

Center Parcs

Investor Presentation

Annual Results: Year to 24th April 2014



1st July 2014

Agenda

1. Overview
2. Key Financial Highlights
3. Financial Covenants
4. Capital Investment and Business Development
5. Woburn – 5th Site Update
6. Summary

Appendices

Appendix 1: Financial Calendar and Contacts

Section 1

Overview

1 Center Parcs Overview

1. FY 14 Highlights

Another year of good progress

- ❖ Full year EBITDA growth of 4.9%
- ❖ Increased operating margins
- ❖ £39.6m capital invested during the year - similar to last year
- ❖ Guest satisfaction scores at highest ever levels
- ❖ Core business performing well, despite potential distraction of opening Woburn

2. FY15 Outlook

Good visibility on FY15

- ❖ Very limited impact from Woburn opening, in line with business plan
- ❖ 51.5% of capacity booked as at 27th June – broadly similar to same stage last year (FY14: 51.7%)
- ❖ ADR for 2014/15 bookings ahead of prior year



Whinfell

☐ Opened 1997
 ↑ 872
 👤 4,690

Woburn

☐ Opened Spring 2014
 ↑ 706
 👤 3,676

Longleat

☐ Opened 1994
 ↑ 799
 👤 4,208

Sherwood

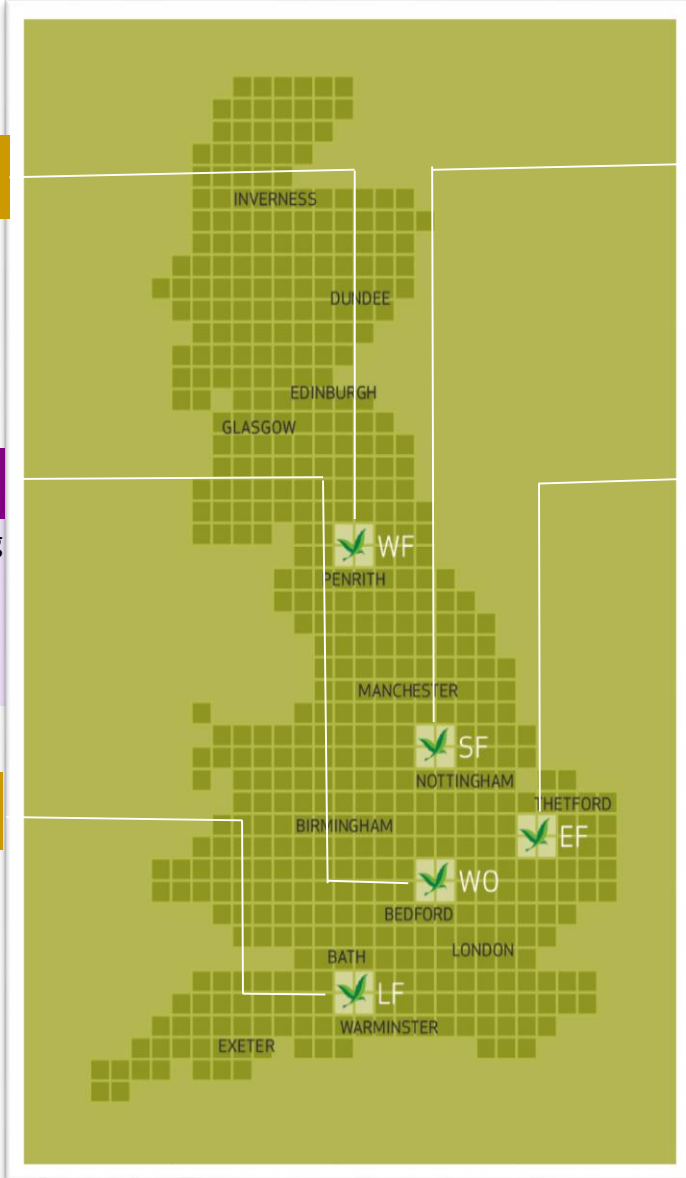
☐ Opened 1987
 ↑ 871
 👤 4,580

Elveden

☐ Opened 1989
 ↑ 879
 👤 4,558

Total (excl Woburn)

↑ 3,421
 👤 18,036



Holiday Village



Lodges / Apartments



Guest Capacity

Section 2

Key Financial Highlights

Key Financial Highlights: Financial Year 2014

Q4	% change v FY13		FY14	% change v FY13
£89.2m	↑ 2.9%	Revenue	£314.6m	↑ 3.7%
£37.7m	↑ 2.4%	EBITDA⁽¹⁾	£146.8m	↑ 4.9%
42.3%	↑ 0.1%	Operating Margin⁽¹⁾	46.7%	↑ 0.6%
96.8%	↓ 1.0%	Occupancy	97.2%	0.0%
£136.24	↑ 2.7%	ADR	£153.67	↑ 3.6%
£131.92	↑ 1.7%	RevPAL	£149.38	↑ 3.6%

⁽¹⁾before owners' costs



Good performance across all KPI's, despite potential distraction of opening Woburn

Revenue Performance

Q4	% change v FY13		FY14	% change v FY13
<u>£m</u>		<u>Revenue</u>	<u>£m</u>	
50.5	+1.6%	Accommodation	186.0	+3.7%
38.7	+4.6%	On-site	128.6	+3.5%
<u>89.2</u>	<u>+2.9%</u>	Total	<u>314.6</u>	<u>+3.7%</u>

Key Drivers of Revenue Change FY14 vs FY13

- As expected Q4 growth was lower than in previous quarters due to a higher number of units of accommodation being off-line for upgrade compared to the prior year
- All on-site revenue divisions in growth, with particularly strong performance in Leisure

Village Performance: YTD FY14

		Sherwood	Elveden	Longleat	Whinfell	Central Overheads	Group
Revenue	£m	81.0	83.2	76.6	73.8	-	314.6
% change v FY13		+2.9%	+5.1%	+1.7%	+5.0%	-	+3.7%
EBITDA	£m	44.5	44.8	39.5	37.3	(19.3)	146.8
% change v FY13		+4.5%	+6.4%	+1.0%	+6.9%	+3.2%	+4.9%
Occupancy		97.7%	97.3%	95.8%	98.0%		97.2%
% change v FY13		+0.0%	+0.1%	(1.8)%	+1.6%		+0.0%

- Occupancy changes reflect different timing of accommodation being off-line for upgrades vs. prior year – underlying performance of the villages broadly similar
- **Elveden** delivered strongest underlying performance, reflecting benefit in H1 of the upgrade of swimming pool areas in the prior year
- No accommodation off-line at **Whinfell** this year benefitting this year's performance
- **Longleat** performance reflecting more off-line accommodation this year vs. the prior year

Section 3

Financial Covenants

Financial Covenants

1. Free Cash Flow

- EBITDA⁽¹⁾
 - Owners' costs
 - Change in working capital
 - Tax paid
 - Covenanted Maintenance capital⁽²⁾
- FCF**

Pro-forma

12 months to
24 April 2014

£m

146.8

(1.5)

3.0

(2.0)

(15.0)

131.3

2. Debt Service

- Class A Interest payable items
 - Class B total Interest payable
- Total Interest Payable Items**

46.7

32.5

79.2

3. Financing Ratios

£m

EBITDA
Multiple

Debt (net of cash)

963.5

6.6x Class A leverage 5.0x

Issue costs

(26.1)

Net Debt as at 24 April 2014

937.4

6.4x



Financial Covenants

Pro-forma 12 months to 24 April 2014

(i) Class A

FCF: DSCR

Actual

2.81x

Default
Covenant

1.10x

Restricted
Payments
Covenant

1.35x

(ii) Class B

FCF: DSCR

1.66x

1.00x

Cumulative credit: EBITDA/Interest

1.85x

1.90x



Significant headroom above default covenants

Section 4

Capital Investment and Business Development

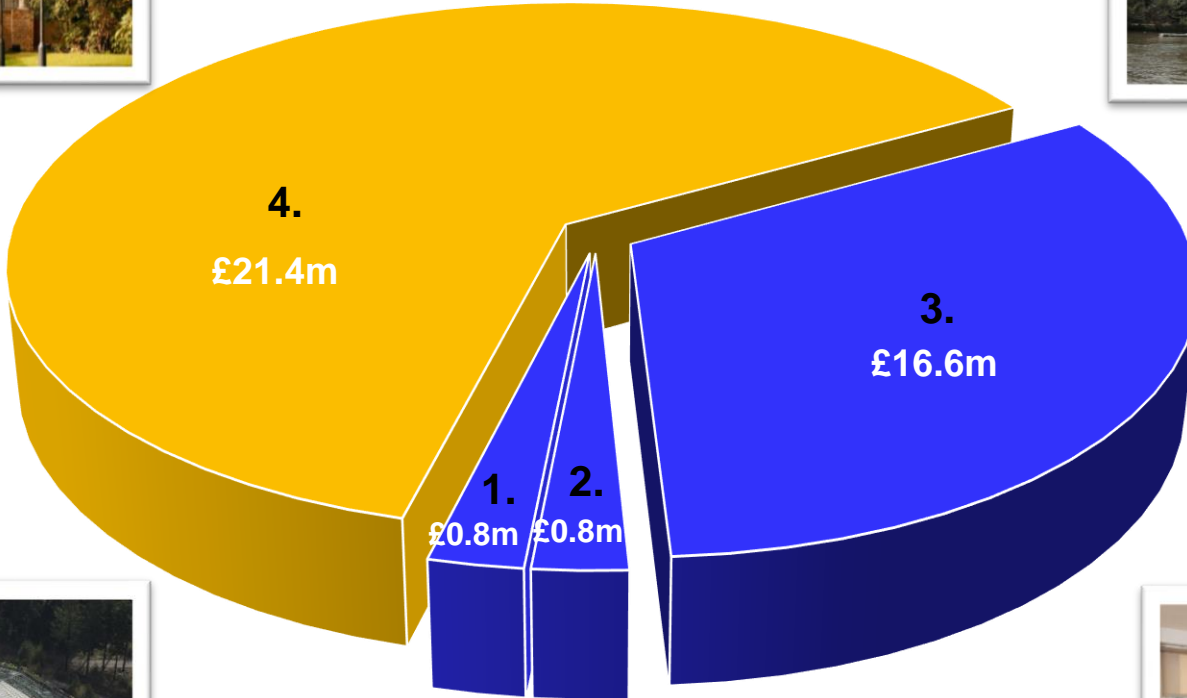
4 Capital Investment⁽¹⁾ in FY14



**Total = £39.6m
(FY13: £39.9m)**



**Maintenance
Capital
£21.4m
(FY13: £17.7m)**



**Investment
Capital
£18.2m
(FY13: £22.2m)**



1. Project Atlantis – swimming pool developments
2. Investment Projects
3. Accommodation upgrades
4. Maintenance capital includes £3.5m on Longleat Dome upgrade



Capital investment in line with prior year

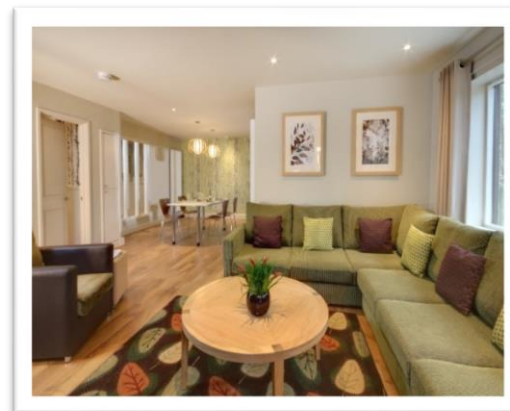


⁽¹⁾Capex numbers are based on a cost incurred rather than a cash flow basis and exclude any spend on 5th site at Woburn

Capital Investment: Accommodation upgrade programme

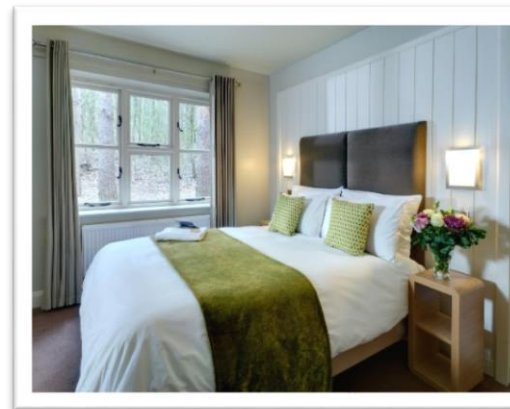
1. Accommodation Upgrades since FY08

	<u>No.</u>	<u>%</u>
Refurbished units ⁽¹⁾	2,615	77%
New builds	110	3%
	2,725	80%
To be refurbished	696	20%
Total units of accommodation	3,421	100%



2. Further Planned Upgrades in FY15

	<u>No of Units</u>	<u>Cost £m</u>
Longleat	40	3.5
Sherwood	59	4.2
Whinfell	63	3.7
	162	11.4



Planned start on site Sep '14 – complete by Dec '14

⁽¹⁾ Includes Phase 8a – 98 lodges due to complete by early Jul '14

1. Major Projects in FY14

- ❖ Further 286 lodge upgrades
- ❖ Major upgrade of Dome in swimming pool area at Longleat commenced
- ❖ £3.0m of IT investment

2. FY15 Capital Spend

- ❖ Total spend expected to be broadly similar to FY14 i.e. c£40m
- ❖ Further 260 lodge upgrades planned – 98 will be completed by early Jul '14
- ❖ Completion of Longleat Dome upgrade project
- ❖ Rollout of new activities in Leisure e.g. children's activities programme, caving, electric boats, climbing adventure
- ❖ Start of rollout of Woburn concepts to other villages in F&B and Retail



1. Waterloo Station

- Media takeover of Waterloo concourse including experiential exhibition
- 40 metre digital motion screen running Center Parcs video loop, plus advertising around the station
- Interactive digital archery competition and virtual zip wire experience



2. London Buses

- Advertising on sides of 550 London buses during May
- Covering all key London routes



3. TV Sponsorship

- 6 month sponsorship of weather on LWT and Central TV – January to July
- Extended brand campaign with one-off TV advertising on high profile spots pre World Cup e.g. Coronation Street, Britain's Got Talent



Section 5

Woburn - 5th Site Update

1. Overall Programme

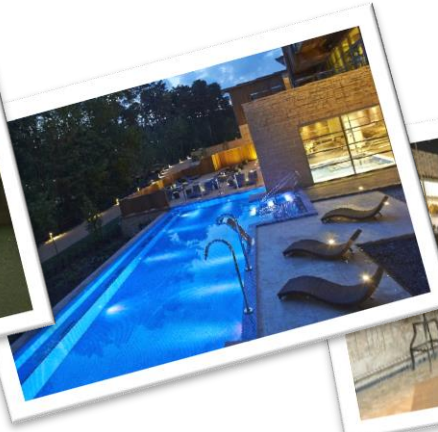
- 1st trial break commenced 16th May. First paying guests arrived 6th June.
- Project delivered on time and on budget (c£250m development cost)

2. Staff

- All 1,350 Center Parcs staff recruited and trained prior to 1st trial break (in addition to c.200 Concessionaires staff)

3. Feedback

- **Guests:** early feedback has been excellent
- **Press:** extensive coverage from all National and Regional press which has been extremely positive



1. Timing of Bookings

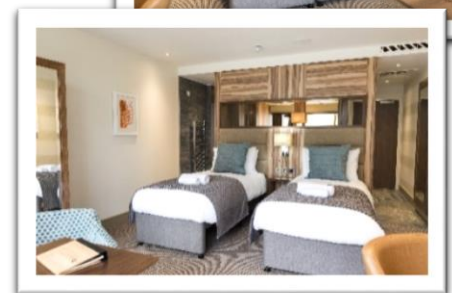
- Bookings now being taken through to December '15
- As planned, early breaks in Q1 will have lower occupancy whilst the village becomes fully established
- Normal level of occupancy of 95%+ expected from Q2 onwards

2. Bookings

- Around 25,000 rented lodges booked – in line with expectations
- Woburn forward bookings similar to other 4 villages
- Total accommodation revenue of c£20m to date
- Achieving significant price premium to other villages

3. Woburn Impact on existing 4 villages

- Minimal impact on core business in line with business plan, particularly in Southern villages Elveden and Longleat
- However, total occupancy booked for 2014/15 broadly in line with prior year, with ADR ahead of last year



Section 6

Summary

Summary

1. Good performance in FY14 across all KPI's, despite the potential distraction of Woburn
2. Capital investment programme continuing to deliver good returns and improving the quality of the business
3. 5th site at Woburn delivered on budget and on schedule – good forward bookings
4. Woburn having minimal impact on existing 4 villages
5. Bookings in line with expectations for this financial year: 51.5% of full year capacity booked (FY14: 51.7%); ADR ahead of prior year



Questions



Financial Calendar and Contacts

Financial Calendar

- **1st July 2014**
Full Year FY14, results for year to 24 April 2014
- **Late August 2014**
Quarter 1 results FY15 for 12 weeks to 17 July 2014
- **Mid November 2014**
Quarter 2 results FY15 for 24 weeks to 9th October 2014

Contacts

- **Paul Mann**
Group Financial Accountant
Tel: 01623 821 649
Email: paul.mann@centerparcs.co.uk
- **April Stobbart**
Deputy Company Secretary
Tel: 01623 821 867
Email: april.stobbart@centerparcs.co.uk
- **Paul Inglett**
Finance Director
Tel: 01623 821 621