PRESS RELEASE

Friday, 11 June 2010

Correcting and replacing
Sharp improvement in interim results vs. winter 2009

The sentence **"Summer reservations are in line with summer 2009 year-to-date and up a robust 14% over the last eight weeks, lifted by late bookings."**

Should read : **Summer reservations are in line with summer 2009 year-to-date and up a robust 18% over the last eight weeks, lifted by late bookings.**

- **Villages EBITDA margin: 9.1% (up 1 point vs. winter 2009)**
- **Villages operating income: €28 million (vs. €24 million in winter 2009)**
- **Net income for the period: €3 million (vs. a €22 million loss in winter 2009)**
- **Positive free cash flow: €21 million (vs. a negative €18 million in winter 2009)**

Although flat demand in the European tourist market reduced revenue by 5.5% and the ash cloud cut €5.6 million from net income (of which €3.7 million from Village operating income)

Stable number of individual 4/5-Trident customers

- Despite the 4.5% decline in customer numbers overall.
- With sustained high satisfaction rates.

Renewed village openings as part of an asset-light strategy

- Priority focus on management contracts rather than ownership.
- 2 villages to be opened in 2010: Sinai Bay (Egypt) in December, and Yabuli (China) in November.
- Projects under development in Valmorel (France), Oman, Buzios (Brazil) and Cefalu (Italy).

Direct distribution strengthened:

- Percentage of direct sales rose by nearly 1 point, with the proportion of online sales climbing to 16% from 14% in winter 2009.

Implementing the China strategy: to be the leader in all-inclusive, upmarket resorts

- Number of customers rose 40% from winter 2009, with a 2010 objective of more than 30,000 customers for the year.
- First village to be opened in Yabuli.
- Distribution being extended and strengthened.
- Discussions underway to forge a strategic and capitalistic partnership.

Summer reservations are in line with summer 2009 year-to-date and up a robust 18% over the last eight weeks, lifted by late bookings.

In discussing the interim 2010 results, Henri Giscard d'Estaing, Chairman and Chief Executive Officer, noted that:
"I'm very pleased to see the sharp improvement in our first-half results, which demonstrate that in a still flat European market, Club Méditerranée's business model delivered over the winter season.
In addition, the renewed pace of village openings, with Yabuli in China and Sinai Bay in Egypt next winter, has repositioned Club Med in a positive dynamic.

Lastly, late bookings mean that summer 2010 bookings already exceed last summer's.
We are therefore confident as we move forward in the years ahead, even as we remain as focused as ever on our objectives. We confirm our vision that by the end of 2012, two-thirds of our villages will be rated 4 and 5-Tridents and 60% of our sales will be derived from direct channels, and that by the end of 2015, China will be our second largest market with five villages and 200,000 customers."

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I – BUSINESS AND FINANCIAL REVIEW

Financial results for the six months ended 30 April 2010

Financial Highlights [1] *(in € millions)*	Winter 08	Winter 09	Winter 10	Change Winter 10 vs. Winter 09
Consolidated revenue				
Reported IFRS 5	749	719 [2]	679 [2]	-5.5%
Villages, at constant exchange rates	751	724	673	-7.1%
Villages EBITDA[3]	55	58	61	
As a % of revenue	*7.4%*	*8.0%*	*9.1%*	
Operating income – Villages	**21**	**24**	**28**	**+16.0%**
Operating income – Management of assets	(9)	(20)	(3)	
Other operating income & expense	(7)	(12)	(7)	
Operating income/(loss)	5	(8)	18	
Net income/(loss) before non-recurring items	(4)	2	8	
Net income/(loss)	**(9)**	**(22)**	**3**	
Acquisitions of non-current assets	(60)	(34)	(22) [4]	
Disposals	15	12	2	
Free cash flow	(8)	(18)	21	
Net debt	(350)	(317)	(218)	

(1) In accordance with IFRS 5, statement of income figures have been adjusted to exclude Club Med World.
(2) Including €6 million in revenue from the management of assets (villa sales) in 2010 and €4 million in 2009
(3) Village EBITDA = Village earnings before interest, taxes, depreciation and amortization.
(4) Excluding €5 million in insurance settlements

- **Sharp improvement across the income statement**

In a flat European tourist market that was further dampened by the impact of the volcanic ash cloud (which reduced interim revenue by €8 million), **revenue** for the six months ended 30 April 2010 stood at €679 million, a limited 5.5% decline from the €719 million reported in first-half 2009. After falling **10.3%** in the first quarter, revenue declined by **4.5%** in the second, of which two points were due to the impact of the ash cloud.

Revenue per available bed (**RevPAB**) declined by 5.7% due to the 4.3-point drop in the occupancy rate, but the average price per hotel day remained stable at €146.4, versus €146.6 in first half 2009.

Villages EBITDA increased to €61 million, while Villages EBITDA margin has improved by three points over the past four years, to 9.1% from 6.1%.

Operating income – Villages rose by 16% to €28 million, despite the €3.7 million negative impact of the ash cloud from the Icelandic volcano. During that crisis, which affected the entire air travel and tourism industry, Club Med successfully demonstrated the quality of its upmarket, all-inclusive experience and offered nearly 20,000 customers effective solutions (free stays, repatriation travel, rescheduling, etc.).

Operating income swung sharply to a €18 million profit from an €8 million loss in winter 2009, led by the growth in operating income – Villages and the decline in non-recurring expenses recognized in operating income – management of assets and in other operating income & expense for the period.

Net income stood at €3 million, compared with a loss of €22 million in winter 2009 and a loss of €9 million in winter 2008. Excluding non-recurring items, net income amounted to €8 million for the period, versus €2 million in winter 2009 and a loss of €4 million in winter 2008 (see table in the appendix).

Free cash flow rose strongly to a positive €21 million, without any proceeds from disposals.

Financial ratios improved significantly, with a net debt to EBITDA ratio of less than 2 and gearing of less than 40%.

II– Progress report on Club Med's strategy

❖ Village and customer base continued to move upmarket over the winter.

- **Higher proportion of families and stable number of 4 and 5-Trident customers**

  The recession led to a decline in the total number of customers, which was particularly noticeable in the groups and seminars segment (down 17% versus a 2% decline in individual customers). Nevertheless, the number of individual 4 and 5-Trident customers continued to increase, both in absolute terms (up 1,000 to 294,000) and as a percentage of the total (63% versus 62% in winter 2009).
  The proportion of families in the 4 and 5-Trident customer base increased by two points, to 59% from 57% a year earlier.

- **Moving the village base upmarket**

  Club Med continued to move the village base upmarket during the winter, when it renovated the center of the Cap Skirring village, opened 5-Trident spaces in Val d'Isère and Cancun, and built a 5-Trident space in Kani. These spaces have enhanced the range of luxury 5-Trident villages (Club Med 2, Marrakech Le Riad and La Plantation d'Albion on Mauritius).

  In 2011, two other villages, Sandpiper Bay in Florida and Yasmina in Morocco, will be upgraded from 3 to 4-Tridents.

- **Renewed village openings as part of an asset-light strategy**

  Several 4 or 5-Trident villages are scheduled to open as part of an asset-light expansion strategy. Most of them will be operated under management contracts. Club Med has the possibility of signing such contracts with well-known real-estate partners, who can leverage the power of attraction of its brand, its international customer base and its unrivalled upmarket, all-inclusive vacation experience for families and couples.

  The next villages to open will be Yabuli in China (November 2010) and Sinai Bay in Egypt (December 2010), followed over the medium-term by Valmorel (France), Salalah Beach (Oman), Buzios (Brazil) and Cefalu (Italy).

  By 2012, the objective is to have two-thirds of Club Med capacity in 4 and 5-Trident villages.

❖ Strengthening direct distribution

Direct sales rose steadily throughout the winter, to 56.3% of total individual sales for the period, led by the success of the new websites brought online in 2009, which accounted for 16% of winter 2010 sales.

This trend is helping Club Med to optimize its marketing programs by strengthening its direct access to customers and enhancing its customer intelligence.

The objective is to derive 60% of sales from direct channels, including 20% from the Internet.

❖ Sustained expansion in China.

The number of Chinese customers rose by 40% in winter 2010 and is expected to exceed 30,000 for the full year.

Next November, as planned, the China's first Club Med village will be opened in Yabuli, a renowned ski resort in the northeastern part of the country. In addition, studies are underway for projects to build a village in an exclusive beach resort and another in a "discovery" destination. These villages will also be operated under management contracts.

At the same time, the Group is continuing to expand its marketing and sales network by opening new outlets, notably around ten Club Med Corners in Chinese travel agencies selected for their high potential.
A Chinese language Club Med website with a booking engine will also be launched this year.

Club Med's objective is to operate five villages in China by 2015 and serve 200,000 customers, making the country its second largest market. To meet this objective and reinforce its development, Club Méditerranée is currently in talks about an industrial partnership with a Chinese group. This long term strategic partnership could also involve a minority shareholding of the investor in Club Méditerranée through the purchase of securities.

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IV – OUTLOOK FOR SUMMER 2010

(% of revenue at constant exchange rates)	**Year-to-date at 5 June 2010**	**Past eight weeks**
Europe	- 4.4%	+ 11.2%
Americas	+ 13.8%	+ 40.4%
Asia	+ 18.1%	+ 42.0%
Total Club Med	**- 0.9%**	**+ 18.1%**
Summer 2010 capacity	**+ 2.0%**	

Year-to-date summer reservations are in line with summer 2009, lifted by late bookings.
Excluding transportation, village bookings were up 1% on winter 2009, and customer numbers were higher, thanks to growing demand in our American and Asian markets.

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By region, both Asia and the Americas showed significant growth, with gains of 18.1% and 13.8% respectively, while flat demand in Europe led to a 4.4% decline in bookings year-to-date.

Over the last eight weeks, bookings have risen sharply in every region, especially the Americas (due to a very low basis of comparison) and Asia, which is enjoying very strong growth. Bookings in Europe have also trended upwards in recent weeks.

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APPENDICES

Recurring/Non-recurring income & expense

(in € millions)	Winter 08	Winter 09	Winter 10
Net income /(loss) before non-recurring items	**(4)**	**2**	**8**
Income/(loss) from discontinued operations	2	(1)	0
Gains on disposals of Villages	2	(1)	0
Impairments/scrapping/other	(3)	(11)	(1)
Restructuring costs	(6)	(11)	(4)
Net income/(loss)	**(9)**	**(22)**	**3**

NB: Non-recurring items do not include the €3.7 million due to the ash cloud.
Only the €2 million in non-recurring direct costs were included in other operating income & expense.