Groupe
Pierre & Vacances
CenterParcs

Full year 2019/2020 results

Paris, 25 November 2020

This press release presents consolidated financial results established under IFRS accounting rules, currently being audited, and closed by the Pierre et Vacances SA Board of Administration on 24 November 2020.

- **2019/2020 - a year affected by the Covid-19 health crisis**
- **Financing secured**
- **Execution of Change Up strategic plan in line with its objectives**

I. Highlights of the period

Impact of Covid-19 health crisis on the Group's activities

Whereas operating performances on 15 March 2020 were ahead of the targets set in the Change Up plan, the Covid-19 health crisis obliged the Group to close almost all of its tourism sites from mid-March to late-May/early-June. Exceptional measures were implemented to reduce costs, including flexibility in staff costs through temporary unemployment measures, adapting on-site spending and rental payments halt over the closure period.
During the fourth quarter of the year, the Group delivered another remarkable revenue performance, especially at the Center Parcs Domains and the Pierre & Vacances mountain sites with occupancy rates above those of the 2019 summer season.

These performances confirmed the extent to which the Group's brand offerings are suited to demand for family-oriented and local tourism.

Financing

In order to cover operating losses caused by the health crisis, on 10 June 2020, the Group subscribed to a €240 million state-backed loan through its pool of banks. In addition, the maturity on the €200 million revolving credit line, initially maturing in March 2021, was prolonged by 18 months.

This financial support testified to the banks' confidence in the Group's fundamentals and resilience to overcome the impacts of the health crisis.

Change Up strategic plan

On 29 January 2020, the Pierre & Vacances-Center Parcs Group presented its strategic plan for 2024, **Change Up**[1], aimed at accelerating and strengthening the Group's transformation in order to ensure its long-term profitability.

The plan is based on three main pillars:

- Optimisation of current operations, notably implying a selective review of the tourism network, development of the tourism offering and the optimisation of property costs;
- Targeted and profitable development, with new development projects;
- An agile and entrepreneurial organisation, with the creation of a slimmed-down Holding company focused on the corporate functions and the autonomous Business Lines including their own main support functions for better control of the entire value chain.

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[1] *For further information on the Change Up plan, please consult the press release and presentation of 29 January 2020 available on the Group's website : www.groupepvcp.com*

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Progress review

The Group's operating performance on 15 March 2020, prior to the announcement of measures related to the health crisis, were ahead of the targets set in the Change Up plan. Same-structure accommodation revenue was up 6.7% (vs. +4.7% expected on an average annual basis), driven by the Center Parcs division, which benefited from the first effects of renovation works at the Domains.

The deployment of the Change Up strategic plan also continued during the lockdown period:

- Operationally, through renovation works at the Center Parcs Domains in the Netherlands, Belgium and Germany,
- Socially, through the Social and Economic Committee's information/consultation process for the structural transformation project. On 10 June, the French Regional Company, Competitions, Consumption, Work and Employment Board (DIRECCTE) also homologated the job safeguard plan (PSE) and the agreements signed on April 7, which is a prior requirement for its implementation.
- On the cost-cutting front, with the first savings unlocked.

On 30 September 2020, implementation of the new organisation was virtually complete. On 1 October, the HR and Legal teams joined the Business Line and Holding company organisations, followed by the Finance teams as of mid-November. Elsewhere, the cost-cutting plan is progressing in line with the planned schedule with almost 75% of the savings expected over the duration of the plan secured.

Center Parcs : Roybon, development projects

- Roybon

In 2007, the Group began a project to set up a Center Parcs domain in the township of Roybon in the Isère region of France. The project received constant backing from local authorities for its environmental qualities, its impact in terms of employment and revenues and its ability to shake-up and rebalance the region.
For more than 10 years, legal procedures contesting the administrative authorisations have prevented the project from materialising. Since the land clearing permission, vital for the project's materialisation, was made void on 12 July 2020, and with access to the site blocked by so-call "zadist" militants (French *Zone à Défendre - zone to defend*) who have been illegally occupying the land since 2014, the Group decided to abandon the project on 8 July 2020.

- Development projects

Center Parcs confirms its development in France and Northern Europe under the framework of its Change Up strategic plan, with innovative concepts:

- In France, the Landes de Gascogne domain (Lot-et-Garonne) is currently being built and is due to open in spring 2022. In the Saône & Loire and Jura regions, the Group is drawing up proposals to adapt the initial plans, aimed at strengthening environmental commitments, the focus on nature and installations of new accommodation types.
- In Northern Europe, the development strategy primarily concerns Germany, with two new sites currently being instructed in northern Germany and in Bavaria, while negotiations and studies have started for two other sites in the Berlin area. Elsewhere, a first project in Denmark is in the conceptual completion phase and two additional projects have been identified in Scandinavia.
  The development of new Domains is going hand in hand with the renovation of existing Domains, with an investment budget of almost 400 million financed by owner/lessors.

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II. Revenue and net income for the first half of 2019/2020 (1 October 2019 to 30 September 2020)

2.1. Revenue

Note:

The financial elements and sales indicators commented on in this press release stem from operating reporting, which is more representative of the performances and economic reality of the contribution of each of the Group's businesses i.e. :

- excluding the impact of IFRS16 application for all the financial statements, a standard applied to the primary consolidated financial states for the first time for the half-year period of FY 2019/2020;
- with the presentation of joint undertakings in proportional consolidation (i.e. Excluding application of IFRS 11) for profit and loss items (with no change relative to the presentation of the Group's historical operating reporting)

A reconciliation table with the primary financial statements is present in the appendix to this press release.

€ millions	**2019/2020** *according to operating reporting*	**2018/2019** *according to operating reporting*	**Change**
Tourism	**1,022.7**	**1,365.1**	**-25.1%**
- Pierre & Vacances Tourisme Europe (PVTE)	407.3	596.8	-31.8%
- Center Parcs Europe (CPE)	615.4	768.2	-19.9%
o/w accommodation revenue	***685.7***	***923.6***	***-25.8%***
Pierre & Vacances Tourisme Europe	*265.7*	*406.9*	*-34.7%*
P&V France	*160.0*	*205.2*	*-22.0%*
Adagio and P&V Spain	*105.7*	*201.7*	*-47.6%*
- Center Parcs Europe	*420.0*	*516.6*	*-18.7%*
Property development	**275.0**	**307.7**	**-10.6%**
Full-year total	**1,297.8**	**1,672.8**	**-22.4%**

Over the full-year running from 1 October 2019 to 30 September 2020, the Group's revenue totalled €1,297.8 million.

Revenue from the tourism businesses stood at €1,022.7 million, down 25.1% (-€342 million).

- The Group's operating performances on 15 March 2020 were ahead of the targets set in the Change Up strategic plan, with revenue growth at almost €45 million (+€30 million in accommodation revenue).
- From mid-March to late-May/early-June, the Group was obliged to close virtually all of its sites. This period of no tourism activity, followed by a gradual resumption in June, led to a decline in revenue of around €325 million (-€230 million in accommodation revenue), of which around -€40 million in the second half of March and -€285 million for the third quarter of the year.
- During Q4, the Group posted a remarkable level of revenue at Center Parcs Europe (+1.4%, of which +8.6% for Domains located in Belgium, Germany and the Netherlands) and PV France (+9.4% at the mountain sites), benefiting from new consumer trends favouring family-oriented and local tourism, and despite the absence of foreign holidaymakers. Adagio residences and Pierre & Vacances sites in Spain, which are generally very dependent on international customers, nevertheless managed to attain revenue levels of more than 40% of the year-earlier amounts. The decline in Q4 revenue stood at €63 million (-€42 million for accommodation revenue).

Revenue from property development totalled €275.0 million over 2019/2020, (vs. €307.7 million in 2018/2019), driven primarily by the contribution from the Senioriales residences (€65.4 million), Center Parcs Lot-et-Garonne (€32.6 million), the PV premium residence in Meribel (€31.4 million) and renovation operations at Center Parcs Domains (€102.4 million vs. €158.1 million in 2018/2019).

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Property reservations recorded with individual investors over the year represented sales volumes of €200.2 million, vs. €256.2 million over 2018/2019, after a slowdown in second half reservations (€74.9 million vs. €124.0 million in H2 2018/2019).

2.2. Income statement

(€ millions)	2019/2020	2018/2019
Revenue	1,297.8	1,672.8
CURRENT OPERATING PROFIT (LOSS)	**- 171.5**	**30.9**
Tourism	**- 155.3**	**29.6**
Tourism Villages Nature® Paris	*- 10.1*	*- 5.5*
Tourism excl. Villages Nature® Paris	*- 145.2*	*35.1*
Property development	**-16.2**	**1.3**
Other operating income and expenses	- 133.6	- 9.7
Financial expenses	- 22.2	- 20.8
Share of profit (loss) of equity-accounted investments	- 1.0	0.9
PRE-TAX PROFIT	**- 328.3**	**1.3**
Tax	- 7.8	-34.4
NET PROFIT (LOSS) FOR THE YEAR	**- 336.1**	**- 33.0**
Group share	*- 336.2*	*- 33.0*
Non-controlling interests	*+0.1*	*0.0*

The current operating loss amounted to €171.5 million (vs. current operating profit of €30.9 million in 2018/2019), heavily affected by the impact of the Covid-19 crisis on the Group's activities.

Tourism businesses:

After robust growth momentum in the period running up to the first lockdown, with current operating profit up 17%, or +€18 million, the Group then recorded a €388 million decline in revenue over the rest of the year, resulting in a loss of around €203 million at the current operating level after taking account of the savings generated (partial unemployment schemes, halt in rental payments…).

The first savings recorded as part of the Change Up plan also helped offset the cost of implementing health measures at the sites and at the head office.

The current operating loss for the tourism activities therefore stood at €155.3 million vs. a profit of €29.6 million in 2018/2019.

Property development businesses:

The current operating loss for the property development activity stood at €16.2 million, dented by a slowdown in property reservations and the shift in the launch of certain projects.

Current operating profit for 2019 included the significant contribution from disposal/renovation operations postponed from 2018 to 2019, partly offset by complementary costs for the Allgaü domain (net impact of +€12 million).

Other operating expenses totalled €133.6 million. Apart from costs related to the reorganisation of the Group (€33.5 million in line with forecasts for the Change Up plan), these included an impairment charge for the value of property stocks for €61.8 million, primarily related to the abandoned Center Parcs project at Roybon (€41 million) and the ensuing review of other projects in France (definition of alternative projects aimed at making them more acceptable). Elsewhere the current backdrop prompted the Group to write down the value of certain intangible assets for an amount of around €30 million. Meanwhile, costs related to site withdrawals represented around €5 million.

Net financial expenses totalled €22.2 million, higher than the previous year's level mainly due to additional interest expenses for the cautionary drawing on credit lines prior to the crisis (these were reimbursed on 30 September 2020) and the state-backed loan obtained in June 2020.

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Tax expenses mostly concerned the reversal of deferred tax assets in France and Spain, related to the updating of short-term revenue projections following the Covid crisis.

The Group **net loss** stood at €336.1 million for 2019/2020 (vs. -€33.0 million in 2018/2019), in an unprecedented crisis situation.

2.3. Balance sheet items and net financial debt

- **Simplified balance sheet**

€ millions	09/30/2020	09/30/2019	Change
Goodwill	140.0	158.9	-18.9
Net fixed assets	362.3	383.7	-21.4
Lease assets	86.1	91.7	-5.6
TOTAL USES	**588.4**	**634.3**	**-45.9**
Share capital	-83.9	251.4	-335.3
Provisions for risks and charges	111.2	76.2	35.0
Net financial debt	330.6	130.9	199.7
Debt related to lease asset obligations	94.7	97.7	-3.0
WCR and others	135.8	78.1	57.7
TOTAL RESOURCES	**588.4**	**634.3**	**-45.9**

Net financial debt

Net financial debt (bank/bond debt less net cash) generated by the Group on 30 September 2020 broke down as follows:

€ millions	30/09/2020	30/09/2019	Change
Bank/bond debt	**528.8**	244.4	284.4
Cash (net of overdrafts drawn)	**-198.3**	-113.5	-84.8
Available cash	*-205.3*	*-114.8*	*-90.5*
Overdrafts drawn	*7.0*	*1.3*	*5.7*
Net financial debt	**330.6**	**130.9**	**199.6**

Net financial debt on 30 September 2020 (€330.6 million) corresponded primarily to:

- the state-backed loan obtained in June 2020 for a nominal amount of €240 million;
- the ORNANE bond issued in December 2017 for a nominal amount of €100 million;
- Euro PP bond loans issued respectively in July 2016 for a nominal amount of €60 million and in February 2018 for a nominal amount of €76 million;
- loans taken out by the Group as part of its financing of property development programmes destined to be sold off for €49.1 million (of which €27.7 million for the CP programme in the Lot-et-Garonne, €12.5 million for the Avoriaz programme and €8.9 million in Senioriales bridging loans).
- drawn overdrafts of €7 million;
- net of available cash for €205.3 million.

On 30 September 2020, the Group had €450 million in liquidities (cash available to which more than €250 million in revolving credit and non-drawn overdraft lines can be added).

III. Outlook

A second wave of the Covid-19 pandemic led various European governments to take new restrictive measures as of early November. The Group has therefore been obliged to close all of its PV and CP sites in France, Germany and Belgium, for a period of four weeks minimum as of 2 November 2020. So far, only the Center Parcs Domains in the Netherlands remain open, albeit with a reduced offer (closure of bars and restaurants and a limited number of people in the Aquamundo).

FY 2020/2021 will be affected by the second wave of the pandemic, however, the Group's current cash level is sufficient to overcome this new episode of the crisis.

The Group's fundamentals should enable it to rebound in the coming months to restore the trajectory of the Change Up plan, by reference to the remarkable performances of the 2020 summer period, with high levels of activity, sometimes higher than those of the 2019 summer period.

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Appendix: Reconciliation table

Note:

As stated above, operating reporting is more representative of the performances and economic reality of the contribution of each of the Group's businesses, i.e. :

- excluding the impact of applying IFRS16 for all the financial statements, with the standard applied to the primary consolidated financial statements for the first time during the FY 2019/2020 half-year period.
- with the presentation of joint undertakings in proportional consolidation (i.e. Excluding application of IFRS 11) for profit and loss items (with no change relative to the presentation of the Group's historical operating reporting)

The reconciliation table with the primary financial statements are therefore set out below:

Income statement

(€ millions)	**FY 2020 operating reporting**	IFRS 11 adjustments	Impact of IFRS 16	**FY 2020** IFRS
Revenue	1,297.8	- 59.2	- 67.0	1,171.5
External purchases and services	-1,054.3	+55.1	+377.3*	- 621.9
Operating income and expenses	-354.4	+16.5	+4.6	-333.3
Depreciation, amortisation, provisions	-60.6	+4.1	-253.5	-310.0
Current operating profit (loss)	**- 171.5**	**+16.5**	**+61.4**	**- 93.7**
Other operating income and expense	- 133.6	0.2	0.0	- 133.4
Financial items	- 22.2	+2.5	- 150.5	- 170.2
Equity associates	- 1.0	-19.2	- 5.0	- 25.2
Income tax	-7.8	0.0	5.1	- 2.6
NET PROFIT (LOSS) FOR THE YEAR	**- 336.1**	**0.0**	**- 89.0**	**- 425.1**

* of which cost of sales: +€66.3m, Rents: +€311.0m

(€ millions)	**FY 2019 operating reporting**	IFRS 11 adjustments	**FY 2019** IFRS
Revenue	1,672.8	- 77.8	1,595.0
Current operating profit (loss)	**30.9**	**-0.6**	**30.2**
Other operating income and expense	- 9.7	+0.1	- 9.6
Financial items	- 20.8	+2.3	- 18.5
Equity associates	0.9	- 3.5	- 2.5
Income tax	- 34.4	+1.7	- 32.7
NET PROFIT (LOSS) FOR THE YEAR	**- 33.0**	0.0	**- 33.0**

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Balance sheet

(€ millions)	FY 2020 operating reporting	Impact of IFRS 16	FY 2020 IFRS
Goodwill	140.0	0.0	140.0
Net fixed assets	362.3	- 2.5	359.8
Lease/right of use assets	86.1	2,247.8	2,333.9
Uses	**588.4**	**2,245.3**	**2,833.7**
Share capital	-83.9	- 477.3	- 561.2
Provisions for risks and charges	111.2	6.9	118.1
Net financial debt	330.6	0.0	330.6
Debt related to lease assets / lease obligations	94.7	2,789.5	2,884.2
WCR and others	135.8	- 73.9	61.9
Resources	**588.4**	**2,245.3**	**2,833.7**

Cash flow statement

(€ millions)	FY 2020 operating reporting	Impact of IFRS 16	FY 2020 IFRS
Cash flows after interest and tax	-223.0	+160.4	-62.6
Change in working capital requirement	+66.9	+8.4	+75.3
Flows from operations	**-156.1**	**+168.8**	**12.7**
Net investments related to operations	-40.1	-	-40.1
Net financial investments	+0.8	-	+0.8
Flows allocated to investments	**-39.3**	**-**	**-39.3**
Operating cash flows	**-195.4**	**+168.8**	**-26.6**
Flows allocated to financing	**+280.2**	**-168.8**	**+111.4**
CHANGE IN CASH	**+84.8**	**0.0**	**+84.8**

IFRS 11 adjustments:

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. In contrast, joint ventures are consolidated under equity associates in the consolidated IFRS accounts.

Impact of IFRS16:

IFRS 16 "Leases" must be applied for the years open as of 1 January 2019, namely 2019/2020 for the Pierre & Vacances-Center Parcs Group.

The Group has opted for the simplified retrospective transition method, with a retrospective calculation of right-of-use assets. Choosing this method implies that previous periods will not be restated.

As set out in the Note relative to Accounting Principles in the appendix to the Group's consolidated accounts, application of IFRS 16 results in:

- ✓ Recognition in the balance sheet of all leases, with no distinction between operating leases and finance leases, with the recording of:
  - An asset representing the right-of-use of the asset leased throughout the duration of the lease contract;
  - A debt relative to the obligation of future lease payments

  The lease expense is cancelled in return for the reimbursement of the debt and the recognition of financial interest. The right-of-use asset is the object of straight-line depreciation over the duration of the lease.
- ✓ Cancelling, in the financial statements, a share of revenue and the capital gain for disposals undertaken under the framework of property operations with third-parties (given the Group's right-of-use rights). Given that the Group's business model is based on two distinct businesses, as monitored and presented in its operating reporting, adjustment for this would not measure and reflect the underlying performance of the Group's property business, and for this reason in its financial communication, the Group continues to present property development operations as they are recorded from its operating monitoring.

For further information:

Investor Relations and Strategic Operations
Emeline Lauté
+33 (0) 1 58 21 54 76
info.fin@groupepvcp.com

Press Relations
Valérie Lauthier
+33 (0) 1 58 21 54 61
valerie.lauthier@groupepvcp.com