Press Release

Compagnie des Alpes

2017/2018 ANNUAL RESULTS:
VERY GOOD OPERATING AND FINANCIAL PERFORMANCES

- **Sales up by 3.1% on a comparable basis**
- **Operating margin targets reached**
  - **EBITDA margin for Ski Areas: 37.1% of sales**
  - **EBITDA margin for Leisure Destinations (excluding Futuroscope): 27.0% of sales**
- **Strong growth in net attributable income, Group share: +82.6% to €57.2M**
- **Recommended dividend of 0.65 € per share, an increase of 30%**

Paris, December 10, 2018 – The Board of Directors of Compagnie des Alpes, in a meeting chaired by Dominique Marcel, approved the Group's consolidated financial statements for the financial year ended 09/30/2018 (audited financial statements).

(in €M)	Actual data restated *			Comparable scope **		
	2017/18	**2016/17**	**Change**	**2017/18**	**2016/17**	**Change**
Sales	**801.2**	755.9	+6.0%	778.5	755.2	+3.1%
EBITDA	**218.3**	207.2	+5.4%	217.4	208.2	+4.4%
EBITDA/Sales	***27.2%***	*27.4%*	*-20 bps*	*27.9%*	*27.6%*	*+30 bps*
Operating income	**97.0**	98.9	-1.9%	-	-	-
Net attributable income, Group share	**57.2**	31.3	+82.6%	-	-	-
Net investments	**186.2**	159.6	+26.6 M	-	-	-
Free cash flow from operations [1]	**31.8**	50.1	-18.3 M	-	-	-

** Results for the 2017/2018 financial year factor in the acquisition of Travelfactory, changes in scope, certain reclassifications between divisions, and a change in accounting method, all detailed at the end of this press release.*
*** Sales for 2017/2018 and 2016/2017 are restated actual data and excluding Travelfactory.*

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Commenting on the results for the period ended, Dominique Marcel, Chairman and CEO of Compagnie des Alpes, stated: "*This was an excellent year, with historic operational and financial performances. Once again, we achieved our margin targets for our traditional businesses and maintained our return on capital employed above 8% despite an unprecedented investment effort. This upward investment trend will continue into 2018/2019 because it allows us to improve our profitability over time but also because it is the foundation of our future growth. Its positive effects can also be seen in further improvements in customer satisfaction ratings at the vast majority of our sites.*

During the year, the Group showed its agility, particularly through the acquisition of Travelfactory, which makes us the leading online distributor of ski holidays in France, but also thanks to the successful sale of our Seoul and Prague operations. Combined with the effects of refinancing our debt in 2017, this has led to a significant improvement in our financial results.

[1] See glossary

The Group's skill, expertise, and operational excellence were once again demonstrated, notably during the renovation of the Jardin d'Acclimatation as well as more recently with the signing of several contracts in China in the run up to the next Olympic Games. In addition, an industrial partnership was concluded with the Fosun group for the construction of a new generation snow dome in the Shanghai area".

HEALTHY BUSINESS ACROSS THE BOARD AND TRAVELFACTORY INTEGRATION

Consolidated sales for the Group reached €801.2M, an increase of 6.0% on a restated basis and of 3.1% on a comparable scope basis. This performance reflects growth in the Group's two core businesses.

For the **Ski Areas** division, growth was +3.0% against a backdrop of heavy snowfall across mountainous regions in France and sometimes extreme weather conditions, which limited hours of operation, particularly in January. Sales for the year came to €429.3M. For lift ticket sales, which account for the bulk of sales, growth was 2.1%, an increase that is attributable to a further increase in the number of skier days (+0.8%), for the third year in a row, as well as a rise in sales per skier day (+1.3%).

For the **Leisure Destinations** division, sales rose by 4.3% on a comparable scope basis, reaching €339.9M. Sales were driven by good momentum in spend per visitor, which continues to grow (+ 3.0%), thanks in particular to higher in-park spend and higher attendance (+1.3%). The latter hit a new record of 8.8 million visits without negatively impacting customer satisfaction, which is once again on the rise for most sites.

Holdings and Supports reported sales of €32.0M, versus €12.4M on a restated basis the previous financial year, which did not include Travelfactory, consolidated as of January 1, 2018, and whose integration within the Group is progressing in a wholly satisfactory manner. The year was also marked by new consulting assignments, a business that increased by more than 25% compared to last year. On a like-for-like basis (excluding Travelfactory), the decrease in sales is due to a difference in revenue recognition method for historical online distribution activities and real estate agencies.

GROUP PROFITABILITY IMPROVES AGAIN

EBITDA progressed by 5.4% on a restated basis, reaching €218.3M. The EBITDA/Sales ratio is virtually unchanged at 27.3% despite the dilutive impact of the Travelfactory. On a like-for-like basis, the Group's EBO margin rate increased by 30 basis points to 27.9%, the result of both the resilience of the ski area division's profitability and further growth in leisure destinations.

Ski Area EBITDA came to €159.3M, an increase of +3.2% compared with the previous financial year despite very challenging operating conditions this year. The EBITDA/Sales ratio rose slightly, to 37.1%, in line with the Group's stated target.

EBITDA for **Leisure Destinations** posted a solid rise of +7.4% on a comparable scope basis, reaching €82M. Since the strategic shift was announced in December 2013, EBITDA for this division has thus been multiplied by 2.7 in 6 years on a comparable basis. Compared with the previous year, the EBITDA/Sales ratio improved by 70 basis points, to 24.1%. Excluding Futuroscope, it amounts to 27.0%, which means that it reached the goal that the Group had set for 2019.

EBITDA for **Holdings and Supports** (including Travelfactory for 9 months and Alpes Ski Résa for 12 months) came to a loss of €22.9M, a 2.2% improvement on a reported basis. The centralization of a number of cross-business functions (Communications, HR management, IT, Ticketing, Unified management software, Marketing) represents most of the costs of this segment.

Operating Income (OI) fell slightly, to €97.0M versus €98.9M the previous year, which got a boost from non-recurring items amounting to €3.3M. Excluding these non-recurring items from last year, operating income would have increased even though depreciation and amortization increased by 7.2%, reflecting the Group's proactive strategy in terms of investments over the last years.

Sharp rise in net income

The **net cost of debt** was nearly cut in half after the Group refinancing that was rolled out at the start of the year. The average interest rate went from 4.03% in 2016/2017 to 2.17% in 2017/2018.

The income from discontinued businesses was a net positive of €3.7M. Thanks to the rapid disposals of the Prague and Seoul sites, it was possible to limit operating losses during the year, which were more than offset by the proceeds from these disposals. For the previous financial year, the net contribution from discontinued operations represented a loss of € 24.7 million, including an impairment charge of € 18.8 million.

Consolidated net income thus rose by more than 58%, to €63.2M, compared with €39.9M for the previous year.

In light of a decrease in minority interests, **net attributable income, Group share,** for the 2017/2018 financial year increased by more than 82%, reaching €57.2M, versus €31.3M for the previous year.

Controlled rise in investments

As expected, **industrial investments net** of disposals increased by almost €27M on a restated basis compared with the prior year and amounted to €186.2M. For ski areas, they increased by € 6.6 million and represent 21.2% of sales for this division. For leisure destinations, they rose by € 21.1 million, mainly due to the construction of hotels at Parc Astérix and the indoor water park at Bellewaerde. They represent 26.8% of this division's sales.

Free Cash flow from operations[2] is directly impacted by this increase in investments. It was €31.8M for the year, a decrease of €18.3M over last year.

Net debt rose from €380.5M to €402.3M. Conversely, the **net debt/EBITDA** ratio continues to improve and ended the period at 1.84, versus 1.87 at the end of last year. The Group thus has a large self-financing capacity and is well within the limits imposed by its banking covenant (net debt/EBITDA ratio below 3.5).

Operational ROCE,[3] which measures the profitability of capital invested in Ski Areas and Leisure Destinations, was 8.2%, above the target set by the Group for 2019 (above 8%). The slight decrease compared with the previous year is due to the investments made during the financial year - in particular the Parc Astérix lodging projects and the Bellewaerde indoor water park - which will begin to generate cash flow only after delivery.

Dividend recommendation: 0.65 € / share

In light of the Group's good performance, the Board of Directors will ask that the shareholders approve the distribution of a dividend of € 0.65 per share when they meet on March 7, 2019, an increase of 30% over the previous financial year and a payout ratio of 28% of the Group's share of net income. This dividend amount demonstrates the Group's confidence that its performance will continue to be good and is consistent with the expected level of investment in the medium term.

[2] See glossary
[3] See glossary

OUTLOOK & STRATEGY

Ski Areas

The first snowfall, which has occurred in recent weeks, has allowed the stations to open according to schedule. To date, the dynamics of reservation is slightly more favorable than last year at the same time. Although this data is partial, these indicators allow the Group to start the season with confidence.

As of the 2018/2019 financial year, the Group will apply IFRS 15 on revenue recognition. The effect will be totally neutral on sales for the full year but will result in a change in its distribution by quarter.

Leisure Destinations

After five consecutive years of strong growth, sales during the Halloween period is consolidating in 2018/2019, while pre-sales of Arbres de Noël at Parc Astérix are slightly higher than those recorded last year, trends that are in line to our expectations.
Concerning the 2nd quarter, Grévin Paris will be closed from January 7 to February 7 for enhancement work (scripting of the visit and the customer experience and optimization of visitor flow management).

Investments, margin and profitability targets

Continuing on after the close of this financial year, investments will continue to increase in 2018/2019.

For **Ski Areas**, the annual investment budget will be increased by €10 million given the commitments made in connection with recently renewed or extended DSPs and the Group's desire to continue to secure snow cover and support the objective of the great customer satisfaction program with the installation of new lifts and major structuring projects.

With regard to the Ski Area division, the Group has set an EBITDA margin target of 36 to 37% for the 2018/2019 financial year. This slight decrease compared to the 2017/2018 financial year is due to the anticipated increase in a number of operating expenses, such as energy expenditure and insurance costs.

For **Leisure Destinations**, the investment effort will be increased by €8M. The investments will focus on the final phase of the hotel project at Parc Astérix and the construction of a third hotel, Les Quais de Lutèce, which will also have a capacity of 150 rooms and which is expected to open in 2020. Consequently, the hotel capacity for this site will have increased from 100 rooms in 2017 to 450 rooms in 2020, thanks to the renovation and expansion of the original hotel and the construction of two new themed hotels, the Cité Suspendue and the Quays de Lutèce. The investment effort also concerns the ongoing construction of a 3,000-square-meter indoor water park that will be adjacent to the Bellewaerde facility and thus enable a number of synergies, particularly in operations and marketing. This water park is scheduled to open in mid-2019.

The Group's objective for its Leisure Destinations division is to deliver an EBITDA/Sales margin (excluding Futuroscope) of between 27% and 28%, which is higher than the level reached for financial year 2017/2018.

Lastly, the 2022 target for **Operating ROOC** in excess of the level it reached last year is maintained, it being confirmed that this evolution will not be linear.

Upcoming events:

- 1Q 2018/2019 sales: Thursday, January 17, 2019, after stock market closes
- Annual Shareholders' Meeting: Thursday, March 7, 2019, afternoon
- 2Q 2018/2019 sales: Thursday, April 18, 2019, after stock market closes

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Additional information

1 – Consolidated annual results, audited – October 1, 2017 through September 30, 2018

(in €M)	FY 2017 / 2018 Actual scope (1)	FY 2016 / 2017 Comparable scope, restated (3)	Change % (1) - (3) / (3)	FY 2016 / 2017 Actual scope, restated (4)	Change % (1) - (4) / (4)
Sales	801,2	755,2	*6,1%*	755,9	*6,0%*
EBITDA	218,3	208,2	*4,8%*	207,2	*5,4%*
EBITDA/Sales	*27,3%*	*27,6%*	*-1,2%*	*27,4%*	
Operating Income	97,0	98,8	*-1,8%*	98,9	*-1,9%*
Net cost of debt and miscellaneous	-12,3			-19,0	*-35,6%*
Tax expense	-29,7			-19,9	*49,2%*
Equity method investees	4,5			4,7	*-4,8%*
Net income, going concerns	59,5			64,6	*-8,0%*
Net income, discontinued businesses	3,7			-24,7	
Net Income	**63,2**			**39,9**	***58,3%***
Minority interests	-6,0			-8,6	*-30,5%*
Net attributable income, Group share	**57,2**			**31,3**	***82,6%***

2 – Sales by division

(in €M)	FY 2017 / 2018 Actual scope (1)	FY 2016 / 2017 Comparable scope, restated (3)	Change % (1) - (3) / (3)	FY 2016 / 2017 Actual scope, restated (4)	Change % (1) - (4) / (4)
Ski Areas	429,3	416,9	3,0%	416,9	3,0%
Leisure Destinations	339,9	325,9	4,3%	326,6	4,1%
Holdings and supports	32,0	12,4	157,6%	12,4	157,6%
Sales	**801,2**	**755,2**	**6,1%**	**755,9**	**6,0%**

3 – EBITDA by division

(in €M)	FY 2017 / 2018 Actual scope (1)	% Sales 2017 / 2018 Actual scope	FY 2016 / 2017 Comparable scope, restated (3)	% du CA 2016 / 2017 Comparable scope, restated	% Change (1) - (3) / (3)	FY 2016 / 2017 Actual scope, restated (4)	% Change (1) - (4) / (4)
Ski Areas	159,3	37,1%	154,3	37,0%	3,2%	154,3	3,2%
Leisure Destinations	82,0	24,1%	77,4	23,7%	-5,9%	76,3	-7,4%
Holdings and supports	-22,9	-71,6%	-23,4	-188,6%	2,2%	-23,4	2,2%
EBITDA	**218,3**	**27,3%**	**208,2**	**27,6%**	**4,8%**	**207,2**	**5,4%**

(*) Reported data for financial year 2017/2018 have been restated in application of IFRS 5 relative to discontinued businesses and take into account the reclassification of some businesses (see note 5.1). Data for 2016/2017 on a comparable scope basis totally exclude sales for Fort Fun (Grévin Deutschland), a park that was sold in April of 2017. Elles sont fournies jusqu'au résultat opérationnel

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Glossary

Divisional EBITDA: Combined EBITDA for Ski Areas, Leisure Destinations, and Group Development

Free Cash Flow: Difference between self-financing capacity and net industrial investments (changes in working capital requirements are not taken into account).

Self-financing Capacity: Net income

- Plus depreciation, amortization and provisions, capital losses on disposals, dividends paid by companies accounted for under the equity method, and any other charges without cash impact
- Less reversals of provisions, capital gains on disposals, the share of income in companies accounted for by the equity method, and any other non-cash income.

Net industrial investments: Acquisitions of tangible and intangible assets net of changes in accounts payable for fixed assets and proceeds from the sale of fixed assets.

Free Cash Flow from Operations: Free cash flow before interest expense and taxes.

ROOC: used to measure the profitability of capital invested in the Group's core businesses (Ski Areas and Leisure Destinations). It corresponds to the ratio, for each division and aggregated for both divisions, of after tax operating income to consolidated net assets excluding goodwill.

- **After tax operating income** is calculated after the deduction of a theoretical tax expense based on the normative tax rate of 33.33%
- **Net assets** used excluding goodwill include:
    - The net values of long-term fixed assets after the exclusion of goodwill
    - Working capital requirement
    - Deferred tax assets net of deferred tax liabilities
    - Current provisions

For financial year 2017/2018, the reconciliation of ROOC is as follows:

	Ski Areas and Leisure Destinations	Rest of the Group	Group Total
Operating Income	108 880	- 11 881	97 000
Theoretical taxation (33.33%)	- 36 290	3 960	- 32 330
After-tax operating income	72 590	- 7 921	64 670
Assets used ex-goodwill	888 228	- 17 802	870 426
Divisional operating ROCE	**8,2%**		**7,4%**

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Restatements and comparable scope

Results for the 2017/2018 financial year factor in the acquisition of Travelfactory, changes in scope, certain reclassifications between divisions, and a change in accounting method*:*

- I – Restated data correspond to 2016/2017 sales as reported, from which the Prague and Seoul facilities have been removed (and reclassified under discontinued businesses) and within which the following divisional reclassifications were made:
  - Sales for Grévin Montréal and Chaplin's World by Grévin, as well as those from CDA Production previously accounted for under the former BU Group Development (now included under the BU Holdings and Supports) are now included under the BU Leisure Destinations.
  - Real estate agencies and online distribution (including Alpes Ski Résa), previously accounted for under the BU Ski Areas, have been reclassified and are now included under the BU Holdings and Supports, as are the consulting activities carried out by CDA Management and CDA Beijing, which were previously classified under the BU Group Development.
  - Futuroscope sales for financial year 2016/2017 were adjusted to align its accounting method with that used in 2017/2018. As a result of this restatement, sales related to the transfer of certain costs (energy, sales commissions, back margin) were neutralized, as were the corresponding expenditures. Consequently, this restatement had no effect on EBITDA while improving the comparability of margins.
- II – Accounting scope: Comparable scope results for 2016/2017 correspond to reported sales as restated (see point I above), from which Fort Fun (sold in April 2017) results have been eliminated.
- III - Comparable scope change: The difference is calculated by comparing 2017/2018 sales as reported, from which Travelfactory has been eliminated (consolidated as of 01/01/18) from comparable scope 16/17 results (see point II.)

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