

La lettre de la Compagnie des Alpes

November 2006 n°17

Acquisitions bring sharp rise in annual sales

At the end of the financial year on September 30, 2006, consolidated sales for Compagnie des Alpes reached €455.5 million, an increase of 21.4% on a real basis, thanks in large part the consolidation of the Walibi parks starting on May 29, 2006. On a like-for-like basis, sales grew by 0.8%

Compagnie des Alpes is a company "made" for acquisitions. Acquisitions account for almost 75% of the Group's growth since its creation. Fiscal year 2005-2006 was no exception. To make a pertinent comparison, management has restated sales figures for the previous fiscal year by including the sales of companies acquired in 2005 and of Serre Chevalier Ski Développement – fully consolidated since October 1, 2005 – as well as the sales figures from 5/29/2005 to 9/30/2005 for the Walibi and Bellewaerde parks, which were acquired at end May 2006.

Thanks to a major acquisition in leisure parks, the Group has achieved balance between activities in its two business lines, in line with the strategy announced in 2002. CDA's leisure division accounts for 43% of sales for the financial year 2005-2006, against 36% in the previous year.

Consolidated sales from October 1, 2005 through September 30, 2006

In millions of euros	FY 2005/2006 under IFRS (1)	FY 2004/2005 French accounting standards (2)	Change on a real basis (1)/(2)	FY 2004/2005 Like-for-like under IFRS (3)	Change on a like-for-like basis (1)/(3)
Ski operations	258.6	237.9	+8.7%	253.1	+2.2%
Leisure parks	196.8	136.6	+44.0%	198.6	-1.0%
Other activities	0.1	0.7	ns	0.08	ns
Total sales	455.5	375.2	+21.4%	451.9	+0.8%

General Shareholders' meeting

February 28, 2007 3 pm in Boulogne-Billancourt



Editorial

Dear Readers,

The acquisition of the StarParks group's leisure parks is a unique opportunity for our company.

On the one hand, thanks to this operation, Compagnie des Alpes has changed its size and scope. We have consolidated five parks, of which four carry the famous Walibi name; these bring us some €80 million in additional sales, and bring the total number of visitors to our leisure parks to nearly 10 million.

On the other hand, these acquisitions have enabled us to attain the goal we announced in 2002: finding a complementary source of growth for our ski operations, obtaining a better balance in sales between the two activities, thereby better sharing seasonal risks, and drawing greater profit from our expertise in two business lines with similar characteristics and complementary financial profiles.

With the consolidation of the StarParks sites, Group annual sales as of September 30, 2006 grew by 21.4%, reaching €455 million. This growth was driven by the expansion of our leisure parks activities. Indeed, without this acquisition sales would have declined by 1% from the previous year. Already now, thanks to this operation, Compagnie des Alpes can expect a significant increase in net income for 2005-2006, together with an increase in earnings per share.

To finance the acquisitions from StarParks, Compagnie des Alpes has launched a capital increase of €75.6 million, to which many of you have chosen to subscribe. We welcome this broad participation as strong evidence of your confidence in us.

We are convinced that thanks to our position as industry leader, the complementarity of our two business lines, and the motivation of our teams, Compagnie des Alpes will provide the fruits of sustainable profitable growth to its shareholders and to all of its partners.

Franck Silvent
Member of the Management Board
Director of Finance, Strategy and Development

Ski operations: up 8.7% to €258.6 million

Ski operations sales rose by 8.7% on a real basis, in particular thanks to the consolidation of Serre Chevalier Ski Développement. On a like-for-like basis, the increase was 2.2% in spite of an announced decline in land sales (down 56% to €4 million in 2005-2006, versus €9.2 million in 2004-2005), concentrated in the fourth quarter.

Ski lift sales were up by 4.4% due to:

- 1.4% more skier-days
- A 3.0% average increase in receipts per day.

These changes fall within average for the past five years and show the group's continuing capacity for sustained organic growth in ski areas.



Breakdown by quarter

In millions of euros	FY 2005/2006 under IFRS (1)	FY 2004/2005 French accounting standards (2)	Change on a real basis (1)/(2)	FY 2004/2005 Like-for-like under IFRS (3)	Change on a like-for-like basis (1)/(3)
1st quarter (10/1/2005 to 12/31/2005)	51.8	46.0	+12.6%	47.6	+8.9%
2 nd quarter (1/1/2006 to (3/31/2006)	183.6	171.6	+6.9%	184.9	-0.7%
3rd quarter (4/1/2006 to 6/30/2006)	94.1	68.0	+38.5%	80.9	+16.3%
4th quarter (7/1/2006 to 9/30/2006)	126.0	89.6	+40.6%	138.4	-9.0%
Total sales	455.5	375.2	+21.4%	451.9	+0.8%

Leisure parks: up 44% to €196.8 million

Leisure park sales jumped by 44% on a real basis, due to the acquisition of five parks (including 4 Walibi parks) from the Starparks group.



On a like-for-like basis, sales declined by 1% for the following reasons:

- A 3.3% decline in visitor numbers, to 8.3 million visits. Following an excellent first half, particularly for Parc Astérix and the Dolfinarium, in the Netherlands, Group parks were negatively affected by unusual weather conditions in May, and even more so in August, a key month during which visitor numbers decreased by 15% (419,000 fewer visit). September beat its own records in visitor numbers yet again, with an increase of 20%.
- An expected 2.3% increase in receipts per visitor, the first sign of returns on measures taken in 2005 to improve this vital aspect of sales growth: remodeled boutiques and new European partnerships with major brand name suppliers.

Prospects

In spite of a season that fell short of expectations, largely due to inclement weather in August, results for the financial year 2005-2006 will be boosted by the acquisition of five Starparks sites at the end of May 2006. Thus, Compagnie des Alpes is looking forward to a significant rise in net income and an increase in earnings per share.



Success of the EUR 75.6 million capital increase with preferential rights

The capital increase with preferential rights launched by Compagnie des Alpes on 28 June 2006 was successfully subscribed, despite a short and unfavorable period of subscription : from 3 to 14 in July.

This capital increase was authorized by the Shareholders' General Meeting of February 23, 2006. It was intended to permit Compagnie des Alpes to reequilibrate its financial structure and support its development policies in both leisure parks and ski operations. It was particularly intended to finance the acquisition of five leisure parks from the StarParks group on May 22-23, 2006, which we reported to you in Letter 16.

A shareholders' information document was prepared by the Group's financial services, assisted by the Group's lead manager and book runner, Oddo Corporate Finance and Société Générale CIB, respectively. As stock exchange rules require, Compagnie des Alpes also published a Securities Note describing the acquisition operation for the Walibi parks and updating our annual reference document to include the interim (half-year) figures as of March 31, 2006. These two documents are available upon request from the Communications Department, and can be downloaded from our website, www.compagniedesalpes.com. Shareholder communications are the responsibility of the Communications Department, supported by the shareholders' advisory committee.

The final amount of the issue is EUR 75.6 million and the number of the new shares issued is 1 270 880, a raise of 20%. 1 232 774 new shares were subscribed on a non-reducible basis (*à titre irréductible*), accounting for 97.0% of the total issue, which demonstrate the loyalty and the confidence of the shareholders in the company. Subscription of the remaining shares on a reducible basis (*à titre réductible*) were received for 59 521 supplementary shares, allowing the placement of 100% of the offer.

Settlement delivery and admission to trading of the new shares, carrying rights from 1 October 2005, were on 27 July 2006, on the same quotation line as existing shares under ISIN Code FR0000053324. They will receive the next dividend.

Little change in the ownership of the group

July's capital increase had no significant impact on shareholding in the company. The major shareholders were committed to participate up to the percentage of their existing holdings. As we do every year, we requested a complete breakdown of shareholdings in the company. This is very precious information as it enables us to at least partially measure the pertinence of the Group's financial information efforts.

The only evident change from last year to this is an increase in shares held by investors from abroad, in particular by UK investment funds. The percentage of Compagnie des Alpes' share capital held by investors abroad increased from 9.7% to 12.1%. Compagnie des Alpes has about 4,500 shareholders.



With 23 million visitors, World leader in ski areas And one of the european leaders in leisure parks



14 ski areas

14.5 million skier-days
550 lifts
1 650 km of slopes
2 600 snow guns
212 grooming machine

21 leisure parcs

8.9 million of visits
- 4.6 million in France
- 4.3 million in Europ

News of the shareholders' club



As of September 30, 2006, the Shareholders' Club had over 850 members. These include all those shareholders who will benefit from our special offers for both the winter and summer seasons in 2007. Membership in the club is free, and is necessary to receiving the special offers Compagnie des Alpes makes available to its shareholders. Our shareholder relations service is in the process of completing the list of beneficiaries of the special offers,

i.e., the list of club members who held at least 100 registered shares on September 30, 2006. Each will very soon receive a letter. Should they wish to profit from ski opportunities, they should return to Compagnie des Alpes before December 10, 2006, indicating their choice of benefit. A voucher will be sent them by return mail. No document other than the original of the voucher will be accepted at group sites. If the shareholder chooses access to a leisure park, the letter and request for a voucher should be returned before March 15, 2007.

Attention: The shareholder relations service will be closed during the Christmas holidays, from December 23, 2006 to January 7, 2007. No request can be processed during this period.

A successful meeting with shareholders in the West of France:

On Thursday, September 14 at 6 p.m. in Nantes, Compagnie des Alpes, ACCOR and l'Oréal provided their latest company news in a meeting organized with the federation of French investment clubs (FFCI - Fédération Française des Clubs d'Investissement). Nearly 300 people attended. Eric Guilpart responded to many questions from attendees very well-informed about the Group. This was the second such meeting this year, after one in Grenoble in April. Others are planned for 2007.

**Next rendez-vous
in Lille June 4, 2007**

Key data

Market where listed: Euronext, Compartiment B

Segment: Next Prime

Codes: ISIN/ FR0000053324

Number of shares outstanding: 7,638,726
as of October 26, 2006

Share capital: €116,452,888.54 as of October 26, 2006

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

Shareholders:

Caisse des dépôts:	41.7%
Compagnie Européenne de Loisirs:	13.7%
Crédit Agricole des Savoie:	7.2%
Groupe Caisse d'Épargne:	5.8%
Banque Populaire des Alpes:	3.5%
Float:	28.0%

Calendar

November 17/18, 2006: Salon Actionaria in Paris

December 19, 2006: Earnings for FY 2005-2006

January 24, 2007: Sales figures for the first quarter of FY 2006-2007

February 28, 2007: General shareholders meeting at 3 pm

April 26, 2007: Sales figures for the second quarter

May 31, 2007: Intermediate Earnings

August 9, 2007: Sales figures for the third quarter

October 30, 2007: Sales figures for FY 2006-2007

December 18, 2007: Earnings for FY 2006-2007



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