

Euro Disney S.C.A. Annual General Meeting - February 11, 2009
Speech of Ignace Lahoud, Senior Vice President and Chief Financial Officer

Ladies and Gentlemen, dear shareholders, good morning.

As Philippe just mentioned, our results for 2008 are encouraging. These results are noteworthy, within the current economic context. Over the last months, it became clear that this was not a problem limited to one country or one economic sector, but rather is a global, deep economic crisis, which is hitting all sectors from manufacturing to services, including the tourism and leisure industry.

This has been the environment in which we have found ourselves since the spring of 2008... The United Kingdom and Spain, respectively our 2nd and 3rd markets in terms of attendance volume, have been particularly hit hard by the economic downturn, and today nobody can predict when we'll pull out of this downturn.

Despite the grim economic situation, 2008 was our 3rd consecutive year of growth. As you know, our annual results were good and we ended with a series of records for Disneyland[®] Resort Paris:

- Theme Parks attendance at 15.3 million visits,
- Hotel occupancy rate at 91%,
- An average spending per guest at €46.3 in the Parks and,
- An average spending per room at €211.4 in the hotels.

These are the key indicators that drove our 2008 revenues to €1.3 billion, up 9% versus 2007. This reflects sustained growth during each of the 4 quarters of 2008.

We achieved an EBITDA of €249 million, an increase of 21% versus 2007. As a percentage of revenues; EBITDA represented a 19% margin, compared to 17% in 2007, reflecting our good operating costs and expense management.

The consolidated net result was close to break-even at a €2 million profit, and the consolidated net result attributable to the equity holders of the Company is also near break-even, at a €2.8 million loss. The difference between these two figures is related to the result allocated to minority interest, which includes a variable rent payable to the financing company of the Disneyland[®] Park. This variable rent is based on attendance and therefore increased in 2008.

These results have been improving for 3 years. The net consolidated result shows an improvement of more than €40 million versus 2007 and more than €90 million over the last 2 years.

Let's now have a look at the cash flow. In the current context, available cash is a major priority for all companies and all households.

As of September 30, 2008, the Group had a cash and cash equivalent balance of €374 million, which represents an increase of more than €44 million over the prior year. This amount does not take into account the unused credit line granted by TWDC or other cash sources. We believe that we are able to meet our financial obligations and our liquidity needs with this level of cash.

In 2008, as scheduled, we also began repaying the principal of our debt for €61 million. This shows that your Company is in better health and this helps us deleverage our balance sheet. In 2009, we plan to repay another €86 million of principal.

We are pleased with our increased cash position, enabling us to confront 2009 with a certain amount of security.

To summarize, in 2008 we achieved:

- Record levels in attendance, occupancy and average guest spending,
- Record revenues,
- Net profit,
- We began repaying the principal of our debt and,
- We increased our cash significantly.

Before talking to you about 2009, I would like to discuss something we are all monitoring... the share price.

European economic indicators have been deteriorating dramatically since last summer. Spain and United Kingdom have officially entered into recession and news from Germany, Italy or Belgium, as examples, are not more reassuring. Stock markets have literally melted over the last few months and all economic sectors have been impacted and leisure industry is not an exception.

The graph projected on the screen behind me shows the evolution of our share price over the last few months, compared to other indexes and other tourism companies.

As you can see, this evolution is not linked with our good results that we have delivered over the last several quarters. And when a share is not liquid (meaning that the traded volumes are low) a small number of transactions is sufficient to make the share price change significantly.

You and I know that the full energy of our 13,000 cast members is dedicated to making this business grow. The logic would be that if we continue to improve our performance, then in the long-term our share will gain the confidence of the market and attract investors. This is a question of supply and demand. There is no silver bullet.

Let's now have a look at the first quarter of fiscal year 2009. As you know, our fiscal year begins in October and we have closed the first quarter ending December 31. The results for this 1st quarter resulted largely from our ability to anticipate and react quickly to market conditions.

In fact, our most reliable tool in terms of forecast is our booking system. Generally, guests book their trip several weeks in advance, and we have noticed that some markets have different booking trends. For example, English guests tend to book earlier than the Spanish, and the Spanish tend to book earlier than our domestic market. Our guests from Middle East generally call only a few days in advance.

In the middle of last summer, when bookings from Spain and the United Kingdom started decreasing, our sales team acted quickly and implemented strategies to help manage demand in these countries and attract more guests from France, Belgium and Netherlands to compensate for the late bookings. Our efforts were successful and contributed to the increase in attendance during this 1st quarter.

Theme Parks attendance is up 8%. Our occupancy rate has slightly decreased, but is still very high at 88%. Average spending per guest has slightly decreased due to a series of promotional offers to compensate for reduced consumer purchasing power.

The 1st quarter of 2009 ended with Resort revenues increasing by 3% to €324 million versus 2008. These are record resort revenues for a 1st quarter and show that our strategy is functioning.

Real estate development revenues decreased €21 million during the 1st quarter. As you may remember, real estate development revenues for the 1st quarter of 2008 included the sale of a property in Val d'Europe, which had been subject to a long-term ground lease. The nature and significance of this transaction were unique, which makes the comparison unfavorable for this year.

It seems that 2009 is set to be a difficult year for everyone.

We have limited visibility for the upcoming months and with the current changes in the trends for bookings in advance, we have to be more creative in terms of offers and more prudent in terms of management.

This is why we have implemented a number of internal initiatives to manage our costs. All the divisions of our company have reviewed their financial targets and have committed to improving productivity, while maintaining our quality standards.

Moreover, we continue to invest in our Parks and hotels, as well as in projects to improve our systems, as these investments are important to the future of the Company.

In these difficult times, we have to be pragmatic, rigorous and prudent in our strategic orientation and our daily management. We continue to work hard to achieve our goals: deliver a high quality experience for our guests, make our business grow and be profitable.

Thank you, I will now hand the floor over to Philippe.