6,1)	*508,3%*	(6,1)	*508,3%*	(6,1)	*508,3%*
Profit from ordinary activities	**66,6**	***2,0%***	**41,0**	***1,2%***	**25,6**	***62,4%***	**26,0**	***64,0%***	**25,4**	***61,4%***
Net exceptional income/(expenses)	1,3	*0,0%*	(19,5)	*-0,6%*	20,8	*n.a.*	20,5	*n.a.*	20,6	*n.a.*
Profit before tax	**67,9**	***2,0%***	**21,5**	***0,6%***	**46,4**	***215,8%***	**46,5**	***217,3%***	**46,0**	***208,1%***
Income tax	**(55,1)**	***-1,6%***	**(29,2)**	***-0,9%***	**(25,9)**	***88,7%***	**(26,9)**	*95,4%*	**(26,9)**	***94,7%***
Profit/(loss) before minority interest	**12,8**	***0,4%***	**(7,7)**	***-0,2%***	20,5	***n.a.***	19,6	***n.a.***	19,1	***n.a.***
Minority interest	5,3	***0,2%***	5,2	***0,2%***	0,1	***1,9%***	0,4	***8,2%***	1,0	***23,3%***
Net profit/(loss)	**7,5**	***0,2%***	**(12,9)**	***-0,4%***	**20,4**	***n.a.***	**19,2**	***-164,1%***	**18,1**	***n.a.***
EBITDA (2)	**402,2**	***12,1%***	**381,4**	***11,7%***	**20,8**	***5,5%***	**31,3**	***8,5%***	**25,8**	***7,0%***

(1) constant exchange rate and Group structure

(2) calculated on sales

Analysis of Autogrill Group Consolidated Income Statement Results

Sales

Food and beverage sales amounted to m€ 2,529.6, accounting for 76% of Group sales. Retail sales (m€ 725) accounted for 22% of Group sales, with other activities including hotels accounting for the remaining 2% (m€ 24.5).

(m€)	2002	2001	% Change Gross	% Change Net FOREX
Direct sales to people on the move				
Food and beverages	2.529,6	2.461,6	2,8%	5,8%
Retail	725,0	744,5	-2,6%	-0,8%
Other, including hotels	24,5	26,0	-5,9%	-6,5%
Subtotal	**3.279,1**	**3.232,1**	**1,5%**	**4,2%**
Sales to third parties and affiliates	36,7	34,4	6,7%	6,6%
Total Group Sales	**3.315,8**	**3.266,5**	**1,5%**	**4,2%**

The food and beverage business segment enjoyed the most dynamic sales growth, with sales up 5.8%, 2.8% and 0.7% on a constant exchange rate basis, current exchange rate basis and constant Group structure basis, respectively.

The Group carried out initiatives to improve product mix and quality, resulting in an increase in both the average value of meal purchases and market penetration levels, with the latter calculated on the basis of the number of Autogrill meals purchased in relation to the number of travellers.

The Group achieved these performances despite weak key market performance indicators, with air passenger traffic down 4.6% in North America and motorway traffic numbers only up 2.9% in Italy.

Retail sales increased by 1.5% on a like-for-like basis (constant outlet numbers and exchange rates). Overall retail sales dropped to m€ 725 from m€ 744.5 for 2001, reflecting lost sales of m€ 33.1 that would have otherwise been generated by Passaggio Rail, which was disposed of in 2001.

Other operating revenues

Other operating revenues amounted to m€ 91.2, incorporating m€ 14.5 in distributor's profits, m€ 16.1 in franchise income and m € 25.4 in promotion contributions from suppliers, with these revenues increasing in line with the growth in volume turnover.

Autogrill Group offers its customers complementary services, including the distribution of motorway passes, phone cards/credits and oil, whose profits on sale it records as sales in accordance with generally accepted accounting and industry practices. However, for the purposes of this Operations Report, they are recorded as other operating revenues.

Hence in 2002, other operating revenues included profits of m€ 3.2 generated from m€ 66.1 in motorway passes and phone cards/credits sales, as well as profits of m€ 4.3 generated from m€ 202.8 in sales arising from the distribution of 270 million litres of oil from 35 service stations managed directly by the Group or subleased to oil companies.

	Oil sales (m€)	Volume sold (m litres)	N° of service stations
Italy	14,9	19,1	3
Switzerland	25,7	30,7	3
France	50,4	63,0	8
Spain(*)	100,6	143,7	18
Austria	1,7	2,1	1
Germany	9,5	9,9	2
Total	**202,8**	**268,5**	**35**

(*) Service stations subleased to local operators

Cost of sales
Cost of sales remained virtually unchanged from 2001, with personnel costs as a percentage of sales dropping by 80 basis points (0.8%) following the introduction of a new business model at US airports during the fourth quarter of 2001.

Provision charges and current assets write-downs
Provision charges and current assets write-downs amounted to m€ 15.7.

Other operating expenses
Other operating expenses amounted to m€ 41.4 (decreasing by m€ 5.5 when FOREX movements are factored in) and comprised m€ 19.6 in indirect taxes (down m€ 0.6) and m€ 6.4 in negative cash differences (up m€ 1.1).

Gross operating profit
Gross operating profit increased from m€ 370.4 to m€ 389.7, up 8.5% and 5.2% on a constant and current exchange rate basis, respectively and rose by 30 basis points (0.3%) as a percentage of sales.

Non-current assets amortisation, depreciation and writedowns
Non-current assets amortisation, depreciation and writedown charges increased by m€ 1.4 to m€ 274.3, including goodwill amortisation charges of m€ 96.5.

Operating profit
As a result of the above, operating profit improved by m€ 17.9 to m€ 115.4.

Net finance costs
Net finance costs decreased by m€ 13.8 (m€ 11.3 on a constant exchange rate basis) to m€ 41.5, as a result of lower interest rate levels and changes in the composition of borrowings.

The average cost of borrowings fell from 4.9% to 4.5%, as a result of two factors: the reduction in average net borrowings and average interest rates (from 3.3% in 2001 to 2.9% in 2002 for the Euro, and from 1.9% to 1.4% for the $US). Regarding low interest rates on non-current borrowings, the Group progressively increased and lengthened its interest rate exposure coverage.

Financial asset writedowns
Financial asset writedowns increased to m€ 7.3 from m€ 1.2, reflecting its use of the equity method to account for its investments in associate companies and the share price of publicly listed shares. In particular, the Group recorded a m€ 7.6 writedown of its investment in Pastarito SpA to reflect the future profitability prospects of this company, in light of the recent decline in the numbers of evening meals eaten outside the home in Italy.

Net exceptional income
The Group realised net exceptional income of m€ 1.3 in 2002, compared with net exceptional costs of m€ 19.5 for 2001. 2002 exceptional income included m€ 10.3 in termination payments arising from the withdrawal from two US shopping centres, a m€ 2.6 million charge due to the cancellation of the Ristop acquisition contract and m € 4.2 in indirect tax charges incurred by the Parent Company, which were offset by m € 21.2 in realised deferred tax benefits concerning timing differences arising from previous years primarily at US subsidiaries that were deemed to have been realised in 2002 for the benefit of these companies.

Income tax
Income tax increased from m€ 25.9 to m€ 55.1. Current taxes amounted to m€ 41.2, with IRAP taxes for 2002 totalling m€ 14.

Profit before minority interest and net profit
Profit before minority interest amounted to m€ 12.8, an improvement of m€ 20.5 on 2001.
The Group posted a net profit of m€ 7.5 million for 2002.

Autogrill Group Condensed Consolidated Balance Sheet and Related Analysis

Intangible assets was the single most important non-current asset grouping of Autogrill Group, primarily consisting of investments in concessions, leasehold improvements, business goodwill and consolidation differences arising from the acquisition of companies.

Current assets included m€ 162.2 in prepaid taxes arising mainly from temporary differences and m€ 54.6 of deferred taxes, in addition to other ordinary items.

(m€)	31 Dec. 2002	31 Dec. 2001	% Change	
			Gross	Net FOREX
Non-Current Assets				
Intangible assets	1.087,5	1.286,3	(198,8)	(66,9)
Property, plant and equipment (PPE)	494,7	486,6	8,1	29,7
Investments	34,1	34,0	0,1	3,0
	1.616,3	**1.806,9**	**(190,6)**	**(34,2)**
Net Working Capital				
Inventory	87,9	90,3	(2,4)	3,9
Trade accounts receivable	61,0	70,1	(9,1)	(6,5)
Other working capital assets	238,1	230,0	8,1	33,4
Trade accounts payable	(444,6)	(433,6)	(11,0)	(35,3)
Provisions for liabilities and charges	(88,6)	(92,5)	3,9	1,4
Other working capital liabilities	(195,5)	(200,1)	4,6	(9,1)
	(341,7)	**(335,8)**	**(5,9)**	**(12,2)**
CAPITAL EMPLOYED	**1.274,6**	**1.471,1**	**(196,5)**	**(46,4)**
Non-current operating liabilities including provision for termination benefits	**(118,0)**	**(116,4)**	**(1,6)**	**(4,9)**
NET CAPITAL EMPLOYED	**1.156,6**	**1.354,7**	**(198,1)**	**(51,3)**
FINANCED BY:				
Group equity and minority interest				
Group equity	219,1	216,1	3,0	7,5
Minority interest	17,7	20,2	(2,5)	(0,5)
	236,8	**236,3**	**0,5**	**7,0**
Convertible bonds (a)	**375,5**	**368,1**	**7,4**	**7,4**
Non-current net borrowings (b)				
Non-current borrowings	**344,1**	**969,5**	**(625,4)**	**(518,4)**
Non-current financial receivables	**(92,9)**	**(51,4)**	**(41,5)**	**(3,6)**
	251,2	**918,1 -**	**(666,9)**	**(522,0)**
Current net financial assets (c)				
Current borrowings	485,3	118,1	367,2	377,7
Cash/ marketable securities/ current financial receivables	(192,2)	(285,9)	93,7	78,6
	293,1	**(167,8)**	**460,9**	**456,3**
NET BORROWINGS (a)+(b)+(c)	**919,8**	**1.118,4**	**(198,6)**	**(58,3)**

Group net capital employed decreased by m€ 196.5 (m€ 46.4 on a constant exchange rate basis), and was 55% financed by equity and convertible bonds and 45% financed by short and medium-term lines of credit.

Group net borrowings decreased by m€ 198.6 (m€ 58.3 on a constant exchange rate basis), financed m€ 237 in investments and acquisitions.

On 23 January 2003, the Group issued m$370 in long-term bonds in order to optimise its financial debt management.

Autogrill Group Cash Flow Statement and Related Analysis

(m€)	2002	2001
Opening net cash balance [1]	**175.5**	**(197.8)**
Operating activities cash flows		
Financial year net profit/(loss)	12,8	(7,7)
PPE and intnagibles depreciation/amortisation/writedown charges	274,3	272,9
Financial asset net writedowns	7,3	-
Net loss/(gain) on disposal of non-current assets	(0,1)	0,2
Change in provisions for liabilties and charges, net	(1,3)	1,5
Change in working capital	(9,9)	39,6
Net change in non-current liabilities including termination benefits	4,9	2,5
Net cash from operating activities	**288,0**	**309,0**
Investing activities cash flows		
Investments in non-current assets		
- PPE and intangible assets acquisition [2]	(174,7)	(171,8)
- disposal proceeds	5,9	11,6
- Purchase price paid for new subsidiaries	(58,3)	(23,1)
- net change in other financial investments	(9,9)	(14,2)
Net cash applied to investing activities	(237,0)	(197,5)
Financing activities cash flows		
Increase in accreted value zero-coupon bond	7,4	7,2
New non-current borrowings	78,5	347,0
Non-current borrowings repayments/transfer to current borrowings	(595,2)	(78,8)
Cash dividend payments to parent company shareholders	-	(10,5)
Other	(5,8)	(7,2)
Net cash from/(applied to) financing activities	(515,1)	257,7
Cash and cash equivalents - net increase/(decrease)	(464,1)	369,2
FOREX movements on current borrowings	(4,5)	(3,6)
Cash and cash equivalents - closing balance	**(293,1)**	**167,8**
Non-current borrowings [3]	**(626,7)**	**(1,286,2)**
Net Financial Position	**(919,8)**	**(1,118,4)**

[1] Newly consolidated companies net cash balances incorporated in opening balance: 2002: m€ 7,7 and 2001: m€ 5,5.

[2] Excludes acquistion goodwill and consolidation differences from newly acquired companies

[3] These were affected by the following factors:

(m€)	2002	2001
Impact of changes in Group structure	-	(26,1)
Impact of FOREX movements on non-current borrowings	150,2	(50,2)

Group cash flow increased by m€ 29.1 to €m 289.1.

Autogrill Group Investments

2002 Financial Year Activity

The Group invested m€ 174.7 net of disposals in the maintenance and development of its outlets network, compared with m€ 171.8 for 2001.
The Group invested a further m€ 68.2 in new subsidiaries shares and other financial assets.
Investments as a percentage of sales remained constant at 5.3%.

Analysis of investments by geographic region, distribution channel and purpose

	2002 Financial Year		2001 Financial Year	
Geographic Region	**m€**	**% total**	**m€**	**% total**
HMSHost	73,3	42,0%	69,2	40,3%
Italy	48,2	27,6%	51,3	29,9%
France	19,9	11,4%	19,2	11,2%
Spain	12,3	7,0%	5,6	3,3%
Switzerland	11,9	6,8%	21,0	12,2%
Netherlands	3,7	2,1%	1,1	0,6%
Belgium	3,0	1,7%	1,6	0,9%
Austria	2,0	1,1%	0,9	0,5%
Greece	0,2	0,1%	1,5	0,9%
Germany	0,2	0,1%	0,4	0,2%
Total	**174,7**	**100,0%**	**171,8**	**100,0%**

	2002 Financial Year		2001 Financial Year	
Distribution Channel	m€	**% total**	m€	**% total**
Airports	51,1	29,3%	57,2	33,3%
Motorways	88,9	50,9%	69,0	40,2%
Train Stations	9,1	5,2%	8,5	4,9%
Trade Fairs	9,0	5,2%	18,4	10,7%
Other	16,6	9,5%	18,7	10,9%
Total	**174.7**	**100.0%**	**171.8**	**100.0%**

	2002 Financial Year		2001 Financial Year	
Investment Purpose		**% total**		**% total**
Sviluppo	113,4	64,9%	106,2	61,8%
Mantenimento	41,9	24,0%	46,9	27,3%
Altri	19,4	11,1%	18,7	10,9%
Totale Gruppo	**174,7**	**100,0%**	**171,8**	**100,0%**

Group investments undertaken by HMSHost focused on the renovation and expansion of outlets, particularly at the San Antonio and Newark airports.

The Group's major investments in Italy focused on the renovation and expansion of the Po East, Fratta and Somaglia interchange motorway restaurants, the opening of a table-service café at Roma Termini railway station and the opening of outlets at the Turin Caselle airport.

The Group's major investments in other European countries focused on:
- the renovation of motorway restaurant outlets in France at Dracé, Porte d'Alsace, and Aire-Jardin de Causess du Lot and in Spain at Sagunto II and Hospitalet I.
- the opening of new outlets in Switzerland on the Pieterlen motorway and at the Basel airport.
- the establishment of provisional outlets at Zurich airport while construction works continue on space awarded in 2001, with some construction work postponed due to delays in its opening.
- outlets located in Belgium (Arlon), the Netherlands (Nederweert Nood), Austria (Matrei) and Germany (Goettingen).

Analysis of Group Outlets by Geographic Region and Distribution Channel

The Group operates 4,300 restaurant, beverage and retail outlets at 888 locations as follows:

Analysis of Group Outlets by Geographic Region and Distribution Channel

Region/Channel	Motorways	Airports	Train Stations	Other	Dec. 31 2002	Dec. 31 2001
Europe	527	13	37	124	701	701
North America	101	72	-	10	183	165
Rest of World	-	4	-	-	4	4
Total Outlets	**628**	**89**	**37**	**134**	**888**	**870**

During 2002, the Group opened 42 new outlets and closed 24 pursuant to its portfolio rationalisation plan.

The Group carries out part of its business in partnership with local entrepreneurs, cooperatives and franchise holders, in conformity with various local laws and competition regulations. 104 Italian restaurants are operated under such arrangements, with outlets operated by local entrepreneurs in the US achieving sales of m$ 299.9. Moreover, m$ 281.5 of US sales during 2002 were generated through joint ventures with third parties, mostly ethnic minority entrepreneurs, achieving an average gross profit margin of 25%.

Almost 90% of Group sales are derived from outlets located in buildings or at sites, which were awarded to Autogrill through direct concessions by motorway, airport and other infrastructure management companies or by oil companies, regarding service stations operated by the Group along European motorways and roads.

Autogrill Group Average Workforce Size

The Group employed the following number of full-time equivalent (FTE) employees at 31 December 2002, analysed on a geographic region basis as follows:

Average Group Workforce Size (FTE)

	31 Dec. 2002	31 Dec. 2001 (1)
Autogrill (Europe)	16.545	16.463
HMSHost	20.514	19.739
Total	**37.059**	**36.202**

(1) differerence with prior year reported figures arises from use of 2002 reporting criteria

Group Operating Results by Geographic Region

Overview

Analysis by geographic region represents the primary segment to disclose the performance of the Group's operations. Operating responsibilities are in line with this analysis.

For the purposes of financial information comparability, HMSHost operations have not been divided into geographic regions, as they are primarily concentrated in North America (95% of sales), with the remaining operations based in Europe (4%) and Asia-Pacific (1%).

Differences in performance and investment levels across geographic regions result from differences in business models and environments. Autogrill operations in Italy, which account for over two-thirds of European sales, benefit from the dominance of multi-brand outlets, enabling it to maximise its operating efficiency and capital in this region.

European sales are markedly more seasonal than those in North America and have been affected by an unfavourable economic environment characterised by the small size of some national markets and of Autogrill's market share.

Overview of Group's 2002 Results by Geographic Area

	Autogrill (Europe)				HMSHost (North America)				Unallocated			Autogrill Group			
			% Change				% Change							% Change	
(m€)	2002	2001	Gross	Net FOREX	2002	2001	Gross	Net FOREX	2002	2001	Var.%	2002	2001	Gross	Net FOREX
Sales	1.540,3	1.557,0	-1,1%	-1,4%	1.775,5	1.709,5	3,9%	9,7%				3.315,8	3.266,5	1,5%	4,2%
EBITDA	198,2	194,3	2,0%	2,0%	227,6	204,6	11,2%	17,4%	(23,6)	(17,5)	-34,4%	402,2	381,4	5,5%	8,5%
% of sales	*12,9%*	*12,5%*			*12,8%*	*12,0%*						*12,1%*	*11,7%*		
Investments	101,4	102,6	-1,2%	-1,6%	73,3	69,2	6,0%	26,1%				174,7	171,8	1,7%	8,4%
Depreciation	82,1	68,9	19,1%	18,7%	92,8	85,2	8,9%	15,0%	99,4	118,8	-16,3%	274,3	272,9	0,5%	2,1%

HMSHost Operations

All HMSHost operations results are expressed in millions of US dollars, represented by the symbol m$, in order to eliminate the impact of FOREX movements.

2002 sales and profitability

HMSHost sales increased by 9.7% to m$ 1,677.9.

Airport distribution channel sales increased by 6.4% to m$ 1,229.4 (up 9% on a like-for-like basis), in an economy still feeling the effects of September 11th, as reflected by a 4.6% decrease in air passenger numbers (source: A.T.A).

Motorway distribution channel sales increased by 24.1% to m$ 392.9 (up 9.1% on a constant Group structure basis).

Shopping centre distribution channel sales decreased by 0.4% to m$ 55.6, reflecting HMSHost's exit from the Times Square 42nd Street shopping centre during the third quarter of 2002.

HMSHost EBITDA improved by 17.4% to m$ 215.1, increasing as a percentage of sales to 12.8% from 12%. This is due to the success of measures taken since 1999 to improve Group effectiveness and business model efficiency. Regarding post-acquisition business plan activities, the National Processing Centre was completed at a cost of between m$ 6 and m$ 10, which will enable the Group to centralise administrative procedures at head office and optimise outlet management control.

The cancellation of the contract relating to two shopping centre outlets (Dolphin Mall and Times Square), with related costs of m$ 9.7, will significantly improve shopping centre distribution channel profitability.

Investments increased to m$ 76.9, of which 75% related to development activities, from m$ 60.1, as a result of an increase in the number of contracts awarded and renewed during 2002.

2002 operating highlights

The Canadian company SMSI Travel Centres Inc was acquired in full for m$ 34.3. This company operates and manages restaurant outlets at 18 service areas along Highways 400 and 401, the two most important motorways in the province of Ontario, as well as 16 restaurant outlets located in the three terminals of Toronto international airport, Canada's largest and the 26th largest in the world, handling some 28 million passengers in 2002 (source: ACI).

During 2002, SMSI realised sales of m$ 55.6, with motorway outlets accounting for m$ 47 and airport outlets accounting for m$ 8.6. Thanks to company skills and the newly acquired subsidiary, HMSHost was awarded the contract for 23 new retail outlets in Terminal 1 of Toronto airport, in November 2002. The ten-year contract, one of the most important secured by the Group this year, is expected to generate sales of m$ 300. With the SMSI outlets added to those already held by HMSHost in other Canadian airports (Calgary, Halifax, Montreal-Dorval and Vancouver), the Group is now market leader in this distribution channel in Canada.

During 2002, m$ 1,600 in contracts were awarded or renewed, including the following:

Contracts renewed:

- a 15-year contract for restaurant service provision at Kansas City airport
- a contract until 2014 for restaurant service provision at Palm Beach airport
- a contract until 2008 for restaurant service provision at Los Angeles airport
- a 2-year contract for food and beverage activities at the John Wayne airport at Santa Ana
- a 5-year contract for food and beverage activities at Milwaukee airport

Contracts awarded:

- the development and management, for an initial period of 12 years, of two new restaurant service areas on the Ohio Turnpike
- a 10-year contract for restaurant services at the new Edward H. McNamara terminal in the Detroit international airport
- a 5-year contract for 2 retail outlets at the Vancouver (Canada) international airport
- a 10-year contract for food and beverage services at the Calgary (Canada) international airport
- two new contracts at the Newark international airport
- a 7-year contract for restaurant, beverage and retail services at the San Antonio international airport
- a 15-year contract for restaurant, beverage and retail services at Atlantic City Expressway
- a 10-year contract for restaurant service provision at Toronto (Canada) international airport
- a 10-year contract for restaurant service provision at Orlando Airport

HMSHost has received a great deal of official recognition and many awards for the quality of service and product supplied, including:

- its San José and Palm Beach airport restaurants received the food and beverage outlet quality excellence award from the Airports Council International - North America.
- its themed restaurant Wolfgang Puck, which offers table service, was ranked as the best food and beverage outlet in a recent survey conducted by Airport Revenue News.
- its themed snack-bar Expedia.com Café, developed jointly with the American travel agency Expedia, the world’s on-line travel leader, was awarded the 2002 Grand Prize for outlet design by the National Association of Shop Fittings Manufacturers (NASFM)

During 2002, the first four outlets on the New Jersey Turnpike were reopened, on completion of a renovation program, which will include the modernisation of restaurants at all 12 service centres. This concession contract, which concerns one of the largest motorways in the US with daily traffic of over 630,000 vehicles (source: New Jersey Turnpike Authorities), was renewed in 1999 for 20 years.

Work included the full renovation of existing facilities and surrounding car parks and the introduction of branded food and beverage products. Sales at the four recently renovated outlets have enjoyed an average increase of 50% on last year.

Work at a further four locations began during November 2002, and the possibility of bringing forward works planned for 2004 to the second half of 2003 is currently under examination.

The awarding of new contracts and the renewal of contracts already in place has enabled HMSHost to achieve its profitability forecasts. This reflects the company’s capacity to react promptly and efficiently to exceptional events that could affect profitability levels, by adapting the product and controlling costs, combined with the capacity to create value for clients and concession-holders.

As a result, the original economic life estimated for goodwill arising from the 1999 acquisition and merger of Host Marriot Services Corp was set at ten years, which reflected a very prudent assessment of future prospects for contract renewals and new contract awards at that time, and has accordingly been extended to fifteen years as from that date.

Hence, amortisation charges for 2002 decreased by m$ 27 to m$ 42.

The confirmation of profitability prospects for the Group’s North American operations has enabled the Group to capitalise prepaid taxes of m$ 20, paid in previous years, which were definitively realised during 2002 following a full reconciliation of non-current assets book and tax values.

Autogrill Europe

Italy, with sales of m€ 1,011.7, accounts for 31% of the Group's sales, and accordingly is examined separately from other European countries. This mirrors the organisational structure of the Group, which for Europe, provides for a Managing Director for Italy and one for Other European Countries, with both reporting directly to the Chief Executive Officer. This new arrangement responds to the objective of further promoting, with renewed energy, and safeguards those markets whose potential has yet to be fully exploited by Autogrill.

Autogrill Europe's signficant sales and profitability performance results are as follow:

(m€)	2002 Financial Year										
	Italy	France	Switz.	Spain	Belgium	Neth.	Austria	Germany	Greece	Unallocated	Total
Sales	1.011.7	187.7	135.5	78.7	39.2	51.4	21.9	7.8	7.2	(0.8)	**1.540.3**
EBITDA	162,8	22,7	(0,1)	7,9	1,0	5,7	(1,5)	(1,0)	0,8	(0,1)	**198,2**
% sales	*16,1%*	*12,1%*	*-0,1%*	*10,1%*	*2,6%*	*11,0%*	*-6,9%*	*-12,6%*	*11,5%*		***12,9%***
Investiments	48,2	19,9	11,9	12,3	3,0	3,7	2,0	0,2	0,2		**101,4**
Depreciation/amortisation	40,8	16,4	10,1	3,9	2,3	4,6	3,2	0,4	0,4		**82,1**

(m€)	2001 Financial Year										
	Italy	France	Switz.	Spain	Belgium	Neth.	Austria	Germany	Greece	Unallocated	Total
Sales	989,4	175,8	193,5	66,4	38,3	55,3	21,8	11,4	5,9	(0,8)	**1.557,0**
EBITDA	153,3	23,6	3,2	7,5	1,3	5,9	0,2	(1,4)	0,7		**194,3**
% sales	*15,5%*	*13,4%*	*1,6%*	*11,3%*	*3,4%*	*10,7%*	*1,0%*	*-12,2%*	*11,4%*		***12,5%***
Investiments	51,2	19,2	21,0	5,6	1,6	1,1	0,9	0,5	1,5		**102,6**
Depreciation/amortisation	34,5	14,4	7,8	2,9	2,2	3,3	2,9	0,6	0,4		**68,9**

Italy

Sales increased by 2.3% to m€ 1,011.7, reflecting two trends observed during the year, with first half year sales unchanged on the same period last year due to the adverse impact of external factors and second half year sales enjoying a significant increase as a result of significant improvements to product lines, particularly in the area of food and beverage.

Analysis by distribution channel highlights these performance differences:

- Motorways: Sales increased by 2.4% to m€ 816. Sales only increased by 0.2% during the first half of 2002 as a result of the adverse impact of a lack of snow during the winter tourism season and the closure of many major city centres to motor vehicle traffic in January 2002. A good summer season, which lasted into September, allowed for improvements in figures for the second half of the year. An analysis of motorway sales by business segment reveals that the Group's core food and beverage activities maintained sales growth throughout the year, up 5.8% for the year, despite traffic growth of just 2.8% (source: AISCAT). Retail sales, adversely affected by reduced consumer spending following the introduction of the Euro, were down 3.3% for the year

- Airports: Sales totalled m€ 31.6, in line with the previous year's results, despite a 0.6% drop in air passenger numbers at airports served by the Group, with airport passenger numbers for all Italian airports up 1.4% for the year (source: Assoaeroporti). This distribution channel also reported contrasting half-year sales performances, with first half-year sales adversely affected by the residual impact of the events of September 11th.

- Train stations: Sales increased by 25.9% to m€ 10.7, reflecting the high quality of outlets, both existing and newly opened, at the Roma Termini station, which was the first Italian station renovated as part of the Group's major stations project.

- City and shopping centres: Sales totalled m€ 153.5, reflecting the general reduction in consumer spending observed in the Italian economy during 2002.

EBITDA increased by 6.2% to m€ 162.8, and as a percentage of sales improved to 16.1%. from 15.5%. This result reflects the redefinition of the product mix, which gave increased prominence to more profitable products, thereby impacting positively on consumer purchases.

Investments decreased to m € 48.2 from m€ 51.2, of which nearly 60% related to motorway distribution channel renovation works completed during the second half of 2002. In addition, 13 new Spizzico and Burger King outlets were opened during the year.

France

Sales increased by a significant 6.8% to m€ 187.7. Motorway distribution channel sales increased by 7.7% to m€ 129.5 while train station distribution channel sales rose by 6% to m€ 56.9, as a result of renovation works and product mix redefinition undertaken over the last few year, particularly at train station locations. The quality of these operations was further reflected by the European Automobile Club Association's decision to award the distinction of Best European Service Station to Autogrill's Montelimar East service station (89% rating), following in the footsteps of its Beaune and Corbières service stations, which were awarded this distinction in 1999 and 2001, respectively.

EBITDA decreased by 0.9% to m€ 22.7 and dropped as a percentage of sales to 12.1% from 13.4%, reflecting a less flexible labour force during the first half of the year, particularly at railway stations, the upgrading of selected outlets and the impact of the new national 35-hour workweek.

Investment remained largely unchanged on last year at m € 19.9, with almost 75% relating to development activities, which included renovation works at the Quercy, Perrogney/Porte de Champagne and Cambarette/Cote d'Azur outlets and the introduction of new concepts, including a Spizzico outlet at the Paris Gare du Nord train station.

Netherlands

Sales decreased by 7% to m€ 51.4. The economic crisis that gripped the country during 2002 had a significant negative impact on sales, particularly in the food and beverage sector. The hotel sector, which accounts for 15% of total sales for the country, was worst hit, as it is most affected by the local economic situation and foreign traveller numbers.

The measures introduced during the second half of the year to optimise the product mix and increase staff productivity meant that the drop in sales had only a minimal effect on profitability. EBITDA decreased by just 0.2% to m€ 5.7, increasing as a percentage of sales to 11% from 10.7%.

Investments totalled m€ 3.7.

Belgium

Sales increased by 2.3% to m€ 39.2. Motorway distribution channel sales increased by 3% to m€ 33.6, offsetting a decrease of shopping centre sales to m€ 5.3 from m€ 5.7 that was caused by weak economies in the Netherlands and neighbouring countries.

EBITDA decreased to m€ 1 from m€ 1.3 and declined as a percentage of sales to 2.6% from 3.4%, as a result of increased personnel costs and hourly wage rates.

Investments totalled m€ 3.

The Group's entry into the Belgian railway distribution channel with the awarding of the contract for food and beverage services at Namur and Antwerp train stations, is of considerable importance, with the latter considered to one of the most important hubs of the high speed Paris-Brussels-Amsterdam train line, due for completion in 2005.

During 2002, a unique business structure was implemented for these two countries, under the guidance of Autogrill France management, which will provide for the optimisation of synergies made possible because of their geographic proximity, including the centralisation of management and administrative services.

Spain

The Group deemed a presence in the Spanish railway distribution channel to be of great strategic importance, and accordingly acquired a 70% share in Receco SA on 13 March 2002 for m€ 17, with an option to acquire the remaining share.

Receco SA operates food and beverage outlets in train stations, primarily at the country's three high-speed train stations - Madrid (Atocha), Seville and Cordoba, with average contract duration of 15 years. The Spanish government is committed to developing the country's high-speed train network over the coming years, with annual passenger numbers set to rise from the current 6 million to 37 million by 2010.

An outlet was also opened at Santander airport.

Sales increased by 18.5% to m € 78.7. Excluding sales generated by newly consolidated subsidiaries, which increased by 15%, sales rose 6% to m€ 70.4, despite the closure of several outlets for renovation works.

EBITDA decreased to m€ 7.9, dropping as a percentage of sales to 10.1% from 11.3%, as a result of higher personnel costs and new concession fees that were not fully offset by increased sales arising from newly renovated major motorway outlets.

Investments increased by a significant m € 5.6 to m€ 12.3, of which 85% arose from the development works at motorway distribution channel outlets located at Sagunto, Hospitalaet and Villacastin and the opening of three new Autogrill outlets in the Madrid Atocha train station.

Switzerland

All Autogrill Swiss operations results are expressed in millions of Swiss Francs, represented by the symbol mSFR, in order to eliminate the impact of exchange rate movements.

Sales decreased by 32% to mSFR 198.7, due primarily to the disposal of non-core operations, which had generated sales of mSFR 71.3 in 2001.

Analysis by distribution channel highlighted contrasting performances:

- Motorways: Sales amounted to mSFR 75.9, virtually unchanged on the previous year, due to two factors: a drop in tourist numbers due to a lack of snow during the winter season and a drop in visitors from neighbouring countries in light of the strong performance of the Swiss franc
- Airports: Sales decreased by 12.1% to mSFR 64.6, due to the fall in traveller numbers caused by the collapse of Switzerland's major airline. Passenger numbers fell 14.6% on last year and 20% on 2000 (source: Unique - Flughafen Zurich AG)
- Railway stations: Sales decreased by 32% to mSFR 16.8, due to the closure of some outlets for renovation works and new concepts introductions scheduled for 2003 (at Bern in particular)

The significant decline in sales had a negative impact on Swiss operations profitability, which reported a negative EBITDA of mSFR 0.2 for the year. Radical management changes have been implemented and the business has been reviewed again with a view to addressing the combined impact of poor local economic conditions and a rigid cost structure.

Swiss operations currently have the lowest profit margins and highest hourly labour costs for the Group. This will be addressed through the implementation of a cost reduction plan, which will focus on marginal outlet disposals, product mix increases and supply chain centralisation.

Measures have been introduced to improve operating efficiency, and the business model for food and beverage outlets is being simplified. The economic situation is being closely monitored, as are traffic figures for Zurich, to allow for quick intervention and a significant recovery for 2003.

Investments decreased to mSFR 17.3 from mSFR 31.1 for 2001, when the Group acquired new activities, some of which required resources beyond those needed for ordinary operation. Development and rebranding activities, like those carried out at the Pieterlen motorway outlets, accounted for 90% of investments.

Acquisition goodwill was written down by m € 13, in order to reflect the above described performances and the uncertainty regarding the prospects of the reorganisation plan for a recovery of profitability levels to a sufficient extent that would enable the Group to recoup its investments in this country.

Austria

Sales remained largely unchanged at m € 21.9, despite a weak economic environment, due to initiatives undertaken to improve product mix in both the retail and food and beverage segments. The renovation works at the Matrei outlet alongside the Brenner motorway are of particular significance, as products and services found at Autogrill Italian service areas are being introduced here.

The increase in personnel costs led to a significant drop in EBITDA, which decreased from m€ 0.2 to negative m€ 1.5.

The overall performance was impacted by the negative performance of certain locations. In view of the remaining duration of the concessions concerned, assets were written down by m€ 0.9.

Investments totalled m€ 2, and related to the Matrei outlet renovation works.

Germany

Sales decreased to m€ 7.8 from m€ 11.4, reflecting a drop in tourist numbers due to a lack of snow during the winter season and the closure of two outlets in Northern Germany in March 2002.

EBITDA improved modestly, to a negative m€ 1.0 from a negative m€ 1.4, due to the poor sales performance.

Investments totalled m€ 0.2.

Greece

Sales increased by 22% to m€ 7.2. Both of the Group's distribution channels reported sales growth: motorway distribution channel sales increased by 16.9% to m€ 4.1, while sales at Athens airport outlets jumped 30% to m€ 3.1.

EBITDA increased to m€ 0.8 from m€ 0.7, and now account for 11.5% of sales.

Investments totalled m€ 0.2.

Analysis of Sales by Distribution Channel

Autogrill Group also analyses its sales on a distribution channel basis as follows:

	Autogrill (Europe)				HMSHost (North America)				Group			
			% Change				% Change				% Change	
(Mio Euro)	2002	2001	Gross	Net FOREX	2002	2001	Gross	Net FOREX	2002	2001	Gross	Net FOREX
Motorways	1.176,4	1.150,6	2,2%	2,1%	416,2	354,2	17,5%	24,1%	1.592,7	1.504,8	5,8%	7,1%
Airports	79,0	83,0	-4,8%	-6,5%	1.300,4	1.289,8	0,8%	6,4%	1.379,4	1.372,8	0,5%	5,6%
Train Stations	86,6	80,7	7,4%	6,6%	-	-			86,6	80,7	7,4%	6,6%
Other	198,3	242,7	-18,3%	-19,0%	58,9	65,5	-10,2%	-5,2%	257,1	308,2	-16,6%	-16,2%
Total Sales	1.540,3	1.557,0	-1,1%	-1,4%	1.775,5	1.709,5	3,9%	9,6%	3.315,8	3.266,5	1,5%	4,2%

Motorways

Motorway distribution channel sales accounted for 47% of the Group’s 2002 sales.

On a like-for-like basis, these sales increased by 7.1% to m€ 1,592.7, with varying performances across the various geographic regions served by the Group.

France and Spain achieved the best European regional performances in 2002, with sales increases of 7.7% and 5.7% respectively, reflecting improvements made to the product mix and renovation works at outlets. Sales in Switzerland remained largely unchanged, due to negative external factors including the lack of snow during the winter season and reduced consumer spending. These factors also affected Italy, as did the closure of major city centres to motor vehicle traffic in January 2002, limiting the sales increase there to just 2.4%.

In North America, sales increased by 24.1% and by 9.1% when sales from the newly acquired Canadian subsidiary are excluded. HMSHost recently renovated four New Jersey turnpike outlets achieved outstanding performances, with sales up more than 50% over 2000 levels.

Airports

Airport distribution channel sales accounted for 42% of the Group’s 2002 sales.

Sales amounted to m € 1,379.4, with over 90% generated from HMSHost North American operations. 2002 sales increased by 6.4% on a constant exchange rate basis and by 9% on a constant outlet number basis over the last two years. These results were all the more impressive given the 4.6% drop in North American air passenger numbers relative to 2001 levels (source: ATA).

These results reflect the soundness of choices made by HMSHost regarding the introduction of branded products and the company’s readiness to adapt their product mix and business models to the prevailing economic environment. Sales at outlets in other countries’ airports (namely Italy and Switzerland) were also adversely impacted by the air traffic crisis arising that followed the events of September 11th.

In Italy in particular, sales remained largely unchanged since last year, while passenger traffic numbers in the airports where the Group has a presence also remained largely unchanged from 2001, down 0.6%, while an increase of 1.4% was noted in Italy as a whole (source: Assoaeroporti).

Passenger numbers in Switzerland were affected by the financial crisis resulting from the failure of Switzerland’s national airline, which caused a significant drop in air traffic at Zurich, the country’s principal airport: a decrease of 14.6% on last year and 20% on the 2000 figures (source: Unique – Flughafen Zurich AG). Against this backdrop, sales fell by almost 12%.

Train Stations

Sales increased 6.6% on a constant exchange rate basis to m€ 86.6, reflecting the acquisition of Receco SA in Spain and the good performance achieved by train station outlets in France and Italy.

The acquisition of the Spanish company Receco SA, which operates exclusively on the Spanish high-speed train networks, is of particular strategic importance for the development of this channel across Europe, where the Group already has a presence in France, Italy and Switzerland. In fact, with the new Spanish acquisition and those in France, the Group will be in a perfect position to benefit from the future development of Europe’s high-speed infrastructure.

In France, sales increased by 6.0%, boosted by the figures from the newly acquired locations and renovation works undertaken at high-speed train network outlets.

In Italy, the opening of new outlets at the Roma Termini train station, the first Italian station to be renovated as part of the Group’s major train stations project, boosted sales there by 25.9% in 2002.

Other

Other activities sales decreased by 16% on a constant exchange rate basis to m€ 257.1, primarily as a result of the disposal of Swiss subsidiary non-core activities at the end of 2001 and the focusing on more profitable outlets.

Other Information

Research and Development

Reflecting the nature of the Group's activity, investments are made in the area of innovation, product evolution and the development of quality operations. The Group per se carries out no scientific research.

Related party transactions

Related party transactions are summarised below in accordance with Article 2359 of the Italian Civil Code and International Accounting Standard 24.

Related party transactions are completed under normal market conditions in the conduct of the Group's ordinary business.

Transactions between Autogrill Group and its holding company (Edizione Holding SpA)

Edizione Holding SpA has a 57.09% controlling ownership interest in the Group's Parent Company, Autogrill Spa, with the remaining shares held by Italian and international institutional investors, individual shareholders and Group employees.

During the first half of 2002, relations with Edizione Holding SpA almost exclusively concerned the participation in a Group insurance plan in order to limit costs relating to specific risks. In addition, following its merger with Edizione Property SpA, Edizione Holding SpA became a lessee of a sales office space in the process of being refurbished. The Autogrill SpA receivable relates to rebilled charges relating to this sales office space.

(m€)	Edizione Holding SpA
Income Statement	
Services expenses	44
Rental expenses	43
Balance Sheet	
Trade accounts receivable	31
Trade accounts payable	126

Income Statement and Balance Sheet amounts arising from transactions between Autogrill Group and Edizione Holding Spa for the financial year ending 31 December 2002 are as follows:

Transactions between Autogrill Group and related companies

(m€)	Benetton Group SpA	Verde Sport
Income Statement		
Sales		50
Other operating revenues		2
Purchases	63	
Services expenses		36
Rental expenses	22	
Balance Sheet		
Trade accounts payable	7	
Trade accounts receivable		30

Transactions between Autogrill Group and Edizione Holding SpA related subsidiaries can be summarised as follows:

- Benetton Group SpA provides uniforms for Autogrill SpA sales personnel and facilities for business meetings and shareholders' meetings.
- Verde Sport SpA manages restaurant services at the Treviso sports centre as franchisee of Autogrill .

There are no other significant relations between Autogrill Group and related Edizione Holding SpA subsidiaries.

In Edizione Holding SpA holds an 18% and 12.6% ownership interest respectively Concessioni e Costruzioni Autostrade SpA and Grandi Stazioni SpA, are disclosed where relevant.

Pursuant to the 1988 agreement, modified in 1996, the Autostrade Group, which manages 48% of the Italian motorway network, granted direct concessions to Autogrill SpA for restaurant and non-oil retail services at 93 service areas, 9 of which are held by franchisees. Direct sales to Autogrill SpA customers amounted to m€ 311 million in 2002.

Autogrill SpA and Autogrill Cafe Ltd operate restaurants on a sub-concession basis from Grandi Stazioni SpA, in the Roma Termini train station.

(m€)	Autostrade SpA	Grandi Stazioni SpA
Income Statement		
Sales	7	
Other revenues	579	
Services expenses	1.008	
Rental expenses	20.690	774
Balance Sheet		
Trade accounts receivable	11.281	
Trade accounts payable	490	143

Corporate Governance Statement

Autogrill produces an annual Corporate Governance Statement reporting on its compliance with the Corporate Governance Principles, as set by the Italian Stock Exchange (Borsa Italiana SpA) for companies listed on it and as set by international best practice. The annual statement is filed with the Italian Stock Exchange and is published on the Group's website.

Autogrill SpA Board of Directors acknowledged receipt of the Group's 2003 Corporate Governance Statement on 25 February 2003, which details the structures and systems established to ensure compliance

These structures and systems are summarised as follows:

Board of Directors

- Responsibilities and Operation

The Board of Directors meets regularly (nine meetings during 2002 with a similar number of meetings planned for 2003). They are the highest level of authority in the Group, and are responsible for strategic and organisational policy. The Board also ensures that adequate systems are in place to monitor the company's performance.

Information is regularly provided to the Board on operations completed, including those with third parties and those arising from the exercise of delegated powers, in compliance with the form and substance of established procedures and guidelines.

- Composition

The Board currently includes four independent non-Executive Directors: Giorgio Brunetti, Antonio Bulgheroni, Marco Desiderato and Gaetano Morazzoni. The Board assesses each Director's independence based on information provided to it by each Director.

Moreover, pursuant to Article 1.3 of the Italian Stock Exchange's (Borsa Italiana SpA) corporate Governance requirements, the Board of Directors reviews each year the Board of Directors and Board of Auditors appointments held by the company's Directors in other listed companies, banks, financial or insurance companies or other large companies, and lists these in the Operations Report.

Committees of the Board of Directors

- Remuneration Committee

The Remuneration Committee is comprised of non-executive directors, responsible for overseeing the Company's remuneration system and the creation of shareholder value. They are also responsible for the formulation of proposals to the Board regarding the remuneration of the Chief Executive Officer and Executive Directors. The Committee is also provided with information concerning the remuneration of other Group senior executives.

On 24 April 2002, the following Directors were appointed to the Remuneration Committee: Gianni Mion (Chairman), Antonio Bulgheroni and Sergio Erede. Following the resignation of Mr. Gianni Mion, the Chairman of the Board of Directors, Gilberto Benetton, was appointed as Chairman of the Remuneration Committee by the Board of Directors.

- Audit Committee

The Audit Committee is comprised of independent non-executive, directors. They have an advisory and consultative role, and are responsible for assessing uncertainties and recommending necessary courses of action in order to ensure that the Group's activities are properly controlled.

The Audit Committee performs the following duties:

(a) Assists the Board of Directors in their performance of a periodic review of the suitability and effectiveness of the Internal Audit function, with the involvement of the Group's Chief Internal Auditor, in order to ensure that the Group's major risks are properly identified and managed.

(b) Reviews the audit plans regularly submitted by the Internal Auditor to the Board, as well as the Group Internal Audit Reports that follow.

(c) Reviews, together with the Statutory Auditors and appropriate senior managers, the appropriateness of the accounting principles adopted and their consistent application in the preparation of consolidated financial statements.

(d) Reviews the proposed work of the Statutory Auditors.

(e) Reports to the Board of Directors at least once every six months, on duties performed and the appropriateness of the internal control system.

The Board of Directors have appointed Giorgio Brunetti (Chairman), Marco Desiderato and Gaetano Morazzoni to the Audit Committee.

Confidential Information and Group Relations with Key Individuals

- Confidential Information

A Confidential Internal Information Management Policy has been implemented, regarding the following matters:

(i) The prompt release of information to the Group's Investor Relations and Public Relations Units when such information could impact on the Company's share price.

(ii) Responsibility for the aforementioned procedure, for releasing information to the general public, subject to approval by the Chief Executive Officer.

(iii) Responsibility for the Public Relations Unit with regard to the Group's website and its regular updating.

The Group adopted the ten principles contained in the "Market Information Guidelines" issued by the Italian Stock Exchange, pursuant to all current legislation and regulations.

- Insider Trading Code

On 6 November 2002, the Board of Directors approved the Group's Insider Trading Code, thereby implementing guidelines issued by the Italian Stock Exchange on these matters.

The Code identifies key personnel and specifies that their obligations to inform the Company, through the Director of Legal and Corporate Affairs, regarding completed Company share transactions to which they are a party, within the limits set by the Code. The Company is committed to publishing promptly the details of all share transactions exceeding € 250,000 in value as well as publishing within three months the details of all share transactions valued at € 50,000 or more.

The rules of the Code lay out binding arrangements, which may result in sanctions in the event of non-compliance.

- Investor, Financial Analyst and Other Company Relations

The Group's commitment to initiate and maintain continuous communication with shareholders, and in particular with financial analysts and institutional investors, led to the establishment in 1997 of its Investor Relations Unit. The latter works with Company executive management in order to publish financial and business information and hold regular meetings with investors and analysts.

Board of Auditors

Pursuant to Article 58/1998 of the Italian Civil Code, the Company has included in its bylaws a provision allowing for the election of a minority shareholder representative to the Board of Auditors. The Board of Directors have certified that the current members of the Board of Auditors have discharged their legal obligations.

Internal Controls

The Board of Directors is responsible for the Group's internal control systems, setting internal control policies, overseeing the management of business risks and verifying the effective operation of internal control systems on a regular basis, assisted by the Audit Committee and Internal Audit.

Since 2001, the Group Chief Internal Auditor now directly reports to the Chief Executive Officer.

Internal controls systems are designed to achieve the following objectives:

a) to certify the efficiency and effectiveness of company procedures;

b) to ensure the accuracy and reliability of accounting records and the safeguarding of Group assets;

c) to ensure that internal and external regulations are implemented and complied with.

The Group's Internal Control Systems are structured thus:

a) Each Group company and operating unit is responsible for establishing and maintaining controls over its own operations and activities;

b) Group Internal Audit is responsible for ensuring that these controls are complied with.

Group Internal Audit reports are discussed on a timely basis with the Chief Executive Officer and other executive management and on a quarterly basis with the Audit Committee and the Board of Auditors, which are responsible for overseeing the Group's internal controls system, pursuant to Article 149 of the Legislative Decree 58/98 of the Italian Civil Code.

Internal Control Systems are complemented by Group policies and directives, which prescribe timely reporting, investment expenditure authorisations and the handling of all matters relating to share prices. The presence of the members of the executive management team of the Board of Directors of Group companies is the final component of the Group's management and internal controls systems.

The Parent Company appoints the Statutory Auditors of its choice to audit the financial year financial statements of its subsidiaries.

Code of Ethics

On 6 November 2002, the Board of Directors approved the Autogrill Group Code of Ethics, which defines the principles and values that must be upheld in the behaviour of each Group employee.

The Code of Ethics, within the framework of previously described systems and structures, is a component of the Organisation and Management Model specified in Article 6 of the Legislative Decree 231/2001 of the Italian Civil Code.

Shareholdings by Directors and Auditors in Autogrill Group Companies

		Number of shares held			
Name	**Autogrill Group Company**	**At 31 Dec. 2001**	**Purchased**	**Sold**	**At 31 Dec. 2002**
Livio Buttignol	Autogrill SpA	129.250	-	-	129.250
	Holding de Participations Autogrill Sas	1	-	1	-
	Autogrill Coté France SA	1	-	-	1
	Autogrill Restauration Services SA	1	-	-	1

Other Directorships and Board of Auditor Appointments held by Directors

Pursuant to Article 1.3 of the Code for Corporate Governance, reviewed in July 2002 by Autogrill SpA's Committee for Corporate Governance, the following members of the Board of Directors held Directorships or Board of Auditor positions in other listed companies, including those listed on foreign markets, including financial and insurance companies, banks and other large companies:

- Gilberto Benetton
- Alessandro Benetton
- Giorgio Brunetti
- Antonio Bulgheroni
- Marco Desiderato
- Sergio Erede
- Gianni Mion

Treasury Shares

At 31 December 2002, neither the Parent Company nor its subsidiaries held any shares in the Parent Company or in the holding company that controls it, nor did it acquire or dispose of such shares during 2002.

Significant Post-Balance Sheet Events

New Chief Executive Officer

The Board of Directors on 24 March 2003, resolved to strengthen the group management team through the appointment of a Vice Chairman who is responsible for institutional investors and shareholder relations. The former Group's Chief Executive Officer took over the new position.

The Board of Directors also accepted the resignation of Gianni Mion as Director, and appointed Gianmario Tondato da Ruos as Chief Executive Officer.

The resolution was taken also with the aim to accelerate the measures already introduced to strengthen Group operational unity and merge the expertise developed in two continents in order to repeat that positive impact and give an adequate weight to the relationship between the Group and the shareholders.

Concession Renewals

The Group wants to leverage on the successful experience made in the U.S.A. with the initiatives taken to tackle the effects of September 11th events and targets the renewal of concession agreements in Italy, under positive regulatory and market conditions.

In particular, a significant number of the smaller beverage outlets (autobars) located alongside Italian motorways, will be up for renewal at the end of 2003 and during 2004. Sales generated from these outlets account for about 3.5% of Group sales.

The Group has been preparing for this competition, where it will compete against current competitors and new operators from other markets by redefining its outlet portfolio and by revising its outlet concepts, product range and management methodology.

After considering several strategic alternatives, the Group has elected for the time being not to expand its presence in the oil distribution market, given its current state.

Recent Concession Awards to the Group and Other Business Developments

The current analysis of opportunities and threats indicates that there will be possible alternatives and dematurity prospects which will foreshadow a possible arbitrage between increased competitive, increased consumer spending and improved outlet efficiency.

The Group's ability to improve market penetration once again during 2002 (Italian market 8.3%, other European countries average market penetration: 1.8%), demonstrates the success of the Group's ability to deliver attractive product and product mixes yielding ever increasing profit margins relative to products on offer outside of motorways, and on the existence of tolls and barriers.

Since the year-end, the Group has won the following contract renewals:

Italy

The Group has been awarded a first lot of motorway concessions, comprising three service centres, which is expected to generate m€ 35 in sales over the duration of the contract.

The Group also saw its Milan Linate airport concession contract renewed, which is expected to generate m€ 30 in sales over the duration of the contract.

Other countries

On 1 February 2003, the Group indicated its intent to exercise its bond conversion option enabling it to acquire a 95% controlling interest in Anton Airfood Inc.

AAI presently serves 11 North American airports and generated 2002 sales of m € 70. At this moment, the Group is putting together an acquisition agreement, which will define, among other things, the consideration and payment process as well as the transfer of title ownership process.

Also during this time, the Group has presented its bid for the management of food and beverage concessions at Zurich airport's new concept air-side centre and in their existing terminals. Bids are now being assessed, with the Group positioning its offer in order to maximise its chances of operating success.

Financing Activities

On 23 January 2002, the Group's US subsidiary, HMSHost issued m$ 370 in bonds guaranteed by Autogrill SpA in three lots

- Lot 1: m$ 44, term: 7 years, fixed rate: 5.38%, US govt. bond basis points spread: 185
- Lot 2: m$ 60, term: 8 years, fixed rate: 5.66%, US govt. bond basis points spread: 190
- Lot 3: m$ 266, term: 10 years, fixed rate: 6.0%, US govt. bond basis points spread: 195

The issue restores market trust and allows for the optimisation of borrowings and the maximisation of flexibility as the next round of contract renewals approaches.

Italian Competition Authority Investigation

During 2002, the Italian Competition Authority (ICA) ruled against a proposed partnership arrangement with an Italian competitor, even though this proposal incorporated pro-competition features.

In conjunction with this ruling, the ICA has sought to establish whether there exist any unlawful arrangements between Autogrill and the competitor concerned.

The ICA also examined Edizione Holding, regarding alleged commitment violations and the provision of potentially misleading information to Autogrill.

The ICA is in the process of investigating the first matter while the second matter is under legal review.

Autogrill is confident that the ICA investigation will find its actions fully transparent and its compliance with laws governing its operations and its relations with competitors and customers to be beyond reproach.

The ICA is expected to conclude its investigation and announce its findings before the end of the first half of 2003.

2003 Financial Year Outlook

The Group's 2003 budget and business plan have been prepared and structured in order to ensure a continuation of the Group profitability growth, which has steadily improved by an average 50 basis points over the past three years.

In addition to the ongoing goals it has set itself regarding market penetration, average consumer spending and productivity, Autogrill Group will focus on the following key areas in 2003:

a) Return to profitability of Swiss operations

b) A more aggressive positioning for under-performing French outlets

c) Disposal of marginal non-core distribution channel outlets

d) Flexible evolution of outlets portfolio through renewals, currently in progress.

Prospects for improved profitability in 2003 remain, despite the continuing poor economic conditions and reduced consumer spending.

Emergency plans have also been devised to reduce the impact of any oil crisis and mobility reduction that may arise from events in Iraq.

In light of the uncertainties relating to the above scenarios and the broad range of possible outcomes, we are unable at this time to issue financial forecasts with any degree of comfort. We shall continue on an ongoing basis to monitor events and revise our budget and business plan accordingly.

Autogrill Group
Consolidated Financial Statements
for the Financial Year ending 31 December 2002

Autogrill Group Consolidated Balance Sheet at 31 December 2002

Translation from the original in Italian

(in k€)

ASSETS	12.31.2002	12.31.2001	Change
A) Amounts due from stockholders for shares subscribed but not called			
B) NON-CURRENT ASSETS			
I - Intangible Assets			
1) Incorporation and start-up costs	412	260	152
4) Concessions, licences and brands	39.993	23.523	16.470
5) Goodwill	547.312	695.692	(148.380)
5 bis) Consolidation difference	247.016	266.213	(19.197)
6) Assets under development and advances	3.915	5.756	(1.841)
7) Other:			
a) Leasehold improvements	225.838	271.247	(45.409)
b) Other	22.972	23.612	(640)
Total Intangible Assets	**1.087.458**	**1.286.303**	**(198.845)**
II -Property, Plant and Equipment			
1) Land and buildings	107.296	113.095	(5.799)
2) Plant and machinery	65.269	56.037	9.232
3) Commercial and operating equipment	118.814	138.721	(19.907)
3 bis) Freely transferable assets	105.345	94.169	11.176
4) Other	9.325	14.110	(4.785)
5)Assets under construction	88.668	70.494	18.174
Total Property, Plant and Equipment	**494.717**	**486.626**	**8.091**
III - Financial fixed assets			
1) Equity investments in :			
b) associated companies	19.485	12.903	6.582
c) other companies	450	941	(491)
2) Financial receivables :			
b) from associated companies	38.225	45.665	(7.440)
d) from others			
* current	1.449	1.649	(200)
* non-current	67.101	23.454	43.647
Other securities	307	828	(521)
Total financial fixed assets	**127.017**	**85.440**	**41.577**
TOTAL NON-CURRENT ASSETS	**1.709.192**	**1.858.369**	**(149.177)**
C) CURRENT ASSETS			
I - Inventory	**87.943**	**90.292**	**(2.349)**
II - Receivables			
1)Trade accounts receivable	60.991	70.123	(9.132)
3) Associated companies	486	1.342	(856)
5) Other receivables			
a) deferred tax assets			
* current	32.080	38.393	(6.313)
* non-current	130.162	117.775	12.387
b) Other receivables	64.347	52.640	11.707
Total Receivables	**288.066**	**280.273**	**7.793**
III - Financial assets not held as fixed assets: other securities	**2.098**	**2.913**	**(815)**
IV -Bank and Cash			
1) Bank balances	122.423	213.742	(91.319)
3) Cash balances	47.583	58.131	(10.548)
Total Bank and Cash	**170.006**	**271.873**	**(101.867)**
TOTAL CURRENT ASSETS	**548.113**	**645.351**	**(97.238)**
D) PREPAID EXPENSES & ACCRUED INCOME			
a) Bond discounts	95.587	102.974	(7.387)
b) Prepaid expenses and accrued income	31.088	30.958	130
TOTAL PREPAID EXPENSES & ACCRUALS	**126.675**	**133.932**	**(7.257)**
TOTAL ASSETS	**2.383.980**	**2.637.652**	**(253.672)**

Autogrill Group Consolidated Balance Sheet at 31 December 2002

Translation from the original in Italian

(in k€)

EQUITY AND LIABILITIES	12.31.2002	12.31.2001	Change
A) EQUITY			
I) Share capital	132.288	132.288	-
II) Additional paid-in capital	-	-	-
III) Revaluation reserve	-	13.618	(13.618)
IV) Legal reserve	1.712	1.712	-
V) Reserve for treasury stock	-	-	-
VI) Statutory reserves	-	-	-
VII) Other reserves	77.678	81.339	(3.661)
VIII) Retained earnings	-	-	-
IX) Net income (loss)	7.463	(12.852)	20.315
Total equity of the group	**219.141**	**216.105**	**3.036**
Minority interest	**17.689**	**20.182**	**(2.493)**
TOTAL EQUITY	**236.830**	**236.287**	**543**
B) PROVISION FOR LIABILITIES AND CHARGES			
1) Provision for pension and similar benefits	10.552	12.933	(2.381)
2) Deferred tax liability and other tax provisions	61.888	61.049	839
3) Other provision	33.172	35.972	(2.800)
Total Provisions for Other Liabilities and Charges	**105.612**	**109.954**	**(4.342)**
C) Provision for Employee Termination Benefits	**91.336**	**86.851**	**4.485**
D) LIABILITIES			
2) Convertible bonds	471.055	471.055	-
3) Borrowings from banks :			
* current	464.710	91.888	372.822
* non-current	332.768	956.896	(624.128)
4) Other borrowings			
* current	4.151	6.045	(1.894)
* non-current	6.500	6.981	(481)
5) Advances	353	474	(121)
6) Trade accounts payable	444.343	433.242	11.101
9) Payables - associated companies	4.597	5.656	(1.059)
10) Payables - parent companies	125	35	90
11) Tax liabilities	32.608	29.746	2.862
12) Social security liabilities	17.176	15.931	1.245
13) Other:			
* current	139.820	129.664	10.156
* non-current	8.702	29.098	(20.396)
TOTAL LIABILITIES	**1.926.908**	**2.176.711**	**(249.803)**
E) ACCRUED EXPENSES & DEFERRED INCOME	**23.294**	**27.849**	**(4.555)**
TOTAL EQUITY AND LIABILITIES	**2.383.980**	**2.637.652**	**(253.672)**

MEMORANDUM ACCOUNTS			
Unsecured guarantees	**32.204**	**26.793**	**5.411**
Secured guarantees			
* payables posted on the balance shet	49.354	15.742	33.612
Purchase and sale commitments	**869.529**	**1.024.696**	**(155.167)**
Other Commitments	**40.775**	**41.711**	**(936)**
TOTAL MEMORANDUM ACCOUNTS	**991.862**	**1.108.942**	**(117.080)**

Autogrill Group Consolidated Income Statement for the financial year ending 31 December 2002

Translation from the original in Italian

(in k€)	2002	2001	Change
A) OPERATING REVENUES			
1) Sales	3.356.307	3.295.401	60.906
5) Other revenues	88.879	76.226	12.653
Total Revenues	**3.445.186**	**3.371.627**	**73.559**
B) OPERATING COSTS			
6) Cost of merchandise for resale and supplies	1.177.127	1.155.212	21.915
7) Cost of services	339.994	315.951	24.043
8) Lease, rental and royalty charges	454.144	442.218	11.926
9) Personnel costs			
a) Wages and salaries	821.022	837.847	(16.825)
b) Social security charges	140.567	133.670	6.897
c) Employee termination benefits	15.740	15.066	674
d) Pension and similar obligations	868	2.440	(1.572)
e) Other	52.729	50.300	2.429
10) Depreciation, amortisation and writedowns			
a) Intangible assets amortisation	173.702	182.212	(8.510)
b) Tangible assets depreciation	86.487	88.005	(1.518)
c) Tangible and Intangible assets writedowns	14.121	2.636	11.485
d) Current receivables writedowns	6.656	4.861	1.795
11) Change in inventory	(3.738)	(635)	(3.103)
12) Provisions for liabilities and charges	5.701	1.412	4.289
13) Other provisions charges	3.302	6.060	(2.758)
14) Other operating costs	41.437	36.862	4.575
Total Operating Costs	**3.329.859**	**3.274.117**	**55.742**
OPERATING PROFIT (A-B)	**115.327**	**97.510**	**17.817**
C) FINANCIAL INCOME AND COSTS			
15) Equity investments income	140	200	(60)
16) Other financial income:			
a) Financial receivables	2	8	(6)
b) Securities included in fixed assets	59	203	(144)
c) Marketable securities	2.121	2.914	(793)
d) Other financial income	44.842	88.577	(43.735)
17) Interest and other financial expenses paid to:			
a) Financial institutions	(25.684)	(44.318)	18.634
c) Third party	(7.546)	(11.583)	4.037
d) Other	(55.397)	(91.302)	35.905
Total Net Finance Costs	**(41.463)**	**(55.301)**	**13.838**
D) FINANCIAL ASSET WRITEDOWNS			
18) Revaluation of equity investments:	783	-	783
19) Writedowns of:			
a) equity investments	(8.087)	(1.139)	(6.948)
c) other marketable securities		(47)	47
Total net financial asset writedowns	**(7.304)**	**(1.186)**	**(6.118)**
E) EXCEPTIONAL ITEMS			
20) Income	21.487	1.502	19.985
21) Expenses	(20.220)	(21.016)	796
Net Exceptional Income/(Expenses)	**1.267**	**(19.514)**	**20.781**
PROFIT/(LOSS) BEFORE TAX	**67.827**	**21.509**	**46.318**
Income tax	(55.051)	(29.212)	(25.839)
PROFIT/LOSS BEFORE MINORITY INT.	**12.776**	**(7.703)**	**20.479**
Minority Interest	5.313	5.149	164
NET PROFIT/(LOSS)	**7.463**	**(12.852)**	20.315

Notes to the Consolidated Financial Statements

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Italian Legislative Decree 127/1991, Section III, which applies EEC Directive VII.

The Notes serve to provide an overview, analysis and, in some cases, breakdown of figures presented in the financial statements. They also contain the information required by Article 38 and other provisions of the Legislative Decree 127/1991.

Valuation methods and principles used in the preparation of the consolidated financial statements for the financial year ending 31 December 2002 are consistent with those used to prepare the consolidated financial statements for the financial year ending 31 December 2001.

Furthermore, the consolidated financial statements for the financial year ending 31 December 2001 have been subject to reclassifications in order that they be consistent with the consolidated financial statements for the financial year ending 31 December 2002, with these reclassifications having no significant impact on the Group's net asset position or net profit/loss results for the periods concerned.

The following items were subject to reclassifications, the details of which are discussed in the applicable notes:

- *Other operating revenues and cost of merchandise for resale and supplies* to reflect the netting of suppliers' bonuses against the cost of merchandise for resale and supplies.

All values in the notes are expressed in thousands of Euros represented by the symbol k€.

GROUP ACCOUNTING AND REPORTING POLICIES

Overview of Group Activities

Autogrill SpA, directly and through subsidiary companies, operates food, beverage and retail outlets throughout the world to serve people on the move, including *Quick Service Restaurants* at locations experiencing high customer traffic flow.

Consolidation Scope

Pursuant to Article 26 of Legislative Decree 127/1991, the consolidated financial statements incorporate the financial statements for the financial year ending 31 December 2002 of Autogrill SpA, the Group's Parent Company, as well as all the financial statements of companies which the parent company controls by virtue of its direct and indirect holding of the majority of their voting rights, or by virtue of its exercise of dominant influence in these companies. The latter is the case for the Group's investments in Soborest SA, Sorebo SA, Soberest SA and Volcarest SA, which are treated as subsidiaries and consolidated, to reflect the Group's near 50% stake in these companies' equity and the Group's management of their operations.

HMSHost Corp. and its subsidiaries' financial year closes on the Friday nearest to 31 December, and consist of 13 4-week accounting periods (except, possibly, the last). Thus, their financial statements cover the periods 28 December 2001 to 3 January 2003 and 30 December 2000 to 28 December 2001.

Similarly, Autogrill Nederland BV and its subsidiaries' financial statements incorporated in the consolidated financial statements cover the periods 1 January 2002 to 31 December 2002 and 28

December 2000 to 31 December 2001, reflecting the change in year–end to 31 December from the nearest Wednesday to this date.

A listing of consolidated companies is presented in Appendix 1 to the Notes.

The presentation of the financial statements of subsidiaries has been modified as necessary so that its presentation is consistent with the principles of the Parent Company.

Companies included in the consolidation scope for the first time include: Autogrill Participaciones SA, established on 1 March 2002, whose sole activity is to act as a holding company for Receco SA (Restauraciòn de Centros Comerciales), and SMSI Travel Centres Inc., with the latter two companies accounting for 2.1% of Group sales. Autogrill Schweiz AG had its consolidation scope changed due to the disposal of Passaggio Rail, with a consequent reduction of 1.1% of Group sales. Moreover, the Group increased its ownership stake in various French companies by acquiring shares from third parties, with no significant impact on consolidated results.

Companies in which the Group acquired control had their full-year results incorporated in the consolidated financial statements, except when pre-acquisition results were significant, in which case they were reversed and reported in a separated line. No pro-forma financial statements are presented given the insignificant impact arising from the changes in consolidation scope. Where relevant, the impact of the changes in consolidation scope is disclosed in the individual Notes.

Impact on Group assets and liabilities of subsidiaries acquisition

(m€)	Receco SA	SMSI Travel Centres Inc
Non-current assets	1,4	0,6
Net working capital	(0,6)	(3,8)
Net capital employed	0,8	(3,2)
Group equity	1,1	3,7
Minority interest	0,5	-
	1,6	3,7
Non-current borrowings	-	-
Net current borrowings	(0,8)	(6,9)
Total borrowings	(0,8)	(6,9)
Total equity, minority interest and borrowings	0,8	(3,2)
Acquisition cost	17,1	40,9
Initial consolidation difference	16,0	37,2
Amount allocated to specific assets	-	37,2
Amount allocated to consolidation difference	16,0	-
Average duration of concessions	15	10

The consolidation difference related to the acquisition of Receco - not allocated to any specific assets - is amortised over the average remaining life of the concession at the date of acquisition..

During the second half of 2002, the Group acquired a 21.6% stake in the company Pastarito SpA. The purchase price of m€ 14.9 exceeded the pro-rata share of net assets by m€ 13. This excess was specifically allocated to the Pastarito brand and amortized over a period of ten years from the date of acquisition. An additional write-down of m € 6.1 has been accounted for during 2002. The Group's investment in Pastarito is accounted for using the equity method.

Consolidation policies

The following significant consolidation policies were followed in the preparation of the 2002 consolidated financial statements:

a) Subsidiaries have their financial statements incorporated into the consolidated financial statements using the full consolidation method, resulting in the elimination of the carrying values of these investments held by the Parent Company and other subsidiaries.

   When a subsidiary is consolidated for the first time, any positive differences arising from the consolidation of the subsidiaries' net assets - when not allocated to specific assets - are treated as 'Consolidation difference', an intangible asset, and amortised on a straight-line basis over their useful lives, generally corresponding to the average remaining duration of their concessions. Any negative differences arising are allocated to the equity account 'Consolidation reserve', unless future losses are anticipated, whereby they are allocated to a provision.

b) During consolidation, all intra-Group receivables and liabilities, revenues and expenses and significant value transactions including dividends are eliminated. In addition, inter-Group unrealised capital gains and losses are also eliminated.

c) Accounting entries exclusively related to the application of tax laws are also eliminated.

d) Foreign currency denominated subsidiary financial statements are translated into Euros using the period-end closing exchange rate for Balance Sheet items and the average exchange rate for Income Statement items. Exchange rate differences arising from the translation of opening equity balances and net income/loss using the closing exchange rate are treated as a translation adjustment, and recorded in other reserves, in the equity section of the Balance Sheet.

   The following exchange rates were used to translate foreign currency denominated financial statements into Euros in the preparation of the consolidated financial statements:

	2002 Financial Year		2001 Financial Year	
	Closing	**Average**	**Closing**	**Average**
US Dollar	1,0478	0,9455	0,8813	0,8955
Canadian Dollar	1,6550	1,4838	1,4077	1,3864
Swiss Franc	1,4670	1,4524	1,4829	1,5105

f) Financial statements for all companies included in the consolidation are restated to conform to uniform valuation and presentation principles and methods

VALUATION AND RECOGNITION POLICIES AND METHODS

Significant valuation and recognition policies and methods are applied consistent with those used in the preparation of the 2001 financial year consolidated financial statements. They are as follow:

Intangible Assets

Intangible assets are carried at their acquisition or development cost, including related accessory costs, and are amortised over their estimated useful life. Leasehold improvements costs are amortised over the lesser of the remaining term of the lease and the estimated useful life of the related assets.

Other intangible assets are generally amortised over five years, which corresponds to their estimated useful life. Please refer to the applicable Note for the Group's amortisation policy regarding goodwill, and concessions, licences and brands. Assets affected by a permanent impairment in value are subject to supplementary writedowns in excess of ordinary amortisation. These writedowns may be reversed in later years if the conditions for writedowns no longer apply.

Property, Plant and Equipment (PPE)

PPE are carried at their acquisition or production cost, adjusted for any revaluations, and are depreciated over their estimated useful life according to their class. For freely transferable assets, the tax depreciation rate is used if greater. Assets affected by a permanent impairment in value are subject to supplementary writedowns in excess of ordinary depreciation. These writedowns may be reversed in later years if the conditions for writedowns no longer apply.

Finance Leases

Assets held under finance leases are capitalised as PPE on the Balance Sheet at their underlying contractual value, with an offsetting Balance Sheet liability valued at the present value of the amount of payments to be made over the remaining term of the lease. The finance lease asset is amortised on the same basis as other items in its class and interest charged is expensed in the Income Statement.

Investments

Equity investments in associate companies are recorded using the equity method. Equity investments in other companies are recorded using the cost method, on a LIFO (Last In -First Out) basis, revised annually. Assets affected by a permanent impairment in value are subject to writedowns, which may be reversed in later years if the conditions for writedowns no longer apply.

Inventory

Inventory is carried at the lower of cost (purchase or production and including related accessory costs) and net realisable value. Cost is calculated using the FIFO (First In - First Out) method.

US companies calculate their inventory cost using the retail method, which is appropriate for high turnover inventory and which approximates the FIFO method

Receivables and Liabilities

Receivables are carried at their net realisable value whereas payables are recorded at their nominal value. Gains and losses arising from the translation of non-Euro denominated receivables and liabilities are posted to the Income Statement as a FOREX gain or loss, in accordance with Italian Accounting Pronouncement (IAP) N° 26.

Marketable Securities

Marketable securities are recorded at the lower of cost and market value. Cost is calculated using the LIFO method, revised annually, applying the annual average cost to acquisitions made during the year. Market value is calculated based on the average daily price for the last month. Marketable securities carried at a lower market value may have their values restored to cost in later years if the conditions for writedown to market value no longer apply.

Government bonds and finance paper that the Group intends to hold to maturity, as well as securities deposited as collateral, are classified as non-current investments. These securities are carried at their acquisition cost, adjusted for movements in trading value during the year, reflecting the remaining term period. Securities that may be redeemed early by random draw are adjusted for possible capital losses that may arise.

Accruals and Deferrals

These include revenues and costs relating to two or more financial periods, recorded on an accrual basis. In particular, they concern concession contracts requiring ever-increasing instalments over time, these are standardised over the term of the contract through the charging of specific accrued liabilities.

Provision for Employee Termination Benefits

This represents the amounts owed to employees, in accordance with current applicable laws and agreements, at financial period end.

Other Provisions for Liabilities and Charges

These provisions cover the potential liabilities that the Group may incur, based on reasonable estimates. They include in particular specific provisions for restoration costs, assuming normal maintenance work that is expected to be incurred at the end of contracts currently in force. This is done in order to comply with the obligation to return the freely transferable assets and those assets managed under lease, in accordance with the provisions of law and contractual agreements.

Revenue and Cost Recognition

Revenues arising from the sale of merchandise and costs arising from the purchase of such merchandise are recognised on transfer of ownership. Revenues and expenses arising from services are recognised when rendered. Interest receivable and payable and other revenues and costs are recorded on an accrual basis, along with any related accruals and deferrals.

Income Tax and Deferred Tax

Income tax is recognised by each subsidiary based on current tax provisions applied to a reasonable estimate of taxable income and in accordance with IAP N° 25. This pronouncement incorporates the concept of prudence, whereby deferred tax resulting from timing differences caused by differences in accounting and tax values are recognised, as well as tax losses carried forward and deferred tax relating to consolidation adjustments. Deferred tax incorporates the applicable tax regulations upon the anticipated realisation of the tax, when this information is known.

Derivative Financial Instruments

Derivative financial instruments, which manage risks arising from movements in exchange rates (FOREX) and interest rates (IRS), are classified as Off-Balance Sheet commitments at the time of their signing and are valued at their nominal amount. In particular, FOREX contracts are carried at their corresponding Euro value, based on the forward exchange rate, while IRS contracts are carried at their corresponding Euro value, at the contract date. Income and costs relating to these contracts are recorded on the Income Statement on an accrual basis over the term of the contract, with accruals and deferrals recorded on the Balance Sheet.

Off-Balance Sheet Commitments and Guarantees

As well as the notional value of the derivative financial instruments previously discussed, the main accounting policies are:

- unsecured guarantees are disclosed with regard to the entities that undertake them;

- collateral security, if consisting of a pledge on bonds or public debt securities or unlisted stocks, is carried at book value; if consisting of a pledge on listed stocks, it is carried at market value; if consisting of buildings, they are carried at the amount of the mortgage;

- other commitments, if relating to assets of others being used or being held, are carried at the value attributed to them by their owner, while, if relating to commitments to acquire fixed assets, they are carried at their purchase price.

Other Information

- *Departures pursuant to Article 2423, Section 4*: none.
- *Impact of FOREX rate movements*

The Group pursues a policy of managing FOREX rate risks by financing its major net assets denominated in currencies other than the Euro - primarily US Dollars and Swiss Francs - with loans denominated in the same currency or by entering into foreign exchange transactions, which produce the same result.

These FOREX rate management policies do not neutralise the effects of exchange rate movements on individual items in the financial statements. Where significant, they are disclosed in the applicable Notes.

CONSOLIDATED BALANCE SHEET NOTES

INTANGIBLE ASSETS

Intangible assets at 31 December 2002 amounted to k€ 1,087,458, with movements arising in 2002 disclosed in Note 7 regarding movements. Newly consolidated subsidiaries accounted for k€ 28,184 of the total balance. This amount primarily relates to the allocation to concessions, licenses and brands of the price paid in excess of net book values for the acquisition of SMSI Travel Centres Inc, the consolidation difference regarding the acquisition of Receco SA and leasehold improvements. FOREX movements resulted in k€ 117,170 in decreases.

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Incorporation and start-up costs	412	260	152
Concessions, licenses and brands	39.993	23.523	16.470
Business goodwill	547.312	695.692	(148.380)
Consolidation difference	247.016	266.213	(19.197)
Assets under development	3.915	5.756	(1.841)
Other:			
Leasehold improvements	225.838	271.247	(45.409)
Other	22.972	23.612	(640)
Total	**1.087.458**	**1.286.303**	**(198.845)**

Increases of k € 17,228 in concessions, licences and brands arose from the acquisition and consolidation of SMSI Travel Centres Inc.

Business goodwill refers to the book value of the excess consideration paid over carrying values to acquire restaurant operations. It includes commercial goodwill amounting to k € 82,134 net (k€ 158,644 gross). It relates to the difference arising from the merger in 1997 of Autogrill SpA and Finanziaria Autogrill SpA into the Parent Company, based on 31 December 1996 Balance Sheet values, representing goodwill from Italian motorway concessions. This latter goodwill is amortised over 12 years, corresponding to the average remaining duration of the concession at the time of the merger.

In addition, the above item includes the goodwill acquired with HMSHost Corp. at the time of the merger with Autogrill Acquisition Co. (m$ 488 of the original amount of m$ 690, the equivalent of k€ 465,108). Their amortisation period has been lengthened from 10 years to 15 years in order to take into account their longer economic life, based on higher confidence in concession. Accordingly, business goodwill amortisation decreased to k€ 44,155 for 2002 from € 77,408 for 2001; consolidation difference comprises the difference between the acquisition price of a subsidiary or associate company and the Group's share of the book value of the net assets acquired, with the difference, if attributable, allocated to excess fair market values of specific assets and if not attributable, allocated to acquisition goodwill. The amortisation of the consolidation difference corresponds to the average remaining duration of the concessions of the company acquired at the time of the acquisition.

However, as a matter of prudence, the consolidation difference relating to the acquisition of companies acquired by Autogrill Nederland BV is amortised over a period of 30 years, although the average remaining duration of concessions is greater than 70 years.

At 31 December 2002, the consolidation difference consisted of the following items:

	Amort. Period (years)	Gross (k€)	Acc. Amort. (k€)	Net (k€)
Autogrill Schweiz AG	20	148.802	28.017	120.785
Autogrill Cotè France SA	13	80.414	30.891	49.523
Autogrill Nederland BV	30	28.916	4.819	24.097
Autogrill Restauration Services SA	7	36.709	20.976	15.733
Autogrill Belgie NV	15	23.863	7.825	16.038
Autogrill Espana SA	10	19.528	15.588	3.940
Receco SA	15	16.044	1.070	14.974
Autogrill Deutschland GmbH	9	3.125	3.125	-
Autogrill Gare de Tours SA	10	924	230	694
Aviogrill Srl	20	774	78	696
Volcarest SA	10	668	132	536
Nuova Sidap Srl	5	574	574	-
Nuova Estral Srl	5	509	509	-
Total		**360.850**	**113.834**	**247.016**

Changes in net book value since 31 December 2001, other than depreciation charges, arose from:

1. The acquisition of Receco S.A. (k€ 16,044)
2. The effect of conversion at current exchange rates of the consolidation difference relating to Autogrill Schweiz AG (increase of k€ 2,661)
3. The k€ 12,957 write-down of the latter based on the new plan implemented by the company management appointed in the first half of 2002, that confirms the company profit targets while reflecting the negative outlook on business Zurich airport and Basel airport outlets.

Regarding Autogrill Schweiz AG's consolidation difference, an arbitration process begun in 2001 is still ongoing, with a view to obtaining a significant price revision. Therefore, purchase price instalment payments have been suspended, with mSFR 20 deposited into an escrow account and conditional payment, estimated in mSFR 6.5, both included in the book value of the investment. The plan implemented by management last May that established a "Country", corresponding to the operating scope of Autogrill Europe Nord-Ouest SA (France, Belgium, the Netherlands and Luxemburg), foresees the potential reversal of negative consolidation differences, relating particularly to the Group's Dutch and Belgian operations, which lost money over the last two years.

Leasehold improvements refer to costs incurred when making renovations and additions to existing buildings and businesses under lease arrangements, and particularly concern such costs incurred at outlets managed by the Group in airports, motorways and shopping malls located in the US as well as at many outlets in Europe.

Other intangible asset increases relate to investments and renovation works, and are discussed in more detail (analysis by geographic region and investment purpose) in the Operations Report.

Intangible assets under development and advances refer to restoration works in process at 31 December 2002 on buildings under lease.

Intangible assets are amortised over the following periods:

Incorporation and start-up costs	5 years
Concessions, licences and brands	5 years in general; maximum 30 years for outlet surface rights corresponding to the duration of the right; term of licences regarding the costs of authorisations to resell State monopoly items; 3 years for application software licences.
Goodwill	12 years regarding the 1997 merger of companies into the Parent Company; 10 years up to 2001 and 15 years since 2002 regarding the 1999 merger difference of HMSHost Corp; maximum 10 years for commercial goodwill relating to single outlets.
Consolidation difference	Generally, the remaining term of the outlets at the date of acquisition.
Other:	
Leasehold improvements	Lesser of useful economic life and remaining term of contract.
Customised applications software	3 years.
Other	5 years.

PROPERTY, PLANT AND EQUIPMENT (PPE)

(k€)	30 June 2002			31 Dec. 2001		
	Gross	Acc.Dep.	Net	Gross	Acc. Dep.	Net
Land and buildings	170.356	63.060	107.296	172.900	59.805	113.095
Operating facilities	165.312	100.043	65.269	159.342	103.305	56.037
Commercial and operating equipment	508.604	389.790	118.814	523.659	384.938	138.721
Freely transferable assets	280.479	175.134	105.345	259.211	165.042	94.169
Other	42.276	32.951	9.325	45.923	31.813	14.110
Assets under construction	88.668	-	88.668	70.494	-	70.494
Total	**1.255.689**	**760.972**	**494.717**	**1.231.529**	**744.903**	**486.626**

PPE net carrying values included k€ 5,571 as a result of changes in the consolidation scope and were decreased by k€ 18,074 as a result of FOREX movements.

k€ 73,900 of PPE assets under construction relate to new outlets in the process of being opened up in the US, primarily at motorways.

The value of PPE assets held by the Parent Company under finance lease and accordingly capitalised on the Balance Sheet is as follows:

(k€)	31 December 2002			31 December 2001		
	Gross	Acc. Dep.	Net	Gross	Acc. Dep.	Net
Land and buildings	3.709	1.100	2.609	3.709	990	2.719
Operating facilities & equip.	1.635	696	939	757	622	135
Total	**5.344**	**1.796**	**3.548**	**4.466**	**1.612**	**2.854**

At 31 December 2002, the amount of the Italian PPE asset revaluation, pursuant to Law 72 of 13 March 1983 and Law 413 of 30 December 1991, amounted to m€ 1.7 net, and was allocated as follows:

(k€)	Revaluation - Law 72/83			Revaluation - Law 413/91		
	Gross	Acc. Dep.	Net	Gross	Acc. Dep.	Net
Land and buildings - office	75	-	75	66	-	66
Land and buildings - operations	958	(661)	297	3.614	(2.460)	1.154
Operating facilities and equipment	398	(398)	-	-	-	-
Commercial and operating equipment	1.157	(1.157)	-	-	-	-
Freely transferable assets	3.158	(3.158)	-	11.557	(11.413)	144
Other	23	(23)	-	-	-	-
Total	5.770	(5.397)	372	15.237	(13.873)	1.364

There are k€ 2,354 in mortgages on the land and buildings as security on borrowings.

Movements in PPE are detailed in Note 7 and discussed in the Operations Report.

PPE assets are depreciated using the following rates:

	Depreciation Rate
Buildings	3%
Plant and machinery	10% to 30%
Commercial and industrial equipment	15% to 33.3%
Furniture and fixtures (1)	10% to 20%
Motor vehicles (1)	25%

(1) classified as other assets

During 2002, the Group recorded k € 4.238 of PPE write-downs to reflect weak profitability prospects for outlets located in Switzerland, Austria and Italy, while reversing k€ 4.759 of write-downs previously recorded for two of its US outlets, following the improvements they incurred in its profitability. These amounts are both reported under the line “Intangible assets and PPE write-downs”

FINANCIAL FIXED ASSETS

Equity investments in associate companies

Company Name	Head Office	Local Currency	Share Capital (LC '000s)	Equity (k€)	Net Profit/ (Loss) (k€)	% owned	Book Value (k€)
SRSRA IsardromeSA	Saint Rambert d'Albon (France)	€	515	4.741	587	41,02	1.767
Union Services Sarl (*)	Luxemburg (Luxemburg)	€	0,051	69	27	50,00	26
Anton Airfood Inc (*)	Washington (USA)	US$	5.024	5.385	4.182	25.00	10.068
Dewina Host Sdn Bhd	Kuala Lumpur (Malaysia)	MYR	250	(1.466)	364	49,00	(718)
HMSC – AIAL Ltd	Auckland (New Zealand)	NZ$	107,1	2.240	460	50.00	1.120
Pastarito SpA	Turin (Italy)	€	5.000	3.914	(1.952)	21,614	7.222
Total							**19.485**

Since 31 December 2001, the movements that occurred were not only the effect of changes in the net equity of the companies listed above, but also related to the acquisition by Autogrill SpA of a 21.6% stake in the share capital of Pastarito SpA – at a price of k€ 14.881 - and its subsequent writedown of k€ 7.660, reflecting the poor profitability prospects for this company, which operates in a market segment that is particularly disadvantaged by the economic environment in Italy.

The agreement relating to the acquisition of a shareholding of 21.6% in the share capital of Pastarito SpA provides that:

1) The option in favour of Autogrill SpA to acquire further shares can be exercised by 31 December 2004 to take its shareholding to 70%, at a price correlated to the defined profit of the company in the period 1 July 2003 to 30 June 2004.

and therefore:

2) If Autogrill SpA exercises the acquisition option as in point 1 above, there is an option in favour of the vendors to sell the residual shareholding by 30 June 2006 at a price correlated to the defined profit for the year 2005;
3) If Autogrill SpA does not exercise the option as in point 1 above, there is an option in favour of the vendors to acquire before 31 March 2005 the share held by Autogrill SpA, with the price equal to the amount originally received by the vendors, increased by a compound annual rate of 9%.

The residual difference between the equity value and investment book values of Pastarito SpA and Anton Airfood Inc is supported by the profitability prospects for these companies.

Further, on 1 February 2003, the Group indicated its intent to exercise its bond conversion option enabling it to acquire a 95% controlling interest in Anton Airfood Inc.

Equity investments in other companies

Company Name	Head Office	Local Currency	Share Capital (LC '000s)	Equity (k€) (*)	Net Profit/(Loss) (k€)(*)	% owned	Book Value (k€)
Unique Airport /FIG (°)	Zurich, Switzerland	SFR	245.615	579.190	5.577	0,11	433
Others							17
Total							450

(°) Company listed on the Swiss Stock Exchange

Equity investments in other companies are recorded at market value, with the decrease arising primarily from a drop in Unique's share value.

Financial receivables from associate companies

Financial receivables from associate companies amounted to k€ 38,225 at 31 December 2002 and related exclusively to an interest-bearing loan provided to Anton Airfood Inc, maturing on 1 February 2005, and convertible at any time into 24% of this company's ordinary shares. This conversion right was exercised on 1 February 2003.

Financial receivables from others

At 31 December 2002, financial receivables from others amounted to k€ 68,550 and comprised the following assets:

(k€)	31 Dec. 2002		31 Dec. 2001	
	Current	Non-Current	Current	Non-Current
Interest-bearing deposits with oil companies	-	4.860	-	4.499
Deposits	280	8.035	292	10.450
Italian tax advance payments	-	3.701	-	4.813
Other	1.169	50.505	1.357	3.692
Total	**1.449**	**67.101**	**1.649**	**23.454**
Total current and non-current	**68.550**		**25.103**	

Italian State tax advance payments are revalued using the same criteria used for the calculation of the Parent Company's termination benefits provision (3.5% for 2002). Recovery began in 2000 but it's not possible to predict the timing of future recoveries. Accordingly, no position has been qualified as "current".

All interest-bearing deposits with oil companies are due after five years. Deposits and other financial receivables due after five years amounted to k € 49 and k€ 294 respectively at 31 December 2002.

Other non-current financial receivables include a k€ 47,000 deposit pledged to the Parent Company, as a guarantee for funding received by HMSHost from Intesa BCI Canada regarding the acquisition of SMSI Travel Inc.

Other securities

Other investments at 31 December 2002 amounted to k€ 307, and comprised primarily bonds held by the Parent Company to maturity. This amount was down k€ 521 from 31 December 2001, as a result of maturing of these securities.

NON-CURRENT ASSETS MOVEMENTS IN 2002

(k€)

Intangible Assets	31 December 2001			Change in Gross Book Value						Change in Accumulated Amortisation						31 December 2002		
	Gross	Accumulated Amortisation	Net	Change in Scope	FOREX Differences	Additions	Disposals	Other Movements	Total	Change in Scope	FOREX Differences	Charges	Reversals	Other Movements	Total	Gross	Accumulated Amortisation	Net
Incorporation and start-up costs	3.140	(2.880)	260	22	11	324	(77)	-	280	-	(11)	(179)	73	(11)	(128)	3.420	(3.008)	412
Concessions, licences and brands	52.448	(28.925)	23.523	18.720	(1.492)	3.716	(177)	21	20.788	(16)	512	(6.641)	1.373	454	(4.318)	73.236	(33.243)	39.993
Business goodwill	963.551	(267.859)	695.692	416	(124.347)	363	(111)	56	(123.623)	928	33.035	(59.564)	487	357	(24.757)	839.928	(292.616)	547.312
Consolidation difference	341.729	(75.516)	266.213	16.044	3.012	67	-	(2)	19.121	-	(351)	(37.609)	-	(358)	(38.318)	360.850	(113.834)	247.016
Assets under development and advances	5.756	-	5.756	-	-	3.193	(4)	(5.030)	(1.841)	-	-	-	-	-	-	3.915	-	3.915
Other	763.235	(468.376)	294.859	19.936	(89.763)	40.744	-	8.144	(20.939)	(8.949)	62.224	(84.217)	5.301	531	(25.110)	742.296	(493.486)	248.810
Total	**2.129.859**	**(843.556)**	**1.286.303**	**55.138**	**(212.579)**	**48.407**	**(369)**	**3.189**	**(106.214)**	**(8.037)**	**95.409**	**(188.210)**	**7.234**	**973**	**(92.631)**	**2.023.645**	**(936.187)**	**1.087.458**

Property, Plant and Equipment	31 December 2001			Change in Gross Book Value						Change in Accumulated Depreciation						31 December 2002		
	Gross	Accumulated Depreciation	Net	Change in Scope	FOREX Differences	Acquisitions	Disposals	Other Movements	Total	Change in Scope	FOREX Differences	Charges	Reversals	Other Movements	Total	Gross	Accumulated Depreciation	Net
Land and buildings	172.900	(59.805)	113.095	-	1.135	1.432	(6.686)	1.575	(2.544)	-	(408)	(11.144)	8.312	(15)	(3.255)	170.356	(63.060)	107.296
Operating facilities	159.342	(103.305)	56.037	-	1.544	22.418	(20.987)	2.995	5.970	-	(1.005)	(9.138)	13.405	-	3.262	165.312	(100.043)	65.269
Commercial and operating equipment	523.659	(384.938)	138.721	7.966	(50.534)	31.925	(11.555)	7.143	(15.055)	(4.809)	39.312	(45.006)	5.711	(60)	(4.852)	508.604	(389.790)	118.814
Freely transferable assets	259.211	(165.042)	94.169	-	1	20.725	(7.597)	8.139	21.268	-	-	(16.818)	6.725	1	(10.092)	280.479	(175.134)	105.345
Other	45.923	(31.813)	14.110	(445)	(897)	4.105	(3.108)	(3.308)	(3.653)	(24)	605	(3.987)	1.212	1.062	(1.132)	42.270	(32.945)	9.325
Assets under construction	70.494	-	70.494	2	(7.827)	46.117	(831)	(19.287)	18.174	-	-	-	-	-	-	88.668	-	88.668
Total	**1.231.529**	**(744.903)**	**486.626**	**7.523**	**(56.578)**	**126.722**	**(50.764)**	**(2.743)**	**24.160**	**(4.833)**	**38.504**	**(86.093)**	**35.365**	**988**	**(16.069)**	**1.255.689**	**(760.972)**	**494.717**

Investments	31 December 2001			Change in Gross Book Value						Change in Provision for Writedown						31 December 2002		
	Gross	Provision for Writedown	Net	Change in Scope	FOREX Differences	Acquisitions & Revaluations	Disposals	Other Movements	Total	Change in Scope	FOREX Differences	Writedowns	Reversals	Other Movements	Total	Gross	Provision for Writedown	Net
Equity investment in associate cos.	12.903	-	12.903	-	(1.560)	16.758	(1.312)	-	13.886	-	-	783	(8.087)	-	(7.304)	26.789	(7.304)	19.485
Equity investment in other cos.	2.219	(1.278)	941	-	45	-	(106)	2	(59)	-	(27)	-	(304)	(101)	(432)	2.160	(1.710)	450
Other investments	828	-	828	-	2	-	(536)	13	(521)	-	-	-	-	-	-	307	0	307
Financial receivables from others	25.103	-	25.103	280	(2.464)	50.943	(5.312)	-	43.447	-	-	-	-	-	-	68.550	0	68.550
Financial receivables from assoicate cos.	45.665	-	45.665	-	(7.304)	-	(136)	-	(7.440)	-	-	-	-	-	-	38.225	0	38.225
Total	**86.718**	**(1.278)**	**85.440**	**280**	**(11.281)**	**67.701**	**(7.402)**	**15**	**49.313**	**-**	**(27)**	**783**	**(8.391)**	**(101)**	**(7.736)**	**136.031**	**(9.014)**	**127.017**

Other movements relate to the reclassification of recently consolidated companies

Tangible and intangible assets writedowns have been shown under "Change in Accumulated Amortisation" column "change"

INVENTORY

Inventory at 31 December 2002 decreased by k€ 2,349 to k€ 87,943, incorporating a decrease of k€ 6,899 arising from translation differences. Newly consolidated companies resulted in an increase in inventory of k€ 812. The residual change reflects the evolution of business activity.

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Food, beverages and retail concessions	84.922	85.170	(248)
Other	3.021	5.122	(2.101)
Total	**87.943**	**90.292**	**(2.349)**

Inventory is reported net of a provision for slow moving inventory of k€ 2,680.

RECEIVABLES

Trade accounts receivable

Trade accounts receivable amounted to k€ 60,991, down k€ 9,132 on 31 December 2001 and arose primarily from supply contracts and franchise contracts.

They include receivables in dispute amounting to k€ 4,587 (k€ 5,192 at 31 December 2001) and are net of provisions for doubtful accounts amounting to k€ 9,996 (k€ 9,546 at 31 December 2001), for which a charge of k€ 625 was made during 2002.

Deferred tax assets and other receivables

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Deferred tax assets	162.242	156.168	6.074
Other receivables:			
Tax instalments	14.022	10.487	3.535
Suppliers	23.689	17.678	6.011
Public authorities	872	845	27
Personnel	2.921	2.639	282
FOREX hedging contract unrealised gains	4.742	5.899	(1.157)
Other	18.101	15.092	3.009
Total other receivables	64.347	52.640	11.707
Total	**226.589**	**208.808**	**17.781**

Deferred tax assets

k€ 121,785 in deferred tax assets at 31 December 2002 related to HMSHost Group, as a result of the use of different depreciation rates for tax purposes regarding improvements to third party assets and deferred tax deduction of rent accruals (k€ 125,073 in 2001). During 2002, Group recognised k€ 21,190 in deferred tax assets during 2002 as a result of temporary differences resulting from prior years, which were deemed recognisable in 2002 given the taxable profit generation prospects for the US companies. $US/€ FOREX movements decreased this amount by k€ 19,895 relative to 31 December 2001.

k€ 23,496 in deferred tax assets at 31 December 2002 related to the Parent Company, comprising € 16,272 originated in 2002 from the partial deferral of the investment writedown deduction, pursuant to the provisions of the 265/2002 Law.

The deferred tax assets arising from Autogrill Austria AG activities have been written down by m€ 1.4 following a review of their recoverability based on an assessment of the capacity of generating taxable income.

Taxable income for the Parent Company and other subsidiaries will be in line with expectations.

Temporary differences are anticipated to be reversed and tax loss carry forwards to be used for an amount of m€ 32 million and € 70 million in 2003 and after 2007 respectively. In the meantime, other net temporary differences may arise, particularly from US companies.

Other receivables

Suppliers' receivables refer mainly to their trade rebates, with the increase reflecting the occurrence of more advantageous conditions during 2002.

FOREX hedge contract unrealised gains decreased by k€ 1,157 as a result of a US subsidiary hedge contract on a yen denominated liability.

Various other receivables primarily related to investments made on behalf of franchisees and sub-franchisees and commissions arising from the provision of corporate services.

MARKETABLE SECURITIES

The Group invests its temporary excess cash in marketable securities, comprised primarily of finance paper and bonds issued by the Italian government and blue chip companies.

Income of k€ 294 was realised following the revaluation of these assets to their market value.

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Parent company securities	-	1.109	(1.109)
Other securities	2.098	1.804	294
Total	**2.098**	**2.913**	**(815)**

BANK AND CASH

Bank and cash amounted to k€ 170,006, down k€ 101,867 from 31 December 2001, connected with borrowing reimbursements. The decrease mainly relates to lower bank and post office account balances (- 91.319 k€ to k€ 122.423) and the use of short-maturity deposits that had been set up at 31 December 2001 to utilize temporary excess cash.

Cash amounted to k€ 47,583 comprising cash in outlet premises and credit card sales amounts due.

Newly consolidated subsidiaries accounted for k€ 7,332 in increased bank and cash.

PREPAID EXPENSES AND ACCRUED INCOME

Bond discounts, prepaid expenses and accrued income decreased by k€ 7,257 from 31 December 2001 to k€ 126,675.

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Accrued Income:			
Interest on securities	-	575	(575)
interests on forex and interest rate hedge contracts	6.397	2.702	3.695
Other	5.014	2.203	2.811
Total Accrued Income	11.411	5.480	5.931
Bond Discounts	95.587	102.974	(7.387)
Prepaid Expenses:			-
Finance lease and concession prepayments	10.842	21.107	(10.265)
Other	8.835	4.371	4.464
Total Prepaid Expenses	19.677	25.478	(5.802)
Total	**126.675**	**133.932**	**(7.257)**

Bond discounts are offset against the zero coupon convertible bond issued by Autogrill Finance SA and carried at its nominal value as a Balance Sheet liability. They are amortised by increasing amounts, as the implicit interest is gradually capitalised over the fifteen-year term of the bond, with the amortisation charge treated as a finance cost.

Newly consolidated subsidiaries accounted for k€ 1,034 of the increase in prepaid expenses.

Concession and lease prepayments arise from advance instalment payments, which are used to adjust subsequent monthly or annual payments.

The increase in other prepaid expenses essentially arises from the deferral of an income relating to an interest rate hedge contract restructuring, over the life of the hedge contract.

The non current portion amounts to k€ 1,432 in prepaid lease and k€ 88,077 in bond discounts, of which k€ 56,485 extend beyond five years.

EQUITY

Share Capital

At 31 December 2002, the share capital of Autogrill SpA, which is fully paid-up, amounted to k€ 132,288, comprising 254,400,000 common shares with a par value each of € 0.52 (formerly ITL 1,000).

As a result of the conversion the par value of the shares into Euros, the company's share capital was increased by transfers of € 753,559.39 from the monetary revaluation reserve ex lege 72/1983 and € 147,805.35 from the monetary revaluation reserve ex lege 413/1991 in accordance with Italian Civil Code Articles 2443 and 72/1983 respectively.

The Shareholders' Meeting of 30 April 1999 approved the increase in share capital by a maximum 33,500,000 new ordinary shares in order to service the € 471,055,000 nominal value convertible bond, issued by the subsidiary company Autogrill Finance SA on 15 June 1999, generating € 349,993,865 in cash inflow, net of implicit interest and gross of issue costs.

The maximum number of shares that can be issued pursuant to the conversion of the bond is 24,475,000 shares. The holders of the bonds may exercise their conversion right at any time during the term of the bond.

Shares comprising the share capital have been traded on the automated market of the Italian Stock Exchange since 1 August 1997.

Revaluation reserve

This reserve was reduced to zero pursuant to a decision made by shareholders at their meeting of 24 April 2002.

Legal reserve

The legal reserve amounted to k€ 1,712 at 31 December 2002, the same as last year.

Other reserves

Other reserves amounted to k€ 77,678, incorporating a negative translation adjustment of k€ 6,964.

Reconciliation of Autogrill Group and Autogrill SpA
2002 net profit/loss and equity at 31 Dec. 2002

(k€)	**Net profit/(loss) for 2002**	**Equity at 31 Dec. 2002**
Autogrill SpA (Parent Company) at 31 December 2002	**(9.916)**	**134.909**
Elimination of parent company tax based items	(1.169)	22.497
Adjustment for parent company valuation policies	34	52
Impact on intragroup non-current asset disposals	70	(1.722)
Impact of implementation of standard Group valuation policies and elimination of impact of transfer of investments between Group companies	18.444	63.405
Autogrill Group (Consolidated) at 31 December 2002	**7.463**	**219.141**

2-Year Analysis of Autogrill Group Equity Movements

(k€)	Share Capital	Reval. Reserve	Legal Reserve	Other reserves	Net Profit / (Loss)	Total
31 Dec. 2000 Balance	**131.387**	**14.519**	**1.512**	**78.316**	**14.879**	**240.613**
2000 full year net profit allocation	-		200	4.168	(14.879)	(10.511)
Conversion of share capital into euros	901	(901)	-	-	-	-
Translation adjustment	-	-	-	(1.145)	-	(1.145)
2001 full year net loss	-	-	-		(12.852)	(12.852)
31 Dec. 2001 Balance	**132.288**	**13.618**	**1.712**	**81.339**	**(12.852)**	**216.105**
2001 full year net profit allocation	-	(13.618)		766	12.852	-
Translation adjustment and other movements	-	-	-	(4.427)	-	(4.427)
2002 net profit	-	-	-		7.463	7.463
31 Dec. 2002 Balance	**132.288**	**(0)**	**1.712**	**77.678**	**7.463**	**219.141**

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for other liabilities and charges

Provisions for other liabilities and charges

(k€)	31 Dec. 2001	Other movements	Charges	Reversals	31 Dec. 2002
Provisions for pensions and similar obligations	**12.933**	**(478)**	**868**	**(2.771)**	**10.552**
Deferred tax liabilities and other tax provisions	**61.049**	**(81)**	**10.509**	**(9.589)**	**61.888**
Other provisions:					
Provision for restoration costs	17.485	(30)	3.018	(3.353)	17.120
Provision for litigation	7.613	(237)	5.701	(4.579)	8.498
Miscellaneous provisions	10.874	(551)	284	(3.053)	7.554
Total - Other Provisions	**35.972**	**(818)**	**9.003**	**(10.985)**	**33.172**
Total	**109.954**	**(1.377)**	**20.380**	**(23.345)**	**105.612**

The composition at 31 December 2002 and the movements during the financial year relating to the provisions for liabilities and charges are detailed in the table above. Other movements refer to the impact of translation adjustments on the opening balances and to the effect of change in the group structure.

Provision for pension and similar benefits

Charges to the provisions during 2002 include settlement of personnel charges related to restructuring initiatives at US and Swiss operations.

Deferred tax liability and other tax provisions

This comprises k € 45,054 relating to consolidation adjustments, k€ 6,511 relating to building revaluations in the Netherlands before the Group's acquisitions there, k€ 2,150 for ongoing tax audits of US subsidiaries and k€ 5,160 set aside by the Parent Company. This latter provision has been set to cover the maximum possible liability to prevent any potential dispute on income taxes due from 1997 to 2001, under the condition and within the limits stipulated by Article 9 of law 289/2002. Detailed instruction are expected which could result a lower charge. This provision also covers other possible tax liabilities arising from financial years not yet audited, as a matter of prudence.

The reversal occurred in 2002 mainly refers to the Swiss subsidiary's payment of previous year income tax.

Provisions for litigation

The Group establishes a provision to accrue for potential damages arising from litigation, based on assessments made by the Group's lawyers.

The Brussels Court has ruled in favour of the Belgian subsidiary of the Group, regarding a compensation brought against it by the company that had sold it its restaurant concession in shopping centres located in Belgium and Luxemburg. The Court has rejected the counter-arguments of the plaintiffs, and although an appeal is still possible, no provision has been made for this petitum amounting 10 m€ as the likelihood of the lawsuit being successful for the plaintiff is judged to be remote by the Group's legal counsel.

In another case, McDonald's Italy branch is appealing the judgement against it, whereby it rejected the request to order Autogrill SpA to pay m€ 1.3 for damages. The Group has not provided for this appeal amount, as the likelihood of the Group losing has been judged to be remote by its legal counsel.

Provision for restoration costs

This provision concerns anticipated restoration costs that will be incurred to return a leased outlet facility or a freely transferable asset to its original state.

Provision for employee termination benefits

Changes for 2002 are recorded below, with other movements referring to FOREX differences arising from the translation of the opening balances

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Opening balance	86.851	82.086	4.765
Charges	15.740	15.066	674
Reversals	(9.674)	(10.745)	1.071
Other movements	(1.581)	444	(2.025)
Total	**91.336**	**86.851**	**4.485**

LIABILITIES

Liabilities decreased to k€ 1,926,908 from k€ 2,176,711 at 31 December 2001, and comprised the following items:

Convertible bonds

Convertible bonds amounted to k€ 471,055 in nominal value at 31 December 2002, consisting of 15-year maturity zero coupon convertible bonds issued by Autogrill Finance SA on 15 June 1999.

As the bonds are zero coupon, the net proceeds of the issue reflect the real yield of the bond, set at 2% per annum, semi-annually compounded.

Conversion can be requested at any time by the subscribers, except in some periods of technical suspension.

The convertible bonds can be refunded in advance, at the request of the issuer from the 5th anniversary, and by the bondholder on the 5th and 10th anniversary. In such event, the maturity value repaid at the time of exercise of the option will ensure an annual yield of 2% as originally agreed.

The fifth anniversary of the issue falls on 15 June 2004, and at this date the redemption value of the bond would be m€ 386.4, with a share conversion price of € 15.789.

The exercise of the various options is correlated to the stock market performance of the share price relative to the bond conversion share price.

At 31 December 2002, there was a premium of 100.6% to the share price. The premium, which was 30% at the time of issue, fell to 13% at 31 December 2000 and increased to 45% at 31 December 2001.

Unamortised bond discount at 31 December 2002 amounted to k€ 95,587

Borrowings from banks

Borrowings from banks decreased by k€ 251,306 from 31 December 2001 to k€ 797,478, with k€ 128,375 of this drop arising from Euro/$US dollar exchange rate movements.

	31 Dec 2002			31 Dec 2001		
(k€)	Current	Non-Current	Total	Current	Non-Current	Total
Current borrowings including bank overdrafts	36.829	-	36.829	13.102	-	13.102
Secured borrowings	441	5.616	6.057	819	23.790	24.609
Unsecured non-current borrowings	427.440	327.152	754.592	77.967	933.106	1.011.073
Total	**464.710**	**332.768**	**797.478**	**91.888**	**956.896**	**1.048.784**

Newly consolidated companies accounted for k€ 31,036 of total borrowings from banks.

During 2002, new borrowings of m€ 78.5 were accessed and m€ 595.2 in borrowing repayments and transfers to short term borrowings were realised.

Secured borrowings relate to the Group's Belgian and Swiss operations, with instalments falling due in more than five years amounting to k€ 4,680.

At 31 December 2002, the Group had used 70% of its available lines of credit from banks. Approximately m€ 400 will fall due during 2003, while another m€ 630 will fall due during the first months of 2004 and a further m€ 25 will fall due in 2007.

The average term of existing borrowings is 12 months.

All bank borrowings have floating interest rates, and thus are affected by changes in financial market conditions.

In application of the Group's financial policy focusing on minimising risks arising from interest rate fluctuations, the Group has entered into hedging instruments with leading financial institutions. The effect of these existing contracts, relative to the part of debt covered, is that the average 2002 financial year interest rate is set at approximately 3.8% and will remain at that level for the next three years if market conditions remain unchanged.

Further information on the notional value of contracts in force and Group's financial risk policy at 31 December 2002 can be obtained by consulting Note 17.

Other borrowings

Other borrowings decreased to k€ 10,651 from k€ 13,026 at 31 December 2001, and comprise finance lease liabilities and interest free loans to the Parent Company to purchase computer equipment. k€ 6,500 of these borrowings are non-current, of which k€ 3,863 are due in more than five years.

Trade accounts payable

Trade accounts payable amounted to k€ 444,343, of which k€ 10,135 related to newly consolidated companies. This represents a decline of k€ 11,101 on 31 December 2001, of which k€ 24,485 relates to Euro/US dollar exchange rate movements.

Payables to associated companies

Payables – associate companies amounted to k€ 4,597 at 31 December 2002 and exclusively relates to the acquisition of Anton Airfood Inc. This payable will be settled during the first half of 2003. The change in value relates entirely to Euro/US dollar exchange rate movements.

Tax liabilities

At 31 December 2002, tax liabilities amounted to k€ 32,608 and comprised the following:

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Income tax and indirect taxes	20.368	15.660	4.708
Witholdings	8.980	10.403	(1.423)
Other	3.260	3.683	(423)
Total	**32.608**	**29.746**	**2.862**

Income tax and indirect taxes include income tax relating to the 2002 financial year, which amounted to k€ 9,757, compared with 2001 income tax liabilities of k€ 6,815.

Indirect tax relates to Parent Company VAT liabilities and French and US operations indirect taxes.

Newly consolidated subsidiaries accounted for k€ 71 of the Group's tax liabilities

Social security liabilities

Social security liabilities are all current in nature.

(k€)	31 Dec. 2002	31 Dec. 2001	Change
INPS and other Italian org.	14.565	12.776	1.789
US and other organisations	2.611	3.155	(544)
Total	**17.176**	**15.931**	**1.245**

Other liabilities

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Employee payables	98.369	101.051	(2.682)
Other:			
Customer credit notes to be issued	1.916	2.568	(652)
FOREX and interest rate hedge unrealised losses	7.303	10.128	(2.825)
Miscellaneous	40.934	45.015	(4.081)
Total Other	50.153	57.711	(7.558)
Total	**148.522**	**158.762**	**(10.240)**

Miscellaneous other liabilities comprises k€ 17,168 relating to the acquisition price of Passaggio Holding AG (formerly Autogrill Schweiz AG) to be settled on a deferred basis. It relates to the amount of mSFR 20 deposited to a guarantee account – unavailable until completion of a court case that commenced at the end of 2001 – and the settlement of the price – to be done in the first half of 2003 and to be offset against any possible receivable rising during the case – following the award of concessions within the Bern train station valued at mSFR 6.5.

Miscellaneous other liabilities also comprises k€ 5,192 relating to the employee's stock option plan of Host Marriott Corporation, the company that originally controlled HMSHost and which had signed a specific agreement with it, which was terminated at the time of its acquisition by Autogrill. This liability will gradually disappear in time, as the rights of Host Marriott Corporation employees become due.

k€ 8,702 of miscellaneous other liabilities are non-current.

ACCRUED EXPENSES AND DEFERRED INCOME

(k€)	31 Dec. 2002	31 Dec. 2001	Change
Accrued expenses			
Insurance premiums	533	1.316	(783)
Interest on borrowings	1.576	7.729	(6.153)
Interest on forex and interest rate hedge contracts	7.419	1.147	6.272
Lease payments	3.922	8.058	(4.136)
Other	5.867	4.841	1.026
Totale Accrued Expenses	**19.317**	**23.091**	**(3.774)**
Deferred Income	3.977	4.758	(781)
Total Deferred Income	**3.977**	**4.758**	**(781)**
Total	**23.294**	**27.849**	**(4.555)**

Lease payments accruals relate to the standardisation of minimum guaranteed payments relating to some outlets, which contractually increase over time. The reduction of this amount relative to 31 December 2001 reflects the periodic adjustments.

Non-current accrued expenses and deferred income amounted to k€ 2,833, of which k€ 1,328 were beyond five years, all of which relate to the above US outlets

MEMORANDUM ACCOUNTS

(k€)	30 June 2002	31 Dec. 2001	Change
Guarantees for the benefit of thrid parties	32.204	26.793	5.411
Secured guarantees on Balance Sheet liabilities	49.354	15.742	33.612
Purchase and sale commitments	869.529	1.024.696	(155.167)
Other commitments	40.775	41.711	(936)
Total	**991.862**	**1.108.942**	**(117.080)**

Secured guarantees on Balance Sheet liabilities include a k€ 47,000 deposit pledged to the Parent Company, as a guarantee for funding received by HMSHost from Intesa BCI Canada regarding the acquisition of the equity holding in SMSI Travel Inc. The remaining k€ 2,354 relates to a land and building mortgage of a Belgian associate.

The purchase and sales commitments comprise:

- k€ 381,972 (k€ 348,699 k€ at 31 December 2001), relating to the notional value of FOREX hedge contracts;
- k€ 487,557 (k€ 675,997 k€ at 31 December 2001), relating to the notional value of interest rate hedge contracts;

The Group's financial policy places great importance on the management and control of financial risks that may significantly affect the Group' profitability. The Group has adopted a series of measures regarding the management of risks associated with FOREX and interest rate movements.

Within the context of this policy, the Group uses derivative financial instruments to manage FOREX and interest rates risks associated with cash flows and monetary assets and liabilities. These financial instruments generally comprise "Forward currency agreements", "Interest rate swaps", "Forward rate agreements", and "Rate Options", or any combination thereof.

The notional value of transactions outstanding at 31 December 2002 is not a measurement of the risk exposure itself, which is limited only to interest flows received from time to time. Derivative contracts have been entered into only with reputable and financially secure financial institutions, in order to minimise the risk of their non-fulfilment.

The Group’s FOREX risk management policy focuses on fully hedging borrowings not denominated in Euros. The financial instruments used are foreign currency swaps.

The Group’s interest rate risk management policy focuses on managing and controlling the effects of interest rate movements, in order to achieve the expected level of exposure and minimise the cost of borrowing. At 31 December 2002, the contracts in force had an average outstanding term of 4.8 years, enabling the maintenance of the average cost of borrowing at 4%, given market conditions The market valuation, made on the basis of 31 December 2002 prices of instruments with similar features and terms, would result in a loss of m€ 23.6.

Other off-Balance Sheet commitments comprise leased assets in use or in the possession of the Group.

CONSOLIDATED INCOME STATEMENT NOTES

OPERATING REVENUES

Sales

Sales amounted to k€ 3,356,307, of which k€ 67,907 related to newly consolidated subsidiaries. Companies no longer included in the consolidation scope generated sales of m€ 33 during 2001.

Analysis of Sales by Business Segment

(k€)	2002	2001	Change
Food and beverage outlets	2.529.643	2.461.600	68.043
Retail	766.041	773.500	(7.459)
Hotel	24.466	25.892	(1.426)
Third party and frinchisees	36.157	34.409	1.748
Total	**3.356.307**	**3.295.401**	**60.906**

Retail outlets sales include k€ 40,939 in oil sales realised primarily from the Group outlets in Italy and Switzerland. The condensed income statement at page 12 shows these sales net of the related purchase costs under "other operating revenues".

An analysis of the Group's sales by geographic regions is provided in the Operations Report.

Other revenues

Newly consolidated subsidiaries accounted for k€ 234 of other operating revenues.

(k€)	2002	2001	Change
Promotional contributions by suppliers	25.369	22.558	2.811
Newspaper distribution income	17.232	17.683	(451)
Business lease	10.887	9.760	1.127
Royalty income	5.205	5.251	(46)
Recovery of costs from third parties	3.831	1.491	2.340
Miscellaneous	26.355	19.483	6.871
Total	**88.879**	**76.226**	**12.653**

Promotional contributions by suppliers' income was higher in 2002 as a result of increased activity during the financial year.

Miscellaneous other operating revenues primarily comprises premium peripheral activities.

The increase for 2002 primarily relates to the reversal of costs over accrued in the previous year.

Moreover, other operating revenues for 2001 have been restated by k€ 14,578, to reflect the netting of suppliers' bonus revenues against the cost of merchandise for resale and supplies.

OPERATING COSTS

Cost of merchandise for resale and supplies

Cost of merchandise for resale and supplies amounted to k€ 1,177,127. The increase of k€ 21,915 from the previous year relates to k € 22,402 from newly consolidated subsidiaries offset by a decrease of k€ 10,512 due to the disposal of Passaggio Rail.

(k€)	2002	2001	Change
Food. beverage and retail	1.099.088	1.074.029	25.059
Other	78.039	81.183	(3.144)
Total	**1.177.127**	**1.155.212**	**21.915**

2001 figures have been restated by k€ 14,578, to reflect the netting of suppliers’ bonus revenues, previously showed under “other operating revenues”, against the cost of merchandise for resale and supplies. Cost of merchandise for resale and supplies is in line with sales performance.

Cost of Services and Lease, Rental and Royalty Charges

(k€)	2002	2001	Change
Cost of Services			
Oil, gas and electricity	67.025	67.298	(273)
Maintenance	52.154	46.292	5.862
Cleaning and sanitation	28.379	27.173	1.206
Conultancy and professional services	26.565	23.872	2.693
Advertising and market research	20.543	23.301	(2.758)
Travel	20.062	21.434	(1.372)
Storage and transport costs	15.182	16.152	(970)
Insurance	19.133	14.419	4.714
Credit card commissions	12.816	12.811	5
Communications	11.749	12.440	(691)
Temporary staff	8.507	7.988	519
Secured transport	4.703	4.235	468
Security	4.428	4.096	332
Personnel recruitment	2.918	3.939	(1.021)
Bank services	3.761	3.586	175
Personnel training	2.797	2.874	(77)
Other	39.272	24.041	15.231
Total - Cost of Services	**339.994**	**315.951**	**24.043**
Lease charges	385.974	376.793	9.181
Movable property rental	18.802	20.901	(2.099)
Brand and trademark royalties	49.368	44.524	4.844
Total - Lease, rental and royalties	**454.144**	**442.218**	**11.926**
Total	**794.138**	**758.169**	**35.969**

Newly consolidated subsidiaries accounted for k€ 7,083 of the cost of services (oil, gas, electricity - k€ 1,974, advertising - k€ 1,003, maintenance - k€ 951, cleaning and sanitation - k€ 620 and consulting - k€ 340) and k€ 8,974 of lease, rental and royalty charges (comprising primarily lease and royalty charges).

The increase in lease, rental and royalty charges result from the increased revenues on contracts operated under lease and concession with rent determined as a percentage of sales, as well as the continued introduction of the branded concept in North America because of its proven commercial success.

Lease charges rose proportionally to sales generated from leased premises.

Personnel costs

Personnel costs amounted to k € 1,030,926, of which m€ 6 related to newly consolidated subsidiaries.

(k€)	2002	2001	Change
Wages and salaries	821.022	832.647	(11.625)
Social security charges	140.567	138.870	1.697
Employee termination benefits	15.740	15.066	674
Other	53.597	52.740	857
Total	**1.030.926**	**1.039.323**	**(8.397)**

Movements in this item reflect the increases in productivity achieved, particularly in the United States.

Some of the changes arise from incurring of expenses in $US.

Average workforce size, expressed in full time equivalents increased by 857 to 37,059.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown charges increased by k€ 3,252 to k€ 280,966, of which k€ 6,877 related to newly consolidated subsidiaries.

(k€)	2002	2001	Change
Depreciation, amortisation and writedowns:			
Intangible assets amortisation	173.702	182.212	(8.510)
Property, plant and equipment depreciation	70.254	74.505	(4.251)
Freely transferable assets depreciation	16.233	13.500	2.733
PPE and intangible assets writedowns	14.121	2.636	11.485
Current receivables writedowns	6.656	4.861	1.795
Total	**280.966**	**277.714**	**3.252**

Intangible assets amortisation charges include business goodwill and consolidation difference amortisation charges that increased to k€ 96,494, as a result of k€ 4,096 in Euro/$US exchange rate movements and k€ 4,538 from newly consolidated subsidiaries. In 2001, Autogrill Deutschland GmbH consolidation difference of k€ 2,083 was fully written off.

Remaining intangible asset amortisation charges primarily relate to leasehold improvements.

Freely transferable assets depreciation is calculated using technical and economic criteria, and accordingly these assets are depreciated over the lesser of their useful economic life or remaining duration of the concession contract.

PPE and intangible assets writedowns comprise:

- k€ 12,957 in consolidation difference writedowns relating to Autogrill Schweiz AG, reflecting, as explained in note “Intangible Assets”, the new plan implemented by company management during the first half of 2002, which focused on reversing unfavourable performances achieved by the Zurich airport and Basel airport outlets in order to improve profitability.

- k€ 4,238 in asset writedowns relating to outlets in Italy (k€ 1,877), Switzerland (k€ 1,027) and Austria (k€ 861), in order to reflect weak profitability prospects there. This figure was offset by k€ 4,759 in writedown reversals, previously recorded for two US outlets, following strong improvements in sales there.

Provision charges

Provision charges comprise the following items:

(k€)	2002	2001	Change
Provision for litigation	5.701	1.412	4.289
Other provisions:			
Provision for restoration costs	3.018	4.894	(1.876)
Miscellaneous provisions	284	1.166	(882)
Total - Other Provisions	**3.302**	**6.060**	**(2.758)**
Total	**9.003**	**7.472**	**1.531**

Other operating costs

Other operating costs amounted to k€ 41,437 and comprised the following items:

(k€)	2002	2001	Change
VAT, indirect taxes and duties	19.613	20.182	(569)
Cash differences	6.376	5.335	1.041
Loss on disposals	321	468	(147)
Miscellaneous	15.127	10.877	4.250
Total	**41.437**	**36.862**	**4.575**

FINANCIAL INCOME AND COSTS

Net finance costs decreased in relation to 2001 to k€ 41,463. This is mainly due to a mix-shift towards floating interest rate loans, which started during 2001, that enabled the Group to benefit from the reduction in market rates. A significant contribution to the reduction in these costs was the decrease in Group borrowings.

Other financial income

Finance income amounted to k€ 47,024 and comprised the following items:

(k€)	2002	2001	Change
Finance Income - Securities and other interests income			
Non-current financial receivables income	2	8	(6)
Securities included in fixed assets	59	203	(144)
Marketable securities income	2.121	2.914	(793)
	2.182	3.125	(943)
Finance Income - Financial Institutions			
Bank interest	2.386	1.964	422
FOREX gains	25.105	65.998	(40.893)
Interest rate hedge contract	7.697	7.164	533
FOREX hedge contract	7.139	11.673	(4.534)
Other	2.515	1.778	737
	44.842	88.577	(43.735)
Total	**47.024**	**91.702**	**(44.678)**

Interest and other financial expenses

Finance costs amounted to k€ 88,627 and comprised the following items:

(k€)	2002	2001	Change
Bonds interest	7.387	7.235	152
Non-current borrowings interest	25.044	43.665	(18.621)
Current borrowings interest	640	653	(13)
Other	159	4.348	(4.189)
	33.230	55.901	(22.671)
Other:			
FOREX losses	19.138	62.624	(43.486)
Interest rate hedge contract losses	31.815	13.041	18.774
FOREX hedge contract losses	3.454	12.882	(9.428)
Miscellaneous	990	2.755	(1.765)
	55.397	91.302	(35.905)
Total	**88.627**	**147.203**	**(58.576)**

Forex hedging have determined positive and negative settlement accounted for under "forex gains" and "forex losses", respectively.

EXCEPTIONAL ITEMS

The Group recorded net exceptional income of k€ 1,267 for 2002, compared with net exceptional costs of k€ 19,514 for 2001. 2002 balance included k€ 10,270 in termination payments arising from the exit from two US shopping centres contracts, a charge of k€ 2,582 relating to the cancellation of the Ristop acquisition contract, and k€ 4,200 in the provision accounted for by the Parent Company to prevent any potential dispute on income taxes for post years, which were offset by k€ 21,190 in deferred tax assets as a result of temporary differences resulting from prior years, which were deemed recognisable in 2002 given the taxable profit generation prospects for the US companies

INCOME TAX

Group income tax amounted to k€ 55,051, consisting of k€ 5,362 in prepaid income tax charges and k€ 49,689 in fiscal year income tax charges. IRAP tax, which is based on personnel costs and operating profitability, increased to k€ 14,024 from k€ 13,304 for 2001.

OTHER CONSOLIDATED FINANCIAL STATEMENT NOTES

OTHER DIRECTORSHIPS AND BOARD OF AUDITORS APPOINTMENTS HELD

Pursuant to Article 1.3 of the Code for Corporate Governance, reviewed in July 2002 by Autogrill SpA's Committee for Corporate Governance, the following members of the Board of Directors held Directorships or Board of Auditor positions in other listed companies, including those listed on foreign markets, including financial and insurance companies, banks and other large companies:

- Gilberto Benetton
- Alessandro Benetton
- Giorgio Brunetti
- Antonio Bulgheroni
- Marco Desiderato
- Sergio Erede
- Gianni Mion

BOARD OF DIRECTORS AND BOARD OF AUDITORS REMUNERATION

Pursuant to Article 78 of CONSOB regulations 11971/1999, the following is noted:

1. Although Division Managers are called Managing Directors, they are not subject to the above CONSOB regulations.
2. No Executive Committee has been established.
3. Board members do not receive stock options. A portion of the Chief Executive Officer's (CEO's) annual remuneration varies in accordance with the achievement of preset annual and triennial goals and the increase in Company share value.

The following remuneration was paid to the Board of Directors (including the CEO) and to the Board of Auditors during 2002:

(€)	Board of Directors and Auditors members		Remunerations		
Name	**Position**	**Term**	**Director fees and CEO fixed remun.**	**Benefits in kind**	**CEO variable remuneration**
Board of Directors					
Benetton Gilberto	Chairman	1 Jan. to 31 Dec. 2002	39.800,00	-	-
Buttignol Livio	Chief Executive Officer	1 Jan. to 31 Dec. 2002	620.000,00		258.228,45
Benetton Alessandro	Director	1 Jan. to 31 Dec. 2002	39.200,00	-	-
Brunetti Giorgio	Director	1 Jan. to 31 Dec. 2002	45.600,00	-	-
Bulgheroni Antonio	Director	1 Jan. to 31 Dec. 2002	45.000,00	-	-
Desiderato Marco	Director	1 Jan. to 31 Dec. 2002	46.800,00	-	-
Erede Sergio	Director	1 Jan. to 31 Dec. 2002	44.400,00	-	-
Mion Gianni	Director	1 Jan. to 31 Dec. 2002	47.400,00	-	-
Morazzoni Gaetano	Director	1 Jan. to 31 Dec. 2002	47.400,00		
Board of Directors' total remuneration			**975.600,00**	**-**	**258.228,45**
Board of Auditors					
Porzellinin Gianluca	Chairman	1 Jan. to 31 Dec. 2002	32.713.51	-	-
Reboa Marco	Principal auditor	1 Jan. to 31 Dec. 2002	22.441,14	-	-
Tosi Ettore Maria	Principal auditor	1 Jan. to 31 Dec. 2002	22.125,08	-	-
Board of Auditors' total remuneration			**77.279,73**	**-**	**-**
Board of Directors and Board of Auditors total remuneration			**1.052.879,73**	**-**	**258.228,45**

EXPLANATION ADDED TO TRANSLATION INTO ENGLISH

The consolidated financial statements have been translated into English from the original version in Italian. They have been prepared in accordance with the accounting principles established by the Italian law related to consolidated financial statements, which may not conform with generally accepted accounting principles in other countries.

Appendix 1

Schedule of Autogrill Group Subsidiaries and Associate Companies at 31 December 2002

AUTOGRILL GROUP

Equity Investments in Subisidiaries and Associate Companies at 31 December 2002

Equity investments in subsidiaries accounted for using the full consolidation method:

Company Name	Head Offfice	Cur.	Share Capital	% Owned	Controlling Company
Parent Company					
• Autogrill SpA	Novara	€	132,288,000	57.093	Edizione Holding SpA
Consolidated Subsidiaries					
• Autogrill Café Srl	Novara	€	100,000	100.000	Autogrill SpA
• Aviogrill Srl	Bologna	€	10,000	51.000	Autogrill SpA
• Nuova Estral Srl	Novara	€	10,000	100.000	Autogrill SpA
• Nuova Sidap Srl	Novara	€	10,000	100.000	Autogrill SpA
• Autogrill Austria AG	Gottlesbrunn	€	7,500,000	100.000	Autogrill SpA
• Autorest Hungaria Kft (in liquidation)	Budapest	HUF	1,000,000	100.000	Autogrill Austria AG
• Autogrill Deutschland GmbH	Munich	€	205,000	100.000	Autogrill SpA
• Autogrill Espana SA	Madrid	€	1,800,000	100.000	Autogrill SpA
• Autogrill Finance SA	Luxemburg	€	250,000	100.000	Autogrill SpA
• Autogrill Hellas EPE	Avlona Attikis	€	1,696,341.95	100.000	Autogrill SpA
• Autogrill Overseas SA	Luxembourg	€	60,650,000	100.000	Autogrill SpA

•	Autogrill Participaciones SL	Madrid	€	6,503,006	100.000	Autogrill SpA
•	Restauracion de Centros Comerciales SA	Barcelona	€	108,182.18	70.000	Autogrill Participaciones SL
•	Autogrill Europe Nord-Ouest SA	Luxemburg	€	41,300,000	99.999	Autogrill SpA
•	Autogrill Belgie SA	Antwerp	€	22,250,000	99.999 0.001	Autogrill Europe Nord-Ouest SA Ac Restaurants & Hotels SA
•	Ac Arlux SA	Arlon	€	1,258,233	99.998 0.002	Autogrill Belgie SA Ac Restaurants & Hotels SA
•	Ac Restaurants & Hotels Beheer SA	Antwerp	€	4,420,000	99.999 0.001	Autogrill Belgie SA Ac Restaurants & Hotels SA
•	Ac Restaurants & Hotels SA	Luxemburg	€	123,946	99.995 0.005	Autogrill Belgie SA Ac Restaurants & Hotels Beheer SA
•	Ac Restaurants & Hotels Beteiligungs GmbH (in liquidation)	Niederzissen	€	76,706	95.000 5.000	Ac Restaurants & Hotels SA Ac Holding NV
•	Ac Restaurants & Hotels Betriebs GmbH (in liquidation)	Niederzissen	€	25,575	100.000	Ac Restaurants & Hotels Beteiligungs GmbH
•	Autogrill Nederland BV	Breukelen	€	41,371,500	100.000	Autogrill Europe Nord-Ouest SA
•	Maison Ledeboer BV	Zaandam	€	69,882	100.000	Autogrill Nederland BV
•	Ac Holding NV	Breukelen	€	136,134	100.000	Maison Ledeboer BV
•	The American Lunchroom Co BV	Zaandam	€	18,151	100.000	Ac Holding NV
•	Ac Apeldoorn BV	Apeldoorn	€	45,378	100.000	The American Lunchroom Co BV
•	Ac Bodegraven BV	Bodegraven	€	18,151	100.000	The American Lunchroom Co BV
•	Ac Heerlen BV	Heerlen	€	23,142	100.000	The American Lunchroom Co BV
•	Ac Hendrik Ido Ambacht BV	Hendrik Ido Ambacht	€	15,882	100.000	The American Lunchroom Co BV

• Ac Holten BV	Holten	€	34,033	100.000	The American Lunchroom Co BV
• Ac Leiderdorp BV	Leiderdorp	€	18,151	100.000	The American Lunchroom Co BV
• Ac Meerkerk BV	Meerkerk	€	18,151	100.000	The American Lunchroom Co BV
• Ac Nederweert BV	Weert	€	34,033	100.000	The American Lunchroom Co BV
• Ac Nieuwegein BV	Nieuwegein	€	18,151	100.000	The American Lunchroom Co BV
• Ac Oosterhout BV	Oosterhout	€	18,151	100.000	The American Lunchroom Co BV
• Ac Restaurants & Hotels BV	Oosterhout	€	90,756	100.000	The American Lunchroom Co BV
• Ac Sevenum BV	Sevenum	€	18,151	100.000	The American Lunchroom Co BV
• Ac Vastgoed BV	Zaandam	€	18,151	100.000	The American Lunchroom Co BV
• Ac Vastgoed I BV	Zaandam	€	18,151	100.000	The American Lunchroom Co BV
• Ac Veenendaal BV	Veenendaal	€	18,151	100.000	The American Lunchroom Co BV
• Ac Zevenaar BV	Zevenaar	€	56,722	100.000	The American Lunchroom Co BV
• Holding de Participations Autogrill SAS	Marseille	€	119,740,888	99.999 0.001	Autogrill Europe Nord-Ouest SA Autogrill SpA
• Autogrill Coté France SAS	Marseille	€	31,579,526.40	99.999	Holding de Participations Autogrill Sas
• Hotelimar SA	Marseille	€	1,125,000	99.998	Autogrill Coté France Sas
• Société Berrichonne de Restauration SA (Soberest)	Marseille	€	288,000	49.989	Autogrill Coté France Sas
• Société Bordelaise de Restauration Sas (Soborest)	St. Savin	€	788,000	49.994	Autogrill Coté France Sas
• Société de la Porte de Champagne SA (SPC)	Perrogney Les Fontaines	€	153,600	51.470	Autogrill Coté France Sas

• Société de Restauration Autoroutière Dromoise SA (SRAD)	Marseille	€	1,136,000	49.996 49.997	Autogrill Coté France Sas SRSRA SA
• Société de Restauration de Bourgogne SA (Sorebo)	Marseille	€	144,000	50.000	Autogrill Coté France Sas
• Société de Restauration de Troyes-Champagne SA (SRTC)	Marseille	€	1,440,000	69.978	Autogrill Coté France Sas
• Volcarest SA	Champs	€	1,050,144	50.000	Autogrill Coté France Sas
• Autogrill Restauration Services SA	Marseille	€	30,041,460	99.999	Holding de Participations Autogrill Sas
• Autogrill Gares Centre Ouest Sarl	Marseille	€	58,624	100.000	Autogrill Restauration Services SA
• Autogrill Gares Metropoles Sarl	Marseille	€	17,396,850	100.000	Autogrill Restauration Services SA
• Autogrill Gares Centre Ile de France Sarl	Marseille	€	2,561,600	99.000 1.000	Autogrill Restauration Services SA Autogrill Gares Metropoles Sarl
• Autogrill Gares Lille Sarl	Marseille	€	40,000	99.960 0.040	Autogrill Restauration Services SA Autogrill Gares Metropoles Sarl
• Autogrill Gares Sud Est Sarl	Marseille	€	37,184	100.000	Autogrill Restauration Services SA
• Autogrill Schweiz AG	Olten	SFR	10,000,000	100.000	Autogrill Overseas SA
• ARH Management AG (in liquidation)	Zug	SFR	700,000	96.572	Autogrill Schweiz AG
• Autogrill Pieterlen AG	Pieterlen	SFR	2,000,000	100.000	Autogrill Schweiz AG
• Autogrill Pratteln AG	Pratteln	SFR	3,000,000	95.000	Autogrill Schweiz AG
• Autogrill SAS. Basel Airport	St. Louis	SFR	60,800	100.000	Autogrill Schweiz AG
• Restoroute de Bavois SA	Bavois	SFR	2,000,000	70.000	Autogrill Schweiz AG
• Restoroute de la Gruyère SA	Avry devant Pont	SFR	1,500,000	54.300	Autogrill Schweiz AG
• Vorstatt Egerkingen AG	Egerkingen	SFR	2,000,000	100.000	Autogrill Schweiz AG

• HMSHost Corporation	Bethesda	$US	225,000,000	100.000	Autogrill Overseas SA
• AAI Investments Inc	Bethesda	$US	10,000,000	100.000	HMSHost Corp
• HMS Host Tollroads Inc	Bethesda	$US	125,000,000	100.000	HMSHost Corp
• Host International Inc	Bethesda	$US	305,980,151	100.000	HMSHost Corp
• Sunshine Parkway Restaurants Inc	Bethesda	$US	100	50.000	HMSHost Corp
				50.000	Gladieux Corp
• C & J Leasing Inc (in liquidation)	Bethesda	$US	1	100.000	Host International Inc
• Cincinnati Terminal Services Inc	Bethesda	$US	125,000,000	100.000	Host International Inc
• Cleveland Airport Services Inc	Bethesda	$US	301,812	100.000	Host International Inc
• HMS-Airport Terminal Services Inc	Bethesda	$US	1,000	100.000	Host International Inc
• HMS B&L Inc	Bethesda	$US	125,000,000	100.000	Host International Inc
• HMS Holdings Inc	Bethesda	$US	336,931,484	100.000	Host International Inc
• HMS Host Family Restaurants Inc	Bethesda	$US	2,000	100.000	HMS Holdings Inc
• HMS Host Family Restaurants LLC	Bethesda	$US	9,367,069	100.000	HMS Host Family Inc
• Gladieux Corporation	Bethesda	$US	15,756,434	100.000	HMS Holdings Inc
• Host (Malaysia) Sdn Bhd	Kuala Lumpur	MYR	100,000	100.000	Host International Inc
• Host Gifts Inc	Bethesda	$US	100,000	100.000	Host International Inc
• Host International of Canada Ltd	Vancouver	$CAN	3,231,016	100.000	Host International Inc
• Host International of Canada (RD-GTAA) Ltd	Toronto	$CAN	1	100.000	Host International of Canada Ltd
• SMSI Travel Centres Inc	Toronto	$CAN	1	100.000	Host International of Canada Ltd
• Host International of Kansas Inc	Bethesda	$US	1,000	100.000	Host International Inc

• Host International of Maryland Inc	Bethesda	$US	1,000	100.000	Host International Inc
• HMS Host USA Inc	Bethesda	$US	125,000,000	100.000	Host International Inc
• Host of Holland BV	Haarlemmermeer	€	18,151	100.000	Host International Inc
• Horeca Exploitatie Maatschappij Schiphol BV	Schiphol	€	1,000	100.000	Host of Holland BV
• Host Services (France) SAS	Paris	€	38,115	100.000	Host International Inc
• Host Services Inc	Bethesda	$US	900	100.000	Host International Inc
• Host Services of New York Inc	Bethesda	$US	1,000	100.000	Host International Inc
• Host Services Pty Ltd	North Cairns	$AUS	10	100.000	Host International Inc
• Las Vegas Terminal Restaurants Inc	Bethesda	$US	125,000,000	100.000	Host International Inc
• Marriott Airport Concessions Pty Ltd	Tullamarine	$AUS	752,600	100.000	Host International Inc
• Michigan Host Inc	Bethesda	$US	1,000	100.000	Host International Inc
• San Francisco Sunshade LLC (in liquidation)	Bethesda	$US	1	100.000	Host International Inc
• The Gift Collection Inc	Bethesda	$US	1,000	100.000	Host International Inc
• Turnpike Restaurants Inc	Bethesda	$US	125,000,000	100.000	Host International Inc

Equity investments in associate companies accounted for using the equity method:

Company Name	Head Office	Cur.	Share Capital	% Owned	Controlling Company
• Pastarito SpA	Turin	€	2,593,423	21.614	Autogrill SpA
• Union Services Sarl	Luxemburg	€	51,000	20.000 20.000 10.000	Autogrill Europe Nord-Ouest SA Autogrill Overseas SA Autogrill Finance SA
• Société Régionale de Saint Rambert d'Albon SA (SRSRA)	St Rambert d'Albon	€	515,360	41.025	Autogrill Coté France Sas
• Anton Airfood Inc (AAI)	Washington	$US	1,000	25.000	AAI Investments Inc
• Dewina Host Sdn Bhd	Kuala Lumpur	MYR	250,000	49.000	Host International Inc
• HMSC-AIAL Ltd	Auckland	$NZ	107,100	50.000	Host International Inc

Autogrill SpA
Parent Company Financial Statements
for the Financial Year ending 31 December 2002

Autogrill SpA Parent Company Balance Sheet at 31 December 2002
Translation from the original in Italian

(€)	12.31.2002	12.31.2001	Change
ASSETS			
A) Amounts due from stockholders for shares subscribed but not called		-	-
B) NON-CURRENT ASSETS			
I) Intangible Assets			
4) Concessions, licences and brands	2.613.076	2.584.354	28.722
5) Goodwill	58.338.113	72.114.207	(13.776.094)
6) Assets under development and advances	3.883.614	5.756.089	(1.872.475)
7) Other	39.003.810	36.918.871	2.084.939
Total Intangible Assets	**103.838.613**	**117.373.521**	**(13.534.908)**
II) Property, Plant and Equipment			
1) Land and buildings	17.023.082	16.844.609	178.473
2) Plant and machinery	6.386.238	5.790.271	595.967
3) Commercial and operating equipment	34.634.032	28.834.505	5.799.527
3) bis) Freely transferable assets	29.353.647	25.031.531	4.322.116
4) Other	3.310.895	6.474.501	(3.163.606)
5) Assets under construction	9.992.795	9.842.530	150.265
Total Property, Plant and Equipment	**100.700.689**	**92.817.947**	**7.882.742**
III) Financial fixed assets			
1) Equity investments in :			
a) subsidiaries company	111.411.674	6.584.677	104.826.997
b) associated companies	7.221.534	-	7.221.534
c) other companies	17.682	42.725	(25.043)
2) Financial receivables :			
* Current	-	318	(318)
* Non-current	56.433.682	10.735.126	45.698.556
3) Other securities	-	518.567	(518.567)
Total financial fixed assets	**175.084.572**	**17.881.413**	**157.203.159**
TOTAL NON-CURRENT ASSETS	**379.623.874**	**228.072.881**	**151.550.993**
C) CURRENT ASSETS			
I - Inventory			
1) Raw materials and supplies	36.683.201	35.372.650	1.310.551
Total Inventory	**36.683.201**	**35.372.650**	**1.310.551**
II - Receivables			
1) Trade accounts receivable	38.116.254	42.365.878	(4.249.624)
2) Receivables from subsidiaries	86.800.136	107.960.174	(21.160.038)
3) Receivables from associate companies	60.493	-	60.493
5) Other receivables			
* current	44.047.437	16.327.843	27.719.594
* non-current	14.496.082	14.533.572	(37.490)
Total receivables	**183.520.402**	**181.187.467**	**2.332.935**
III - Financial assets not held as fixed assets: other securities	**-**	**1.108.535**	**(1.108.535)**
IV - Bank and Cash			
1) Bank	11.976.765	86.348.818	(74.372.053)
3) Cash	33.980.321	39.368.191	(5.387.870)
Total Bank and Cash	**45.957.086**	**125.717.009**	**(79.759.923)**
TOTAL CURRENT ASSETS	**266.160.689**	**343.385.661**	**(77.224.972)**
D) PREPAID EXPENSES & ACCRUED INCOME	**5.960.915**	**10.303.968**	**(4.343.053)**
TOTAL ASSETS	**651.745.478**	**581.762.510**	**69.982.968**

Autogrill SpA Parent Company Balance Sheet at 31 December 2002
Translation from the original in Italian

(€)	12.31.2002	12.31.2001	Change
A) EQUITY			
I) Share capital	132.288.000	132.288.000	-
II) Additional paid-in capital	-	-	-
III) Revaluation reserve	-	13.617.577	(13.617.577)
IV) Legal reserve	1.711.753	1.711.753	-
V) Reserve for treasury stock	-	-	-
VI) Statutory reserves	-	-	-
VII) Other reserves	10.824.655	24.308.311	(13.483.656)
VIII) Retained earnings		-	-
IX) Net income (loss)	(9.915.550)	(25.456.193)	15.540.643
TOTAL EQUITY	**134.908.858**	**146.469.448**	**(11.560.590)**
B) PROVISION FOR LIABILITIES AND CHARGES			
2) Deferred tax liability and other tax provisions	5.159.893	929.622	4.230.271
3) Other provision	24.264.574	30.139.489	(5.874.915)
Total Provisions for Other Liabilities and Charges	**29.424.467**	**31.069.111**	**(1.644.644)**
C) Provision for Employee Termination Benefits	**82.177.572**	**77.577.017**	**4.600.555**
D) LIABILITIES			
3) Borrowings from banks :			
* current	34.745.688	5.368.203	29.377.485
* non-current	103.645.690	51.645.690	52.000.000
4) Other borrowings			
* current	1.387.495	4.922.033	(3.534.538)
* non-current	1.466.202	2.199.304	(733.102)
5) Advances	50.000	74.886	(24.886)
6) Trade accounts payable	207.628.236	209.043.568	(1.415.332)
8) Payables to subsidiaries	373.166	284.789	88.377
10) Payables - parent companies	43.382	-	43.382
11) Tax liabilities			
* current	8.898.030	9.397.499	(499.469)
12) Social security liabilities	14.564.900	12.775.729	1.789.171
13) Other			
* current	24.586.042	26.632.121	(2.046.079)
TOTAL LIABILITIES	**397.388.831**	**322.343.822**	**75.045.009**
E) ACCRUED EXPENSES & DEFERRED INCOME	**7.845.749**	**4.303.112**	**3.542.637**
TOTAL EQUITY AND LIABILITIES	**651.745.478**	**581.762.510**	**69.982.968**

MEMORANDUM ACCOUNTS			
Unsecured guarantees	**1.498.398.895**	**1.383.524.804**	**114.874.091**
Secured guarantees			
* payables posted on the balance shet	47.000.000	-	47.000.000
Purchase and sale commitments	**393.597.238**	**110.939.000**	**282.658.238**
Other Commitments	**26.037.735**	**378.500.762**	**(352.463.027)**
TOTAL MEMORANDUM ACCOUNTS	**1.965.033.868**	**1.872.964.566**	**92.069.302**

Autogrill SpA Parent Company Income Statement for the financial Year ending December 2002

Translation from the original in Italian

(€)	2002	2001	Change
A) OPERATING REVENUES			
1) Sales	1.022.604.477	987.715.170	34.889.307
5) Other revenues			
* contributions	6.129	6.866	(737)
* other	56.286.275	44.288.888	11.997.387
Total Revenues	**1.078.896.881**	**1.032.010.924**	**46.885.957**
B) OPERATING COSTS			
6) Cost of merchandise for resale and supplies	478.123.164	458.974.099	19.149.065
7) Cost of services	94.588.614	90.789.560	3.799.054
8) Lease, rental and royalty charges	100.212.858	92.221.378	7.991.480
9) Personnel costs			
a) Wages and salaries	179.020.722	175.375.285	3.645.437
b) Social security charges	56.037.260	53.911.084	2.126.176
c) Employee termination benefits	14.522.069	13.862.576	659.493
e) Other	225.153	1.060.614	(835.461)
10) Depreciation, amortisation and writedowns			
a) Intangible assets amortisation	30.229.906	31.287.724	(1.057.818)
b) Tangible assets depreciation	21.248.463	17.325.685	3.922.778
c) Tangible and Intangible assets writedowns	1.877.073	-	1.877.073
d) Current receivables writedowns	664.317	663.141	1.176
11) Change in inventory	(1.310.551)	(2.218.370)	907.819
12) Provisions for liabilities and charges	4.338.938	214.588	4.124.350
13) Other provisions charges	3.095.027	4.894.157	(1.799.130)
14) Other operating costs	11.315.616	11.856.125	(540.509)
Total Operating Costs	**994.188.628**	**950.217.646**	**43.970.982**
OPERATING PROFIT (A-B)	**84.708.253**	**81.793.278**	**2.914.975**
C) FINANCIAL INCOME AND COSTS			
15) Equity investments in subsidiaries income	9.219.369	14.063.518	(4.844.149)
16) Other financial income:			
b) Securities included in fixed assets	46.907	172.948	(126.041)
c) Marketable securities	-	2.913.555	(2.913.555)
d) Other financial income			
* Subsidiaries	963.122	5.103.026	(4.139.904)
* Other companies	10.830.242	14.225.899	(3.395.657)
17) Interest and other financial expenses paid to:			
* Subsidiaries	(11.144)	(17.810)	6.666
* Other	(19.386.446)	(21.064.834)	1.678.388
Total Net Finance Costs	**1.662.050**	**15.396.302**	**(13.734.252)**
D) FINANCIAL INVESTMENTS WRITEDOWNS			
19) Writedowns			
a) Equity investments in subsidiaries	(68.113.055)	(119.547.030)	51.433.975
b) Other financial fixed assets other than equity investments	-	(24.383)	24.383
Total net Financial Investments Writedowns	**(68.113.055)**	**(119.571.413)**	**51.458.358**
E) EXCEPTIONAL EXPENSES	**(6.782.285)**	**-**	**(6.782.285)**
PROFIT/(LOSS) BEFORE TAX	**11.474.963**	**(22.381.833)**	**33.856.796**
22) Income tax	(21.390.513)	(3.074.360)	(18.316.153)
NET LOSS	**(9.915.550)**	**(25.456.193)**	**15.540.643**

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