Groupe
Pierre & Vacances
CenterParcs

First-half results for the year ending 30 September 2017

Paris, 30 May 2017

- **First-half results affected by heightened seasonal factors in the tourism and property development businesses and costs associated with the delivery of Villages Nature;**
- **Target confirmed for sharp growth in full-year current operating income excluding costs for Villages Nature over the year.**

I. Main events during H1 2016/2017

50th birthday celebration for Pierre & Vacances-Center Parcs

Created in 1967 by its Chairman-CEO, Gérard Brémond, the Pierre & Vacances-Center Parcs Group celebrates its 50th anniversary this year. Festivities and promotional events were organised to mark the occasion, with the Group's customers, partners and 12,000 employees.

The Group is the leader in tourism residences in Europe. This positon legitimises both its locations and its business model, which adapts to economic, societal and cyclical changes.

II. First-half 2016/2017 revenue and results[1] (1 October 2016 to 31 March 2017)

The Group's first-half results are structurally loss-making due to the seasonal nature of the tourism business.

For 2016/17, the first-half figures are not representative of the performances expected over the full-year since they were affected especially by:

- the shift in the Easter school holidays to the second half period.
- a contribution from property renovation at the Center Parcs Domains, which is set to be concentrated in the second half.
- the integration of additional construction costs for Villages Nature, notably concerning the delay in the opening to August 2017.

[1] *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.*

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2.1 Revenue

For the tourism businesses, H1 2016/17 was affected by the shift in the Easter school holidays from the first half to the second half of the year (impact of -€11 million on H1 revenue, made up for in April) and to a lesser extent, the decline in stocks operated (impact of -€4 million).

The Group's tourism business therefore needs to be analysed on a like-for-like basis to reflect the underlying performance over the period.

Euro millions	H1 2016/17	H1 2015/16	Change	*Same-structure change**	*Like-for-like change***
Tourism	**532.8**	**521.8**	**+2.1%**	**0.0%**	
- Pierre & Vacances Tourisme Europe	260.3	251.4	+3.6%	-0.9%	
- Center Parcs Europe	272.4	270.4	+0.7%		
o/w accommodation turnover	***334.8***	***339.1***	***-1.3%***		***+3.2%***
- Pierre & Vacances Tourisme Europe	*159.8*	*164.5*	*-2.9%*		*+1.1%*
Excl. Adagio					*+3.0%*
- Center Parcs Europe	*175.1*	*174.6*	*+0.2%*		*+5.1%*
Property development	**81.9**	**63.8**	**+28.5%**		
Revenue	**614.7**	**585.5**	**+5.0%**	**+3.0%**	

**Adjusted for the impact of the acquisition on 13 April 2016 of "La France du Nord au Sud".*
*** On a like-for-like basis, revenue is adjusted for the impact of:*
- the shift of Easter Weekend and some of the Easter holidays from March in 2016 to April in 2017 (for Belgian, UK, German and Spanish customers),
- the net reduction in the network operated in the PVTE scope, due to the non-renewal of leases (mountain resorts mainly during H1) and the withdrawals from loss-making sites.

Group tourism revenue for H1 2016/17 totalled €532.8 million, **up 2.1% relative to H1 2015/16 and stable on a same-structure basis**.

Like-for-like accommodation turnover rose 3.2%.

- Pierre & Vacances Tourisme Europe reported a 3% increase in revenue excluding Adagio, driven by the mountain destinations (5.4%), with revenue from seaside destinations remaining virtually stable.
  Revenue from the Adagio residences was down 1.8%, primarily due to the period from 1 October to 15 November, which in 2015 was not affected by the terrorist attacks. Revenue was up 1.2% in the second quarter.
- Center Parcs Europe posted 5.1% growth in revenue driven by both the Dutch, Belgian and German Domains (+6%) and the French domains (+3.7%).

Supplementary income was up 8.4% and 2.1% on a same-scope basis. This growth concerned both Pierre & Vacances Tourisme Europe (+2.5% on a same-scope basis), with healthy performances from maeva.com and Center Parcs Europe (+1.6%).

Property development turnover totalled €81.9 million, up 28.5% relative to H1 2015/16 driven primarily by the contribution from the extension of the Domaine des Trois Forêts in Moselle-Lorraine (€15.0 million), Villages Nature (€9.9 million) and the Senioriales residences (€26.5 million).

Property reservations with individual investors stood at €154.9 million in H1 2016/17, corresponding to a pace of sales similar to that of the year-earlier period.

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2.2 Results

Euro millions	H1 2016/17	H1 2015/16
Revenue	614.7	585.5
Current operating income	**-96.1**	**-68.8**
Tourism	*-82.6*	*-73.4*
Property development	*-13.5*	*4.5*
Financial expenses	-9.6	-9.9
Other income and expense net of tax	-3.3	-2.4
Equity associates	-0.4	0.3
Taxes	3.5	5.3
Net income	**-105.9**	**-75.5**
Change in fair value of ORNANE bonds	-11.0	-0.3
Net income after change in FV of ORNANE bonds	-116.9	-75.8
Attributable to owners of the Company	*-116.9*	*-75.8*
Non-controlling interests	*0.0*	*0.0*

Current operating income from the tourism activities stood at -€82.6 million compared with -€73.4 million in H1 of the previous year.

It included:

- like-for-like growth in the business (+€7 million).
- the positive impact on the net contribution from the reduction in Pierre & Vacances Tourisme Europe stocks under the framework of lease renewals (a gain nevertheless limited over the period to +€1 million since it mostly concerned the loss of stocks in mountain locations that generally contribute during the winter season).
- Inflation on expenses (estimated at -€4 million).

This growth in the Group's recurring business was nevertheless affected by:

- the impact of the shift in the school holidays (lost earnings of €8 million made up for in April).
- the contribution of new Spanish destinations and of maeva.com (-€3 million, mainly summer seasonal effects).
- costs of the tourism pre-opening of Villages Nature (-€2 million).

Current operating income from the property businesses stood at -€13.5 million.

This result was affected by:

- the integration of additional construction costs at Villages Nature (-€10 million), in particular in view of the delay in the opening to August 2017.
- the seasonal nature of the property businesses associated with the development of renovation businesses at the Center Parcs Domains in Germany, the Netherlands and Belgium. Their contribution should be focused on the second half, whereas costs associated with international structures represented €4 million in H1.

Other income and expense net of tax primarily included the following non-recurring items:

- €1.7 million in restructuring costs;
- €1.6 million in communication costs for the Group's 50th birthday.

Before taking into account the change in fair value of the share allocation right for the ORNANE bond (€11 million expense due to the rise in the Pierre et Vacances share price), **the net loss for the period stood at €105.9 million.**

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2.3 Net debt

Euro millions	**31/03/2017**	30/09/2016	Change	**31/03/2016**	**Change**
Gross debt	303.4	294.4	9.0	233.5	69.9
Cash (net of overdrafts/ revolving credit draw-downs)	-49.2	-87.4	38.2	52.5	-101.7
Net debt	**254.2**	206.9	47.2	**286.0**	**-31.8**
o/w ***- net bank/bond debt***	***135.0***	*97.6*	*37.4*	***181.1***	***-46.0***
- rental commitments - facilities Ailette	*102.4*	*103.6*	*-1.1*	*104.6*	*-2.2*
- optional component of ORNANE bond (*)	*16.8*	*5.8*	*11.0*	*0.3*	*16.4*

(*) fair value valuation of the ORNANE optional component, correlated to change in the PV SA share price. A rise in the share price results in an increase in the debt associated with the optional component.

The Group's net debt **fell by €32 million** relative to the year-earlier period **and by €46 million** excluding the optional ORNANE component.

III. Outlook

3.1 Q3 2016/17 revenue

Tourism businesses

In view of the portfolio of reservations to date, **revenue in the tourism businesses should grow on a like-for-like basis** in Q3 2016/17 relative to Q3 of the previous year, driven by:

- For Center Parcs Europe, revenue from the Domains located in Germany, Belgium and the Netherlands.
- For Pierre & Vacances Tourisme Europe, healthy performances at seaside destinations.

Property development

Revenue from property development in Q3 2016/17 is set to be lower than that of Q3 2015/16 in line with the phasing of property development programmes.

The Group confirms its target for **2016/17 revenue of around €200 million, showing growth over the full year.**

3.2 Full-year 2016/17 results

In view of the positive outlook for the tourism and property development businesses in the second half of the year, and excluding the costs associated with the delivery and opening of Villages Nature over the year, the Group confirms its **target for sharp growth in 2016/17 current operating income relative to that of 2015/16**.

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IV. Reconciliation tables – IFRS statements

(Euro millions)	**H1 2017 operating reporting**	Change in fair value of ORNANE	Tax on other operating income/expense	IFRS 11 adjustments	**H1 2017** IFRS
Revenue	614.7			- 27.8	586.9
Current operating income	**-96.1**			**+13.2**	**-82.9**
Other operating income/expense	- 3.3		-0.3	+0.9	-2.8 (*)
Financial expenses	- 9.6	-11.0		+ 0.4	- 20.2
Equity affiliates	-0.4			-13.2	-13.6
Corporate tax	3.5		+0.3	-1.3	2.6
Change in fair value of ORNANE	- 11.0	+11.0			(**)
NET INCOME	**- 116.9**	0.0	0.0	0.0	**- 116.9**

* gross before tax

** the change in the fair value of the share allocation right for the ORNANE bond is included in the IFRS financial result

(Euro millions)	**H1 2016 operating reporting**	Change in fair value of ORNANE	Tax on other operating income/expense	Cost of early repayment of bank loan	IFRS 11 adjustments	**H1 2016** IFRS
Revenue	585.5				- 26.0	559.5
Current operating income	**-68.8**				**+4.7**	**-64.1**
Other operating income/expense	- 2.4		-0.1	+1.1	+0.1	-1.3 (*)
Financial expenses	- 9.9	-0.3		-1.1	- 0.1	- 11.4
Equity affiliates	0.3				-4.5	-4.2
Corporate tax	5.3		+0.1		-0.2	5.2
Change in fair value of ORNANE	- 0.3	+0.3				(**)
NET INCME	**- 75.8**	0.0	0.0	0.0	0.0	**- 75.8**

* gross before tax

** the change in the fair value of the share allocation right for the ORNANE bond is included in the IFRS financial result

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