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**First half of the year harshly affected by the closure of virtually all tourism sites due to measures related to the ongoing health crisis**

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## **I. Main events**

### **Governance**

On 7 January 2021, Franck Gervais joined Pierre & Vacances Center Parcs as the Group CEO.

Franck Gervais, 44 years old and a graduate from the prestigious French Polytechnique and Ponts et Chaussées Schools, successfully piloted the transformation of the Accor Group's European sector. Previously at the French railway group SNCF, he was CEO of Thalys and then of Voyages-SNCF.com. This combination of operating-digital-marketing experience, strategic vision and recognised leadership can be fully applied to leading the PVCP Group in the future.

### **Impact of the health crisis on the Group's activities and conciliation procedure**

The ongoing Covid-19 pandemic and the ensuing restrictive measures took a heavy toll on the Group's activities during the first half of the year. More specifically, the closure of ski-lifts in France over the winter as well as the ban on access to waterparks, restaurants, indoor sports and leisure activities obliged the Group to close virtually all of the Pierre & Vacances residences and Center Parcs domains.

In this backdrop, on 2 February, the Group initiated an amicable conciliation procedure for four months, with an extension possibility. The procedure aimed to reach amicable solutions with the Group's main partners, specifically its creditors and lessors, supervised by the conciliator.

Discussions between the Group and its various financial partners resulted in a new financing agreement<sup>1</sup> for a loan of a maximum amount of €300 million, including a first tranche of €175 million (due to be made fully available in early June 2021) and a second tranche that can be cancelled with no penalty, of a maximum amount of €125 million (to be drawn in full or partly by end-October 2021 at the latest). This financing is primarily aimed at covering the Group's short-term requirements for operating activities pending an operation to strengthen equity that is being set up in parallel, with several signs of interest already received by the Group.

At the same time, after suspending rental payments to partners of the companies concerned by the conciliation procedure, the Group initiated discussions with its lessors and their main representatives with the aim of drawing up joint solutions for the handling of rents.

Finally, the Group has called on the French government for compensation in reference to the measures adopted concerning ski-lifts in ski stations.

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<sup>1</sup> The terms of this new financing are described in detail in the press release of 10 May 2021.

## Reinvention Strategic Plan<sup>2</sup>

On 18 May, the Group announced its new strategic plan for 2025, Reinvention.

Aimed at **creating performance and value**, this strategic plan is based on a new vision of reinvented local tourism, with three major decisions:

- A radical modernisation and generalised premiumisation, underpinned by additional investments (€130 million) relative to the previous plan, in addition to a renovation programme of more than €700 million for the Center Parcs domains, majority financed by their owners.
- Switching from a host offer to a 100% experience-based offer, that is more digital, personalised and service-based.
- An ambitious and responsible development, with new concepts, placing our property development expertise at the service of customer experience.

The strategic should result in a **significantly improved performance**<sup>3</sup>:

- Prospective revenue from the tourism businesses of €1.838 billion in 2025 (€1.587 billion in 2023), up by €473 million relative to 2019.
- A reduction in support function expenses to reach 7.5% of revenue in 2025 vs. 12.6% in 2019, or €24 million in additional savings,
- Target Group EBITDA<sup>4</sup> of €275 million in 2025 (€146 million in 2023), of which €255 million generated by the tourism businesses and €20 million by the property development businesses. Current operating margin in the tourism businesses ought to reach 5% in 2023 and 10% in 2025.
- Cash flows before financing of €176m in 2025 (€49 million in 2023), or operating cash generation of €273 million over 2022-2025.

## II. Revenue and net income for the first half of 2020/2021 (1 October 2020 to 31 March 2021)

The financial items commented on hereafter stem from operating reporting, which is more representative of the performances and economic reality of the contribution from each of the Group's businesses, i.e. excluding the impact of IFRS16 application for all financial statements and excluding the impact of IFRS11 for income statement items (with no change relative to the Group's historical operating reporting presentation).

Moreover, the operating and legal reorganisation implemented since 1 February 2021 resulting in the regrouping of each of the Group's activities into distinct and autonomous Business Lines, has led to a change in sectoral information in application of IFRS8. The main consequence for communication of the Group's results is the presentation of the contribution from each operating sector, including the Adagio operating entity.<sup>5</sup> Financial years prior to the change in legal structure are set out by business (Tourism and Property Development), in line with the Group's historical operating reporting.

Note that the Group's operating reporting is set out in Note 3 - Information by operating segment in the appendix to the half-year consolidated financial statements. A reconciliation table with the primary financial statements is presented hereafter.

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<sup>2</sup> The full financing of this plan remains subject to an operation to strengthen the Group's equity. The targets mentioned in the strategic plan take precedence over all other targets previously communicated by the Group.

<sup>3</sup> Additional financial information, as well as the financial items resuming the terms of the new financing and the Group's estimated liquidity position between June 2021 and September 2022 on the basis of the main assumptions retained, are set out in the appendix of the detailed presentation of the strategic plan available on the Group's website ([www.groupepvcp.com](http://www.groupepvcp.com)) under "Presentations". Note in particular that the financial items communicated for 2021 in this presentation, are made up of prospective data drawn up on 15 April 2021 under the framework of the conciliation procedure which remain subject to significant uncertainties, notably concerning the recovery in the Group's activity. These elements do not factor in the outcome of discussions underway with the group's various partners, or eventual government compensation measures currently being decided, and may therefore not be construed as either a target or an estimate.

<sup>4</sup> EBITDA: Earnings before interest depreciation and amortisation

<sup>5</sup> The entity includes the contribution from leases taken out by the PVCP Group and entrusted to the joint-venture Adagio SAS for management, as well as the share of the contribution from Adagio SAS held by the Group.

## 2.1. Revenue

<i>€ millions</i>	<b>2020/2021</b> <i>according to operating reporting</i>	<b>2019/2020</b> <i>according to operating reporting</i>	<b>Change</b>
<b>Tourism</b>	<b>165.0</b>	<b>547.4</b>	<b>-69.9%</b>
- Center Parcs Europe	93.2	320.7	-70.9%
- Pierre & Vacances Tourisme Europe	46.3	152.0	-69.5%
- Adagio	25.5	74.7	-65.9%
<b><i>o/w accommodation revenue</i></b>	<b><i>108.3</i></b>	<b><i>367.1</i></b>	<b><i>-70.5%</i></b>
- <i>Center Parcs Europe</i>	<i>64.8</i>	<i>211.3</i>	<i>-69.3%</i>
- <i>Pierre &amp; Vacances Tourisme Europe</i>	<i>23.4</i>	<i>92.2</i>	<i>-74.6%</i>
- <i>Adagio</i>	<i>20.1</i>	<i>63.6</i>	<i>-68.3%</i>
<b>Property development</b>	<b>132.2</b>	<b>148.6</b>	<b>-11.0%</b>
<b>Total H1</b>	<b>297.2</b>	<b>696.0</b>	<b>-57.3%</b>

- **Tourism revenue**

H1 2020/2021 tourism revenue stood at €165 million, down 69.9% relative to H1 2019/2020, with the Group's businesses suffering massively from the ongoing health crisis in Europe and the ensuing restrictive measures:

- Center Parcs Europe incurred a 70.9% decline affected by a very low level of operation of the Belgian, French and German domains, closed for most of the half-year period (as of early November), and restricted offers at the Dutch domains (quotas or closure of the Aquamundo, indoor activities and restaurants);
- Pierre & Vacances Tourisme Europe incurred a 69.5% decline penalised by the closure of virtually all its residences during the second lockdown and the limited reopenings over the rest of the half-year period, especially at the mountain resorts due to the closure of ski-lifts.
- The Adagio residences revenue was down 65.9%, affected by the lack of business and international clients, and the closure of almost one third of the apart-hotels.

- **Revenue from property development**

H1 2020/2021 property development revenue totalled €132.2 million, compared with €148.6 million, driven primarily by the contribution from renovation operations for Center Parcs (€65.8 million), Senioriales residences (€33.6 million) and the Center Parcs Lot-et-Garonne (€16.9 million).

## 2.2 Results

The Group's earnings are structurally loss-making in the first half period due to the seasonal nature of its businesses. On 31 March 2021, results were also harshly affected by the ongoing health crisis.

€ millions	H1 2021	H1 2020
<b>Revenue</b>	<b>297.2</b>	<b>696.0</b>
<b>Tourism</b>	<b>165.0</b>	<b>547.4</b>
<b>Property development</b>	<b>132.2</b>	<b>148.6</b>
<b>EBITDA</b>	<b>-286.1</b>	
<b>Tourism</b>	<b>-279.1</b>	
Center Parcs Europe	-176.6	
Pierre & Vacances Tourisme Europe	-77.2	
Adagio	-25.3	
<b>Property development</b>	<b>-7.0</b>	
<b>Current operating profit (loss)</b>	<b>-307.2</b>	<b>-125.6</b>
<b>Tourism</b>	<b>-297.3</b>	<b>-116.7</b>
<b>Property development</b>	<b>-9.9</b>	<b>-9.0</b>
Financial items	-13.1	-10.5
Other operating income and expense	-11.2	-10.6
Equity associates	-0.9	-0.6
Taxes	-9.6	1.6
<b>Profit (loss) for the year</b>	<b>-342.0</b>	<b>-145.8</b>
Group share	-342.2	-145.8
Non-controlling interests	+0.2	0.0

The current operating loss amounted to -€307.2 million (vs. -€125.6 million during H1 2019/2020), harshly affected by the closure or operation at reduced services of a large number of sites for the majority of the half-year period.

The Group therefore incurred a decline in tourism revenue of €382 million resulting in a loss of almost €190 million and including, in addition to the reduction in costs related to the partial or full closure of the sites:

- compensation related to the decline in revenue (primarily for short-time working measures in France) of around €30 million.
- rental savings of a net amount of €20 million, limited at this stage pending the outcome of negotiations underway to (i) rents for individual lessors suspended for the periods of administrative closure<sup>6</sup> (November to mid-December 2020), (ii) net savings generated by the application of agreements concluded with institutional lessors for the period of March-May 2020 and concerning this first half of 2020/2021 (write-off/variable rents with minimum amounts guaranteed, net of provisioning for rents for the return to better fortune clauses).

The first half also recorded savings made as part of the Change Up plan for €12 million.

Net financial expenses totalled €13.1 million, higher than the level in H1 2019/2020 mainly due to additional interest expenses for the drawing on credit lines and the state-backed loan obtained in June 2020.

Other operating expense totalled €11.2 million. This was primarily made up of costs related to the legal reorganisation and the conciliation procedure for an amount of €6.6 million, as well as depreciation of intangible assets and property stocks for a total of €3.1 million.

<sup>6</sup> on the principal basis of inexecution exception.

**Tax expenses** totalled €9.6 million, mainly for the reversal of deferred tax assets in France.

**The Group's net loss** came in at €342.0 million vs. -€145.8 million in the first half of 2019/2020, in the context of the ongoing health crisis.

### 2.3. Balance sheet items

#### Simplified balance sheet

€ millions	31 March 2021	30 Sep. 2020	Change
Goodwill	138.2	140.0	-1.8
Net fixed assets	345.9	362.3	-16.4
Lease assets	83.4	86.1	-2.7
<b>TOTAL USES</b>	<b>567.5</b>	<b>588.4</b>	<b>-20.9</b>
Share capital	-425.2	-83.9	-341.3
Provisions for risks and charges	86.9	111.2	-24.3
Net financial debt	644.7	330.6	314.1
Debt related to lease assets obligations	93.2	94.7	-1.5
WCR and others	167.9	135.8	32.1
<b>TOTAL RESOURCES</b>	<b>567.5</b>	<b>588.4</b>	<b>-20.9</b>

#### Net financial debt

€ millions	31 March 2021	30 Sep. 2020	Change	31 March 2020	Change
<b>Bank/bond debt</b>	<b>532.4</b>	528.8	3.6	<b>269.4</b>	263.0
<b>Cash (net of overdrafts/drawn revolving credit lines)</b>	<b>112.3</b>	-198.3	310.6	<b>31.8</b>	80.5
<i>Available cash</i>	-149.6	-205.3	55.7	-252.8	103.2
<i>Drawn credit lines and overdrafts</i>	261.9	7.0	254.9	284.6	-22.7
<b>Net financial debt</b>	<b>644.7</b>	<b>330.6</b>	<b>314.1</b>	<b>301.2</b>	<b>343.5</b>

Net financial debt (bank/bond debt minus net cash) on 31 March 2021 (€644.7 millions) 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 €46.2 million (of which €24.8 million for the CP programme in the Lot-et-Garonne, €12.5 million for the Avoriaz programme and €8.9 million in Seniorales accompaniment loans);
- credit lines drawn down in the backdrop of the health crisis for an amount of €261.9 million (revolving, confirmed credit lines and overdrafts authorised);
- accrued interest for an amount of €9.4 million;
- net of available cash for €149.6 million.

### III. Outlook

#### Conciliation procedure

The Group is completing the financial contractual documentation and the removal of suspensive conditions related to the implementation of a new financing round, the first €175 million tranche of which should be made available in full in the coming days.

Note that this new loan enables the Group to finance its future business pending an operation to strengthen its equity, for which an agreement is envisaged by early 2022 at the latest (discussions are underway with some investors who have expressed their interest).

In line with the conditions applicable to this new financing, the conciliation procedure has been prolonged until 2 December 2021, in order to allow the Group the time to finalise its discussions with various partners under the supervision of the conciliator. Under this framework, on the 27 May, the discussions undertaken with the main representatives of individual lessors resulted in a proposal made by the Group to partly settle rental payments combined with several options, conditions and pledges. This proposal notably plans for rental payments not written off to resume on 31 July 2021 at the latest to the benefit of lessors who agree to accept it. Discussions with institutional lessors of companies concerned by the scope of the conciliation procedure are also continuing at the same time.

#### Tourism reservations

Since the announcement of the easing of lockdown measures in April, the Group has recorded a surge in tourism reservations for both immediate departures and for the peak summer season. Weekly reservation flows have therefore tripled over the past six weeks and over the past three weeks, are higher than those of the same period in 2019.

These encouraging trends reassure the Group in its ability to bounce back after more than a year of difficulties due to the Covid-19 health crisis.

#### IV. Appendix: Reconciliation table

As stated above, the Group's financial communication is in line with its 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 financial statements. Indeed, in the Group's internal financial reporting, rental expense is recognised as an operating expense. Rental savings obtained in the form of credit notes or write-offs, are recognised as a deduction from operating expenses at the time when the rental debt is removed legally. In contrast, under the IFRS16 standard, rental expenses are replaced by financial interest and the linear depreciation expense over the duration of the right of use lease. The rental savings obtained from lessors are not recognised in the income statement, but are deducted from the right of use value and the rental obligation, thereby reducing by as much the depreciation and financial expenses still to be booked over the residual duration of the leases;
- with the presentation of joint undertakings in proportional consolidation (i.e. excluding application of IFRS 11) for profit and loss items.

Note that the Group's operating reporting as monitored by management, in compliance with IFRS8, is presented in Note 3 - Information on the operating segment of the appendix to the half year consolidated financial statements as of 31 March 2021.

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

#### Income statement

<i>(€ millions)</i>	<b>H1 2021 operating reporting</b>	IFRS 11 adjustments	Impact of IFRS 16	<b>H1 2021 IFRS</b>
Revenue	297.2	-12.5	-40.2	244.5
External purchases and services	-449.7	+23.1	+195. <sup>(1)</sup>	-231.5
Operating income and expenses	-128.0	+3.8	+0.1	-124.1
Depreciation, amortisation, provisions	-26.7	+2.0	-122.3	-147.0
<b>Current operating profit (loss)</b>	<b>-307.2</b>	<b>+16.3</b>	<b>+32.7</b>	<b>-258.1</b>
Other operating income and expense	-11.2	-	-	-11.2
Financial items	-13.1	+1.3	-81.7	-93.5
Equity associates	-0.9	-17.6	-1.7	-20.2
Income tax	-9.6	-0.1	-	-9.7
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>-342.0</b>	<b>-</b>	<b>-50.7</b>	<b>-392.7</b>

(1) Of which:

- Cost of sales: +€40.0m
- Rents: +€155.1m: in the Group's internal financial reporting, rental expense is recognised as an operating expense. Rental savings obtained in the form of credit notes or write-offs, are recognised as a deduction from operating expenses at the time when the rental debt is removed legally. The amount of €155m therefore includes €18m in rental write-offs for the periods of administrative closures during which the Group considers, on the basis of inexecution exception legal foundation or that of the measures set out in Article 1722 of the Civil Code, that the rental debt has been extinguished.

<i>(€ millions)</i>	<b>H1 2020 operating reporting</b>	IFRS 11 adjustments	Impact of IFRS 16	<b>H1 2020 IFRS</b>
Revenue	696.0	- 31.0	- 36.4	628.7
External purchases and services	-591.2	+26.5	+222.9*	- 341.8
Operating income and expenses	-204.0	+7.7	+3.6	-192.7
Depreciation, amortisation, provisions	-26.4	+2.0	-135.6	-160.0
<b>Current operating profit (loss)</b>	<b>- 125.6</b>	<b>+5.2</b>	<b>+54.5</b>	<b>- 65.9</b>
Other operating income and expense	- 10.6	+ 0.2	0.0	- 10.4
Financial items	- 10.5	+1.5	- 68.5	- 77.5
Equity associates	- 0.6	- 6.7	- 0.9	- 8.2
Income tax	+ 1.6	- 0.2	+ 0.9	2.3
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>- 145.8</b>	<b>0.0</b>	<b>- 14.0</b>	<b>- 159.8</b>

\* of which cost of sales: +€35.8m, Rents: +€187.1m

### Balance sheet

<i>(€ millions)</i>	<b>H1 2021 operating reporting</b>	Impact of IFRS 16	<b>H1 2021 IFRS</b>
Goodwill	138.2	-	138.2
Net fixed assets	345.9	-	345.9
Lease/right of use assets	83.4	+2,208.3	2,291.7
<b>Uses</b>	<b>567.5</b>	<b>2,208.3</b>	<b>2,775.8</b>
Share capital	-425.2	-528.1	-953.3
Provisions for risks and charges	86.9	+11.1	98.0
Net financial debt	644.7	-	644.7
Debt related to lease assets / lease obligations	93.2	+2,767.8	2,861.1
WCR and others	167.9	-42.6	163.3
<b>Resources</b>	<b>567.5</b>	<b>2,208.3</b>	<b>2,775.8</b>

<i>(€ millions)</i>	<b>FY 2020 operating reporting</b>	Impact of IFRS 16	<b>FY 2020 IFRS</b>
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
<b>Uses</b>	<b>588.4</b>	<b>+ 2,245.3</b>	<b>2,833.7</b>
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
<b>Resources</b>	<b>588.4</b>	<b>+ 2,245.3</b>	<b>2,833.7</b>



## Cash flow statement

(€ millions)	H1 2021 operating reporting	Impact of IFRS 16	H1 2021 IFRS
Cash flows after interest and tax	-293.9	+73.2	-220.7
Change in working capital requirement	-4.8*	+32.5	27.7*
<b>Flows from operations</b>	<b>-298.7</b>	<b>+105.7</b>	<b>-193.0</b>
Net investments related to operations	-11.4	-	-11.4
Net financial investments	+3.1	-	+3.1
Acquisition of subsidiaries	+0.9	-	+0.9
<b>Flows allocated to investments</b>	<b>-7.4*</b>	<b>-</b>	<b>-7.4*</b>
<b>Operating cash flows</b>	<b>-306.1</b>	<b>+105.7</b>	<b>-200.4</b>
<b>Flows allocated to financing</b>	<b>-4.4</b>	<b>-105.7</b>	<b>-110.1</b>
<b>CHANGE IN CASH</b>	<b>-310.5</b>	<b>-</b>	<b>-310.5</b>

(€ millions)	H1 2020 operating reporting	Impact of IFRS 16	H1 2020 IFRS
Cash flows after interest and tax	-130.3	+118.6	-11.7
Change in working capital requirement	-11.4*	+32.3	21.0*
<b>Flows from operations</b>	<b>-141.7</b>	<b>150.9</b>	<b>9.3</b>
Net investments related to operations	-22.2	0.0	-22.2
Net financial investments	-5.0	0.0	-5.0
Acquisition of subsidiaries	-0.2	0.0	-0.2
<b>Flows allocated to investments</b>	<b>-27.4*</b>	<b>0.0</b>	<b>-27.4*</b>
<b>Operating cash flows</b>	<b>-169.1</b>	<b>150.9</b>	<b>-18.1</b>
<b>Flows allocated to financing</b>	<b>23.8</b>	<b>-150.9</b>	<b>-127.1</b>
<b>CHANGE IN CASH</b>	<b>-145.3</b>	<b>0.0</b>	<b>-145.3</b>

\* Reclassification of the inflow of income from equity-accounted investments (+€0.4 million in H1 2020/2021 and +€0.7 million in H1 2019/2020) from cash flows from investment activities to cash flows from operating activities (change in WCR).

### 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 IFRS 16:

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 paymentsThe 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, of 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.

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