Compagnie des Alpes 30 ans

Press release

1ST HALF 2018/2019
A SOLID LEVEL OF ACTIVITY THIS HALF
AND ENCOURAGING PERFORMANCES FOR THE REST OF THE YEAR

Paris, May 21, 2019 – 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 2018/2019.

(in millions of €)	1st half 2018/2019	1st half 2017/2018 *Restated* (2)	Change *versus Restated* (2)	Change *Comparable scope*
Group Sales	**498.2**	482.5	+3.2%	+2.8%
Ski Areas	**384.7**	368.9	+4.3%	+4.3%
Leisure Destinations	**93.1**	93.3	-0.2%	-0.2%
Holdings & Supports	**20.4**(1)	20.3	+0.3%	-9.5%(3) (4)
Group EBITDA	**165.4**	166.6	-0.7%	+1.1%
EBITDA/Sales	***33.2%***	*34.5%*	*-130 bps*	
Ski Area EBITDA	194.7	184.5	+5.5%	+5.5%
Leisure Destination EBITDA	-15.7	-11.9	-32.0%	-32.0%
Holdings & Supports EBITDA	-13.6	-6.0	-125.6%	-77.0%
Operating Income	**105.7**	108.6	-2.6%	
Net Attributable Income, Group Share	**64.6**	67.1	-3.6%	
Free cash flow from operations [1]	**61.2**	74.6	-17.9%	

(1), (2), (3) and (4): Data for the 1st half of 2018/2019 take the acquisition of Travelfactory into account, as well as changes in methods for revenue recognition (including IFRS 15) that are explained in detail at the end of the press release published on April 18, 2019.

Commenting on the results for the first half, Group Chairman and CEO Dominique Marcel said: *"It is a good first half, with growth in sales driven by yet another increase in ski area business. Our financial performances are in line with our expectations and remain at satisfactory levels, reinforcing the Group's ability to achieve the targets it has set for the entire financial year.*

During the first half of the year, the Group showed that it could be agile and take advantage of good market conditions to diversify and optimize its sources of financing. In addition, the Group acquired Familypark, Austria's first leisure park, a facility whose fundamental characteristics are perfectly in line with its strategy. In addition to the significant investments we are making to continue to improve the attractiveness and performance of all our facilities, our ability to make targeted acquisitions that strengthen our portfolio is an additional lever for creating value."

[1] See glossary

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Consolidated sales for the **Group** rose to €498.2 million for the period, an increase of 3.2% (+2.8% on a comparable scope basis) compared with the same period in the previous financial year.

Ski Area sales increased by 4.3% over the course of the 1st half, reaching €384.7 million. With normalized weather conditions, lift ticket sales alone (the main component of Ski Area sales) increased by 4.1%, driven by an increase in spending per skier-day of 3.2% and a 0.9% increase in the number of skier-days. Sales were also boosted by a favourable calendar (featuring an additional Sunday of operation) that will be corrected for in the 3rd quarter.

Leisure Destination sales for the 1st half, although high at €93.1 million, fell slightly (-0.2%) for the period, mainly due to the fact that Easter weekend fell later this year than last, which meant that most of the parks opened at the beginning of the 3rd quarter rather than at the end of the 2nd quarter. Correcting for this impact, sales would have been up by about 0.5% over the first half of this year. Over the period, spending per visitor remained dynamic (+2.1%), driven by the commercial strategy in effect onsite and offsetting the slight decline in attendance.

Sales for **Holdings & Supports** totalled €20.4 million, versus €20.3 million over the same six-month period last year, which did not include the contribution of Travelfactory in the first quarter. The consulting business posted a drop-in sales due to the scheduled completion of the assistance contract for the renovation of the Jardin d'Acclimatation. However, this decline was offset by the consolidation over the full six months of Travelfactory, whose business volume is growing.

EBITDA for the Group was €165.4 million for the 1st half of 2018/2019, versus €166.6 million for the same period last year (-0.7%). EBITDA was penalized in particular by the consolidation for the full six-month period of Travelfactory, whose structurally negative EBITDA for the 1st quarter was not included in last year's financial statements. On a comparable scope basis, Group EBITDA increased by 1.1% over the period.

EBITDA for **Ski Areas** rose more rapidly than sales despite the expected increase in the cost of energy and insurance. It totalled €194.7 million, a dynamic 5.5% increase compared with the prior year, and represents 50.6% of sales, versus 50.0% for the 1st half of 2017/2018.

The Group reiterates that EBITDA for **Leisure Destinations** is structurally negative for the 1st half due to the highly seasonal nature of this business, as the second half of the year accounts for around 75% of annual sales. EBITDA for the period is -€15.7 million, versus -€11.9 million over the same period last year. This slight deterioration is attributable in particular to the later opening of the majority of the Group's facilities this year, as well as to the increase in the structural costs associated with business development, in particular for the new hotel at Parc Astérix, for which expenses began to be posted before the start of the season.

As anticipated, EBITDA for **Holdings & Supports** for the period deteriorated over the 1st half of the current financial year, amounting to -€13.6 million, compared to -€6.0 million for the same period last year. This decrease is primarily due to the consolidation of Travelfactory for the full six months ended: the first quarter, which was structurally negative in terms of EBITDA, was not consolidated last year. The full impact for the period under review is €3.0 million. Subsequently, the Compagnie des Alpes Group took over – for its facilities that are eligible – the payment of a "Macron" bonus for a total amount of € 2.4 million. Lastly, the Group continues to invest in resources related to major marketing and digital projects.

Operating Income (OI) for the period amounted to €105.7 million, a decline of -2.6% compared with the 1st half of 2017/2018, due in particular to higher expenses and higher depreciation allowance following implementation of the Group's ambitious investment strategy.

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Net cost of debt for the Group decreased by 13.0%, to €3.9 million. This decrease is attributable to the fact that, in 2017-2018, the cost of the debt still included the outstanding debt on the €200 million bond that was fully redeemed on October 18, 2017. It is also attributable to the Negotiable European Commercial Paper (NEU) program that was rolled out to allow the Group to self-finance in the short term at negative rates.

Net attributable income, Group share, totalled €64.6 million, a decrease of €2.4 million (-3.6%) compared with March 31, 2018.

As expected, **Net Industrial Investments**[2] increased, reaching €108.3 million for the 1st half, up by 15.6%.
For Ski Areas, net industrial investments rose by nearly 28%, not only the annual budget, confirmed for a total amount of around €100 million, which represents an increase of about 10% compared to the previous year, but also the timetable for completion, which this year puts more than two-thirds of the annual budget in the first half, compared with less than 60% last year. As a result, the investments planned for the second half will be much lower than in the second half of last year.
For Leisure Destinations, net industrial investments are virtually unchanged versus the first half of 2017/2018, at €38.8 million. However, they will accelerate in the second half of the year, as the envelope of around € 100 million is also confirmed.

Free Cash Flow From Operations[3] for the six months ended totalled €61.2 million, versus €74.6 million for the same period one year prior, primarily due to the increase in net industrial investments.

The Group's **Net Debt** as of March 31, 2019, totalled €380.5 million, versus €269.6 million for the six months ended March 31, 2018, and €402.3 million at the end of September 2018.
In March 2019, the Group offered a USPP of €65 million, with an average maturity of 10 years, intended primarily to finance the acquisition of full ownership, announced on March 20th, of Familypark, Austria's top leisure destination, valued at €72.5 million. Familypark is fully consolidated since April 1, 2019.
In early February, the Group also implemented an NEU CP issue program for a maximum amount of €240 million. This program is secured by a revolving credit line totalling €250 million due May 2023, to which has been added a swing line of €80 million. Through March 31, 2019, drawdown of the line varied between 0 and €135 million, subscribed at rates between -0.02% and -0.12%.

Accordingly, the **Net Debt / EBITDA** ratio year-over-year is 1.74 as of March 31, 2019, versus 1.24 as of March 31, 2018.

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[2] See glossary
[3] See glossary

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OUTLOOK FOR 2018/2019

The outlook for 2018/2019 is subject to change in light of major economic uncertainties.

- **Ski Areas**

In light of the positioning of Easter weekend in mid-April and brisk sales over the spring holidays, combined with targeted actions taken by the Group, growth is expected in Ski Area sales for the year as a whole of around 3% with, for the fourth consecutive season, a slight increase in skier-days. As a reminder, the Group sold a property for €2.4 million in the third quarter of the previous financial year.

In addition, the target of achieving an EBITDA/Sales margin of between 36% and 37% for the year is reiterated.

- **Leisure Destinations**

The second half of the year represents about 75% of annual sales for this division. The Group has deployed an offensive strategy, with investments in capacity and/or attractiveness at all of its facilities aimed at boosting attendance, encouraging return visits, and further developing visitor satisfaction.

Confident in the wisdom of this strategy, the Group reaffirms its target of growing the EBITDA/Sales ratio and achieving a rate of between 27 and 28% (excluding Futuroscope).

Upcoming events:

- 3Q 2018/2019 sales: Thursday, July 18, 2019, after stock market closes
- FY 2018/2019 sales: Thursday, October 17, 2019, after stock market closes
- FY 2018/2019 results: Tuesday, December 10, 2019, before stock market opens

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Additional Information

1 – Consolidated Results for the 1st half of 2018-2019 through March 31, 2019

(in €M)	1st half 2018/2019 Actual scope (1)	1st half 2017/2018 Actual scope, restated (2)	Change (%) (1) - (2) / (2)	Change (%) Comparable scope
Sales	498,2	482,5	*3,2%*	*2,8%*
EBITDA	165,4	166,6	*-0,7%*	*1,1%*
EBITDA/Sales	*33,2%*	*34,5%*	*-3,8%*	
Operating Income	105,7	108,6	*-2,6%*	
Net cost of debt and miscellaneous	-5,7	-6,3	*-8,8%*	
Tax expense	-36,4	-34,0	*7,2%*	
Equity method	5,8	4,6	*27,2%*	
Net income or loss from going concerns	69,5	73,0	*-4,8%*	
Net income or loss from discontinued operations	0,0	-0,5	*-100,0%*	
Net Income	**69,5**	**72,4**	*-4,1%*	
Minority interests	-4,8	-5,4	*-9,7%*	
Net Attributable Income, Group Share	**64,6**	**67,1**	*-3,6%*	

2 – Sales by Division for the 1st half of 2018-2019 through March 31, 2019

(in €M)	1st half 2018/2019 Actual scope (1)	1st half 2017/2018 Actual scope, restated (2)	Change (%) (1) - (2) / (2)	Change (%) Comparable scope
Ski Areas	384,7	368,9	4,3%	4,3%
Leisure Destinations	93,1	93,3	-0,2%	-0,2%
Holdings & Supports	20,4	20,3	0,3%	-9,5%
Sales	**498,2**	**482,5**	**3,2%**	**2,8%**

3 – EBITDA by Division for the 1st half of 2018-2019 through March 31, 2019

(in €M)	1st half 2018/2019 Actual scope (1)	1st half 2018/2019 Comparable scope (2)	Change (%) (3)	Change (%) Comparable scope
Ski Areas	194,7	184,5	5,5%	5,5%
Leisure Destinations	-15,7	-11,9	-32,0%	-32,0%
Holdings & Supports	-13,6	-6,0	-125,6%	-77,0%
EBITDA	**165,4**	**166,6**	**-0,7%**	**1,1%**

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Glossary

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 2017/2018, the reconciliation of ROOC is as follows:

	Domaines skiables et Destinations de loisirs	Reste du groupe	Total Groupe
Résultat opérationnel	108 880	- 11 881	97 000
Impôt théorique (à 33,33%)	- 36 290	3 960	- 32 330
Résultat opérationnel après impôt	72 590	- 7 921	64 670
Actifs utilisés hors goodwills	888 228	- 17 802	870 426
ROCE opérationnel métiers	**8,2%**		**7,4%**

Since it was founded in 1989, Compagnie des Alpes has established itself as an uncontested leader in the leisure industry. At the helm of 11 of the world's most prestigious ski resorts (Tignes, Val d'Isère, Les Arcs, La Plagne, Les Menuires, Les 2Alpes, Méribel, Serre-Chevalier, etc.) and 12 renowned leisure destinations (Parc Astérix, Grévin, Walibi, Futuroscope, etc.), the company is steadily expanding in Europe (France, the Netherlands, Belgium, etc.) and, more recently, at the international level (Grévin Montréal in 2013, Chaplin's World by Grévin, Familypark in Austria in April 2019 and engineering and management assistance contracts (China, Russia, Georgia, Kazakhstan, Turkey, Morocco, Japan)). CDA also owns stakes in 4 ski areas, including Chamonix.
During the financial year ended September 30, 2018, CDA facilities welcomed nearly 23 million visitors and generated consolidated sales of 801.2 M€.
With nearly 5,000 employees, Compagnie des Alpes works with its partners to build projects that generate unique experiences, the opposite of a standardized concept. Exceptional leisure activities for everyone.

CDA is included in the following indices CAC All-Shares, CAC All-Tradable, CAC Mid & Small and CAC Small.
ISIN: FR0000053324; Reuters: CDAF.PA; FTSE: 5755 Recreational services

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