PRESS RELEASE
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60 years after its founding

Club Med is targeting China as a new growth driver and completing preparations for the 2010 opening of its first village in the country

China, a major growth driver

When the individual travel market opened up to Chinese tourists in 2003, Club Med immediately established a sales presence in the country and now has offices in Shanghai, Beijing, Canton and Changdu. In 2009, the Group had 23,000 Chinese customers, 24% more than in 2008. These customers pay more per vacation than their French and American counterparts, at €142 per day in 2009.

Club Med also has 60,000 customers of Chinese origin living in Hong Kong, Taiwan, Singapore and Malaysia.

Around 15% of Chinese vacationers who visit Asian destinations marketed by the Group (Maldives, Phuket, Bali and Bintan) elect to stay in a Club Med village.

All of these customers choose Club Med, mainly for their vacation in Asia, despite the fact that no villages have yet been opened in their home country.

Club Med now wants to build a position in the very promising Chinese market, as the leading operator of upscale, all-inclusive resorts, with the objective of making China one of its largest markets within the next five years.
There are two reasons for this strategic objective:

*The Chinese tourist and vacation markets are enjoying exponential growth*

Various indicators support this affirmation:
- The market has grown at an average rate of over 20% in the last 30 years, expanding from around €200 million in 1978 to €110 billion in 2008.
- By 2020, the tourist and vacation market is expected to represent some 11% of Chinese GDP, or €360 billion.
- In 2008, the number of Chinese tourists traveling abroad grew by 11.9% and the number of Chinese tourist visiting domestic destinations rose 11.7%, while the number of foreign tourists visiting China fell by 1.4% due to the global economic crisis.
- Lastly, stays at 4 and 5-star hotels – corresponding to Club Med's target segment – grew by an estimated 30% per year between 2008 and 2015 (sources: McKinsey; BVA; Sinotrust).

*Club Med's offer is aligned with Chinese customers' expectations*

Various surveys conducted by Club Med attest to this fact:
- Club Med has the best brand image among the hotel operators not yet present in China (60% prompted awareness among affluent households in Shanghai after just six years' sales presence).
- 71% of Top 2 customers or prospects in China and 77% of families are attracted by the Club Med product. Its upmarket, all-inclusive offer was the most popular concept tested, garnering 90% of buying intentions (with visible prices; source: Saffron Hill Research Institute, October 2008).

**The first Club Med village in China due to open in winter 2010**

Club Med is now entering an important new phase in its development. Sixty years after its founding, the Group is planning to open its first Chinese village in 2010, located in Yabuli, the country's leading ski resort, in Heilongjiang, in the North East of China.

The newly built village will be operated under a management contract and aligned with Club Med standards.

The opening and marketing costs are estimated at around €3 million.

**Opening of 5 villages by 2015**

To meet its goal of becoming the leading provider of upmarket, all-inclusive vacations for Chinese customers, Club Med has decided to strengthen its presence in upscale resorts, by opening five villages between 2010 and 2014. The aim is to attract 5% to 10% of potential visitors to 4 and 5-star vacation resorts by 2015, representing just 0.2% of the total Chinese population. On this base, Club Med could have over 200,000 Chinese customers by 2015.

Three other village projects at seaside or cultural destinations have already been identified or are in the planning stage.

All of these projects will be developed under management contracts, in close cooperation with local authorities.
• An assertive sales strategy

To support this growth strategy, Club Méditerranée is deploying a more robust, structured sales strategy:

- The marketing strategy will be strengthened to consolidate Club Med's positioning in the “upmarket, all-inclusive” segment by doubling media and public relations budgets.

- A multi-channel distribution strategy will be implemented through preferred partners, to effectively cover the large and complex Chinese market. As well as extending distribution through travel agents, a Club Med store will be opened in Shanghai in early 2010 with a partner travel agent, followed by another store in Beijing and, at a later date, by a sales office in a new city every year.

At the same time, the Group will open a dozen “Club Med corners” during 2010 in the main travel agencies in Beijing and Shanghai.

Lastly, a version of the Club Med website in Chinese will come online before next summer, with the support of a distribution partner who will handle back office operations.

Henri Giscard d’Estaing, Chairman of the Board and Chief Executive Officer of Club Méditerranée, said: “China is a major growth driver for Club Med, potentially representing 200,000 customers by 2015, and could become the Group's second largest market after France.”

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