

PRESS RELEASE

May 16, 2014

First-half 2014 results

(November 1, 2013 – April 30, 2014)

- **Business volume Villages¹**: €776 million **-1.0%** reported (+2.4% at constant exchange rate)
- **Group revenue**: €760 million **-0.4%** reported (+3.0% at constant exchange rate)
- **Operating Income Villages**: €52 million vs €49 million
- **Net income**: €16 million vs €18 million
- **Cumulative² Summer 2014 bookings as of May 10**: **-3.0%** impacted by a strong downturn in the Europe-Africa region, in particular over the last eight weeks at -16.3%, and a slowdown in Asia.

➤ Key figures for the first-half of 2014 (November 1, 2013 - April 30, 2014)

(in €m)	S1 12	S1 13	S1 14	Change S1 14 vs S1 13
Business Volume Villages⁽¹⁾	769	758	776	+ 2.4%
Consolidated revenue				
Group - published ⁽²⁾	783	763	760	- 0.4%
Villages - at constant exchange rate	745	736	757	+ 2.9%
EBITDA Villages⁽³⁾	85	81	85	
<i>As a % of revenue</i>	<i>10.9%</i>	<i>10.7%</i>	<i>11.2%</i>	
Operating Income - Villages	53	49	52	+ 5.1%
Operating Income - Management of Assets	(14)	(9)	(13)	
Other Operating Income and Expense	(7)	(10)	(8)	
Operating Income	32	30	31	
Net Income before tax and non-recurring items	39	35	39	+ 12.6%
Net Income	17	18	16	- 10.5%
Investments	(24)	(36)	(34)	
Disposals	23	0	0	
Free Cash Flow	47	11	26	
Net debt	(123)	(112)	(87) ⁽⁴⁾	

(1) Total sales regardless the operating structure (like-for-like)

(2) Includes € 9 million, €2 million et €3 million in property development revenue for, respectively, half-year 2012, 2013 and 2014

(3) EBITDA Villages : Operating Income Villages before interest, taxes depreciation and amortization

(4) Includes the conversion of 1,235,041 OCEANEs as of April 30th, 2014

See Appendix for an analysis of differences between estimated data published on April 28, 2014 and final figures.

¹ Total sales regardless the operating structure

² Total business volume Villages at constant exchange rate

1. Analysis of the key figures

- **Business volume Villages** (corresponding to total sales regardless of village operating structure) reached €776 million versus €758 million for the first-half of 2013, up 2.4% at constant exchange rate. Business was down 1.0% in reported data.
- **Villages Revenue** (at constant exchange rates) reached €757 million, up 2.9% compared with the first-half of 2013. Performances varied by geographic region:
 - Growth in **Europe-Africa** was limited to 1.0%. This region dealt with a strong downturn in its two main markets: the French market was down near 9%³ in business volume on the individual segment despite the Parisian Easter holiday falling during the Winter season, and the Belgian market recorded an 11%⁴ drop in the number of customers.
These markets are affected by the economic crisis and by the current disaffection of destinations like Egypt. In this context, Club Med continues to outperform the market, but suffered from declining bookings which are down 1.5% in France and down 9.5% in Belgium according to SETO and ABTO criteria;
 - **The Americas** posted growth of 7.6%, supported by momentum in the United States and Brazil;
 - **Asia** grew 7.1%, driven by the recovery in sales in Japan and in Australia, and by momentum in China.
- **RevPAB** (revenue per available bed) increased 0.6% at constant exchange rates to €114.7 thanks to an improvement in the average price per hotel day at €158.1 (+1.3%). The occupancy rate is stable at 71.1%.
- **Customers** staying in the most upmarket villages (4 and 5 Tridents) represented almost 78% of total clients during the first-half of 2014.

Performance indicators

(in €m)			
Reported	S1 12	S1 13	S1 14
EBITDAR Villages ⁽¹⁾	163	160	161
% of revenues	21.1%	21.0%	21.3%
EBITDA Villages ⁽²⁾	85	81	85
% of revenues	10.9%	10.7%	11.2%
Operating Income Villages	53	49	52
% of revenues	6.8%	6.5%	6.9%

⁽¹⁾ EBITDAR Villages : Operating Income Villages before depreciation, amortization, rents and change in provisions

⁽²⁾ EBITDA Villages : Operating Income Villages before depreciation, amortization and change in provisions

- **EBITDA Villages** reached €85 million versus €81 million for the first-half of 2013. The EBITDA Villages margin (as a proportion of revenue) was 11.2% versus 10.7% for the first-half of 2013.

³ SETO data at end-March as business volume

⁴ ABTO data at end-March as number of customers

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- **Operating Income Villages** totaled €52 million, up 5% compared with Winter 2013. This increase was nonetheless impacted by a €5 million decrease in the Europe-Africa region versus the first-half of 2013 due to the weaker performance of the French and Belgium markets. Profitability continued to improve in the Americas and Asia regions.
- **Net income before tax and non-recurring items** was €39 million, an increase compared with Winter 2013. The first-half of 2014 was affected by exceptional items recorded under i) “operating income - management of assets” such as €(9) million in costs to exit and close villages, of which almost €(6) million related to the 3 Trident village of Djerba-la-Fidèle and ii) “other operating income and expense” such as €(3) million in net costs relating to litigation, of which a provision for €(4) million corresponding to the receivable relating to advances granted to the owner of the village of Belek and €(1) million in other costs relating to the public tender offer fees.
- **Net income** reached €16 million versus €18 million for Winter 2013, affected by a drop in net financial income due to unfavorable currency effects.
- **Free cash flow** totaled €26 million and net debt was decreased to €87 million taking into account this free cash flow and the conversion of 1,235,041 OCEANES as of April 30, 2014.

2. Highlights

➤ **Public Tender Offer**

On April 29, 2014 the Paris Court of Appeal dismissed the appeals regarding the French *Autorité des Marchés Financiers*’ (“AMF”) decision relating to the compliance of the Public Tender Offer initiated by Axa Private Equity (Axa Capital/Ardian) and Fosun, in cooperation with Management.

The closing date of the offer has thus been set at May 23, 2014 and the results of the offer will be published by the AMF on June 3, 2014.

➤ **Signing of a new three-year partnership agreement with Thomas Cook France**

Club Méditerranée and Thomas Cook France, a Club Med partner for over 40 years, signed a new three-year partnership agreement on March 4. The main objective of this new agreement is customer recruitment, based on the roll out of Club Med corners within Thomas Cook's network, the inclusion of Club Med's offering in Thomas Cook's multi-channel strategy and on an action plan aimed at boosting sales.

3. Outlook for Summer 2014

<i>Bookings in total business volume at constant exchange rate by outbound country</i>	Cumulative as of April 26, 2014	Cumulative as of May 10, 2014	8 last weeks
Europe-Africa	- 4.7%	- 4.6%	- 16.3%
Americas	+ 15.2%	+ 11.5%	- 2.9%
Asia	+ 5.3%	- 1.3%	- 12.3%
Total Club Med	- 2.3%	- 3.0%	- 14.1%
Summer capacity	- 3.8%	- 4.6%	

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Cumulative bookings as of May 10, 2014, stated in terms of business volume at constant exchange rates, were down 3% compared with Summer 2013, for a capacity adjusted by -4.6%. As a reminder, about 60% of the total Summer bookings had been recorded at the same period last year.

In the Americas, bookings were up 11.5%, mainly driven by the sustained momentum of sales in North America.

In **Europe-Africa**, bookings were down 4.6% for the season, impacted by the closure of two managed 4 Trident short-haul villages (Belek in Turkey and Sinaï Bay in Egypt) as well as the negative effect of the Easter holidays falling during the Winter season.

Reservations in **Asia** declined by 1.3%. These were impacted, in particular during the latter weeks, by the disaffection of Chinese customers with regards to Malaysia and by a drop in reservations for the village of Phuket due to political uncertainty in Thailand.

Over the last eight weeks, the Group's bookings were down 14.1%, impacted by a 16.3% drop in bookings for the Europe-Africa region and a slowdown in Asia at -12.3%.

On this basis, and despite the expected improvement in profitability in the Americas region, Summer 2014 Operating Income Villages may decrease compared with Summer 2013.

Finally, the 4.6% decrease in capacity includes a -9.6% adjustment in Europe-Africa due to i) the exit of the 3 Trident villages of El Gouna (Egypt) and Hammamet (Tunisia), ii) the temporary closure of the managed village of Sinaï Bay (Egypt) due to the current geopolitical situation and iii) the non-reopening of the village of Belek (Turkey) due to its owner's unresolved financial difficulties.

The Company notes that the financial data contained in this press release is in line with the information provided as part of the ongoing public tender offer. It being noted however that the 2014 outlook outlined above is slightly lower than the variant of the business plan taking into account the continuing deterioration of the European tourism market, and in particular in France, as referred to in the "note en réponse" (stamp no. 13-363 dated July 15, 2013).

4. Shareholding

➤ Threshold crossings since April 28, 2014

- Boussard et Gavaudan Asset Management (BGAM) declared that it had exceeded the legal threshold of 5% of capital on April 30, 2014. As of this date, it declared that it owned 1,842,848 shares (of which 853,582 CFD⁵), or 5.52% of capital and 4.96% of voting rights.
- Strategic Holdings S.à.r.l. declared that it had exceeded the legal threshold of 7% of capital on May 12, 2014. It declared that it owned 2,539,414 shares, representing 7.61% of capital and 6.84% of voting rights as of May 13, 2014.

⁵ An agreement between two parties to exchange the difference between the opening price and closing price of a contract

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- UBS AG declared that it had exceeded the 5% threshold of voting rights on May 9, 2014. As of this date, it declared that it owned 1,936,475 shares, representing 5.80% of capital and 5.22% of voting rights. The majority of UBS AG's stake is held to hedge Contracts For Difference (CFD) sold by the bank to its customers.

ADDITIONAL INFORMATION

The Group's consolidated financial statements for the six-month period ended April 30, 2014 were approved by the Board of Directors on May 15, 2014.

The Group's Auditors have performed a limited review of these financial statements and have issued their report.

The 2014 interim results presentation is available for download at <http://www.clubmed-corporate.com>.

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APPENDIX

Analysis of differences between estimated data published on April 28, 2014 and final figures

(in €m)					
	S1 12	S1 13	S1 14 estimated data	S1 14	Change S1 14 vs estimated data
Business Volume Villages⁽¹⁾	769	758	775	776	1
Consolidated revenue					
Group - published ⁽²⁾	783	763	759	760	1
Villages - at constant exchange rate	745	736	756	757	1
EBITDA Villages⁽³⁾	85	81	84	85	1
As a % of revenue	10.9%	10.7%	11.1%	11.2%	
Operating Income - Villages	53	49	51	52	1
Operating Income - Management of Assets	(14)	(9)	(13)	(13)	0
Other Operating Income and Expense	(7)	(10)	(8)	(8)	0
Operating Income	32	30	30	31	1
Net Income before tax and non-recurring items	39	35	38	39	1
Net Income	17	18	15	16	1
Investments	(24)	(36)	(33)	(34)	(1)
Disposals	23	0	0	0	0
Free Cash Flow	47	11	23	26	3
Net debt	(123)	(112)	(97)	(87)⁽⁴⁾	10

(in €m)					
Reported	S1 12	S1 13	S1 14 estimated data	S1 14	Change S1 14 vs estimated data
Europe-Africa	9	3	(3)	(2)	1
Americas	25	26	29	29	0
Asia	19	20	25	25	0
Operating Income - Villages	53	49	51	52	1
As of % of revenue	6.8%	6.5%	6.7%	6.9%	

(1) Total sales regardless the operating structure (like-for-like)

(2) Includes € 9 million, €2 million et €3 million in property development revenue for, respectively, half-year 2012, 2013 and 2014

(3) EBITDA Villages : Operating Income Villages before interest, taxes depreciation and amortization

(4) Includes the conversion of 1,235,041 OCEANEs versus 1,097,719 OCEANEs as of April 25th, 2014

- The change between the estimated data and the final figures show that there are no major differences in the statement of income. We nonetheless benefited from a late booking supplement in the Americas and in Asia which improved revenue by some €1 million. This additional revenue is attributed to the Operating Income Villages and is thus reflected in Net Income.
- Differences in Free Cash Flow are also minor: €3 million of which €1 million in Net Income, €3 million in changes in working capital and -€1 million in investments.
- We note however a slightly more substantial positive difference in terms of net debt. The €10 million improvement includes €3 million in Free Cash Flow, €4 million relating to the additional conversion of OCEANE bonds after April 25, €1 million from the conversion of stock-options and finally a €2 million currency impact.

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