Press release

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Net income rises from 7.5 to 50.2 million euro, cash flow improves 13.3%, EBITDA reaches 13.3% of net sales (12.1% in 2002)

Autogrill: net income six times up on 2002, net debt decreases

Milan, 26th March 2004 - At a meeting today chaired by Gilberto Benetton, the Autogrill S.p.A. Board of Directors approved the draft 2003 consolidated and parent company financial statements (*), which will be presented for the approval of the Shareholders at a meeting on April 27 (first call) and May 4 (second call).

"It gives me great satisfaction to present another successful Annual Report for a year marked by a difficult economic climate, and a change in leadership," commented Autogrill Chairman Gilberto Benetton. "The company's excellent competitiveness is providing a solid footing for its concessions portfolio in all the countries in which it operates and competes. The management is fully aware of the need to guarantee continuity in responding to these challenges, even in the event, in the interests of Autogrill, of a change in ownership, which today is only a working hypothesis."

Main business results

The results in the Autogrill Group 2003 Annual Report are extremely satisfactory: consolidated net income of 50.2 m€ against 7.5 m€ in 2002; consolidated cash flow up by 13.3% and a reduction in net debt, from 919.8 m€ to 800.2 m€.

2003 product and service sales volumes were up on all of the Group's main markets, even though the euro's strong rise against the US dollar and other non-EU currencies produced a downturn in revenue values due to the negative exchange-rate effect.

Group net sales were 3,142.7 m€, a decrease of 5.2% (+4.1% at constant exchange rates). After a slow first quarter that reflected the slackness of world traffic flows (due to the war in Iraq and Sars), sales improved, especially in North America and Italy, in part as a result of changes introduced in the Autogrill offer to boost consumer satisfaction.

EBITDA improved by +3.8% (+14.4% at constant exchange rates), to 417.5 m€. The ratio of EBITDA to sales was 13.3%, compared with 12.1% in 2002.

These results reflected efficiency improvements in corporate functions and in the sales networks, in particular higher labor productivity and rationalizations in cost of sales.

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In 2003, the Group also reported:

An increase in financial charges from 41.4 m€ to 64.6 m€, which included extraordinary items totaling 22 m€.

Income before taxes of **97.8 m€** compared with 67.9 m€ in the previous year, after extraordinary income of 12.5 m€.

An improvement in consolidated cash flow, i.e., net income plus depreciation and amortization, of 13.3% (+27.6% at constant exchange rates), to 333.5 m€ against 294.4 m€ in 2002.

Capital expenditure for 176.1 m€. In addition, the year's acquisitions totaled 123.2 m€.

North America

2003 net sales reported by Autogrill Group Inc. (formerly HMSHost), which accounts for 50.3% of Group consolidated net sales, amounted to 1,786.9 million dollars, up by 6.5% on 2002.

EBITDA improved by 12.4% to reach 241.7 million dollars. The ratio to net sales rose by almost one percentage point, from 12.8% to 13.5%.

Net sales in airports increased by 9.8% on 2002 to reach 1,350.3 million dollars. A factor in this growth was the integration during the year of the newly acquired Anton Airfood Inc., which reported net sales of 71.3 million dollars. At constant size, the net sales increase in the airport channel was 4.1%, despite a downturn of 2.7% in airport traffic (Source: A.T.A).

Europe

In Europe, where spending was low and few locations closed, net sales rose by 1.8% (+1.5% at current exchange rates) to reach 1,563.0 m€, compared with 1,540.3 m€ in 2002. Europe represented 49.7% of Group net sales.

Net sales in Italy, which accounts for 33.2% of Group consolidated net sales, totaled 1,043.2 m€, an improvement of 3.1% on 2002. This reflected strong performance in the motorway channel (+4.3%) and the airport channel (+15.4%).

EBITDA in Europe was 221.0 m€. In Italy, it was 170.2 m€, an increase of 4.5% from 2002, giving a return on net sales of 16.3%. The other European countries reported profitability growth of approximately 44%, from 35.4 m€ to 50.8 m€.

The Parent Company Autogrill S.p.A. reported net sales of 1,039.2 m€ (1,007.8 m€ in 2002). EBITDA rose 9.7% to 153.3 m€. After writedowns, equity investments and goodwill amortization, the parent company closed the year with net income of 13.5 m€, compared with a net loss of 9.9 m€ in 2002.

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Performance in 2004

Group net sales in the first 12 weeks of 2004 rose by 6.6% at constant exchange rates, with North America, Italy and Spain making particularly strong progress.

Set-up of a team to lead the growth of the European airport business, headed by HMSHost Europe, enabled the Group to win new concessions at Athens and Marseilles airports.
Also in the airport channel, Autogrill was awarded a three-year contract to provide food & beverages at Detroit metropolitan airport.

After the closure of 2003, the Group signed an 800 m€ five-year financing agreement, in 4 tranches, with Banca Intesa and MCC acting as arrangers. The agreement, which is currently being syndicated, will permit Autogrill to refinance its existing debt and, together with the resources provided by cash flow, provide funds for future growth and possible acquisitions.

Dividend. The Board of Directors will ask the Shareholders to approve a proposal not to distribute a dividend and to retain 2003 earnings.

(*) The reclassified Consolidated and Parent Company Income Statements and Balance Sheets are attached, together with the statements of cash flows.