CLUB MÉDITERRANÉE

PRESS RELEASE

Thursday, 9 December 2010

2010 Annual Results

Club Méditerranée Returns to Growth and Positive Cash Flow

Village operating income at €42 million vs. €36 million in fiscal 2009

Winter 2010-2011 bookings up 14.7%

Positive free cash flow before disposals: €23 million

• Return to growth

- Summer 2010: revenue at constant exchange rates up 0.8%

Net gain of 17,000 customers for the summer season, with an additional 21,000 in 4 and 5 Trident

- Winter 2010-2011 bookings up a sharp 14.7%

• A business that now generates cash

- Village operating income of €42 million vs. €36 million in 2009
- Village EBITDA margin of 8%
- Positive free cash flow before disposals of €23 million (€41 million with disposals)
- Income before tax and non-recurring items of €8 million (vs. a € 1 million loss in 2009)
- Net loss of €14 million, versus a €53 million loss in fiscal 2009

• A favorable configuration for 2011

- Opening of two new 4 Trident villages: Sinai Bay (Egypt) and Yabuli (first village in China)
- 4 and 5 Trident capacity increased to 61%
- A development partner – Fosun – a privately owned Chinese company and new shareholder with a nearly 10% equity investment

Commenting on the fiscal 2010 results, Chairman and Chief Executive Officer Henri Giscard d'Estaing said:

"Fiscal 2010 saw further progress in the deployment of our worldwide specialist strategy, in particular with a business model that demonstrated its effectiveness in the winter season and sales that improved in the summer.

Fiscal 2011 is shaping up favorably with a Club Med that now generates underlying free cash flow, while also recording double-digit growth in winter bookings and simultaneously opening two new villages – a series of events that we haven't seen for a long time. We're confident that we'll meet our objectives for year-end 2012, with two-thirds of our capacity in the 4 and 5 Trident segments and direct sales that account for 60% of the total. These goals should enable us to generate Village EBITDA margin of nearly 10%. Sales in China increased by over 40% in 2010 and the country is expected to become our second-largest market by 2015, led by the opening of five villages and the support of our new shareholder Fosun."

1- BUSINESS AND FINANCIAL REVIEW

Statement of income for the year ended 31 October 2010

(in €m)	2008	2009	2010
Consolidated revenue			
Reported	1,484	1,360 (1)	1,353 (1)
Villages excluding currency effects	1,516	1,382	1,336
EBITDA Villages (2)	**100**	**100**	**107**
As a % of revenue	*6.7%*	*7.4%*	*8.0%*
Operating Income - Villages	**35**	**36**	**42**
Operating Income – Management of Assets	(8)	(29)	(14)
Other Operating Income and Expense	(15)	(27)	(15)
Operating Income/(loss)	12	(20)	13
Finance cost, net	(33)	(23)	(22)
Share of profit of associates	1	2	3
Income tax/benefit	(11)	(2)	(8)
Income/(loss) from discontinued operations	33	(10)	-
Net Income/(loss) before tax and non – recurring items	**(19)**	**(1)**	**8**
Net Income/loss	2	(53)	(14)
Free Cash Flow	50	(33)	41
Net debt (31 October)	(295)	(239)	(197)

(1) Includes €17 m in revenue property development in 2010 and €16 m in 2009

(2) EBITDA Villages: Village earning before interest, taxes, depreciation and amortization

➢ Further improvement in Village operating margin

(in €m)	2007	2008	2009	2010
EBITDAR Village (1)	210	248	254	264
As a % of revenue	*15.0%*	*16.7%*	*18.9%*	*19.8%*
EBITDA Village (2)	75	100	100	107
As a % of revenue	*5.3%*	*6.7%*	*7.4%*	*8.0%*
Village operating Income	18	35	36	42
As a % of revenue	*1.3%*	*2.4%*	*2.7%*	*3.1%*

(1) EBITDAR Villages: Operating Income Villages before rents, depreciation, amortizations and change in provisions
(2) EBITDA Village: Village operating income before depreciation, amortizations and provisions

- **Club Méditerranée returns to growth**

- **Village revenue** (excluding €17 million in property development revenue) amounted to €1,336 million in fiscal 2010, a 3.4% decline from the previous year due mainly to an 8.7% drop in transport revenue. After five quarters of decline, revenue increased in both the 3rd and 4th quarters. Moreover, for 2010, bookings expressed in comparable revenue (across all seasons) rose by 9%, with increases of 15% in the 3rd quarter and 13% in the 4th, an improvement that signals a return to sustained growth.

- **Village EBITDA** and Village operating income continued to rise despite a sluggish tourist market in Europe, thereby confirming the structural improvement in the Group's operating margin. Village EBITDA amounted to €107 million, compared with €100 million in 2009, while Village operating income totaled €42 million, versus €36 million in the prior year. **Village EBITDA margin** rose to 8.0%, from 7.4% in fiscal 2009.

- **Operating margin** was positively impacted by the productivity program, which delivered savings of €29 million for the year and €92 million in two years.

- The operating loss from the **management of assets** amounted to €14 million, including €8 million in impairment losses, village closure costs and asset write-offs and the €4 million costs of villages closed for renovation.

- **Other operating income & expense** represented a net expense of €15 million (compared with a net expense of €27 million in fiscal 2009). It was comprised mainly of €7 million in restructuring costs, €2 million in costs stemming from the impact of the volcanic ash cloud and €5 million in litigation-related costs.

- **Finance cost and other financial income and expenses – net** represented a net expense of €22 million, virtually unchanged from fiscal 2009. The slight increase in borrowing costs was due to the cost of implementing the new syndicated line of credit in December 2009 and the impact of the issue of OCEANE bonds due 2015.

- **Income tax expense, net** amounted to €8 million in fiscal 2010 compared with €2 million the year before.

- **Income** before tax and non-recurring items was €8 million, versus a loss of €1 million in fiscal 2009. Non-recurring expenses totaled €14 million, of which €7 million in restructuring costs and €8 million in village closure costs.

- **The Group's balance sheet was strengthened.** For the year, Club Méditerranée generated positive free cash flow before disposals for the first time in more than ten years. In December 2009, the Club also set up a new, medium-term €120 million line of credit that expires in 2012 and issued €80 million in OCEANE bonds due 2015. These operations strengthened the Group's liquidity, diversified its sources of financing and lengthened its debt maturity. As a result, net debt was sharply lower at €197 million and gearing stood at 38.2%, versus 48.6% at 31 October 2009.

2010: Further increase in upmarket clientele

- **11,000 additional customers** in the 4 and 5 Trident segments for the year.

  In fiscal 2010, Club Med had a total of 680,000 4 and 5 Trident customers, representing 56% of the total. The number is constantly increasing, demonstrating that customers have embraced the upmarket strategy. The summer season saw a 2.7% increase in the number of total customers, which to a considerable degree offset the winter's 4.5% decline. As a result, the overall decline for the year was limited to 0.8%.
  The occupancy rate declined by 2.3 points but since the average price continued to rise slightly (stable in the winter, up 2.4% in the summer), the decline in RevPAB was limited to 2.7% for the year.

- **Families, Club Med's strategic target, rose to 59% of 4 and 5 Trident customers.** In 2010, Club Med hosted 565,000 families, 13,000 more than in 2009. The increase confirms the strength of Club Med's positioning in the upscale and family segments, supported by a broad all-inclusive, premium offer with a strong focus on sporting activities, well-being and special services for children.

- **Customer satisfaction once again increased.**

2- *WINTER 2010-2011 TRENDS*

Winter 2010-2011 bookings up 14.7% at 4 December

(in revenue at constant exchange rates)	**Year-on-year growth at 4 Dec. 2010**	**Year-on-year growth over past 8 weeks**
Europe	+ 16.3%	+ 7.5%
Americas	+ 13.8%	+ 4.4%
Asia	+ 6.3%	+ 12.8%
Total	**+ 14.7%**	**+ 7.9%**

Total bookings at 4 December were up **14.7%** versus winter 2009-2010 with increases in all three regions: **16.3%** in Europe, **13.8%** in the Americas and **6.3%** in Asia.

Over the past eight weeks, bookings rose by **7.9%** worldwide with increases of **7.5%** in Europe, **4.4%** in the Americas and **12.8%** in Asia.

3- *OUTLOOK*

Club Méditerranée reaffirms its objectives

- Two-thirds of the portfolio in the 4 and 5 Trident segments by year-end 2012
Club Med has stepped up the pace of development while pursuing the asset light strategy. Following the December 2010 openings of Sinai Bay in Egypt (4 Trident village with a 5 Trident Luxury Space) and Yabuli in China (4 Trident), a number of openings are scheduled for 2012: Valmorel in France (4 Trident village with a 5 Trident Luxury Space) and Cefalu in Italy (5 Trident).

As for renovation projects, Sandpiper Bay in Florida, Yasmina in Morocco and Sahoro in Japan will be refurbished and upgraded to 4 Trident in 2011. Phuket in Thailand will be renovated in 2012.

Club Méditerranée also announced the sale of the Sestriere village and the closing of the Metaponto village, both in Italy. It is also looking to dispose of a number of unprofitable 2 and 3 Trident villages (representing 6% of total current capacity) that no longer fit with the new positioning.

- 60% of direct sales in 2012

The aim is for the direct distribution model to generate over 60% of revenue by 2012 compared with 58% in 2010.

This model helps Club Med distribute its offer more efficiently even as it continues to drive down costs.

In 2010, the new online booking site was deployed in 27 countries with sales rising by 10%.

In addition, the Club will leverage its strengthened direct distribution network and worldwide customer database to deploy an ambitious new CRM (Customer Relationship Management) program in 2011.

Achieving these two objectives while also continuing to improve the business model could help generate Village EBITDA margin of around 10% in 2012.

➢ *With the support of its shareholder Fosun, Club Med is reaffirming its commitment to making China its second-largest market in 2015 with a target of 200,000 customers*

Deployment of Club Med's strategy in China is well underway. That strategy is now supported by Fosun, a privately held Chinese company that currently holds a nearly 10% equity stake and strengthens the Club's capacity for development in China, which is to become the Group's second-largest market.

In 2010, the number of Chinese customers increased by 42% over the previous year, with 32,000 Chinese customers vacationing in Club Med villages in the Asia-Pacific region. This figure rises to 60,000 when customers from the entire Greater China area are included. Club Med's goal is to continue increasing the number of Chinese customers to a total of 200,000 in 2015.

To step up recruitment of new customers, Club Med plans to open five villages in China over the next five years, of which the first is the Yabuli mountain village that was successfully brought on stream in late November.

At the same time, Club Med is continuing to strengthen its sales and marketing operations with the installation of Club Med Corners in upscale travel agencies in China's main cities.

CLUB MÉDITERRANÉE

Other Information.
The consolidated and parent company financial statements for the year ended 31 October 2010 were approved by the Board of Directors on 8 December 2010. They have been audited and the auditors are in the process of issuing their opinions. The presentation of the fiscal 2010 financial results is available at www.clubmed-corporate.com.

Contacts
Media: Thierry Orsoni: Phone: +33 (0)1 53 35 31 29 / *thierry.orsoni@clubmed.com*
Analysts: Caroline Bruel: Phone: +33 (0)1 53 35 30 75 / *caroline.bruel@clubmed.com*

APPENDICES

Income before tax and non-recurring items

(in €m)	2008	2009	2010
Net Income/(loss) before tax and non – recurring items	**(19)**	**(1)**	**8**
Income/(loss) from discontinued activities	33	(10)	-
Insurance/ Damages	-	5	2
Capital gains on sale of assets	15	-	1
Impairment/Write-off/Exit of Villages/Others	(3)	(24)	(10)
Restructuring costs	(12)	(21)	(7)
Net Income/(loss) before tax	**13**	**(51)**	**(6)**