Groupe
Pierre & Vacances
Center Parcs

Press release

Results for the year ending 30 September 2012

Paris, 5 December 2012

Note: This press release presents consolidated earnings established under IFRS accounting rules, currently being audited by the Group's auditors and closed by the Pierre & Vacances SA Board of Directors on 3 December 2012.

⇒ Resilient tourism and property development businesses in a backdrop of economic crisis in Europe,

⇒ Decline in earnings requiring a strict cost-cutting plan and commercial actions aimed at restoring operating profitability as of 2012/2013.

❶ Full-year 2011/2012 turnover and earnings (1 October 2011 – 30 September 2012)

1.1. Turnover

Euro millions	2011/2012	2010/2011 like-for-like[1]	Like-for-like change	2010/2011
Tourism	**1 107.5**	**1 122.7**	**- 1.3 %**	**1 097.0**
o/w accommodation turnover	731.9	*734.4*	*- 0.3 %*	*702.9*
Pierre & Vacances Tourisme Europe (1)	592.7	598.4	- 0.9 %	569.9
Center Parcs Europe (2)	514.8	524.3	-1.8 %	527.1
Property development	311.5	**372.6**	**- 16.4 %**	**372.6**
TOTAL FULL-YEAR	**1 419.1**	**1 495.2**	**- 5.1 %**	**1 469.6**

(1) Pierre & Vacances Tourisme Europe includes the Pierre & Vacances, Adagio City Aparthotel, Maeva and Latitudes Hôtels brands
(2) Center Parcs Europe includes the Center Parcs and Sunparks brands.

The tourism industry in France and Europe has suffered a particularly difficult year with virtually all players having incurred losses. In this backdrop, the Pierre & Vacances-Center Parcs Group's tourism businesses resisted to a similar degree as in the year-earlier period thanks to the quality and diversity of the tourism network.

➢ **The Group's 2011/2012 tourism turnover stood at €1,107.5 million compared with €1,122.7 million in 2010/2011.**

Accommodation turnover totalled €731.9 million and was virtually stable relative to the year-earlier period as a result of a 1.9% increase in average letting rates and a 2.2% decrease in the number of nights sold.

[1] **Like-for-like turnover has been adjusted for the following:**

1. At Pierre & Vacances Tourisme Europe:
   - As of 1 July 2011, the acquisition from Lamy of 31 Citéa residence businesses (i.e. €28.5 million in 2010/2011, including an additional €26.6 million in accommodation turnover).
   - The reclassification of accommodation turnover as supplementary income for revenues stemming from the Adagio residences managed under external mandates (€4.9 million).
2. At Center Parcs Europe:
   - As of 1 October 2011, the harmonisation of internal commission fees on turnover at Center Parcs villages in France with the rates historically applied in the PVTE division (increase in accommodation turnover and corresponding decline in supplementary income for €9.9 million).
   - The outsourcing of catering services at the Center Parcs villages (€2.8 million).

- **Pierre & Vacances Tourisme Europe** generated turnover of €592.7 million, including €404.9 million in accommodation turnover, up 0.6% on a like-for-like basis.

  Growth in city residence turnover helped offset the decline noted in seaside and mountain destinations due to a decrease in the available offering (withdrawal from hotel business and loss-making sites in Italy and mountain resorts) and poor weather conditions which took a toll on June and July performances at the Atlantic coast and English Channel destinations.

- **Center Parcs Europe** reported turnover of €514.8 million, including €327.0 million in accommodation turnover, down 1.5% like-for-like.

  This performance stemmed from the decline in turnover at the French villages, which were temporarily affected by renovation works at the Hauts de Bruyères and Bois Francs domains.

- **2011/2012 property development turnover stood at €311.5 million** and primarily concerned renovation works at Center Parcs des Hauts de Bruyères (€89.2 million) and the Avoriaz extension (€58.6 million) as well as the contribution from Les Senioriales (€69.1 million).

  Property reservations over the year represented turnover of almost €350 million, similar to the previous year's level (€374 million) despite a backdrop of sharp decline in property transactions in France.

1.2. Full-year 2011/2012 earnings

Euro millions	**2011/2012**	**2010/2011 pro-forma[2]**
Turnover	1 419.1	1 469.6
Tourism	*1 107.5*	*1 097.0*
Property development	*311.5*	*372.6*
Underlying operating profit/loss	**-7.0**	**28.0**
Tourism	***-18.5***	***-4.1***
Property development	***11.5***	***32.1***
Financial expenses	-18.3	-16.6
Taxes	2.6	-4.2
Underlying attributable net profit[3]	**-22.7**	**7.2**
Other operating income/expense net of tax[4]	-4.7	2.4
Attributable net profit/loss	**-27.4**	**9.6**
Net financial debt[5]	66.8	-10.4
Shareholders equity	450.2	488.2
Net debt/equity	**14.8%**	**N/A**

1.2.1. Underlying operating profit/loss

- **The tourism businesses turned in an operating loss of** €18.5 million in view of:

– An increase in costs (estimated at €15 million) due to the automatic effect of indexation on staff costs and rental costs in particular.

– The negative impact of the decline in accommodation turnover (€2 million).

In addition, the savings generated by the implementation of the transformation plan (reduction in rental costs, overhaul of organisation and purchasing gains) were mainly offset by the residual costs of implementing and rolling-out new IT systems.

[2] Reported underlying operating profit adjusted by -€1.3m (review of amortisation method for fixed assets), or -€0.9m net of tax and -€5.5m for shareholders equity.

[3] Attributable underlying net profit corresponds to underlying operating profit, financial items and current tax before exceptional items, which have been reclassified under Other operating income/expense.

[4] Other operating income/expense net of tax includes earnings items which given their non-recurring nature, are not considered as being a component of underlying profit (non-recurring tax expenses or savings, update of Group tax position, restructuring costs etc.).

[5] Net financial debt adjusted for rental commitments for equipment at Center Parcs l'Ailette.

- **Operating profit generated by the property development business** totalled €11.5 million compared with €32.1 million in 2010/2011. This difference stemmed from:

– Additional costs for extension works at Avoriaz, which reduced the margin generated previously, resulting in a negative contribution from the programme of €10 million over the year.

– The decline in full-year turnover caused by the phasing of property development programmes.

In all, the underlying operating loss stood at €7 million.

1.2.2. Attributable net profit/loss

- **Financial expenses** totalled €18.3 million in 2011/2012, vs. €16.6 million in 2010/2011. This increase stemmed mainly from the booking of interest expenses on the €115 million OCEANE convertible/exchangeable bond issue undertaken in January 2011 on an annualised basis.

- **Other operating expenses net of tax** stood at €4.7 million.

  Other operating expenses primarily concerned restructuring costs prompted by the continuation and strengthening of the transformation plan (-€4.1 million net).

In all, the attributable net loss stood at €27.4 million.

❷ Outlook

2.1. Trends in tourism reservations

- **In Q1 2012/2013** (October to December), the level of reservations is generally similar to that in the year-earlier period.

- **For Q2 2012/2013** (January to March), reservations to date represent an increase in turnover for both **Pierre & Vacances Tourisme Europe** (almost 55% of turnover reserved to date) with healthy performances in mountain and city residences, and **Center Parcs Europe** (around 30% of turnover reserved to date), more especially with Dutch and German customers.

2.2. Targets for 2012/2013 and outlook

The Group's sales performances testified to the resilience of the tourism businesses against a backdrop of significant deterioration in the tourism industry in Europe. However, these performances were not enough, while the transformation plan generated over the year fewer savings than expected.

The property development activities also resisted well to the disadvantageous environment, although their contribution was affected by additional costs for the Avoriaz programme and by the decline in full-year turnover due to the phasing of property development programmes.

In view of the Group's earnings and the persistent economic difficulties in both France and Europe, the Group has decided to implement an active sales policy and a strict cost-cutting plan aimed at restoring operating profitability as of 2012/2013.

- **The sales plan** concerns five major focuses:
  - **Simplifying and clarifying the offering** (transfer of 40 Maeva residences to Pierre & Vacances brand).
  - **Adapting the price policy** (a simplified price policy, strengthened early-booking pricing etc.).
  - **Adapting the distribution strategy** (improving reservation tools, increasing site sales, optimising marketing etc.).
  - Making targeted **product investments** (Aquariaz in Avoriaz, Spa at Arc 1950…).
  - **Developing a selective offering in buoyant brands/markets** (opening of Center Parcs Bostalsee in summer 2013 in Germany, delivery of 276 additional apartments in Avoriaz etc.).

- **The cost-cutting plan** includes:
  - **A 15% decrease in head office costs and a 4% decrease in site operating costs, or €35 million in permanent savings, €25 million of which as of 2012/2013**.

    These targets are reflected in a **project to reshape the Group's organisation,** currently being discussed with trade unions. The project concerns 195 staff in France and Europe, or 2.6% of the Group's global headcount. Assistance measures are to be implemented by the Group (voluntary departures, reclassification assistance, part-time work etc.) in order to minimise the social impact. This plan is to be accompanied by the non-renewal of fixed-term contracts and temporary staff contracts as well as a strict pay rise policy.
  - **Strengthening actions in terms of lease renewals** which should result in **€8 million** in savings as of 2012/2013 excluding index variations. This policy should help gradually reduce the cost of rents by **€45 million** by 2017 (**including indexation**[6] and excluding expansion in the offering).

In addition to measures targeting the profitability of the tourism activities, the Group is stepping up its development in France, Germany and Morocco with the double aim of:

- Extending its tourism network (in particular with major projects such as the Center Parcs in the Vienne region and Villages Nature).
- Increasing its property margins.

The nomination of Françoise Gri as the Group's CEO comes as part of this strategy to turn around the Group's earnings in 2012/2013 and to increase profitability of the Group's business, in order to address a new development stage, especially outside France.

Information on 2011/2012 results includes this press release as well as the presentation available on the Group's website: www.groupepvcp.com

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[6] Forecast change in Rental Reference Index of 2% a year