Press Release

1ST HALF 2017/2018
OPERATIONAL AND FINANCIAL PERFORMANCE GAINS

Paris, May 24, 2018 – The Board of Directors of Compagnie des Alpes, in a meeting chaired by Dominique Marcel, approved the Group's consolidated financial statements for the first half of the Group's financial year 2017/2018.

(in thousands of €)	1st half 2017/2018	1st half 2016/2017 *Restated (*)*	Change *(versus Restated)*	Change *Comparable scope*
Group sales	**491.2**	458.8	+7.1%	+3.2%
of which Ski Area sales	372.1	362.1	+2.8%	+2.8%
of which Leisure Destination sales	93.8	87.8	+6.8%	+7.7%
Group EBITDA	**169.8**	159.2	+6.7%	+3.6%
EBITDA/Sales	***34.6%***	*34.7%*	*-10 bps*	
of which Ski Area EBITDA	187.7	184.8	+1.6%	+1.6%
of which Leisure Destination EBITDA	-11.9	-15.9	+25.5%	+20.3%
Operating Income	**111.8**	103.1	+8.4%	
Net Attributable Income, Group Share	**69.0**	58.3	+18.4%	
Free cash flow from operations[1]	**77.8**	89.5	-13.1%	

The results for the 1st half of financial year 2017/2018 take into account the acquisition of Travelfactory, changes in scope, certain reclassifications between divisions, and a change in accounting method.

- I – Restated data are data from 16/17 disclosures from which data concerning Grévin Prague and Seoul (reclassified as discontinued businesses) have been eliminated and in which reclassifications between divisions or business units have been made:
  - The business at the Grévin Montréal and Chaplin's World by Grévin sites, as well as that of CDA Production, formerly accounted for in the Group Development BU (which has been eliminated) were reclassified under the Leisure Destination BU
  - Historic real estate agency and online distribution (in particular Alpes Ski Résa) business is accounted for using a different income recognition accounting method (margin in 2017/2018 vs. business volume in 2016/2017). Previously accounted for under the Ski Area BU, these businesses have been reclassified under the BU Holdings and Support, as is the consulting business carried by CDA Management and CDA Beijing, which were previously accounted for under the BU Group Development.
- II – Comparable scope refers to reported data that have been restated (see point I above), from which all business relating to Fort Fun (sold in April 2017) has been eliminated.
- III – Change on a comparable scope: The change is calculated by comparing reported data from 2017/2018, from which Travelfactory (consolidated as of 01/01/18) has been eliminated, to 2016/2017 data on a comparable scope basis (see point II).

Commenting on the results for the first half, Dominique Marcel said: "*We had a good first half, driven by growth in the Group's historical activities. In the Ski Area Division, we posted new growth in sales and managed to cope with extreme operating conditions, especially in January, thanks to the expertise of our teams on site. In Leisure Destinations, higher sales reflect our ability to further boost our park operations during the Halloween period and increase spending per visitor. The first half of this year was also marked by the acquisition of Travelfactory, which has enabled the Group to become the leading distributor of ski holidays in France. Lastly, in a year marked by an increase in our investments in growth and attractiveness, the sale of two of our Grévin museums abroad, combined with a decrease in our cost of debt following the refinancing operations carried out last year, has led to an improvement in our financial performance.*"

[1] See glossary

Compagnie des Alpes

Consolidated sales for the **Group** rose to €491.2M, up +7.1% on a restated basis (+3.2% on a comparable scope basis) compared with the same period of the previous financial year.

Ski Area sales reached €372.1M for the 1st half, an increase of +2.8% versus the same period of the previous financial year (+2.9% for lift sales alone). Sales for the period were driven by an increase in the number of skier days (up 1.5%) and revenue per skier day up +1.4%, in spite of the adverse impacts caused by weather conditions, which are often extreme during the month of January (wind, cold and precipitation) and which disrupted operations for most of the Group's ski resorts.

The number of skier is expected to be higher for the year as a whole for the third consecutive year despite a more competitive environment nationwide this season due to good snowfall levels across the board, including at mid-altitude facilities.

After four first half periods in a row that showed strong growth, **Leisure Destination sales** once again rose over the course of the 1st half 2017/2018, growing by +7.7% on a comparable scope basis (+6.8% on a restated basis) to €93.8M.

Once again this season, this performance is primarily attributable to dynamic sales during the Halloween period, which now accounts for a significant part of some parks' annual sales. In addition, spending per visitor (SPV) increased by a significant 6%, while attendance was up by 1.7%.

The **Holdings and Support** Division currently groups the consulting businesses (CDA Management and CDA Beijing), the online distribution businesses, and CDA's real estate agencies (in particular Alpes Ski Résa), which were previously consolidated under the Ski Area BU, as well as – since January 1, 2018, the business of Travelfactory. Its sales for the 1st half of financial year 2017/2018 came to €25.3M, compared with €8.9M for the 1st six months of financial year 2016/2017, due in particular to this acquisition, while the consulting business continues to develop.

Divisional EBITDA[2] (which is the sum total of Ski Area EBITDA and Leisure Destination EBITDA) reached €175.9M for the period, an increase of 4.1%. On a comparable scope basis, the increase was +3.5%.

For the **Ski Area Division,** the increase in EBITDA fell short of the increase in sales, due in particular to a negative base effect related to the hiring of seasonal employees (which was delayed due to the lack of snow at the start of the season in 2016/2017) but also to the costs incurred to improve ski slope safety. In fact, weather conditions disrupted the operation of some sites and the consequences of Storm Eleanor generated additional expenses for slope grooming, controlled avalanche triggering, and general maintenance work. EBITDA was €187.7M, compared with €184.8M for the same period last year, which is therefore 50.5% of sales compared with 51.0% for the first half of 2016/2017.

For the **Leisure Destination Division**, EBITDA was once again negative for the period due to the highly seasonal nature of this business, although it showed considerable improvement compared with the same period last financial year, going from -15.9 million euros for the 1st half of 2016/2017 to -11.9 million euros this year, mainly due to the good operating performances for facilities.

During the half-year period, EBITDA for the **Holdings and Support** Division also increased significantly (+37.8%), thanks in particular to Travelfactory, whose EBITDA is also highly seasonal. Due to the concentration of second-quarter revenues, this increase is not representative of what it will be on an annual basis.

For the first six months of the year, consolidated EBITDA was €169.8M, an increase of 6.7%.

[2] See glossary

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Operating Income (OI) rose by a substantial 8.4% versus the same period of the previous financial year, reaching €111.8M, thanks to robust sales during the period.

Net cost of debt for the Group stands at €4.5M, a reduction of €3.2M that resulted from the refinancing operation that was conducted in 2017. For the financial year as a whole, the decrease will amount to more than 40%.

Grévin Prague and Grévin Seoul (discontinued businesses)

The Group decided last December not to continue operating the Seoul and Prague sites and therefore to recognize them as discontinued operations in the income statement. The Grévin Museum in Seoul was ceded to a Korean minority partner last February. The Prague site was sold in April 2018 (post half-year closing) to a Belgian industrialist. The negative contribution of these two sites to the Group's results in 2016/2017 was -5.9 million euros, while it will be positive in 2017/2018 due to the proceeds of their sale.

These two sites will continue to be operated under the Grévin brand, but the expected royalties will be insignificant.

Net attributable income, Group share, came to €69.0M, an increase of 18.4%.

As anticipated, **net industrial investments**[3] increased by 30.7% over the first six months of the current financial year, reaching €93.7M.

This is primarily due to an increase in investments in **Ski Areas**. In the first half of 2017/2018, they amounted to €53.7M, compared with €35.9M in 2016/2017, when the investment phasing was concentrated in the second half of the year because of the timetable for their completion. The planned increase of €7M in the annual investment budget is confirmed.

Net industrial investments for **Leisure Destinations** increased by €5M, mainly attributable to work done to build the Hôtel de la Cité Suspendue at Parc Astérix and the announced increase of € 20M in the annual investment budget.

Free Cash Flow from Operations[4] was €77.8M for the period, versus €89.5M for the first six months of the previous financial year, with the difference due mainly to the difference in phasing of the Ski Area investments between the 1st and 2nd half-year periods and their global increase at the Group level.

The Group's **net debt** as of March 31, 2018, was up by 4.8% to €269.6M, due to the increase in investments. The **net debt/EBITDA** ratio continues to improve, at 1.24 versus 1.36 at the end of the first half of the previous financial year, thanks to the improvement in operating income.

[3] See glossary

[4] See glossary

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OUTLOOK FOR 2017/2018 AND UPDATING OF EBITDA MARGINS

The outlook for 2017/2018 is subject to change in light of major economic uncertainties.

- **Ski Areas**

Ski Area business, which suffered during the first two weeks of April (due to the late school holiday calendar and the transportation strike), went on to recover somewhat for the end of the season. As a result, the Group estimates that growth in sales for this division will be slightly higher than 2% for the financial year as a whole.

Following the acquisition of Travelfactory, which is accounted for under Holdings and Support, the Group's historical real estate and online distribution businesses (including Alpes Ski Résa), previously recorded under Ski Areas, were reclassified as Holdings and Support. These activities were dilutive to the EBITDA/Sales margin for this division (0.8 point). In light of this reclassification, the Group's target for EBITDA margin is around 37% over the next two years, compared with 36% previously.

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- **Leisure Destinations**

Barring the occurrence of a weather or major security risk, sales should continue to increase for this division, boosted by an investment program focused on adding appeal and capacity and by the results of the Very High Customer Satisfaction strategy, as both encourage visitors to return to our sites for repeat visits.

The impact of reclassifications, with the integration of Chaplin's World by Grévin and Grévin Montréal activities into the Leisure Destinations BU, was already factored into Leisure Destination figures when the annual results were announced last December. Accordingly, there is no change at this level and the Group reaffirms its EBIT margin/sales target (excluding Futuroscope) of 27% in 2019.

- **Holdings and Support**

The integration of Travelfactory will continue throughout the year. As for the consulting business, two new collaboration agreements – with the Chinese Beidahu Station and the Vanke Group, which operates in Jilin Province – have recently been signed to assist them in their development projects. In addition, after 9 months of work and a complete transformation carried out with the help of the Compagnie des Alpes teams, the Jardin d'Acclimatation, in collaboration with the LVMH group, will reopen on June 1st of this year.

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- **Group**

In light of the investment trend, the Group reaffirms that ROOC, which measures the return on capital invested in ski areas and leisure destinations, should increase over the 2018-2022 period, but in a non-linear manner due to the fact that the sales increase related to investments in leisure parks emerges one to two years after the underlying capital expenditure and that the cost of launching new offers is generally incurred the financial year prior to their opening.

When it released its 2016/2017 financial statements, the Group reported that ROOC was 8.9%. Restated for the impacts of the various reclassifications, it would have been 8.8%.

Upcoming events:

- 3Q 2017/2018 sales: Thursday, July 19, 2018, after stock market closes
- FY 2017/2018 sales: Thursday, October 18, 2018, after stock market closes
- FY 2017/2018 results: Tuesday, December 11, before stock market opens

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Additional Information

1 – Consolidated 1st half results for 2017-2018 through March 31, 2018

(in thousands of €)	1st half 2017 / 2018	1st half 2016 / 2017 restated (*)	Change (vs restated)	Change Comparable scope
Sales	491,2	458,8	*7,1%*	*3,2%*
EBITDA	169,8	159,2	*6,7%*	*3,6%*
EBITDA/SALES	*34,6%*	*34,7%*		
Operating Income	111,8	103,1	*8,4%*	
Net cost of debt and miscellaneous	-6,3	-9,5	*-34,2%*	
Tax expense	-35,1	-33,2	*5,7%*	
Equity method	4,6	4,6	*-1,2%*	
Net income from going concerns	75,0	65,1	*15,3%*	
Net income from discontinued businesses	-0,5	-2,8		
Net income	**74,5**	**62,3**	***19,7%***	
Minority interests	-5,5	-4,0	*38,8%*	
Net Attributable Income, Group Share	**69,0**	**58,3**	***18,4%***	

2 – Sales by division

(in thousands of €)	1st half 2017 / 2018	1st half 2016 / 2017 restated (*)	Change (vs restated)	Change Comparable basis
Ski Areas	372,1	362,1	2,8%	2,8%
Leisure Destinations	93,8	87,8	6,8%	7,7%
Holdings and support	25,3	8,9	185,0%	-24,3%
Sales	**491,2**	**458,8**	**7,1%**	**3,2%**

3 – EBITDA by division/business unit

(in thousands of €)	1st half 2017 / 2018	1st half 2016 / 2017 restated (*)	Change (vs restated)	Change Comparable scope
Ski Areas	187,7	184,8	1,6%	1,6%
Leisure Destinations	-11,9	-15,9	25,5%	20,3%
Holdings and support	-6,0	-9,7	37,8%	-1,6%
EBITDA	**169,8**	**159,2**	**6,7%**	**3,6%**

Press Release

Glossary

Divisional EBITDA: Combined EBITDA for Ski Areas and Leisure Destinations.

Free Cash Flow: Difference between self-financing capacity and net industrial investments (changes in working capital requirements are not taken into account).

Self-financing Capacity = net income

- Plus depreciation, amortization and provisions, capital losses on disposals, dividends paid by companies accounted for under the equity method, and any other charges without cash impact,
- Less reversals of provisions, capital gains on disposals, the share of income in companies accounted for by the equity method, and any other non-cash income.

Net Industrial Investments: Acquisitions of tangible and intangible assets net of changes in accounts payable for fixed assets and proceeds from the sale of fixed assets.

Free Cash Flow from Operations: Free cash flow before interest expense and taxes.

ROOC: Used to measure the profitability of capital invested in the Group's core businesses (Ski Areas and Leisure Destinations). It corresponds to the ratio, for each division and aggregated for both divisions, of after tax operating income to consolidated net assets excluding goodwill)

- **After tax operating income** is calculated after the deduction of a theoretical tax expense based on the normative tax rate of 33.33%
- **Net assets** used excluding goodwill include:
    - The net values of long-term assets after the exclusion of goodwill
    - Working capital requirement
    - Deferred tax assets net of deferred tax liabilities
    - Current provisions

For financial year 2016/2017, the reconciliation of ROOC is as follows:

	Ski Areas and Leisure Destinations	Rest of the group	Total, Group
Operating income	110 702	- 17 576	93 126
Theoretical tax expense (33.33%)	- 36 897	5 858	- 31 039
After-tax operating income	73 805	- 11 718	62 087
Assets used ex-goodwill	827 147	- 7 741	819 406
Operational ROCE	**8,9%**		**7,6%**

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