

la lettre

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de la Compagnie des Alpes



Editorial



Dear readers
and shareholders,

Seasons come and go, and each one is unique. Following on an unusually mild winter 2006-2007, with very little snowfall, during which visitor numbers in the ski areas edged

down by about 3%, 2007-2008 saw a full-on winter with more "normal" weather conditions. As this newsletter goes to press, we are set to announce a new Group record: nearly 13.5 million skier-days for all companies in the scope of consolidation (18 million for the 17 companies that make up the expanded Group).

This remarkable performance is not merely due to weather conditions. It is also the fruit of the excellent services we offer – services we improve constantly with significant investments – and of sales' teams excellent relationships with professionals providing accommodations for customers outside France. The season's success is also reassurance that winter sports remain an appealing activity for millions of customers across France and Europe, so long as sector operators, such as Compagnie des Alpes, are able to offer services that respond to customers' tastes and budgets.

The high season for leisure parks kicked off in the beginning of April. It should benefit from the year's investments, particularly Caesar's Challenge at Parc Astérix. This innovative ride plunges the visitor into the universe of the world famous comic book series. Initial public reactions have been highly promising.

Since our September 2007 letter, Compagnie des Alpes has entered an active phase of arbitrage for its shareholding portfolio. Disposals of certain sites and strengthened holdings in others are addressed in this present letter. Other news includes a summary of the Ordinary General Meeting of February 21, 2008.

Enjoy your read.

Jean-Pierre Sonois,
Chairman

FIRST HALF YEAR SALES

**First half shows sharp increase in sales:
+27.3% and +12.3% like-for-like**

Compagnie des Alpes has recorded a sharp increase in the activity across its two business lines during the first half of 2007-2008. Consolidated sales came to **€330.4 million**, an increase of **27.3%** on a real basis and **12.3%** like-for-like.

Consolidated sales from October 1, 2007 to March 31, 2008

Sales in € millions	FY 2007/2008 (1)	FY 2006/2007 (2)	Change on a real basis (1) / (2)	FY 2006/2007 like-for-like (3)	Change on a like-for-like basis (1) / (3)
Ski areas	292.6	229.2	+27.7%	263.8	+10.9%
Leisure parks	37.1	29.4	+26.3%	29.4	+26.3%
Other activities	0.68	0.91	ns	0.91	ns
Total sales	330.4	259.5	+27.3%	294.1	+12.3%

Breakdown by quarter

Sales in € millions	FY 2007/2008 (1)	FY 2006/2007 (2)	Change on a real basis (1) / (2)	FY 2006/2007 like-for-like (3)	Change on a like-for-like basis (1) / (3)
1st quarter (10/01/2007 to 12/31/2007)	76.8	62.6	+22.7%	71.5	+7.5%
2nd quarter (01/01/2008 to 03/31/2008)	253.6	196.9	+28.8%	222.7	+13.9%
Total sales	330.4	259.5	+27.3%	294.1	+12.3%

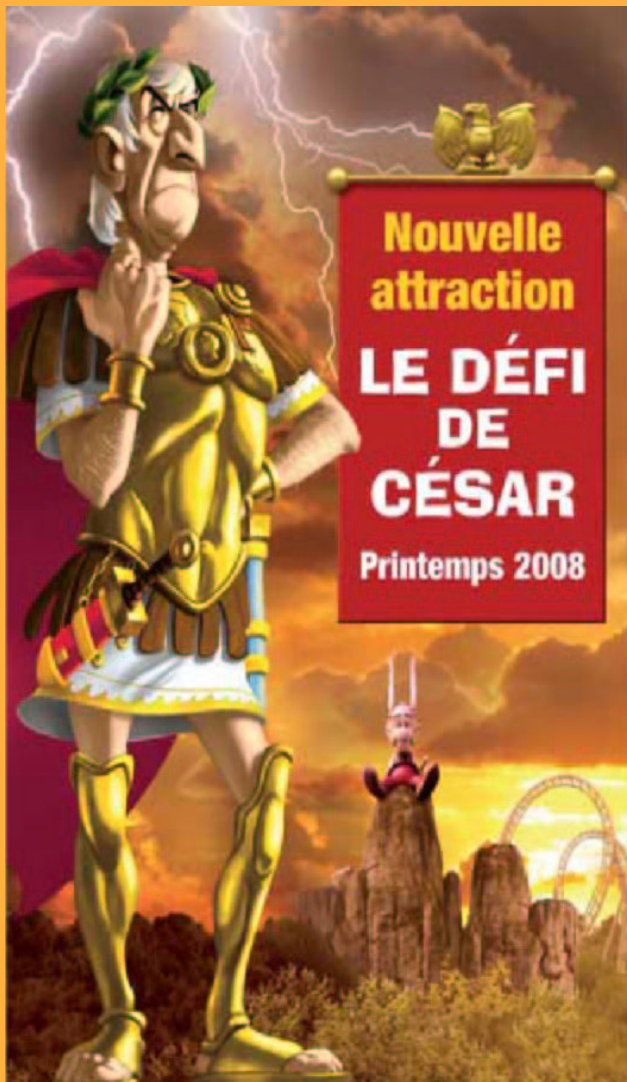
The 2006/2007 like-for-like scope of consolidation includes first half 2006/2007 sales of STVI (Val d'Isère), which Compagnie des Alpes took control of on October 1, 2007 as well as sales of SFB (Saas Fee) for the period from October 1, 2006 to January 31, 2007.

LEISURE PARC ASTÉRIX INNOVATES PARKS



On April 5, Parc Astérix opened a thrilling new ride, Caesar's Challenge, a 20-minute voyage into the exciting world of the original comic book. Caesar's Challenge is an adventure for the whole family, bringing together all the latest technological innovations to provide a unique experience, including morphing, animatronics, 3D imaging, and water effects. Spectators are the center of the action as they journey through four sets — Recruiting, Caesar's Tent, the Baths and the Galley. Alain Sachs designed the set, working with show business stars like composer Patrice Peyriéras and water effects specialist Jacky Beffroi.

This ride constitutes the most significant investment made since the park's opening (€11.5 million) and spurred the Group to innovate even further: the park will open every day of the week in May and June. In previous years, the park was open only on weekends and Wednesdays during this time. And don't forget that the Styx, one of the park's best-loved water rides, has been reopened with a brand new name, Romus and Rapidus



FIRST HALF YEAR SALES

■ **SKI AREAS: +27.7%**
(+10.9% like-for-like)



Sales of the ski areas grew by **27.7%** on a real basis. This growth is the result of several factors:

- consolidation since October 1, 2007 of STVI (Val d'Isère) for €32.1 million and of SFB (Saas Fee) for €6.9 million,
- excellent snow conditions and quality of the product offer,
- solid performance from sales teams and accommodations providers, notably as regards international clientele, the timing of the Easter weekend in March.

This performance largely makes up for the fall in land-sales transactions during the first half (€0.7 million versus €5.8 million during the first half of the previous FY).

The activity from the month of April represents around 10% of the winter season's activity. Taking into account the results obtained at March 31, 2008, the Group ski areas' visitor numbers record should be surpassed for the entire winter season, with almost **13.5 million skier days** (versus 12.8 million in FY 2006/2007 on a like-for-like basis).

SKI AREAS RE-OPENING OF THE VANOISE

On December 21, 2007, on the eve of its opening for the 2007-2008 ski season, SELALP made a difficult decision: it elected not to open the Vanoise Express cable car that links the Les Arcs/Peisey and La Plagne ski areas.

This decision followed a consultation between the operator and departmental inspection authorities after anomalies in the cables of the two lines were detected. More advanced diagnoses were carried out, showing that the cables needed to be changed. The complex operation (manufacturing, transportation, installation, testing) took several months and



LEISURE PARKS: +26.3%



Sales of the leisure parks grew by **26.3%** on real and like-for-like bases, due to the solid visitor numbers to parks open during the All Saints and Christmas holidays. The results obtained confirm the targeted decision to extend the Group's parks' opening periods, which responds to the need for quality family entertainment all year-round.

About 85% of leisure parks sales are generated during the second half, and should benefit from the positive impact of the year's investments and from an ambitious business plan. As a reflection of this, Parc Astérix opened Caesar's Challenge, a major new attraction, on April 5, which plunges the visitor into the heart of the Asterix universe. It also exemplifies the Group's desire to offer attractions with rich content that stand out in the market.

2008



EXPRESS ON DECEMBER 20, 2008



the cable car remained closed the entire season. Currently, the exact causes of this event have not been completely determined, and investigations continue. All necessary arrangements for technical and financial risk provisions were made. La Compagnie des Alpes does not expect this closing to have a significant impact on its financial structure. Its impact on results and insurance coverage are currently being evaluated.

Inaugurated in December 2003, the Vanoise Express is the largest cable car in the world, with two spectacularly sized cabins capable of seating 200 passengers each. This ever more popular cable car makes more than 400,000 trips per year and gave added market value to the Paradiski ski area, which as a result could not be sold this season.

Despite their understandable disappointment, which customers shared, teams at the affected companies are working nonstop to build new cables and make the machine operational by December 20, 2008.

EXTERNAL GROWTH

DISPOSAL OF GROUP SITES:

A FIRST FOR THE COMPAGNIE DES ALPES

Since its creation, Compagnie des Alpes has achieved the majority of its growth via acquisitions of ski areas or parks, following a well-defined strategy. Once it has acquired a site, the Group is actively committed to implementing a sustainable growth policy. This policy does not mean that Compagnie des Alpes is merely holding company that collects shareholdings based on purely financial calculations. The Group's approach to growth is the full integration of acquired sites, which is why Compagnie des Alpes favors majority shareholdings, an approach that allows it to manage operations more efficiently.

Because there are exceptions to every rule, CDA also has minority shareholdings, although only in ski areas – this due to historical circumstance (as is the case with the Compagnie du Mont Blanc and Courmayeur mergers, for example) or to more tactical considerations, especially regarding sites outside France. The end goal, however, remains the same: the Group's vocation is to be an active partner and a useful presence in the growth of its subsidiaries.



Until now, the Group has had a dynamic acquisitions policy, adding one or two sites yearly. Acquisitions accelerated in 2006 with the acquisition of five parks, four of them operating under the Walibi brand, and again in 2007, with the acquisition of Val d'Isère and stakes in three other companies. The Group's portfolio of integrated sites now includes some 40 sites. Over time, however, the Group's initial coherence has been compromised, and programs implemented for some major sites now no longer appropriate or are inadaptable for other sites. Similarly, the initial reasons for acquiring certain holdings have changed or no longer exist. Consequently, Compagnie des Alpes announced at the end of 2006 that it would no longer exclude divesting or disposing of holdings that do not meet its economic criteria. Conversely, it will maintain and strengthen its presence on sites deemed crucial to the Group wherever possible.

As a result, the Group carried out three disposals within its portfolio during the first half-year of 2007-2008:

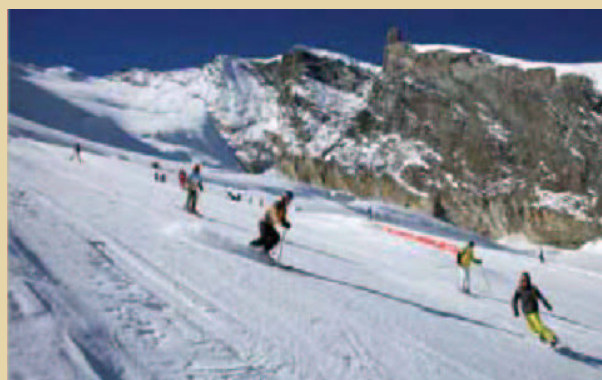
Disposal of PanoramaPark. The core assets of the German park, acquired in 2003, were sold to a German private investor who intends to transform the site into an animal park. Some of its rides were kept for use in the Group's other sites. The subsidiary Grévin Deutschland will now focus on the Fort Fun Park, located in the same area. In 2007, PanoramaPark saw 134,000 visitors, with sales at €2.8 million; its contribution to Group results was slightly negative.

Disposal of a 20.8% stake in Aletsch Riederalp Bahnen (ARBAG)

SwissAlp, a 100% subsidiary of Compagnie des Alpes, has just finalized the sale of the 20.8% stake that it held in the operation company Riederalp. Compagnie des Alpes entered into this Swiss ski area in December 2004 through participation in a reserved capital increase (rights issue) with the intention of creating an alliance between Riederalp and two other companies forming the Aletsch ski area. As this project was not carried through, Compagnie des Alpes decided to sell its stake to local investors. With 219,000 skier days in 2006-2007, ARBAG was consolidated using the equity method, and did not significantly contribute to CDA Group results.

Increase in stakes held for Plagne and Les Arcs. CDA held up to 95.12% of SELALP, which in turn held 98.7% of SAP (Société d'Aménagement de La Plagne), 96.74% of SMA (Société Les Montagnes de l'Arc), and operated the "Vanoise Express" cable car linking the Les Arcs and La Plagne ski areas. CDA negotiated with other partners for a share transfer and now holds 100% of this subsidiary, which had sales of €111.9 million in 2006-2007. This transfer came at a total cost of €7.4 million and was financed by a capital increase reserved for the two sellers, the Crédit Agricole des Savoie Group and the Banque Populaire des Alpes, who thus increased their stakes in Compagnie des Alpes to, respectively, 7.25% (versus 6.56% previously) and 4.23% (versus 3.79% previously). This operation will allow Compagnie des Alpes to increase its share of sales by its subsidiaries, SAP and SMA, whose profit outlook is based on solid historical results.

Other disposals are currently being studied. The goal is to allocate resources to subsidiaries more effectively, and consequently to strengthen the Group's results.



GENERAL SHAREHOLDERS' MEETING OF FEBRUARY 2008

Compagnie des Alpes shareholders gathered for a General Meeting on February 21, 2008. As usual, required quorum was greatly surpassed, with around 100 persons in attendance and more than 86% of shareholders present or represented. The meeting's main topics were the approval of the financial statements of the financial year ended on September 31, 2007, appropriation of earnings, approval of regulated agreements, and the renewal of the share repurchasing plan. A total of eight reports were presented and 11 resolutions were submitted to the vote of the shareholders.

Jean-Pierre Sonois and the members of the Management Board presented the year's financial statements.

We will summarize the main points of their presentation below.

Business resistant to unfavorable weather conditions

During the 2006-2007 financial year, we faced the worst possible scenario for a group whose activities take place mainly outside—the warmest winter in 50 years and the rainiest summer in 15 years! Despite these unfavorable weather conditions, performance in both of our business lines outstripped mere resistance.

Overall, we welcomed nearly 24 million visitors to our 35 sites in Europe. Group sales increased by 4.3% on a like-for-like basis. This performance was achieved without negative impact to profitability. Operating income climbed by 8.7% and attributable income by 7.3%. Only the effects of a changed scope of consolidation penalized the evolution of year-on-year Group results. Results for FY 2005-2006 jumped by €15 million due to the acquisition of the Walibi parks at the beginning of the summer season. It is also noteworthy that the financial year showed stability in financial leverage ratios and an increase in free cash flow.

Pursuing acquisitions

First, the Chairman of the Management Board restated the historical importance of acquisitions for Compagnie des Alpes, which accounts for 70% of Group growth over the last 10 years. FY 2007-2008 began with a major operation: on October 1, 2007, CDA acquired a 60% stake in the Société des Téléphériques de Val d'Isère and 20% stakes in three other companies. These acquisitions strengthen CDA's position as Europe's leading ski area operator. This was thoroughly discussed in our September 2007 shareholder's newsletter, n°19.

Discussions with meeting attendees raised a variety of issues, ranging from growth strategies to web-based ticket sales. A complete report on the Meeting can be downloaded from the Group's website: www.compagniedesalpes.com



SHAREHOLDERS' CLUB

SEPTEMBER 30, 2008 DEADLINE TO ENJOY MEMBER BENEFITS

For a two-day or six-day ski pass in the Group's resorts for the 2008-2009 winter season or two or six entry tickets for certain Group parks in 2009, you must become a shareholder and member of the Club before September 30, 2008. 200 shares are required for a two-day pass or two entry tickets, and 400 shares for a six-day pass or six entry tickets. All information can be found in the Shareholders' Club guide, available upon request at company headquarters or in electronic form at www.compagniedesalpes.com/fr/ininscription.asp.

Since several hundred of take advantage of these benefits each year, we are especially attentive to your needs. As a result, we have decided to add new benefits for 2009, including Group parks outside France - yet another reason to join!

