



La lettre de la Compagnie des Alpes

September 2005 • n°14



Dear Readers,

As this newsletter is being finalized, the leisure season is in full swing and has not yet reached its close. The first half-year's results as of March 31, published on June 30, showed growth of nearly 15%. We also announced, however, that the second half would be much less buoyant than the first. In terms of holidays and school vacations, this year's calendar is not conducive to leisure activities. As a result, we expect a slump in yearly earnings, the extent of which will depend on sales performance at the Group's leisure sites. This seems to be nothing more than a minor setback – our first in eight years – and our usual growth will pick back up next year.

Each year, investments in ski areas are carried out in the summertime. In this newsletter, you will learn about this year's chief endeavors and accomplishments, especially at CDA's most recent ski area acquisition, Serre-Chevalier, which joined the Group in late 2004.

As for the growth of the leisure branch, we are pursuing our strategy of targeted acquisitions of parks that are close to existing Group sites and show potential for synergies with them. Planète Sauvage and La Mer de Sable fully meet these criteria.

Enjoy your reading.

Yours sincerely,

Jean-Pierre Sonois
Chairman of the Management Board

Last-minute update: acquisition of La Mer de Sable



In line with its leisure site growth strategy, which places emphasis on those sites that offer possible synergies with its existing parks, Compagnie des Alpes has just acquired La Mer de Sable. The site takes its name ("Sea of Sand") from its extraordinary setting – 20 hectares (50 acres) of white sand in

the middle of the Ermenonville forest – and welcomes 400,000 visitors each year, bringing in sales of €6.5 million. Its immediate proximity to Parc Astérix, the Group's flagship leisure site, offers the chance to develop the two sites in tandem, especially in terms of commercial issues.

2004/2005 fiscal year

Stagnation of sales throughout the first three quarters

After publishing its earnings for the first half of the 2004/2005 fiscal year on June 30, 2005, Compagnie des Alpes posted its sales figure for the first three quarters on August 5. Details on this update are below.

Complete information is available at www.compagniedesalpes.com

Consolidated sales from October 1, 2004, to June 30, 2005

En millions €	Fiscal year 2004/2005	Fiscal year 2003/2004 real scope	Change	Fiscal year 2003/2004 comparable scope	Change
Ski areas	226.2	234.8	-3.7%	225.9	+0.2%
Leisure sites	58.8	59.3	-0.9%	62.0	-5.1%
Other activities	0.6	0.2	ns	0.6	ns
Total sales	285.6	294.3	-3.0%	288.4	-1.0%

The 2003/2004 comparable scope¹ disregards the impact of acquisitions and the change in two companies' consolidation method; hence, it is the most reliable basis for comparison. Sales for the first three quarters, of which 80% was generated by the ski areas, fell by 1% on a comparable scope and 3% on a real scope.

Ski areas

The ski area business held up nicely in the second quarter, though late snowfall and a highly unfavorable school vacation calendar weighed heavily on the first. March in particular reaped the benefits of healthy traffic from foreign visitors and of the Easter weekend, which fell in the month of April in 2004. Nonetheless, this upturn was counteracted by a marked decline in the third quarter: the volume of visitors suffered from France's late school vacations, which ended on May 8, a time when tourists no longer engage in winter sports. At the end of this extremely atypical season, cumulated sales as of June 30, 2005, for the ski area branch remained stable on a comparable scope of consolidation (+0.2%).

1. The comparable scope for 2003/2004 includes the sales figures for companies acquired in 2004 (the ski area of Serre Chevalier 1350 and the Panorama and Pleasurewood Hills theme parks) and 2005 (Planète Sauvage) but does not include Compagnie du Mont-Blanc (Chamonix) and Courmayeur, which were consolidated proportionally and fully, respectively, for the 2003-2004 fiscal year and are now consolidated by the equity method. The change in the two companies' consolidation method has no impact on net attributable income but does affect the interim balances.



La lettre de la **Compagnie des Alpes**

Leisure sites

Sales as of June 30, 2005, fell by nearly 1% on a real scope of consolidation and by 5.1% on a comparable scope. This trend can be largely explained by the closure of the Harderwijk Dolfinarium in the Netherlands, which was converted into a seasonal site during the winter. Sales at Parc Astérix dropped by 4% at the beginning of the season, mainly because the May holidays fell on weekends and Pentecost Monday became a working "day of solidarity." With the exception of Bagatelle, the other French sites are showing strong activity as of June 30, 2005.



Prospects

In late July, two-thirds of the way through the summer season, sales at the leisure sites were down 3% on a comparable scope. The Group's results at the end of the fiscal year will reflect this downturn; its consequences will only be partly offset by earnings from real estate sales in the ski area branch. Nevertheless, CDA continues to pursue its leisure site growth strategy, placing emphasis on those sites that offer possible synergies with its existing parks. In this spirit, it acquired both the Planète Sauvage animal park and La Mer de Sable, a famous French theme park.

Finally, the Group has set up a number of measures that will boost earnings in the 2005/2006 fiscal year:

- Revamping of leisure site management: proactive marketing strategy, dynamic portfolio management, cost optimization.
- Restructuring of the Group's debt by means of a syndicated loan for €260 million (see below).
- Centralizing of insurance contracts at Group level, which will provide expected savings on this item of at least one million euros each year.
- Locking in of savings on Group energy purchasing contracts through 2007, for a reduction in cost per kWh of 11%.

A syndicated loan to reduce the Group's financial expenses

Compagnie des Alpes has just completed a thorough restructuring of its debt to financial institutions. On June 30, 2005, the group signed a syndicated loan agreement for €260 million, arranged by Ixis-CIB, Calyon, Natexis Banques Populaires, and Crédit Agricole des Savoie. Banque Populaire des Alpes, Banque de l'Economie du Commerce et de la Monétique, BNP Paribas, CCF, Société Générale, Caisse d'Epargne des Alpes, and Caisse d'Epargne de Picardie are also part of the syndication, which was largely oversubscribed.

With this loan, which is intended to finance current capital expenditures and refinance a major portion of the existing debt of Compagnie des Alpes and its various subsidiaries, the Group has streamlined the management of its medium-term debt significantly. The Group benefited from market conditions and its name recognition to complete this restructuring under very favorable conditions, which allowed for annual savings of €500,000 to €700,000 on financial expenses.

The Group's growth

Acquisition of a new French park: Planète Sauvage

On April 20, 2005, Compagnie des Alpes acquired a majority interest in the Planète Sauvage animal park, located in the vicinity of Nantes. With 2,000 semi-free animals and over 250 births each year, this 100-hectare (250-acre) park is one of the largest and best developed wild animal reserves in Europe. Visitors may take off on a 10-kilometer (six-mile) automobile safari, explore a marine environment, and discover a village in the African brush.



Open since 1998, Planète Sauvage received 230,000 visitors in 2004 and generated sales of €3.2 million. The new acquisition bolsters the Group's position in theme parks based on nature and animals, alongside such other attractions as the Saint Malo aquarium, successfully relaunched in 2001, and the Val de Loire aquarium.

It also strengthens the Group's foothold in Western France, where it now welcomes more than 800,000 visitors each year.



Summer 2005 investments

Every year, summer is the time to prepare for the winter season in the ski areas. After two years of particularly momentous unveilings (including the Vanoise Express, the world's largest cable car, and the Grand Massif Express), summer 2005 featured more standard investments in equipment that were just as significant in terms of the overall price tag. Approximately 60% was used for lifts, nearly 14% was used to improve snowmaking capabilities, and the rest went to trail work, grooming equipment, and miscellaneous investments, especially access control devices. Details on the primary developments follow.

La Plagne

Every skier who has visited La Plagne over the past two years knows that the Arpette chairlift, the only means for reaching the Coches and Arcs sections, is the most severe bottleneck in the massive Paradiski area. Those endless lines will be a thing of the past by December 2005, thanks to a € 6.9- million investment in a brand-new eight-seat chairlift. That will accommodate up to 4,400 skiers per hour. One of the main obstacles to boosting visitor rates at Paradiski will be history.



Serre Chevalier

As mentioned in the last newsletter, we have launched the first phase of a major investment program to put Serre Chevalier, a newcomer to the Group, on the list of France's most eminent ski resorts. This summer, three high-speed six-seat chairlifts were built to replace five outdated models. Snowmaking work and trail renovations are also part of this first year of investments.

Tignes

Coming in at €9 million, this is the second-largest investment program in 2005. Up on the sunny and highly-prized slope of the Col du Palet, a six-seat chairlift will replace a four-seat model that will in turn be refurbished for a second go-around in place of the Old Aiguille Percée chairlift. Despite the altitude, snowfalls can be insufficient and two new trails will be fitted out with 50 snowmaking machines.



Les Menuires



After a six-seat chairlift in 2003 and a six-seat covered chairlift in 2004, the resort has acquired an eight-seat gondola to replace a gondola and a chairlift in the Roc de 3 Marches section. With a current hourly capacity of 2,800 visitors (soon to become 3,200), this €8-million device will enable easier access to vast zones that are as yet underappreciated while facilitating skier traffic to and from Méribel.

CLOSE-UP ON A GROUP SITE:

Les Menuires: a resort with plenty of breathing room



Space is not what's lacking here at Les Menuires and Saint-Martin, two ski areas operated by Compagnie des Alpes that lie in the heart of the world's largest skiable zone, Trois Vallées. In 1960, when the Savoy region's General Council first became interested in the still-untouched Belleville valley, the most westerly and accessible of the Trois Vallées, it set up a semi-public company with the Saint Martin municipality and Caisse des Dépôts to develop and build the resort and, later, to equip and operate the ski area. In 1963, the first three chairlifts and a large building went into service and a major architectural competition was held for the Les Menuires resort. Despite initial difficulties, Caisse des Dépôts became the financial motor behind the resort via its subsidiary SCIVABEL, directly and indirectly responsible for nearly half the tourist beds in Les Menuires.

The second phase began in 1973 with the opening of the Trois Vallées circuit via the trails. In the mid-1980s, the resort's investments kicked into high gear as it prepared to host the men's slalom event for the 1992 Olympic Games. In 1989, Caisse des Dépôts passed the torch to the newly formed Compagnie des Alpes, which began actively investing to make Les Menuires, together with its smaller sibling Saint Martin de Belleville, one of Europe's preeminent ski resorts. It boasts approximately 26,000 tourist beds, of which 58% are managed by tourist residences, hotels, and agencies. Today, it ranks among CDA's most successful ski areas.



Did you know?

New in 2005: Eight-seat chairlift, Roc des Trois Marches

Facts

- Trois Vallées is the largest ski area in the world. It includes the Courchevel, Méribel, La Tania, Les Menuires, Saint Martin de Belleville, Val Thorens, and Orelle resorts, with 600 kilometers (370 miles) of trails and 200 ski lifts.
- Belleville, one of the three valleys that make up Trois Vallées, is one of the most sought-after valleys in the Alps, with more than 50,000 tourist beds in three resorts – Saint Martin, Les Menuires, and Val Thorens – that are all located in the Saint Martin de Belleville municipality.
- The Saint Martin/Les Menuires ski area features 160 kilometers (100 miles) of trails and 39 ski lifts. Its snowmaking capabilities are first-rate, with 133 hectares (330 acres) or 28% of its total area served by 360 snowmaking machines that create 1,000 meters (3,280 feet) of vertical drop from opening day onward.
- Visitors: 67% from France and 33% from abroad, mostly Belgium, Holland, and Britain.
- 2005 sales: approximately €37 million.
- 54 permanent employees; 200 seasonal workers during peak season.

Practical information

Ski area open from December 10, 2005, to April 29, 2006

2005/2006 fees

Trois Vallées

- 6 days (adult): €210
- 6 days (child): €157.50
(5 to 12 years old inclusive)

Menuires Saint-Martin

- 1 day (adult): €34
 - 1 day (child): €22.50
- Special family rates available

Introducing the CDA Shareholders' Club



Many of you requested it, and now it's here! As shareholders in Compagnie des Alpes, some since the company's creation in 1989, you have tracked your Group's progress over the years and deserve your own special section on our website. The CDA Shareholders' Club will strengthen ties between the Group's shareholders. Along with invitations to special events and interactive communication tools, the Club will help you learn more about the Group's activities by giving you access to members-only privileges.

On this occasion, as announced in our last newsletter, we have enhanced our shareholders' advantage program. For Club members only, the new system simplifies procedures and brings you even more exclusive benefits.

Find out more in the most recent edition of the Guide, which may be downloaded at www.compagniedesalpes.com or requested from the Communication Department by calling **01 46 94 44 49**.

Salon Actionaria

Compagnie des Alpes will be participating in the Salon Actionaria on Friday the 18th and Saturday the 19th of November at the Palais des Congrès (Porte Maillot, Paris). Our Shareholder Relations staff will be on hand to answer any questions you may have.

Invitations may be requested by sending an e-mail to communication@compagniedesalpes.fr or calling **01 46 94 44 49**.

Key data

Market where listed: Eurolist/Euronext Compartiment B

Segment: Next Prime

Index: CAC Mid 100, SBF 250

Codes: ISIN FR0000053324

Legal form: Limited liability company (SA)

August 31, 2005

Number of shares outstanding: 6 314 825

Share capital: €96 269 929

Shareholders:

Groupe Caisse des Dépôts: 42,0%

Compagnie Européenne de Loisirs: 13,8%

Crédit Agricole des Savoie: 7,2%

Groupe Caisses d'Epargne: 5,9%

Banque Populaire des Alpes: 3,6%

Public: 27,5%

Shareholder's calendar

September 30, 2005

Closing of FY 2004-2005

November 9, 2005

Sales figures for FY 2004-2005

November 18 & 19, 2005

Salon Actionaria – Palais des Congrès Paris

December 15, 2005

Annual results of FY 2004-2005

February 1st, 2005

Sales figures for the first quarter of FY 2005-2006

February 23, 2005

General Shareholders Meeting

April 26, 2006

Sales figures for the second quarter of FY 2005-2006



6, place Abel Gance - 92100 Boulogne Billancourt

Tél. : 01 46 94 44 49 - Fax : 01 46 94 46 99

www.compagniedesalpes.com

communication@compagniedesalpes.fr

Editor-in-chief: Eric Guilpart

Articles: Eric Guilpart – Muriel Giffaut

Photos CDA, Grevin & Cie, Alexis Chézière

Conception: Phi Econéo

