CLUB MÉDITERRANÉE

PRESS RELEASE
December, 13th 2005

2005 ANNUAL RESULTS

- **Positive net income of €4 million**
- **Growth in operating income to €22 million**
- **Like-for-like revenues stable at €1,590 million**
- **First Initial success of the repositioning strategy signals favorable outlook for growth and profitability**
- **An active strategy of managing and capturing the value of real estate assets**

1/ Full-year results

1.1) Figures in French GAAP

Consolidated revenues for 2005 amounted to €1,590 million, or - 0.4% like-for-like. While operations benefited from the initial success of the new positioning strategy in France, hurricanes and the tsunami led to an estimated €49 million loss of revenue. Operating income continued to improve, rising 28% to €22 million, from €17 million in 2004.

The bottom line was positive for the first time since 2000, showing net income of €4 million.

The balance sheet has been thoroughly overhauled and strengthened following the real estate transactions carried out during the year, notably the sale of assets in Moroccan villages and in four villages in France, as part of an active real estate management strategy.

- Gearing was lowered to 51.4%, from 87.8% in 2004.
- Debt was reduced substantially, to €150 million.

Financial highlights

€ millions	2004	2005
Revenues	**1,600**	**1,590**
Operating income	**17**	**22**
Financial expense	(38)	(38)
Net income from equity companies	-	3
Net exceptional gain/(expense)	(18)	43
Income tax	4	(17)
Amortization of goodwill	(8)	(8)
Minority interests	(1)	(1)
Net income/(loss)	**(44)**	**4**
Free cash flow	(19)	151
Shareholders' equity and minority interests (a)	444	467
Net debt (b)	(390)	(240)
Gearing (a/b)	**87.8%**	**51.4%**

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Operating income by region and business

€ millions	2004	2005
Europe-Africa	14.5	17.1
Asia	5.8	6.3
Americas	(5.5)	(6.2)
Sub-total Villages	**14.8**	**17.3**
Jet Tours	2.9	5.0
Other businesses	(1.0)	(0.6)
Total	**16.8**	**21.7**

1.2) The switch to IFRS

Club Méditerranée's first consolidated financial statements under IFRS will be those for fiscal 2006, which commenced on 1 November 2005, and the IFRS transition date for the purpose of preparing comparative data is therefore 1 November 2004.

IFRS adjustments to the 2005 statement of income in French GAAP had a positive impact of €3 million on operating income and €6 million on net income.

<u>2005 Statement of Income (IFRS)</u>

	2005			
€ millions	**French GAAP**	IFRS adjustments	IFRS reclassifications	**IFRS**
Revenues	1,590			1,590
Operating income – Leisure activities	22	3		25
Operating income – Management of assets			88	88
Other operating income and expense			(22)	(22)
Operating income	**22**	**3**	**66**	**91**
Financial expense	(38)	(8)	(1)	(48)
Share of profit of associates	4			4
Exceptional income (expense)	43	22	(65)	N/A
Amortization of goodwill	(8)	8		0
Corporate income tax	(17)	(19)		(36)
Minority interests	(1)			(1)
Net income	**4**	**6**	**0**	**10**

The change in presentation had a significant impact on the amounts reported in the IFRS statement of income. In addition to its Leisure business (Villages, Jet tours, Club Med Gym) Club Méditerranée decided to deploy an active strategy of managing and capturing the value of its villages. To enable readers of the financial statements to track the benefits of this strategy, operating income from the management of assets is presented separately within operating income.

Under IFRS, 2005 operating income amounted to €91 million.

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Balance Sheet

€ millions	French GAAP	IFRS adjustments	IFRS
	30 November 2005		
Land	89	224	312
Tangible assets (excluding land)	574	72	646
Intangible assets	175	12	187
Financial assets	89	(26)	63
Fixed assets	**927**	**282**	**1,209**
Deferred taxes (net)	37	(75)	(38)
Total assets	**964**	**207**	**1,171**
Shareholders' equity and minority interests	467	77	544
Provisions	68	6	74
Working capital requirement	189	29	218
Net debt	240	95	335
Total liabilities	**964**	**207**	**1,171**
Net debt/Shareholders' equity (%)	*51.4%*		*61.6%*

The main impact of the transition to IFRS on the balance sheet concerns the revaluation of tangible assets, which were previously carried at historical cost and thus significantly understated. Following these revaluations and the recognition of impairment losses on a few villages, all Club Méditerranée assets are now carried on the balance sheet at fair value, increasing the value of fixed assets from €927 million to €1,209 million.

The recognition in the balance sheet of five finance leases added €93 million to debt and €79 million to fixed assets.

Overall, IFRS adjustments improved equity and minority interests by €77 million. Under IFRS, gearing stood at 61.6%.

2 / Synergies with Accor

In line with the plan presented on 14 December 2004, Accor and Club Méditerranée have started implementing their synergies program.

The synergies dynamic is now underway, with teams cooperating closely.
Sales and marketing synergies that impact revenues require the most work upstream and will therefore take longer to feed through to earnings. Nonetheless, the cooperation between the partners began to produce tangible, visible results for customers in 2005.

Reciprocal promotion of the Club Med and Accor brands involved, for example, links between the two companies' websites enabling potential customers to view the other partner's products and services. In another development this year, Club Med Gym leveraged its expertise to design a new fitness center that has been deployed in a number of Sofitel and Novotel hotels.

In the area of incentives, original joint offers were created. One of them, called Big Event, is designed to meet demand from large companies that can only be satisfied by Accor and Club Med's joint capacity and capabilities. The potential for profitable synergies in this area is promising.
Optimized purchasing has helped generate gains since March, when the first contracts were signed. To date, more than 200 contracts have been renegotiated and signed.

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	2005 Actual		2006 Budget	
€ millions	Accor	Club Med	Accor	Club Med
Increased revenue	2.9	3.6	3.7	8.4
Optimized purchasing	3.1	1.0	8.1	5.0
Exchanges of experience and expertise	0.2	0.6	0.4	0.6
Total synergies	6.2	5.2	12.2	14.0
	11.4		26.2	
Original target (Dec. 2004)	*17.0*		*33.0*	

The two groups' shared objective was to generate synergies totaling €17 million in 2005 (€6 million for Accor and €11 million for Club Méditerranée) and €33 million in 2006 (€12 million for Accor and €21 million for Club Méditerranée).

Because its fiscal year ends in November, Club Méditerranée's 2005 accounts do not reflect a full twelve months' worth of benefits.

Overall, more than €11 million in synergies were achieved this year, of which €5 million for Club Méditerranée and €6 million for Accor.
A combined €10 million has already been locked in for 2006.

The plans cover a period of three years. After the initial start-up phase, the pace at which the benefits are being realized is speeding up, with both groups achieving tangible results.

3/ Strategic Vision

3.1) 2005: the first year of deployment for the new brand strategy

In 2005, the focus was on repositioning and re-launching the brands, through a new advertising campaign, redefined Trident catalogues and a brand charter introducing a new visual identity consistent with Club Med's friendly, multi-cultural, upscale positioning.

3.2) A strategy confirmed by Club Med's initial successes

The upscale strategy is in line with tourist market trends indicating a clear split, with sustained growth in vacation spending by high-income customers.

This strategy was confirmed for Club Med, with:
- Summer sales volumes and revenues increasing in France for the first time since 2001, despite a sluggish tourist market.
- Customer satisfaction rising to record highs in those villages most representative of the upscale strategy.

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3.3) Based on these initial positive results, deployment of the upscale strategy will accelerate in 2006 with:

- Ongoing measures to reposition the brand, including worldwide rollout of the brand's new graphic identity.
- Pursuit of the upscale strategy with the opening of Peisey-Vallandry and the upgrading and reopening of Les Boucaniers, Kani and Hammamet.
- Continued development of mutually beneficial synergies with Accor, Club Méditerranée's industry shareholder, notably in the areas of sales and purchasing.
- A pioneering, competitively differentiating offer. For summer 2006, Club Med is inventing new upscale all-inclusive vacations for a refined, value-rich, personalized holiday experience.

The new Club Med includes:
- Innovations focused on personalized offers and sophisticated services.
- Comfort à la carte, with customers free to choose from among five room categories.
- Bar and Snacking Included in all villages as of summer 2006.
- A new offer for teenagers in seven villages.
- Club Med Baby Welcome in all family villages.
- Greater flexibility in travel services and an exclusive tourism partnership with Air France for summer 2006.

3.4) Considerable potential for profitable growth

- A large number of potential customers in France for the upscale product of 2.2 million versus 0.5 million today.
- Significant potential for enhancing perceived value of the Club Med offer: ongoing deployment of the upscale strategy with a balanced offering of 3 and 4-Trident villages in 2008 and the extension of the Comfort "à la carte" room re-classification and Bar and Snacking Included programs to all villages beginning in summer 2006.
- Potential for increasing sales by optimizing distribution: with the expanded distribution network in France (a 51% increase in sales through new indirect networks) and the renewed partnership with Thomas Cook for Club Med and Jet tours. Worldwide, sales are also supported by Web marketing campaigns leveraging Club Med's brand identity.

3.5) An active strategy of managing and capturing the value of real estate assets

With more than 90% of villages now in the 3 and 4-Trident category, the real estate portfolio restructuring program has largely been completed. Club Méditerranée can now focus on an active strategy of managing and capturing the value of its real estate assets, valued at nearly €1 billion in the balance sheet (IFRS). This strategy will be supported by:

- The exceptional character of the sites Club Med owns outright.
- The potential for capturing the value of sites where Club Med has set up operations and whose market attractiveness has been enhanced considerably by the upscale strategy.

The real estate transactions carried out in 2005 with Morocco's Caisse de Dépôt et de Gestion du Maroc, the European Investment Bank and Gecina were fully in line with this strategy

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Bookings for winter 2006 compared with winter 2005

Like-for-like revenues	**Total at 10 Dec. 2005**
Europe	+ 7.6%
The Americas	+ 3.3%
Asia	- 11.3%
Total Club Med	**+ 5.2%**
Jet tours	0.0%

As of 10 December, winter 2006 bookings expressed in revenues were up 5.2% on the prior-year date. Bookings for Europe were up 7.6%, including an 8.1% increase for France. Given the current sluggishness of the French tourist market, these encouraging figures illustrate Club Med's market share gains in the country.

In discussing the full-year results, Henri Giscard d'Estaing, Chairman and Chief Executive Officer, noted that:

"While 2005 was the founding year of the new Club Med, with the launch of our upscale strategy, 2006 will be a year of achievement, with the creation of an outstanding all-inclusive offer: a unique formula for a refined, value-rich, "à la carte" holiday experience.

Club Méditerranée is now ready to confirm its return to growth and profitability, supported by a wide array of competitive strengths.

All of the initiatives undertaken as part of the value-enhancement strategy have given us clearly identified levers to drive our growth, including our successful upscale repositioning, our profitable business model illustrated by a return to bottom-line profit and our high-quality real estate assets managed through an active strategy that focuses on capturing their value."

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