

# La lettre de la Compagnie des Alpes

## Interim figures show solid increase

On June 21, 2006, the Management Board provided the financial community with the Group's figures for the period running from October 1, 2005 to March 31, 2006, the first half of the current fiscal year. The principal figures, calculated under IFRS, are as follows:

### First half from October 1, 2005 to March 31, 2006 – Data using IFRS

In millions of €uros	First half 2005/2006	First half 2004/2005	Change
Sales	235.4	217.0	+8.5%
EBITDA (Gross operating income)	83.4	77.8	+7.2%
EBIT (Operating income)	57.5	55.2	+4.2%
Net attributable income	28.2	26.4	<b>+6.8%</b>

Note: In 2005/2006, Serre Chevalier Ski développement, Planète Sauvage and Mer de Sable were fully consolidated.

### Figures by business line

In millions of €uros	Ski areas	Leisure parks	Other	Total CDA
Sales	217.2	18.1	0.1	235.4
EBITDA (Gross operating income)	105.3	-20.9	-1.0	83.4
EBIT (Operating income)	88.2	-29.6	-1.1	57.5

The first half of Compagnie des Alpes' fiscal year combines the positive figures of the ski operations with the normally negative figures for the leisure parks, since most of the major sites are closed during this accounting period.

### Sales increase

First-half sales, over 90% of which originate in the ski operations, increased by 8.5% over the corresponding period of the previous FY. Excluding the consolidation of Serre Chevalier Ski Développement, like-for-like increase was 1.2%.

Ski operations sales were up 7.2% on a real basis. However, like-for-like sales slipped by 0.5%. The later dates of the Easter weekend and foreign school vacations – which were in March in 2005 but in April in 2006 – served as a brake on business up to March 31. On the other hand, figures for the last part of the winter season, running through May 8, were clearly more satisfactory. In all, ski operations receipts (VAT included) for the winter season 2005-2006 should exceed those of the previous winter season by some 4.7%.

Performance at the Peisey Vallandry ski resort was outstanding this winter. There was a 26% increase in visitors thanks to the addition of 1,200 beds to professional lodgings, in particular in the new Club Med village. Le Grand Massif and Les Arcs also won honors. However, high-altitude resorts like Tignes and La Plagne suffered from poor spring weather and from the fact that snow conditions this season were very good at all French resorts, including those at middle and lower altitudes.

As of March 31, business at the leisure parks for the reporting period had surged by 25.7%. October was a particularly good month, thanks to good weather and the extension of the Parc Astérix and of the Dolfinarium season in the Netherlands through the end of that month. As of June 11, 2006, sales at Group leisure parks climbed by 12%, half due to the increased number of visits and half due to increased spending per visitor.

### Results meet our expectations

The Group's interim figures were drawn up for the first time in accordance with the new IFRS (International Financial Reporting Standards). For Compagnie des Alpes, these new standards brought few changes relative to the French standards previously applied.

Consolidated gross operating income (EBITDA) came to €83.4 million, up 7.2% over the first half of FY 2004/2005. On a like-for-like basis, the increase in operating expenses at ski areas was held to 2.5%, thanks mainly to actions initiated during the previous year, such as the renegotiation of insurance policies and energy costs. The 11.4% improvement in EBITDA at the leisure parks is due to both more business and the fact that the €2 million in exceptional restructuring expenses in the previous year were not repeated.

Net attributable income for the first half of FY 2005/2006 came to €28.2 million, an increase of 6.8% over the first half of the previous fiscal year. These satisfactory earnings meet our expectations.



## Acquisition of five new leisure parks

On May 23, 2006, Compagnie des Alpes acquired five leisure parks from the StarParks group, four of which are operated under the trade name Walibi. These parks are described in a special attachment to this letter. We asked Serge Naïm, a member of Compagnie des Alpes' management board and Director of the Leisure Parks Division to explain the reasons for this acquisition and how Compagnie des Alpes plans to integrate these new parks.

## Acquisition of five new leisure parks

### An interview with Serge Naim,

Member of the Management Board of Compagnie des Alpes and Director of the Leisure Parks Division.



#### Q: What were the main reasons for this investment?

**Serge Naim:** There are many. For one, these parks, of which two are in Belgium, two in France and one in the Netherlands, present a unique opportunity for Compagnie des Alpes, both for their individual characteristics and because they complement our existing sites.

For another, this operation fits fully into the Group strategy decided on in 2002 when Grévin & Cie was acquired: i.e., to find a new source of growth in addition to ski operations, to share seasonal risks more evenly and to draw the benefits of combining two business lines that have similar characteristics and complementary financial profiles.

This acquisition also strengthens our leadership in two complementary leisure markets, enabling Compagnie des Alpes to become a key player in the process of consolidation now under way in European leisure parks.

#### Q: How does your business now break down?

**Serge Naim:** The leisure parks now make up about 48% of our consolidated sales, as against 37% before the new acquisitions, while the share of ski operations drops from 63% of sales to about 52%. So, we have met our goal of achieving balance in sales between the two business lines. This acquisition also allows us to reduce the pronounced seasonality of our earnings: we now turn in a profit for seven months instead of three before.

#### Q: Are the leisure parks acquired profitable?

**Serge Naim:** Yes, operating margin of the parks acquired is higher than that of our other parks, with EBITDA (1) at 28% of sales as against 21% for the parks already in CDA's scope of consolidation. Moreover, we hope to gain about €3 million through synergies in the coming three years – a rationalization of marketing and communications expenditures, grouped purchases, etc., all of which will further increase profitability.

#### Q: What are the new parks' major advantages?

**Serge Naim:** I can give you at least three:

- Walibi has strong brand recognition, at 30% in France, 73% in Belgium – where it is part of the country's national heritage – and 30% in the Netherlands. This is a trump we expect to capitalize on, and we could indeed extend the name to other Group sites when their activities are consistent with it;
- The new parks are complementary geographically, in that they cover a geographical area stretching across Holland, Belgium and the North of France, which is to say a catchment area of 25 million people. We will now be operating eight parks in the region, with over 6.4 million visitors. Our objective is to "circulate" these people among our parks, by developing new package deals.
- Visitors will benefit from a major offering of attractions, many recently put into operation. While all are not completely new, all are in good condition and will not require any massive capital expenditures.

(1) EBITDA: Measures the profitability of a company before taking into account amortization/depreciation expense, interest and taxes. It is very close to gross operating income (EBO) in French accounting.



Walibi Aquitaine

#### Q: What plans do you have for the rapid integration of the Group's new parks?

**Serge Naim:** A season at a leisure park, just as at a ski operation, is something like a scheduled airline flight: you can't change the destination or the crew during the flight. So, we will take command at our "control tower" in Boulogne, do what we can now to ensure a good season, and, beginning this summer, draw up a development plan for each site. As always at Compagnie des Alpes, the integration of the new parks will be done with respect for the teams in place, and as rapidly as possible. The operational efficiency of these plans will be measured by earnings for the 2007 season.

#### Q: This acquisition was realized on the basis of an enterprise value of €240 million, of which €70 million in debt assumed by the Group. Some analysts consider this price excessive.

**Serge Naim:** This price is in line with the market, i.e., about 3x sales and 10.5x EBITDA. Let me also recall the synergies we expect with our existing parks, which will improve EBITDA and hence automatically reduce this multiple. With this in mind, the value we can create as operators is not necessarily the same as the financial criteria used by investment funds, and it is the latter that in effect determine the market. Note also that given the effective date of the transaction, at close to the beginning of the season for the parks, the acquisition will have a very favorable impact on our fiscal year, ending on September 30. We will be booking some 85% of the new parks' sales and only four months of expenses. So, we are not worried about 2006 and have the time to prepare for the 2006-2007 season.

#### Q: At the conclusion of the operation, "gearing," or the ratio of net borrowings to shareholders' equity, will swell to close to 150%. How do you expect to refinance part of this debt?

**Serge Naim:** In fact, this is very much a temporary situation, based on the €515 million maximum line of credit we have negotiated under very favorable conditions, and which we have not fully drawn down on as of May 31. In order to keep our borrowings at a reasonable level, we have decided to call on our shareholders to finance a portion of the acquisition. We have therefore launched a capital increase of €75.6 million, with preemptive rights for all existing shareholders. Our principal shareholders such as the Caisse des Dépôts et Consignations, Crédit Agricole, etc., have committed themselves to taking part. You know also that Compagnie des Alpes gives great importance to its relations with individual shareholders. This is why we have chosen the form of a rights issue, open to all shareholders who want to share in our growth. The subscription period runs from July 3 to July 14, inclusive. Believe me, I am very confident about our future!

## Compagnie des Alpes part of the IAS index since March 23, 2006

The IAS index is a stock market index calculated by EURONEXT, comprised of listed French companies having significant employee shareholdings. The criteria for the index, as defined by a technical committee, are that employees must hold at least 3% of the company's share capital, and that at least 25% of employees be shareholders.

Thanks to the employee mutual fund FCP CDA Actionnariat, these conditions were met as of December 31, 2005. Being part of this index bears witness to the desire of Compagnie des Alpes and its management to permit employees to share in the company's profits. Financial markets consider this a positive point.

## Preparations for the 2006-2007 ski season

The Group is now returning to more typical levels of capital expenditures amounting to roughly 20% of sales, after three years of sweeping projects which yielded extraordinary triumphs such as the Vanoise Express (the world's largest cable car), the Grand Massif Express, and a number of six-seat chairlifts, three of which were added simultaneously in 2005 at Serre Chevalier. More than anything else, our skiers are there to hit the slopes, so we continue to focus capital expenditures on trails, particularly snowmaking. The lifts in operation in December 2006 will include the following:

### Les Arcs

To ease traffic on the Plagnes chairlift in the Arc 2000 valley, a new six-seat covered chairlift is being built nearby. This new lift will accommodate up to 3,000 skiers per hour and will cost €6 million. This includes the additional expense for protective wind-shields, which regular visitors to this typically windy ski area will certainly appreciate. Another lift will be taken down and the Plagnes chairlift will be shortened.

### La Plagne

SAP (Société d'Aménagement de la Plagne) is embarking on a gigantic remodeling project this summer. Two six-seat chairlifts will replace a two-seat chairlift (yes, they still exist!) and five other lifts. Thanks to the new La Roche chairlift, skiers seeking challenging runs will get the chance to enjoy one of the area's most beautiful trails, Emile Allais, which has been neglected partly because its lifts were run-down and sluggish. This lift will also ferry skiers from the La Roche area near the Bobsleigh trail, which should also be further developed in the coming years. Perched atop the Montchavin area, the Plan Bois chairlift is partly intended to streamline traffic from skiers on Paradiski runs. Overall, La Plagne will benefit from more than €8 million in lift improvements.



### Tignes

Tignes is getting up to speed by replacing two of the Palafour's three-seat fixed-grip chairlifts with a six-seat chairlift (roughly €5 million) that features a conveyor for easier boarding.

## Spotlight on a group site: THE BIOSCOPE



On June 1, 2006, Compagnie des Alpes opened the Bioscope in the heart of the Haut Rhin *department* in Alsace. This is the first new park to open since Parc Astérix. Here is a quick look.

### Human beings and the environment: a unique theme

The Bioscope is an innovative leisure site with an educational angle, encouraging its visitors to make surprising and moving discoveries about every aspect of life on earth while showcasing the miracles of nature. Its goal is to **teach the public and use fun to draw visitors' attention to the fundamental questions** we face as human beings. Above all else, it aims to promote environmental awareness and incite its visitors to help secure the planet's future. "The Bioscope is primarily designed to entertain its visitors while teaching them about the challenges of the future. The idea is to create a new type of smart, contemporary, and constantly evolving attraction that focuses on humans and their environment." Visitors blaze their own path through the park, happening upon theme sites, shows, temporary exhibits, games, and more. Each of these entertaining activities fosters experimentation and reflection or simply amusement.

### Theme sites

Each of the six theme sites offers a different perspective on human life and the environment. Topics include sleep and dreams, ecosystems, balance and imbalance, harsh climates, the use of natural medicines, the environment, and pollution. Each site has a learning area and a play area.

In the **learning area**, visitors discover and come to understand a topic through a virtual encounter with "Professor Bioscope," in fact a well-known personality, who shows a running film about his commitment, knowledge, and passion for the theme. An original museum-like decor sets the scene.

In the **play area**, visitors further explore the topic at hand with an exciting, entertaining, and unique activity. They continue to learn while having fun.

### Facts

- **Surface area:** 12.5 hectares (30 acres), 800 trees, and 350,000 plants
- **Employees:** 65 (15 permanent)
- **Six pavilions**, a temporary exhibit pavilion (Cradexpo will be the first to appear, in 2006), and two 20-minute shows.
- **Expected visitors:** roughly 200,000 during the first year
- **Admission fee:** adults €16, children €11
- **Open until November 12**

[www.lebioscope.com](http://www.lebioscope.com)



## Third meeting of the shareholders' Advisory Committee

After expressing its approval of the **preservation of preferential subscription rights associated with the capital increase**, the shareholders' Advisory Committee thoroughly reviewed the communication program planned for individual shareholders over the next few weeks.

Especially when conducted over a short period of time at the beginning of the vacation season, an operation to raise funds in the equities market must be rapid and streamlined. Hence, the Committee recommended a more complete letter than usual as well as the internet, which is very useful for widely and quickly distributing information to as many recipients as possible.

Currently, we only have email addresses for several hundred out of nearly 5,000 shareholders. **To receive updates in your inbox, please go to [www.compagniedesalpes.com](http://www.compagniedesalpes.com) and enter a valid email address. While you're there, why not sign up for the Shareholders' Club and start enjoying its many rewards?**

## A special event for our shareholders in Western France

At 6 pm on Thursday, September 14, Compagnie des Alpes, ACCOR, and L'Oréal – in association with the FFCI (French Federation of Investment Clubs) – will present their respective companies' most recent news in Nantes. You will finally get the chance to get answers to the questions you have always wondered about but never dared to ask!

Invitations are available upon request by calling 01 46 84 88 77 or sending an email to [communication@compagniedesalpes.fr](mailto:communication@compagniedesalpes.fr).



## Key data

**Market where listed:** Eurolist/Euronext, Compartment B

**Segment:** Next Prime

**Codes:** ISIN: FR0000053324

**Number of shares outstanding:** 6,354,403 as of June 23, 2006

**Share capital:** €96,873,298.46 as of June 23, 2006

**Legal form:** Limited liability company (SA) with Management Board and Supervisory Board.

### Shareholders:

Caisse des Dépôts et Consignations:	41.7%
Compagnie Européenne de Loisirs:	13.7%
Crédit Agricole des Savoie:	7.2%
Groupe Caisses d'Epargne:	65.9%
Banque Populaire des Alpes:	3.5%
Float:	28.0%

## Calendar

**August 4, 2006:** Sales figures for the third quarter of FY 2005-2006

**September 14, 2006:** FFCI meeting in Nantes

**September 30, 2006:** Closing of FY 2005-2006

**November 8, 2006:** Sales figures for FY 2005-2006

**November 17/18, 2006:** Salon Actionaria in Paris

**December 19, 2006:** Earnings for FY 2005-2006

Full documentation for the general meeting as well as the reference document for the fiscal year can be found on [www.compagniedesalpes.com](http://www.compagniedesalpes.com)



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