



**FIRST HALF 2000**

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# AUTOGRILL S.p.A.

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## Corporate Officers

### Board of Directors (in office until approval of the financial statements for the 2000 fiscal year)

Gilberto BENETTON	<i>Chairman</i>	Powers pursuant to law and the Bylaws, including those to act as legal representative of the Company and execute instruments on its behalf.
Livio BUTTIGNOL	<i>Chief Executive Officer</i>	Executive authority over the Company's day-to-day operations, exercisable individually (as per Resolution of 8/28/00).
Alessandro BENETTON	<i>Director</i>	No specific powers.
Giorgio BRUNETTI	<i>Director</i>	No specific powers.
Antonio BULGHERONI	<i>Director</i>	No specific powers.
Marco DESIDERATO	<i>Director</i>	No specific powers.
Sergio EREDE	<i>Director</i>	No specific powers.
Gianni MION	<i>Director</i>	No specific powers.

### Board of Statutory Auditors (in office until approval of the financial statements for the 2002 fiscal year)

Gianluca PONZELLINI	<i>Chairman</i>	Certified Public Accountant
Marco REBOA	<i>Auditor</i>	Certified Public Accountant
Ettore Maria TOSI	<i>Auditor</i>	Certified Public Accountant
Giovanni Pietro CUNIAL	<i>Alternate</i>	Certified Public Accountant
Graziano Gianmichele VISENTIN	<i>Alternate</i>	Certified Public Accountant

### Independent Auditors (in office until approval of the financial statements for the 2002 fiscal year)

Arthur Andersen S.p.A.

## Highlights

(amounts in millions of euros)	1st half 2000	1st half 1999 pro-forma	1999 fiscal year
System-wide sales <sup>(1)</sup>	1.369,2	1.201,7	2.726,0
Sales revenues	1.330,0	1.163,2	2.651,4
EBITDA <sup>(2)</sup>	142,2	118,0	312,0
as a % of revenues	10,7%	10,1%	11,8%
EBITA <sup>(3)</sup>	77,6	62,4	187,1
as a % of revenues	5,8%	5,4%	7,1%
EBIT	30,4	16,3	133,9
as a % of revenues	2,3%	1,4%	5,1%
Income before taxes and the impact of accounting principle	(15,4)	(26,3)	68,9
as a % of revenues	-1,2%	-2,3%	2,6%
Cash Flow <sup>(5)</sup>	94,1	78,3	195,7
as a % of revenues	7,1%	6,7%	7,4%
Capital expenditures	82,8	94,3	211,6
Net working capital	(171,1)		(224,7)
Net invested capital	1.377,7		1.305,6
Net financial position	(1.153,8)		(1.050,6)

<sup>(1)</sup> Includes all sales generated by Group branded establishments that are operated directly or by franchisees.

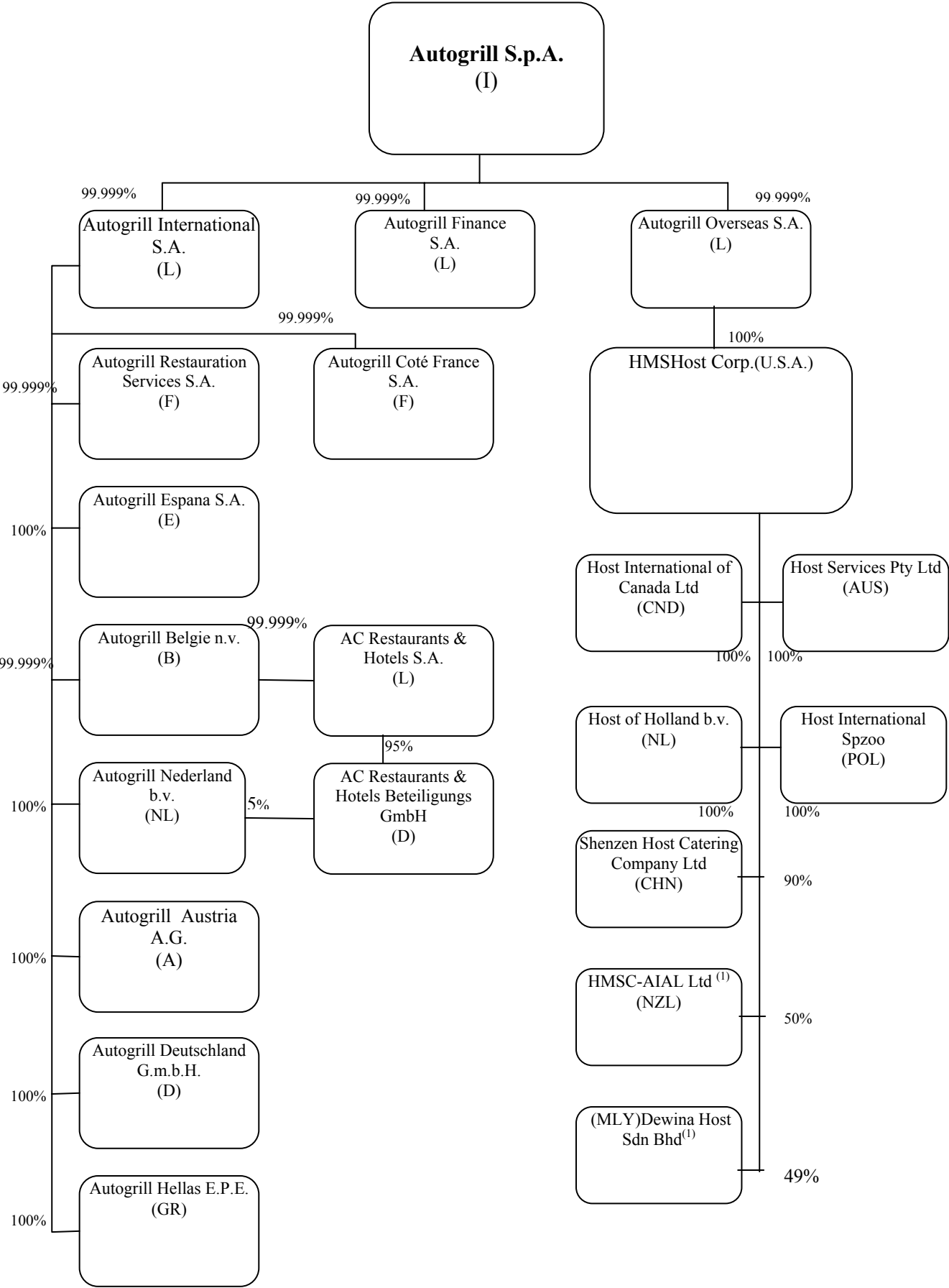
<sup>(2)</sup> Earnings before depreciation and amortization, extraordinary items, interest and taxes.

<sup>(3)</sup> Earnings before amortization of goodwill and consolidation differences, extraordinary items, interest and taxes. The figure for the first half of 1999 is net of the amortization (27 million euros pro-forma) of the goodwill recognized as a result of the HMSHost acquisition. In the financial statements for the entire 1999 fiscal year, when this charge was prorated based on the length of ownership of the investment, it amounted to 21.4 million euros.

<sup>(4)</sup> The pro-forma figure shown for the first half of 1999 is net of the amortization (see Note 3) of the capitalized financial expense (17 million euros) incurred for the HMSHost acquisition, which was deducted on a pro-forma basis to mirror its impact on the result for the first half of 2000. In the financial statements for the entire 1999 fiscal year, the financial expense incurred in connection with the acquisition totaled 7.2 million euros, since the respective interest was accrued for the four months following the date of purchase.

<sup>(5)</sup> The figure for the first half of 1999 is net of the impact of accounting principle changes (8.4 million euros generated by the recognition of deferred-tax assets).

# Simplified Group Organization Chart at June 30, 2000



# Report on Operations

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## **Overview**

The Autogrill Group is the world's leading provider of restaurant services to people on the move. With its Spizzico proprietary brand, it ranks among the top operators of quick service restaurants (QSRs) in Italy.

The Group is present in 19 countries over four continents, where it operates more than 3,700 points of sale located at 84 airports, 575 travel plazas and 215 other high-traffic locations.

All highway and airport locations include significant food and non-food retailing facilities.

Services to travelers are provided on the basis of concessions awarded by the companies that operate the various airports and toll roads.

In order to meet the diverse needs of its customers, the Group offers its restaurant services through a wide variety of venue concepts that use proprietary and franchised brands.

In addition, the Group pursues growth by developing new channels for the delivery of food and beverage services. While its Spizzico restaurants, which use the most up-to-date quick service restaurant operating methods and concepts to offer customers pizza snacks, the Group also relies on franchised brands, chief among them Burger King in Italy. New restaurant formats are also being tested.

## **Seasonal Factors Affecting the Industry**

The Group's level of activity is strongly influenced by the mobility of people. While the overall trend shows a steady increase in travel volumes, a breakdown of travel flows over the course of the year shows the strong impact of seasonal factors, particularly on tourism.

In particular, activity is at its lowest during the first quarter of the year and peaks during the period from July to September. Travel volume during the second and fourth quarter is roughly equivalent to the average for the year. Consequently, during the first six months of the year demand was 15% to 20% less than in the second half.

In addition, HMSHost breaks down its fiscal year into four-week accounting periods. As a result, the first six months of 2000 include HMSHost's results from January 1 to June 16, compared with a period running from January 2 to June 18 in 1999. In the same manner, the companies that operate on Dutch toll roads closed their books at June 14, 2000, instead of the June 16 cutoff used in 1999.

The impact of seasonal factors is more pronounced on the gross operating result than on revenues. This is due to the accrual for the period of significant expense items, including depreciation and amortization, and to the fact that the cost effectiveness of the provision of services to customers increases during peak business periods.

As it occurs in the rest of the industry, the need to deliver an adequate level of service to customers requires the Group to maintain operating costs above a minimum threshold, which is equivalent to a significant portion of revenues during the off season.

To mitigate this problem, the Group has been actively pursuing for some time the use of more flexible work methods, when and to the extent that these employment relationships are available.

In terms of the balance sheet, the impact of seasonal factors on the operating performance is compounded by the concentration in the first half of the year of several annual cost components (in particular, concession fees and deferred employee compensation), which reduce temporarily the financial resources available of working capital.

## Operating Performance of the Group

### Higher Business Volume Leads to Increased Efficiency

The results for the first half of 2000 are compared with data for the same period last year that were restated on a pro-forma basis to include the contribution of the HMSHost Group. This transaction, which was completed on September 1, 1999, enabled the Autogrill Group to double its size and enter the North American market.

The fluctuations of the U.S. dollar/euro exchange rate also had an impact on the comparison figures. Whenever necessary for a better understanding of operating performance, year-on-year changes adjusted for foreign exchange fluctuations are also shown.

During the first half of 2000, revenues rose 14.3% to 1,330 million euros (+6.9% at comparable exchange rates). This increase, which is higher than the average for market benchmarks, reflects particularly strong growth at U.S. airports and on Italian toll roads.

At U.S. airports, revenues from “comparable” establishments (i.e., facilities that did not undergo structural renovation) were up 13.1% (+5.6% net of foreign exchange differences), compared with a 4% increase in passenger departures.

Sales from restaurants on Italian toll roads improved by 7.2%, while vehicle traffic was up 4.2%.

In the rest of Europe, sales grew 7% overall, but the Group’s performance changed from one country to the next, reflecting its position in the local markets and the initiatives launched during the period. Sales results varied from an 18.2% gain in Spain, where revenues reached 26.4 million euros, to a 1.3% increase in Germany, which brought sales to 4.9 million euros.

All the indicators of operating profitability were up sharply. EBITDA increased 20.6% to 142.2 million euros, EBITA was up 24.3% to 77.6 million euros and EBIT rose 86.9% to 34 million euros. Amortization of goodwill and consolidation differences totaled 47.3 million euros, compared with 46.1 million euros in the same period last year.

During the first half of 2000, Autogrill launched a marketing plan that will help it expand its network of quick service restaurants in Italy (Spizzico and Burger King). This required an increase in advertising expenses, which rose to 3 million euros, compared with 0.1 million euros in the first half of 1999.

The optimization of HMSHost’s debt structure, which lowered net financial expense to 30.5 million euros, or 5.6 million euros less than in the corresponding period a year ago, had a positive impact on the Group’s overall performance. During the first half of 2000, the Company incurred significant extraordinary charges that are expected to produce substantial benefits in future years. In particular, it streamlined its operating and support activities in the United States, Spain and France, and implemented a new organizational structure that is expected to foster more rapid growth for the entire Group and accelerate the development of synergies through the integration of its operations in the various European countries.

The result before taxes, net of the impact of changes in accounting principles, improved by 41.1% to a loss of 15.4 million euros.

The Group interest in net loss came to –17.7 million euros, significantly better than the –23.4 million euros reported in the first half of 1999, restated on a pro-forma basis, before the impact of Accounting Principle No. 25 on income taxes.

Consolidated cash flow grew by 20.2% to 94.1 million euros. Net borrowings totaled 1,153.8 million euros. To avoid seasonal distortions, this amount should be compared with the pro-forma figure at June 30, 1999. When this is done, and the impact of fluctuations in the U.S. dollar/euro exchange rate is eliminated, net borrowings decline by more than 27 million euros.

# Consolidated Statement of Income

	1 st half 2000	1st half 1999 pro- forma	Change	1999 fiscal year
(amounts in millions of euros)				
Sales and service revenues	1.330,0	1.163,2	166,8	2.651,4
Other revenues and income	42,4	34,0	8,4	81,1
<b>Production value</b>	<b>1.372,4</b>	<b>1.197,2</b>	<b>175,2</b>	<b>2.732,5</b>
Cost of production	(799,8)	(695,9)	(103,9)	(1.570,8)
<b>Value added</b>	<b>572,6</b>	<b>501,3</b>	<b>71,3</b>	<b>1.161,7</b>
Labor costs	(423,4)	(370,7)	(52,7)	(815,2)
Writedowns of current assets, provisions for risks and other provisions	(4,4)	(3,8)	(0,6)	(18,1)
Miscellaneous operating costs	(15,6)	(13,9)	(1,7)	(29,6)
<b>Gross operating result</b>	<b>129,2</b>	<b>112,9</b>	<b>16,3</b>	<b>298,8</b>
Amortization and writedowns of goodwill and consolidation differences	(47,3)	(46,1)	(1,2)	(53,1)
Other depreciation, amortization and writedowns of fixed assets	(64,5)	(55,6)	(9,0)	(124,9)
<b>Operating income</b>	<b>17,4</b>	<b>11,2</b>	<b>6,2</b>	<b>120,8</b>
Net financial expense	(30,5)	(36,1)	5,6	(49,6)
Value adjustments on financial assets	(0,4)	0,1	(0,5)	(0,9)
<b>Result before extraordinary items and taxes</b>	<b>(13,5)</b>	<b>(24,8)</b>	<b>11,3</b>	<b>70,3</b>
Net extraordinary expense	(1,9)	(1,5)	(0,4)	(1,4)
<b>Income before taxes and the impact of accounting principle changes</b>	<b>(15,4)</b>	<b>(26,3)</b>	<b>10,9</b>	<b>68,9</b>
Impact of accounting principle changes	-	8,4	(8,4)	8,4
IRAP (Italian regional tax)	(5,4)	(5,3)	(0,1)	(11,1)
Other taxes	5,3	9,6	(4,3)	(25,2)
Total income taxes	(0,1)	4,3	(4,4)	(36,3)
<b>Net income (loss)</b>	<b>(15,5)</b>	<b>(13,6)</b>	<b>(1,9)</b>	<b>41,0</b>
Net income of HVMHost before acquisition				11,8
Minority interest in net income (loss)	2,2	1,4	0,8	3,2
<b>Group interest in net income (loss)</b>	<b>(17,7)</b>	<b>(15,0)</b>	<b>(2,7)</b>	<b>26,0</b>
<b>EBITDA(1)</b>	<b>142,2</b>	<b>118,0</b>	<b>24,2</b>	<b>312</b>
<b>EBIT(2)</b>	<b>30,4</b>	<b>16,3</b>	<b>14,1</b>	<b>133,9</b>
<b>CASHFLOW</b>	<b>94,1</b>	<b>78,3</b>	<b>15,8</b>	<b>195,7</b>

(1) Gross operating result less extraordinary items.

(2) Operating income less extraordinary items.



## **Financial Position and Financial Performance**

The analysis of the balance sheet presented in the table on the following page shows that net invested capital increased by 72.1 million euros during the period under review, while stockholders' equity contracted by 31.1 million euros and net borrowings rose by 103.2 million euros.

The appreciation of the U.S. dollar versus the euro during the first half of 2000 is largely responsible for the higher levels of net invested capital and net borrowings, accounting for 49.1 million euros and 45.9 million euros of the respective increases.

Group interest in stockholders' equity was impacted only marginally by fluctuations in the U.S. dollar/euro exchange rate, since most of the assets denominated in U.S. dollars are hedged by borrowings in the same currency or through specific hedging transactions. The decrease in the first six months of 2000 reflects mainly the distribution of dividends and the loss for the period.

On May 15, 2000, the first deadline under the indenture for the exercise of call options, the Company carried out an early redemption of the ten-year senior notes issued by a company of the HMSHost Group on terms that were more onerous than those warranted by the credit rating of the Autogrill Group.

This redemption was financed with resources obtained on more favorable terms by utilizing standby credit lines with three-year options.

## Consolidated Balance Sheet

(amounts in millions of euros)

	6/30/00	12/31/99	Change	6/30/99 pro-forma
<b>A) Fixed assets</b>				
Intangibles	1,222.2	1,224.9	(2.7)	1,229.1
Property, plant and equipment	411.3	391.3	20.0	381.0
Financial fixed assets	28.6	27.9	0.7	27.0
	<b>1,662.1</b>	<b>1,644.1</b>	<b>18.0</b>	<b>1,637.1</b>
<b>B) Working capital</b>				
Inventories	91.4	91.3	0.1	80.9
Trade accounts receivable	69.4	57.9	11.5	58.9
Other assets	223.2	210.3	12.9	170.3
Trade accounts payable	(310.5)	(330.8)	20.3	(251.6)
Reserves for risks and charges	(78.1)	(76.1)	(2.0)	(60.7)
Other current liabilities	(166.5)	(177.3)	10.8	(208.9)
	<b>(171.1)</b>	<b>(224.7)</b>	<b>53.6</b>	<b>(211.1)</b>
<b>C) Invested capital, net of operating liabilities</b>	<b>1,491.0</b>	<b>1,419.4</b>	<b>71.6</b>	<b>1,426.0</b>
<b>D) Reserve for employee severance indemnities and other non-financial long-term liabilities</b>	<b>(113.3)</b>	<b>(113.8)</b>	<b>0.5</b>	<b>(97.8)</b>
<b>E) Net invested capital</b>	<b>1,377.7</b>	<b>1,305.6</b>	<b>72.1</b>	<b>1,328.2</b>
<b>Covered by:</b>				
<b>F) Stockholders' equity</b>				
Group interest in stockholders' equity	207.9	239.3	(31.5)	227.2
Minority interest in stockholders' equity	16.0	15.6	0.4	16.6
	<b>223.9</b>	<b>254.9</b>	<b>(31.1)</b>	<b>243.8</b>
<b>G) Convertible bonds</b>	<b>357.8</b>	<b>353.8</b>	<b>4.0</b>	<b>350.3</b>
<b>H) Long-term debt</b>	<b>609.5</b>	<b>805.8</b>	<b>(196.3)</b>	<b>989.2</b>
<b>I) Current net financial position</b>			-	
Short-term borrowings	314.0	119.6	194.4	80.8
Cash and short-term loans receivable	(127.5)	(228.5)	101.0	(335.8)
	<b>186.5</b>	<b>(108.9)</b>	<b>295.4</b>	<b>(255.1)</b>
<b>Net financial position (G+H+I)</b>	<b>1,153.8</b>	<b>1,050.7</b>	<b>103.1</b>	<b>1,084.4</b>
<b>I) Total, as in E)</b>	<b>1,377.7</b>	<b>1,305.6</b>	<b>72.0</b>	<b>1,328.2</b>

**Consolidated Statement of Cash Flow**  
(in millions of euros)

	1st half 2000	1st half 1999 pro-forma	1999 fiscal year
<b>Current net financial position at beginning of period</b>	<b>109.0</b>	<b>(32.1)</b>	<b>(32.1)</b>
<b>Cash flow -- Operating activities</b>			
Net income (loss) before minority interest	(15.5)	(15.3)	29.1
Depreciation, amortization and writedowns of fixed assets, net of upward adjustments	111.8	101.5	178.1
(Gains)/Losses on the sale of fixed assets	(0.2)	0.4	(0.1)
Provisions for risks, net of utilizations	0.9	7.0	42.1
Changes in working capital	(59.6)	(66.2)	(28.8)
Changes in the reserve for employee severance indemnities and other long-term liabilities	2.0	(7.0)	4.2
Foreign exchange differences and other changes	2.3	5.1	0.0
	<u>41.7</u>	<u>25.4</u>	<u>224.6</u>
<b>Cash flows -- Investing activities</b>			
Additions to fixed assets			
- Intangibles <sup>(1)</sup>	(36.8)	(35.8)	(108.8)
- Property, plant and equipment	(46.0)	(58.5)	(102.8)
- Financial fixed assets	(2.6)	(0.6)	(4.1)
- Additions to consolidated equity investments	0.0	(654.2)	(654.2)
Disposals of financial fixed assets	2.6	1.2	2.2
Proceeds from the sale of fixed assets	4.0	0.3	11.7
Foreign exchange differences and other changes	(50.6)	(44.0)	(1.0)
	<u>(129.4)</u>	<u>(791.6)</u>	<u>(857.1)</u>
<b>Cash flow -- Financing activities</b>			
Convertible bonds issued (with capitalized interest)	4.1	350.3	353.8
New long-term debt	125.1	653.7	416.3
Redemptions and current portion of long-term debt	(366.7)	0.0	(9.1)
Foreign exchange differences on borrowings	45.2	42.7	0.0
Dividends paid to Parent Company stockholders	(10.5)	(10.5)	(10.5)
Other foreign exchange differences and miscellaneous changes	(5.0)	3.0	8.9
	<u>(207.8)</u>	<u>1,039.2</u>	<u>759.4</u>
<b>Cash flow for the period</b>	<b>(295.4)</b>	<b>273.0</b>	<b>126.9</b>
<b>Impact of changes in the scope of consolidation</b>	<b>0.0</b>	<b>14.2</b>	<b>14.2</b>
<b>Current net financial position at end of period</b>	<b>(186.5)</b>	<b>255.1</b>	<b>109.0</b>
<b>Long-term debt at end of period</b>	<b>(967.3)</b>	<b>(1,356.9)</b>	<b>(1,159.5)</b>
<b>Net borrowings at end of period</b>	<b>(1,153.8)</b>	<b>(1,101.8)</b>	<b>(1,050.6)</b>

During the first half of 2000, the Group's operating activities, which are influenced by seasonal factors and the financial flows that characterize this period, generated a positive cash flow of 41.7 million euros, up from 25.4 million euros in the first six months of 1999.

Investing activities absorbed 82.8 million euros. Almost 70% of this amount was used to strengthen the distribution network, open new facilities and renovate the range of products offered by the existing units.

The expansion of the sales organization was made possible in part by the execution of important new contracts, which in North America enabled the Group to open new sales outlets at the Calgary and Manchester airports, and add a food court on 42<sup>nd</sup> Street in New York to its facilities that do not cater specifically to people on the move. During the period under review, the Company opened 98 new units at the Phoenix, San Jose, Los Angeles, Detroit, Indianapolis and New York airports, where it already operated with different restaurant concepts.

In Europe, new facilities included 3 units in France (Vareennes-Changis, Angres and Pont du Gard), 1 in Spain and 11 QSRs in Italy, 3 of which are configured as dual-brand outlets with Spizzico and Burger King at the same location. Since the signing of the agreement with Burger King Corp. in May 1999, the Company has opened 18 hamburger restaurants.

The remaining 30% of the amount earmarked for capital investments was used for scheduled replacement of obsolescent equipment and to expand support functions, with special emphasis on information technology.

### Revenue Analysis

Net of the impact of foreign exchange fluctuations, **Group revenues**, which are summarized in the table below, were characterized by the following developments:

- an 8% gain in restaurant sales, which reflects a greater penetration of a market that grew by an average of about 4% in "traffic" terms at the principal operating venues (U.S. airports and Italian toll roads);
- a healthy increase in the revenues generated by ancillary activities (hotels in particular) and sales of complementary products (chiefly the distribution of newspapers, magazines and tobacco products);
- steadily shrinking sales of lottery tickets, especially in Italy.

(in millions of euros)	1st half 2000	1st half 1999 pro-forma	Amount	Change		1999
				%	% net of currency fluctuations	
<b>Retail sales</b>						
Food and beverages	1,002.9	861.5	141.4	16.4%	8.0%	1,964.2
Groceries	156.3	146.1	10.2	7.0%	1.6%	317.3
Hotels	9.5	7.8	1.7	21.8%	21.8%	19.2
<b>Total core products</b>	<b>1,168.7</b>	<b>1,015.4</b>	<b>153.3</b>	<b>15.1%</b>	<b>7.2%</b>	<b>2,300.7</b>
Tobacco, newspapers and sundries	138.7	122.5	16.2	13.2%	7.5%	290.0
Lottery tickets	9.0	13.0	(4.0)	-30.8%	-30.4%	33.3
<b>Total complementary products</b>	<b>147.7</b>	<b>135.5</b>	<b>12.2</b>	<b>9.0%</b>	<b>4.1%</b>	<b>323.3</b>
<b>Total direct retail sales</b>	<b>1,316.4</b>	<b>1,150.9</b>	<b>165.5</b>	<b>14.4%</b>	<b>6.9%</b>	<b>2,624.0</b>
Sales to outsiders and franchisees	13.6	12.3	1.3	10.6%	10.6%	27.4
<b>Grand total</b>	<b>1,330.0</b>	<b>1,163.2</b>	<b>166.8</b>	<b>14.3%</b>	<b>6.9%</b>	<b>2,651.4</b>

The growth posted by QSRs, with gains of 38.7% reported in Italy by Spizzico and Burger King restaurants, reflects primarily the contribution of new franchisees and the positive impact of an advertising effort, which is substantial in view of the current size of the industry.

**Other revenues and income** consist primarily of rent and fees from franchisees and subtenants, and include contributions from suppliers. This item increased compared with a year ago due to an expansion of the franchisee base and the resulting gain in unit sales.

The higher outlays incurred for advertising and promotional expenses and to strengthen the Group's organization, which produced a rise in the **cost of production**, more than offset the improvement in the product mix, which was characterized by a further shift towards restaurant sales, where the gross profit margin is higher.

**Labor costs** benefited from an increase in efficiency, made possible in part by a greater use of part-time employment, which permits the deployment of human resources in a manner that is more consistent with an operating mode characterized by daily and seasonal peak periods. In Italy, these contracts now account for 58% of all employees, up from 52% in the first half of 1999.

The table below shows the average number of employees by country, computed on the basis of full-time employee equivalents (FTEs).

	1st half 2000	1st half 1999 pro- forma	Change	1999
Europe	12,928	12,678	250	13,491
HMSHost <sup>(1)</sup>	24,506	24,315	191	24,559
<b>Total</b>	<b>37,434</b>	<b>36,993</b>	<b>441</b>	<b>38,050</b>

<sup>(1)</sup> The data for 1999 have been restated using a new method to determine the number of FTEs.

**Depreciation, amortization and writedowns of fixed assets** totaled 111.8 million euros in the first six months of 2000, compared with 101.5 million euros in the same period a year ago.

This amount includes the amortization of goodwill and consolidation differences amounting to 47.3 million euros (46.1 million euros in the first half of 1999).

During the period under review, additions to the allowance for doubtful accounts and provisions for risks and charges came to 4.4 million euros, up from 3.8 million euros in the comparable period last year.

**Miscellaneous operating costs** increased to 15.6 million euros (13.9 million euros in the first six months of 1999). They consist mainly of indirect taxes, local taxes and cash register shortages.

**Net extraordinary expense**, which reflects primarily outlays for items budgeted in previous fiscal years, totaled 1.9 million euros, up from 1.5 million euros in the same period a year ago.

The amount shown for **income taxes** is the net result of 5.9 million euros in current taxes, which include 5.4 million for Italy's regional tax on production activity (IRAP), less a deduction of 5.8 million euros for deferred-tax assets.

There were no changes in accounting principles during the period under review. In the first six months of 1999, the introduction of Accounting Principle No. 25, which incorporated IAS 12 revised, produced a net gain of 8.4 million euros.

**Minority interest in net income** reflects the interest held by minority stockholders in certain French companies and in certain subsidiaries of the HMSHost Group.

## Analysis by Location and Business Segment

The Group operates through approximately 3,700 restaurants at 874 locations, broken down as follows:

	6/30/00							12/31/99		
	Tollroads	Freeways	Airports	Railroad Stations	Convention Centers	City Centers	Shopping Malls	Total	Total	Change
Europe	483	41	8	23	6	47	66	674	671	3
HMSHost	92	-	76	-	15	-	17	200	199	1
<b>Total</b>	<b>575</b>	<b>41</b>	<b>84</b>	<b>23</b>	<b>21</b>	<b>47</b>	<b>83</b>	<b>874</b>	<b>870</b>	<b>4</b>
<i>Franchisees</i>	62	15		4		11	19	111	111	-

Units owned by franchisees are concentrated in Italy.

Activities that operate under concession arrangements still account for most of the Group's business. About 90% of revenues is generated by restaurants located in areas or buildings accessed under concession agreements executed directly with the operators of the infrastructures or, in some cases, with oil companies.

In the Far East and to a lesser extent in France, certain concessions were acquired through joint ventures with local businesses or institutions.

## Breakdown of Operating Performance by Geographical Region

**The geographical location of the Group's operations is the most important factor that should be taken into account when assessing its operating performance. Operating responsibilities are assigned on the same basis.**

The use of this organizational model stems primarily from the Group's use of acquisitions to grow its businesses.

In order to facilitate the comparison with the data published last year, the activities of HMSHost were not broken down by geographical region. In any case, the North American market represents about 95% of HMSHost's revenues, with Europe and other countries accounting for approximately 4% and 1%, respectively.

## Geographic Breakdown of Results

(in millions of euros)	Europe		HMSHost		Non attributable		Total for the Group	
	2000	1999	2000	1999	2000	1999	2000	1999
	Sales and service revenues	599.8	557.9	730.2	605.3			1,330.0
<i>EBITDA</i>	71.4	68.8	73.7	53.0	(2.9)	(3.7)	142.2	118.0
<i>as a % of revenues</i>	11.9%	12.3%	10.1%	8.7%			10.7%	10.1%
<i>EBITA (2)</i>	42.4	42.4	38.1	23.7	(2.9)	(3.7)	77.6	62.4
<i>as a % of revenues</i>	7.1%	7.6%	5.2%	3.9%			5.8%	5.4%
Capital expenditures	29.2	29.4	53.5	64.9			82.7	94.3

(1) This item represents corporate costs (Parent Company and support companies: International, Finance and Overseas functions).

(2) EBITDA less depreciation (i.e. before amortization of goodwill and consolidation differences).

The differences in the economic indicators and capital expenditures shown for the two geographical regions are the product of different organizational models and operating environments. In particular, the Italian operations, which generate 73% of European revenues, benefit from the widespread use of multipurpose facilities, which maximize operating efficiency and capital rotation.

In addition, European operations are affected by seasonal factors to a greater extent than activities in North America and, therefore, tend to perform better during the second half of the year.

On a comparable basis, all business segments posted improved sales and financial results. The companies headed by HMSHost increased their EBITDA margin by as much as 1.4 percentage points. On the other hand, this indicator contracted by 0.4 percentage points in Europe, chiefly as a result of the higher advertising expenses needed to support the QSR business.

## Europe

### *Italian Operations*

During the first half of 2000, revenues from the sale of food and beverages grew by 10.9% compared with the same period last year. However, sales of complementary products declined slightly, owing primarily to lower demand for lottery tickets. In Italy, the Group had revenues totaling 437.7 million euros, or 7.6% more than in the first six months of 1999.

Counting franchisee locations, the distribution network included 452 units at June 30, 2000, or 10 more than a year earlier. Spizzico outlets are available at 149 locations (+15 units).

System-wide sales totaled 473.7 million euros, or 7% more than in the first half of 1999.

**Labor costs** increased 5.9%, while the average payroll grew by 6.7% on an equivalent full-time basis, rising to 7,422 employees. The reduction in average unit wages reflects a change in the mix of professional skills and a steady decline in the average age of the workforce.

The higher advertising expenses incurred to support the development of the QSR operations held to 6.1% the improvement in EBITDA, which totaled 57.6 million euros.

**Depreciation and amortization** amounted to 28.7 million euros (24.9 million euros in the first half of 1999).

### *Other European Countries*

Excluding the activities of the HMSHost Group, which operates at the Amsterdam-Schiphol Airport and at certain shopping malls in Poland, the Group is present in France, the Netherlands, Spain, Belgium, Austria, Germany and Greece, where its facilities are located primarily at highway travel plazas. In France, the Group is the leading operator of restaurant facilities at railroad stations.

The table below provides an overview of the revenues for the first half of 2000:

(amounts in millions of euros)	France	Spain	Belgium	Netherlan ds	Austria	Germany	Greece	Total
Consolidated revenues	73.1	26.4	21.3	25.3	10.0	4.9	1.4	<b>162.4</b>
EBITDA	7.2	1.6	1.3	3.0	0.6	(0.2)	-	<b>13.5</b>
Capital investments	7.3	1.9	1.0	1.3	0.4	0.1	-	<b>12.0</b>
Depreciation and amortizatic	11.8	1.4	2.2	1.9	1.5	0.2	0.1	<b>19.2</b>

The countries listed in the table above accounted for 12.2% of consolidated revenues and 9.6% of consolidated EBITDA. The EBITDA margin was equivalent to 8.3% of revenues, reflecting the high impact of seasonal factors on the businesses that operate in these regions.

The Group's Spanish activities, which during the first half of 2000 had been the target of an aggressive effort to upgrade their product line and restructure their service delivery models, posted an 18.2% increase in revenues. The structural problems that affected Autogrill's highway

operations in Austria and Germany and its facilities at shopping malls in Belgium and Luxemburg are gradually being resolved.

### **HMSHost Corp.**

HMSHost is the *world leader* in airport restaurant services and the *leading U.S. operator* of restaurants in travel plazas on toll roads. It has been particularly successful in combining products and brands that help it maximize revenues per passenger in both its restaurant services and retail operations.

During the first half of 2000, it had revenues of US\$701.3 million (equivalent to 730.2 million euros), or 6.4% more than in the same period in 1999. Activities at North American airports accounted for 72% of total revenues, with operations on U.S. toll roads and outlets at U.S. shopping malls contributing 20% and 3%, respectively. The remaining 5% came from activities in other countries (airports in the Netherlands, Australia, New Zealand, Malaysia and China, and shopping malls in Poland).

New locations contributed 2.4% to the overall growth. The performance of the existing locations, broken down by channel and adjusted to eliminate the impact of foreign exchange fluctuations is as follows:

- +9.7% at North American airports, where passenger traffic increased an average of 4.2%;
- +0.2% at toll-road locations;
- -1.9% at shopping malls and other locations.

The higher market share of the airport channel was made possible by specific marketing initiatives and the steady replacement of internally developed systems with branded concepts, which posted growth of 18.9% net of foreign exchange fluctuations.

The average food and beverage check at airport venues increased by 7.3%, even though prices were up only about 2%.

An analysis of operating results, i.e. income before extraordinary expense, shows that, on a comparable exchange basis, EBITDA rose 22.7% year-on-year to US\$70.7 million, or 10.1% of revenues (8.7% in the first half of 1999).

Higher comparable sales and an increase in the average sales check enabled the company to benefit from economies of scale at the retail outlet level, particularly in terms of the percentage impact of rent and operating costs.

Particular attention was devoted to increasing efficiency, by containing raw material consumption and operating expenses.

During the first half of 2000, capital investments amounted to US\$50.9 million, or US\$6.8 million less than in the same period in 1999. About 74% of the total was earmarked to develop and renovate the distribution network, 7% was used for scheduled replacement of obsolescent equipment and 19% was invested in information and communications technology projects. The ratio of capital investments to revenues is indicative of a phase in the business cycle during which the Company is modernizing its existing restaurants, as it renews expiring concessions, at the same time that it is gradually replacing generic establishments with branded venues and constructing new units.



## Revenues by Channel

An analysis by channel is another important tool in understanding how customer needs and operating environments have an impact on the Group's revenues. A breakdown is provided below:

(amounts in millions of euro)	Europe		HMS Host		Total for the Group		% change at hist. exch. rates	% change net of for. exch. impact
	2000	1999	2000	1999	2000	1999		
Toll roads and freeways	484.0	454.1	146.3	126.4	<b>630.3</b>	<b>580.5</b>	8.6%	5.4%
Airports	12.9	10.3	560.8	468.3	<b>573.7</b>	<b>478.7</b>	19.9%	6.0%
Railroad stations	27.2	25.7			<b>27.2</b>	<b>25.7</b>	5.8%	5.8%
City centers, shopp. malls and convent. centers	70.6	66.3	23.2	10.6	<b>93.8</b>	<b>76.9</b>	22.0%	19.8%
Other not allocated	5.0	1.4			<b>5.0</b>	<b>1.4</b>		
<b>Total</b>	<b>599.8</b>	<b>557.9</b>	<b>730.2</b>	<b>605.3</b>	<b>1,330.0</b>	<b>1,163.2</b>	<b>14.3%</b>	<b>6.9%</b>

The table shows the significance of the different channels in the two macroregions.

## Research and Development

Because of the nature of its business, the Group invests in innovation, the development of new products and systems that improve service quality at its operations. However, it does not conduct technological research per se.

## Other Information

### Transactions with Related Parties

As required by Article 2359 of the Italian Civil Code and International Accounting Standard No. 24, transactions carried out by the Group with related parties are reviewed below.

Transactions with related parties, which are an integral part of the Group's activities, are handled on market terms.

### Transactions with the Parent Company

The Group is controlled by Edizione Holding S.p.A., which owns an absolute majority (57.09%) of the voting stock. The remaining shares are held by Italian and foreign institutional investors, as well as by numerous individual investors and Group employees.

During the first half of 2000, transactions with Edizione Holding S.p.A. consisted almost exclusively of the seconding of one of its executives, who served as Chief Executive Officer of Autogrill S.p.A. and held key positions at the main subsidiaries.

The transactions carried out during the first half of 2000 and the balances at June 30, 2000 are shown below:

(amounts in thousands of euros)	<b>Edizione Holding S.p.A.</b>
<b>Statement of income</b>	
Outside services	421
<b>Balance sheet</b>	
Trade accounts payable	411

### Principal Transactions with Companies of the Same Group

(amounts in thousands of euros)	<b>Autostrade S.p.A.</b>	<b>Edizione Finance S.A.</b>	<b>Benetton Group S.p.A.</b>	<b>SME Servizi S.p.A.</b>
<b>Statement of income</b>				
Sales and service revenues	6			
Other income	149			
Financial expense		1,228		
Purchases			455	
Outside services	170		4	279
Use of property not owned	8,878		6	
<b>Balance sheet</b>				
Trade accounts payable	459		376	118
Loans payable		175,691		
Trade accounts receivable	537			

Transactions with companies of the Edizione Holding S.p.A. Group are summarized below:

- Autostrade S.p.A., which recently joined the Edizione Holding Group, is the largest source of the concessions that enable Autogrill to operate restaurants on Italian toll roads. Because of this pre-existing relationship, the Italian antitrust authorities ruled that Autogrill may not operate a number of sales outlets on the toll-road network managed by Autostrade S.p.A. in excess of its current 72% penetration.
- SME Servizi provided securities management services and conducted satisfaction surveys for Autogrill S.p.A.
- Benetton Group S.p.A. sold Autogrill S.p.A. uniforms for its sales staff.
- Edizione Finance S.A. provided short-term financing to Autogrill S.p.A.

No significant transactions occurred with other related parties.

### Euro and Year 2000

As required by CONSOB Communication DAC/98079574 of October 9, 1998, previous Group reports noted that, with the exception of utilities (electric power, gas and telephone), the Group was not exposed to significant problems stemming from the transition to the year 2000 (also known as the millennium bug).

In theory, only the information systems that support most of the Group's management, administrative and accounting processes would have been at risk.

The Company implemented specific projects, thereby avoiding any significant impact from the millennium bug.

As mentioned on previous occasions, in 1997 the Parent Company began to upgrade its information systems. The goals of this project included making the systems Y2K compliant and implementing the changes necessary to adopt the euro as the reporting currency.

The additional work required with regard to the introduction of the euro is limited to upgrading the cash registers of certain facilities in Italy. The total charge incurred by the Group for this project will be less than one billion lire.

At the end of 1997, in order to assess the strategic and operating impact of the euro, the Parent Company established a special cross-functional committee that was later expanded to include representatives of the subsidiaries.

From an administrative standpoint, since its operations engage primarily in cash transactions, the Company postponed the adoption of the euro as a reporting currency for all Group companies.

The expenses incurred to implement a new information technology platform were capitalized. As a rule they are amortized over three years. Upgrade costs are charged directly to income in the year they are incurred.

## **Corporate Governance**

During the second half of 2000, the Parent Company and the Group overhauled their organization. The “Europe” unit now accounts for the overall operating performance of this region, with Country Managers responsible for the operations in the individual countries.

Other units include HMSHost and the Corporate Functions, which provides Group-wide support and control in the areas of administration and finance.

The purpose of this organizational change is to enable Autogrill to exploit fully its economic potential and benefit from its global vision, by fostering the development of a consistent behavior that helps customers throughout the world recognize the Group’s products because of their brands and quality of service.

With regard to the relationship between the Company and the financial markets, and its organizational, reporting and control responsibilities, the Board of Directors reviewed the corporate governance model recommended by the Committee for the Stock Exchange Council. It determined that Autogrill meets the minimum requirements of confidentiality, transparency and internal control for a publicly traded company. At the same time it decided to implement during the current fiscal year organizational changes and standards of conduct that will be conducive to increasing efficiency and transparency.

## **Treasury Stock**

At June 30, 2000, neither the Parent Company nor the other companies included in the scope of consolidation owned treasury stock or shares of subsidiaries. They neither bought nor sold such shares during the first half of the year.

## **Significant Events Occurring since June 30, 2000**

The Group carried out important expansion programs. In particular, the subsidiary HMSHost Corporation won the competitive bidding for the construction and operation of four new food and beverage facilities at Los Angeles International Airport. With 65 million passengers in 1999, LAX is one of the three busiest airports in the world. At this venue, the Group already operates more than 20 units (under the Burger King, California Pizza Kitchen and Chili’s brands), which generate revenues of more than US\$45 million annually.

These four new restaurant units are expected to produce additional revenues of about US\$27 million over the six-year life of the concession, with US\$4.3 million generated in the first year.

In addition, HMSHost submitted the winning bid and was awarded a 10-year renewal of the contract to operate retail facilities at New York’s Empire State Building, a site that attracts 3.7 million visitors a year. Over the ten years of the contract this concession is expected to generate

US\$125 million. This contract is a source of great pride for the Group, since it attests to its competitiveness in the retail segment, which complements its traditional food and beverage operations.

In Italy, Autogrill entered into a partnership agreement with Aeroporto G. Marconi di Bologna S.p.A. for the purpose of providing food and beverage services at the Guglielmo Marconi Airport. The agreement calls for the establishment of a new company in which Autogrill will hold a 51% interest. With 3.3 million passengers using its facilities in 1999 (+15% compared with 1998), the Bologna Airport is the sixth busiest in Italy.

On August 28, 2000, Livio Buttignol was appointed Chief Executive Officer of the Parent Company. He replaced Paolo Prota Giurleo, who resigned.

## **Outlook for the Balance of the Year**

When reviewing the results for the first half of the year, readers should take into account the strong impact of seasonal factors on passenger traffic, which is at its lowest during the first quarter and peaks during the third quarter. Since most of the Group's operations are involved in the provision of restaurant services to people on the move, sales tend to follow a similar pattern.

In August, revenues benefited from the higher volumes generated by the summer traffic flows, which also produced a more efficient use of the principal means of production.

On the other hand, the financial charges incurred in connection with the HMSHost acquisition and the amortization of the goodwill generated by this transaction, which in 1999 were recognized only for the four months since the acquisition, will be reflected fully in the financial statements for the 2000 fiscal year.

Consolidated Financial Statements of the Group  
at June 30, 2000

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# Consolidated Balance Sheet

(amounts in thousands of euros)

ASSETS	6/30/00	12/31/99	12/31/99 pro-forma
<b>A) Receivables from stockholders</b>	-		-
<b>B) Fixed assets</b>			
<b>I - Intangibles</b>			
1) Start-up and expansion costs	424	636	824
4) Concessions, licenses, trademarks and similar rights	18,311	19,106	28,363
5) Goodwill	743,730	749,778	775,107
5a) Consolidation difference	151,744	159,986	168,086
6) Work in progress and advances	3,081	3,925	834
7) Other intangibles:			
a) Leasehold improvements	283,162	273,645	237,269
b) Miscellaneous intangibles	21,724	17,809	18,631
<b>Total</b>	<b>1,222,176</b>	<b>1,224,885</b>	<b>1,229,113</b>
<b>II - Property, plant and equipment</b>			
1) Land and buildings	81,363	82,694	81,477
2) Plant and machinery	24,249	24,951	29,461
3) Manufacturing and distribution equipment	143,383	134,938	111,372
3a) Assets returnable at no cost	83,100	82,276	74,172
4) Other assets	7,342	7,724	7,355
5) Construction in progress	71,896	58,678	77,143
<b>Total</b>	<b>411,333</b>	<b>391,261</b>	<b>380,981</b>
<b>III - Financial fixed assets</b>			
1) Equity investments in:			
a) unconsolidated subsidiaries	269	-	0
b) affiliated companies	3,663	3,970	4,469
c) Other companies	21	20	1
2) Long-term loans to:			
d) other companies			
* amounts due within one year	1,305	1,095	1,912
* amounts due after one year	20,648	19,330	16,726
Other securities	2,693	3,504	3,936
<b>Total</b>	<b>28,599</b>	<b>27,919</b>	<b>27,043</b>
<b>Total fixed assets</b>	<b>1,662,108</b>	<b>1,644,065</b>	<b>1,637,137</b>
<b>C) Current assets</b>			
<b>I - Inventories</b>			
1) Raw materials, auxiliaries and supplies	91,158	91,184	80,692
5) Advances	214	150	183
<b>Total</b>	<b>91,372</b>	<b>91,334</b>	<b>80,875</b>
<b>II - Accounts receivable</b>			
1) Trade accounts receivable	69,393	57,892	55,902
3) Accounts receivable from affiliated companies	2,053	1,987	2,983
5) Accounts receivable from outsiders			
a) deferred-tax assets			
* amounts due within one year	32,036	29,668	
* amounts due after one year	108,290	97,365	113,191
b) miscellaneous accounts receivable	61,340	58,434	33,446
<b>Total</b>	<b>273,112</b>	<b>245,346</b>	<b>205,521</b>
<b>III - Financial assets not held as fixed assets</b>			
6) Other securities	14,473	30,872	37,105
7) Loans receivable	18,667	102,794	108,571
<b>Total</b>	<b>33,140</b>	<b>133,666</b>	<b>145,676</b>
<b>IV - Liquid Assets</b>			
1) Bank and postal accounts	38,630	61,873	161,352
3) Cash on hand	34,648	33,000	28,792
<b>Total</b>	<b>73,278</b>	<b>94,873</b>	<b>190,145</b>
<b>Total current assets</b>	<b>470,902</b>	<b>565,219</b>	<b>622,216</b>
<b>D) Accrued income and prepaid expenses</b>			
a) Bond-issue discounts	113,207	117,287	120,785
b) other accrued income and prepaid expenses	40,681	22,763	23,682
<b>Total</b>	<b>153,888</b>	<b>140,050</b>	<b>144,467</b>
<b>TOTAL ASSETS</b>	<b>2,286,898</b>	<b>2,349,334</b>	<b>2,403,821</b>

			6/30/99
LIABILITIES AND STOCKHOLDERS' EQUITY	6/30/00	12/31/99	pro-forma
<b>A) Stockholders' equity</b>			
<b>I) Capital stock</b>	131,387	131,387	131,387
<b>II) Additional paid-in capital</b>	-	-	-
<b>III) Reserve for inflation adjustments</b>	14,633	14,633	14,633
<b>IV) Statutory reserve</b>	1,512	1,431	1,431
<b>V) Reserve for treasury stock</b>	-	-	-
<b>VI) Reserves under the Bylaws</b>	-	-	-
<b>VII) Other reserves</b>	78,033	65,913	94,669
<b>VIII) Retained earnings</b>	-	-	-
<b>IX) Net income (loss)</b>	(17,707)	25,941	(14,962)
<b>Group interest in stockholders' equity</b>	<b>207,858</b>	<b>239,304</b>	<b>227,157</b>
<b>Minority interest in stockholders' equity</b>	<b>16,061</b>	<b>15,646</b>	<b>16,598</b>
<b>Total stockholders' equity</b>	<b>223,919</b>	<b>254,950</b>	<b>243,756</b>
<b>B) Reserves for risks and charges</b>			
1) Reserve for pensions and similar obligations	12,140	9,192	6,631
2) Reserve for taxes	50,623	45,257	35,423
3) Other reserves	32,180	38,089	32,253
<b>Total</b>	<b>94,943</b>	<b>92,537</b>	<b>74,307</b>
<b>C) Reserve for employee severance indemnities</b>	<b>82,290</b>	<b>80,272</b>	<b>75,894</b>
<b>D) Liabilities</b>			
1) Bonds	0	366,616	410,092
2) Convertible bonds	471,055	471,055	471,055
3) Due to banks:			
* amounts due within one year	135,332	116,093	75,967
* amounts due after one year	606,212	435,484	577,921
4) Due to other lenders:			
* amounts due within one year	178,264	3,471	4,792
* amounts due after one year	3,274	3,673	1,213
5) Advances	116	76	325
6) Trade accounts payable	310,322	329,958	250,205
7) Liabilities represented by credit instruments due within one year	-	349	648
9) Accounts payable to affiliated companies	46	19	-
10) Accounts payable to the Parent Company	411	400	444
11) Taxes payable	28,297	19,721	33,272
12) Contributions owed to pension and social security i	17,892	17,131	17,371
13) Other liabilities:			
* amounts due within one year	88,102	100,812	120,875
* amounts due after one year	14,161	23,376	8,340
<b>Total liabilities</b>	<b>1,853,484</b>	<b>1,888,235</b>	<b>1,972,519</b>
<b>E) Accrued expenses and deferred income</b>	<b>32,262</b>	<b>33,339</b>	<b>37,345</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQ</b>	<b>2,286,898</b>	<b>2,349,334</b>	<b>2,403,821</b>
<b>MEMORANDUM ACCOUNTS</b>			
<b>Guarantees provided</b>	26,984	27,437	25,559
<b>Collateral provided for:</b>			
* obligations other than liabilities	449	449	491
* liabilities listed on the balance sheet	46,116	38,662	7,456
<b>Purchase commitments</b>	429,050	364,188	7,805
<b>Other commitments</b>	737,287	227,046	22,538
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>1,239,886</b>	<b>657,782</b>	<b>63,848</b>

<b>Consolidated Statement of Income</b> <i>(amounts in thousands of euros)</i>				
	1st half 2000	1st half 1999 pro forma	Change	1999 fiscal year
<b>A) Production value</b>				
1) Sales and service revenues	1.329.976	1.163.153	166.823	2.651.402
3) Changes in contract work in process	-	(1.200)	1.200	(1.200)
5) Other revenues and income	42.407	35.194	7.213	82.278
<b>Total</b>	<b>1.372.383</b>	<b>1.197.147</b>	<b>175.236</b>	<b>2.732.480</b>
<b>B) Cost of production</b>				
6) Raw materials, auxiliaries, supplies and merchandise	465.901	410.705	55.196	943.863
7) Outside services	134.206	109.902	24.304	244.091
8) Use of property not owned	197.393	171.787	25.606	384.173
9) Personnel:				
a) wages and salaries	333.317	290.669	42.648	646.070
b) social security contributions	61.284	55.812	5.472	116.006
c) provision for employee severance indemnities	7.307	6.051	1.256	13.179
d) provision for pension and similar obligations	1.739	364	1.375	2.052
e) other personnel costs	19.757	17.734	2.023	38.019
10) Depreciation, amortization and writedowns:				
a) amortization of intangibles	77.363	70.985	6.378	112.244
b) depreciation of property, plant and equipment	34.472	27.951	6.521	62.987
c) writedowns of intangibles		2.536	(2.536)	2.905
d) writedowns of loans included in current assets	1.155	1.273	(118)	6.956
11) Change in inventory of raw materials, auxiliaries and merchandise	2.337	3.492	(1.155)	(1.022)
12) Provisions for risks	1.331	1.330	1	4.973
13) Other provisions	1.872	1.412	460	6.147
14) Other operating costs	15.587	13.950	1.637	29.056
<b>Total</b>	<b>1.355.021</b>	<b>1.185.953</b>	<b>169.068</b>	<b>2.611.701</b>
<b>Net production value (A-B)</b>	<b>17.362</b>	<b>11.194</b>	<b>6.168</b>	<b>120.779</b>
<b>C) Financial income and expense</b>				
15) Income from equity investments	74	106	(32)	321
16) Other financial income from:				
a) loans included in financial fixed assets	34	0	34	9
b) securities included in fixed assets other than equity	199	286	(87)	475
c) securities included in current assets other than equity	1.915	2.910	(995)	6.787
d) other financial income	33.999	1.644	32.355	17.441
17) Interest and other financial expense paid to:				
a) credit institutions	(19.139)	(19.652)	513	(17.311)
b) the Parent Company	(0)	(28)	28	-
c) outsiders	(10.808)	(16.876)	6.068	(35.622)
d) other lenders	(36.731)	(4.491)	(32.240)	(21.750)
<b>Total</b>	<b>(30.457)</b>	<b>(36.101)</b>	<b>5.644</b>	<b>(49.650)</b>
<b>D) Value adjustments on financial assets</b>				
18) Upward adjustments of securities included in	-	115	(115)	53
19) Writedowns of:				
c) securities included in current assets	(352)	-	(352)	(1.009)
<b>Total</b>	<b>(352)</b>	<b>115</b>	<b>(467)</b>	<b>(955)</b>
<b>E) Extraordinary income and expense</b>				
20) Other income	318	601	(283)	2.053
21) Other expense	(2.244)	(2.106)	(138)	(3.414)
<b>Total</b>	<b>(1.926)</b>	<b>(1.505)</b>	<b>(421)</b>	<b>(1.361)</b>
<b>Income before taxes</b>	<b>(15.373)</b>	<b>(26.298)</b>	<b>10.925</b>	<b>68.812</b>
Income taxes	(157)	4.304	(4.461)	(36.286)
Net impact of change in accounting principles	-	8.388	(8.388)	8.388
<b>Net income (loss)</b>	<b>(15.530)</b>	<b>(13.606)</b>	<b>(1.924)</b>	<b>40.914</b>
Result of HMSHost before acquisition	-	-	-	11.857
Minority interest in net income	2.177	1.357	820	3.116
<b>Group interest in net income</b>	<b>(17.707)</b>	<b>(14.962)</b>	<b>(2.745)</b>	<b>25.940</b>



## Notes to the consolidated financial statements

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### **Significant accounting policies**

The consolidated financial statements have been prepared in accordance with the provisions of Legislative Decree no. 127/1991, Title III, in implementation of EEC Directive VII and in consideration of the rules set forth in the CONSOB Regulation governing interim reports.

The purpose of the notes is to provide an explanation, analysis, and, in some cases, information supplementing the balance sheet figures. The notes contain the information required by Section 38 and other provisions of Legislative Decree no. 127/1991.

Moreover, in order to facilitate valid comparisons with the situation as at 30 June 2000, some items on the previously published financial statements as at 31 December 1999 have been reclassified.

The valuation criteria used to prepare the situation as at 30 June 2000 are the same as those used to prepare comparison figures.

The values shown in the Notes are expressed in thousands of Euro (represented by the symbol €).

### **Group activities**

Autogrill S.p.A. (the parent company), operates directly and through its subsidiary companies in Italy and other countries in the travel catering and services industry, as well as the modern fast food industry (*Q.S.R.*).

### **Contents and format of the consolidated financial statements**

Pursuant to Section 26 of Legislative Decree no. 127/1991, the consolidated financial statements include the financial statements as at 30 June 2000 of Autogrill S.p.A. and all companies in which the parent directly or indirectly controls a majority of voting rights, or over which it possesses a dominant influence. This last category includes: Soborest S.A., Sorebo S.A., and Soberest S.A., which are controlled by virtue of a 50% interest in company share capital and a contract conferring management of the business on the Group.

The companies included in the scope of consolidation are listed in the appendix on page 62.

The financial statements of the subsidiary companies have been reclassified as necessary to bring their formats into compliance with the criteria adopted by the parent company.

In comparison with the interim Consolidated Financial Statements as at 30 June 1999, the scope of consolidation includes the group controlled by HMSHost Corp. (previously Host Marriott Services Corp.), acquired on 1 September 1999, as well as its immediate parent company, Autogrill Overseas S.A.

Due to the significant change in the consolidated situation and in compliance with Section 34 of Legislative Decree no. 127/1991, the previously published interim consolidated financial statements have been supplemented by the accounting figures of the acquired companies in order to permit a valid comparison between the accounting figures as at 30 June 2000 and those as at 30 June 1999.

More specifically, the goodwill and financial costs connected with the acquisition and calculated during the first half of 2000 have been partially amortized. The tax liability accruing on the consequent pre-tax, pro-forma result has been determined by applying the effective tax rate sustained for the entire 1999 fiscal year. The impact of these pro-forma charges on the balance sheet has been taken into consideration during preparation of the income statement for the half-year period of comparison but was eliminated from the final balances so as not to alter the value of consolidated shareholders' equity as at 30 June 1999.

## Principles of consolidation

Following below is a list of the most significant principles of consolidation used to prepare the consolidated financial statements:

- a) assumption of the assets and liabilities of the consolidated companies according to the global integration method and elimination of the book value of equity holdings owned by the parent company and the other consolidated companies;
- b) if elimination of the value of the equity holding as defined at point a) above results in a positive difference in the fiscal year when a company is included in the consolidated financial statements for the first time, this difference is allocated, when applicable, to the assets of that equity holding. Any excess is allocated to the asset item “Consolidation difference.”

Instead, if there is a negative difference, this amount is posted to the liabilities item “Consolidation fund for risks and future charges” if it results from expected future losses; otherwise, it is allocated to shareholders’ equity, at the item “Consolidation reserve.”

The consolidation differences are amortized in steady amounts during the useful life of the asset, corresponding to the average residual term of the concessions held by the respective companies.

- c) elimination of entries for payables and receivables, costs and revenues, and all transactions of a significant value carried out between the consolidated companies, including the dividends that are distributed within the Group.

Furthermore, any profits that have not yet been realized and capital gains and losses resulting from transactions amongst Group companies are also eliminated.

- d) elimination of the effects of postings made strictly in compliance with tax laws.
- e) conversion into Euro of the financial statements of subsidiary companies belonging to countries that are not a part of the EMU is performed by applying the exchange rate in effect on the date of the financial statements to the assets and liabilities, and the average exchange rate for the period to the items on the statement of income. Exchange rate differences deriving from conversion of the initial value of shareholders’ equity and the result of the first half of 2000 at the exchange rate at the end of the period are directly allocated to shareholders’ equity under “Other reserves.”

Following below are the principle exchange rates that are applied:

	1st half 2000		fiscal year 1999		1st half 1999	
	period end	average	period end	average	period end	average
USD	0,9556	0,960	1,005	1,064	1,033	1,089
Greek Drachma (x 000)	2,935	2,935	3,027	3,027	3,027	3,027

## Valuation criteria

Following below are the valuation criteria applied to the most important postings on the financial statements:

*Intangible fixed assets:* intangible fixed assets are posted at their purchase or production cost, inclusive of any directly allocable ancillary costs, and are subject to amortization according to the length of their useful life. Amortization of the costs of improvements to real property or businesses owned by third parties has been calculated according to the shorter of the following periods: the useful life of the costs incurred and the residual term of the lease. Other intangible fixed assets are normally amortized over a period of five years, which corresponds to their presumed useful life. The valuation and amortization criteria applied to goodwill and concessions, licenses, and trademarks are separately discussed below.

*Tangible fixed assets:* tangible fixed assets are posted at their purchase or construction cost, with the exception of compliance of laws governing monetary revaluation, and are depreciated according to economic and technical rates that are representative of the presumed useful life of the various categories of assets. In the case of assets that can be gratuitously transferred, these rates are replaced by those appearing on the financial amortization plan, if they are higher.

If, independently of previously booked depreciation, there is a lasting loss in value, the tangible or intangible fixed asset is correspondingly written down. If the reasons for the writedown cease to exist in subsequent fiscal years, the writedown is cancelled.

*Financial leasing:* instances of financial leasing are posted according to the financial method. The tangible fixed assets covered by the contract are posted at their contractual value, and a payable equal to the residual debt on the principal is also posted. The amount of interest payable during the fiscal year is posted to the statement of income under interest paid. The cost of the fixed asset is amortized according to the same criteria applied to owned assets.

*Equity holdings:* equity holdings in affiliated enterprises are valued according to the equity method. Equity holdings in other enterprises are valued according to the cost method. This is reduced for lasting losses in value and is restored when the reasons for the writedown no longer exist.

*Inventories:* inventories are posted at the lesser of the purchase and production costs, inclusive of directly allocable ancillary costs, and the presumable salvage value that can be estimated on the basis of market trends. The purchase cost is determined according to the FIFO method.

The United States subsidiaries calculate the cost of inventories of products for resale by applying the retail method, which is similar to FIFO due to the high level of inventory rotation.

*Payables and Credits:* short-term payables are posted at their face value, while receivables are posted at their presumed salvage value.

Receivables and payables denominated in other currencies are converted into Euro at the exchange rate applying at the end of the period.

*Securities:* those securities that do not constitute long-term investments are valued at the lesser of their cost and market value, as determined by the arithmetic average of the daily quotations for the last month. Their cost is calculated according to the LIFO method at annual intervals. Any writedowns taken to adjust the value of the securities to market values are cancelled if the reasons for the writedown cease to exist in subsequent fiscal years.

The bonds and public debt securities that the company intends to hold until maturity, and the securities that have been pledged as collateral are classified as long-term investments and valued at their purchase cost as adjusted for the portion of the trading spread allocable to the period according to the maximum term of the loan. Furthermore, the value of callable bonds has been adjusted for

the possible capital loss that would result in the event of early repayment. The provisions of Section 8 of Decree Law no. 719 of 27 February 1994 are also applied.

*Accruals and payables:* portions of earnings and costs that are spread out over two or more fiscal years are posted at these items in respect of the principle of temporal allocation.

In the case of concession contracts that call for increasing rents over time, these rents are averaged over the lifetime of the contract, in compliance with I.A.S. no. 17, by entering the specific accrued liabilities.

*Employees severance pay:* this item expresses the amount payable to employees for the indemnities that they have accrued as at the date of the financial statements in compliance with applicable laws and contractual agreements.

*Funds for risks and charges:* funds for risks are set aside on the statement of assets in order to cover the potential liabilities of the Group on the basis of realistic estimates of the liabilities resulting from their settlement. The funds for charges include specific funds for charges that, in the expectation that the normal rate and extent of maintenance work will be maintained, are assumed will be sustained upon expiration of current contracts in compliance with the obligation to return gratuitously transferable assets and those constituting a part of rented businesses, pursuant to legal and contractual requirements.

*Allowance of costs and revenues:* revenues from the sale of merchandise and the costs for purchase of same are posted at the time ownership changes hands. Revenues and costs for services are posted according to the time when they are performed. Interest earned and paid and other revenues and costs are recorded and posted according to the principle of temporal allocation, with posting of accruals and payables as appropriate.

*Income taxes:* these are recorded by each consolidated company according to a reasonable estimate of taxable income in compliance with current law. National accounting principle no. 25 (which has absorbed I.A.S. no. 12) is applied. On the basis of this principle, and pursuant to the principle of prudence, the fiscal assets resulting from temporal differences between the statutory values and tax values of balance sheet items are also posted. Furthermore, deferred taxes resulting from consolidation adjustments are also set aside. These allocations are made in consideration of the tax rules that are applicable at the time tax is due, as far as they are known.

*Derivative contracts:* derivative contracts are valued according to the assets and liabilities covered, and the associated financial flows are allocated to the statement of income according to the relevant period for the duration of the contract, with a counter entry for accruals and payables on the statement of assets or statement of liabilities. Derivatives that do not cover assets and liabilities are valued by comparing the value of the derivative contract at the time it was entered into and its market value at the end of the period. If capital losses result from this comparison, they are posted on the statement of income. Instead, if there are capital gains, they are not posted since they have not been realized, but if they are for a significant amount, they are mentioned in the notes to the financial statements.

*Memorandum accounts:* the principal criteria applied to these are as follows:

- personal security granted: posted in the amount of the assumed commitment;
- collateral offered: if this consists of a pledge on bonds or public debt securities or unlisted shares, it is posted at their book value; if it consists of a pledge on listed shares, it is listed at their market value; if it consists of real property, it is posted in the amount of the registered mortgage value;

- other commitments: if these involve rented property or property held in bailment, they are posted at the value assigned to it by the owner.

*Derogations pursuant to Subsection 4, Section 2423 Civil Code:* no derogations have been performed pursuant to the cited norm.

## Discussion of principal asset entries

### Fixed assets

#### Intangible fixed assets

As at 30 June 2000, intangible fixed assets totaled 1.222.176 €. Please refer to the table below in regard to changes with respect with 31 December 1999. This item is broken down as follows:

	30.06.2000	31.12.1999	Change
Formation and expansion expenses	424	636	(212)
Concessions, licenses, trademarks, and si	18.311	19.106	(794)
Goodwill	743.730	749.778	(6.048)
Consolidation differences	151.744	159.986	(8.242)
Fixed assets in the course of realization a	3.081	3.925	(844)
Others			
improvements to rented property	283.162	273.645	9.517
others	21.724	17.809	3.915
<b>Total</b>	<b>1.222.176</b>	<b>1.224.885</b>	<b>(2.709)</b>

“Goodwill” refers to the residual value of the sums paid for this purpose upon acquisition of food service activities. It includes commercial goodwill, originally worth 158.644 €. In fiscal 1997, the deficit resulting from the merger of Autogrill S.p.A. and Finanziaria Autogrill S.p.A. with the parent company was allocated to this item on the basis of their respective balance sheets as at 31 December 1996. This largely represents the goodwill connected with the business conducted under concession on Italian toll motorways (“autostrade”) and is thus amortized over a period of 12 years, corresponding to the average residual term of the concessions at the time of the merger.

This item also includes the goodwill acquired from HMSHost Corp. at the time it was merged with Autogrill Acquisition Co. (682.695€). It has been amortized over a period of 10 years on the basis of growth prospects existing at the time of the acquisition. The residual term of the concessions, approximately 8 years long, has been deemed unsuitable as a representation of the useful life of this intangible asset.

The item “Consolidation differences” fully accounts for the differences between the price paid for acquisition of equity holdings and the value of the respective book shareholders’ equity at the time of purchase and allocated to goodwill. In general, the amortization period corresponds to the average weighted life of the concessions held by the respective company at the time of acquisition.

An exception to the foregoing is the consolidation difference resulting from the companies acquired by Autogrill Nederland b.v., which is prudently amortized over a period of 30 years, while the average term of its concessions exceeded 70 years.

This item is broken down as follows:

	Amortization period (years)	Gross value	Accumulated amortization	Writedowns	Net value
Autogrill Espana S.A.	10	19.528	10.740		8.788
Autogrill Restauration Services S.A.	7	36.709	7.866		28.844
Autogrill Cotè France S.A.	13	80.380	15.459		64.921
Autogrill Nederland b.v.	30	28.916	2.410		26.506
Autogrill Belgie n.v.	15	23.863	3.976		19.887
Autogrill Deutschland GmbH	9	3.125	868		2.257
Nuova Sidap Srl	5	574	287		287
Nuov Estral srl	5	509	254		254
<b>Total</b>		<b>193.604</b>	<b>41.860</b>	<b>-</b>	<b>151.744</b>

The improvements to rented property, which are included under the item “Others,” refer to costs incurred to build or remodel real properties and businesses operated under lease. These costs include expenses sustained to set up retail operations in airports, on toll motorways, and American shopping centers, as well as numerous European retail locations.

The “Fixed assets in the course of realization and payments on account” are also largely connected with the costs of remodeling leased properties.

The adopted amortization periods are listed below:

Formation and expansion costs	5 years
Concessions, licenses, trademarks	5 years; 30 years for surface rights, corresponding to the term of the right; term of the license for the costs or permits to resell monopoly goods; 3 years for software application user licenses
Goodwill	5 years, 12 years for trade goodwill acquired by the parent company and 10 for the goodwill of HMSHost
Consolidation differences	Generally speaking, the residual duration of the concessions upon acquisition of the shareholding
Research and development costs	5 years
Others:	
Improvements to rented property	The lesser of the economic-technical lifetime and the residual term of contract
Custom-made software applications	3 years
Others	5 years

### Tangible fixed assets

As at 30 June 2000, this item is broken down as follows:

	30.06.2000			31.12.1999		
	Historical costs	Depreciation reserve	net value	Historical cost	Depreciation reserve	net value
land and civil and industrial build	119.242	37.879	81.363	120.065	37.371	82.694
Plants and machinery	73.235	48.986	24.249	73.101	48.150	24.951
Ind. and com. equipment	475.240	331.857	143.383	444.096	309.158	134.938
Gratuitously transferrable assets	229.586	146.486	83.100	224.459	142.183	82.276
Other assets	33.194	25.852	7.342	32.041	24.317	7.724
Fixed assets in course of construction and payments on account	71.896	0	71.896	58.678	-	58.678
<b>Total</b>	<b>1.002.393</b>	<b>591.060</b>	<b>411.333</b>	<b>952.440</b>	<b>561.179</b>	<b>391.261</b>

The foregoing values reflect the revaluations of Italian assets pursuant to Law no. 72 of 13 March 1983 and Law no. 413 of 30 December 1991, in the amounts detailed below:

	Law no. 72/83			Law no. 413/91		
	revaluation	depreciatio	net value	revaluation	depreciati	net value
Land and buildings	151	-	151	316	-	316
Industrial land and buildings	895	(576)	318	3.382	(2.205)	1.177
Plants and machinery	410	(410)	-	-	-	-
Ind. and com. equipment	1.194	(1.194)	-	-	-	-
Gratuitously transferrable assets	3.277	(3.277)	-	12.064	(11.861)	203
Other assets	79	(79)	-	-	-	-
<b>Total</b>	<b>6.004</b>	<b>(5.535)</b>	<b>469</b>	<b>15.761</b>	<b>(14.066)</b>	<b>1.696</b>

Mortgages totaling 38.660 € have been registered on land and buildings as collateral for loans. Furthermore, a lien has been recorded in favor of the lending bank on movable assets used at an Italian unit.

In accordance with the financial method of accounting, this item includes the contractual value of a capital real property held under financial leasing by the parent company. The relevant figures are shown below:

	30.06.2000			31.12.1999		
	Historical cost	Depreciati on reserve	Net value	Historical cost	Depreciati on reserve	Net value
Industrial land and buildings	3.709	660	3.049	3.709	550	3.159
Plants and machinery	757	415	341	757	346	411
<b>Total</b>	<b>4.466</b>	<b>1.075</b>	<b>3.391</b>	<b>4.466</b>	<b>896</b>	<b>3.570</b>

For an explanation of the increases and decreases over the period, please refer to the operating report and, in regard to changes in this item, the table found on page 45.



Group companies mainly use the following rates in depreciating property that they own:

	Percentage rate
Industrial buildings	3
Plants and machinery	10-30
Industrial and commercial equipment	15-33,3
Furniture and furnishings (1)	10-20
Vehicles (1)	25

(1) classified under “other assets”

The fixed assets under construction largely involve open work sites in the USA (total value 54.778€), largely at United States airports.

### Long-term investments

#### Equity holdings in unconsolidated subsidiary enterprises

This item refers to a company, acquired during the six-month period in question, that owns a business inside the Rome Termini train station that has not yet started operations.

Name	Seat	Currency	Share capital (Euro/000)	Number shares/quotas (000)	Shareholders' equity at 30.06.2000 (Euro/000)	Profit (Loss) 1st half 2000 (Euro/000)	% Owned	Book value (Euro/000)
La Manza S.r.l.	Roma	Lire	26	26	6	(18)	52	269

**Equity holdings in affiliated enterprises**

This item refers to the equity holdings listed below:

Business name	Seat	currency	Share capital (million)	Shareholder s' equity (Euro/000)	Profit/ (Loss) (Euro/000)	Quota owned (%)	Book value (Euro/000)
Volcarest SA –	Chatelguyon (F)	FF	1,8	2.418	88	40,00	622
S.R.S.R.A S.A.	Saint Rambert d'Albon (F)	FF	3,2	4.205	130	40,73	1.607
Isardrome S.A. –	Saint Rambert d'Albon (F)	FF	2,0	807	8	37,49	302
Union Services C.p.a. –	Luxembourg (L)	ITL	100	42	0	50,00	26
Dewina Host Sdn Bhd. –	Kuala Lumpur (Malaysia)	MYR	250	(561)	(251)	49,00	1
HMSC – AIAL, Ltd	Auckland, (New Zealand)	NZD	11,9	986	92	50,00	1.105
<b>Total</b>							<b>3.663</b>

**Equity holdings in other enterprises**

This item is broken down as follows:

Business Name (amounts in €)	Seat	Currency	Share capital (million)	Shareholders' equity (Euro/000)	Profit/ (Loss) (Euro/000)	Quota owned (%)	Book value (Euro/000)
Convivium 2000 S.C.p.A. (1)	Milan (I)	LIT	130	n.d.	n.d.	14,28	19,0
Istud S.p.A. (1)	Milan (I)	LIT	1.136	1.010	(128)	0,04	0,5
Aire Autoroutiere d'Orange - Piolenc SAEM (1)	Avignon (F)	FF	3.099	2.597	79	6,00	-
<b>Total</b>							<b>19,5</b>

(1) Figures as at 30 June 2000 are unavailable. The balances refer to 31 December 1999.

**Receivables**

These total 21.953€. They are comprised primarily of:

	30.06.2000		31.12.1999	
	Due within 12 months	Due after 12 months	Due within 12 months	Due after 12 months
Interest bearing accounts with oil companies	-	4.045	-	4.065
Security deposits	417	6.000	404	5.467
Advance payments to Italian Treasury	-	6.335	-	6.738
Other receivables	888	4.268	691	3.060
<b>Subtotals</b>	<b>1.305</b>	<b>20.648</b>	<b>1.095</b>	<b>19.331</b>
<b>Total receivables</b>	<b>21.953</b>		<b>20.425</b>	

The advance payments to the Italian Treasury have been revalued according to the same criteria applied to the employees severance pay set aside by the parent company. Recovery of the aforesaid advance payments got underway during the first half of 2000.

On the basis of their original cause and the expected evolution of the relationships associated with them, the amounts included in the item “Interest bearing accounts with oil companies” will be fully collected sometime after fiscal 2005. The “Security deposits” and “Other receivables” will be collected after fiscal 2005 in the respective amounts of 2.334 and 1.860€.

#### **Other securities**

*Government securities and similar paper:* these total 2.693€, reflecting a decrease of 811 € from 31 December 1999. This item refers to bonds that are held mainly by the parent company, are intended to be held until maturity, or are restricted by collateral agreements for loans and credit lines granted to consolidated companies, as well as financing and other contractual obligations of the parent company.

Bonds that are paid above par, some of which may be repaid by drawing of lots, are listed in the net amount of 109€ (143€ as at 31 December 1999), set aside to cover the capital loss expected at the time they are called early.

**Table of changes in fixed asset accounts during the fiscal year**

(amounts in thousand of euro)

	31 December 1999				Changes in gross value						Changes in amortization				30 June 2000		
	Gross value	Amortization	Net value	Exchange rate differences	Increases	Decreases	Other movements	Totals	Perimeter change	Exchange rate differences	Increases	Decreases	Other movements	Totals	Gross value	Amortization	Net value
<b>Intangible fixed assets</b>																	
Formation and expansion expenses	2.507	(1.871)	636	(4)	2	-	(141)	(143)	-	2	(204)	-	132	(70)	2.364	(1.940)	424
Concessions, licenses, trademarks, and similar rights	40.798	(21.692)	19.106	(22)	471	(2)	563	1.010	-	-	(1.528)	-	(277)	(1.805)	41.808	(23.496)	18.312
Goodwill	830.994	(81.228)	749.766	33.444	-	-	408	33.852	-	(1.255)	(39.041)	-	407	(39.889)	864.847	(121.116)	743.731
Consolidation differences	193.605	(33.613)	159.992	-	-	-	-	-	-	-	(8.249)	-	-	(8.249)	193.605	(41.861)	151.744
Fixed assets in course of realization and payments on account	3.925	-	3.925	-	1.857	(526)	(2.176)	(845)	-	-	-	-	-	-	3.081	-	3.081
Others	645.133	(353.680)	291.453	24.203	34.337	(1.651)	(8.251)	48.638	-	(13.604)	(28.341)	1.409	5.330	(35.206)	693.771	(388.885)	304.886
<b>Total</b>	<b>1.716.962</b>	<b>(492.084)</b>	<b>1.224.878</b>	<b>57.621</b>	<b>36.667</b>	<b>(2.179)</b>	<b>(9.597)</b>	<b>82.512</b>	<b>-</b>	<b>(14.857)</b>	<b>(77.363)</b>	<b>1.409</b>	<b>5.592</b>	<b>(85.219)</b>	<b>1.799.476</b>	<b>(577.298)</b>	<b>1.222.178</b>

	31 December 1999				Changes in gross value						Changes in depreciation				30 June 2000		
	Gross value	Depreciation reserve	Net value	Exchange rate differences	Increases	Decreases	Other movements	Totals	Perimeter change	Exchange rate differences	Increases	Decreases	Other movements	Totals	Gross value	Depreciation	Net value
<b>Tangible fixed assets</b>																	
Land and civil and industrial buildings	119.294	(36.598)	82.696	28	571	(2)	(648)	(51)	-	(26)	(1.940)	-	686	(1.280)	119.242	(37.879)	81.363
Plants and machinery	72.863	(47.912)	24.951	-	2.009	(1.534)	(104)	371	-	-	(2.975)	1.429	472	(1.074)	73.235	(48.986)	24.249
Ind. and com. equipment	442.190	(307.253)	134.937	13.852	21.361	(10.754)	8.591	33.050	-	(8.396)	(22.275)	9.344	(3.278)	(24.605)	475.240	(331.857)	143.383
Gratuitously transferrable assets	224.459	(142.183)	82.276	-	4.373	(1.777)	2.530	5.126	-	-	(5.722)	1.420	(1)	(4.303)	229.586	(146.486)	83.100
Other assets	32.341	(24.616)	7.725	217	2.429	(764)	(1.030)	852	-	(167)	(1.552)	692	(207)	(1.234)	33.194	(25.852)	7.342
Fixed assets in course of construction and payments on account	58.678	-	58.678	2.217	15.209	(1.054)	(3.155)	13.217	-	-	-	-	-	-	71.896	-	71.896
<b>Total</b>	<b>949.825</b>	<b>(558.562)</b>	<b>391.263</b>	<b>16.314</b>	<b>45.952</b>	<b>(15.885)</b>	<b>6.184</b>	<b>52.565</b>	<b>-</b>	<b>(8.589)</b>	<b>(34.464)</b>	<b>12.885</b>	<b>(2.328)</b>	<b>(32.496)</b>	<b>1.002.393</b>	<b>(591.060)</b>	<b>411.333</b>

	31 December 1999				Changes in gross value						Value adjustments				30 June 2000		
	Gross value	Amortization	Net value	Exchange rate differences	Increases	Decreases	Other movements	Totals	Perimeter change	Exchange rate differences	Increases	Decreases	Other movements	Totals	Gross value	Value adjustments	Net value
<b>Long-term investments</b>																	
Equity holdings in subsidiary enterprises	2	-	2	-	269	-	-	269	-	-	-	-	-	-	271	0	271
Equity holdings in affiliated enterprises	3.993	-	3.993	71	74	(457)	(19)	(331)	-	-	-	-	-	3.663	-	3.663	
Equity holdings in other enterprises	55	(55)	-	-	2	-	19	21	-	-	-	-	-	76	(55)	21	
Other securities	3.504	-	3.504	-	-	(811)	-	(811)	-	-	-	-	-	2.693	-	2.693	
Receivables	20.435	-	20.435	317	2.548	(1.346)	-	1.519	-	-	-	-	-	21.953	-	21.953	
Receivables from affiliated enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>27.989</b>	<b>(55)</b>	<b>27.932</b>	<b>388</b>	<b>2.893</b>	<b>(2.614)</b>	<b>-</b>	<b>667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28.656</b>	<b>(55)</b>	<b>28.601</b>	

The other movements refer almost entirely to reclassification of the assets of recently consolidated companies.

**Current assets****Inventories**

Inventories total 91.372€, almost unchanged from the figure for the comparison period. They are broken down as follows:

	30.06.2000	31.12.1999	Change
Products for service and sale to public	72.966	69.290	3.676
Monopoly goods, lottery tickets, and newspapers	11.779	20.087	(8.309)
Sundry goods and items	6.413	1.807	4.606
Works in process on order	-	-	-
Advance payments to suppliers	214	150	64
<b>Total</b>	<b>91.372</b>	<b>91.334</b>	<b>38</b>

**Receivables**

**Receivables from customers:** these total 69.393€, representing an increase of 11.501€ since the end of the previous fiscal year. They have been recorded net of writedowns of 13.284€ (12.844€ as at 31 December 1999).

The receivables result from agreements for purveyance and commercial affiliation relationships.

The balance sheet amount also included receivables under dispute totaling 10.344€ (1.727€ as at 31 December 1999).

**Receivables from others:** as at 30 June 2000, this item was composed of the following:

	30.06.2000	31.12.1999	Change
Prepaid taxes	140.326	127.033	13.292
Treasury for advance tax payments	30.911	27.401	3.510
Vendors	11.382	12.034	(652)
Treasury and government agencies	1.307	3.231	(1.924)
Personnel	1.750	2.255	(505)
Other debtors	20.603	13.514	7.090
<b>Total</b>	<b>206.278</b>	<b>185.468</b>	<b>20.810</b>

The impact of time differences that generated the prepaid taxes will be diluted over time. More specifically, the amount that will flow back during the next fiscal year is estimated at approximately 32.000 € .

The prepaid taxes listed here can be recovered after fiscal 2005 in a total amount of approximately 64.000€. However, additional net deductible difference may arise in the meantime, particularly for the United States companies. Deferred taxes that have been paid in advance, which have been recorded in compliance with accounting principle no. 25, stem largely from the time differences in

which it is believed that they will probably be recovered through future taxable income generated by the individual companies.

More specifically, 115.983€ is allocable to the HMSHost group, where they have resulted largely in consequence of the period of tax depreciation of improvements to rented property and taxed provisions for concession fees.

### Financial assets

These assets represent the investment of temporary excesses in Group liquidity and consist of bonds issued by highly rated issuers and Italian public debt instruments, as well as receivables for bond repo agreements executed with leading bank counterparties.

As at 30 June 2000, they were composed of the following:

	30.06.2000	31.12.1999	Change
Securities held by the parent company	12.167	28.363	(16.196)
Securities held by other companies	2.306	2.508	(203)
<b>Subtotal</b>	<b>14.473</b>	<b>30.872</b>	<b>(16.399)</b>
Receivables for repo agreements executed by the parent company	18.667	102.795	(84.127)
<b>Total</b>	<b>33.141</b>	<b>133.666</b>	<b>(100.526)</b>

The decreases stem from the use of available cash by the parent company to refinance the debts of its United States subsidiary.

### Cash funds

These total 73.278€, a decrease of 21.595€ from 31 December 1999.

### Accrued income and prepaid expenses

These total 153.888€, an increase of 13.838€ from 31 December 1999.

	30.06.2000	31.12.1999	Change
Accrued income:			
interest on securities	3.381	3.355	26
risk hedges	15.734	-	15.734
other accrued income	324	302	22
<b>Total accrued income</b>	<b>19.440</b>	<b>3.658</b>	<b>15.782</b>
Issue discounts on bonded loans	113.207	117.287	(4.080)
Other prepaid expenses:			
financial leasing installments	1.143	989	154
lease and concession fees	9.660	12.399	(2.739)
others	10.438	5.718	4.720
<b>Total other prepaid expenses</b>	<b>21.242</b>	<b>19.106</b>	<b>2.136</b>
<b>Total accruals and prepaid expenses</b>	<b>153.888</b>	<b>140.050</b>	<b>13.838</b>

The “Issue discounts” refer to the convertible zero coupon bond issued by Autogrill Finance S.A. at a discount off its par value (so-called “OID”). They are amortized over the fifteen-year term of the loan, adjusting the amount of this item as a counter entry under financial costs.

The prepaid lease and concession fees stem from advance payment of fees due in part for what is owed in successive periods.

## **Discussion of principal liability entries**

### **Shareholders' Equity**

#### **Share capital**

The share capital of Autogrill S.p.A., fully subscribed and paid-in, totals 131.387 thousand Euro and is represented by 254.400.000 common shares with a par value of 1.000 lire (conversion of this value into 0,52 Euro has been approved).

No changes have taken place since 31 December 1999.

The Shareholders Meeting held on 30 April 1999 approved an increase in share capital through issuance of a maximum of 33.500.000 common shares to service the convertible bond loan of 471.055.000 euro issued on 15 June 1999 by the subsidiary company Autogrill Finance S.A., which generated receipts of 350.000.000 di euro, net of the implicit interest and gross of the issue costs.

In regard to the conditions under which this operation was carried out, a maximum of 24.475.000 shares may be issued to service conversion of the loan. Note is made that the conversion right can be exercised by the bearer of the bonds at any time during the term of the loan.

**Revaluation reserves:** these total 14.633€ and consist of the positive balances of monetary revaluation pursuant to Law no. 72/1983 (754€) and Law no. 413/1991 (13.765€).

**Legal reserve:** this totals 1.512€, an increase of 81.000 Euro over 31 December 1999, following allocation of a portion of the fiscal 1999 profit, as approved by the Shareholders Meeting on 28 April 2000.

**Other reserves:** these total 78.033€ and include the *reciprocation surplus reserve* of 29.876€, corresponding to the residual reciprocation surplus resulting from the merger through incorporation of Finanziaria Autogrill S.p.A. after replenishing the suspended tax reserves.

The shares comprising the company share capital have been traded on the online market of the Italian Stock Market since 1 August 1997.

The table of movements in consolidated shareholders' equity is found on the following page.

	Share capital	Revaluation reserves	Legal reserve	Other reserves and joint profits	Period result	Total
<b>Balances at 31.12.1998</b>	<b>131.387</b>	<b>14.633</b>	<b>576</b>	<b>44.464</b>	<b>33.831</b>	<b>224.890</b>
Application of 1998 profit	-	-	855	22.465	33.831	(10.511)
Increase in portion available for contributions to capital account	-	-	-	76	-	76
Conversion differences and other movements	-	-	-	1.092	-	(1.092)
Fiscal 1999 profit	-	-	-	-	25.941	25.941
<b>Balances at 31.12.1999</b>	<b>131.387</b>	<b>14.633</b>	<b>1.431</b>	<b>65.913</b>	<b>25.941</b>	<b>239.304</b>
Application of 1999 profit	-	-	81	15.349	(25.941)	(10.511)
Increase in portion available for contributions to capital account	-	-	-	38	-	38
Conversion differences and other movements	-	-	-	(3.267)	-	(3.267)
Period result	-	-	-	-	(17.707)	(17.707)
<b>Balances at 30.06.2000</b>	<b>131.387</b>	<b>14.633</b>	<b>1.512</b>	<b>78.033</b>	<b>(17.707)</b>	<b>207.858</b>



**Funds for risks and charges**

	31.12.1999		movements		30.06.2000
<b>Funds for severance indemnity and similar obligations</b>	<b>9.192</b>	<b>2.461</b>	<b>1.739</b>	<b>(1.251)</b>	<b>12.140</b>
<b>Funds for taxes</b>	<b>45.257</b>	<b>172</b>	<b>5.958</b>	<b>(763)</b>	<b>50.623</b>
<b>Other funds:</b>					
Funds for restoration costs	16.423	(0)	1.650	(1.152)	16.921
Funds for risks of legal disputes and others	11.982	827	1.331	(2.857)	11.283
Funds for exchange rate variations	3.919	-	-	(3.919)	0
Fund for contributions to capital account (unavailable amounts)	575	(0)	-	(50)	525
For sundry costs	5.189	(612)	222	(1.348)	3.451
<b>Total other funds</b>	<b>38.089</b>	<b>215</b>	<b>3.202</b>	<b>(9.326)</b>	<b>32.180</b>
<b>Total</b>	<b>92.537</b>	<b>2.847</b>	<b>10.898</b>	<b>(11.339)</b>	<b>94.943</b>

The breakdown of the funds for risks and charges as at 30 June 2000 and movements that have occurred during the fiscal year are detailed in the foregoing table. The amounts shown in the column “Other movements” refer primarily to reclassifications performed by recently consolidated companies.

**Funds for taxes**

These include deferred taxes posted in the amount of 39.354€ against consolidation adjustments and 7.588€ for revaluation of real property in The Netherlands. They also include 2.292€ set aside for assessments underway for the United States subsidiaries and 930€ that have been prudently set aside by the parent company to cover possible tax liabilities for fiscal years that have not yet been closed with the Tax Authorities.

**Funds for restoration costs:** these consist of liabilities that are likely to be sustained to ensure the contractually agreed preservation of transferable or leased property.

**Employees Severance Pay**

The following movements have taken place in this item:

	30.06.2000	31.12.1999
Initial amount	80.272	76.094
Increase due to provisions during fiscal year	7.307	13.179
Decreases due to applications and transfers during fis	(5.619)	(8.775)
Other movements	330	(226)
<b>Final amount</b>	<b>82.290</b>	<b>80.272</b>

## Payables

These total 1.853.484€ (1.888.235€ as at 31 December 1999). The individual components comprising this item are explained below.

**Bonds:** the senior notes issued by Host International Inc. in 1995 and maturing in 2005 were repaid early during the first half of 2000. This loan, denominated in US dollars, paid an annual coupon yield of 9,50% and was repaid upon payment of a premium of 3,56%.

**Convertible bonds:** these total 471.055€ and represent the par value of the loan issued by Autogrill Finance S.A. on 15 June 1999. It corresponds to the amount to be paid upon maturity, set at 15 years after issue. Since the issue does not include a coupon, its placement generated a lower implicit yield (so-called “OID”) set at a nominal 2% annual rate with capitalization every six months.

Subscribers may request conversion at any time, with the exception of several technical suspension periods.

The loan may be repaid early at the issuer’s initiative starting on the 5th anniversary of the issue, and upon the bearer’s initiative between the 5th and 10th anniversary. In this case, the value that has matured up to the time the option is exercised will be repaid, in order to ensure the annual yield of 2% that was originally agreed to.

The amount of interest payable in periods after the period being reported here is subject to a discount of 113.207€ as at 30 June 2000.

**Payables to banks:** these total 741.544 €, and increase of 189.966€ over 31 December 1999, stemming from the aforementioned early repayment of the senior notes. They consist of the following:

	Balance at 30.06.2000			Balance at 31.12.1999		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
- current bank account and short-term loans	31.511	-	31.511	23.519	-	23.519
- Collateralized loans	1.219	18.122	19.341	1.159	18.766	19.925
- Long-term loans without collateral	102.602	588.090	690.692	91.414	416.718	508.132
<b>Total</b>	<b>135.332</b>	<b>606.212</b>	<b>741.544</b>	<b>116.093</b>	<b>435.484</b>	<b>551.576</b>

The collateralized loans pertain to units operating in The Netherlands and Belgium. Installments due after five fiscal years total 11.378€.

The item “Long-term loans without collateral” refer to the loans assumed for acquisition of 100% of HMSHost. Their average term is three years and the amount does not include debts maturing after five fiscal years.

**Payables due to other lenders:** these total 181.538 €, representing an increase of 174.394€ from 31 December.

Of this amount, 175.000€ results from the loan granted by Edizione Finance S.A. at market rates.

These payables also include debts stemming from financial leasing and the non-interest bearing loan for purchase of computer equipment by the parent company.

Of this total, 3.274€ will fall due after 12 months, but within five fiscal years.

**Payables to suppliers:** these total 310.322€ and, with respect to 31 December 1999, show a decrease of 19.636€ .

**Payables to parent companies:** these total 411€ (400€ as at 31 December 1999) and refer to the residual debt to Edizione Holding S.p.A.

**Tax payables:** these total 28.297€ and are broken down as follows:

	30.06.2000	31.12.1999	Change
income tax for year	904	553	351
IRPEF withholding	7.756	5.399	2.358
VAT and other indirect taxes	12.115	9.554	2.561
other payables	7.522	4.216	3.306
<b>Total</b>	<b>28.297</b>	<b>19.721</b>	<b>8.576</b>

The main component of the change in the item “VAT and other indirect taxes” is the current amount payable for indirect taxes on United States activities and the VAT debt of the parent company.

**Payables to Social Security and Welfare Institutions** are fully current as composed as follows:

	30.6.2000	31.12.1999	Change
INPS and other Italian institutions	13.484	12.599	884
Various foreign social security institutions	4.408	4.531	(123)
<b>Total</b>	<b>17.892</b>	<b>17.131</b>	<b>761</b>

#### **Other payables:**

These consist of:

	30.6.2000	31.12.1999	Change
Payables to personnel	80.016	95.397	(15.381)
Others:			
customers for credit notes to be issued	467	1.655	(1.188)
payables to Telecom Italia for phone cards	749	1.085	(336)
payables for acquisition of firms and holdings	-	425	(425)
sundry payables	21.032	25.628	(4.596)
Total Others	22.248	28.791	(6.544)
<b>Total</b>	<b>102.263</b>	<b>124.188</b>	<b>(21.925)</b>

This item has contracted during the first six months of 2000 due to liquidation of the amounts accrued during the previous fiscal year.

It includes payables maturing after the next fiscal year, in the amount of 14.161€.

The payables due to personnel include the sum of 5.650€ that will be paid in 2000 and 2001 to some employees of the United States subsidiaries upon termination of previous incentive plans tied to the share price trends of HMSHost.

The residual item “sundry payables” includes liabilities of 9.239€ stemming from personnel incentive plans of the Host Marriott Corporation, the company that originally controlled HMSHost

and that had made a specific agreement with the latter, which was cancelled at the time Autogrill acquired the latter company. This liability will be gradually paid off over time, as the rights thereto held by Host Marriott Corporation employees mature.

### Accrued liabilities and deferred income

These are broken down as follows:

	30.06.2000	31.12.1999	Change
Accrued liabilities			
insurance premiums	4.303	3.899	403
interest owed	3.282	5.552	(2.270)
rent	17.911	18.025	(115)
others	2.525	1.662	863
<b>Total accrued liabilities</b>	<b>28.020</b>	<b>29.138</b>	<b>(1.119)</b>
Deferred income	4.242	4.201	41
<b>Total deferred income</b>	<b>4.242</b>	<b>4.201</b>	<b>41</b>
<b>Total</b>	<b>32.262</b>	<b>33.339</b>	<b>(1.078)</b>

Rents represent the result of standardization of the minimum guaranteed rents for several American concessions, which contractually increase over time.

### Memorandum accounts

This item is broken down as follows:

	30.06.2000	31.12.1999	Change
Suretyships granted to third parties	26.984	27.437	(452)
Collateral offered to cover own obligations other than debts	449	449	-
Collateral offered against debts recorded on balance sheet	46.116	38.662	7.454
Purchase and sale commitments	429.050	364.188	64.861
Other memorandum accounts	737.287	227.046	510.241
<b>Total</b>	<b>1.239.886</b>	<b>657.782</b>	<b>582.104</b>

The suretyships granted to third parties largely represent the risks of recourse to bank guarantees offered on behalf of the company in favor of commercial counterparties, in accordance with market custom.

The commitments for purchase and sale refer largely to currency hedging contracts entered into against exchange rate risks connected to financing with liabilities denominated in Euro and assets denominated in US dollars.

The item “Other memorandum accounts” includes 22.287 € that represent the value of third party property that has been rented or on in the possession of Group companies. Then, 715.000 € represents the notional value of derivative contracts open as at 30 June 2000 in coverage of interest rate risk on loans.

The key figures are illustrated in the following table:

Figures in thousands of Euro	Notional value of exchanged contracts	Market value of derivatives	Market value of underlying assets/liabilities
Interest rate contracts	715.000	197	715.000

The derivative contracts have been entered into with some of the most financially solid counterparties in order to reduce the risk of breach of contract to a minimum.

## Discussion of the principal entries on the consolidated Statement of Income

### Value of production

#### Sales and service revenues

Realized revenues are broken down according to business segment, as follows:

	1st half 2000	1st half 1999 pro-forma	Change	1999
Food service and sale of products to customers	1.168.655	1.014.549	154.107	2.189.101
Sale of monopoly items, lottery tickets, and newspapers	147.788	135.479	12.309	302.001
Sale of products to affiliates and sundry materials	13.533	13.125	408	160.300
<b>Total</b>	<b>1.329.976</b>	<b>1.163.153</b>	<b>166.823</b>	<b>2.651.402</b>

The reader is referred to the operating report for comments on sales trends during the first half of 2000 and an analysis of sales by segment.

#### Other revenues and earnings

	1st half 2000	1st half 1999	Change	1999
Business rental earnings	16.191	13.085	3.107	30.133
Affiliation fees	2.910	1.686	1.224	3.935
Recovery of expenses from third parties	3.951	4.436	(485)	8.521
Promotional contributions by suppliers	5.674	3.854	1.821	11.683
Compensation for newspaper distribution	5.518	4.134	1.384	10.112
Capital gains from sales of tangible fixed assets	208	257	(49)	389
Other earnings	7.954	7.743	211	17.505
<b>Total</b>	<b>42.407</b>	<b>35.194</b>	<b>7.213</b>	<b>82.278</b>

The growth in earnings generated by affiliation and business lease/sublease relationships continues, and is concentrated in Italy and the USA.

### Costs of production

#### For purchases of raw, ancillary, and consumption materials and semi-finished goods

These total 465.901€ and are broken down as follows:

	1st half 2000	1st half 1999	Change	1999
Products and raw materials for food service and sale	338.534	301.026	37.508	688.495
Monopoly items, lottery tickets, and newspapers	97.773	94.795	2.978	220.667
Sundry materials	29.594	14.884	14.710	34.701
<b>Total</b>	<b>465.901</b>	<b>410.705</b>	<b>55.196</b>	<b>943.863</b>

The changes in this item are consistent with those of earnings.

### For services and rents

	1st half 2000	1st half 1999	Change	1999
<b>Costs for services</b>				
Servomechanisms	27.390	26.757	633	57.727
Maintenance costs	21.854	18.295	3.559	41.125
Warehousing and transportation costs	6.411	7.799	(1.389)	11.646
Professional advice and services	12.503	8.920	3.583	19.825
Janitorial and pest removal services	10.918	8.577	2.341	18.935
Advertising and market research	10.236	7.810	2.426	18.488
Postage and telephone	5.242	5.035	207	10.409
Insurance	5.442	5.417	25	9.362
Commissions on credit card receipts	3.118	2.015	1.103	5.636
Employee expense reimbursements	8.331	6.579	1.753	15.006
Security	1.963	2.031	(68)	4.204
Employee training	1.381	916	465	2.514
Other services	19.417	9.751	9.666	29.214
<b>Total services</b>	<b>134.206</b>	<b>109.902</b>	<b>24.304</b>	<b>244.091</b>
Costs for rents and concessions	168.677	150.774	17.903	334.420
Rental and leasing of movable property	10.533	7.207	3.326	17.380
Royalties for use of trademarks	18.184	13.806	4.378	32.373
<b>Rents</b>	<b>197.393</b>	<b>171.787</b>	<b>25.606</b>	<b>384.173</b>
<b>Total</b>	<b>331.599</b>	<b>281.689</b>	<b>49.910</b>	<b>628.265</b>

**Personnel costs**

	<b>1st half 2000</b>	<b>1st half 1999</b>	<b>Change</b>	<b>1999</b>
Remuneration	333.317	290.669	42.648	646.070
Social security costs	61.284	55.813	5.471	116.006
Employee Severance Pay and similar	9.046	6.415	2.630	15.232
Other costs	19.757	17.734	2.023	38.019
<b>Total</b>	<b>423.404</b>	<b>370.631</b>	<b>52.773</b>	<b>815.327</b>

The average number of employees, expressed as the equivalent number of full-time employees, reached the following level and distribution:

	<b>1st half 2000</b>	<b>1st half of 1999</b>	<b>Change</b>	<b>1999 (2)</b>
Executives	32	29	3	31
Office workers	1.749	1.802	(53)	1.776
Blue collar workers	5.641	5.127	514	5.422
Foreign subsidiaries (1)	30.012	30.035	(23)	30.821
<b>Total</b>	<b>37.434</b>	<b>36.993</b>	<b>441</b>	<b>38.050</b>

- (1) In the case of companies operating in foreign countries, the breakdown by job category does not have contractual significance.
- (2) The figures for 1999 have been adjusted in accordance with a new criterion for counting FTE.

**Amortization and depreciation**

This item totaled 112.990 thousand Euro (102.745€ in the first half of 1999) and is broken down as follows:

	<b>1st half 2000</b>	<b>1st half 1999 pro-forma</b>	<b>Change</b>	<b>1999</b>
Amortization and depreciation:				
Intangible fixed assets	77.363	70.985	6.378	112.244
Tangible fixed assets	28.750	23.466	5.284	52.193
Depreciation of gratuitously transferrable tangible fixed asset	5.722	4.485	1.237	10.793
Amortization		2.536	(2.536)	2.905
Writedown of receivables (current assets)	1.155	1.273	(118)	6.956
<b>Total</b>	<b>112.990</b>	<b>102.745</b>	<b>10.245</b>	<b>185.091</b>

Amortization is primarily accounted for by goodwill and consolidation differences, totaling 47.290€, as well as improvements to rented property.



The depreciation of gratuitously transferable property has been calculated on the basis of economic-technical criteria, and thus based on the presumed useful life of each asset, or, if shorter, on the residual term of the concession.

### Provisions for Risks and other Provisions

The provisions set aside during the period are detailed below:

	1st half 2000	1st half 1999	Change	1999
For risks of disputes and others	1.331	1.330	0	4.973
Other provisions:				
For restoration costs	1.651	1.395	256	4.387
For sundry costs	222	17	205	1.761
<b>Total other provisions</b>	<b>1.872</b>	<b>1.412</b>	<b>460</b>	<b>6.147</b>
<b>Total</b>	<b>3.203</b>	<b>2.742</b>	<b>461</b>	<b>11.120</b>

### Sundry operating costs

These have increased by 1.637 thousand Euro over the corresponding period in the previous year.

They consist of the following:

	1st half 2000	1st half 1999	Change	1999
Indirect taxes and taxes on fiscal year activities	9.067	8.051	1.016	18.855
Membership fees	125	740	(615)	740
Cash deposit differences	2.212	2.124	89	3.921
Losses on sales or conversions	10	634	(625)	297
Other costs	4.173	2.401	1.772	5.243
<b>Total</b>	<b>15.587</b>	<b>13.950</b>	<b>1.637</b>	<b>29.056</b>

### Financial income and charges

#### Other financial income

This totals 36.147€, with an increase of 31.307€ from the first half of 1999. It is broken down as follows:

	1st half 2000	1st half 1999	Change	1999
Interest and other income from securities:				
interest on premiums/earnings on securities recorded under long-	233	286	(52)	484
interest on premiums and earning on securities recorded under c	1.915	2.910	(995)	6.787
	2.148	3.196	(1.048)	7.271
Earnings different from the preceding:				
bank interest earned	467	-	467	1.738
interest on receivables from affiliates		-	-	1.623
foreign exchange gains	30.015	-	30.015	13.478
from interest rate hedging operations	3.199	-	3.199	-
others	318	1.644	(1.326)	601
	33.999	1.644	32.355	17.441
<b>Total</b>	<b>36.147</b>	<b>4.840</b>	<b>31.307</b>	<b>24.712</b>

### Interest and other financial charges

These total 66.678 € and consist of:

	1st half 2000	1st half 1999 pro-forma	Change	1999
Interest on bonds	10.808	16.876	(6.068)	35.622
Interest on loans and long-term financing	19.017	19.332	(315)	14.231
Interest on bank accounts and short-term financing	122	320	(198)	3.080
Others	168	2.249	(2.081)	137
	30.114	38.776	(8.662)	53.070
Charges different from the preceding:				
exchange rate losses	30.687	403	30.284	1.766
interest rate hedging operations	4.526	4	4.522	13.139
penalties for early repayment of loans	174		174	1.701
others	1.177	1.863	(685)	5.008
	36.564	2.270	34.294	21.613
<b>Total</b>	<b>66.678</b>	<b>41.046</b>	<b>25.632</b>	<b>74.682</b>

Exchange rate management procedures have led to separate accounting of earnings and charges that are equal for these transactions.

### Extraordinary earnings and charges

Extraordinary earnings total 318€ (601€ in the first half of 1999) and stem primarily from excess provisions set aside for costs in previous years.

Extraordinary charges total 2.245€ (2.106€ in the first half of 1999). Of this amount, 773 is accounted for by settlements of provisions for costs set aside in previous years and 233 for shortfalls, thefts, and falsification.

### Income taxes

The total for this item results from the sum of a charge of 5.949€ for current taxes and a gain of 5.792€ for deferred taxes.

This item includes IRAP, the Italian tax whose taxable basis is largely equal to the sum of the operating result and labor costs, for a total of 5.432€ (5.327€ in the first half of 1999), equal to 35,3% of the consolidated pre-tax result.

### **Profits due to third parties**

The sum of 2.177€ refers to third party shareholders of several United States and French subsidiaries.

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## **Appendix**

### **List of consolidated companies and other equity holdings**

**Lst of companies included in the consolidation and other equity investments**  
**Enterprises consolidated according to the straight-line method**

Name	Notes – 1st half 2000	Seat	Country	Currency	Share capital (in foreign currency)	% Shareholders
<b>Capogruppo</b>						
Autogrill SpA		Novara	Italy	Lit.	254.400.000.000	57,09% Edizione Holding S.p.A.
<b>Imprese controllate</b>						
ISIC SpA		Novara	Italy	Lit.	400.000.000	100,00% Autogrill SpA
Nuova Estral Srl		Novara	Italy	Lit.	20.000.000	100,00% Autogrill SpA
Nuova Sidap Srl		Novara	Italy	Lit.	20.000.000	100,00% Autogrill SpA
Autogrill Finance SA		Lussemburgo	Luxembourg	Eur	250.000	99,99% Autogrill SpA
Autogrill International SA		Lussemburgo	Luxembourg	LUF	1.700.000.000	99,99% Autogrill SpA
Autogrill Overseas SA		Lussemburgo	Luxembourg	Eur	35.200.000	99,99% Autogrill SpA
Autogrill Austria AG		Gottlesbrunn	Austria	Ats	100.000.000	100,00% Autogrill International SA
Autorest Hungaria Kft		Budapest	Hungary	HUF	1.000.000	100,00% Autogrill Austria A.G.
Autogrill Belgie N.V.		Herentals	Belgium	BEF	230.000.000	100,00% Autogrill International SA
AC Restaurants & Hotels Beheer S.A.		Herentals	Belgium	BEF	16.819.814	99,999% Autogrill Belgie N.V. 0,001% AC Restaurants & Hotels S.A.
AC Arlux .S.A.		Arlon	Belgium	BEF	50.757.000	99,998% Autogrill Belgie N.V. 0,002% AC Restaurants & Hotels S.A.
AC Restaurants Chesnoy S.A.		Herentals	Belgium	BEF	2.501.000	99,99% Autogrill Belgie N.V. 0,01% AC Restaurants & Hotels S.A.
AC Restaurants & Hotels S.A.		Luxembourg	Luxembourg	LUF	5.000.000	99,995% Autogrill Belgie N.V. 0,005% AC Restaurants & Hotels Beheer S.A.
AC Restaurant & Hotels Beteiligungs GmbH		Niederzissen	Germany	DEM	150.000	95,00% AC Restaurants & Hotels S.A. 5,00% AC Holding N.V.
AC Restaurant & Hotels Betriebs GmbH		Niederzissen	Germany	DEM	50.000	100,00% AC Restaurant & Hotels Beteiligungs GmbH
Autogrill Deutschland GmbH		Monaco	Germany	DEM	400.000	100,00% Autogrill International SA
Autogrill Espana SA		Madrid	Spain	Ptas	300.000.000	100,00% Autogrill International SA
Autogrill Hellas EpE		Avlona Attikis	Greece	GRD	408.530.000	100,00% Autogrill International SA
Autogrill Nederland bv		Breukelen	Netherlands	NLG	14.040.000	100,00% Autogrill International SA
Maison Ledebouer B.V.		Zaandam	Netherlands	NLG	154.000	100,00% Autogrill Nederland bv
AC Holding N.V.		Breukelen	Netherlands	NLG	300.000	100,00% Maison Ledebouer B.V.
The American Lunchroom Co. B.V.		Zaandam	Netherlands	NLG	40.000	100,00% AC Holding N.V.
AC Apeldoorn B.V.		Apeldoorn	Netherlands	NLG	100.000	100,00% The American Lunchroom Co. B.V.
AC Bodegraven B.V.		Bodegraven	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Heerlen B.V.		Heerlen	Netherlands	NLG	51.000	100,00% The American Lunchroom Co. B.V.
AC Hendrik Ido Ambacht B.V.		Hendrik Ido Ambacht	Netherlands	NLG	35.000	100,00% The American Lunchroom Co. B.V.
AC Holten B.V.		Holten	Netherlands	NLG	75.000	100,00% The American Lunchroom Co. B.V.
AC Leiderdorp B.V.		Leiderdorp	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Meerkerk B.V.		Meerkerk	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Nederweert B.V.		Wert	Netherlands	NLG	75.000	100,00% The American Lunchroom Co. B.V.
AC Nieuwegein B.V.		Nieuwegein	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Oosterhout B.V.		Oosterhout	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Restaurants & Hotels B.V.		Breukelen	Netherlands	NLG	200.000	100,00% The American Lunchroom Co. B.V.
AC Sevenum B.V.		Sevenum	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Vastgoed B.V.		Zaandam	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Vastgoed I B.V.		Zaandam	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Veenendaal B.V.		Veenendaal	Netherlands	NLG	40.000	100,00% The American Lunchroom Co. B.V.
AC Zevenaar B.V.		Zevenaar	Netherlands	NLG	125.000	100,00% The American Lunchroom Co. B.V.
Holding de Participations Autogrill Sas		Marseille	France	FRF	122.778.000	99,999% Autogrill International SA 0,001% Autogrill SpA
Autogrill Coté France S.A.		Marseille	France	FRF	203.738.880	99,99% Holding de Participations Autogrill Sas
Hotelimar S.A.		Marseille	France	FRF	7.500.000	79,98% Autogrill Coté France S.A.
Soberest S.A.		Marseille	France	FRF	800.000	49,96% Autogrill Coté France S.A.
SO.BO.REST S.A.		St. Savin	France	FRF	3.500.000	49,99% Autogrill Coté France S.A.
Socopal S.A.		Marseille	France	FRF	1.350.000	65,71% Autogrill Coté France S.A.
Sorebo S.A.		Marseille	France	FRF	900.000	49,98% Autogrill Coté France S.A.
S.P.C. S.A.		Perrogney les Fontaines	France	FRF	800.000	50,25% Autogrill Coté France S.A.
S.R.A.D. S.A.		Marseille	France	FRF	3.100.000	49,99% Autogrill Coté France S.A. 49,92% SRSRA
S.R.T.C. S.A.		Marseille	France	FRF	9.000.000	69,98% Autogrill Coté France S.A.
Autogrill Restauration Services S.A.		Marseille	France	FRF	200.276.400	99,99% Holding de Participations Autogrill Sas
Autogrill Gare Chateauroux S.a.r.l.		Marseille	France	FRF	50.000	100,00% Autogrill Restauration Services S.A.

Denominazione	Sede	Stato	Valuta	Capitale sociale (in valuta)	% Soci
Autogrill Gare Lyon Part Dieu S.a.r.l.	Marseille	France	FRF	200.000	100,00% Autogrill Restauration Services S.A.
Autogrill Gare Lyon Perrache S.a.r.l.	Marseille	France	FRF	2.314.000	100,00% Autogrill Restauration Services S.A.
Autogrill Gare Toulon S.a.r.l.	Marseille	France	FRF	50.000	100,00% Autogrill Restauration Services S.A.
Autogrill Gare Des Alpes S.a.r.l.	Marseille	France	FRF	50.000	100,00% Autogrill Restauration Services S.A.
Autogrill Gare du Paris Nord S.a.r.l.	Marseille	France	FRF	200.000	100,00% Autogrill Restauration Services S.A.
Autogrill Gare Paris Saint Lazare S.a.r.l.	Marseille	France	FRF	8.265.200	100,00% Autogrill Restauration Services S.A.
Autogrill Gare Paris Est S.a.r.l.	Marseille	France	FRF	100.000	100,00% Autogrill Restauration Services S.A.
Autogrill Gare Nevers S.n.c.	Marseille	France	FRF	10.000	99,00% Autogrill Restauration Services S.A. 1,00% Autogrill Gare Paris Est S.a.r.l.
Autogrill Gares Ile de France S.n.c.	Marseille	France	FRF	10.000	99,00% Autogrill Restauration Services S.A. 1,00% Autogrill Gare Paris Est S.a.r.l.
Autogrill Gare Lille S.n.c.	Marseille	France	FRF	250.000	99,96% Autogrill Restauration Services S.A. 0,04% Autogrill Gare Paris Est S.a.r.l.
HMSHost Corp.	Bethesda	USA	USD	175.000.000	100,00% Autogrill Overseas S.A.
HMS Host Tollroads Inc.	Bethesda	USA	USD	125.000.000	100,00% HMSHost Corp.
Host International Inc.	Bethesda	USA	USD	125.000.000	100,00% HMSHost Corp.
Sunshine Parkway Restaurants Inc.	Bethesda	USA	USD	125.000.000	50,00% HMSHost Corp. 50,00% Gladieux Inc.
Cincinnati Terminal Services Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Cleveland Airport Services Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
HMS-Airport Terminal Services Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
HMS-Airport Terminal Services (Christchurch branch) Inc.	Bethesda	USA	USD	125.000.000	100,00% HMS-Airport Terminal Services Inc.
HMS B&L Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
HMS Holdings Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
HMS Host Family Restaurants Inc.	Bethesda	USA	USD	125.000.000	100,00% HMS Holdings Inc.
Gladieux Inc.	Bethesda	USA	USD	125.000.000	100,00% HMS Holdings Inc.
Host (Malaysia) Sdn Bhd	Kuala Lumpur	Malaysia	MYR	100.000	100,00% Host International Inc.
Host Gifts Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Host International of Canada Ltd	Vancouver	Canada	CAD	4.600.000	100,00% Host International Inc.
Host International of Kansas Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Host International of Maryland Inc	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
HMS Host USA Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Host International (Poland) Sp zo o	Warsaw	Poland	PLN	6.557.600	100,00% Host International Inc.
Host of Holland B.V.	Haarlemmermeer	Netherlands	NLG	200.000	100,00% Host International Inc.
Horeca Exploitatie Maatschappij Schiphol B.V.	Schiphol	Netherlands	NLG	100.000	100,00% Host of Holland B.V.
Host Services (France) S.a.s.	Paris	France	FRF	250.000	100,00% Host International Inc.
Host Services Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Host Services of New York Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Host Services Pty Ltd	North Cairns	Australia	AUD	12	100,00% Host International Inc.
Las Vegas Terminal Restaurants Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Marriott Airport Concessions Pty Ltd	Tullamarine	Australia	AUD	999.998	100,00% Host International Inc.
Michigan Host Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Shenzen Host Catering Company Ltd	Shenzen	China	USD	2.500.000	90,00% Host International Inc.
The Gift Collection Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.
Turnpike Restaurants Inc.	Bethesda	USA	USD	125.000.000	100,00% Host International Inc.

**Companies valued according to the Equity Method**

Name	Seat	Currency	Share capital (in foreign currency)	%	Shareholders
Convivium 2000 S.C.p.A.	Milan	Lit	252.000.000	14,29%	Autogrill S.p.A.
Union Services S.a.r.l.	Luxembourg	Lit	100.000.000	20,00%	Autogrill International S.A.
				20,00%	Autogrill Overseas S.A.
				10,00%	Autogrill Finance S.A.
S.R.S.R.A. S.A.	Saint Rambert d'Albon (F)	FRF	3.200.000	40,73%	Autogrill Coté France S.A.
Isardrome S.A.	Saint Rambert d'Albon (F)	FRF	2.000.000	81,00%	S.R.S.R.A. S.A.
				4,50%	Autogrill Coté France S.A.
Volcarest S.A.	Chatelguyon (F)	FRF	1.800.000	39,98%	Autogrill Coté France S.A.
Dewina Host Sdn Bhd	Kuala Lumpur (Malesia)	MYR	250.000	49,00%	Host International Inc.
HMSC-AIAL Ltd	Auckland (Nuova Zelanda)	NZD	111.900	50,00%	Host International Inc.

# Interim Balance Sheet of Parent Company as of 30 June 2000

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**Statement of Assets and Liabilities**

(amounts in thousands of Euro)

	<b>30.06.2000</b>	<b>31.12.1999</b>	<b>30.06.1999</b>
<b>ASSETS</b>			
<b>A) Receivables from shareholders for payments still due</b>			
<b>B) Fixed assets</b>			
<b>I) Intangible fixes assets</b>			
1 Formation and expansion expenses	180	328	477
4 Concessions, licenses, trademarks and similar rights	3.152	3.499	3.197
5 Goodwill	89.633	97.909	106.548
6 Fixed assets in the course of realization and payments on account	2.870	3.549	804
7 Others	31.823	34.374	33.531
Total	127.659	139.660	144.557
<b>II) Tangible fixed assets</b>			
1 Land and buildings	16.362	16.339	16.190
2 Plants and machinery	4.155	4.249	4.293
3 Industrial and commercial equipment	20.299	21.562	21.478
3 bis Gratuitously transferable property	21.606	18.889	17.210
4 Other assets	2.831	2.905	1.033
5 Fixed assets in the course of construction	5.573	6.199	4.273
Total	70.827	70.142	64.478
<b>III) Long-term investments</b>			
1 Equity holdings in:			
a) subsidiary enterprises	(23.667)	20.740	26.430
b) other enterprises	21	19	1
2 Other receivables			
* portion collectible by end of next fiscal year	4	6	422
* portion collectible after end of next fiscal year	12.894	12.979	11.769
3 Other securities			
Total	(8.248)	37.055	42.343
<b>Total fixed assets</b>	<b>190.238</b>	<b>246.857</b>	<b>251.378</b>
<b>C) Current assets</b>			
<b>I - Inventories</b>			
1 Raw, ancillary and consumable materials	36.155	36.899	30.035
3 Works in process on order	-	-	-
5 Payments on account	15	-	179
Total	36.170	36.899	30.214
<b>II - Receivables</b>			
1 From customers	34.008	32.389	28.845
2 From subsidiary enterprises	567.970	276	396
3 From affiliates	-	-	-
5 From others	28.088	23.945	18.595
Total	630.067	56.610	47.836
<b>III. Financial assets</b>			
6 Other securities	12.168	28.363	36.483
7 Financial receivables	18.667	102.795	107.698
Total	30.835	131.158	144.180
<b>IV - Cash funds</b>			
1 Bank and postal accounts deposits	2.306	2.369	3.643
3 Cash and cash equivalent	24.433	24.228	21.445
Total	26.740	26.597	25.088
<b>Total Current assets</b>	<b>723.812</b>	<b>251.264</b>	<b>247.318</b>
<b>D) Accrued income and prepaid expenses</b>	<b>10.589</b>	<b>9.722</b>	<b>9.406</b>
<b>TOTAL ASSETS</b>	<b>924.638</b>	<b>507.843</b>	<b>508.102</b>

<b>Autogrill S.p.A.</b>			
<b>Statement of Assets and Liabilities</b>			
(amount in thousand of Euro)			
<b>LIABILITIES</b>	<b>30.06.2000</b>	<b>31.12.1999</b>	<b>30.06.1999</b>
<b>A) Shareholders' Equity</b>			
<b>I - Share capital</b>	131.387	131.387	131.387
<b>II - Share premium reserve</b>	-	-	-
<b>III - Revaluation reserves</b>	14.519	14.519	14.519
<b>IV - Legal reserve</b>	1.512	1.431	1.431
<b>V - Treasury share reserve</b>	-	-	-
<b>VI - Statutory reserve</b>	-	-	-
<b>VII - Other reserves</b>	30.922	39.856	39.818
<b>VIII - Profits brought forward</b>	-	-	-
<b>IX - Profit for the period</b>	(15.982)	1.620	4.347
<b>Total shareholders' equity</b>	<b>162.358</b>	<b>188.813</b>	<b>191.501</b>
<b>B) Funds for Risks and Charges</b>			
2 For taxes	930	930	930
3 Others	21.195	21.375	19.965
<b>Total</b>	<b>22.124</b>	<b>22.305</b>	<b>20.895</b>
<b>C) Employees Severance Pay</b>	<b>74.996</b>	<b>73.927</b>	<b>70.015</b>
<b>D) Payables</b>			
3 Payables to banks collectible by end of next fiscal year	292.917	4.137	19.185
4 Payables to other lenders	-	-	-
* portion collectible by end of next fiscal year	177.927	3.439	2.903
* portion collectible after end of next fiscal year	3.306	3.673	2.848
6 Payables to suppliers	146.346	167.508	125.513
8 Payables to subsidiary enterprises	229	211	26.571
9 Payables to affiliated enterprises	18	17	-
10 Payables to parent enterprises	411	400	444
11 Tax payables	8.126	7.497	8.392
12 Payables to social security and welfare institutions	13.484	12.600	12.965
Other payables:			
* portion collectible by end of next fiscal year	17.095	20.424	21.945
* portion collectible after end of next fiscal year	413	1.085	1.530
<b>Total</b>	<b>660.273</b>	<b>220.988</b>	<b>222.298</b>
<b>E) Ratei e Risconti</b>	<b>4.886</b>	<b>1.810</b>	<b>3.394</b>
<b>TOTAL LIABILITIES</b>	<b>924.638</b>	<b>507.843</b>	<b>508.102</b>
<b>MEMORANDUM ACCOUNTS</b>			
<b>Personal guarantees granted</b>	862.123	936.679	431.574
<b>Collateral granted</b>			
* For third party obligations	26	26	41
* For obligations other than payables	449	449	449
* For payables recorded on the balance sheet	7.456	7.456	7.456
<b>Purchase commitments</b>	-	5.940	7.805
<b>Other commitments</b>	263.697	226.683	22.267
<b>Total memorandum accounts</b>	<b>1.133.750</b>	<b>1.177.233</b>	<b>469.592</b>

**Autogrill S.p.A.****Statements of Income**

(amounts in thousand of Euro)

	1st half 2000	1st half 1999	Change	Fiscal 1999
<b>A) Value of production</b>				
1 Sales and service revenues	437.699	406.800	30.899	886.706
3 Change in work in process on order	-	(1.200)	1.200	(1.200)
5 Other revenues and earnings	19.193	14.908	4.285	37.242
<b>Total</b>	<b>456.891</b>	<b>420.508</b>	<b>36.383</b>	<b>922.748</b>
<b>B) Costs of production</b>				
6 For raw, ancillary and consumable materials and goods	212.611	193.381	19.230	439.625
7 For services	33.590	25.083	8.508	56.978
8 For rents	42.144	38.633	3.512	82.231
9 For personnel:				
a) Wages and salaries	78.230	73.360	4.870	149.344
b) Social security contributions	25.386	24.055	1.331	48.234
c) Employees severance pay	6.523	6.051	472	13.179
e) Other costs	650	1.090	(440)	2.506
10 Amortization and depreciation:				
a) amortization	18.679	16.197	2.483	36.631
b) Depreciation	9.234	8.653	582	19.565
d) Writedown of receivables recorded under current assets	820	77	743	1.770
11 Changes in inventories of raw and ancillary materials and goods	744	3.557	(2.813)	(3.307)
12 Provisions for risks	-	622	(622)	2.207
13 Other provisions	1.744	1.395	349	3.781
14 Sundry operating charges	3.820	3.693	127	6.809
<b>Total</b>	<b>434.177</b>	<b>395.847</b>	<b>38.329</b>	<b>859.554</b>
<b>Difference between value and costs of production (A-B)</b>	<b>22.715</b>	<b>24.661</b>	<b>(1.946)</b>	<b>63.195</b>
<b>C) Financial income and charges</b>				
15 Earning from equity holdings	26	-	26	-
16 Other financial earnings:				
b) From long-term investments other than equity holdings	198	286	(87)	475
c) From securities recorded under current assets other than equity holdings	1.513	2.910	(1.397)	6.643
d) Other holdings:	40.573	301	40.272	1.002
17 Interests and other financial charges:	(37.186)	(586)	(36.600)	(1.628)
<b>Total</b>	<b>5.124</b>	<b>2.910</b>	<b>2.214</b>	<b>6.491</b>
<b>D) Value adjustment of financial assets</b>				
18 Value increases of equity holdings	-	-	-	810
19 Value decreases				
a) of equity holdings	(44.676)	(20.966)	(23.710)	(62.612)
b) of financial assets other than equity holdings	(352)	-	(352)	(446)
c) of securities recorded as current assets	-	-	-	-
<b>Total</b>	<b>(45.028)</b>	<b>(20.966)</b>	<b>(24.062)</b>	<b>(62.248)</b>
<b>E) Extraordinary earnings and charges</b>				
20 Earnings				
* change in income tax accounting principle	-	-	-	4.344
* other extraordinary income	266	4.622	(4.356)	1.113
21 Charges	(1.564)	(454)	(1.110)	(811)
<b>Total</b>	<b>(1.298)</b>	<b>4.168</b>	<b>(5.466)</b>	<b>4.647</b>
<b>Pre-tax result</b>	<b>(18.486)</b>	<b>10.774</b>	<b>(29.260)</b>	<b>12.085</b>
22 Income tax for period	2.504	(6.427)	8.931	(10.464)
<b>PROFIT FOR PERIOD</b>	<b>(15.982)</b>	<b>4.347</b>	<b>(20.329)</b>	<b>1.621</b>

## **Appendix**

### **Parent Company Statement of Cash Flows**

## Statements of Cash Flows

(in millions of euro)	1st half 2000	1st half 1999	Fiscal 1999
<b>Initial net short-term financial position</b>	<b>150,2</b>	<b>154,4</b>	<b>154,4</b>
<b>Cash flow from activities during year</b>			
Period result	(16,0)	4,3	1,6
Amortization and depreciation, net of revaluations	27,9	24,8	56,2
(Capital gains)/capital losses from sale of fixed assets	(0,1)	(0,3)	(0,4)
Writedowns of long-term investments, net of revaluations	44,7	21,0	62,2
Provisions for risks, net of applications	(0,7)	0,1	1,2
Change in working capital	(27,0)	(25,4)	(4,1)
Net change in Employees Severance Pay and other long-term liabilities	1,7	0,7	4,9
Other movements	0,0	0,0	0,0
	<u>30,5</u>	<u>25,2</u>	<u>121,6</u>
<b>Cash flow from investments activities</b>			
Investments in fixed assets			
- intangible	(7,2)	(6,2)	(21,9)
- tangible	(10,3)	(7,6)	(24,3)
- long-term investments	(0,8)	(7,9)	(71,2)
Divestment of long-term investments	1,4	1,0	1,0
Sale price of sold fixed assets	1,0	0,4	0,8
Intercompany financing	(567,2)		
Other movements	0,0	0,1	0,6
	<u>(583,1)</u>	<u>(20,2)</u>	<u>(115,0)</u>
<b>Cash flow from financing activity</b>			
Contracting of new long-term loans	283,5	0,0	0,0
Reimbursements and transfer of long-term quotas to short-term	(0,4)	(1,6)	(0,3)
Dividend paymet	(10,5)	(10,5)	(10,5)
Other movements	0,0	(0,1)	0,0
	<u>272,6</u>	<u>(12,1)</u>	<u>(10,7)</u>
<b>Cash flow during period</b>	<u>(280,1)</u>	<u>(7,2)</u>	<u>(4,1)</u>
<b>Final net short-term financial position</b>	<b>(129,8)</b>	<b>147,2</b>	<b>150,2</b>
<b>Net long-term borrowing</b>	<u><b>280,4</b></u>	<u><b>(2,8)</b></u>	<u><b>(3,7)</b></u>
<b>Total final net borrowing</b>	<u><b>150,6</b></u>	<u><b>144,3</b></u>	<u><b>146,6</b></u>