

# Competitive business



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EULIA was formed in 2001 by the Caisse des Dépôts Group and the Caisse d'Épargne Group as a European financial alliance whose purpose is to become a new leading European player. As a universal bank, EULIA covers retail banking, investment banking, real estate and insurance, and is pursuing growth via partnerships with European institutions. Its first two such partnerships are with leading European players – Sanpaolo IMI in Italy and Bayerische Landesbank in Germany. The two Groups' joint subsidiary, EULIA, is a financial holding company that holds their equity interests in subsidiary companies and provides the subsidiaries with strategic guidance.



## EULIA, the European Financial Alliance

In 2002, EULIA structured its operations and brought them up to full speed. More than 30 projects were undertaken to develop synergies among all of the entities making up the alliance – Caisses d'Épargne, CDC IXIS, Crédit Foncier, Ecureuil Vie, and others. EULIA now ranks third among French banks in terms of shareholders' equity and has some 50,000 employees.

2002 was also the year when EULIA was fully constituted and organized. Staff units were carefully put together and a matrix organization was put into place in order to favor synergistic developments among business lines, for the purpose of creating shareholder value.

### Retail banking

EULIA's Retail Banking division consists of the entire Caisses d'Épargne branch network plus specialized services subsidiaries such as Ecureuil Gestion, Gestitres and Bail Ecureuil, which design and manage products and services to support the network. EULIA strives to strengthen the Caisses d'Épargne network as a provider of local banking services by relying on synergies among CDC IXIS, Véga Finance, Crédit Foncier, Ecureuil Vie and other group entities. The first results of these efforts were apparent in 2002, notably in the areas of private banking and services to local government

d'Epargne's access to capital markets via CDC IXIS, and boosted the development of value-added financing for local and regional public-sector entities by federating the skills of the Caisses d'Epargne, CDC IXIS and Crédit Foncier.

On the pan-European level, the agreements with Bayerische Landesbank and Sanpaolo IMI illustrate EULIA's development potential.

exclusively to the Caisses d'Epargne clients, and, on the other, of EULIA Caution and Surassur.

In 2002, EULIA consolidated its market share in life insurance (25% growth in premium revenues), confirmed its progress in non-life insurance (up109%), and established France's leading provider of Financial guarantees, EULIA Caution.



The Board of Directors' meeting room, EULIA - Paris

bodies. Caisses d'Epargne and CDC IXIS succeeded in strengthening their working relationship and capitalizing on each other's areas of expertise.

Internationally, EULIA confirmed its strategy by signing further partnership agreements similar to those put into place in 2001, with Sanpaolo IMI in Italy and Bayerische Landesbank in Germany.

## Investment banking and financing

CDC IXIS is EULIA's Investment Banking division and is organized around four areas of activity: capital markets and financing, asset management (including real estate), banking activities and financial guaranty.

Early in the year, the Caisse d'Epargne Group transferred its financing and market intermediation activities to CDC IXIS, including both its portfolio of assets and the personnel responsible for managing it, altogether around 150 employees.

In addition, EULIA facilitated the Caisses

## Real estate

The Real Estate division consists of several entities held directly or as part of Crédit Foncier, and works closely with Scic.

In 2002, EULIA worked to create the leading French real estate investment management company in Europe by pooling existing subsidiaries and continued to develop its position in the global market by building on the U.S. asset management firm AEW owned by CDC IXIS. EULIA also formed a joint subsidiary with Crédit Foncier for providing financing to independent professionals, which is due to begin operations in the first half of 2003.

## Insurance and Financial guaranty

EULIA's Insurance and Financial guaranty division consists, on the one hand, of Ecureuil Vie (49.9% owned by EULIA and 50.1% by CNP Assurances) and Ecureuil-Assurance IARD, which provide their services

In 2003, EULIA will continue the development of all of its businesses in France by placing the emphasis on partnership arrangements, acquisitions and organic growth. It will also pursue its expansion across Europe in accordance with the business plan developed at the end of 2001.

In 2002, the worsening financial crisis created a difficult and unstable environment for the businesses in which CDC IXIS is involved. Their financial results were a reflection of contrasting realities. For the second consecutive year, CDC IXIS's businesses turned in strong operating performances, confirming their ability to hold up under adverse circumstances. Net banking income increased by 15% and net recurring income before income tax rose by 12%. CDC IXIS continued to invest in strengthening, diversifying and promoting its services, systematically pursuing synergies with the Caisse d'Épargne Group under the strategic guidance of EULIA. At the same time, it fine-tuned its business-line organization and reorganized and strengthened its management functions.



## CDC IXIS: investment banking and financing

Two factors weighed on CDC IXIS's financial performance. First, because of unfavorable market conditions, the implementation of its asset disposal program was postponed, penalizing earnings from portfolio activities. Second, with the economic situation weighing on the valuations of asset management companies, CDC IXIS, in accordance with the prudential rules defined in conjunction with its shareholders, took an exceptional write-down of the goodwill recorded in October 2000 on its acquisition of Nvest, which has since been renamed CDC IXIS Asset Management North America. With a broadened and diversified portfolio of activities, a solid balance sheet and a

tighter organization, CDC IXIS continued to implement its strategy. Focused on Europe and the United States, this strategy combines commercial deployment and selective business-line growth, in keeping with its positioning as an investment banking, financing and asset management entity with multiple areas of specialization.

### Capital markets and financing

The capital markets and financing division, which groups together capital markets, financial engineering and financing activities, posted solid performances in 2002.

## Capital markets

### → Fixed income and foreign exchange

Fixed income and foreign exchange product trading, sales and structuring had their best year ever in 2002.

Ranked as the third-largest primary dealer in French Treasury issues, CDC IXIS Capital Markets extended its short-term

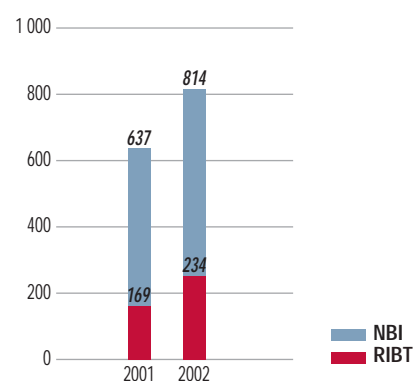
Products range grew by \$5 billion.

Lastly, CDC Derivatives posted strong growth in its first year of full operation.

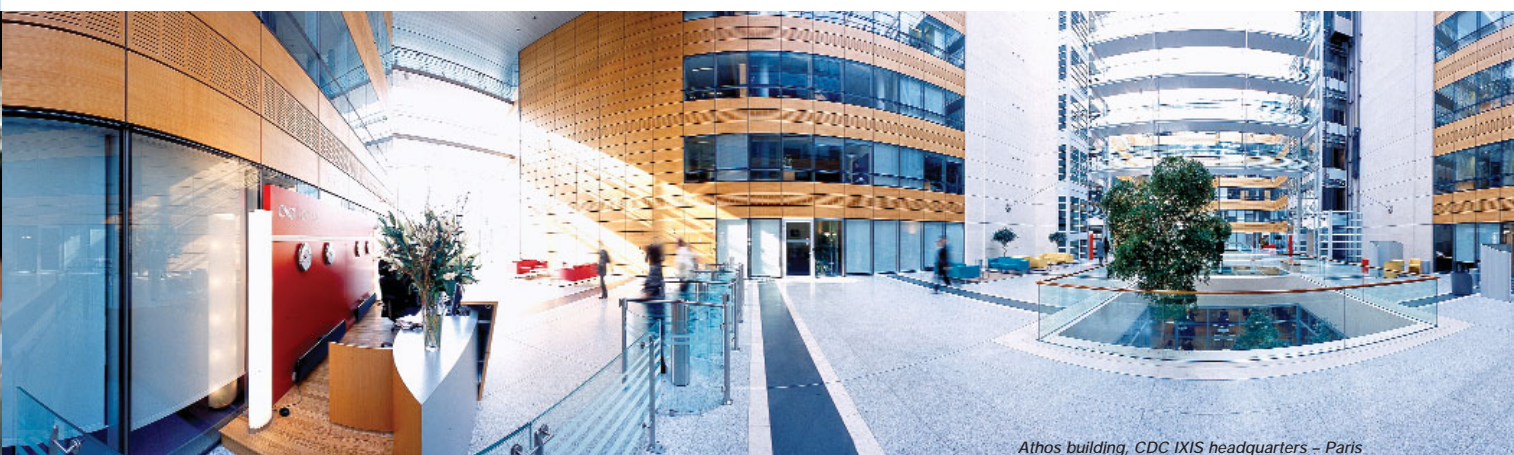
### → Equity markets

In a slowing market, CDC IXIS Capital Markets took part in the primary market's most important transactions, and its partnership with Sanpaolo IMI was strengthened continuously throughout the year.

## Capital markets: satisfactory performance (€ millions)



At constant consolidation scope and exchange rates, net banking income (NBI) increased by 19% and net recurring income before tax (RIBT) by 21%.



Athos building, CDC IXIS headquarters – Paris

debt instrument range to other European sovereign issues, namely in the Netherlands, Finland and Portugal. The company also made significant headway in corporate issues, asset-backed securities and EMTNs.

Interest-rate derivative transactions increased significantly in terms of both volumes and margins.

In addition, CDC IXIS Capital Markets is now one of the world's five leaders in structured products based on alternative investment funds. The securitization business was brought fully up to speed in 2002, and the company captured fifth place in Europe for Residential Mortgage-Backed Securities (RMBS).

In the United States, CDC IXIS Capital Markets North America also turned in excellent performances in 2002. It financed more than \$982 million in commercial mortgage loans, carried out six securitization deals for a total of \$1.7 billion, and its Principal Protection

CDC IXIS Capital Markets continued to enhance its range of structured products, which now covers all market segments and product types.

CDC IXIS Securities is responsible for European equities brokerage and won market share to finish fifth in the Agefi rankings for French equity research. In addition, the magazine *Institutional Investor* ranked CDC IXIS fourth for sales of French equities in the United States.

CDC IXIS-LCF Rothschild Midcaps, a stockbroker specialized in mid-cap stocks which is 50%-owned by CDC IXIS Capital Markets, made promising inroads in a depressed market.

### → Financing: heightened growth

In 2002, new lending grew significantly to €5.9 billion and 125 international financing transactions were put in place for major corporations and local government bodies.

### → Financial engineering: internationalization

Growing demand for advice on complex financing transactions, especially in the areas of transportation, the environment and energy, boosted the development of the financial engineering unit. In particular, CDC IXIS advised Alis in the financing of the A28 highway in France.

## Asset management

CDC IXIS's asset management division groups together the management of financial and real estate assets, private asset management and private equity investments.

### → Financial asset management: consolidation

With nearly €300 billion under management in Europe and the United States as of December 31, 2002, CDC IXIS Asset Management was Europe's eleventh-largest asset management company.

In 2002, CDC IXIS Asset Management strengthened its positions in the United States, Asia and Europe *via* strategic distribution partnerships and the development of expertise in high value-added niche markets. CDC IXIS Asset Management Italia SGR won its first institutional mandates in Italy. In addition, bond products were added to the division's range, three governed by French law and two new sub-funds of the CDC International Fund. At the end of the year, a convertible bond arbitrage fund was also approved in Luxembourg.

In the United States, further to the restructuring of several of the entities making up Nvest, which was acquired at the end of 2000, CDC IXIS Asset Management now has 11 asset management companies and three distribution and service companies employing a total of 1,400 third-party investment professionals.

#### → Private management

CDC IXIS Private Capital Management is based on an individual pension fund concept and combines estate planning and financial engineering with financial management to satisfy the specific requirements of high-net-worth individuals.

In 2002, the unit collected more than €220 million, and its Profiled Fund range was awarded the highest ratings – of five stars and four stars, respectively – assigned by the international ratings services, Morningstar and Standard & Poor's.

Véga Finance posted growth of 11% in 2002, both in the number of private clients and in assets under management.

#### → Real estate asset management: a global player

Under the guidance of EULIA, CDC IXIS grouped together within IXIS AEW Europe all the real estate asset management companies of the Caisse des Dépôts and Caisse d'Épargne Groups. These include CDC IXIS Immo, the specialized division of A3C, Curzon Global Partners and AEW Italia, and the European units of AEW Capital Management, itself a subsidiary of CDC IXIS Asset Management North America.

With €9.3 billion in assets under management, IXIS AEW Europe, the European division of the global player, IXIS AEW Global Partners, has become the new European leader in real estate asset management and investment advice. With €19.8 billion in assets under management, the international unit has activities in both the United States and Europe and ranks third in the world in real estate asset management.

#### → Management of forestry assets

Société Forestière is France's leading manager of private forests with 230,000 hectares under management (including 40,000 in Chile) worth €640 million.

#### CDC IXIS Private Equity : additional funds raised

This CDC IXIS subsidiary specialized in private equity investing, one of France's leading firms in its field, continued to expand its third-party business in 2002.

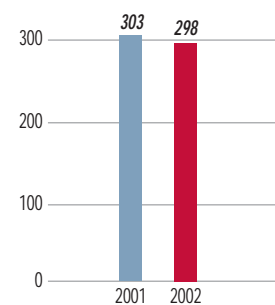
In 2002, CDC IXIS Private Equity and its investment companies raised €225 million exclusively from third-party investors, after having raised €550 million in 2001. Total funds under management reached €2.6 billion at the end of the year.

The combination of CDC IXIS Private Equity's expertise and the Caisse d'Épargne network's ability to place investments resulted in the success of an Innovation Investment Fund (Fonds de Placement dans l'Innovation) that invests in sectors such as life sciences and information technology.

## Banking and securities services

CDC IXIS provides a full range of services for managing fund flows and securities designed to meet the needs of all of its clients, including both domestic and foreign institutional investors, fund managers and financial institutions. In 2002, CDC IXIS was the third largest custodian in France, the fifth largest in Europe and fifteenth worldwide. Average assets in custody for institutional clients totaled €618 billion at the end of

## Financial asset management: assets under management stable (€ billions)



At constant exchange rates

2002, compared to €630 billion in 2001. CDC IXIS Administration de Fonds, a wholly owned CDC IXIS subsidiary, was formed in April 2002 through the merger of GSF and the Accounting Management division of CDC IXIS Asset Management. With 700 products under administration with assets totaling €120 billion, the new company is positioned as one of France's fund administration leaders.

## Financial guarantees

CDC IXIS Financial Guaranty (CIFG), formed at the end of 2001, is active both in Europe and the United States.

In 2002, CIFG Europe focused its development on structured finance. In addition, CIFG North America Inc. was granted a "monoline" license in New York on May 24, 2002 and received the highest possible ratings from the three principal ratings services.

As the leading French personal insurer, CNP Assurances caters to the needs of 14 million individuals at each stage in their life by designing and developing innovative insurance products in three main areas – savings, retirement and personal-risk.

CNP Assurances maintains close ties with its three shareholder partners – La Poste, Caisses d'Épargne and the French Treasury – that together distribute its products through more than 25,000 points of sale. It also works closely with 250 financial institutions of all sizes, more than 1,000 companies, major health insurers and 17,000 local government bodies.

Abroad, CNP Assurances is present in Brazil, Argentina and Portugal and has a project under development in China.

Its commitments – covered by nearly €144 billion in assets under management – are managed in accordance with investment policies combining security and performance.



# CNP Assurances: personal insurance

## Outperforming the market

The French personal insurance market grew by 1% in 2002 to €94.8 billion (FFSA estimate, February 2003). CNP Assurances had consolidated premium revenues of €18.4 billion, 6.2% more than in 2001 (5.3% more at constant consolidation scope and exchange rates). This outperformance relative to the market can be attributed to the resilience of CNP Assurances' distributor partners. International premium revenues totaled around €800 million in 2002, an increase of 76% thanks to the acquisition of Caixa

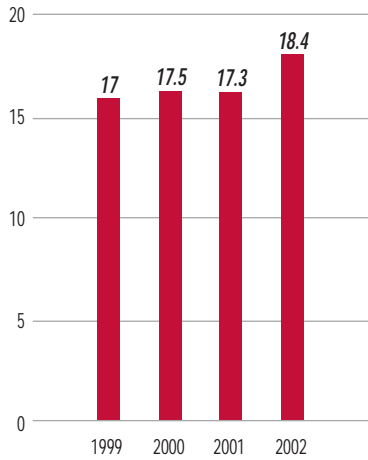
Seguros in Brazil in July 2001. As a result, CNP Assurances generated 4.3% of its revenues outside France in 2002.

During the year, CNP Assurances expanded its products and services in all areas.

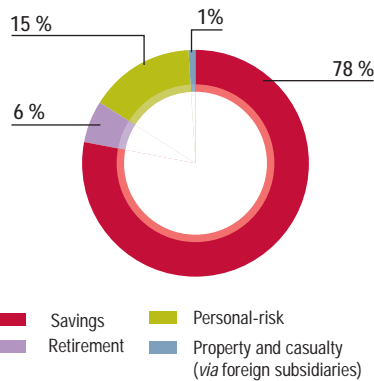
Savings products include life insurance products specifically adapted to the needs of the customers of La Poste, Caisses d'Épargne and the French Treasury.

In the retirement fund segment, CNP Assurances provides companies of all sizes with retirement plans that complement compulsory state-run plans. It also provides retirement plans to individuals *via* its distributors, and is well known in the area of pension plans for elected officials and civil

Premiums (€ billions)



Breakdown of 2002 revenues by business segment



## CNP Assurances: continued growth

Internationally, **CNP Assurances** is continuing to develop its business in Brazil via Caixa Seguros, a Brazilian bank-owned life insurance company. In September 2002, CNP Assurances formed a joint venture with the Chinese post office, which, if it obtains the approval of the Chinese authorities, will begin operations in 2003 in one of the authorized zones. In January 2003, CNP Assurances sold its 20% stake in Italy's Carivita. The business in Argentina was significantly reoriented.

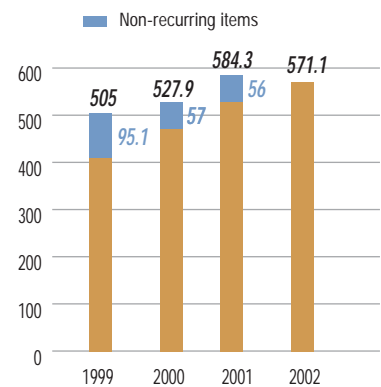
**CNP Assurances** continued with its financing policy by increasing its lines of subordinated bond issues by a net amount of €303 million. These bonds are listed on the Luxembourg Bourse.

servants as the main insurer for the Fonpel and Prefon plans.

The personal-risk segment includes policies that pay benefits in the event of the policyholder's death, accident, long-term health impairment, incapacity or disability. CNP Assurances has traditionally been present in personal-risk and health insurance as a provider of insurance and reinsurance for numerous mutual insurers and provident funds. Lastly, CNP Assurances is France's leading provider of loan insurance with a market share of nearly 40%.

CNP Assurances' consolidated net income amounted to €571.1 million in 2002, an increase of 8.1% compared with 2001 net recurring income. 2002 net income declined slightly (by 2.3%) compared with total net income in 2001, which included a non-recurring tax benefit of €56 million arising from rollover relief on profits made in 1999 and 2000 on sales of shares in takeover targets.

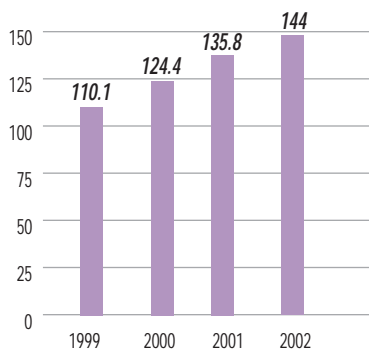
Net income (group share) (€ millions)



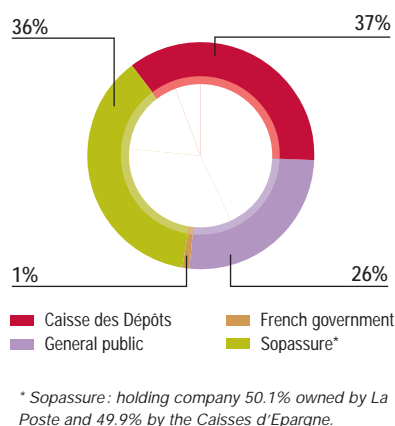
## Outstandingly resilient

The book value of assets under management as of December 31, 2002 was €144 billion, a 6.1% increase for the year. Unrealized capital gains amounted to €6.5 billion as of the same date.

### Assets under management (book value) (€ billions)



### Shareholder structure (October 2002)



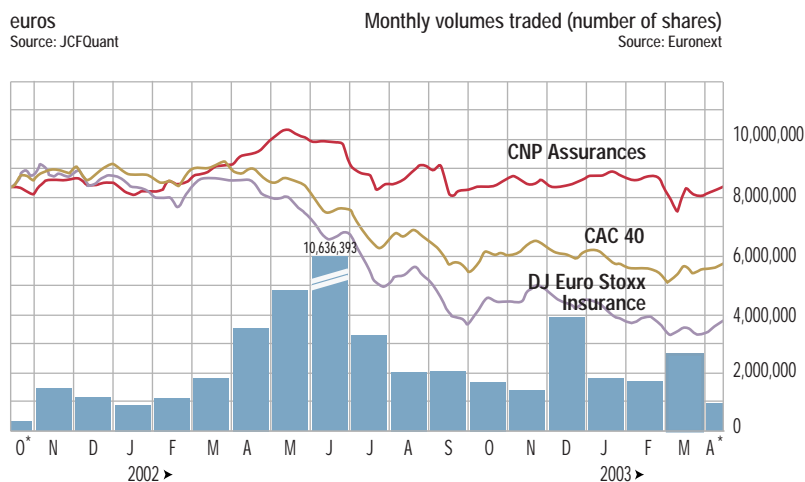
During the year, CNP Assurances pursued prudent asset management and strict investment selection policies, proving its ability to hold up under particularly challenging market conditions. CNP Assurances was obliged to set aside substantial provisions for the impairment in value of certain lines in its equities portfolio, which in the end had a neutral effect on net income. CNP Assurances' main portfolios held up better than their benchmark indexes both in 2001 and 2002, notably thanks to their being underweighted in the securities and sectors that reached the highest valuation levels compared with more traditional sectors. Thanks to its moderate consumption of unrealized capital gains in previous years, CNP Assurances has been able to maintain the cost of its investments at a relatively low level.

### Stable share price in a challenging market

The share price successfully resisted the downward pressure of the markets in 2002. CNP Assurances shares closed at €35.35 on December 31, 2002, just 1% lower than at the end of 2001. The company's market capitalization totaled €4.9 billion as of December 31, 2002. Over the same period the DJ Insurance Europe index fell by 51% and the CAC 40 lost 34%.

CNP Assurances had 290,000 individual shareholders early in 2002, and 78% of its free float was held by institutional investors, primarily British and American. A net dividend of €1.49 per share (7.2% more than last year) will be proposed at the Shareholders' General Meeting on June 3, 2003.

### Trends in share price and monthly volumes



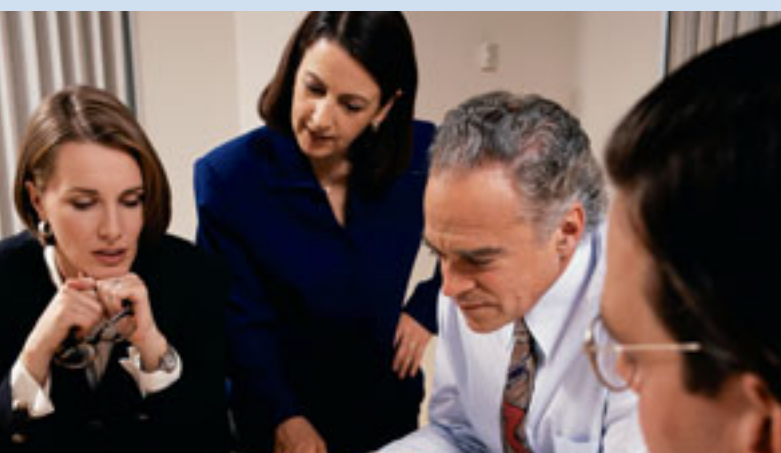
\* From the fifteenth to the thirtieth

In 2002, C3D and its subsidiaries underwent a series of changes in their capital structure with the arrival of new equity partners and the completion of significant acquisitions. Notable developments took place outside France with the acquisition of Transdev in the United Kingdom and Porto, where Transdev became Portugal's second largest private transporter of passengers.

In the Netherlands, C3D acquired Grévin et Compagnie (Dolfinarium

in Haderwijk and the Avonturenpark Hellendoorn theme parks) and, in Germany, it acquired the Fort Fun regional park.

Moreover, C3D met its growth and profitability goals for the year, notably by relying on shared management software.



## C3D: services and support for local development

C3D confirmed its good performances with a 23% increase in consolidated revenues to €2.3 billion, and net income of €100 million. These results were fully in line with the plan for profitable growth originally set in 1998. C3D's return on capital employed (ROCE) was up by 1 percentage point to 5.9% for the year, and its return on equity of 14.1% (before the capital increase of December 30, 2002) was higher than the objective set by its shareholder for the second consecutive year. Thanks to improved earnings from all C3D businesses, operating income increased by 65%, part of which is non-recurring. All divisions of C3D contributed to this outstanding performance.

### Real estate services: Scic Group

Structured by business line, Scic provides a full range of real estate services. In 2002, Scic confirmed its strategic choices in two ways. First, it made its intermediate residential holdings more uniform by selling more than 8,000 units held by Scic Patrimoine to Scic Habitat IdF. Second, it acquired 81.6% of EMGP, a listed real estate company with service-sector, office and business park properties, and its Capri unit acquired 51% of ELLUL.

Scic had revenue of €961 million in 2002, for growth of 32% as reported and of 23% at constant scope. During the year, residential

## Contribution to net income (group share) (€ millions)

	2002	2001	2000
Scic Group	66	66	49
CDA Group	16	8	5
Transdev Group	5	7	4
VVF Vacances Group	0	-	-
Egis Group	4	(35)	1
<b>SUB-TOTAL</b>	<b>91</b>	<b>46</b>	<b>59</b>
Holding co. & other	9	40	(5)
<b>TOTAL</b>	<b>100</b>	<b>86</b>	<b>54</b>
<b>% Ownership</b>			
SCIC	100.0	100.0	100.0
CDA	53.2	43.3	44.7
Transdev	68.0	92.1	99.0
VVF Vacances	80.0	-	-
Egis	82.9	79.0	87.3



development activities increased, the first service-sector projects were delivered and other businesses generated organic growth.

Scic's net income amounted to €67 million, with significant after-tax capital gains of €44 million recorded on the block sale of 5,337 residential units.

Scic is positioned to serve the needs of large public-sector and private-sector clients and to ensure they all – tenants, investors, first-time homebuyers, students and dependent persons – benefit from the best possible service. Scic strives as much as possible to reconcile customer satisfaction with efforts to protect the environment and strengthen social cohesion.

### Scic Patrimoine, intermediate housing operations

Scic Patrimoine manages more than 50,000 housing units and continued to pursue a strategy of refocusing on intermediate housing in the Ile-de-France region by undertaking sustained efforts to streamline its operations, capitalize on the value

of its holdings and focus on customers. Despite its asset disposals, Scic Patrimoine's revenue held at €216 million thanks to well-adapted pricing policies. Its contribution to Scic's net income increased to €63 million in 2002 compared with €61 million in 2001.

### Capri, housing development

Capri continued to expand its activities in major metropolitan areas.

Its sales in 2002 increased sharply to €223 million from €136 million the previous year. With more than 2,000 units reserved for the year, Capri became France's fourth largest public housing developer.

Capri is 65%-owned by Scic and contributed €7.6 million to its net income in 2002 compared with €5.4 million in 2001.

### Médica France, healthcare facility operator

Médica France manages 63 facilities with 5,500 beds across France and is one of the country's leading private operators.

In 2002, Médica France consolidated its organization and management and reported sales of €159 million, an increase of 48% from 2001 (10% at constant scope). Because of non-recurring items in 2001, Scic's 91% ownership interest in Médica France contributed €2.5 million to Scic's net income in 2002, down from €4 million in 2001.

### Real estate services

In order to organize and develop a comprehensive real estate services offer, Scic Développement (project management), GFF (property management) and Eurogem (facilities management) adopted a joint commercial approach and stressed the complementary nature of their respective service areas with major accounts.

### → Scic Développement

Scic Développement strengthened its technical assistance activities in the area of project management and gave concrete form to its focus on service-sector developments featuring controlled risk *via* its Tertial subsi-

diary. It had revenue of €150 million in 2002 compared with €74 million in 2001.

→ **GFF**

In 2002, after several years of strong growth, GFF reorganized its business and implemented a multi-stage productivity improvement program. It also acquired a property management firm in Spain and recorded revenue of €74 million, 14% more than the €65 million it booked in 2001.

→ **Eurogem**

Eurogem consolidated the organization it put into place in 2001 and strengthened its position as the fourth largest company in its sector. Several significant sales successes helped push sales for 2002 to €73 million compared with €63 million in the previous year.

→ **Scet, services and consulting for local government bodies**

Scet encountered significant difficulties despite its turnaround efforts. Revenue was flat at €56 million, but restructuring costs and provisions against assets led to losses of €9 million in 2002 compared with losses of €7 million in 2001.

→ **Scic Habitat, 14 non-consolidated social housing companies (HLM)**

With its properties concentrated geographically, Scic Habitat was able to affirm its social policies and meet more efficiently the needs of its 124,000 tenants. In 2002, sales amounted to €412 million with net income of €67 million, including €21 million in capital gains on the sale of Samanor's assets.

## Transportation: Transdev

Transdev, France's leader in urban streetcar systems, operates urban and intercity public transportation networks. The company, which posted strong growth for the year, built its development around the four themes of its new corporate plan: profitability, quality, human resources and corporate image.

Continuing along the lines of the approach

### Revenues (€ millions)

	2002	2001	2000
Scic Group	961	728	564
CDA Group	272	221	198
Transdev Group	457	418	356
VVF Vacances Group	118		
Egis Group	475	478	527
Holding co. & other	15	26	103
<b>TOTAL</b>	<b>2,298</b>	<b>1,871</b>	<b>1,748</b>
of which			
France	1,896	1,503	1,367
foreign	402	368	381

taken with Sanpaolo IMI in 2001, Transdev signed a strategic alliance agreement with RATP and strengthened its operations abroad, especially in the United Kingdom and Portugal.

In 2002, Transdev's operating revenues grew by nearly 10% to €457 million on total sales of €1.1 billion, and met its business and financial goals despite additional insurance costs and higher fuel prices.

Its net income for the year was unchanged at €8 million. C3D's equity interest in Transdev dropped to 68% from 92% as RATP and Sanpaolo IMI increased their stakes. Transdev's contribution to C3D's net income thus amounted to €5 million.

Transdev's Ile-de-France intercity business grew by 5% to €123 million, while successful tenders in Isère, Hérault and Lorraine pushed operating revenues up by 9% to €128 million. Transdev's urban transportation business had unchanged sales and broke even for the year.

The partnership arrangements with RATP led to the formation of two joint subsidiaries (a transportation services company, Equival, and a rail company, Eurailco), with RATP acquiring a 25% equity interest in Transdev via Financière Transdev.

Abroad, Transdev scored a number of successes. First of all, in the United Kingdom, London United's operating revenues increased by 19% to €112 million in 2002 compared with €94 million in 2001, thanks to winning tenders in London. Moreover,

the U.K. operations were strengthened in October with the acquisition of Sovereign Buses London. Transdev was also designated one of London's bus operators with the highest standards of quality. In Portugal, Transdev became the country's second largest operator of private passenger transportation systems thanks to its acquisition of Caima, an operator of urban and intercity bus lines, and the official inauguration of the Porto metro in December. Lastly, in Australia, operating revenues increased from €29 million in 2001 to €42 million in 2002.

## Leisure and tourism: Compagnie des Alpes VVF Vacances

### Compagnie des Alpes (CDA)

Since its successful takeover of Grévin et Compagnie, CDA has become Europe's leading leisure services provider with 20 million visitors per year.

For the year to May 31, 2002, CDA once again saw its ski lift revenues (89% of its sales) increase thanks to its high-altitude positioning and an increase in average revenues per user. Total consolidated sales for the period amounted to €232 million, an increase of 4.9%. CDA's net income grew by more than 13% to reach €23.3 million.

CDA changed the date of its fiscal year

### International Revenues (€ millions)

	2002	2001	2000
Scic Group	16	10	5
CDA Group	16	8	7
Transdev Group	148	123	106
Egis Group	222	224	261
Holding co. & other	-	3	2
<b>TOTAL</b>	<b>402</b>	<b>368</b>	<b>381</b>
European Union	233	169	165
Other	168	199	216
<b>TOTAL</b>	<b>401</b>	<b>368</b>	<b>381</b>

closing to September 30 following its cash acquisition of Grévin et Compagnie, which was undertaken in response to a defining change in its strategy and created an entity with two strongly complementary leisure businesses. The new closing date is considered more suitable to its new structure. The *proforma* income statement prepared at the time of the offer showed 12-month sales (to mid-2002) of €346 million.

CDA's contribution to C3D's net income increased sharply from €8 million in 2001 to €16 million in 2002, partly because of the increase in C3D's holding in CDA (from 43% to 53%) and CDA's two-month consolidation of Grévin.

#### VVF Vacances

VVF Vacances, France's second largest provider of leisure residences, underwent significant structural changes in 2002. New accounting and reservation systems were installed, and the internal organization (sales, marketing, financing and accounting) was overhauled. There were also changes in ownership as C3D increased its equity interest in VVF Vacances to 80%. Lastly, the company moved its headquarters in order to bring together all of its departments under one roof. VVF Vacances also reinitiated its expansion with the acquisition (effective in 2003) of vacation residences with a total of 3,400 beds.

Despite the vast amount of reengineering

involved in these changes, VVF Vacances slightly increased its revenue in 2002 to €170 million, and managed to break even despite heavy restructuring expenses by drawing on previously set-aside provisions. In April, C3D increased its equity interest in VVF Vacances to 80%. As a result, C3D fully consolidated its results only for the second half. VVF Vacances contributed revenue of €118 million to C3D and operating income of more than €20 million. Since losses in the first half resulted in significant "technical" goodwill, the decision was made to accelerate its amortization, offsetting all of VVF Vacances' earnings over the consolidation period.

### Infrastructure support and services: Egis Group

In 2002 Egis, a specialist in infrastructure engineering, project management and operation, pursued its strategic refocusing and financial restructuring. Thanks to these efforts, despite flat sales, Egis generated a profit. At this point, C3D continues to own a controlling interest in Egis.

Revenue was unchanged (222 M€) thanks to expansion in the road business and a recovery in business at Dorsch Consult.

The engineering order backlog has been renewed and significantly improved.

EBITDA returned to a satisfactory level of €19 million in 2002, compared with



€13.4 million in 2001, and operating income increased sharply to €11 million from €6 million the previous year.

Interest expense was reduced but continued to outweigh interest income, which was one of the reasons that a Special Shareholders' Meeting approved an €18 million capital increase on December 30, 2002. This injection of funds will enable Egis to improve its debt-to-equity ratio. C3D committed for €15 million, thus increasing its percentage stake in Egis.

Egis contributed €4 million to net income in 2002.