



Earnings Report 2003 – 2004

January 7, 2005



***I - Compagnie des Alpes
as of December 31, 2004***

II - Figures 2003 – 2004

III - Prospects for 2005

IV- Strategy



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Compagnie des Alpes becomes a European leader in active leisure

TWO CORE BUSINESSES:

■ Ski Areas (First in the world)

- 14 ski areas
- 3 countries: France, Switzerland, Italy
- 15.2 million visits (skier days)

■ Family Leisure (No. 4 in Europe)

- 13 sites,
- 5 countries: France, the Netherlands, Germany, Switzerland, England
- 5.5 million visits.

A COMPLEMENTARY CLIENTELE: Over 20 million visits

- Seasons: Winter - Summer,
- Location: 6 different countries,
- Clientele: Vacationers, one-day visitors,
Ski Areas: 60% French – 40% from abroad,
Family Leisure sites: 70% in France – 30% abroad.

Compagnie des Alpes: 1994 - 2004

10 years of steady and profitable growth

● Sales growth:	14%			average annual increase
● Net attributable income:	16%	“	“	“
● Cash flow:	25%	“	“	“
● Share price:	15%	“	“	“
● EBITDA/Sales:	30.4%			average for period
● EBIT/Sales:	18.8%	“	“	“
● Net income/Sales:	7.5%	“	“	“
● ROCE:	8.3%	“	“	“
● Debt/Equity ratio:	66%	“	“	“

Compagnie des Alpes operates in two mature but perennial markets:
skiing and family leisure.

CDA's position as market “consolidator” provides 75% of its growth.

CDA continues to be considered a growth stock.



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Key developments

- **Organic growth of 3% on a like-for-like scope of consolidation**
- **Ski Areas business still growing. Sales up 5.1% over the record 2003 season.***
 - Family Leisure sites held up against a difficult economic climate abroad. Total sales down by 1.0% (France up 3.8%, abroad down by 7.2%).
- **A year of changes in the scope of consolidation**
 - Sale of the ski shops business (€20 million in sales, €0.5 m in net income),
 - Acquisition of two leisure sites (Panoramapark, Pleasurewood) (328,000 visitors),
 - Change in the method of consolidation of Compagnie du Mont-Blanc.

* 7.2% growth in 2003

Sales trends 2003 - 2004

■ <u>Sales 2002-2003</u>	€377.8 m
● Organic growth, Ski Areas	+ 12.0
● Cie Mont-Blanc becomes an equity affiliate	-3.7
<u>Net sales growth, Ski Areas</u>	+ €8.3 m
● Organic growth, Family Leisure	-0.1
● Acquisitions: 2 sites	<u>+7.0</u>
Net sales growth, Family Leisure	+ €6.9 m
<u>Sale of ski shops</u>	- €20.7 m
■ <u>Sales 2003-2004:</u>	€372.3 m

Sales trends: Ski Areas

(like-for-like scope of consolidation)

■ <u>Sales 2002–2003</u>	€233.0 m	
● Volume effect (85,000 skier days at €21.60 m)	€0.8 m	
● Price effect	€10.2 m	
- Creation of Paradiski *	€4.5 m	
- Other price effects	€5.7 m	
(€0.60/day x 10.2 million skier days)		
- Average rate increase: €0.30/day		
- Net yield: €0.30/day		
■ <u>Sales 2003-2004</u>	€245.0 m	up 5.1%

* 38% of growth in 2003 - 2004

Sales trends: Family Leisure

■ Sales 2002–2003

€120.2 m

Leisure sites in France (72% of total sales)

- Increase in number of visits
- Decline in outlays per visitor

+ €3.9 m (159,000 more visits)

-€0.6 m (-€0.16 per visit)

+€3.3 (on €86 m total sales)

Leisure sites abroad (28% of total sales)

- Drop in number of visits
- Increase in outlays per visitor
- Acquisitions (2 sites)

-€3.6 m (- 201,000 visits)

+€1.2 m (+ €0.80 per visit)

+€5.9 m (328,000 visits at €18)

+€3.5 m (on €34 m total sales)

■ Sales 2003-2004

€127.0 m

+5.8%

EBITDA (Gross operating income)

In €million	2004	% Sales	2003	% Sales	Change
Ski Areas	81.4	33.2%	81.1	34.2%	+0.3
Family Leisure	27.2	21.4%	28.4	23.6%	-1.2
Other (incl. ski shops)	-2.6		3.2		-5.8
Total	106.0	28.5%	112.7	29.8%	-6.7

- **Ski areas:** Increase in like-for-like scope of consolidation + €1.8 m
 Chamonix becomes equity affiliate - €1.5 m } + €0.3 m
- **Family leisure:** EBITDA, French sites + €1.2 m
 EBITDA, sites abroad - €1.8 m } - €1.2 m
 EBITDA, headquarters - €0.6 m }
- **Other:** Impact of sale of ski shops - €4.0 m
 Costs of reorganization and adopting new standards €1.8 m } - €5.8 m

Net income/sales ratio:

Stability at a high level: 7.8%

In € million	2004	2003	Change
EBITDA (Gross operating income)	106.0	112.7	-6.7
EBIT (Operating income)	65.2	66.6	-1.3
Net financial income	-10.2	-12.6	+2.4
Income tax	-18.0	-17.1	-1.0
Equity affiliates	+1.2	+1.3	-0.1
Goodwill amortization	-4.5	-4.7	+0.2
Minority interests	-4.7	-4.4	-0.3
Net Attributable income	29.0	29.1	-0.1
As % of sales CA	7.8%	7.7%	

- Clear improvement in net financial income (Ski shops, financial expenses of holding)
- One-point increase in income tax rate (32.8%)
- Other elements essentially stable

Balance sheet multiples

In €million	2004	2003
Net debt/Equity	75.2%	92.2%
Goodwill/Equity	27.0%	30.3%
ROCE after taxes	7.4%	7.4%

Improvement in debt/equity ratio:

- Sale of ski shops
- Chamonix and Courmayeur become equity affiliates
- Loans repaid

Market capitalization about €400 m at the end of December 2004

	2002	2003	2004
Average share price during the fiscal year*	52.1	49.9	64.2
Trading volume (market operations***)	471,013	807,179	676,933
“Churn” rate of float	11.3%	13.1%	10.8%
Earnings per share	€5.58	€4.72	€4.64
P/E	9.2	10.6	13.8
Total Dividend	€2.40	€2.55	€ 2.55**

Dividend distribution policy: 35% of net attributable income

* Weighted by volumes traded

** Interim dividend of €0.80 per share paid in December 2004; €0.90 proposed at AGM, including 50% fiscal breaks.

*** Privatization + Alpark sale = 26% of equity (outside the market)



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Prospects

■ **Ski Areas:**

- Organic growth : favorable factors
- Acquisitions: dynamism renewed
- The scope of consolidation in 2005

■ **Family Leisure:**

- Organic growth: solid positions in France but sales are more volatile than those of ski areas
- Acquisitions: rethink the development model

Prospects for Ski Areas

Organic growth: favorable factors

Volume (skier days)

- **4,000 rental beds delivered for Christmas 2004 (increase of 1.6% in total beds).**
Point: 1 rental bed = 50 to 60 skier/days at CDA resorts.
- **As of 12/15/2004, total reservations* with lodging professionals identical to 12/15/2003 figures: about 42% (the total occupancy rate for the season is 65%).**
- **Comparison of 2005 with 2004 season:**
 - **Christmas/New Year** visits down 10%
 - **January/February** visits even
 - **March (5 weeks)** visits up 10%
- **Snow everywhere on December 20!**

* COMETE survey on 12/15 of 82 000 rental beds at five CDA ski resorts

Prospects for Ski Areas

Organic growth: favorable factors

Capital expenditures (CAPEX), ski areas

The level and importance of CAPEX are at the heart of the ski business

	2003	2004	Forecast 2005
■ CAPEX (in €million)	5.9	62.2	70.5*
% of sales.....	25.2	25.4	
<p>■ Except for Serre Chevalier, 2005 marks the end of the period of major capital expenditures (Paradiski, Grand Massif Express).</p> <p>■ Over 10 years, CDA's CAPEX has been an average of 20% of ski area sales.</p> <p><u>Comparisons:</u></p> <ul style="list-style-type: none"> ● Total French market: CAPEX 34% of 2004 sales ● Austrian market: CAPEX 50% of 2004 sales 			

* o/w €14.3m for Serre Chevalier (incl. €8.5 m in asset acquisitions)

Prospects for Ski Areas

Acquisitions: dynamism renewed

■ **SERRE CHEVALIER**



■ **RIEDERALP (VALAIS)**



■ **COMPAGNIE DU MONT-BLANC**



Prospects for Ski Areas

Serre Chevalier

Entity	SC 1350 (SAS) (ex-municipal)	SEM SCSD (public-private)	
CDA stake	100%	20% + management (present)	
Municipality granting the concession	Saint Chaffrey	Monetier, Briançon, La Salle, Puy ST Pierre, Puy ST André	6
2004: sales	€9 m	€18 m	€27 m (# 7 in France)
Skier/days	500,000	1.1 million	1.6 million

Compagnie des Alpes vision for Serre Chevalier

- Bring the ski area up to “European level”: CAPEX of €5 to €15 m/year
- Reduce operating and financing costs through synergies between SAS and SEM
- Improve receipts per skier day: €17.6 in 2004 (CDA average = €22.7)
- Give new impetus to occupancy of rental professionals’ beds (20,000 out of c. 50,000)

Prospects for Ski Areas

Riederalp – Pursuing growth in Switzerland

- Taking of 20% stake through a capital increase of Aletsch Riederalp Bahnen (September 2004).
- Sales about €8 m, 500,000 skier days.
- SwissAlp (wholly owned by CDA) has three equity stakes in Switzerland: Téléverbier 20%, Saas Fee 38%, Riederalp 20%
Total sales of €55 m; about 2 million skier days.

Prospects for Ski Areas

CDA ski areas in 2005

- **Areas operated:**
 - 14 ski areas at 16 resorts,
 - 15.2 million skier/days, sales of €330 m in 2004.
- **Scope of consolidation:**
 - 9 fully consolidated companies,
10.5 million skier/days, sales of about €235 m in 2004
 - 5 equity affiliates,
Saas Fee, Verbier, Aletsch, Chamonix, Courmayeur
3.6 million skier days, Sales of about €78 m in 2004.
- **1 company not yet consolidated:**
SEM Serre Chevalier, 1.1 million skier/days, Sales of about €18 m.

➔ Real possibilities to increase present CDA stakes:
SEM Serre Chevalier (20%), Saas Fee (38%), Riederalp (20%),
Chamonix Mont-Blanc (23%).

Prospects for Family Leisure

Organic growth in France

Solid positions in France but sales are more volatile than those of ski areas

Example: Sales growth trends at three French sites in the last five years

- **Parc Astérix: average + 5% p.a., but yearly varies from – 4% to + 20%.**
- **Aquarium Saint Malo: average + 6% p.a., but yearly varies from – 6% to + 14%.**
- **Musée Grévin: + 7.5% p.a.**

Thanks to their solid position in local markets, most French leisure sites (except Bagatelle and Loire Valley Sites) have withstood unfavorable economic conditions well.

Prospects for Family Leisure

Acquisitions: rethink the development model

- **The latest acquisitions abroad depressed volume at the sites and Group profitability in 2004.**
 - Costs of updating attractions,
 - Costs of bringing up to Group standards disproportionate to annual sales of €3 m to €4 m per site.
 - Management on a European scale costly: 3 sites in 3 countries.
- **Possibility: decentralize operating responsibilities and make capital expenditures invest to reposition the sites (€23 m in 2005) in order to achieve higher visitor counts.**

Example: Dolfinarium Harderwijk:

- Second-largest Group family leisure site: 750,000 visitors,
- €9 m in CAPEX for restructuring in 2004 - 2005,
- Seasonal opening to replace year round.

Refocus the development model on larger sites



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Strategy

Complementary businesses

Synergies to implement rapidly

- **Electricity at ski areas: about €1 million in savings in 2005.**
- **Insurance: Group-wide analysis under way.**
- **Hedging climatic risks through derivatives: implemented for Ski Areas; under study for Family Leisure.**
- **Joint marketing:**
 - **Survey of visits to family leisure sites by CDA skiers:**
 - 71% of CDA skiers visited at least one family leisure site in 2003 (44% for the entire French population),
 - 2.24 visits to sites per skier (1.25 for all French people).

→ Skiers are twice as likely to visit the family leisure sites than the French population as a whole.

Conclusions

- **FY 2004 was a year of transition and we withstood unfavorable economic conditions well.**
- **Complementary business lines reduce the seasonality factor as well as climatic and clientele risks.**
- **Solid fundamentals allow continued development.**
- **Both business lines pursue dynamic acquisitions policies.**
- **The shareholder base is steady after privatization.**



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Operating Income

In €million	2004	% of sales	2003	% CA	Change
Ski Areas	56.8	23.2%	54.4	22.9%	+2.4
Family Leisure	9.6	7.5%	11.2	9.3%	-1.6
Other (incl. ski shops)	-1,2		1.0		-2.2
Total	65.2	17.5%	66.6	17.6%	-1.4

Ski areas:

• Improvement in EBITDA	+ €0.3 m	} + €2.4 m
• Increase in depreciation expense	- €1.2 m	
• Other operating income	+ €3.3 m	

Family leisure:

• Decline in EBITDA	- € 1.2 m	} - €1.6 m
• Decrease in depreciation expense	+ €1.7 m	
• Other operating income	- €2.1 m	

Capital expenditures (CAPEX)

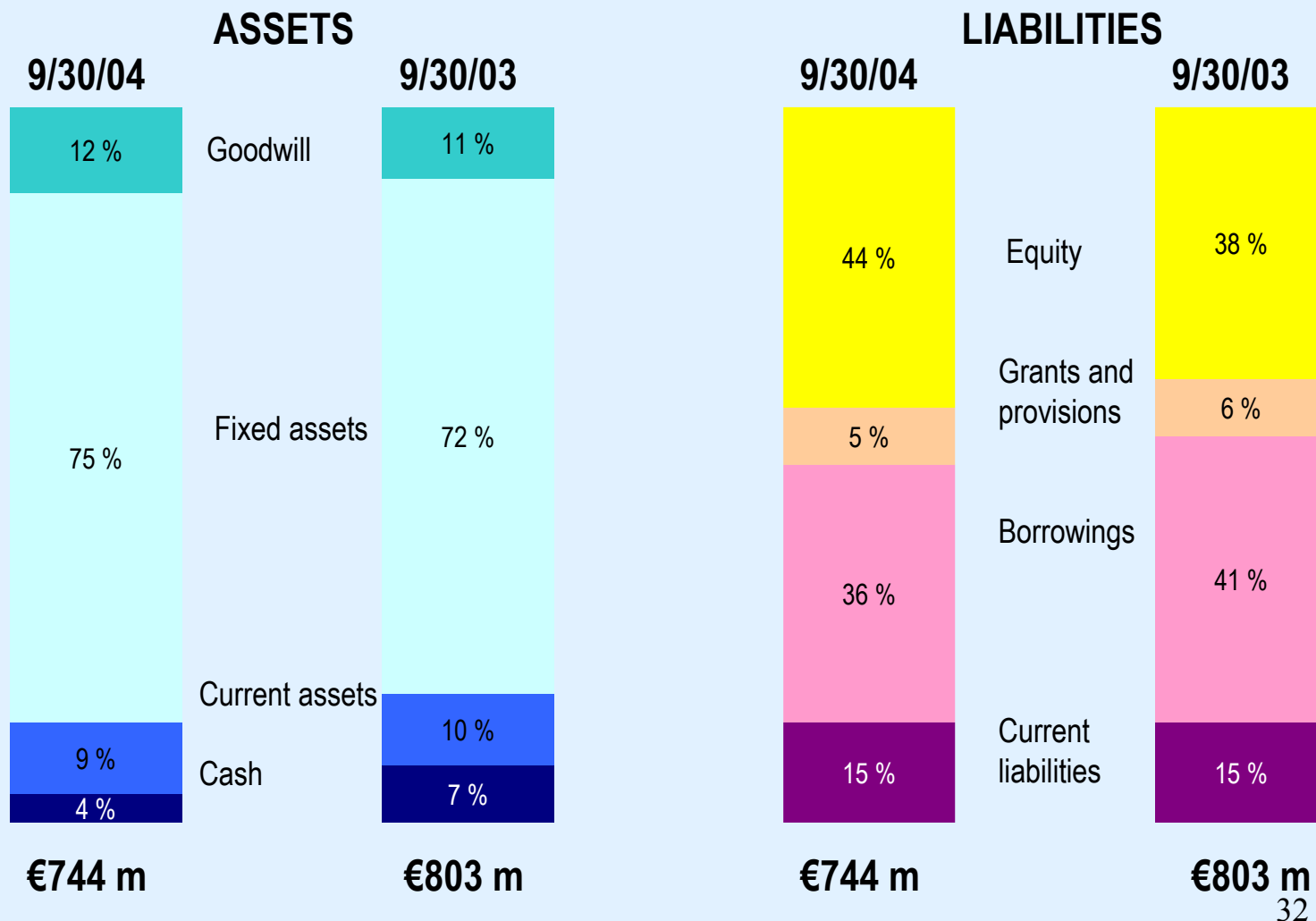
After two years of CAPEX at a high level (Paradiski, Grand Massif), the ratio of CAPEX to sales remains stable.

In €million	2004	% of sales	2003	% of sales
Ski Areas	62.2	25.4%	59.7	25.1%
Family Leisure	11.8	9.3%	11.2	9.3%
Other (incl. ski shops)	0.4	Ns	5.4	26.2%
Total	74.4	20.0%	76.3	20.2%

Principal capital expenditures in 2003 - 2004:

- Finishing 2003 programs c. €15 m
- 7 6-seat chairlifts c. €17 m (€18 m in 2005 – 2006)
- Snowmaking c. € 9 m
- Grooming and trails c. €8 m

Consolidated balance sheet trends



Composition of share capital as of September 30, 2004

6,243,975 shares held by 5,200 shareholders,
o/w 96% are individuals (up 10%)

