

# 2014/2015 First-half results

28 May 2015

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SHARP GROWTH IN FIRST-HALF RESULTS

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TOURISM: SIGNIFICANT PROGRESS

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PROPERTY DEVELOPMENT: SELECTIVE DEVELOPMENT

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## SHARP GROWTH IN FIRST-HALF RESULTS

## Sharp growth in first-half 2014/2015 results

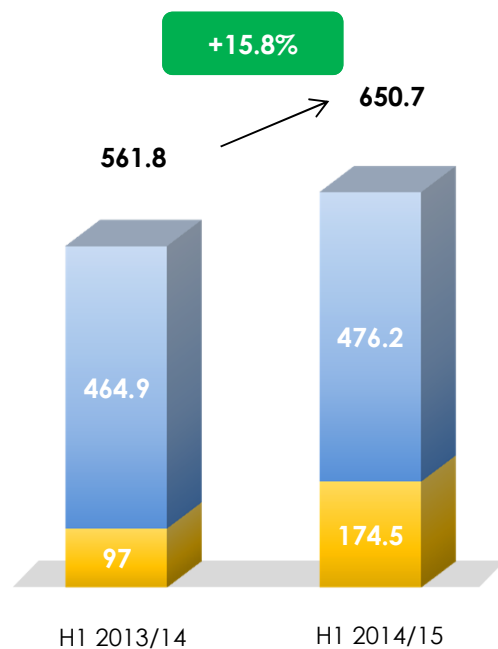
Note: P&L items and sales indicators discussed in this presentation stem from operating reporting, with the presentation of joint ventures under proportional consolidation.



## Turnover growth of nearly 16%

### Group turnover

€m



Property development Tourism

### Tourism

+2.4%

- Center Parcs Europe ( *CenterParcs* + *Sunparks* )
- Pierre & Vacances Tourisme Europe ( *Pierre & Vacances* + *adagio* + *maeva* )

+3.7%

+1.3%

### Property development

+79.9%

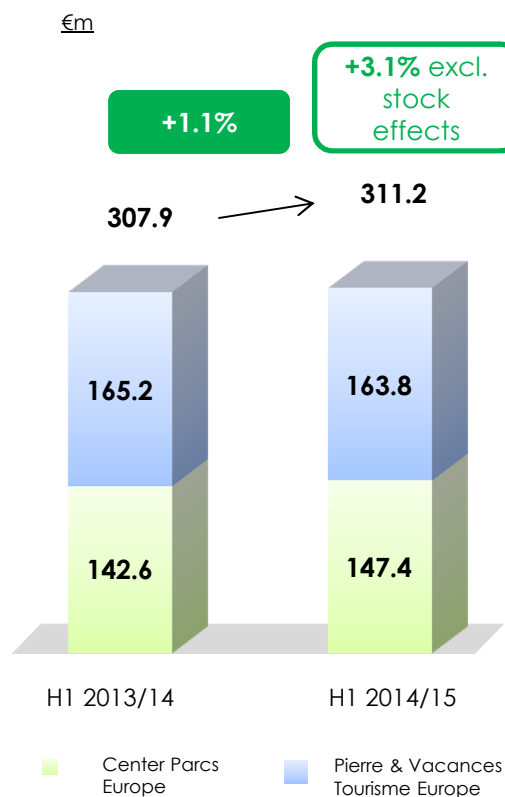
#### Main contributing programmes

- CP Domaine du Bois aux Daims (Vienne):
- CP Domaine Park Bostalsee (Germany):
- PV Premium Les Terrasses d'Eos (Flaine):
- Les Senioriales programmes:

	H1 2014/15	H1 2013/14
CP Domaine du Bois aux Daims (Vienne):	€96m	€24m
CP Domaine Park Bostalsee (Germany):	€12m	€12m
PV Premium Les Terrasses d'Eos (Flaine):	€11m	€ 5m
Les Senioriales programmes:	€25m	€26m

## Accommodation turnover up 3.1% Adjusted for stock effects

### Focus on accommodation turnover



#### Pierre & Vacances Tourisme Europe

-0.8%

+2.9% excl.  
stock  
effects

Growth excl. stock effects (Q1: +2.4%. Q2: +3.3%):

- **Mountain:** +4.0% (growth in ALR > +5% and OR at 85% vs.84% in H1 2014)
- **Cities:** +2.6%
- **Seaside:** +1.2%, turnover driven by Premium residences

#### Center Parcs Europe

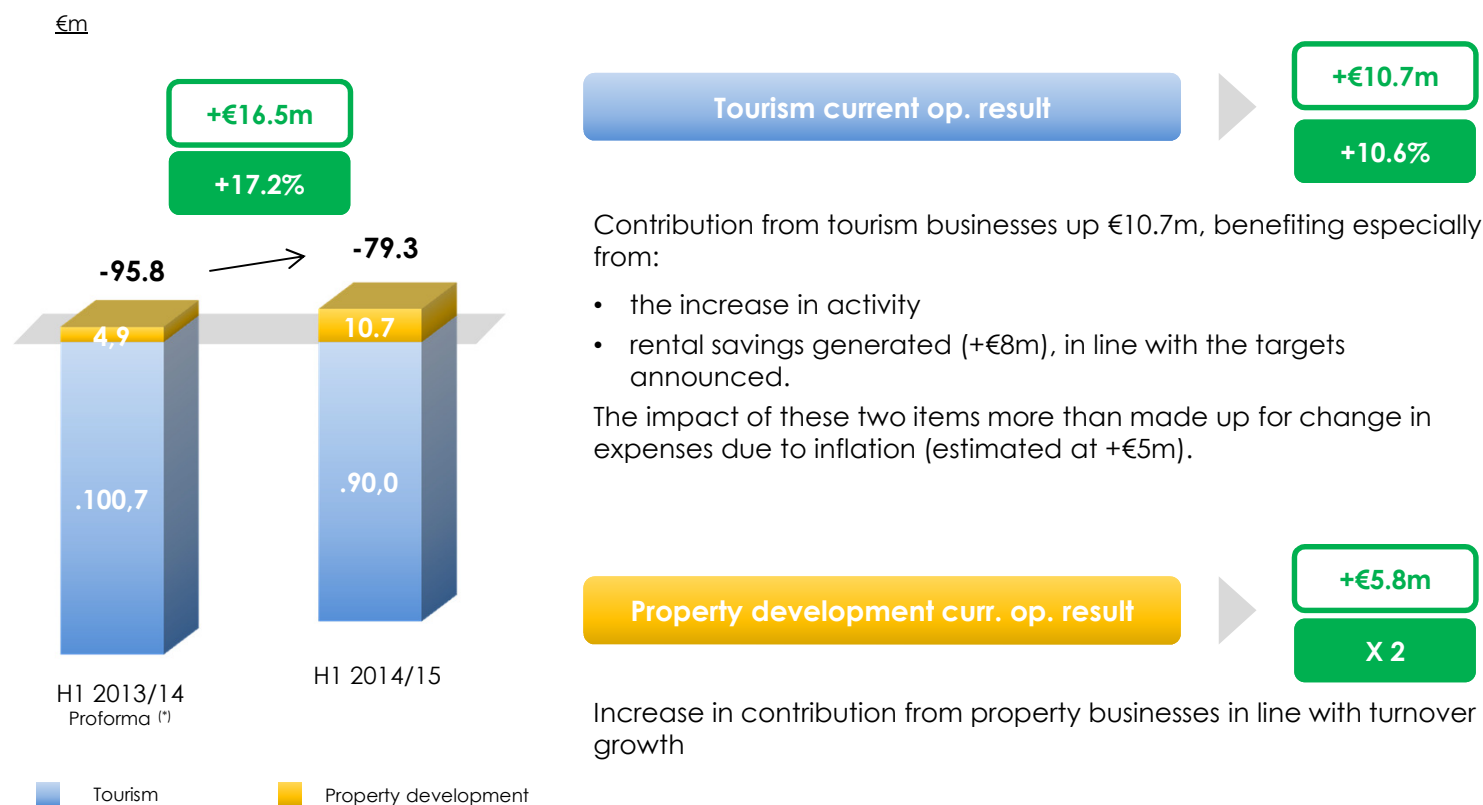
+3.3%

- **BNG\*\*:** turnover growth of more than 6% over first two quarters
- **France:** temporary slowdown in turnover in Q2 after growth of 2.4% in Q1. Rebound noted in April and May.

\*\* Belgium, Netherlands, Germany

## Strong improvement in current operating result (+17%)

Note: the seasonal nature of the tourism businesses in the first half of the year and the linear booking of expenses leads to a structural operating loss over the period.



\* H1 2013/14 has been adjusted for the impact of the IFRIC 21 interpretation

## Net result up 21%

€m	H1 2014/15	H1 2013/14 pro-forma*	Change €m	%
<b>TURNOVER</b>	<b>650.7</b>	<b>561.8</b>	<b>+88.9</b>	<b>+15.8%</b>
<i>Property development</i>	174.5	97.0		
<i>Tourism</i>	476.2	464.9		
<b>CURRENT OPERATING RESULT</b>	<b>-79.3</b>	<b>-95.8</b>	<b>+16.5</b>	<b>+17.2%</b>
<i>Property development</i>	10.7	4.9		
<i>Tourism</i>	-90.0	-100.7		
FINANCIAL EXPENSES	-9.3	-8.6		
TAXES	4.4	5.1		
<b>CURRENT NET RESULT</b>	<b>-84.2</b>	<b>-99.2</b>	<b>+15.0</b>	<b>+15.1%</b>
OTHER INCOME & EXPENSE NET OF TAX	-3.1	-10.6		
<i>OCEANE redemption</i>	0.0	-4.2		
<i>Other</i>	-3.1	-6.4		
EQUITY ASSOCIATES	0.1	-0.1		
<b>NET RESULT</b>	<b>-87.2</b>	<b>-109.9</b>	<b>+22.7</b>	<b>+20.7%</b>

The net result amounted to -€87.1m after taking account of the change in fair value of the ORNANE share allocation right (+€0.1m).

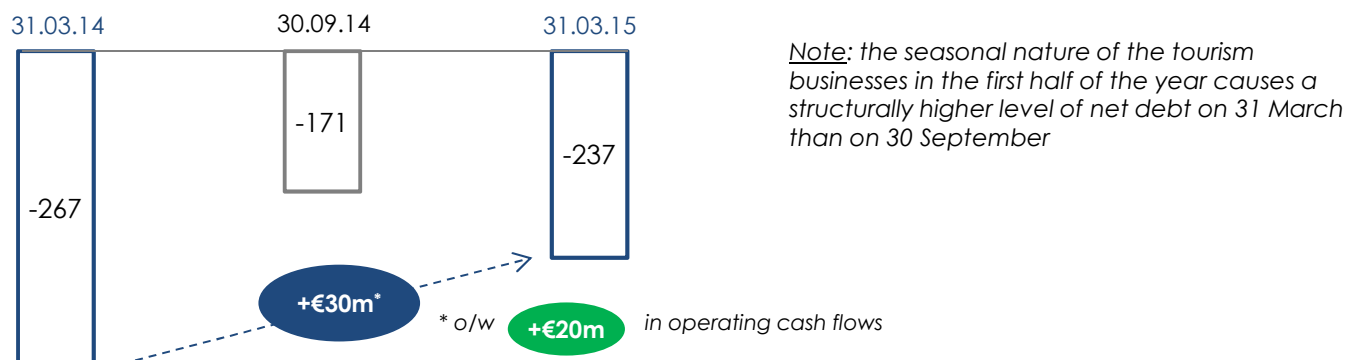
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## €30m decrease in net bank debt vs. 31 March 2014

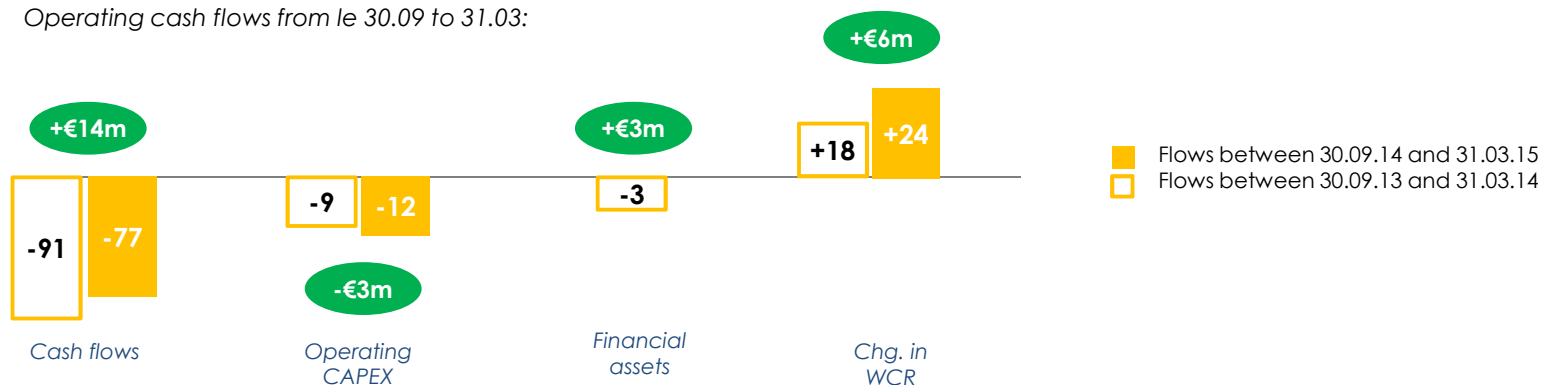
Net bank debt on 31 March 2015 down €30m relative to level on 31 March 2014 ...

Change in net debt in €m excluding consolidated rental commitments (Domaine du Lac d'Ailette):



...thanks to an improvement in cash flow and WCR in the property development business

Operating cash flows from le 30.09 to 31.03:



### Tourism reservation trends

#### Q3 2014/2015

- **Pierre & Vacances Tourisme Europe**

- Negative impact of stock effects on turnover estimated at -5%
- Excluding stock effects, reserved turnover to date is higher than that during the two previous quarters, driven by both seaside and mountain destinations.
- Robust business for May bank holidays, last minute reservations expected for June.

- **Center Parcs Europe**

- Rebound in reservations to date in French domains after slower business in Q2. Slight increase in reservations for domains in BNG.
- Growth in reservations during the quarter driven by May, offsetting decline in business so far for June.

#### Summer season

- Increase in reservations to date for core peak season (mid-July/August)

### Q3 2014/15 property development turnover

Q3 turnover set to decline relative to Q3 2013/14, in line with the expected phasing of property development programmes

2

TOURISM: SIGNIFICANT PROGRESS

## Tourism: A positive result for the winter season in all brands

### Pierre & Vacances – Mountain destinations

**+7%** growth in **REVPAR** during the winter season

**+5.1%** growth in net **Average Letting Rates**

**85%** **Occupancy rate** on average  
vs 84% for the winter 2013-2014 season

**+5.4pts** improvement in on-site **NPS\*** with an  
improvement in customer satisfaction for all  
brands and labels (PV Premium: +7pts)

### Center Parcs

**+3.7%** growth in **REVPAR**


**+3.3%** growth in **accommodation turnover**

**+2.4%** increase in **occupancy rate**

**+4.4%** growth in **supplementary income**

\* The NPS is the % of promoters less the % of detractors

## Deployment of Group Digital Strategy

Major achievements in first half ...	... with new launches planned between now and the end of the year
<ul style="list-style-type: none"> <li>• <b>Internet and Mobile sites</b> <ul style="list-style-type: none"> <li>– Technological migration to a web platform common to all brands</li> <li>– New Center Parcs website</li> <li>– PV-CP mobile sites available on all European markets (March 2015)</li> <li>– Roll-out of steering and continuous improvement web tools</li> <li>– Online opinion system  tripadvisor® (March 2015)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>New internet functionalities</b> <ul style="list-style-type: none"> <li>– Online reservation and planning of activities (Center Parcs)</li> <li>– New research and recommendation functionalities (Serchandising)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Connectivity rolled out with main online Tour Operators</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Further deployment of connectivity</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Social networks</b> <ul style="list-style-type: none"> <li>– Creation of a "Content Factory "and first phase of contents enriching</li> <li>– New monitoring and response tools for customer opinions on social networks (Revinat)</li> <li>– Systematic links to our webpages</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Social networks</b> <ul style="list-style-type: none"> <li>– Center Parcs: Digital activation campaigns by client segment</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Dematerialisation of customer documents and catalogues</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Planet</b> <ul style="list-style-type: none"> <li>– Restructuring of the programme for a roll-out in two phases: <ul style="list-style-type: none"> <li>– <b>Planet Center Parcs</b> as of summer 2015 <ul style="list-style-type: none"> <li>- Site and holiday information</li> <li>- Personalised activity planning</li> </ul> </li> <li>– <b>Planet Pierre &amp; Vacances</b> deployed in 2016</li> </ul> </li> </ul> </li> </ul>



## Optimising distribution

### Direct distribution

- **Call Center – roll-out of recommendations from audit carried out in first half:**

#### Achievements in first half

- Optimisation of vocal reception servers/automated management of email flows
- Generalisation of outgoing call campaigns
- Optimisation of back office functions

#### Developments to come:

- Roll-out of call center reservation tools inspired by recent modernisation of websites
- Migration towards a single telephone platform
- Adaptation of coloured numbers

### Indirect distribution

- **Ongoing roll-out of connectivity and renegotiation of commissions**

- **Organisation of Sales Department**

- Restructuring of international sales organisation
  - Strengthening of UK and Swiss teams
- Creation of MICE Department

## Deployment of Brand Strategies



Strategy to segment and enrich the customer experience

- **Targeted digital activation campaigns in different customer segments**
- **New facilities and events strengthening the themes at each domain**
  - Action Factory (Bois Francs)
  - Pony Cottage (Eperheide)
  - New ado facilities (the Cube) and new tree-climbing park (Ailette)
- **Enriching the customer experience**
  - Further deployment of 80 new activities
  - New catering concepts
  - Spa: creation of a new space at Ailette
- **Opening of the Bois aux Daims domain**
  - New concept close to animal life
  - Tree houses
  - Large spa connected to the Aqua Mundo



The leading tourism residence network in France and Spain

- **Further structuring and enrichment of services:**
  - Extension of flexibility in arrival dates
  - Reorganisation of activity programmes at the Villages
  - Package 'Club' formulas including unlimited access to children's clubs for 3-17 year olds
- **Rounding out the offering**
  - Development of partnerships focused on the customer experience
  - Upscale partnership with renowned brands for Pierre & Vacances Premium
- **Development of the tourism marketing business**
  - 14 new residences in Italy and Portugal

## Ongoing cost-cutting plan

### Optimisation of direct and indirect distribution

- Roll-out of call center optimisation measures
- Further deployment of connectivity to partner distributors, renegotiation of commissions
- Digitalisation of client communication (catalogues and holiday documents)
- Optimisation of back offices

### Re-prioritising IT DRAFTs

- Customer experience/incremental development of turnover
- Automation and optimisation of internal processes

### Making costs flexible in order to adapt to seasonal factors and holiday durations

- Short stays at Pierre & Vacances
  - Adjustment of price policy
  - Renegotiation of services contracts

### Lease renewal policies

- Reduction in rental expenses of €8m in H1 2015, in line with the €12m in savings announced over the year
- Confirmation of rental savings\* expected over the next four years: €40m

*\* Including indexation and excluding stocks developments*



## Overview

1

A positive winter  
season for all  
brands

2

A digital strategy  
that delivers results  
in line with  
expectations

3

Brands continuing  
their respective  
strategies

4

Delivering the cost  
optimisation plan  
in all of its  
dimensions

**Confirmation of target  
to restore operating profitability as of 2014/2015**

3

PROPERTY DEVELOPMENT: A SELECTIVE DEVELOPMENT



### CENTER PARCS



#### **Domaine du Bois aux Daims (Vienne)**

- 800 cottages spread over 264 hectares, purchased by institutional investors (80%) and individual investors (20%)
- Sports and leisure facilities acquired by a departmental and regional semi-public company for €138m
- Animal based theme sponsored by Jacques Perrin
- Opening to the public: 29 June 2015





### CENTER PARCS

#### **Center Parcs Mid Size (Bourgogne & Franche-Comté, Lot-et-Garonne)**

- 400 cottages at each domain
- Investment of €170m for each domain
- Bourgogne (Le Rousset) and Franche-Comté (Poligny): public debates underway
- Lot-et-Garonne: partnership convention signed by the Lot-et-Garonne General Council
- Provisional openings: summer 2018 and 2019



#### **Center Parcs Roybon (Isère)**

- 1,000 cottages
- Legal procedure underway concerning the suspension of the prefectural decree authorising the project for the water law (the decree authorising the project for the protected species law having been definitively validated).
- Financial engineering underway



### VILLAGES NATURE



#### Original concept "One Planet Living":

- 50/50 joint venture between PVCP and Euro Disney S.C.A.
- 1<sup>st</sup> tranche of phase 1: 916 cottages/apartments
  - ✓ primarily sold in block to a property company majority-owned by EUROSIC
  - ✓ Marketing of 320 cottages to date
- Work underway for facilities and cottages
- Provisional opening: 2016



### PIERRE & VACANCES PREMIUM

#### Deauville – Presqu'île de la Touque

- PV Premium 5 star residence with 161 apartments
- Start of works
- Provisional opening: 2017

#### Méribel Les Ravines

- PV Premium 5 star residence with 93 apartments with swimming pool and spa
- Building permit currently being delivered
- Provisional opening: 2019



### A NEW CENTER PARCS DOMAIN IN GERMANY



#### **Allgau (Baden-Wuerttemberg)**

- 750 cottages
- Active search for institutional investors
- Completion of financial structuring with pool of bank partners
- Provisional opening: 2018

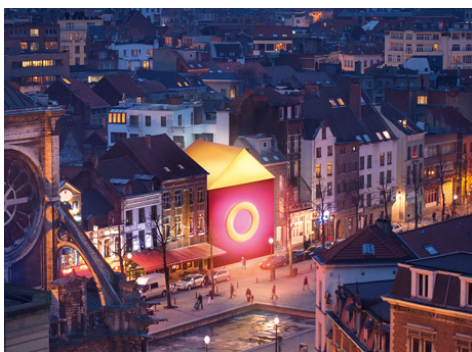


### RENOVATION OF EXISTING DOMAINS in Belgium and the Netherlands by unit sales

- **Vielsam (Belgian Ardennes)**
  - Existing Sunparks domain transformed into Center Parcs by strengthening facilities (majority of public financing) and the renovation of 350 cottages
  - Marketing rate to date: almost 30%
- **Port Zelande (The Netherlands)**
  - Existing domain located in one of the most highly-reputed Dutch tourist regions
  - Renovation of 650 cottages
  - Marketing rate in two months: almost 20%



### ADAGIO



#### Stepping up international expansion

- So far, out of 100 aparthotels, 25 are located outside France (13 in Europe, 8 in Latin America, 4 in the Middle East)
- 14 new international openings in 2016:
  - ✓ 4 in Europe (Germany, UK, Spain and Russia)
  - ✓ 7 in Latin America
  - ✓ 2 in the Middle East
  - ✓ 1 in Africa
- Appeal of franchise development model: 12 new franchises and master-franchises in 2016



### IN SPAIN

#### **Partnership agreement with Morgan Stanley:**

- Objective: a MS fund is to acquire property assets destined for renovation, sold in units and managed by PV (potential of 3,000-8,000 apartments and homes)  
⇒ 3 assets identified so far (or almost 400 apartments)
- Pierre & Vacances partnership: services offering, contribution of assets, assistant contracting authority, property marketing, tourism management.

### IN CHINA WITH BEIJING CAPITAL LAND

#### **Letter of intent signed on 4 December 2014**

- Objective: to establish a long-term partnership to develop tourism sites inspired by the Center Parcs concept in China.
- During the second quarter, an amendment was signed to extend the timeframe for the definitive agreements to be completed to 30 June 2015.
- A site is being considered one hour from Shanghai.



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CONCLUSION

## CONCLUSION

1

Sharp growth in first-half results

Turnover growth

**+16%**

Improvement  
in net result:

**+21%**

2

Major developments following operating deployment of tourism strategy

A positive winter season for all brands

A digital strategy that is delivering results

A cost-optimisation plan up and running

3

Selective property development focused on:

The brands contributing the most to the tourism business



International



5

APPENDICES – RECONCILIATION TABLES – IFRS INCOME STATEMENT

## Reconciliation table –IFRS income statement

en millions d'euros	S1 2014/2015 reporting opérationnel	Retraitements IFRS 11	S1 2014/2015 IFRS
CHIFFRE D'AFFAIRES	650,7	-19,0	631,7
<b>RESULTAT OPERATIONNEL COURANT</b>	<b>-79,3</b>	<b>-0,7</b>	<b>-80,1</b>
<i>Tourisme</i>	-90,0	-0,2	-90,2
<i>Immobilier</i>	10,7	-0,5	10,2
Résultat financier	-9,3	0,1	-9,2
Impôts	4,4	0,4	4,8
<b>RESULTAT NET COURANT</b>	<b>-84,2</b>	<b>-0,3</b>	<b>-84,5</b>
Autres charges et produits nets d'impôts	-3,1	0,0	-3,1
<i>Rachat OCEANE</i>	0,0	0,0	0,0
<i>Autres</i>	-3,1	0,0	-3,1
Quote-part de résultat net des co-entreprises	0,1	0,3	0,4
<b>RESULTAT NET <sup>(1)</sup> PART DU GROUPE</b>	<b>-87,2</b>	<b>0,0</b>	<b>-87,2</b>

(1) hors variation de juste valeur de du droit d'attribution d'action de l'ORNANE

en millions d'euros	S1 2013/2014 proforma (*)	Retraitements IFRS 11	S1 2013/2014 IFRS
CHIFFRE D'AFFAIRES	561,8	-8,0	553,8
<b>RESULTAT OPERATIONNEL COURANT</b>	<b>-95,8</b>	<b>0,5</b>	<b>-95,3</b>
<i>Tourisme</i>	-100,7	0,4	-100,3
<i>Immobilier</i>	4,9	0,1	5,0
		0,0	
Résultat financier	-8,6	0,1	-8,5
Impôts	5,1	0,6	5,7
<b>RESULTAT NET COURANT</b>	<b>-99,2</b>	<b>1,1</b>	<b>-98,1</b>
Autres charges et produits nets d'impôts	-10,6	0,1	-10,5
<i>Rachat OCEANE</i>	-4,2	0,0	-4,2
<i>Autres</i>	-6,4	0,1	-6,3
Quote-part de résultat net des co-entreprises	-0,1	-1,2	-1,3
<b>RESULTAT NET <sup>(1)</sup> PART DU GROUPE</b>	<b>-109,9</b>	<b>0,0</b>	<b>-109,9</b>

(1) hors variation de juste valeur de du droit d'attribution d'action de l'ORNANE

(\*) retraité de  
l'incidence IFRIC 21