



# Compagnie des Alpes

## *Shareholders' Newsletter #24*

Dear Readers, Dear Shareholders,



**Dominique Marcel**  
Chairman and CEO

"Action" has been the keyword during the first half of 2009-2010. We continued to reduce debt (by €100 million during FY 2008-2009 and €64 million in H1 2009-2010), pursued our policy of asset arbitrage (disposals of Swiss and Italian ski areas, acquisition of 2Alpes), entered discussions to become Futuroscope's majority shareholder, and finally, made the crucial decision to launch a capital increase of €100 million.

In times of crisis we must prepare for the rebound and seize the opportunities that arise. Going forward, we sought to give our Group the financial resources necessary to achieve its ambitions, so that we can carry out strategic development projects under optimal conditions. Hopefully, Futuroscope will be the first illustration.

The decision to carry out a rights issue reflects the company's commitment to maintaining quality relations with its individual shareholders. We wished to offer company shareholders, and especially you, our individual shareholders who have supported us throughout the years, the opportunity to play a key role in the new development of the Group. Considering the numerous subscriptions, I would like to thank you whole-heartedly for your renewed confidence in our strategy.

In terms of activity, the Group achieved excellent results during the course of the first half. Sales grew 10% and both operational and net margins improved. The consolidation of Deux Alpes Loisirs had an extremely positive impact on financial performance, as did greater control of operating expenses along with the debt reduction carried out in 2009. Nevertheless, with poor weather the past several months and the gloomy economic climate that looms more broadly and appears to be affecting leisure consumption, it is likely that we will be unable to match our 2009 performance. Given this context, we have committed to taking responsive measures to boost visits to our parks and limit the impact on our margins.

Moreover, we are pursuing the strategic dynamics already set in motion. Several weeks ago, we concluded the Sindibad agreement, which for the first time in CDA history gives us the opportunity to promote our expertise and know-how in addition to allowing us to develop our Walibi brand internationally.

We will be steadfast in our efforts to prepare Compagnie des Alpes to most fully develop its potential growth in the coming years and to become a reference for the leisure industry in Europe.

Thank you, and enjoy your newsletter.

### In this edition:

- H1 2009-2010 results and outlook
- A successful capital increase
- Progress made in our strategic reorientation
- Shareholders' Guide

# Compagnie des Alpes *Group News*



Consolidated sales

**€343.9 million**  
in H1 2010

Net income

**€37.8 million**  
up 14.2% like for like

Net debt

**€398 million**  
down 64 million  
over H1 2010

## *H1 2009-2010 results improving on a reported and like-for-like basis*

For H1 2009-2010, consolidated sales came to €343.9 million, up 10% on a reported basis and up 0.3% like for like.

Sales from Ski Areas (88% of total half-year sales) rose 11.7% (0.5% like for like).

After a weak early season, with the season's first snowfall coming late, constant rain, and snow at high altitudes during Christmas, visitor numbers at ski areas were satisfactory over the rest of the season. Given the level of business in April, the ski season closed with a limited decline of 3% in visitor numbers compared with last winter.

Average daily revenue per skier day continued to improve throughout the season, with an increase of around 3%.

As in H1 2008-2009, there were no significant land-sales transactions in H1 2009-2010.

Leisure-park business in the first half represents only about 15% of annual business. Half-year sales were down

slightly (1.5%), at €38.3 million. Adjusted for the impact of the closing of Aqualibi for renovation (set to reopen in spring 2011), half-year sales were flat.

Heightened efforts to control operating expenses, which were virtually unchanged, allowed the Group to improve operating margins (EBITDA, EBIT) on a like-for-like basis. EBITDA and EBIT margins rose by 50 bp (+34.7%) and 70 bp (+22.2%), respectively. Growth on a reported basis was even more marked, given the significant contribution from the consolidation of DAL.

Better interest rates and aggressive debt reduction carried out by the Group during H2 2008-2009 allowed for a strong decline in borrowing costs, which improved by €4 million from March 31, 2009.

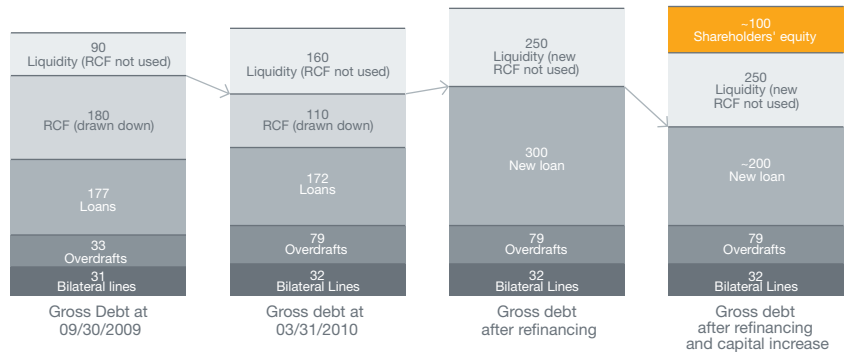
The solid business performance and margins, combined with lower interest expense, led to much higher net attributable income of €37.8 million, compared with €28.3 million a year earlier, an increase of 33.6% (14.2% like for like).

Lastly, the Group's financial structure continues to improve.

# A Successful Capital Increase

## *Three questions for Franck Silvent*

### *Deputy Managing Director*



New financial structure (in € millions)

#### Refinancing and capital increase: why conduct two nearly simultaneous large financial operations?

These two operations stem from the same logic and help implement an overall financial strategy. First, we negotiated refinancing for a total of €550 million. This pays down an existing syndicated loan taken out in 2006 that would have come to term in May 2011 and which allows the Group to finance its recent large acquisitions.

The new syndicated loan comprises:

- a five-year amortizable loan for an amount up to €300 million;
- a renewable five-year credit facility for a total amount of €250 million. The implementation and amount of the renewable credit facility will provide liquidity for the Group over the next five years. This credit facility surpasses current needs and will increase strategic and financial flexibility.

The new financing also provides greater operational flexibility for CDA—no guarantees, fewer constraints for acquisitions and disposals—and will impact interest expenses only slightly, given the moderate increase in credit margins compared with the 2006 syndicated loan.

We have also just completed a successful capital increase of nearly €100 million. The product of the issue will reduce by as

much the amortizable tranche of the new credit described above.

The capital raised will allow the Group to increase its financial flexibility—its debt-to-equity ratio—so it can more quickly implement the strategic reorientation begun at the end of 2008 and work dynamically towards future growth.

#### *Organic growth and acquisitions: both ambitious and selective*

#### How will this debt-to-equity ratio enable CDA to accelerate its strategic orientation?

It relieves some of the pressure, if there is any, from the bank covenants—the famous financial ratios agreed upon with the banks—simply by reducing debt. Our credit profile with respect to the sacrosanct “gearing” (net debt / equity) is becoming increasingly attractive, with more capital and less debt. This leaves us a large margin to launch ambitious investment projects without endangering the Group’s credit profile or forcing it towards value-destructive short-term steering.

Moreover, the new syndicated loan is more consistent with our business; it enables us to fund long-term employment through long-term financing.

#### Would you therefore invest more to accelerate Group growth?

Perhaps not more across the board, but better and, above all, at the right time. The Group’s commitment to organic growth calls for an investment policy that is more selective yet extremely ambitious, focused on specific projects that fit the proven economic model and show potential for robust and measurable value creation: developing the Walibi brand, taking Grévin abroad, and establishing facilities and attractions with high added commercial value in leisure parks and ski areas.

CDA also intends to consider any acquisition opportunities that might appear in its two operating segments, in a market known for reasonable asset prices.

#### Shareholders after the capital increase

Because strategic shareholders have largely subscribed in full, the ownership structure should not change significantly. The CDC stake should remain unchanged, while Sofival’s should increase only slightly; changes for regional banks should be minor. The free float will continue to be around 35%.



## Progress made in our strategic reorientation

Group net debt continues to decrease (€398 million at March 31, 2010 compared to €515 million at March 31, 2009 and €462 million at September 30, 2009) despite the impact of the DAL acquisition (€17 million net).

The debt-to-equity ratio (net debt / shareholders' equity) stood at 0.63 on March 31, 2010, compared with 0.78 on September 30, 2009. Net debt / EBITDA was 2.15, a significant improvement from 2.77 at September 30, 2009, and even better compared with 3.13 at March 31, 2009. All banking covenants were respected.

*Group consolidated sales in the first three quarters of FY 2009-2010: up 6.1% on a reported basis and down 2% like for like.*

Ski areas are finishing up the 2009-2010 season stable compared to FY 2008-2009. Leisure parks, on the other hand, experienced a difficult start and are down by 6.1% (-4.8% adjusted for the closing of Aqualibi for renovation). In this context, the Group has prepared to take responsive, targeted action in its commercial policy and cost management in order to limit the impact on Group results.

### Disposal of the Italian Ski Area

In keeping with the 2009 disposal of non-strategic assets—namely Tél'éverbier, Saas Fee Bergbahnen (SFB), and SMVP (the asset-holding company of the Bioscope in Alsace)—Compagnie des Alpes is pursuing its goal to increase Group ROCE.

On May 17, 2010, after having contributed actively to the management of the site and the company through its recognized expertise, CDA announced that it would dispose entirely of its 29.8% stake in Courmayeur Mont-Blanc Funivie (CMBF), which it has held since 1996.

Believing that its position as a minority shareholder and CMBF's intrinsic particularities regarding growth no longer corresponded to the Group's strategic priorities, especially for optimizing capital employed, CDA decided that it was appropriate to sell its stake. Disposal income amounted to €1.5 million and will have no impact on net attributable income at the end of September 2010.

(1) The balance corresponds to vacation packages sold by the 2Alpes' travel agency to international customers for €4.6 million and to a small real estate activity of nearly €1 million.

(2) In ski lift sales. Source: *Montagne Leaders* no. 215, Sept./Oct. 2009

### Acquisition

#### 2Alpes in brief!

Between the Northern and Southern Alps with a 360° panorama over the French and Italian Alps—from Mont Blanc to Mont Ventoux, passing by La Meije and the Ecrins range—the 2Alpes resort allows visitors to access the famous ski area La Grave.

#### 2Alpes in numbers!

A site whose size and quality make a perfect fit with CDA's selection criteria.

- A vertical of over 2,000 meters—from 1,300 to 3,600 meters in altitude.
- 225 km of trails.
- Nearly 1.3 million skier days.
- A markedly international clientele (nearly 50% in winter).
- A wide offering of accommodations, with nearly 30,000 tourist beds available.
- One of the highest skiable peaks, guaranteed natural snow cover in both winter and summer.
- 2009 sales: around €40 million, including €32.5 million for ski lifts alone<sup>(1)</sup>.
- Ranked tenth among the Top 30 largest French resorts in 2009<sup>(2)</sup>.

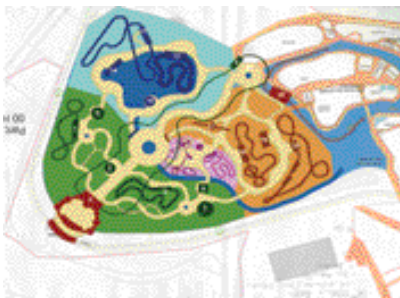
To learn more about the resort and all it has to offer, visit the website: [www.les2Alpes.com](http://www.les2Alpes.com)



The transaction was conducted under optimal financial conditions in partnership with the CDC, and local banks, Banque Populaire des Alpes and Caisse d'Épargne Rhône Alpes, for €46 million. The share financed by CDA amounted to just under €28 million, and the transaction was financed solely through equity capital without taking on any debt. The consortium's memorandum of understanding gives CDA operational and financial control over Deux Alpes Loisirs (DAL).

Following this rotation of assets, CDA now has fifteen resorts including 11 that are wholly owned.

#### Sindibad by Walibi! The first assistance and licensing agreement!



As part of its strategic reorientation and its commitment to developing projects that are not capital-intensive, the Group wishes to derive value from its know-how and to

promote its expertise and brands to both public and private operators in new geographic areas. In this context, the Sindibad project in Casablanca, Morocco was cemented on July 12, 2010 with the signing of a global assistance and licensing agreement.

CDA will participate in the early stage of the program (management for design and technical expertise) as well as management assistance once operations are underway. The project also calls for a 20-year licensing agreement under the Walibi brand.

This project is a first in CDA history. It marks the start of a plan to derive enhanced value from our intangible assets and our expertise in our businesses.

### 20 attractions

#### 5 main zones:

- 1 red zone = park entrance
- 1 green zone = gardens
- 1 blue zone = aquatic zone with a lake
- 1 yellow zone = desert zone
- 1 pink zone for children
- 1 entry to the zoo via the paths through Sindibad

### Park set to open in 2013!

#### Futuroscope: Talks Continue

On April 30, 2010, CDA entered into exclusive talks with the Conseil général de la Vienne with a view to creating a long-term partnership for the development of Futuroscope. CDA would become the majority shareholder of the park's operating company.

On May 28, Dominique Marcel presented CDA's project with Futuroscope.

"We came to tell the Conseil général that it would be a partnership to enhance and develop the Futuroscope model." Discussions are underway between CDA and the Conseil général de la Vienne in a climate that bodes well for the quality of the partnership.

Futuroscope, France's third leading theme park, is a high quality site with significant renown and original positioning. Since 2003, the park has undergone a significant turnaround. Visitor numbers have increased, and the park recorded 500,000 additional visitors in just six years for an average annual growth rate of 6%. In 2009, the park's sales amounted to approximately €80 million, for net income of €8 million. 1.7 million visitors were recorded.

# Compagnie des Alpes

## Shareholders' Guide

**Shareholders' Club: Don't forget! September 30th is the deadline to register for the advantages offered to Shareholders' Club members for the upcoming financial year.**

To receive a two- or six-day pass to the Group's ski resorts in winter 2010-2011, or either two or six entry tickets to certain Group parks in 2011, you must become a shareholder and a club member before September 30, 2010. You are required to hold 200 shares to receive a two-day pass or two entry tickets to a park, and 400 shares for a six-day pass or six entry tickets. All information is published in the Shareholders' Club guide, available upon request at Group headquarters and for download at: [www.compagniedesalpes.com/fr/inscription.asp](http://www.compagniedesalpes.com/fr/inscription.asp).

**New! The CDA share is now part of the deferred settlement system (SRD).** As of May 26, 2010, CDA shares benefit from the status of "long-only" SRD, which means that the securities are eligible for SRD at the time of purchase only. This change in deferred settlement services, obtained from the Autorité des Marchés Financiers by NYSE Euronext, expands the list of securities eligible for deferred settlement that meet the following technical requirements: any security listed on Euronext Paris with a minimum daily trading volume of €100,000 can obtain "long-only" SRD status. The official launch of the "long-only" SRD took place May 18.

### A new communications team at your service!

As part of the new organization of October 2009, CDA Group established a new communications team with Sandra Picard serving as Director of Group Communication. She is seconded by Claire Monteil-Robert, Head of Group Financial Communication and Institutional Investor Relations, and Martine Blain, whose responsibilities include individual investor relations. We would like to thank Eric Guilpart and Muriel Giffaut for all of their hard work to date, and we wish them all the best in their new roles.

### Change in stock price over three years



For more detailed information, consult our press releases, which are all available on the Compagnie des Alpes website: [www.compagniedesalpes.com](http://www.compagniedesalpes.com)

### Important dates for Shareholders and the 2010 calendar



On November 19 and 20, CDA will participate for the tenth consecutive year in the Salon Actionaria, the only large-scale trade fair for individual shareholders. The exhibition will be held at its usual location, the Palais des Congrès at Porte Maillot in Paris. Invitations are available upon request:

- by e-mail at: [communication@compagniedesalpes.fr](mailto:communication@compagniedesalpes.fr)
- or by phone at the toll-free number: 0 805 999 000.

Tuesday, October 26:  
FY 2009-2010 Sales  
Wednesday, December 15:  
FY 2009-2010 Results

### Key Data

Markets: NYSE Euronext Paris, Compartment B  
Indexes: SBF 250, CAC Mid 100, and CAC Mid & Small 190  
Codes ISIN: FR0000053324

Number of Shares  
24 117 497 shares at July 21, 2010  
Share Capital  
183,836,427.02 at July 21, 2010

### The Team

**Sandra Picard**  
Director of CDA  
Group Communication



**Claire Monteil-Robert**  
Head of Financial  
Communication



**Martine Blain**  
Individual Shareholder  
Relations

