Groupe Pierre & Vacances CenterParcs

# Press Release

## Results for the year ending 30 September 2013

Paris, 4 December 2013

*Note: this press release presents consolidated 2013/2013 earnings established under IFRS accounting rules, currently being audited, and approved by the Board of Directors of Pierre et Vacances SA on 2 December 2013.*

- **2012/2013: A return to operating profitability for the Group**
  - **Tourism**: resilient turnover in a declining market and savings plan implemented as announced
  - **Property development**: in line with targets, sharp growth in property reservations securing turnover for future years.
- **Execution of WIN2016 programme currently underway, confirmation of underlying operating margin target of 5-6% for 2015/2016**

## ➊ Full-year 2012/2013 turnover and earnings (1 October 2012 – 30 September 2013)

### 1.1. Turnover reflecting good resistance by tourism businesses. Sharp growth in property reservations

| *Euro millions* | 2012/2013 | 2011/2012 like-for-like (1) | Like-for-like change | 2011/2012 reported | Reported change |
|---|---|---|---|---|---|
| **Tourism** | **1,137.0** | **1,128.5** | **+0.8%** | **1,107.5** | **+2.7%** |
| - Pierre & Vacances Tourisme Europe | 598.6 | 592.7 | +1.0% | 592.7 | +1.0% |
| - Center Parcs Europe | 538.4 | 535.8 | +0.5% | 514.8 | +4.6% |
| ***o/w accommodation turnover*** | ***753.4*** | ***747.6*** | ***+0.8%*** | ***731.9*** | ***+2.9%*** |
| *- Pierre & Vacances Tourisme Europe* | *406.9* | *404.9* | *+0.5%* | *404.9* | *+0.5%* |
| *- Center Parcs Europe* | *346.4* | *342.7* | *+1.1%* | *327.0* | *+5.9%* |
| **Property development** | **169.7** | **311.5** | **-45.5%** | **311.5** | **-45.5%** |
| *Reservation turnover (incl. VAT)* | *418.3* | *343.7* | *+21.7%* | *343.7* | *+21.7%* |
| **Total FY 2012/2013** | **1,306.7** | **1,440.0** | **-9.3%** | **1,419.1** | **-7.9%** |

(1) On a like for like basis, turnover for Center Parcs Europe has primarily been adjusted for the impact of new methods to bill commission fees received from external catering providers, applicable as of 1 October 2012.
(2) Pierre & Vacances Tourisme Europe includes the Pierre & Vacances, Maeva and Adagio City Aparthotel brands.
(3) Center Parcs Europe includes the Center Parcs and Sunparks brands.
(4) Amount of tax-inclusive reservations of property assets under construction or renovation, signed during the year, net of cancellations during the same period.

- **2012/2013 tourism turnover totalled €1,137.0 million, up 0.8% relative to the previous year and testifying to the resilience of the Group's business in a general backdrop of lower consumer spending in the tourism industry.**

**Accommodation turnover** rose 0.8% to €753.4 million and was driven by both an increase in the number of nights sold (0.4%) and a slight improvement in net average letting rates (0.3%).
Occupancy rates rose in both divisions (Pierre & Vacances Tourisme Europe and Center Parcs Europe), with average growth of 2.6%.
Turnover generated by international clients rose by 5.2%, accounting for 53% of the Group's accommodation turnover in 2012/2013.

- Pierre & Vacances Tourisme Europe reported turnover of €598.6 million during the period, including €406.9 million in accommodation turnover, up 0.5%.

  Turnover grew in all destinations (cities, mountain, Spain, French West Indies), with the exception of French coastal resorts, which suffered from a negative supply effect (disposal of Maeva Village in the Camargue and a decline in the number of marketed apartments), and particularly disadvantageous weather conditions during the third quarter of the year.

- Center Parcs Europe reported turnover of €538.4 million, including €346.4 million in accommodation turnover, up 1.1% on a like-for-like basis.

  Growth was driven by the German, Belgian and Dutch villages, while the French villages showed a decline in turnover primarily due to the Domaine du Lac d'Ailette (lower seminar sales in particular).

- **Property development turnover stood at €169.7 million in 2012/2013, in line with the phasing of operations.**

Turnover stemmed especially from the new Center Parcs in the Vienne region (€19.2 million) and at Bostalsee (€18.2 million), as well as the Avoriaz extension (€15.2 million) and Les Senioriales (€60.3 million).

**Property reservations made over the year climbed almost 22%**, representing turnover of €418.3 million, vs. €343.7 million in 2011/2012.

## 1.2. Full-year 2012/2013 earnings: a return to operating profitability

| *Euro millions* | **FY 2012/2013** | **FY 2011/2012** |
|---|---|---|
| Turnover | 1,306.7 | 1,419.1 |
| *Tourism* | *1,137.0* | *1,107.5* |
| *Property development* | *169.7* | *311.5* |
| **Underlying operating profit (loss)** | **2.6** | **-7.0** |
| *Tourism* | *-12.4* | *-18.5* |
| *Property development* | *15.0* | *11.5* |
| Financial expenses | -16.1 | -18.3 |
| Taxes | -0.8 | 2.6 |
| **Underlying net profit (loss)** (1) | **-14.4** | **-22.7** |
| Other operating income/expense net of tax (2) | -33.1 | -4.7 |
| **Net profit (loss)** | **-47.5** | **-27.4** |
| Of which | | |
| Attributable | -47.7 | -27.4 |
| Non-controlling interests | 0.1 | 0.0 |

### 1.2.1. Underlying operating profit back in the black

- **The underlying operating loss in the tourism business stood at €12.4 million, showing a 33% improvement on the year-earlier figure.**

The implementation of a €22 million cost saving plan in the tourism division, in line with the targets announced, helped improve operating margin at the sites.

Lease renewal terms led to an €8 million reduction in rental expenses in line with forecasts.

The figure also included costs inflation (around €15 million) as well as additional rents of €10 million prompted by deliveries and operating of new residences.

- **Underlying operating profit in the property development business totalled €15 million, up 30% relative to 2011/2012.**

Underlying operating profit benefited from the €3 million cost savings plan implemented in the property division and an average operating margin restored to 8.8%, similar to levels in 2010/2011 and 2009/2010.

**Overall underlying operating profit stood at €2.6 million.**

(1) Underlying net profit corresponds to underlying operating profit, financial items and underlying tax before exceptional items, which are reclassified as other operating income and expense.

(2) Other operating income and expense net of tax includes earnings items, which in view of their non recurring nature, are not considered as belonging to underlying earnings (non-recurring tax savings or expenses, update to Group tax position, restructuring costs etc.).

**1.2.2. Net profit including non-recurring restructuring costs that prepare for the future**

**The decline in net profit was due to the following non-recurring items:**

- Net restructuring expenses of €28.4 million prompted by:
  - Management of the employment protection plan (195 staff in France and Europe) with a majority of voluntary departures and reclassifications (80%) and a high number of departures of employees present in the company for a long time.
  - The disposal of and/or withdrawal from loss-making residences at the end of leases (two mountain residences, two residences in Italy, the Maeva village in Camargue and four former Citéa residences) which should help improve underlying operating margin by €4 million as of 2013/2014.
- A €4.8 million expense caused by a disadvantageous court ruling for which an appeal has been made.

## 1.3. A solid balance sheet

| *Euro millions* | **Sept. 30 2013** | **Sept. 30 2012** |
|---|---|---|
| Net banking debt (1) | 173.5 | 66.8 |
| Attributable equity | 403.7 | 450.2 |
| **Net banking debt / attributable equity ratio** | **43%** | **15%** |

(1) Net financial debt adjusted for rental commitments for facilities at the Center Parcs Le Domaine du Lac d'Ailette.

On 30 September 2013, the net banking debt/attributable equity ratio was increased significantly by equity advances for investments in extensive property programmes. This situation is temporary and guaranteed by high pre-marketing levels.

Adjusted for these temporary advanced payments, the Group's net banking debt stood at almost €73 million, reducing the net banking debt/attributable equity ratio to 18%, a level more similar to that of the previous year.

# ❷ Outlook

## 2.1. Growth in tourism reservations to date

Reservations to date are higher than they were last year:

- For Pierre & Vacances Tourisme Europe, growth in winter season reservation concerns all of the mountain and seaside destinations (mainland France, French West Indies and Spain) and cities (Adagio).
- For Center Parcs Europe, reservations for Q1 2013/2014 have increased (especially in France), excluding the supply effect stemming from operating of the Center Parcs Bostalsee.

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## 2.2. Execution of WIN2016 plan underway

In May 2013, the Group defined a strategic plan entitled **WIN2016** destined at restoring profitable growth and laying the foundations of the Group's future.

This strategy, based on the Group's two complementary activities of tourism and property development, is to be rolled out in three phases between now and 2015/2016:

- A first stage (2012-2014) focused on *PERFORMANCE* destined at consolidating the efficiency of the operating models by improving the profitability of the tourism business. The business is set to benefit from the adaptation of its offers, the transformation of marketing and distribution and the increased productivity of the Group's processes and sites.
- A second phase (2014-2016) focused on *ACCELERATION* should reflect the full impact in the tourism business of the shake-up of the product offering and the development of digital, differentiated and personalised customer relations at the same time as new sites currently being marketed or developed are due to open to the public.
- A third phase (2015 and beyond) focused on *INNOVATION* and more specifically the roll out of new models for the tourism offering and conquering international markets.

During 2012/2013, the Group initiated the WIN2016 plan successfully by bolstering its operating organisation, overhauling its price and marketing strategies and by unlocking cost savings in line with the plan announced.

The Group is targeting further **growth in underlying operating profit in 2013/2014 with**:

- Sharp growth in property development turnover, which should be higher than €250 million.
- A target for growth in tourism revenues per apartment of 5%.
- Secured gains of €24 million: €10 million in structural cost savings, €10 million in rental reductions under the framework of lease renewals and €4 million in additional contributions from the withdrawal from loss-making sites in 2012/2013.

In a European economic backdrop showing no significant changes, the Group is reiterating its 2015/2016 target for **underlying operating profit as a percentage of turnover of 5-6%,** with:

- Operating profitability in the tourism business of 5%, including growth in revenues per apartment of 15-20%.
- A portfolio of property projects of almost €1.5 billion, focused on high growth brands and markets that contribute to profitability of the tourism business.

Information on 2012/2013 results including this press release and the presentation document available on the Group's website: www.groupepvcp.com

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