Compagnie des Alpes
30 ans

1ST HALF 2019/2020

FIRST SIX MONTHS IMPACTED BY CLOSURE IN MID-MARCH OF ALL SITES DUE TO COVID-19

Paris, May 26, 2020 – 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 2019/2020.

(in €M)	1st half 2019/2020*	1st half 2018/2019**	Change	Change *Comparable scope****
Group Sales	**470.5**	498.2	-5.6%	-6.2%
of which Ski Area sales	**350.2**	384.7	-9.0%	-9.0%
of which Leisure Park sales	**103.2**	93.1	+10.8%	+7.2%
of which Holdings & Support	**17.2**	20.4	-15.9%	-15.9%
Group EBITDA	**148.2**	165.4	-10.4%	-9.7%
EBITDA/Sales	***31.5%***	*33.2%*	*-170 bp*	
of which Ski Areas	175.6	194.7	-9.8%	-9.8%
of which Leisure Parks	-13.3	-15.7	+15.1%	+22.8%
of which Holdings & Support	-14.1	-13.6	-3.2%	-3.2%
Operating Income	**74.5**	105.7	-29.6%	
Net Attributable Income, Group Share	**47.7**	64.6	-26.2%	
Free cash flow from operations[1]	**58.6**	61.2	-4.7%	

** Since October 1, 2019, Compagnie des Alpes applies IFRS 16 (relative to leases) in the preparation of its financial statements using a simplified retrospective approach. In this case, IFRS does not require the restatement of previous years' leases. See additional information section.*

*** Excluding IFRS 16 – as explained above, 1st half 2018/2019 statements were not restated.*

**** The change on a comparable scope basis excludes sales and EBITDA for Familypark (leisure parks), consolidated as of April 1, 2019.*

Commenting on the results for the first half, Group Chairman and CEO Dominique Marcel said: "*Our financial statements for the first half reflect a completely unprecedented situation. And our business indicators since the start of this financial year had been particularly dynamic until the confinement measures that were adopted to help slow the spread of COVID-19 caused us to abruptly close our various sites in mid-March, a move that cut our first half short by two-and-a-half weeks.*

We immediately shifted our priority to the safety of our guests and our employees, and we also turned our attention to the long-term survival and economic balance of our Group. A plan designed to adjust our structural and operating costs was thus rapidly rolled out and we decided to adjust our investment plans as well. All of these decisions were made in compliance with our standing commitments and taking into account the best interests of our employees and our stakeholders without compromising the quality of the product we strive to offer our clients.

[1] See glossary

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All of our attention and all of our energy are now focused on preparing for the gradual reopening of our sites so that we will be ready to welcome our guests as rapidly as possible and under suitable public safety conditions, in compliance with the guidance issued by public policymakers in the various countries in which we operate.

The crisis we are experiencing is major, but we are confident in our ability to get through it, because the fundamentals of the Compagnie des Alpes are solid and our strategy is both clear and value creating for all."

Consolidated sales for the **Group** reached €470.5M for the first half of financial year 2019/2020, a decline of 5.6% (-6.2% on a comparable scope basis) compared with the same period one year earlier.

Ski Area sales were cut short by two-and-a-half normally very busy weeks due to the early closure of ski resorts on March 14 in connection with the mandatory lockdown measures. The total for the period, €350.2M, was a significant drop of 9.0% compared to the first half of the previous year. Before this event, the season was going well, thanks in particular to a very good second week of the Christmas holidays. Through March 14, sales had increased by around 2.5% compared to the same period last year.

Despite the closure in mid-March of the handful of sites that were open, **Leisure Park sales** reached €103.2M for the period, a significant increase of 10.8% (+7.2% on a comparable scope basis) thanks in particular to the acquisition of Familypark and the strategic actions taken by the Group. This sales dynamic reflects an increase in the number of guests (+9.9%)[2] as well as another increase in spending per guest (+2.5%)[3]. Through mid-March, sales were up by +15.9% (+12.1% on a comparable scope basis) compared with the same period last year.

Holdings & Support sales totaled €17.2M for the period, versus €20.4M for the same period one year earlier. Sales for Travelfactory and the real estate agencies suffered due to the lockdown measures put in place in most European countries, while the decline in sales from the consulting business reflected the timing of the contracts.

EBITDA for the Group of €148.2M. EBITDA was understandably impacted by the abrupt shutdown of businesses, especially for the Ski Area division. Excluding the impact of IFRS 16, it would have been €141.8M, a decrease of 14.3% compared with the same period last year. EBITDA margin excluding IFRS 16 was down by 300 basis points, to 30.2%.

For **Ski Areas,** EBITDA for the first half of the financial year came to €175.6M (€174.1M ex IFRS 16) versus €194.7M for the same period last year. This decline in Ski Area EBITDA of €20.6M excluding IFRS 16 should be analyzed in light of the sales decline of €34.5M for this BU, demonstrating that the cost adjustment plan rolled out by the Group the day after March 14 offset 40% of the lost sales. The EBITDA margin excluding IFRS 16 was down by 90 basis points to 49.7%.

As a reminder, **Leisure Park** EBITDA is structurally negative in the first half of the year due to the highly seasonal nature of this business. The second half of the year represents, on average, around 75% of annual sales. For the period under review, it was -€13.3M compared to -€15.7M over the same period the previous year (-€17.4M excluding IFRS 16). Compared to the first half of last year, new expenses had an adverse impact, reflecting in particular the integration of Familypark (consolidated in April of 2019) and operating expenses for the Bellewaerde Aquapark (which opened in July of 2019), but also expenses related to Parc Astérix pertaining to the opening of the second hotel and to the facility being open to the general public, for the first time, during the Christmas holidays. The non-IFRS 16 EBITDA margin was little changed compared to the first half of the previous year, at -16.9%.

[2] And not + 7.4% as was erroneously indicated in the 1st half sales press release published on April 23, 2020.
[3] And not + 3.4% as was erroneously indicated in the 1st half sales press release published on April 23, 2020.

EBITDA for **Holdings & Support** came to -€14.1M (-€14.8M excluding IFRS 16), compared with -€13.6M for the same period the previous year, with the slight negative change mainly due to the impacts of the COVID-19 crisis on this BU. Also, like last year, the Compagnie des Alpes Group covered the cost, for eligible employees, of the Exceptional Purchasing Power Bonus, representing a total amount of €2.7M (compared to €2.4M the previous financial year). Lastly, the Group continues to invest in the development of its marketing and digital strategy, which should prove to be an important asset for the Group, particularly when business resumes after the crisis.

Operating Income (OI) for the period came to €74.5M, a decline of 29.6% compared with the same period last year (-30.2% excluding IFRS 16). This decrease is attributable mainly to the decline in sales. In addition, the Group recorded an increase in depreciation and provisions (€11.9M), reflecting the Group's proactive investment strategy and a depreciation expense linked to the application of IFRS 16 for € 5.8 million. In addition, given the uncertainties weighing on business forecasts in the context of Covid-19, the Group recorded an amortization of tangible assets for Grévin Montréal of €2.4M and partial depreciation of Travelfactory goodwill for €2.8M.

The Group's **net cost of debt** rose by €1.6M, reaching €5.5M. This increase is due in part to expenses related to the implementation of the USPP for the acquisition de Familypark and also includes the expensing of financial costs on lease liabilities pursuant to IFRS 16, for a total of €1.2M.

In addition, including other financial income and expense, which include a capital gain on the sale of a non-consolidated subsidiary for €1.5M, the **financial result** for the period was -€5.1M.

Tax expense decreased by €9.1M, reaching €27.3M. As a result, the tax bracket changed from 34.4% to 34.9%.

The income share of **companies accounted for using the equity method** rose by €2.8M to €8.6M, due to Compagnie du Mont-Blanc (+€3.0M), which booked an insurance claim settlement the previous year.

Net attributable income, Group share, was €47.7M, down €16.9M (-26.2%) compared with March 31, 2019. Excluding IFRS 16, the decrease in net attributable income was -25.7%.

Net industrial investments[4] came to €91.4M, a decrease of 15.6% compared with the same period the previous year.
In the Ski Area division, investments were down for the period, mainly due to different phasing than last year for the same period.
For Leisure Parks, investments were unchanged at €38.8M for the period, while the commitments made prior to the COVID-19 crisis will be accounted for in the second half of the year.

Despite the decrease in net industrial investments, **Free Cash Flow from Operations**[5] for the first half of the year totaled €58.6M, compared with €61.2M for the same period one year ago. This decline is primarily attributable to the decrease in self-funding capacity due to the COVID-19 crisis and the closure of our facilities in mid-March 2020.

After accounting for a lease liability of €112.6M as per IFRS 16, **net debt** was €577.9M on March 31, 2020. Excluding IFRS 16, the Group's net financial debt as of March 31 was €465.3M, versus €380.5M on March 31, 2019.

Accordingly, the **net debt / EBITDA (excluding IFRS 16) ratio over 12 months**, on which our bank covenants are assessed, were 2.23 on March 31, 2020, versus 1.74 on March 31, 2019.

[4] See glossary
[5] See glossary

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At the end of the period under review, the Group has €300M in cash resources, credit lines, and unused overdraft facilities, and has no significant debt repayment obligations between now and the end of its financial year.

The rest of financial year 2019/2020

- **Ski Areas**

The Group hopes to be able to open its ski resorts in June, provided that the lifting of the lockdown rolls out under good conditions. However, given that all the ski areas have been closed since March 14 and that the 4th quarter is generally slow compared to the others, the Group confirms it is anticipating, for the 2019/2020 financial year, a decrease in annual sales for this division of approximately 20% (€85 to 90M).

The day after its ski resorts closed, the Group implemented an adjustment plan targeting structural and operating costs. Thanks to these efforts, the Group now expects the Ski Area EBITDA margin on sales of slightly more than 30%, excluding IFRS 16, confirming its ability to continue to compensate for just over 40% of the sales lost due to the closure of its ski resorts near the end of the first half of this year.

Lastly, due to the crisis and its substantial impacts, the Group plans to postpone certain investment projects, while respecting its obligations and taking the needs of its stakeholders into account, reducing the annual budget to nearly €80M.

- **Leisure Parks**

Like the Ski Areas, a plan to adjust the structural and operating costs for the Leisure Parks is also in place to offset just over 40% of sales losses caused by site closures.

To date, a great deal of uncertainty persists with regard to the impact of COVID-19 on results for the second half of the year. This impact will depend on the dates our facilities will be allowed to reopen, and for most of them,[6] these dates are not yet known; the pace of the business recovery, which could be slow and gradual; operating constraints linked to efforts to comply with public health measures, which could weigh on sales; and an adjustment to variable expenses that cannot be maintained indefinitely at the current level.

In order to prepare for these reopenings, the Group has been working with industry professionals in all the countries where it operates, drawing up health and safety plans that have been sent to various government authorities. The aim of these plans is to identify operating procedures that adapt the offering to the public health crisis in order to guarantee the health and safety of employees and visitors. Thus, a number of concrete operating and health measures will be put in place when the sites reopen.

Concerning investments, for Leisure Parks, which were already mostly completed or committed prior to the initial date of opening for the sites, a reduction is nonetheless necessary for the budgeted amount, which will be reduced to a total slightly above €85M for this year.

[6] Walibi Holland site reopened on May 25.

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- **Group**

In total, the investment budget was set for around €175M. Lastly, given the structure of its long-term financing, the adaptive measures taken, and the option of accessing additional lines of credit, the Group remains confident in its ability to over its liquidity needs until the end of the civil year, including under a worst-case scenario.

In the crisis environment created by COVID-19, the Group faces a large number of uncertainties that make it extremely difficult to assess the various impacts on the Group's results over the very short term or even medium term. These impacts will depend on multiple factors and, in particular, on the date that we are able to resume operations, as well as on the preventive measures adopted by government policymakers in the countries where the Group operates, and the short-term impact that this crisis will have on consumer behavior. As a reminder, the Group has decided in light of this unprecedented situation to abandon the 2019-2020 EBITDA margin objectives for Ski Areas and Leisure Parks that were communicated last December.

Upcoming events:

- 3rd quarter 2019/2020 sales: Thursday, July 23, 2020, after stock market closes
- Full year 2019/2020 sales: Thursday, October 22, 2020, after stock market closes
- Full year 2019/2020 results: Tuesday, December 8, 2020, before stock market opens

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Additional information

1 – Consolidated results, 1st half of 2019-2020 through March 31, 2020 (After IFRS 16)

(in €M)	1st half 2019/2020 Actual scope (1)	1st half 2019/2020 Comparable scope (2)	1st half 2018/2019 Comparable scope (3)	% Change Comparable scope (2) - (3) / (3)	1st half 2018/2019 Actual scope (4)	% Change Actual scope (1) - (4) / (4)
Sales	470,5	467,2	498,2	*-6,2%*	498,2	*-5,6%*
EBITDA	148,2	149,5	165,4	*-9,7%*	165,4	*-10,4%*
EBITDA/SALES	*31,5%*	*32,0%*	*33,2%*	*-3,7%*	*33,2%*	*-5,1%*
Operating Income	74,5	77,5	105,7	*-26,7%*	105,7	*-29,6%*
Net cost of debt and miscellaneous	-5,1				-5,7	*-11,4%*
Tax expense	-27,3				-36,4	*-25,1%*
Equity method investees	8,6				5,8	*47,8%*
Net Income	**50,8**				**69,5**	***-26,9%***
Minority interests	-3,1				-4,8	*-35,8%*
Net attributable income, group share	**47,7**				**64,6**	***-26,2%***

2 – Sales by division, 1st half of 2019-2020 through March 31, 2020

(in €M)	1st half 2019/2020 Actual scope (1)	1st half 2019/2020 Comparable scope (2)	1st half 2018/2019 Comparable scope (3)	% Change Comparable scope (2) - (3) / (3)	1st half 2018/2019 Actual scope (4)	% Change Actual scope (1) - (4) / (4)
Ski Areas	350,2	350,2	384,7	*-9,0%*	384,7	*-9,0%*
Leisure Parks	103,2	99,9	93,1	*7,2%*	93,1	*10,8%*
Holdings & Support	17,2	17,2	20,4	*-15,9%*	20,4	*-15,9%*
SALES	**470,5**	**467,2**	**498,2**	***-6,2%***	**498,2**	***-5,6%***

3 – EBITDA by division, 1st half of 2019-2020 through March 31, 2020 (After IFRS 16)

(in €M)	1st half 2019/2020 Actual scope (1)	1st half 2019/2020 Comparable scope (2)	% SALES 2019/2020 Comparable scope	1st half 2018/2019 Comparable scope (3)	% SALES 2018/2019 Comparable scope	% Change Comparable scope (2) - (3) / (3)	1st half 2018/2019 Actual scope (4)	% Change Actual scope (1) - (4) / (4)
Ski Areas	175,6	175,6	50,1%	194,7	50,6%	*-9,8%*	194,7	*-9,8%*
Leisure Parks	-13,3	-12,1	-12,1%	-15,7	-16,8%	*22,8%*	-15,7	*15,1%*
Holdings & Support	-14,1	-14,1		-13,6		*-3,2%*	-13,6	*-3,2%*
EBITDA	**148,2**	**149,5**	**32,0%**	**165,4**	**33,2%**	***-9,7%***	**165,4**	***-10,4%***

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4 – Impacts of IFRS 16 on 1st half 2019/2020 income statement

1st half (in €M)	19/20 BEFORE IFRS 16	19/20 AFTER IFRS 16
Sales	**470.5**	**470.5**
EBITDA	**141.8**	**148.2**
Of which EBITDA SA	*174.1*	*175.6*
Of which EBITDA LP	*(17.4)*	*(13.3)*
Of which EBITDA H&S	*(14.8)*	*(14.1)*
Depreciation and amortization	-65.9	-71.6
Operating Income	**73.8**	**74.5**
Net cost of debt and other financial expenses	-3.9	-5.1
Taxes	-27.4	-27.3
Consolidated net income	**51.2**	**50.8**
Net attributable income, group share	**48.0**	**47.7**

5 – Impacts of IFRS 16 on net debt

1st half (in €M)	19/20 *after IFRS 16*	18/19 *Not restated for IFRS 16*	Change
Net financial debt and lease liabilities	**577.9**	**380.5**	
Net debt excluding IFRS 16	**465.3**	**380.5**	**-**
Net debt / EBITDA excluding IFRS 16 (over 12 months)	**2.23**	**1.74**	**-**

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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 2018/2019, the reconciliation of ROOC is as follows:

	Ski Areas and Leisure Destinations	Rest of the Group	Group Total
Operating income	123 703	- 18 597	105 106
Theoretical income tax (33.33%)	- 41 230	6 198	- 35 032
After tax perating income	82 473	- 12 399	70 074
Assets used ex-goodwill	1 011 934	- 15 431	996 503
Divisional ROOC	**8,2%**		**7,0%**

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.) and11 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 Prague in April 2016, 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, 2019, CDA facilities welcomed more than 23.5 million visitors and generated consolidated sales of 854.0 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-Tradable, CAC Mid & Small et CAC Small. ISIN: FR0000053324; Reuters: CDAF.PA; FTSE: 5755 Recreational services

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