Groupe
Pierre & Vacances
CenterParcs

Results for the first half of 2017/2018

Paris, 30 May 2018

An improvement in first-half results relative to the year-earlier period,
driven by growth in tourism revenue.

I. Main events during H1 2017/2018

Financing operations

In order to refinance the ORNANE[1] bonds issued in 2014 following a partial early conversion during the second half of 2017, on 6 December 2017, the Group issued 1,648,261 ORNANE bonds worth €100 million, at a rate of 2% (vs. 3.5% for the previous issue) maturing on 1 April 2023.

On 14 February 2018, the Group also undertook a new non-listed Euro PP private placement of €76 million, carrying interest of 3.9% (vs. 4.25% for the previous Euro PP) and maturing on 14 February 2025, with French institutional investors.

These new financing operations have optimised the Group's balance sheet, notably by extending the average maturity of debt and providing the Group the financial means to step up its development and seize acquisitions opportunities.

II. H1 2017/2018 revenue[2] and income (1 October 2017 to 31 March 2018)

2.1 Revenue

Euro millions	H1 2017/18	H1 2016/17	Change	*Like-for-like change (*)*
Tourism	**570.1**	**532.8**	**+7.0%**	
- Pierre & Vacances Tourisme Europe	276.6	260.3	+6.3%	
- Center Parcs Europe (**)	293.4	272.4	+7.7%	
o/w accommodation revenue	***357.1***	***334.8***	***+6.6%***	***+3.0%***
- Pierre & Vacances Tourisme Europe	*166.1*	*159.8*	*+4.0%*	*+4.5%*
- Center Parcs Europe (**)	*190.9*	*175.1*	*+9.1%*	*+1.8%*
Property development	**84.8**	**81.9**	**+3.5%**	
Revenue	**654.8**	**614.7**	**+6.5%**	

(*) adjusted for the impact of:
- the shift from April 2017 to March 2018 of the start of Easter weekend and the school holidays for certain foreign customers (especially German);
- in the PVTE division, the net reduction in the network operated, prompted by the non-renewal of leases and withdrawals from loss-making sites;
- for CPE, the net increase in the network operated, prompted by the opening of Villages Nature Paris and the extension of the Center Parcs Domaine des Trois Forêts. This increase in supply was partly offset by the partial closure of the Center Parcs in Vielsalm in the first quarter due to renovation works at the Domain.

(**) Including Villages Nature Paris (€7.6m over the period, o/w €5.5m in accommodation turnover).

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[1] *Bonds with an option to be redeemed in cash or converted into new or existing shares*

[2] *IFRS 11 "Joint Arrangements" involves the consolidation of joint ventures (primarily the Adagio and Villages Nature Paris partnerships) using the equity method rather than proportionate consolidation method. The Group's operational reporting continues to consolidate joint ventures using the proportionate method, considering this presentation to be a better reflection of its performance measurement. Income statement) the items and business indicators commented on below are taken from such operational reports. The IFRS income statement reconciliation tables are presented in section 1.4.*

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- **Tourism revenue** generated by the Group in H1 2017/2018 totalled €570.1 million, **up +7.0% relative to H1 2016/2017**.

  Accommodation revenue totalled €357.1 million, **up +3.0% like-for-like** (i.e. excluding the impact of supply effects and the shift in the school holidays):

  - Pierre & Vacances Tourisme Europe posted growth of 4.5%, driven by Adagio residences (+7.7%). Revenue from other destinations was up 2.3%, benefiting from an average occupancy rate of 94% in the mountain residences in Q2 (91% over the first half) and from growth in revenue at all seaside residences (metropolitan France, the French West Indies and Spain).
  - Center Parcs Europe benefited from revenue growth (+1.8%) in both the Belgian, German and Dutch domains (+2.1%) and the French domains (+1.3%).

  Supplementary revenue from other tourism activities grew by almost 8% (+10% at Pierre & Vacances Tourisme Europe, driven by the development of maeva.com, and +5% for Center Parcs Europe[3]).

- **Property development revenue** in H1 2017/2018 stood at €84.8 million compared with €81.9 million in H1 2016/2017, driven primarily from the Seniorales residences (€38.3 million), the Pierre & Vacances premium residence in Deauville (€13.1 million) and Villages Nature Paris (€11.1 million).

  Property reservations with individual investors in the first half represented business volumes of €164.5 million, ahead of the level seen in the year-earlier period (€154.9 million).

2.2 Profit and loss items

The seasonal nature of the Group's activities in the first half of the year and the linear accounting of charges lead to a structural operating loss during the period.

First half results for 2017/2018 were also affected by the gradual rise in momentum at Villages Nature Paris and the schedule of signings for property operations outside France.

Euro millions	**H1 2017/18**	**H1 2016/17**
Revenue	654.8	614.7
Current operating loss	**-94.9**	**-96.1**
Tourism	***-86.4***	***-82.6***
Excl. Villages Nature Paris	*-78.0*	*-79.3*
Villages Nature Paris	*-8.4*	*-3.3*
Property development	***-8.5***	***-13.5***
Excl. Villages Nature Paris	*-8.5*	*-2.8*
Villages Nature Paris	*0.0*	*-10.7*
Financial expenses	-8.2	-9.6
Other income and expense net of tax	-1.1	-3.3
Equity affiliates	0.2	-0.4
Taxes	1.6	3.5
Net loss before items concerning ORNANE bonds	**-102.4**	**-105.9**
Change in fair value of ORNANE bonds	0.7	-11.0
Cost of unwinding ORNANE bonds due to mature in 2019	-1.8	
Net loss	**-103.5**	**-116.9**
Group share	*-103.5*	*-116.9*
Non-controlling interests	*0.0*	*0.0*

[3] Including Villages Nature Paris

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- **The current operating loss in tourism activities** stood at €86.4 million.

– The current operating loss, excluding Villages Nature Paris totalled **€78.0 million, i.e. a €1 million improvement** relative to H1 2016/17.
This included like-for-like growth in revenue (+€6 million) and the positive impact of calendar effects (+€4 million).
These gains helped make up for the seasonal contribution from new seaside destinations in Spain and maeva.com (-€2 million), the impact of the part operation of the Center Parcs domain at Vielsalm due to its renovation (-€2 million) and costs associated with inflation on charges (estimated at -€4 million).

– The gradual rise in momentum of Villages Nature Paris (especially in view of the delivery in stages in the first half of the last accommodation units) added to the seasonal nature of the tourism business resulted in a half-year loss of €8 million.

- **The current operating loss in property development activities** totalled €8.5 million.
This included structural costs for property development teams whereas renovation developments at Center Parcs domains that partly contributed to H1 2016/2017, should have, given the signing schedule, a positive impact essentially in H2.

- **Financial expenses** worked out to €8.2 million, an improvement on the level seen in H1 2016/2017 primarily owing to the better conditions on refinancing operations.

- **Other income and expense net of tax** primarily included costs for restructuring and site withdrawals.

- Before taking into accounts factors relative to the ORNANE bond (cost of redeeming the 2019 ORNANE bond early and change in fair value of the 2023 ORNANE bond), **the net loss for the period** stood at €102.4 million, a €3.5 million improvement relative to H1 2016/2017.

2.3 Net debt

<u>Note</u>: the seasonal nature of the tourism businesses in the first half of the year means that net debt on 31 March is structurally higher than that on 30 September.

Euro millions	**03/31/2018**	09/30/2017	Change
Gross debt	350.9	286.1	64.8
Cash (net of drawn overdrafts/revolving credit line)	-29.1	-77.3	48.2
Net debt	**321.8**	208.8	113.0
o/w net bank/bond debt	***220.9***	*86.0*	*134.9*
o/w rental commitments - Ailette facilities	*100.1*	*101.3*	*-1.2*
o/w fair value of ORNANE derivative (*)	*0.7*	*21.4*	*-20.7*

(*) valuation at fair value of the ORNANE bond's optional component, correlated with changes in the PV SA share price. The rise in the share price results in an increase in the debt associated with the optional component.

Note that on 31 March 2018, the Group had a €200 million revolving credit line contracted on 14 March 2016 (maturing in 2019), as well as five confirmed credit lines for a total amount of €39 million. On 31 March 2018, none of these lines had been used.

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III. Outlook

In Q3 2017/2018, given the portfolio of reservations to date, the Group is forecasting growth in like-for-like tourism revenue relative to the year-earlier period.

In view of the outlook for the tourism businesses and the property development project signings expected in H2, the Group is confirming its forecast for growth in current operating profit over 2017/2018 relative to the 2016/2017 level.

IV. Reconciliation table – IFRS accounting

(Euro millions)	**H1 2018 operating reporting**	Cost of unwinding the 2019 ORNANE	Change in fair value of the 2023	Tax on other operating income and expense	IFRS 11 adjustments	**H1 2018** IFRS
Revenue	654.8				- 40.7	614.1
Current operating loss	**- 94.9**				**+7.9**	**- 87.0**
Other operating income & expense	- 1.1				+0.1	- 1.0 (*)
Financial items	- 8.2	-1.8	+0.7	0.0	+0.5	- 8.7
Share of equity affiliates	0.2				-8.9	- 8.8
Income tax	1.6			0.0	+0.4	2.0
Change in fair value of 2023 ORNANE	0.7		-0.7			(**)
Cost of unwinding 2019 ORNANE	- 1.8	+1.8				
NET LOSS	**- 103.5**	0.0	0.0	0.0	0.0	**- 103.5**

(*) gross of tax

(**) change in fair value of the *ORNANE share attribution right* is included in the IFRS financial result

(Euro millions)	**H1 2017** ***operating reporting***	Change in fair value of ORNANE bond	Tax on other operating income and expense	IFRS 11 adjustments	**H1 2017** IFRS
Revenue	614.7			- 27.8	586.9
Current operating loss	**-96.1**			**+13.2**	**-82.9**
Other operating income and expense	- 3.3		-0.3	+0.9	-2.8 (*)
Financial items	- 9.6	-11.0		+ 0.4	- 20.2
Share of equity affiliates	-0.4			-13.2	-13.6
Income tax	3.5		+0.3	-1.3	2.6
Change in fair value of 2019 ORNANE bond	- 11.0	+11.0			(**)
NET LOSS	**- 116.9**	0.0	0.0	0.0	**- 116.9**

(*) gross of tax

(**) change in fair value of the *ORNANE share attribution right* is included in the IFRS financial result

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