



Press release

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Autogrill is today holding its 2019 Capital Markets Day in Milan, dedicated to representatives from the financial community

## **2019 Capital Markets Day: Autogrill presents strategic pillars and financial targets for 2019-2021**

- 2021 revenue of €5.3bn, with 2018-2021 CAGR of 4.5%-5.0%
- 2021 free cash flow is expected to be approximately 5 times 2018 free cash flow

Milan, 4 June 2019 – Autogrill S.p.A. (Milan: AGL IM), the leading global operator in food & beverage services for travelers, presents today its strategy and financial targets for the period 2019-2021.

Gianmario Tondato Da Ruos, Group CEO, said: “*The initiatives put in place during the last two years allow us to set important targets for 2021, with a solid top line growth in the three-year period and a substantial increase in profitability and cash generation. Leveraging on our global leadership, as well as our ability to innovate, our best-in-class operational skills, underpinned by the positive perspectives for the sector, we are confident our Group will accelerate its growth and will further expand its business*”

### **Global leader in a structurally attractive industry with positive macroeconomic backdrop**

- The travel concession F&B industry is highly attractive, driven by favorable macro trends
  - Global air traffic and food service business are projected to grow by more than 25% over the next 5 years
- In addition to benefiting from the underlying growth trends, the sector inherently benefits from a unique environment where the is a:
  - Propensity to spend expected to grow on the back of favourable customer demographics and longer dwell times and mostly driven by immediate needs and impulse purchasing behaviours
  - Competition from online players limited given that a captive audience and security at airports provide a shelter from e-commerce and delivery providers
  - Regulatory environment increasingly complex and scale, track record and consistent execution are key requirements for landlords and government authorities globally
- In this market, Autogrill has a very strong position, with its unique global and multi-channel concession platform, broad portfolio of brands, operational excellence and solid financial profile

### **Strategic focus on delivering value through relentless execution in three key areas**



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- In the coming years, Autogrill aims to further strengthen its global leadership, leveraging a clear and focused strategy:
  - Continued focus on top line growth in the channels at the core of Autogrill's strategy (airports and railways) both organically and through M&A whilst also expanding footprint in adjacent market segments (convenience retail)
  - Profitability enhancement through new concepts, innovation and targeted actions on all the P&L lines
  - Disciplined capital allocation focused on strategic priorities. Among others, Autogrill will explore further opportunities to unlock motorway concessions' value, as achieved through the recently announced sale of the Canadian motorways, and will evaluate possible moves into adjacent business areas by leveraging existing internal capabilities and network

### **2019 guidance – Strong business momentum**

- Key assumptions
  - Figures pre-application of IFRS 16
  - Assuming €/€ exchange rate of 1.15
- Revenue of €5.0bn
  - Top line growth driven by North America and International, while Europe will continue the ongoing footprint rationalization
- Underlying EBITDA of €450m-€470m
  - Stable underlying EBITDA margin in North America and International, while Europe will deliver a significant improvement thanks to the efficiency initiatives implemented in the past months
- Reported EPS of €0.88-€0.93
- Underlying EBITDA and reported EPS ranges reflect the net perimeter change of the year, among the others:
  - The overall impact of the disposal of the Canadian motorways (sale multiple of approximately 20x 2018 EBITDA)
  - The impact of the disposal of the activities in Czech Republic
  - The phase out of the Tank & Rast motorway business in Germany
  - The recently acquired Pacific Gateway Concessions, an airport retail concession company based in San Francisco

### **Financial targets for the period 2019-2021 – Higher returns through focused growth**

- Key assumptions
  - Figures pre-application of IFRS 16
  - Assuming €/€ exchange rate of 1.15



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- Autogrill expects consolidated revenue to grow at a compound annual growth rate (CAGR) of 4.5%-5.0% for the period 2018-2021<sup>1</sup>, reaching €5.3bn in 2021
  - Revenue growth will be mainly driven by like-for-like performance and by airports
- Autogrill will focus on increasing the underlying EBITDA margin to around 10% by 2021
  - +110bps compared to FY2018 underlying EBITDA margin
- The Group also expects capex back to a normalized level by 2021
  - Capex as a percentage of revenue between 5.0% and 5.5% by 2021
- As a result, Autogrill expects a significant enhancement of the free cash flow generation
  - 2021 free cash flow is expected to be approximately 5 times 2018 free cash flow<sup>2</sup>
- In the period, the combination of the increased free cash flow generation, the financial flexibility provided by the solid balance sheet and the incremental free cash flow from the optimization of the motorway concession portfolio, will provide Autogrill with financial resources of up to €1.5bn to be deployed to drive further expansion.

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The executive responsible for the drafting of the company's accounting documents, Camillo Rossotto, hereby declares pursuant to paragraph 2, art.154 bis, that the accounting information in this release is in line with the Company's accounting records and registers.

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Autogrill's Capital Markets Day will take place today in Milan, between 10.15 a.m. (CET) and 1.30 p.m. (CET). The presentation delivered during the event will be made available on the central storage mechanism named 1Info ([www.1info.it](http://www.1info.it)) and in the "Investors" section of the corporate website [www.autogrill.com](http://www.autogrill.com) (<http://www.autogrill.com/en/investor-relations/2019-capital-markets-day>). A replay will be available after the event. A listen-only webcast will be available live and in replay format in the "Investors" section of the website [www.autogrill.com](http://www.autogrill.com) (<http://www.autogrill.com/en/investor-relations/2019-capital-markets-day>).

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**Disclaimer**

*This press release contains forecasts and estimates that reflect the opinions of the management ("forward-looking statements"), especially regarding future business performance, new investments and developments in the cash flow and financial situation. Such forward-looking statements have by their very nature an element of risk and uncertainty as they depend on the occurrence of future events. Actual results may differ significantly from the forecast figures and for a number of reasons, including by way of example: traffic trends in the countries and business channels where the Group operates; the outcome of procedures for the renewal of existing concession contracts and for the award of new concessions; changes in the competitive scenario; exchange rates between the main currencies and the euro, esp. the US dollar; interest rate movements; future developments in demand; changing oil and other raw*

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<sup>1</sup> 2018 revenue rebased for:

- The disposal of Canadian motorways and Czech Republic occurred in 1H2019
- The expiration of T&R motorway agreement occurred in 1H2019
- €/\$ FX of 1.15

FY2018 reported revenue of €4.7bn, FY2018 rebased revenue of €4.6bn

<sup>2</sup> Free cash flow 2018 = €33m



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*material (food) prices; general global economic conditions; geopolitical factors and new legislation in the countries where the Group operates and other changes in business conditions.*

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## Definitions

### EBITDA

Earnings before interest, tax, depreciation and amortization.

### Underlying EBITDA

Underlying: an alternative performance measure calculated by excluding certain revenue or cost items in order to improve the interpretation of the Group's normalized profitability for the year. Specifically, it excludes the cost of the stock option plans, the costs related to successful acquisitions and the costs related to the cross-generational deal and other efficiency projects in Italy (year 2018).

### Organic growth of revenue

Organic revenue growth is calculated by excluding disposals, acquisitions, the exchange effect (converting the revenue from the same period in the prior year using the current exchange rate) from the two periods under examination and comparing the revenue from the current year with the prior year.

### Like for like growth of revenue

The like for like growth of revenue is calculated by excluding the impact of new openings and closings, as well as the calendar effect, from organic growth.

Like for like growth as a percentage = like for like change/ revenue from the prior year excluding i) revenue from stores no longer in the portfolio in the current year (closings and disposals), ii) the exchange effect and iii) the calendar effect.

### Free cash flow

Cash generated by the company after deducting capital expenditures from its operating cash flow. Free cash flow does not include the following items: acquisitions, disposals, dividends (both dividends paid to Group shareholders and dividends paid to minority partners)

### For further information:

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