Groupe
Pierre & Vacances
CenterParcs

First half 2015/2016 results

Paris, 25 May 2016

Growth in first-half earnings

- Current operating result up 14.5%[1], driven by a significant improvement in the contribution from tourism activities (+20%),
- Net result up 14.5%
- Sharp decline in net debt (-€57 million relative to 31 March 2015)

I. Main events in H1 2015/2016

Group refinancing

On 14 March 2016, the Pierre et Vacances-Center Parcs Group signed a new €200 million revolving credit line to refinance the syndicated loan due to mature in 2019 ahead of schedule.

As such, the Group now has a confirmed credit line, reimbursable at maturity, of a higher amount than the remaining balance of the previous amortisable syndicated loan of €142.5 million on 30 September 2016, and at a lower interest rate. Maturity has been extended to 2021, later than maturity of the ORNANE exchangeable bond (2019).

Capital operations

On 30 March 2016, Chinese group HNA Tourism subscribed to a reserved rights issue representing 10.0% of the capital of Pierre et Vacances SA post-operation, or 980,172 new shares at a unit price of €25.18. Following this operation, the holding company controlled by Mr Gerard Bremond, S.I.T.I, has an individual stake[2] in the capital of Pierre et Vacances SA of 39.83% and 56.42% of voting rights.

The stake acquired by HNA Tourism in Pierre et Vacances SA comes under the framework of the partnership agreement signed on 6 November 2015 aimed at developing tourism destinations in China, inspired by the Center Parcs and Pierre & Vacances concepts.

Acquisitions

Acquisition of "La France du Nord au Sud"

On 27 April 2016, the Pierre et Vacances-Center Parcs Group announced the acquisition of "La France du Nord au Sud", a recognised player in the online holiday rental distribution market in France and Spain.

The company's integration enables Maeva.com to boost its ramp-up by multiplying its tourism product offering by 10 to represent an overall portfolio of 25,000 accommodation units (tourism residences, holiday villages, homes, villas, camp-sites, chalets, hotels and individual apartments). By 2020, Maeva.com aims to distribute 50,000 references.

By proposing a unique and fully-integrated offer ranging from apartment and home management to optimised marketing and onsite operation of the accommodation, Maeva.com is therefore positioning itself as a top-notch player in the B2C and C2C holiday rental market.

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[1] *The income statement items discussed in this press release stem from operating reporting, with the presentation of joint companies on a proportional consolidation basis*

[2] *Based on capital prior to the operation of 8,821,551 shares representing 12,856,840 gross voting rights (data on 29 February 2016).*

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Center Parcs development/renovation projects

Financing the extension of the 6th German Center Parcs at Allgäu (Baden Württemberg).

On 11 March 2016, under the framework of the European diversification of its property investment funds, the La Française Group acquired 250 cottages and a commercial building housing accompanying leisure facilities as an extension to the future German Center Parcs in Allgäu.

This acquisition rounds out that made by the Eurosic Group in November 2015, concerning 750 cottages and central recreational facilities at the domain.

The domain is due to open at the end of 2018.

Extension of the Center Parcs des Trois Forêts in Moselle-Lorraine

On 24 March 2016, the Pierre & Vacances-Center Parcs Group sold a block of 141 cottages off-plan to MACSF Group making up the last tranche of the Domaine des Trois Forêts.

The cottages are due to be delivered in summer 2017.

Renovation of the Sunparks Vielsalm domain (Belgian Ardennes)

Under the framework of agreements concluded with the current owner of the Vielsam domain, Foncière des Murs, KBC bank acquired a block of 177 cottages in October 2015 as part of the domain's renovation. This sale added to the marketing of renovated cottages to individual investors.

Development projects in Spain

In December 2015, the Spanish subsidiary of Eurosic signed a framework agreement with the Pierre & Vacances-Center Parcs Group in order to acquire tourism sites to be operated by Pierre & Vacances-Center Parcs, followed by their sale to individual investors.

Under the framework of this agreement, in early April, the Pierre & Vacances-Center Parcs Group sold 166 apartments that it owned at the Manilva site.

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II. First-half 2015/2016 revenue and results (1 October 2015 to 31 March 2016)

IFRS 11 "Joint Arrangements", applies to the Group as of 2014/2015, and implies the consolidation of joint operations by the equity method and no longer by proportional integration (Adagio and Villages Nature partnerships primarily). For its operating reporting, the Group continues to integrate joint operations under the proportional integration method, considering that this presentation is a better reflection of its performance. The income statement items and sales indicators commented on below stem from operating reporting. The reconciliation tables with IFRS income statements are set out in paragraph IV.

Revenue

Euro millions	2015/2016	2014/2015	Evolutions	*Evolutions on a like-for-like basis* (*)
Tourism	**521.8**	**476.2**	**+9.6%**	
o/w accommodation turnover	***339.1***	***311.2***	***+9.0%***	***+2.4%***
- Pierre & Vacances Tourisme Europe	251.4	243.8	+3.1%	
- Center Parcs Europe	270.4	232.4	+16.3%	
Property development	**63.8**	**174.5**	**-63.5%**	
Total H1	**585.5**	**650.7**	**-10.0%**	

(*) On a like-for-like basis, revenue is adjusted for the impact of:

- the shift of Easter weekend and part of the Easter holidays from April in 2015 to March in 2016 (for the majority of German customers)
- the net reduction in the network operated in the PVTE division caused by lease renewals and the withdrawal from loss-making sites
- the opening of the Bois aux Daims domain (as of July 2015)

Under IFRS accounting rules, revenue for the first half of the 2015/2016 financial year stood at €559.5 million (€509.5 million for the tourism businesses and €50.0 million for the property development businesses) compared with €631.7 million in H1 2014/2015 (€466.4 million for tourism and €165.3 million for property development).

First half 2015/2016 revenue from the tourism businesses stood at €521.8 million, **up 9.6% r**elative to H1 2014/2015, with **faster growth in the second quarter** relative to the first quarter.

- Pierre & Vacances Tourisme Europe posted an increase in revenue in all seaside and mountain destinations (+8.6% growth in like-for-like accommodation revenue, i.e. excluding the impact of the shift in the Easter holidays and excluding stock effects, of which respectively +13.1% for the seaside sites and +6.7% for the mountain destinations). Only the Adagio residences business was in decline (-5.1%), due to terrorist attacks primarily in Paris/the Paris region and Brussels.
- Center Parcs Europe benefited from revenue growth at the Dutch, Belgian and German domains (+4% growth in like-for-like accommodation revenue), healthy performances at the new Domaine du Bois aux Daims and a rebound in business at the other French domains in Q2 (+4.2% lfl).
- Supplementary income also rose sharply (+10.7%) driven by the success of marketing mandates for Pierre & Vacances Tourisme Europe, and growth in the leisure and catering activities for Center Parcs Europe.

H1 2015/2016 property development revenue totalled €63.8 million, stemming primarily from Villages Nature (€12.1 million) and the Seniorales residences (€27.8 million). The decline in turnover in H1 relative to the year-earlier period was due to the phasing of property development programmes (the first half of 2014/15 included the majority of the full-year contribution from Center Parcs Bois aux Daims, or €96 million).

Property reservations in H1 2015/16 with individual investors represented revenue of €168.5 million, ahead of that booked in the first half of the previous year (€124.4 million).

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Results

Note: the seasonal nature of the tourism activities in the first half of the year and the linear accounting of charges result in a structural operating loss over the period.

Euro millions	H1 2015/2016	H1 2014/2015 [1]	Evolutions
Turnover	**585.5**	**650.7**	**-10.0%**
Current operating result	**-68.8**	**-80.5**	**+14.5%**
Tourism	*-73.4*	*-91.2*	
Property Development	*4.5*	*10.7*	
Financial expenses	-9.9	-9.3	
Current operating result before taxes	**-78.7**	**-89.8**	**+12.3%**
Other operating income / (expenses) net of tax	-2.4	-3.1	
of which cost of early reimbursment of the syndicated loan	*-1.1*		
Share of net income of equity-accounted investments	0.3	0.1	
Taxes	5.3	4.4	
Net result	**-75.5**	**-88.4**	**+14.5%**
Change in the fair value of ORNANE	-0.3	0.1	
Net result after the change in the fair value of ORNANE	**-75.8**	**-88.3**	**+14.1%**
Attributable to the owners of the Company	*-75.8*	*-88.4*	
Non-controlling interests	*0.0*	*0.1*	

[1] adjusted for the impact of the application of IFRIC 21 "Taxes levied by a government" concerning the recognition of a liability for a right or tax due: -€1.2m on the H1 2014/2015 current operating loss and net loss.

14.5% improvement in current operating result

- The current operating loss from tourism activities stood at €73.4 million, compared with €91.2 million in the year-earlier period.

  This stemmed from growth in revenue (+€14 million) and the reduction in rental expenses on lease renewals (€8 million over the period, in line with forecasts). These gains were higher than the impact of cost inflation (estimated at €4 million).

- Current operating profit from property businesses stood at €4.5 million.

  The margin on revenue stood at 7%.

14.5% improvement in net result

- Other income and expense net of tax primarily included the following non-recurring items:
  - € 1.1 million in costs associated with the early reimbursement of the syndicated loan set up in February 2014.
  - € 1.1 million in costs for restructuring and closing loss-making sites.

- After taking into account the change in the fair value of the ORNANE share allocation right (€0.3 million expense), the net loss stood at €75.8 million, showing an improvement relative to the year-earlier level (€88.3 million).

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Net debt

Euro millions	31 March 2016	31 March 2015	Evolutions
Net debt	**286.0**	**343.4**	**-57.4**
of which net bank debt [1]	181.4	236.8	-55.3
of which rental commitments - finance lease on CP Ailette facilities	104.6	106.7	-2.1

(1) Net financial debt adjusted for rental commitments for the facilities at Center Parcs Ailette.

The Group's net debt was down €57 million relative to H1 2014/15, benefiting in particular from the increase in tourism operating performances and the acquisition of a stake by Chinese group HNA Tourism in the capital of Pierre et Vacances SA (net impact of €22 million).

III. Outlook – revenue in the second half

Tourism

In view of the level of reservations to date, the Group is forecasting Q3 2015/2016 tourism turnover higher on a like-for-like basis than Q3 2014/2015, with higher growth than in the first half of the year driven by:

- For Pierre & Vacances Tourisme Europe, revenue growth excluding stocks driven by both seaside and mountain destinations,
- For Center Parcs Europe, an increase in revenue at all domains, even excluding the impact of the new Bois aux Daims domain.

For the summer period, reservations to date have increased for the core season at both Pierre & Vacances and Center Parcs.

Property development

Property development revenue in Q3 2015/2016 should be higher than the level seen in Q3 2014/2015, in line with the expected phasing of property development programmes.

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IV. Reconciliation table – IFRS income statement

Euro millions	H1 2015/2016 operating reporting	IFRS 11 adjustments	H1 2015/2016 IFRS
TURNOVER	585.5	-26.0	559.5
CURRENT OPERATING PROFIT (LOSS)	**-68.8**	**4.8**	**-64.1**
Financial income (expense)	-9.9	-0.1	-9.9
CURRENT NET PROFIT (LOSS)	**-78.7**	**4.7**	**-74.0**
Other income and expense net of tax	-2.4	0.1	-2.3
Net profit attributable to joint operations	0.3	-4.5	-4.3
Tax	5.3	-0.2	5.0
NET PROFIT (LOSS) (1)	**-75.5**	**0.0**	**-75.5**

(1) excluding change in fair value of ORNANE bond share allocation right

Euro millions	H1 2014/2015 operating reporting (*)	IFRS 11 adjustments	H1 2014/2015 IFRS
TURNOVER	650.7	-19.0	631.7
CURRENT OPERATING PROFIT (LOSS)	**-80.5**	**-0.7**	**-81.3**
Financial income (expense)	-9.3	0.1	-9.2
CURRENT NET PROFIT (LOSS)	**-89.8**	**-0.6**	**-90.5**
Other income and expense net of tax	-3.1	0.0	-3.1
Net profit attributable to joint operations	0.1	0.3	0.4
Tax	4.4	0.4	4.8
NET PROFIT (LOSS) (1)	**-88.4**	**0.0**	**-88.4**

(1) excluding change in fair value of ORNANE bond share allocation right

(*) *adjusted for impact of first application of IFRS 11.*

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