Groupe
Pierre & Vacances
CenterParcs

Financial results for the year ending 30 September 2017

Paris, 22 November 2017

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 21 November 2017.

- Revenue[1] up 5.8%.
- Current operating profit[1] up 53%, excluding non-recurring costs during the year for Villages Nature.
- Positive momentum in tourism businesses and numerous developments, in France and abroad.

I. Highlights of 2016/2017

Celebration of the Pierre & Vacances-Center Parcs Group's 50th anniversary

Created in 1967 by its Chairman-CEO, Gérard Brémond, the Pierre & Vacances-Center Parcs Group celebrated its 50th anniversary this year. Numerous events were organised with the Group's customers, its various partners and its 12,000 staff members.

The Group is the leader in tourism residences and resorts in Europe. This position adds weight to both its brands and its business model, internationalised to respond to changes in economic, technologic and societal conditions.

Development of the tourism offering

Villages Nature® Paris

On 10 October 2017, the Euro Disney S.C.A. and Pierre & Vacances-Center Parcs groups inaugurated Villages Nature® Paris, the first European eco-tourism destination located 32km away from Paris and 6km away from Disneyland® Paris.

The first development covering 120 hectares comprises 868 apartments and cottages and five recreational universes for discovery and relaxation (the Aqualagon, the Lakeside Promenade, the Extraordinary Gardens, the BelleVie Farm, the Legendary Forest).

The next phase will be the building of around 250 additional cottages.

Extension of the Trois Forêts Center Parcs Domain in Moselle

On 20 October 2017, the Group inaugurated 141 new cottages at the Domain des Trois Forêts, as well as the "Forest Lodge" welcome and reception area and Ze Place, offering original sports activities.

The Domain des Trois Forêts is also developing its wellness offer with a Deep Nature® spa which is due to open in autumn 2018.

1 The revenue and financial indicators commented on in this press release stem from operating reporting with the presentation of joint-ventures under proportional consolidation

Development projects in China

The Pierre & Vacances-Center Parcs group signed :

- On 15 June 2017, agreements on the construction of two resorts inspired by Center Parcs in partnership with the *HNA Tourism Group*, of two residences developed by property developer *Riverside*, as well as a letter of intent concerning the development of a residence in the Thaiwoo ski station developed by *Chongli Thaiwoo Lifestyle Properties Co. Ltd.*;
- On 6 September 2017, an agreement on the construction of a residence in the Shanghai region in partnership with *Joyon* ;
- On 3 November 2017, an agreement on the construction of a resort in the Shanghai-Nanjing region in partnership with *Huijin Holding* ;
- On 20 November 2017, an agreement on the construction of the residence in the Thaiwoo ski station.

The five projects are due to open from 2019/2020.

Early redemption of ORNANE bonds[2]

So far, 1,577,063 ORNANE bonds issued in February 2014 have been the object of early conversion requests (out of a total of 3,157,606 bonds initially issued). The Group chose to reimburse these bonds in cash.[3]

II. 2016/2017 annual revenue and earnings (1 October 2016 – 30 September 2017)

IFRS 11 "Joint Arrangements" 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.

2.1 Revenue

(Euro millions)	**2016/2017**	**2015/2016**	**Change**	**Same-structure change****	**Change excl. supply effects*****
Tourism	**1,302.6**	**1,253.4**	**+ 3.9%**	**+ 3.0%**	
Pierre et Vacances Tourisme Europe	637.9	609.4	+ 4.7%	+ 2.8%	
Center Parcs Europe*	664.7	644.0	+ 3.2 %		
o/w accommodation revenue	**822.5**	**811.4**	**+ 1.4%**		**+ 2.4 %**
Pierre et Vacances Tourisme Europe	*390.1*	*392.5*	*-0.6%*		*+ 1.6%*
Excl. Adagio			*-1.3 %*		*+ 2.8%*
*Center Parcs Europe**	*432.4*	*419.0*	*+ 3.2%*		*+ 3.1 %*
Property development	**203.7**	**170.8**	**+ 19.2 %**		
FULL-YEAR TOTAL	**1,506.3**	**1,424.2**	**+ 5.8%**	**+ 4.9%**	

** including Villages Nature Paris, whose revenue is non-significant in 2016/2017*
*** adjusted for the impact of the acquisition on 13 April 2013 of "La France du Nord au Sud".*
**** Adjusted for the impact of:*
- the net reduction in the network operated in the PVTE scope, due to the non-renewal of leases and withdrawals from loss-making sites
- the opening of Villages Nature Paris as of 1 September 2017.

[2] *Bonds convertible and/or exchangeable into new or existing shares. French: Obligations à option de conversion et/ou d'échange en actions nouvelles ou existantes*
[3] *Reimbursement undertaken on the basis of an average price for the Pierre et Vacances share over a 20-day trading period following the date on which the Group decided the conversion terms.*

- **Revenue from the tourism businesses totalled €1,302.6 million, up 3.9% (+3% same-structure) relative to the previous year.**

Accommodation revenue was up 2.4% excluding supply effects, stemming primarily from a rise in net average letting prices. International customers represented 55% of the group's accommodation revenue, up 2.4% relative to the year-earlier period.

- **Pierre & Vacances Tourisme Europe** generated revenue of €637.9 million, including €390.1 million in accommodation revenue.

Growth was driven by all destinations excluding city residences, representing a 2.8% rise in accommodation revenue excluding supply effects: +1.8% in seaside destinations, with good performances at the Spanish residences in particular and an average occupancy rate of more than 85% over the summer period, and +4.9% in mountain residences.

The recovery in the Adagio residences business over the summer (which is taking shape in in Q1 2017/2018), offset a more difficult start to the year in a backdrop of persistent terrorist attacks and threats. As such, accommodation revenue was up slightly over the full year 2016/2017.

- **Center Parcs Europe** generated revenue of €664.2 million (excluding Villages Nature Paris), including €432.0 million in accommodation revenue, up 3.1%.
- This revenue growth was driven by the Domains in Germany (+6.9%), the Netherlands (+4.9%) and Belgium (+1.8%) and by a slight 0.3% increase in revenue at the French domains.

Supplementary tourism income (which includes the volume of business generated by marketing activities in particular) stood at €480.1 million, up 5.9% on a same-structure basis. This growth concerned both Pierre & Vacances Tourisme Europe (+8.6%), driven by the development of maeva.com and international marketing mandates, and Center Parcs Europe (+3.2%).

- **Revenue from property development stood at €203.7 million**, slightly ahead of our estimates.

This was driven mainly by the contribution from Villages Nature Paris (€37.3 million), the extension of the Domaine des Trois Forêts in Moselle-Lorraine (€35.9 million), the Pierre & Vacances Deauville (€11.8 million) and Pierre & Vacances Méribel (€6 million), and the Seniorales residences (€66.7 million).

Property reservations with individual investors represent business volume of €311.5 million, corresponding to a similar pace of sales as that seen in the previous year.

2.2 Income statement

(Euro millions)	2016/2017 Excl. Villages Nature	Villages Nature	TOTAL	2015/2016
Revenue	1,468.5	37.8	1,506.3	1,424.2
Tourism	*1,302.1*	*0.5*	*1,302.6*	*1,253.4*
Property development	*166.4*	*37.3*	*203.7*	*170.8*
Current operating profit	**49.7**	**-37.3**	**12.4**	**32.4**
Tourism	*37.1*	*-12.9*	*24.3*	*25.1*
Property development	*12.5*	*-24.4*	*-11.9*	*7.3*
Financial items*	-15.9	-1.3	-17.2	-18.8
Other operating income and expense net of tax	-6.0	-0.6	-6.6	-6.1
Equity associates	-2.0	2.1	0.1	0.6
Taxes	-17.4	1.1	-16.3	-9.8
NET PROFIT before items related to the ORNANE bond	**8.3**	**-36.0**	**-27.7**	**-1.8**
Earnings items related to the ORNANE bond				
Change in fair value			-15.7	-5.7
Loss from part conversion			-13.4	
NET PROFIT (LOSS)			**-56.7**	**-7.5**
Group share			*-56.7*	*-7.4*
Non-controlling interests			*0.0*	*-0.1*

**excluding cost of part redemption of ORNANE bond*

2016/2017 earnings were affected by non-recurring items due to the opening of Villages Nature, namely:

- A €12.9 million operating loss, including, in addition to usual pre-opening costs of €7 million (marketing, staff costs etc.), surcharges due to the delay in the opening on 1 September 2017 ;
- Property surcharges of €24.4 million resulting from costs of complementary qualitative services and additional execution delays.

Excluding these exceptional expenses:

- **Current operating profit totalled €49.7 million,** showing a significant increase relative to the €32.4 million reported for 2015/2016;
  - **Current operating profit from the tourism businesses** came in at +€37.1 million, an increase of more than €10 million relative to the previous year.

    This reflected growth in business excluding supply effects (+€14 million), the positive impact on the net contribution of the reduction in Pierre & Vacances Tourisme Europe stocks under the framework of lease renewals (+€3 million) and growth in the contribution from maeva.com and international marketing mandates (+€2 million). These gains were higher than the impact of inflation on charges (estimated at -€9 million).
  - **Current operating profit from property development** stood at +€12.5 million.

    It included the contribution from the property activities associated with the development of renovation operations at the Center Parcs Domains in Germany, the Netherlands and Belgium.

♦ **Other net income and expenses net of tax primarily included the following non-recurring items:**

- €4 million in costs for restructuring and the closing of loss-making sites.
- €2 million in communication costs for the Group's 50th anniversary celebrations.

♦ **The Group had a net profit of €8.3 million** before taking into account items relative to the ORNANE bond: early redemption costs and change in fair value for the optional component, associated with the rise in the Pierre et Vacances share price.

2.3 Balance sheet items and net debt

Simplified balance sheet

(Euro millions)	09/30/2017	09/30/2016	Change
Goodwill	158.9	158.9	0.0
Net fixed assets	432.7	429.8	2.9
WCR and others	10.1	31.2	-21.1
TOTAL USES	**601.7**	**619.9**	**-18.2**
Share capital	326.9	378.9	-52.0
Provisions for risks and charges	66.0	34.1	31.9
Net financial debt	208.8	206.9	1.9
TOTAL RESOURCES	**601.7**	**619.9**	**-18.2**

Net financial debt

(Euro millions)	09/30/2017	09/30/2016	Change
Gross debt	286.1	294.3	-8.3
Cash (net of overdrafts/drawn revolving credit lines)	-77.3	-87.4	10.2
Net financial debt	**208.8**	**206.9**	**1.9**
Including net bank debt	***86.0***	***97.6***	***-11.6***
o/w rental commitments - facilities at Ailette	*101.3*	*103.5*	*-2.2*
*o/w fair value of the ORNANE derivative**	*21.4*	*5.8*	*15.7*

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

The Group's net debt was stable relative to the previous year and **down by €12 million** excluding the optional component of the ORNANE bond, benefiting notably from growth in tourism operating performances.

III. Outlook

Tourism reservations to date

The portfolio of reservations to date for the first half-year period of the 2017/2018 financial year adds weight to the target for like-for-like growth in the tourism businesses at both Center Parcs Europe and Pierre & Vacances Tourisme Europe, in particular with healthy performances at mountain destinations and Adagaio residences.

Group governance

On 21 November 2017, Gérard Brémond proposed to the Group's Board of Directors the nomination of his son Olivier Brémond, 55 year-old, as CEO of the Pierre & Vacances-Center Parcs Group, with effect from 3 September 2018.

Olivier Brémond, under the chairmanship of Gérard Brémond, is to join the Group's General Management Committee made up of Martine Balouka-Vallette, Patricia Damerval and Thierry Hellin, who will maintain their current operating functions.

For more information, please refer to the 21 November 2017 press release available on the Group website: www.groupepvcp.com

Strategic directions

The 2016/2017 performances confirm the growth momentum in the Group's activities and results and its solid fundamentals.

For the tourism businesses, this growth is underpinned by an innovation strategy and moves upscale in all brands, which are due to continue this year, with:

- For Pierre & Vacances, the aim to enhance the customer experience with new events on-site, a simplified digital path and further development of the international offer in marketing and mandates;
- For Center Parcs, the development of on-site sales, especially via the roll-out of new activities, and ongoing renovation works on the Center Parcs domains in Germany, the Netherlands and Belgium;
- For maeva.com, growth in distribution activities (international development and strengthening of the camping offer) and rental management mandates;
- For Adagio, further deployment of the overhaul of reception areas project, for a more relational and connected customer experience and development of the offer.

The group's **property development businesses** will underpin development in the tourism offer via:

- Renovation operations at the Center Parcs Domains in Germany, the Netherlands and Belgium;
- Delivery of the Pierre & Vacances premium residences in Deauville and Méribel (openings planned respectively for 2018 and winter 2019);
- Construction of the Center Parcs Domain at Allgäu in Germany (opening planned for Q4 2018);
- Resale of property at sites in Spain;

Other development projects are also underway in France ; Center Parcs' domains, Plagne Aime 2000 ski station project etc. and outside France (especially in Spain and China).

The confirmed momentum in the Group's tourism activities and new development projects both in and outside France all harbour beneficial prospects for the future.

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IV. Reconciliation table - IFRS income statement

(Euro millions)	**2016/2017 operating reporting**	Change in ORNANE fair value	Capital loss on part conversion of ORNANE	Tax on other operating income and expense	IFRS 11 adjustments	**2016/2017** IFRS
Revenue	1,506.3				-81.0	1,425.3
Current operating profit	**12.4**				**+31.9**	**44.3**
Other operating income and expense	-6.6			-0.9	+1.3	-6.2*
Financial items	-17.2	-15.7	-13.4		+1.3	-45.0
Equity associates	0.1				-34.5	-34.4
Income tax	-16.3			+0.9	0.0	-15.4
Items associated with the ORNANE bond						
Change in fair value	-15.7	+15.7				0.0**
Capital loss from part conversion	-13.4		+13.4			0.0
PROFIT (LOSS) FOR THE YEAR	**-56.7**	0.0	0.0	0.0	0.0	**-56.7**

* gross of tax

** change in the fair value *of the share allocation right of the ORNANE* is included in IFRS financial items

(Euro millions)	**2015/2016 operating reporting**	Change in ORNANE fair value	Cost of early redemption of bank credit	Tax on other operating income and expense	IFRS 11 adjustments	**2015/2016** IFRS
Revenue	1,424.2				-51.6	1,372.6
Current operating profit	**32.4**				**+9.5**	**41.9**
Other operating income and expense	-6.1		+1.1	-0.2	+0.8	-4.4*
Financial items	-18.8	-5.7	-1.1		-0.1	-25.8
Equity associates	0.6				-6.1	-5.5
Income tax	-9.8			+0.2	-4.1	-13.7
Change in ORNANE fair value	-5.7	+5.7				**
PROFIT (LOSS) FOR THE YEAR	**-7.5**	0.0	0.0	0.0	0.0	**-7.5**

* gross of tax

** change in the fair value *of the share allocation right of the ORNANE* is included in IFRS financial items

Information concerning financial results for the 2016/2017 financial year include this press release as well as the presentation available on the Group's website: www.groupepvcp.com

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