CLUB MÉDITERRANÉE

PRESS RELEASE

Friday, 11 December 2009

2009 Annual Results

Stable Villages Operating Income and higher operating margins despite a 9% decline in revenue

Net loss before non-recurring items at €3 million close to break-even

Winter bookings over the past eight weeks up 21.5%, reflecting high volume of late bookings

Deployment of Club Med in China, a major growth driver

- Village revenue down 9% like-for-like, with an 8% capacity adjustment
- 13,000 increase in the number of 4 and 5 Trident customers, who are now in the majority
- €63 million in productivity gains, versus €31 million announced in December 2008
- Stable Operating Income Villages at €36 million, versus €35 million in 2008
- Net loss of €53 million, including negative non-recurring items of €50 million
- Signature of a new €120 million credit facility expiring December 2012
- Expansion in China, with five managed villages scheduled to open in the next five years and a growing marketing presence

	2007	2008	2009
Revenue			
Total reported revenue IFRS 5[(1)]	**1,401**	**1,484**	**1,360**[(2)]
Like-for-like village revenue *(€m)*	**1,382**	**1,477**	**1,344**
Customers *(000's)*	1,324	1,361	1,228
o/w 4-5 Trident customers *(000's)*	***595***	***656***	***669***
Occupancy rate	68.2%	70.9%	69.2%
Like-for-like RevPAB [(3)]	€85.5	€91.8	€91.4
EBITDAR Villages [(4)] *(€m)*	**210**	**248**	**254**
As a % of revenue	15.0%	16.7%	18.9%
Operating income - Villages *	**18**	**35**	**36**

Reported (in €m)	**2007**	**2008**	**2009**
Operating income - Leisure	27	45	45
Credit card costs	(9)	(10)	(9)
Operating income - Villages	**18**	**35**	**36**

(1) *In accordance with IFRS 5, adjusted to exclude Club Med World*
(2) *Including €16 million in revenue from villa sales*
(3) *Revenue Per Available Bed (RevPAB) = Total like-for-like Village revenue excluding tax and transportation/Available beds.*
(4) *EBITDAR Villages = Villages earnings before interest, taxes, depreciation and amortization and rents.*

Commenting on the 2009 results, Chairman and Chief Executive Officer Henri Giscard d'Estaing said:

"We are continuing to win over more upscale customers despite the crisis, we have solid fundamentals, our Villages' operating margins are steadily improving and we have strengthened our balance sheet.

"We responded to the global economic crisis by speeding up the pace of productivity gains and building more flexibility into our cost base.

"We are steadfastly and determinedly pursuing Club Med's strategy as the worldwide specialist in upmarket, all-inclusive vacations, by leveraging our brand, which is the only vacation brand recognized throughout the world.

"By 2012, two-thirds of our villages should be 4 or 5 Trident units and the direct distribution model should generate around 60% of our revenues.

"We also aim to make China one of our largest markets within the next five years, with five managed villages due to open there during this period."

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1- BUSINESS AND FINANCIAL REVIEW

Statement of income for the year ended 31 October 2009

In € millions	2008	2009
Revenue [(1)]	**1,484**	**1,360**
Operating income – Villages [(2)]	**35**	**36**
Operating income/(loss) – Management of assets	(8)	(29)
Other operating income & expense	(15)	(27)
Operating income [(1)]	12	(20)
Finance cost - net	(33)	(23)
Share of income of associates	1	2
Income tax expense	(11)	(2)
Results from discontinued operations	33	(10)
Net Income/(loss) before non-recurring items	**(31)**	**(3)**
Net income/(loss)[(3)]	2	(53)
Free cash flow	49	(33)
Net debt (at 31 October)	(295)	(239)

(1) In accordance with IFRS 5, adjusted to exclude Club Med World.
(2) Including credit card costs (€10 million in 2008 and €9 million in 2009)
(3) Of which loss attributable to equity holders of the parent of €1 million in 2008 and €58 million in 2009

➢ Further improvement in Village operating margin

€ millions	2006	2007	2008	2009
EBITDAR Villages [(1)]	*196*	*210*	*248*	*254*
As a % of revenue	**14.4%**	**15.0%**	**16.7%**	**18.9%**
EBITDA Villages [(2)]	*67*	*75*	*100*	*100*
As a % of revenue	**4.9%**	**5.3%**	**6.8%**	**7.4%**
Operating Income Villages [(3)]	*9*	*18*	*35*	*36*
As a % of revenue	**0.7%**	**1.3%**	**2.4%**	**2.7%**

(1) EBITDAR Villages = Village earnings before interest, taxes, depreciation, amortization and rents.
(2) EBITDA Villages = Village earnings before interest, taxes, depreciation and amortization.
(3) Including credit card costs (€10 million in 2008 and €9 million in 2009

- **Village revenue** for the year ended 31 October 2009 amounted to €1,344 million (excluding €16 million from villa sales). The 9% decline compared with 2008 was partly attributable to a voluntary 8% reduction in capacity that helped to limit the impact of the fall-off in business on the occupancy rate (down 1.7 points) and RevPAB (virtually unchanged at €91.40). The average price was 2.7% higher year-on-year.

- As a result, **Village operating income** rose slightly to €36 million in 2009 from €35 million the previous year.

- The productivity program also had a positive impact on operating margin, delivering savings of €63 million, compared with the €31 million announced in December 2008.

- **Village EBITDAR,** which corresponds to income from operations before the impact of the property management strategy, increased despite the decline in volumes, rising 2% to €254 million**.** EBITDAR margin improved by 4 points over the past two years, to 19% in 2009 from 14% in 2006.

- **Operating loss from the management of assets** amounted to €29 million, including impairment losses, village closure costs and asset write-offs for €24 million and the €8 million cost of year-round villages closed for renovation.

- **Other operating income & expense** represented a net expense of €27 million, compared with a net expense of €15 million in 2008. The main item included under this caption is restructuring costs, for €21 million in 2009. Credit card costs are now deducted from Village operating income. Restructuring costs rose sharply due to productivity measures already underway.

- **Finance costs, net** came to €23 million. This represented a €10 million improvement over 2008, reflecting the reduction in average debt and the positive impact of convertible bonds ("Oceane 2008") redemption.

- **Income tax expense, net** amounted to €2 million in 2009 compared with €11 million the year before.

- **Net loss before non-recurring items** was €3 million, versus a net loss of €31 million in 2008.

- **Non-recurring items** represented a negative €50 million, including amounts reported under Operating loss from the management of assets and Other operating income & expense. The total also included Club Med World closure costs for €10 million.

- **Lastly, the Group's balance sheet was strengthened** through last May's successful rights issue, which paved the way for a reduction in net debt to €239 million from €295 million, and an improvement in gearing to 48.6% from 59.7%.

- **New syndicated lines of credit** for a total of €120 million have been negotiated to replace the debt facility expiring in June 2010. These new facilities have a three-year life, expiring on 12 December 2012.

➢ **Sustained upscale customer acquisition in 2009 despite the crisis**

- **Gain of 13,000 new 4 and 5-Trident customers**

- For the first time this year, **the number of 4 and 5 Trident customers (669,000) exceeded the number of 2 and 3 Trident customers (549,000).** Customers in the latter category were more severely affected by the crisis and their numbers fell by 20%, a decline in line with the reduction in 2/3 Trident capacity decided when the first signs of the economic downturn appeared.

- **Families, Club Med's strategic target, rose to 57% of 4 and 5-Trident customers.** This advance confirms the strength of Club Med's positioning in the upscale and family segments, supported by a broad all-inclusive offer with a strong focus on sports activities and well-being.

- **As planned, a majority of villages were 4 and 5 Trident in 2009.** 4/5-Trident villages accounted for 56% of Club Med's capacity, whereas in 2006, 4-Trident villages represented just 32% of the total.

  In 2009, Djerba La Douce village (Calypso), Tignes Val Claret, Bali, Da Balaïa, Bintan Island, Napitia, Coral Beach and El Gouna were all refurbished, the Punta Cana and Bodrum villages were converted to 4 Tridents, and Club Med 2 was converted to 5 Tridents.

- **Customer satisfaction rates remain very high and scores have improved in 4 and 5 Trident villages.**

2- *Initial winter-season trends*

➢ **Winter 2010 bookings over the past eight weeks (late bookings) up 21.5%**

(Revenue at constant exchange rates)	**Year-to-date as of 5 December 2009**	**Past eight weeks**
Europe	-15,9%	+ 23,5%
Américas	-5,2%	+ 22,1%
Asia	-7,1%	+ 11,8%
Total Club Med	**-13,6%**	**+ 21,5%**

Bookings taken in the last eight weeks are up 21.5%, reflecting a sharp increase in late bookings.

Total bookings up to 5 December are down 13.6% on last winter.

Bookings for December departures are down by a more modest 5%, and taking into account current capacity, the occupancy rate should be in line with December 2008.

3- *Outlook: an assertive Club Med*

➢ **Improved distribution efficiency and ongoing cost reductions, based on the model of a "resort hotel operator" with control over its distribution**

The aim is for the direct distribution model to generate over 60% of revenue by 2012 compared with 57% in 2009. This model helps Club Med to distribute its offer more efficiently while continuing to drive down costs. This is the aim of the project underway in France, Belgium and Switzerland to direct calls and sales to the Club Med Voyages network, allowing the Paris call centre to deal exclusively with partner travel agents.

On-line sales are growing and the Group is aiming to raise the proportion of individual vacations booked via the Web to over 20% of the worldwide total in 2012 from 15% currently. Club Med already has 25 websites in twelve languages and a new version will be put on line in 2010, offering new search tools, optimized browsing and enhanced presentation of multimedia features.

- **Ongoing shift upmarket with a less capital-intensive business model, reducing capital expenditure and using partners as growth drivers by opening new villages mainly under management contracts**

The objective for the next three years is for 4/5 Trident villages to account for two-thirds of total village capacity. This strategy was behind the creation of "5 Trident luxury spaces" like the one in Val d'Isère that opened on 5 December.

This growth strategy will be implemented with limited direct investment – the capital expenditure budget has been set at €38 million for 2010, including €3 million for China, and around €50 million in 2011 and 2012.

In addition, partners will finance around a hundred million euros per year, mainly at villages operated under management contracts, which represent the Group's preferred growth model.

Villas represent very upscale, prefinanced, variable-cost capacity.

The summer 2010 delivery of the Villas d'Albion, of which 22 have already been sold, represents a first step that will be followed by others, with some ten projects currently in the planning phase.

At the end of 2010, a new 4 Trident village for families will be opened in Taba, Egypt.

- **Deployment of Club Med in China*, a major growth driver**

Club Med has had a marketing presence in China since 2003 and it now has 23,000 customers living in mainland China as well as 60,000 customers of Chinese origin living in Hong Kong, Taiwan, Singapore and Malaysia. These customers pay more per vacation than their French and American counterparts.

Club Med is now entering an important phase in its development by finalizing a management contract for its first village in China, a ski village that is due to open in 2010.

The objective is to open five villages between now and 2015 and three seaside village projects have already been identified. All of these projects will be developed under management contracts with partners.

At the same time, Club Med is strengthening its marketing strategy in China, with the aim of consolidating its "upscale, all-inclusive" positioning by doubling its media and public relations spend. In addition, a multi-channel distribution strategy tailored to the Chinese market is being deployed to effectively cover this large and complex market, with the 2010 opening of a Club Med store in Shanghai and the launch of a Chinese-language website by next summer.

To meet its growth targets, the Group aims to have 200,000 customers in China by 2015, which would make the country one of Club Med's largest markets.

* See press release on China

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APPENDICES

Net income (loss) before and after non-recurring items

(en € millions)	**2007**	**2008**	**2009**
Net Income / (loss) before non-recurring items	**(34)**	**(31)**	**(3)**
Income / (loss) from discontinued operations	7	33	(10)
Capital gains on sales of assets / Villages	15	15	5
Impairment / write-off	10	(3)	(24)
Restructuring costs	(6)	(12)	(21)
Net income / (loss)	**(8)**	**2**	**(53)**

Items not included in the analysis	**2007**	**2008**	**2009**
Cost of year round villages closed for renovation	(14)	(14)	(8)
Income tax	3	(11)	(2)