



# Autogrill Group

## 3rd Quarter 2002 Results



Milan, 6 November 2002



## 3Q2002 YTD Performance

### Main comments

- **During first nine months 2002, Group sales totaled 2,427 ml. Euro, up by 1% compared to 3Q2001 YTD (2.6% net of FX impact)**
- **Strong results in North America, where total turnover grew by 6%**
- **In Europe, the summer months confirmed good trends in results in France (+6.5% in net sales) and in Spain (turnover up by +18.4%) and improved Italian performances (+1.2% versus 3Q2001 YTD)**
- **Group Ebitda reached 310.3 ml. Euro (12.8% on sales vs. 12.5% of 3Q2001 YTD), driven by North America profitability growth (+14.8%)**
- **Strong cash flow generation was confirmed: pre-tax cash flow totaled 258.9 ml. with a 8.3% increase and pre-tax free cash flow grew by 15% in comparison to 3Q2001 YTD (from 4.8% to 5.5% on net sales)**
- **Net debt position improved, with a 16.4% decrease (-11% net of FX impact)**



## 3Q2002 YTD Performance

### Group Financial Highlights

	3Q2002 YTD	3Q2001 YTD	Diff. %	Diff. % net of FX impact
<b>Systemwide Sales</b>	<b>2.485,8</b>	<b>2.462,1</b>	<b>1,0%</b>	<b>2,6%</b>
<b>Net Sales</b>	<b>2.427,5</b>	<b>2.402,8</b>	<b>1,0%</b>	<b>2,6%</b>
<b>EBITDA</b>	<b>310,3</b>	<b>299,5</b>	<b>3,6%</b>	<b>5,4%</b>
<b>% on net sales</b>	<b>12,8%</b>	<b>12,5%</b>		
<b>PRE-TAX CASH FLOW</b>	<b>258,9</b>	<b>239</b>	<b>8,3%</b>	<b>10,1%</b>
<b>% on net sales</b>	<b>10,7%</b>	<b>9,9%</b>		
<b>CAPEX</b>	<b>115,4</b>	<b>111,4</b>	<b>3,6%</b>	<b>6,3%</b>
<b>% on net sales</b>	<b>4,8%</b>	<b>4,6%</b>		
<b>PRE-TAX FREE CASH FLOW*</b>	<b>133,3</b>	<b>115,9</b>	<b>15,0%</b>	
<b>% on net sales</b>	<b>5,5%</b>	<b>4,8%</b>		
<b>NET DEBT</b>	<b>953,0</b>	<b>1.139,4</b>	<b>-16,4%</b>	<b>-11%</b>

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



## 3Q2002 YTD Performance

### Financial ratios

	3Q2002 YTD	3Q2001 YTD	2002 Target	Full 2001
ROI *	15,9%	13,8%	20,0%	17,1%
PRE-TAX FCF ROI **	11,1%	8,3%	11,5%	11,2% ***
EBITDA interest coverage	11,0	6,1	9,5	6,9
EBITA interest coverage	6,8	3,9	6,1	4,1
Pre-Tax Cash Flow / Net Debt	27,2%	21,0%	25,0%	23,2% ***

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

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

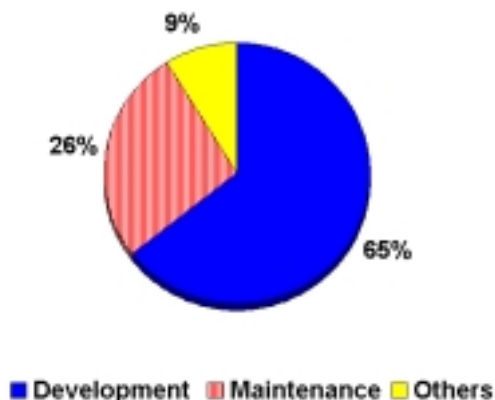
\*\*\* FCFROI Estimates



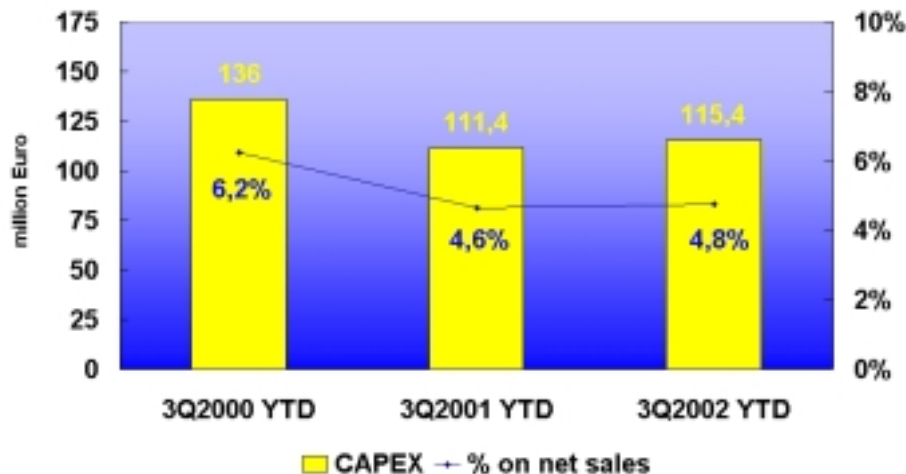
# 3Q2002 YTD Performance

## Capex and Free Cash Flow analysis

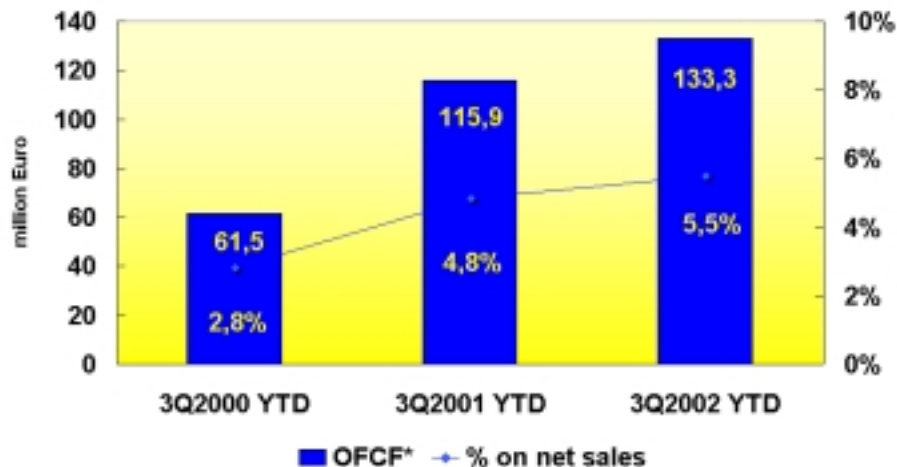
CAPEX by SCOPE



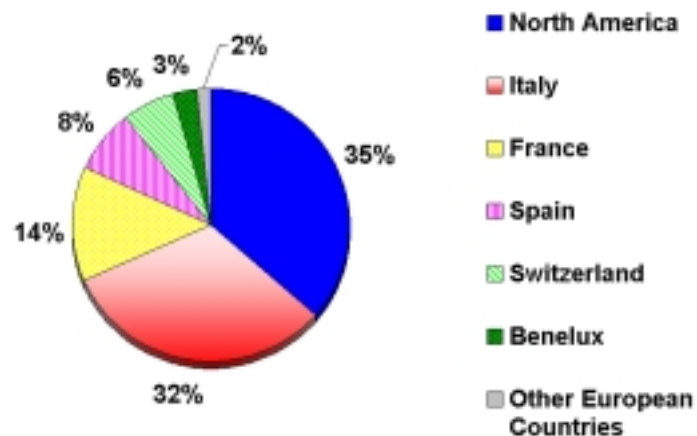
CAPEX 3QYTD TREND



PRE-TAX FCF\* 3QYTD TREND



CAPEX by COUNTRY



\* Cash Flow - Capex +/- Delta NWC



## 3Q2002 YTD Performance

### Regional performance

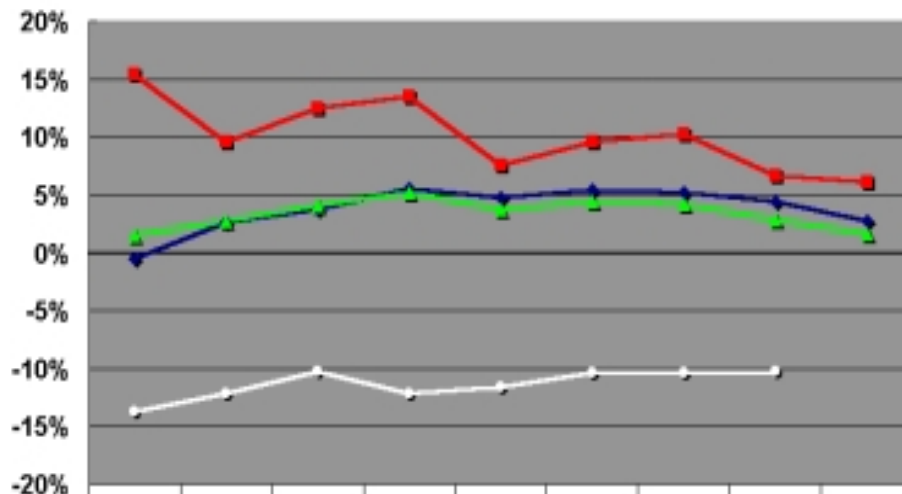




# 3Q2002 YTD Performance

## Regional performance - North America

- Net sales reached 1,169 m\$, up by 6%
- **Airport channel** sales up by 4.3% on like-for-like basis against a 8.3% decrease in traffic\*
- **Motorways channel** increased by 24.6%
- Atlantic City Expressway and Milwaukee Airport contracts amount to a further 145 m\$, in addition to the 800 m\$ of cumulative turnover won in the previous months



	Weeks 1-4	Weeks 5-8	Weeks 9-12	Weeks 13-16 **	Weeks 17-20	Weeks 21-24	Weeks 25-28	Weeks 29-32	Weeks 33-36
— Airports vs. LY comp.	-0,5%	2,6%	3,8%	5,5%	4,8%	5,4%	5,2%	4,4%	2,8%
— Motorways vs. LY	15,4%	9,6%	12,5%	13,5%	7,6%	9,6%	10,2%	6,7%	6,1%
— Total vs. LY comp.	1,5%	2,7%	4,1%	5,2%	3,8%	4,4%	4,2%	2,9%	1,6%
Traffic *	-13,7%	-12,1%	-10,3%	-12,1%	-11,6%	-10,4%	-10,4%	-10,3%	

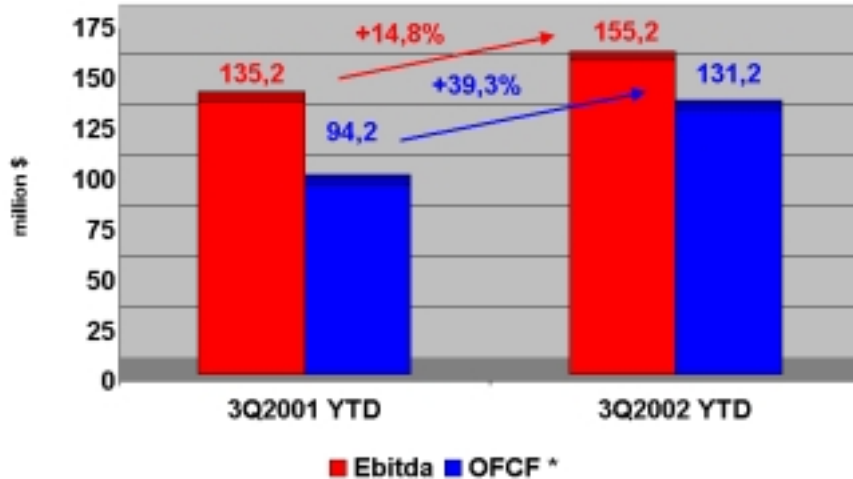
\* Source: ATA



# 3Q2002 YTD Performance

## Regional Performance - North America

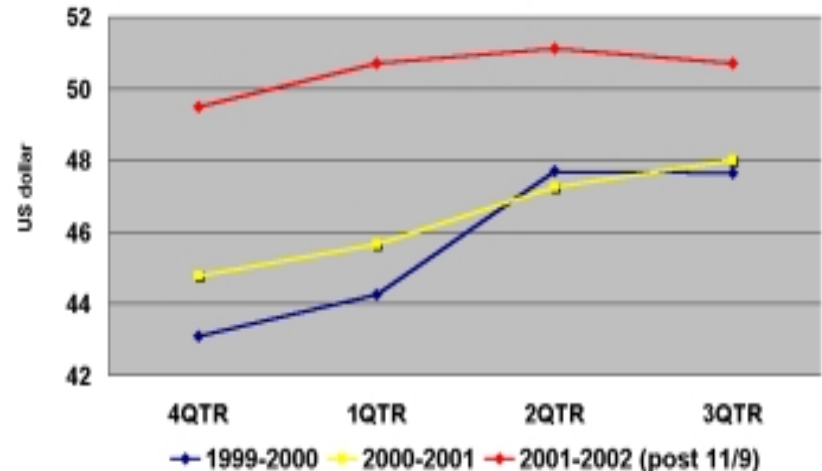
HMS EBITDA and OFCF\* GROWTH



- The counter measures adopted after 11 September hastened and solidified the improvement in productivity

- Ebitda totaled 155.2 m\$ (13.3% on net sales versus 12.2% of 3Q2001 YTD), a 14.8% increase
- Operating Free Cash Flow \* grew by 39.3% to 131.3 m\$, reaching 11.2% on net sales (8.5% in 3Q2001 YTD)

N.A. AIRPORTS LABOR PRODUCTIVITY TREND (Sales per LaborHour)



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





## 3Q2002 YTD Performance

### Regional Performance - North America

- The “National Processing Center” entered in the final phase and nowadays new administrative procedures are applied in the fields (3Q2002 YTD allocated extraordinary costs were around 6 m\$)
- In order to increase contract portfolio profitability it was decided to close two shopping malls that were performing unsatisfactorily: therefore in the quarter extraordinary costs of 11 m\$ were incurred

SHOPPING MALLS	Total amount		Dolphin Mall		Times Square 42st		Total amount ex. 42St & Dolphin	
	YTD Sept 2001	YTD Sept 2002	YTD Sept 2001	YTD Sept 2002	YTD Sept 2001	YTD Sept 2002	YTD Sept 2001	YTD Sept 2002
Net Sales	37,4	36,9			4,8	4,3	32,6	32,6
Store Cash Flow	2,5	3,0	-0,1	-0,4	-1,5	-1,7	4,1	5,1
	6,8%	8,0%	→				12,6%	15,8%



# 3Q2002 YTD Performance

## Regional Performance - Italy

- Net sales totaled 758.2 ml. Euro, up by 1.2%
- In the motorways channel, continuous upgrading of product mix reinforced food&beverage results: YTD sales grew by 5.5%, compared to a 2.6%\* traffic increase
- Airports sales down by 5.1% due to long-standing poor traffic conditions (-7%\*\* YTD)

Million Euro

			3Q2001 YTD	3Q2002 YTD	Diff. %
ITALY	Motorway	Net Sales	606,4	614,2	1,3%
		Cash Flow Store	130,5	134,9	3,4%
		% on Net Sales	21,5%	22,0%	
	Airports	Net Sales	25,2	23,9	-5,1%
		Cash Flow Store	3,6	1,5	n.s.
		% on Net Sales	14,1%	6,3%	
	Railway St.	Net Sales	6,3	7,8	22,8%
		Cash Flow Store	0,9	1,1	22,5%
		% on Net Sales	14,5%	14,4%	
	Others	Net Sales	111,4	112,3	0,8%
		Cash Flow Store	13,7	13,5	-1,6%
		% on Net Sales	12,3%	12,0%	
	Total	Net Sales	749,4	758,2	1,2%
		Cash Flow Store	148,7	151,0	1,6%
		% on Net Sales	19,8%	19,9%	
EBITDA		122,6	125,4	2,3%	
% on Net Sales		16,4%	16,5%		

### ITALIAN MOTORWAY SALES BREAKDOWN

	3Q2001 YTD	3Q2002 YTD	
Catering	320	337,5	5,5%
Retail	261,6	250,1	-4,4%
Others ***	24,9	26,6	6,8%
<b>TOTAL</b>	<b>606,5</b>	<b>614,2</b>	<b>1,3%</b>

- Driven by Roma Termini's refurbished outlets, railway station channel sales increased by 22.8%
- Spizzico and BK net sales up respectively by 12.5% and 25.9% YTD

\*\*\* Lotteries and others ancillary

\* Source: Autostrade

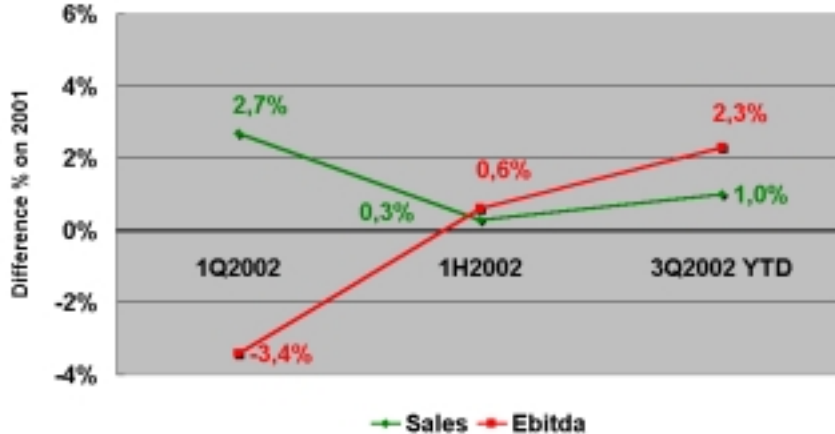
\*\* Source: Assaeroporti



# 3Q2002 YTD Performance

## Regional Performance - Italy

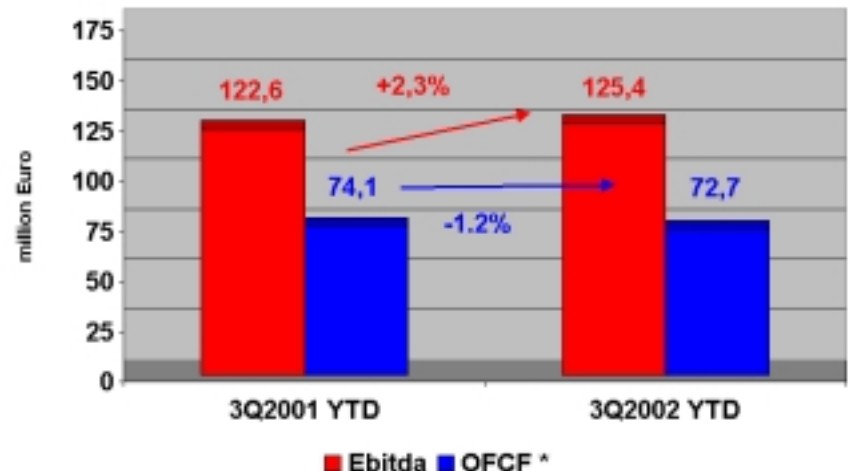
2002 SALES and EBITDA EVOLUTION



- The great ability to react and adapt enabled an increase in profitability, despite the unfavorable environment: Ebitda reached 125.4 ml. Euro, 16.5% on net sales (16.4% in 3Q2001 YTD)

- Capital expenditure reached 37 m. Euro: more than 60% of the amount was dedicated to development activities (16 new Spizzico and BK outlets opened during 3Q2002 YTD)
- Despite this, thanks to strong cash generation, OFCF\* remained practically unchanged

ITALY EBITDA and OFCF\* TREND



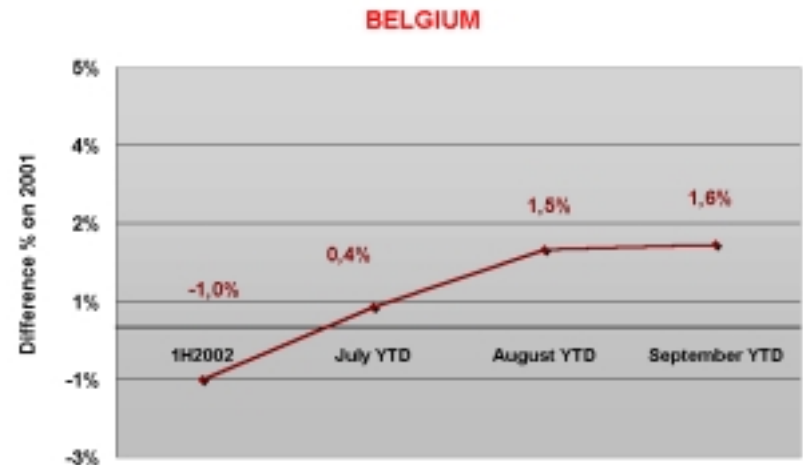
\* Ebitda-Extr. -Capex/+Delta WorkingCapital



## 3Q2002 YTD Performance

### Regional Performance - Rest of Europe

- Thanks to a 7.2% increase in the motorway channel and a 6.4% growth in the railway station channel, net sales in France achieved 147.6 ml. Euro, up by 6.5%. Ebitda flattened to 20.2 ml Euro (13.7% on net sales) versus 21.8 m Euro (15.7% on net sales) of 3Q2001 YTD, owing the impact of the restructuring activities in the railways stations locations
- Turnover in Spain reached 61.9 m Euro (+18.4% compared to 3Q2001), with a 6.2% growth in the motorway channel and 6.4 m Euro generated by the new railway station business.  
Total Ebitda reached 8.7 ml. Euro 14% on net sales, versus 14.4% of last year
- Product mix changes made during the summer season changed the negative first half sales trends in Belgium: as of September 2002, net sales grew by 1.6% to 30.3 ml. Euro, with a 3.6% increase in the motorway channel





## 3Q2002 YTD Performance

### Outlook





## 3Q2002 YTD Performance

### Outlook

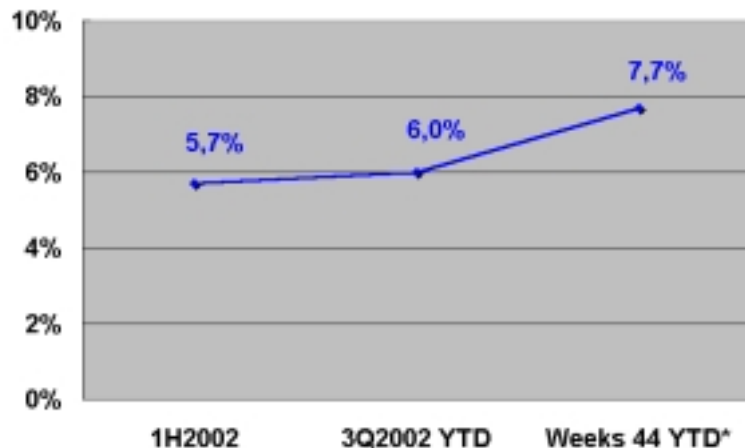
- **Despite circumstances in the key countries that continue to be unfavorable, the Group has managed to improve its sales performance thanks to the initiatives undertaken in terms of product mix**
- **The marked improvements obtained in terms of profitability and cash flow generation will be confirmed and further enhanced in the coming months thanks to the projects and activities that are still ongoing in both America and Europe.**
- **By means of continually improving its contract portfolio and enhancing its key countries/channels, the Group plans to go on with the realization of its development strategy.**



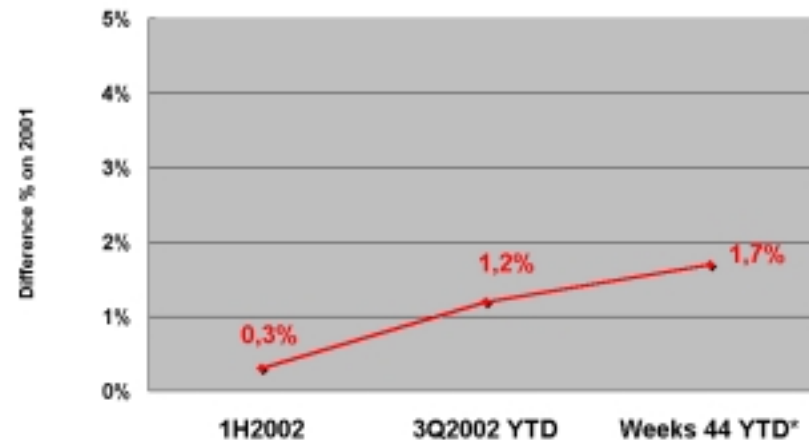
# 3Q2002 YTD Performance

## Outlook - October sales evolution

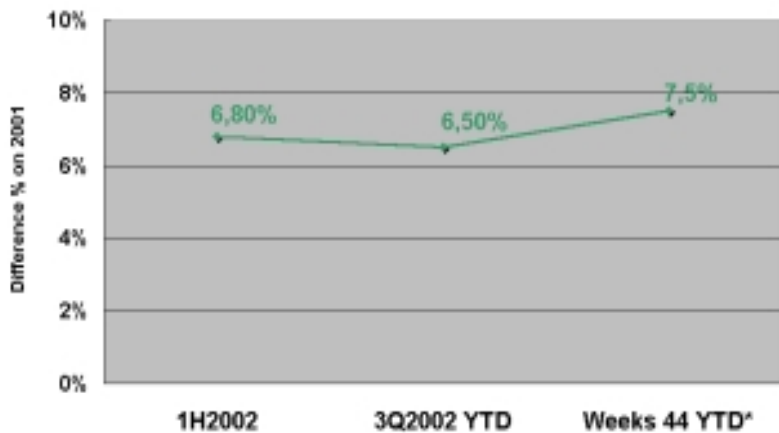
### HMSHOST



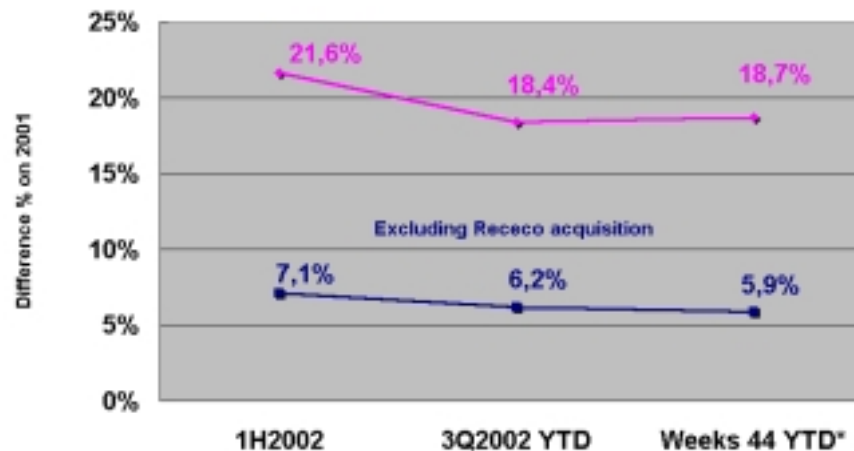
### ITALY



### FRANCE



### SPAIN



\* Preliminary figures



# Autogrill Group

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