

## **Overview of the Shareholders Club Roundtable Discussion May, 31 2012 at 6 pm, at Disney's Hotel New York® - Disneyland® Paris**

Philippe GAS, President, Mark Stead, Senior Vice President, Finance - Euro Disney S.A.S. and Olivier Lambert, Head of Investor Relations - Euro Disney S.C.A., would like to thank all the members of the Shareholders Club who participated in the roundtable.

This informal question and answer session covered the following subjects:

### **Financial performance of the company**

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- **1st Semester 2012**

- Many encouraging signs despite a difficult economic context :
  - Increase of 1% in Resort Revenues, Attendance nearly flat.
  - Preparation of the 20th Anniversary and Park and Hotels assets. We are beginning to see positive results of the rehabilitations with significant increase in guest satisfaction in our newly renovated hotels.
  - The Hotel Occupancy rate decreased 3.6 ppt but reservations increased vs prior year.
  - Average spending increased by +0.90€ in the Parks and +7.60€ in the Hotels driven by price increases and by favorable product mix in the Boutiques and menu price increase in the Restaurants.
  - EBITDA decreased driven by costs associated with the preparation of the 20<sup>th</sup> Anniversary and higher labor inflation, which are essential to ensure the quality of our Guest experience in this iconic year.
  - In the last five years we have reimbursed more than 500M€ of our debt, and we will reimburse close to 350M € in the years ahead. We have reimbursed 64M€ in the first semester of 2012 and will repay 72M€ in the second semester. In parallel, this reduces our interest charges (close to 12M€ since 2005).
  - The decline in our results was expected due to the investments ahead of the launch of the 20<sup>th</sup> Anniversary. Our net result is an important indicator but we also focus on cash flows as they allow us to invest in our product and reimburse our debt.
- We remain cautious but optimistic regarding the evolution of the economic environment in Europe.

- **April 2012**

- We have invested in the preparation of the 20<sup>th</sup> Anniversary however it is too early to see the results. Despite the highly rainy month of April, revenues were up by 3% compared to last April which was a record month of April in terms of Attendance and revenues.
- The rate of guests who are satisfied or very satisfied with their visit has improved by 10% since last April. This is an essential metric for us because a happy visitor is a visitor who will talk about Disneyland® Paris and one who is likely to return.

- **German Market**

- The German market does not have a strong affinity for the Disney brand and represents less potential for us than other key markets, like Spain.

### **Theme Parks and Hotels**

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- **20<sup>th</sup> Anniversary**

- It became urgent to renovate select assets and, as a result, we are working on a multiyear investment plan to improve the visual quality of the experience. Leading up to the 20th Anniversary, we placed a priority on investing in the Disneyland® Park and also launched a new renovation for our hotels.
- We quickly ran out of stock on some of our limited edition products such as the « April 12<sup>th</sup> » pin for which there were only 1,000 available. We knew that the 20<sup>th</sup> Anniversary would be a major event, but demand for the Anniversary products has surpassed our expectations.

- **Disney Dreams®**

- The show Disney Dreams® does not exist anywhere else. The satisfaction rates for the show are very high (94% for all guests, increasing to 98% for guests without kids). The overall satisfaction rate increased significantly for the visitors who saw the show.
- We are looking into developing specific products for the local market to entertain them in the evenings such as a dinner/show package or late entry tickets.

- **Boutiques**
  - Over the past several years, we have worked to improve the offerings in our boutiques, notably by developing new, more elegant lines and have been able to see the results of this effort in the improvement of sales and guest satisfaction.
  - We are using surveys and focus groups within our different target markets in Europe to decide which products would appeal to our 15.6M visitors.
  - There are about 18 months between the conception of a product and the sale of that product. We enjoy being a part of the TWDC Group which allows us to leverage creation and production.
- **Walt Disney Studios Park®**
  - The development of a new Ratatouille themed attraction is the first step in the multiyear development plan of the Walt Disney Studios Park®. This new attraction is expected to open in 2014. It should use a new technology and have the highest guest capacity at Disneyland Paris. Based on a reconstitution of Paris, the attraction will also feature a restaurant with a theme centered on the Parisian bistro dining experience.
  - The development of the Walt Disney Studios Park will continue until 2017/2018.
- **Disneyland Park®**
  - The handicapped parking at the Disneyland® Hotel is not designed to accommodate campers at night.
- **Food & Beverage**
  - Recycling, in general, should be throughout the Parks and especially at the Food & Beverage locations.
  - The number of high-end dining experiences will be increased. We've recently welcomed a renowned new chef at the California Grill restaurant who used his imagination to modify the menu.
  - With 15.6M visitors, we felt that one of the most important things we could do was to create a more efficient operation by optimizing menus and reducing the distance between the kitchen and the service to ensure that the plates are hot when they are delivered to our guests.
  - We have encountered some difficulties in obtaining the authorization to open some of our restaurants at night, but this would allow us to offer more dining options in the evening.
- **Shows**
  - The central area is visible for all but the visitors also want to enjoy shows in a more intimate setting. Disney Dreams® is a good alternative to that. In parallel, we are welcoming back the Tarzan show this summer in the Disneyland® Park.
  - Meet Mickey Mouse provides an optimal guest flow during the meeting with Mickey.
  - This autumn we will offer a new concept for Halloween.
- **Disney® Village**
  - World of Disney will be the icon of Disney® Village where visitors will be able to find the best Disney® products. This new offer has caused us to rethink the offerings in Disney Village which must fit with both our local and family guests. We are looking to integrate other brands that make sense with Disney.
- **Cast Members**
  - The Cast Members are essential to the quality of our Guest experience. It is important for us to motivate and to respond to the problem of decreased purchasing power. Since 2008 we have wanted to preserve jobs without freezing salaries.
  - At the same time, we need to be responsible during a time of economic crisis and control our costs. In 2012, the salary plan will be split into 2 times per year to provide for additional visibility on growth: general increase of 1.5% on average in July and separately an increase linked to the merit in December. We don't expect a large increase of SMIC.
  - Our Cast Members seem proud to work at Disneyland Paris. For the 20<sup>th</sup> Anniversary, we have told their stories through 20 portraits which were reported in the press and on some television programs.

## Current and Future Projects

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- **Shareholders Club**
  - In order to be identified as a member of the Shareholders Club at the Hotel check-in, you must specify that you are a member of the Club when you make your reservation.
  - We are considering changing the admission conditions & advantages of the Shareholders Club and are evaluating different options.
- **Annual Passes**
  - We need to upgrade the means by which we process annual passes since the majority of transactions are still manual. The number of annual passes has tripled in the last few years and we need to have the tools to work with these larger volumes.
  - We expect various possible changes in the future and will focus on recognizing loyalty.
- **Sport Partnerships**
  - The Disneyland Paris Leaders Cup LNB will be an opportunity for Disneyland® Paris to host the 8 best basketball teams for the competition which will be held from February 15th to the 17th of 2013.
- **Val d'Europe**
  - The expansion of the commercial center at Val d'Europe is currently under study with the owner/operator, who's looking for new concepts. We are not making these decisions alone and must reach an agreement with our partners. The detailed plan of this expansion should be signed by the end of the year and be finished within approximately three years.
  - The effect of a merger of the 5 communes of the SAN seems neutral for Disneyland® Paris at the moment.
- **Villages Nature**
  - Phase 1 includes the construction of 1,700 residential units and related guest infrastructure (pool, lake, walkways, farm, and extraordinary gardens). The investment for Euro Disney is relatively low (17M€) compared to the total investment of 700M€, which will be provided by individuals (for the housing) and institutional investors (for the infrastructure).
  - The project is progressing. We are in the process of preparing the start of sales. At the same time, the public debates are also ongoing. The marketing will begin in the Northern European countries: France, Belgium, The Netherlands and Germany. We may reach out to Southern Europe later.
  - Disneyland® Paris and Villages Nature will be two distinct products and will not result in cannibalization. They will also be sold separately. We are currently working to define the price ranges for Villages Nature. We are also working to build bridges between the two destinations and evaluating the possibility of opening access to Villages Nature to the local inhabitants.
  - The geothermal lagoon, which is the iconic element of the project, will welcome a pyramid with an exterior walkway and unique decor. There will be 3 types of lodging, ranging from 2 to 4 stars, from the lakeside village, centrally located apartments with a view of the lagoon, to the forest village and more remote housing areas. The buildings will blend in well with their surroundings. The facades and architecture will change according to the season.
  - The geothermal energy will supply energy and heat for Villages Nature and the two Disneyland Paris Parks and will allow guests to enjoy interior and exterior areas in all seasons.
  - The support we had from the previous government has continued with the new government.
- **Convention Center**
  - The development of a convention center is a complex, long-term project that has multiple stakeholders involved.