# QUARTERLY REPORT OF THE ADR GROUP as of March 31, 2003

***Extract from the original version issued in Italian***

**Aeroporti di Roma Società per Azioni**
Registered office in Fiumicino (Roma) - Via dell'Aeroporto di Fiumicino, 320
Share Capital 62,224,743 euros

www.adr.it

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# CORPORATE OFFICERS

## Aeroporti di Roma S.p.A.

**Board of Directors**
*(after the General Meeting and the Board of Directors' meeting of 3.24.2003)*

| | |
|---|---|
| *Chairman* | Achille Colombo |
| *Deputy Chairman* | Paolo Savona |
| *Managing Director* | Pier Giorgio Romiti |
| *Directors* | Marcus Charles Balmforth<br>Martyn Booth<br>Andrea Ciffo<br>Vittorio De Stasio<br>Federico Falck<br>Christopher Timothy Frost<br>Cesare Pambianchi<br>John Stuart Hugh Roberts<br>Dott. Francesco Sensi<br>Alessandro Triscornia |
| *Secretary* | Massimo Faccioli Pintozzi |

**Board of Statutory Auditors**

| | |
|---|---|
| *Chairman* | Fabrizio Rimassa |
| *Statutory Auditors* | Francesco Ricco<br>Giancarlo Russo Corvace<br>Emanuele Torrani<br>Luigi Tripodo |
| *Alternate Auditors* | Roberto Ascoli<br>Franco Fontana |

| | |
|---|---|
| *General Manager* | Enrico Casini |

| | |
|---|---|
| **Independent auditors** | Reconta Ernst & Young S.p.A. |

## Board of Directors
*(until the General Meeting of 3.24.2003)*

| | |
|---|---|
| *Chairman* | Paolo Savona |
| *Deputy Chairman* | Francesco Sensi<br>Achille Colombo |
| *Managing Director* | Pier Giorgio Romiti |
| *Directors* | Andrea Ciffo<br>Vittorio De Stasio<br>Federico Falck<br>Alessandro Triscornia |
| *Secretary* | Massimo Faccioli Pintozzi |

## Board of Statutory Auditors

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|---|---|
| *Chairman* | Fabrizio Rimassa |
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|---|---|
| *General Manager* | Enrico Casini |

| | |
|---|---|
| **Independent auditors** | Reconta Ernst & Young S.p.A. |

# ADR GROUP: CONSOLIDATED ACCOUNTS

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(euros/thousand)

| | I Quarter 2003 | I Quarter 2002 |
|---|---|---|
| Revenues from sales and services | 112,206 | 109,419 |
| Contract work in progress | 3,610 | 4,089 |
| A.- REVENUES | 115,816 | 113,508 |
| Capitalized costs and expenses | 1,322 | 293 |
| B.- REVENUES FROM ORDINARY ACTIVITIES | 117,138 | 113,801 |
| Cost of materials and external services | (38,243) | (34,500) |
| C.- GROSS MARGIN | 78,895 | 79,301 |
| Payroll costs | (39,464) | (41,141) |
| D.- GROSS OPERATING INCOME | 39,431 | 38,160 |
| Amortization and depreciation | (22,818) | (22,936) |
| Other provisions | (667) | (151) |
| Provisions for risks and charges | (155) | (77) |
| Other income (expense), net | (970) | 3,541 |
| E.- OPERATING INCOME | 14,821 | 18,537 |
| Financial income (expense), net | (22,450) | (22,716) |
| Adjustments to financial assests | 4,710 | 1,327 |
| F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | (2,919) | (2,852) |
| Extraordinary income (expense), net | (2,344) | 172 |
| G.- INCOME BEFORE TAXES | (5,263) | (2,680) |
| Income taxes for the period | (2,593) | (3,050) |
| Deferred tax assets | 477 | (927) |
| **H.- NET INCOME FOR THE PERIOD** | **(7,379)** | **(6,657)** |
| including: | | |
| **- Parent Company's Interest** | **(8,977)** | **(5,973)** |
| - Minority interest | 1,598 | (684) |
| | 12,321 | 12,321 |

## RECLASSIFIED CONSOLIDATED BALANCE SHEET

(thousand/euros)

| | 03-31-2003 | 12-31-2002 | Change |
|---|---|---|---|
| A. - NET FIXED ASSETS | | | |
| Intangible fixed assets * | 2,180,738 | 2,185,496 | (4,758) |
| Tangible fixed assets | 104,135 | 106,128 | (1,993) |
| Financial fixed assets | 124,067 | 114,717 | 9,350 |
| | 2,408,940 | 2,406,341 | 2,599 |
| B. - WORKING CAPITAL | | | |
| Inventory | 25,936 | 26,263 | (327) |
| Trade receivables | 155,838 | 140,457 | 15,381 |
| Other assets | 81,811 | 63,376 | 18,435 |
| Trade payables | (129,760) | (129,904) | 144 |
| Allowances for risks and charges | (27,135) | (28,236) | 1,101 |
| Other liabilities | (63,942) | (73,466) | 9,524 |
| | 42,748 | (1,510) | 44,258 |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 2,451,688 | 2,404,831 | 46,857 |
| D. - EMPLOYEE SEVERANCE INDEMNITIES | 65,917 | 68,648 | (2,731) |
| **E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)** | **2,385,771** | **2,336,183** | **49,588** |
| financed by: | | | |
| F. - SHAREHOLDERS' EQUITY | | | |
| - Parent Company's interest | 712,753 | 718,754 | (6,001) |
| - minority interest | 50,805 | 47,431 | 3,374 |
| | 763,558 | 766,185 | (2,627) |
| G. - MEDIUM/LONG-TERM BORROWING | 1,745,019 | 1,651,338 | 93,681 |
| H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | | |
| .Short-term debt | 29,755 | 45,144 | (15,389) |
| .Cash and current receivables | (152,561) | (126,484) | (26,077) |
| | (122,806) | (81,340) | (41,466) |
| (G+H) | 1,622,213 | 1,569,998 | 52,215 |
| **I. - TOTALE AS IN "E" (F+G+H)** | **2,385,771** | **2,336,183** | **49,588** |
| *(*) including the value of the concession totaling* | *2,032,951* | *2,045,272* | *(12,321)* |

# MANAGEMENT REPORT ON THE FIRST QUARTER OF 2003

# OPERATING REVIEW

## *Air traffic*

Compared with the same period of 2002, traffic using the Roman airport system during the first quarter of 2003 reported the following trends. The following tables show separate figures for Fiumicino and Ciampino and for the domestic and international segments:

Data up to March 31, 2003 (The figures in brackets indicate the percentage change with respect to the same period in 2002)

| Traffic component | SYSTEM | Fiumicino | Ciampino | Domestic | International |
|---|---|---|---|---|---|
| **Movements** | 78,166 | 70,591 | 7,575 | 41,930 | 36,236 |
| | *(+10.3%)* | *(+7.8%)* | *(+41.0%)* | *(+3.7%)* | *(+19.1%)* |
| **Aircraft tonnage** | 5,649,771 | 5,352,835 | 296,936 | 2,424,046 | 3,225,725 |
| | *(+13.6%)* | *(+11.3%)* | *(+81.8%)* | *(+3.3%)* | *(+22.8%)* |
| **Total passengers** | 5,903,768 | 5,591,575 | 312,193 | 2,819,365 | 3,084,403 |
| | *(+6.8%)* | *(+3.0%)* | *(+227.0%)* | *(+1.9%)* | *(+11.8%)* |
| **Total freight (tons)** | 36,290 | 31,308 | 4,982 | 4,965 | 31,325 |
| | *(+5.8%)* | *(+4.5%)* | *(+15.5%)* | *(-11.0%)* | *(+9.1%)* |

International traffic breaks down into EU and Non-EU components.

| Traffic component | International | EU | Non-EU |
|---|---|---|---|
| **Movements** | 36,236 | 23,548 | 12,688 |
| | *(+19.1%)* | *(+19.9%)* | *(+17.7%)* |
| **Aircraft tonnage** | 3,225,725 | 1,609,572 | 1,616,153 |
| | *(+22.8%)* | *(+19.9%)* | *(+25.8%)* |
| **Total passengers** | 3,084,403 | 1,918,757 | 1,165,646 |
| | *(+11.8%)* | *(+15.3%)* | *(+6.5%)* |
| **Total freight (tons)** | 31,325 | 7,288 | 24,037 |
| | *(+9.1%)* | *(+10.6%)* | *(+8.7%)* |

Despite an appreciable increase compared with the same period of 2002, passenger traffic was hit by the war in Iraq, which began on March 20 but had already had a negative impact before this date, and by news of the SARS epidemic, which has struck far eastern countries and Canada above all.

The effects of these two factors can clearly be seen from the downward trend registered over the course of the three months (data refers to the Roman airport system as a whole):

January +14.5%
February +6.9%
March +1.0%

The fall in demand led to a reduction in capacity by carriers operating on the routes most affected by the above events, although this had only a marginal impact during the first quarter, with the full effects due to be felt in the subsequent period.

Ciampino was less affected by the current crisis, which almost exclusively hit charter traffic, whilst use of the airport by the emerging low cost segment continued to expand. This was confirmed by the start-up of operations on March 30 by Hapag Lloyd Express, with 3 new daily flights (2 to Cologne and 1 to Hanover) and the addition of a further daily connection to Berlin by Air Berlin.

# THE GROUP'S FINANCIAL POSITION AND OPERATING RESULTS

## Reclassified Consolidated Income Statement [1]

(thousand/euros)

| | I Quarter 2003 | I Quarter 2002 |
|---|---|---|
| Revenues from sales and services | 112,206 | 109,419 |
| Contract work in progress | 3,610 | 4,089 |
| A.- REVENUES | 115,816 | 113,508 |
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| B.- REVENUES FROM ORDINARY ACTIVITIES | 117,138 | 113,801 |
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| C.- GROSS MARGIN | 78,895 | 79,301 |
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| D.- GROSS OPERATING INCOME | 39,431 | 38,160 |
| Amortization and depreciation | (22,818) | (22,936) |
| Other provisions | (667) | (151) |
| Provisions for risks and charges | (155) | (77) |
| Other income (expense), net | (970) | 3,541 |
| E.- OPERATING INCOME | 14,821 | 18,537 |
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| including: | | |
| **- Parent Company's Interest** | **(8,977)** | **(5,973)** |
| - Minority interest | 1,598 | (684) |
| | 12,321 | 12,321 |

Despite an increase (passenger traffic up 6.8% and movements up 10.3%), air traffic using the Roman airport system has not lived up to the expectations of a recovery with respect to the same

[1] Compared with the data published in the Quarterly Report as of 03.31.2002, revenues deriving from the recovery of expenses and payroll costs, which in 2001 were classified under "Other income (expense), net", were deducted from the respective cost items ("Cost of materials and external services" and "Payroll costs").

period of 2002, which was hard hit by the impact of the events of September 11, 2001. The end of the first quarter was affected by both the Middle East crisis and the SARS epidemic.

The ADR Group's aviation revenues rose by no more than 4.2%. The increase in revenues from airport fees and income from the use of centralized infrastructure was offset by a 7.2% decline in handling revenues.

The subsidiary undertaking, ADR Handling reports an improvement in profitability in terms of both EBITDA (up 1.5 million euros on the first quarter of 2002), and EBIT (up 1.6 million euros on the first quarter of 2002), which was, however, still negative at 0.9 million euros.

Non-aviation revenues remained in line with the weak performance reported for the first quarter of 2002, as greater revenues from the management of parking lots and the leasing of space to sub-concessionaires compensated for a 7.4% reduction in direct sales.

The 10.8% increase in the cost of materials and services was mainly due to the cost of war risk insurance.

The Group's EBITDA amounted to 39.4 million euros, in line with the first quarter of 2002, whilst EBIT fell in both absolute terms (down 3.7% million euros) and as a margin (from 16.3% to 12.8%).

The positive performance of the South African associated undertaking, ACSA, was posted to adjustments to financial assets (4.7 million euros).

The Group's net loss of 7.4 million euros also takes into account extraordinary charges linked to the current efficiency drive.

## Reclassified Consolidated Balance Sheet

(thousands/euros)

| | 03-31-2003 | 12-31-2002 | Change |
|---|---|---|---|
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| *(*) including the value of the concession totaling* | *2,032,951* | *2,045,272* | *(12,321)* |

Compared with the end of the previous year, the Group reports a 49.6 million euro increase in invested capital due to a rise in working capital.

Fixed assets are substantially in line with December 31, 2002 (up 2.6 million euros), as the reduction in tangible fixed assets, due to depreciation for the period, is more than offset by the increase in non-current financial assets, reflecting the good results achieved by the South African subsidiary undertaking, ACSA, valued in accordance with the equity method, and the strength of the South African rand.

The increase in working capital was due to trade receivables, which were in step with the usual annual cycle, and the incidental expenses linked to the restructuring of the Parent Company's debt, posted to prepaid expenses. Settlement of the amount payable as license fees for previous years, posted to other payables, resulted in a further increase in working capital.

The Group's net debt as of March 31, 2003 stands at 1,622.2 million euros. The increase of 52.2 million euros, compared with the end of the previous year, is dependent on the above annual cycle and represent greater medium- to long-term borrowing.

## Consolidated Statement of Cash Flows

(thousands/euros)

| | I Quarter 2003 | I Quarter 2002 |
|---|---|---|
| **A.- CASH AND CASH EQUIVALENTS-OPENING BALANCE** | **81,340** | **82,608** |
| B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES | | |
| Net income (loss) for the period | (7,379) | (6,657) |
| Amortization and depreciation | 22,818 | 22,936 |
| (Gains) losses on disposal of fixed assets | (15) | 31 |
| (Revaluations) write-downs of fixed assets | (4,765) | (1,401) |
| Net change in working capital | (44,258) | (10,144) |
| Net change in employee severance indemnities | (2,731) | 239 |
| | (36,330) | 5,004 |
| C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES | | |
| Investment in fixed assets: | | |
| .intagible | (14,208) | (3,607) |
| .tangible | (1,885) | (2,601) |
| .financial | (299) | (1,002) |
| Proceeds from disposal, or redemption value of fixed assets | 499 | 552 |
| Other changes | (4,744) | (3,360) |
| | (20,637) | (10,018) |
| D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES | | |
| New loans | 480,000 | 0 |
| Shareholders' contributions | 0 | 0 |
| Repayments of loans | (386,319) | (11,025) |
| Buy-back of shares | 0 | 0 |
| Other changes | 0 | 0 |
| | 93,681 | (11,025) |
| E.- DIVIDENDS PAID | 0 | 0 |
| F.- ALLOWANCE FOR EXCHANGE RATE VARIATIONS | | |
| Change in allowance for exchange rate variations | 4,752 | 4,384 |
| G.- CASH FLOW FOR THE YEAR (B+C+D+E+F) | 41,466 | (11,655) |
| **H.- CASH AND CASH EQUIVALENTS (NET BORROWING) - CLOSING BALANCE (A+G)** | **122,806** | **70,953** |

The increase in net liquidity is linked to the contractual restrictions established in loan agreements and is due to draw-downs on medium- to long-term lines of credit, which were used to cover liquidity requirements and fund investment.