

Financial information meeting

30 May 2013

First-half
2012/2013 results

WIN 2016:
A profitable innovation strategy



A background image showing a group of children in red costumes, possibly for a performance or event. One child in the foreground has white face paint. The image is slightly blurred, focusing on the text overlay.

PRESENTATION OF FIRST HALF EARNINGS (AS OF 31 MARCH 2013)

✓ Turnover

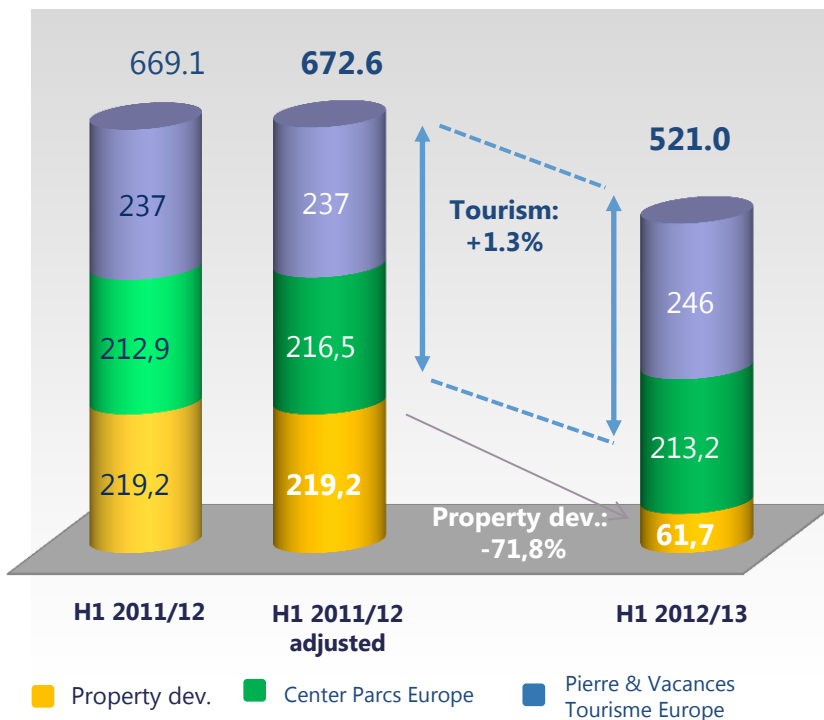
✓ Underlying operating profit

✓ Net profit

✓ Outlook for second
half

Turnover

€m



NB: At Center Parcs Europe, H1 2011/12 has been adjusted for calendar effects (Easter weekend) and the standardisation of internal commission fees for turnover in the BNG (reclassification of accommodation turnover as supplementary income)

First-half earnings
31 March 2013



Tourism

Accomm. turnover: +1.9% (ALR: +2.4%)

- ✓ **PVTE: +4.5%** (ALR: +6.4%)
⇒ Growth driven by mountain destinations (delivery of Avoriaz) and city residences
- ✓ **CPE: -1.1%** (ALR: -2.4%)
⇒ Healthy performances at German and Belgian villages, decline in business at French villages



Property development

- ✓ Decline due to programme phasing
- ✓ Reservations turnover up 33.5% to €245m on 15 April 2013

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Underlying operating profit

The seasonal nature of the Group's tourism business prompts a structural loss in H1, which accounts for almost 40% of full-year turnover and 50% of fixed operating costs

€m



* Adjustment to reported underlying operating profit of -€1.0m (review of fixed-asset amortisation terms)



Tourism



Savings generated in line with announced plan:

- €8m for cost-cutting plan of €25m over 2012/13
- €3m from lease renewals



Cost inflation: €7m (staff and rental costs especially)



Property development



Operating profit represented a margin of 5% on turnover generated

First-half earnings
31 March 2013

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Net profit

<u>€m</u>	H1 2012/13	H1 2011/12 pro-forma*
Turnover	521,0	669,1
Underlying operating profit	-97,9	-100,3
Financial expenses	-8,9	-9,9
Tax	3,2	29,9
Underlying net profit	-103,6	-80,3
Other operating income and expense net of tax	-22,2	-2,1
Net profit	-125,8	-82,4

* Adjustment to reported underlying operating profit of -€1m (review of fixed-asset amortisation terms) or -€0.7m net of tax

Despite an improvement in underlying operating profit, net profit fell due to the following non-recurring items:

- Non-recognition of deferred tax savings associated with the tax loss in the first-half, since the Group expects virtually zero tax over the full year.
- Restructuring costs of -€17.4m.
- A €4.8m expense caused by an unfavourable ruling on a dispute concerning co-ownership management mandates (an similar amount should be recovered at a later date).

First-half earnings
31 March 2013

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Outlook for second-half of 2012/2013

Turnover

Tourism: Reservations to date slightly higher than in H2 2011/2012.

Property development: around €160m expected in 2012/2013.

Cost-cutting plan

€25m in savings confirmed for 2012/13

Underlying operating profit

In view of the level of tourism reservations to date and given the progress made in the cost-cutting plan, the Group anticipates a return to operating profitability over full-year 2012/2013, based on a trend of last-minute bookings that should intensify in the coming weeks.

First-half earnings
31 March 2013

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WIN 2016: AN STRATEGY OF OPERATING INNOVATION FOR LASTING PROFITABLE GROWTH

- ✓ Our vision
- ✓ Our clients/The market
- ✓ Our strategy
- ✓ Our operating plan
- ✓ Conclusion

OUR VISION



Our vision

European leader in development and operation of tourism residences and holiday villages

A property development group

Specialised in the development of residences and villages for tourism and city aparthotels



A tourism group

Connected to its clients and offering them a panel of long or short-stay holiday experiences, via its range of brands, all enabling clients to discover its **environment, to rediscover and to be together**

An innovative player in the **design and financing** of tourism projects in France and outside France



An innovative player in customer relations: **digital, multi-channel, 'co-creation'**



Our vision

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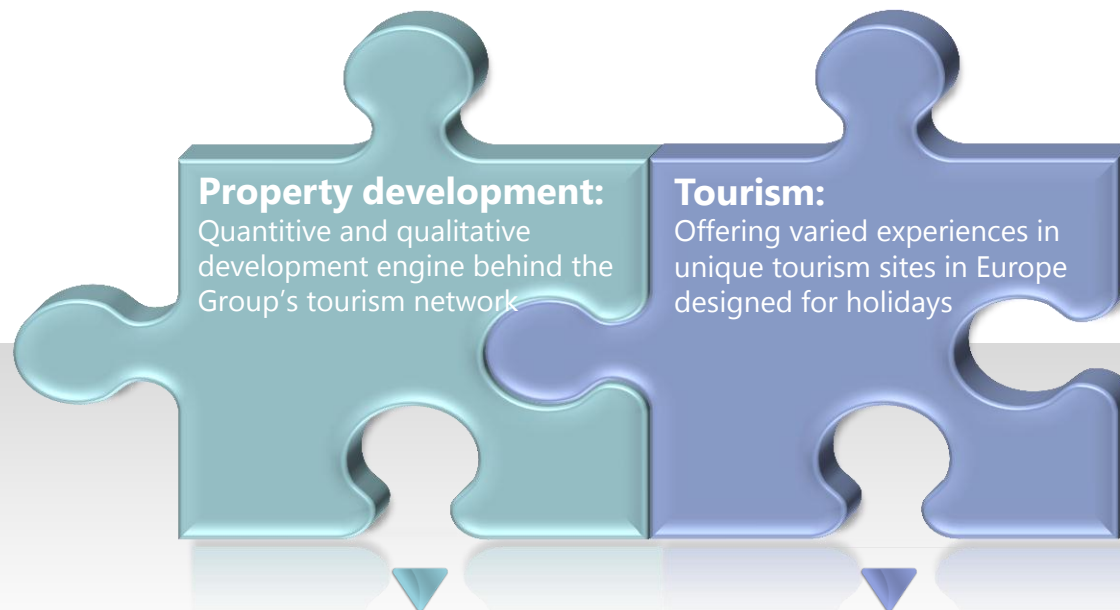
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A confirmed business model



The combination of each business, profitable in operating terms, is to generate faster growth in Group earnings.

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OUR CLIENTS/THE MARKET



Property development: a European market offering numerous opportunities

Individual investors

- Uncertain economic and property development market
- Attractive comparison between investments in tourism residencies vs. other types of investments in view of:
 - Tax incentives:
 - ⇒ Recovery of VAT,
 - ⇒ Regime of non-professional furnished rental
 - ⇒ Censi-Bouvard regime valid until December 2016
 - Rents guaranteed for 10 years in a safe-haven property investment
- Historically low buyer borrowing rates

Institutional investors

- With significant liquidities
- Looking for guaranteed-yield long-term investments
- Looking for asset diversification

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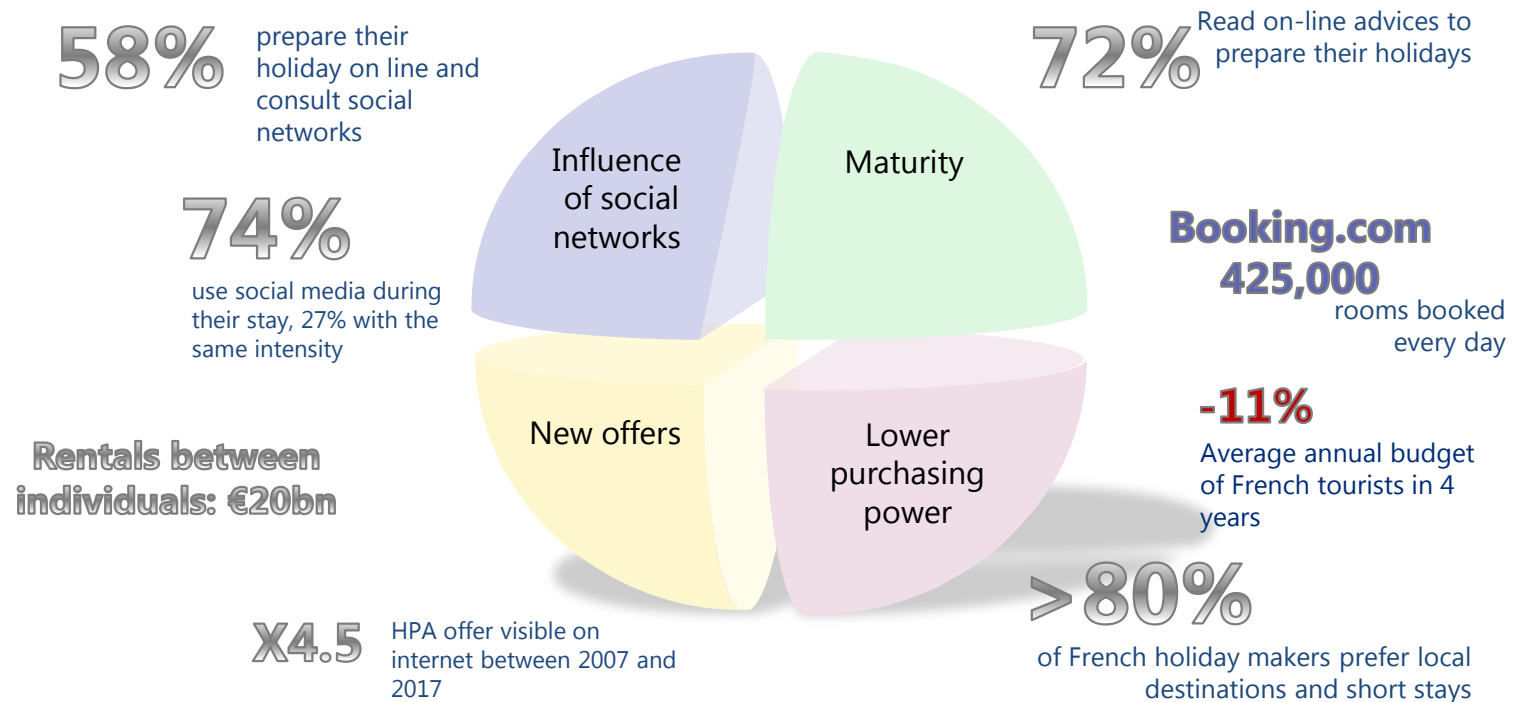
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Tourism: changing buyer expectations and behaviour...

... under combined action of difficult economic backdrop and new web usages



Sources: Etude Guy Raffour – Overview of 2012 barometre, Marriott survey, INSEE 2012, Key figures in tourism DGCIS, Euromonitor: Travel and Accommodation in France 2012, PhocusWright's European Vacation rental market place (2011-2013)

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OUR STRATEGY



Positioning the Group in line with its future

By **confirming its model**
which combines the property development
and tourism businesses

By defining a **strategy**
responding to changing markets and client
expectations, enabling a **rapid return to
lasting profitability in the tourism business**

Developing a unique, direct and open relation with clients via a “new digital world”,
a factor for differentiation and personalisation

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WIN 2016: our strategy



1. Innovative concepts
2. Diversified management terms and financing systems
3. Long-term partnerships with our owners

1. A unique family of holiday brands, valuing a range of offers responding to new client expectations
2. A continuous digital dialogue in the service of the customer return on experience
3. Operating excellence

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Property development strategy



Innovative concepts



Themes:

Animals (eg: Center Parcs des Bois aux Daims)
5* and well-being : Deep Nature



Range extension:

Center Parcs 'Mid-size': Bostalsee (500 cottages)
Adagio Access



Franchise:

Developing outside Europe via franchise (Adagio)



An original concept
Reconnecting with nature
Respecting the environment
"One Planet Living"



Integration of secondary
residences (Morocco)
Services/contribution via
concept and management

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Diversified management terms and financing systems



Financing systems



Lease management with fixed and variable rents, or **management contract**, or **franchise** (Adagio)

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Long-term partnership relations with owners

1

Improvement in lease renewal process on maturity

- Establishing an asset review and comparison of expected return prospects vs. other investments over the period in question
- Capping the share of the participation in renovation work financing at 6% of acquisition price

2

Service and quality

- Developing an interactive digital interface to be used during renewal operations (simulation tools available to owners)
- Specific offers on owner's portal

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Strategy in tourism businesses



Positioning: Geographical... and emotional proximity



*A **family of brands**
to discover, rediscover and be together
on holiday...*

connected to my expectations

which know and recognise me

which offer choice and freedom close by



Proximity
A la carte
Loyalty

Short stays
midweek

Outstanding sites
Nature
The best for children
Freedom Discovery Well-being



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Offering me choice and freedom... close by



A family of brands
to discover, rediscover and be together
on holiday...

A complete
range of
accommodation
solutions in top-
notch locations



Discovery
Serenity
Facility
Conviviality



Comfort
Freedom
Discovery
Hedonism



Distraction
Sharing
Freedom
Pleasure



Authenticity
Space
Refinement
Well-being



Nature and animals
Space
Reconnection
Discovery

A wide range of
à la carte
services offered
directly or in
partnership

Conciergerie

Catering-
services

Childrens'
clubs

Leisure
activities

Well-being

Events

Budget management and personalisation

Our
vision

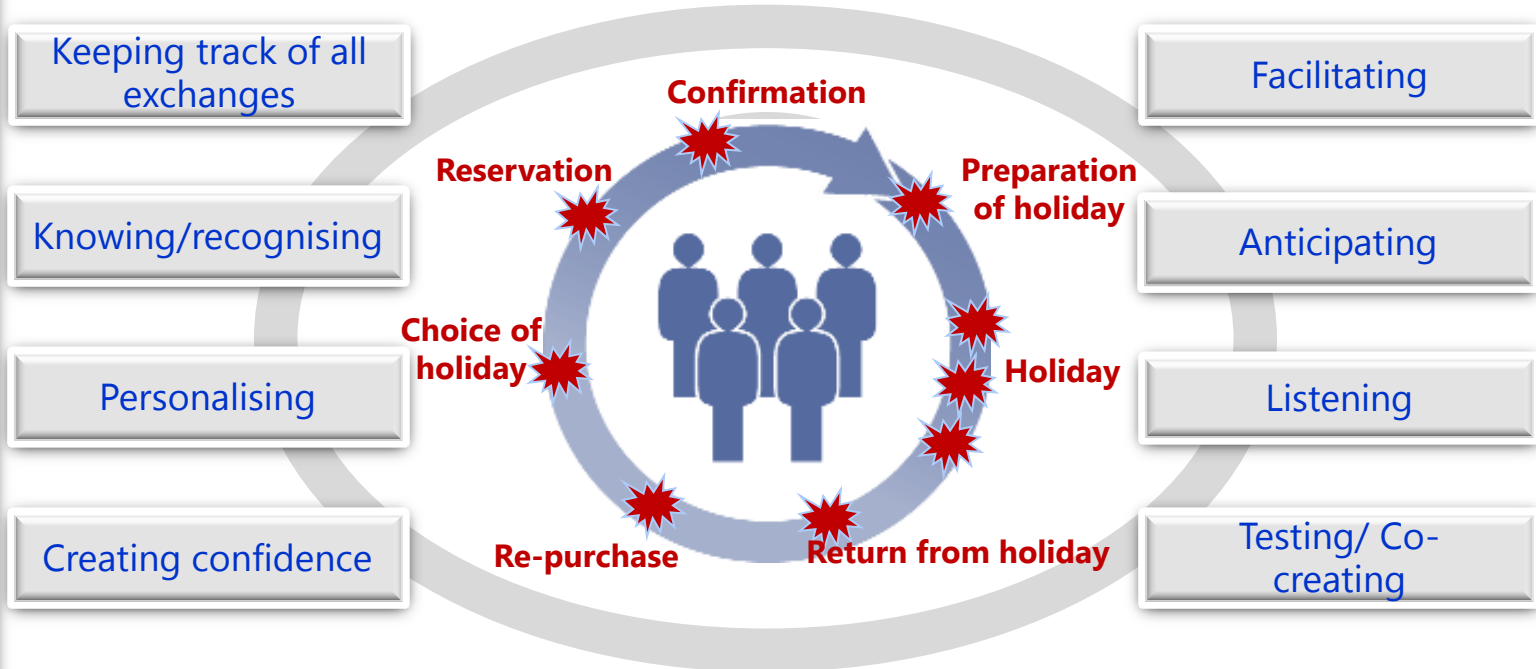
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Increasing the **conversion rate** of websites

Boosting the share of **direct sales**

Developing **cross-selling**

Increasing **non-accommodation turnover**

Favouring **repeat clients**

Multiplying **segmented offers**



Digital excellence at the service of Feedback on Experience for our clients

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Testimonies



Connected to clients



Shawty_ @Laura_B 25 Janv
Le week end prochain direction center parc avec ma femme
@Kim_Berlay et mes chérie <3
Ouvrir



Bonjour @Shawty_ @Kim_Berlay Je suis impatient de vous accueillir à Center Parcs, n'hésitez pas à me contacter directement en cas de besoin et excellent séjour parmi nous !
#BienvenueChezVous

Dialogue with the brand

Ça vaut le coup un we à center parc ?
J'aimerais bien un petit we en famille au calme au printemps et center parc me paraît pas mal
y'en a qui connaissent ?
posté le 1/02/13 à 19:21
Ajouter à mes favoris
Alerte Répondre
Recommander

Forum Guadeloupe

Recommander 0 Tweeter 0 +1 0

Baby club chez Pierre et Vacances à Ste Anne

Posté par Elenita le 7 janvier 2012 à 20:43 dans Hébergement et hôtels Guadeloupe
Voir aussi : Sainte-Anne, Pierre et Vacances Resort Saint-Anne

Bonjour,

Nous partons début mars 2 semaines avec notre fille qui aura 3 mois et demi et aimerions profiter du Baby club.
Pourriez-vous nous donner des avis et nous raconter vos expériences?

Merci!!

Client forum

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OUR OPERATING PLAN



Property Development



Our main development programmes

Center Parcs Vienne - Domaine du Bois aux Daims

► In figures:

- 800 cottages spread over 264 hectares
- €350m investment, €130m of which financed by a mainly regional semi-public company
- A central village with covered surface area of 26,000 m² (including an Aqua Mundo of >6,000 m²)
- Annual frequency estimated at 1.1m night stays with an occupancy rate of 80 %.
- 600-1,000 jobs during construction phase and 600 jobs during operating phase

► Property marketing:

- Cottages sold partly to institutional investors (340 cottages reserved so far representing €95m before tax), partly to individuals.
- Off-plan marketing rate already at 50%.



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Our main development programmes

Center Parcs Vienne- Domaine du Bois aux Daims

30 December 2010

Signing of agreement with General Council

December 2011

Filing for building permits and authorisation for clearing, protected species and initial water law file

28 September 2012

Building permits granted

27 February 2013

Creation of a semi-public company owned primarily by the Vienne department, the Poitou-Charentes region and Caisse des Dépôts et Consignations



29 March 2013

Signing of off-plan sales promise and commercial lease

May 2013

Start of construction works

15 May 2013

Signing of off-plan sales agreement and financing contract

H1 2015

Opening to the public

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Our main development programmes

Center Parcs Bostalsee (Saarland - Germany)



- 500 cottages
- Financing of leisure equipment by semi-public company
- To date, almost 250 reservations to date with individual investors
- Opening in July 2013 with 350 cottages and a further 150 in September 2013.

Center Parcs Roybon (Isère)



- 1,020 cottages
- Confirmation of clearing and building permits by state council
- Opening planned in 2017

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Our main development programmes

Villages Nature

- 50/50 joint venture created by Euro Disney S.C.A. and the Pierre & Vacances Center Parcs Group
- A site of around 500 hectares 6 km from Disneyland® Paris – 5,000 homes/apartments in tourism residences



- An ambitious Sustainable Action Plan rolled out for 10 measurable targets (One Planet Living)
- 4,500 direct, indirect and implied jobs created during phase 1, including 1,600 direct
- Provisional opening to public of phase 1 in two rounds: spring 2016 and end-2017

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Our main development programmes

Adagio



- Joint Venture with ACCOR (50%)
- N° 1 in French and European aparthotel markets
- Two complementary brands: Adagio and Adagio Access
- 100 residences at end-2013, sales volumes €220m
- 2016 target: 150 residences, sales volumes of almost €380m

Les Senioriales



- Property developer specialised in residences for active elderly people
- Two complementary concepts: Les Senioriales Village and Les Senioriales City
- 36 residences in 2012 (33 villages and 3 cities) €70m in turnover
- 2016 target: €140m in turnover

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Our main development programmes

Spain



- Development via management mandates or variable rents
- 2,700 apartments managed in 2012/13
- Target for 4,000 apartments managed in 2015/16

Morocco



- Partnership between Caisse de Dépôt et de Gestion du Maroc (CDG) and PVCP
- CDG: financing and prime contractor
- PVCP management mandate for tourism residences and stake (25%) in property development in Marrakech
- 3 sites : Marrakech, Saidia and Taghazout
- 1,400 apartments/homes in tourism residences, 920 apartments/homes in property residences
- Opening planned for mid-2016

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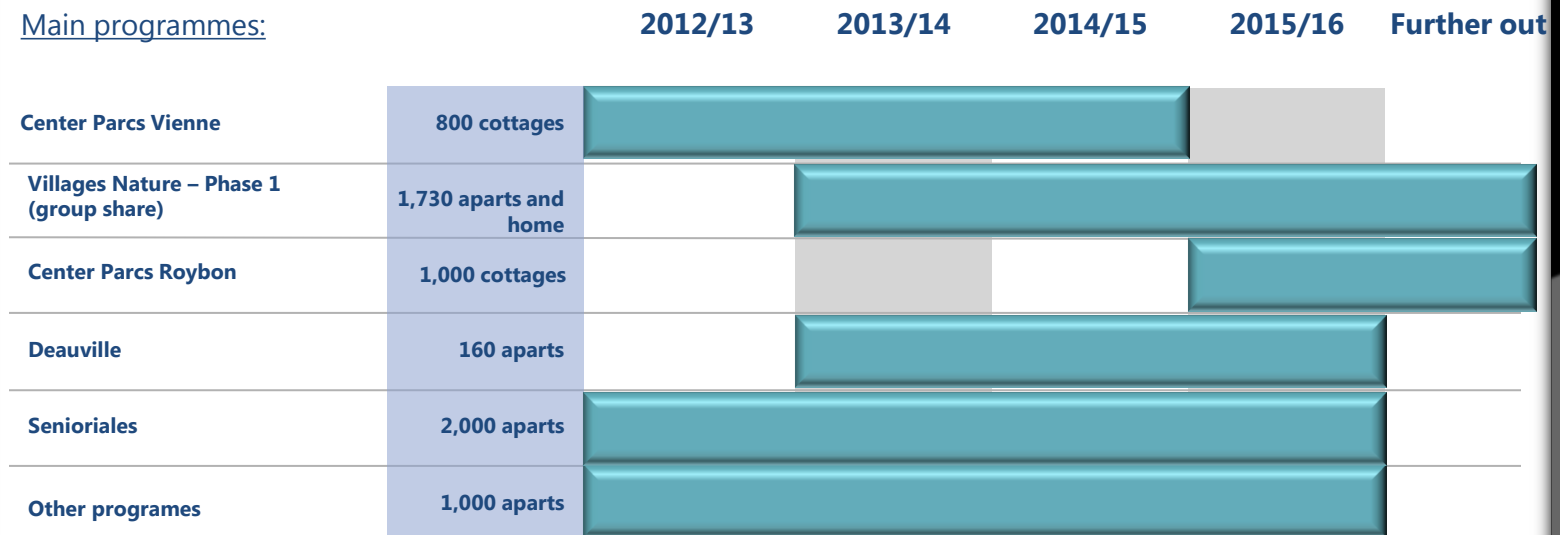
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Property development



Potential turnover of around €1.5bn

Main programmes:



Construction-sales turnover

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Tourism business



Our operating plan

Nurturing our brands and enhancing their visibility

- Marketing offer
- Dialogue with social networks
- Segmentation
- New communication strategy

Creating the **conditions for successful** execution

- Culture performance
- New talents



Generating higher turnover growth than combined growth in the network and inflation and improving its transformation rate

Restoring **lasting profitability**:

- Increasing on-site operating margin by 2 points
- Reducing rental cost/turnover ratio by 2.5 points
- Enhancing efficiency of head office and IT functions

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Nurturing our brands with client experiences and enhancing their visibility

► Transformation of our marketing activities

- 1 Creation of a Group Strategic Marketing department responsible for rolling out brand architecture and digital strategy at the service of client experience
- 2 Deployment of Group CRM and an agile communication strategy
- 3 Implementation of segmented marketing in order to better focus on fringe seasons and extension of targets for Center Parcs
- 4 Focus on ROI for actions and their steering



+20% impact of A&P budget backing faster growth

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Boosting
growth

Generating higher turnover growth than combined growth in the network and inflation and improving its margin transformation rate

1

Efficiency of our pricing and yield management procedures

- Review of our pricing method and our price positioning by site according to elasticity of prices by type/season and margin
- Enhancing professional nature of yield management procedure and optimising promotional policy

2

Optimising distribution

- Management of indirect channels depending on their contribution during low and mid-seasons, specific focus on TOL
- Support from growth at Center Parcs in France
- Profitability of end-to-end distribution channels
- Drastic improvement in conversion rate from direct channels

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Boosting
growth

Generating higher turnover growth than combined growth in the network and inflation and improving its margin transformation rate

3

Growth in non-accommodation turnover

- Review of policy of free services and packaging
- Developing new services and an ecosystem of regional partners
- Boosting site and on-site sales for Center Parcs

4

Plan to conquer international markets

- Adapting our offer to prerequisites in each market and choice of partners depending on value added
- Improve day to day management of Tourism sales
- Highlighting Pierre & Vacances Premium in Scandinavian and Russian markets
- Prospection clients in emerging markets

Growth in Rev Par: +15% to +20%, of which almost 1/3 linked to a mix and stock evolution effect
Growth in CPE occupancy rate: +5 points
Decline in distribution costs/turnover ratio: -2 pts



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Restoring lasting profitability

► Site productivity and operating model

1

PV Tourism: organisation by region

- Pooling of teams and roll-out of reference operating model
- Reducing structures and streamlining local purchases
- Coordinated management of local offering
- Bolstering local sales

2

Better management of employment model

- Making employment model more flexible
- Developing personal polyvalence
- Reducing average cost of productive hour and smoothing out fluctuations between sites

3

Re-engineering procedures and optimising peak loads



+ 2 pts of operating margin

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Restoring lasting profitability

▶ Lease renewals

1

Capping indexation at a maximum annual level of 2% (as for all new contracts signed)

For leases yet to expire, **changing reference index from CCI to RRI**

2

Proposal to pursue management by the Group adapted to the tourism potential of each residence:

- lease renewal on the basis of the last rent, or
- lease renewal on the basis of a lower rent, or
- variable rents, or
- for least competitive residences: **management** mandates (or takeover of operating by a third party operators)

3

Standard works financed by our owners in order to bolster tourism potential, extend operating life and increase the value their property

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Restoring lasting profitability

▶ Lease renewals: projections out to 2016



80% of individual PVTE leases renewed since 2010
16,600 apartments renovated representing investments by owners of €150m



Share of fixed rents in renovated network to be reduced to under 55%
Share of rents indexed to the CCI to now only stand at 10%



Rental expenses to be reduced by €36m* relative to 2012/13
Rent/turnover ratio to be reduced by 2.5 points

** Indexation included and excluding development of offering (-€49m between 2011/12 and 2016/17)*

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Restoring lasting profitability



1

Transfer of 50 residences to Pierre & Vacances brand:

- 40 sites in 2012/13:
 - Turnover generated in winter season: +13%
 - Summer turnover reserved so far: +7%
- 10 sites over next two years

2

Objective : manage under mandate the 18 remaining residences, as the lease contracts mature.

3

Marketing under the Maeva brand of all the non-fungible network (multi-owner, affiliation etc) and apartments under mandate
=> stock: +15,000 apartments

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Restoring lasting profitability

▶ Enhancing efficiency of head office functions

1

Re-engineering of support procedures in order to enhance head office functions and reduce their weight vs turnover

- Finance function: Standardisation and simplification of management indicators and focus on Order to Cash and Client Accounting
- Purchases: focus on local purchases and supply management
- Aligning resources with changes in Pierre & Vacances portfolio

2

IT efficiency plan

- Making the IT system reliable and unlocking contribution from past investments
- Underpinning strategic initiatives



Reduction in head office costs/turnover of 0.5-0.8 pts
Annual IT investment base: €12m with ROI < 24 months

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Ensuring the conditions for success of WIN2016

► An operational organisation strengthened by new talents

Tourism business reporting directly to Group CEO with strengthened management :



Mark Haak Wegmann
CEO Center Parcs Europe

On board 15 April 2013



Pierre Vigna
Deputy CEO Tourism sales

On board 15 April 2013



Charles Antoine Pinel
CEO Pierre & Vacances Tourisme

On board November 2012

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Ensuring the conditions for success of WIN2016

► An operational organisation strengthened by new talents

In order to implement the necessary transformations:

Group Strategic Marketing Director to roll out the digital strategy
at the service of the client experience



Paul Collinson

On board 3 August 2013

Operational Innovation and IT Systems Director to
implement the IT efficiency plan and
re-engineering of procedures



Rodolphe Roux

On board 3 June 2013

► A new composition of governance bodies

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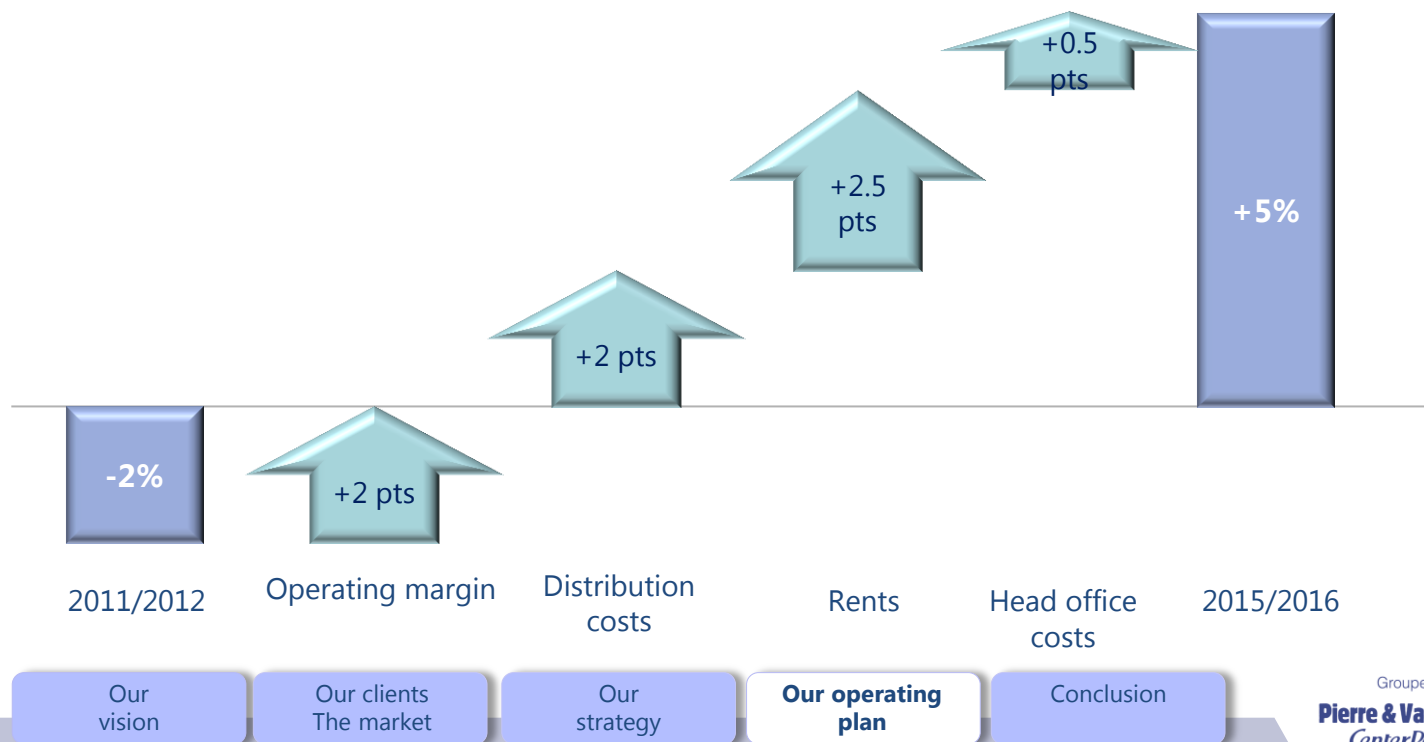
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Tourism



In view of +20% expected growth in REVPAR, underlying operating profit/turnover margin back at 5% in 2015/16



CONCLUSION



Conclusion

- ▶ **A clear vision for the Group:** confirm the Group's position as the European leader in the development and operation of tourism residences and holiday villages.
- ▶ **A confirmed business model** based on two complementary businesses, namely tourism and property development, the combination of which is to generate faster growth in Group earnings.
- ▶ **Innovation as a differentiation challenge** in a very competitive environment and under pressure of a persistent economic crisis:
 - innovation in the design and financing of our projects to develop our tourism network
 - innovation in customer relations.
- ▶ **An operating plan:**
 - meant to rapidly restore profitable growth ;
 - with the objective, in a European environment without a worse deterioration in the economic backdrop, to reach an underlying operating profit / Turnover ratio of 5% to 6% in 2015/2016.

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