



Press release

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**Expansion of the Group's operations in continental Europe boosts revenues to 2,175.4 Billion lire (1.1 Billion euros), an improvement of 26.6% compared with the previous year.**

**Income rises 31.4% to 65.5 billion lire (33.8 million euros)**

## **Autogrill Board approves 1998 accounts**

Milan, 23<sup>rd</sup> March 1999 - At a meeting today chaired by Gilberto Benetton, the Board of Directors of Autogrill S.p.A. approved the consolidated and parent company financial accounts for 1998. The accounts will be submitted for shareholder approval at the AGM convened for 30 April (first call) and 10 May (second call).

**Main results.** Group revenues for 1998 totalled 2,175.4 billion lire (1.12 billion euros), an increase of 26.6% compared with the previous year. "Chain" revenues, which include sales by franchisees, amounted to 2,315 billion lire (1.2 billion euros), an improvement of 27.9%. Chain revenues included 125 billion lire (64.6 million euros) for Autogrill's quick-service restaurant business, which is largely based on the Spizzico formula. Income for the year – net of minority interests – rose 31.4% to 65.5 billion lire (33.8 million euros). Cash-flow, i.e., income plus depreciation, amortisation, provisions and other charges, was 219.8 billion lire (113.5 million euros), up 34.1% compared with 1997.

**Margins.** The gross operating margin was 328.7 billion lire (169.8 million euros), compared with 214.8 billion in 1997 (110.9 million euros). Depreciation, amortisation and writedowns totalled 152 billion lire (78.5 million euros), against the previous year's 110.1 billion (56.9 million euros). Operating income was 145.3 billion lire (75 million euros), 73.7 billion higher than in 1997. The strong rise in margins was due in part to the introduction of Irap, a regional tax on production activities, which led to a reduction in salaries, wages and employee benefits and an increase in taxes.

**Expansion in Europe.** A key factor in 1998 performance, with a decisive impact on revenues, was the strengthening and consolidation of the Group's operations on the main continental European markets, which accounted for 24.3% of total revenues (6.5% in 1997):

- on 31 January 1998, Autogrill International acquired 7 motorway restaurants in Germany, which are now run by Autogrill Deutschland;
- on 25 June 1998, Autogrill finalised the acquisition of the Dutch AC group, whose 42 restaurants make it the leading motorway-restaurant operator in Belgium and the Netherlands. AC also runs a motorway restaurant in Germany and 20 restaurants in shopping centres in Belgium and Luxembourg;
- as from 1 January 1998, Autogrill's consolidated accounts include France's Sogerba group, which was acquired on 30 December 1997;
- the 1998 consolidated accounts also include revenues for the Group's operations in Austria – acquired on 1 September 1997 – and for its restaurant in Greece, which opened on 18 April 1997.



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Comparison of the 1998 consolidated income statement with a 1997 pro-forma statement, i.e., including 1997 income of the new acquisitions, shows a 5.3% rise in revenues, and growth of 18% and 54.8% in gross operating margin and net income respectively.

**Financial situation.** Analysis of the balance sheet shows an increase of 139.9 billion lire (72.3 million euros) in net invested capital, largely as a result of the year's acquisitions. This was accompanied by an increase of 86.3 billion lire (44.6 million euros) in net financial debt, which stood at 172.7 billion (89.2 million euros) at 31 December 1998. Group shareholders' equity was 441 billion lire (227.8 million euros) including income for the year, net of the 17.8 billion lire (9.2 million euros) dividend pay-out approved by shareholders at the AGM of 29 April 1998.

**The Parent Company.** Autogrill S.p.A., which conducts the Group's activities in Italy, had revenues of 1,649.3 billion lire (851.8 million euros, an improvement of 2.4% compared with 1997). Specifically, sales of food and drink rose 5.7%, while "complementary" products saw a decrease in sales of lottery tickets (down 22.9%). The gross operating margin rose 32.3 billion to 243 billion lire (125.5 million euros), of which 11.1 billion (5.7 million euros) related to operations and 21.2 billion (11 million euros) to the effect of the Irap tax. Net income was 33.1 billion lire (17.1 million euros, up 48.5%): this increase was due in part to the extension of the goodwill write-off period (from 5 to 10 years), as permitted under tax laws.

**Dividend pay-out.** The Autogrill Board also decided to ask shareholders to approve a per-common-share dividend of 80 lire, payable as from 24 May, upon presentation of share coupon no. 2. The total pay-out amounts to 20.4 billion lire, 10.5 million euros. The earlier-year per-common-share dividend was 70 lire.

**Own shares.** At the AGM, the Board will ask shareholders for an 18-month authorisation to purchase up to 3 million Autogrill shares, for a minimum price of 10,000 lire and a maximum of 25,000 lire, with the allocation of up to 75 billion lire to the own-share purchase reserve.