CPUK FINANCE LIMITED

Operating and financial review for the 36 weeks ended 26 December 2024

In accordance with the reporting requirements of its financing, CPUK Finance Limited is pleased to present its operating and financial review for the 36 weeks ended 26 December 2024 ("Q3 YTD"). All figures presented in this report relate to the group of companies headed by Center Parcs (Holdings 1) Limited. All figures presented in this report are unaudited.

Summary

- A robust Q3 financial result, with EBITDA performance in line with last year on an underlying basis excluding the impact of Storm Darragh (see below). The expectation remains that the Group will grow EBITDA for the full FY25 financial year and current bookings reflect this trajectory.

- Storm Darragh occurred in early December 2024, and resulted in Longleat being unable to operate for one break in addition to the cancellation of certain activities at all UK villages. The EBITDA impact of the storm is estimated to be a reduction of £1.3 million, with a similar impact on revenue.

- Including the impact of Storm Darragh, occupancy of 95.1% achieved in Q3 FY25 is consistent with prior years.

- The Group continues to have a robust liquidity position with cash and cash equivalents of £42.0 million at 26 December 2024 and cash of £73.8 million at 30 January 2025.

- Forward bookings remain strong demonstrating continued guest appeal with 93% of current year accommodation capacity sold at 30 January 2025 compared to 93% at the same time in FY24. FY26 bookings are ahead of the same point last year with healthy ADR growth versus this year.

- The Group continues to manage costs well and recover appropriate levels of cost headwinds through prices. The balance has been carefully managed between cost recovery and competitive pricing, and on village spend has continued to deliver inflation beating growth year on year.

Financial highlights

Q3 YTD

- Revenue of £445.5 million (FY24: £439.3 million).

- Including the impact of Storm Darragh, the Group achieved EBITDA of £204.9 million (FY24: £208.7 million) with occupancy of 96.7%.

- ADR was broadly flat in the first three quarters of FY25, consistent with expectations.

- Liquidity remains robust with the Group holding cash and cash equivalents of £42.0 million at 26 December 2024.

Quarter 3

- Revenue of £151.3 million (FY24: £151.7 million).

- The Group achieved EBITDA of £68.4 million (FY24: £69.7 million) with occupancy of 95.1% which is impacted by Storm Daragh. EBITDA is in line with last year on an underlying basis.

Key performance indicators

	FY25 Q3 YTD	FY24 Q3 YTD	Variance
Revenue	£445.5m	£439.3m	+1.4%
EBITDA	£204.9m	£208.7m	(1.8)%
Occupancy	96.7%	97.1%	(0.4)%
ADR	£249.96	£251.01	(0.4)%
RevPAL	£241.78	£243.83	(0.8)%

	FY25 Quarter 3	FY24 Quarter 3	Variance
Revenue	£151.3m	£151.7m	(0.3)%
EBITDA	£68.4m	£69.7m	(1.9)%
Occupancy	95.1%	95.4%	(0.3)%
ADR	£260.79	£265.58	(1.8)%
RevPAL	£247.93	£253.41	(2.2)%

Results of operations for Q3 YTD FY25

Revenue

Revenue was £445.5 million. Occupancy achieved was 96.7%, comparable to levels seen in prior years and demonstrative of continued guest loyalty.

The number of units of accommodation at 26 December 2024 was 4,345, an increase of 11 in comparison to the prior year due to new builds at Elveden.

Cost of sales

Cost of sales was £125.6 million compared to £123.3 million in the prior financial year. This small increase demonstrates continued good cost control in light of inflationary pressures over the last year.

Administrative expenses

Administrative expenses of £115.0 million were incurred compared to £107.3 million in the comparative period in the prior year. This increase was predominantly driven by payroll costs and the effect of the National Minimum Wage increases.

EBITDA

As a result of the factors outlined above, EBITDA was £204.9 million.

As set out above the impact of Storm Darragh is estimated to be a £1.3 million reduction in EBITDA. In addition, and as previously advised, Woburn was impacted by heavy rain and subsequent flooding during the second quarter resulting in reduced occupancy and EBITDA. The flood impact has now been largely recovered in EBITDA terms with the insurance pay out.

The Group expects to deliver EBITDA growth for the full financial year.

Depreciation and amortisation

Depreciation and amortisation was £45.8 million, in line with the prior year.

Movement in fair value of financial derivatives

The Group's derivative financial instruments represent options to repay borrowings prior to maturity. Fair values are estimated with reference to the yields of similar corporate bonds with comparable terms and credit ratings.

Finance costs and income

As at 26 December 2024 the annual interest payable on the Group's secured debt was £127.2 million.

All tranches of secured debt attract a fixed rate of interest. Finance costs principally represent interest payable on the Group's secured debt and the amortisation of associated deferred issue costs. During the quarter the Group entered into new A8 notes after a successful refinancing.

Finance income represents bank interest receivable.

Taxation

Corporation tax of £2.3 million was paid during the period, with £0.9 million received in respect of group relief. In the comparative period corporation tax of £3.0 million was paid and £1.8 million was received in respect of group relief.

Cash Flow and Liquidity

As at 26 December 2024 the Group had cash and cash equivalents of £42.0 million (28 December 2023: £31.9 million) and negative working capital of £137.1 million (28 December 2023: £141.4 million).

Net cash from operating activities was £152.3 million and net cash used in investing activities was £57.9 million (FY24: £150.9 million and £54.7 million respectively).

Dividends totalling £17.0 million were paid during the third quarter, taking the total for the year to date to £102.5 million.

Investment Programme

Accommodation upgrades

The Group is continuing its 'Project Summer' lodge refurbishment programme. As at 26 December 2024 3,572 units of accommodation have been upgraded to the 'Summer' standard, representing 88.5% of the total stock to be upgraded.

The next generation of accommodation refurbishment, 'Project Autumn' has been successfully trialled at Elveden with nine prototype lodges with roll out plans currently in progress to compliment the current refurbishment programme.

New builds

The Group has identified additional accommodation opportunities across the estate. The first phase of the new build programme is continuing at Elveden and 11 lodges had been completed as at 26 December 2024.

Financial covenants

The FCF:DSCR ratios at the most recent Financial Covenant Test Date (being 13 August 2024) were 4.0 times in respect of the Class A Notes (covenant of 1.1 times) and 2.4 times in respect of the Class B Notes (covenant of 1.0 times).

The Directors certify that the calculations of the financial covenants and ratios are undertaken accurately and that the information in this report is true and accurate in all material respects.

Maintenance and Investment Capital expenditure

Under the terms of its financing, the Group is required to spend a minimum of £18.5 million per annum on maintenance capital expenditure and an average of £6 million per annum over four years on investment capital expenditure. During the 36 weeks ended 26 December 2024 the Group spent £31.4 million (FY24: £27.7 million) on maintenance capital expenditure and £24.0 million (FY24: £21.8 million) on investment capital expenditure, a total of £55.4 million (FY24: £49.5 million).

Environmental, Social and Governance ("ESG")

The Group's ESG activities are set out on our corporate website which includes examples of the Group's ESG activities. This website will continue to be updated as the Group and its ESG strategy evolves. The corporate website may be found at https://corporate.centerparcs.co.uk/

The FY24 Group annual report and financial statements for the 52 weeks ended 18 April 2024 also provide an extensive overview of the Group's activities in these areas.

In summary, the Group made good progress on its ESG agenda in FY24 and had achieved a 29% reduction on carbon emissions since 2020, and is fully committed to achieving Net Zero by 2050 for scope 1 and 2 greenhouse gas emissions. The Group remains committed to social standards and continues to foster a diverse, equitable and inclusive culture with strong governance prevailing on effective regulatory compliance.

During Q3 YTD FY25, the Group has continued to focus on carbon emission reduction and remains in in line with target to hit a 30% reduction in UK emissions by 2030.

Corporate update

Following the announcement of a potential development of Center Parcs Scotland and the signing of an option agreement in respect of land in the Scottish Borders, work has commenced on an initial planning application. This is being completed by Center Parcs Scotland Limited, an entity outside the WBS debt structure.

Center Parcs Ireland Limited is outside the UK debt structure, but for information purposes we can confirm that it continues to trade well and the proposed expansion of the accommodation stock is now underway.

The combined UK and Ireland Group is performing well and guest satisfaction scores in both territories continue to be outstanding, demonstrating the strength of the business and the brand.

Future outlook

Center Parcs continues to perform well, delivering a high quality product to guests and generating strong EBITDA and positive cash flows. The Group is investing significantly in its offering, and a range of new leisure activities will be coming online over the next six months across all villages.

Demand for Center Parcs breaks continues to be strong with 93% of capacity for the current financial year sold at 30 January 2025 compared to 93% at the same time in FY24.

Although it is early in the booking cycle, 29% of capacity for the next financial year is already sold at 30 January 2025 compared to 27% at the same time in FY24.

EBITDA growth for the full year is still anticipated, supported by strong cost control.

The Group is currently preparing its annual business plan, balancing new cost Government headwinds (in the form of National Minimum Wage and National Insurance threshold increases), with a strong portfolio of self generated growth opportunities to continue to deliver EBITDA growth in the future.

The next operating and financial review will be for the full financial year, covering the 53 weeks ending 24 April 2025. It is expected this report will be published in July 2025.

Katrina Jamieson
Chief Finance Officer

Enquiries

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Group Financial Controller	Chief Finance Officer

Unaudited income statement for the 36 weeks ended 26 December 2024

	36 weeks ended 26 December 2024 £m	36 weeks ended 28 December 2023 £m
Revenue	**445.5**	**439.3**
Cost of sales	(125.6)	(123.3)
Gross profit	**319.9**	**316.0**
Administrative expenses	(115.0)	(107.3)
Depreciation and amortisation	(45.8)	(45.8)
Total operating expenses	(160.8)	(153.1)
Operating profit	**159.1**	**162.9**
Finance income	2.9	2.3
Finance expense	(84.6)	(76.3)
Profit before taxation	**77.4**	**88.9**
Taxation	-	-
Profit for the period attributable to equity shareholders	**77.4**	**88.9**

EBITDA is derived from the table above as follows:

	36 weeks ended 26 December 2024 £m	36 weeks ended 28 December 2023 £m
Revenue	**445.5**	**439.3**
Cost of sales	(125.6)	(123.3)
Gross profit	**319.9**	**316.0**
Administrative expenses	(115.0)	(107.3)
EBITDA	**204.9**	**208.7**

Finance expense in the 36 weeks ended 26 December 2024 includes amortisation of deferred issue costs of £3.1 million (FY24: £2.3 million).

Unaudited income statement for the 12 weeks ended 26 December 2024

	12 weeks ended 26 December 2024 £m	12 weeks ended 28 December 2023 £m
Revenue	**151.3**	**151.7**
Cost of sales	(43.5)	(42.7)
Gross profit	**107.8**	**109.0**
Administrative expenses	(39.4)	(39.3)
Depreciation and amortisation	(15.3)	(15.3)
Total operating expenses	(54.7)	(54.6)
Operating profit	**53.1**	**54.4**
Finance income	1.1	0.5
Finance expense	(28.9)	(24.9)
Profit before taxation	**25.3**	**30.0**
Taxation	-	-
Profit for the period attributable to equity shareholders	**25.3**	**30.0**

EBITDA is derived from the table above as follows:

	12 weeks ended 26 December 2024 £m	12 weeks ended 28 December 2023 £m
Revenue	**151.3**	**151.7**
Cost of sales	(43.5)	(42.7)
Gross profit	**107.8**	**109.0**
Administrative expenses	(39.4)	(39.3)
EBITDA	**68.4**	**69.7**

Unaudited balance sheet as at 26 December 2024

	As at 26 December 2024 £m	As at 28 December 2023 £m
Assets		
Non-current assets		
Goodwill	**157.5**	157.5
Other intangible assets	**136.6**	133.6
Property, plant and equipment	**1,483.3**	1,463.2
Right-of-use assets	**33.8**	33.8
Retirement benefit surplus	**2.1**	0.9
	1,813.3	1,789.0
Current assets		
Inventories	**5.3**	5.1
Trade and other receivables	**21.6**	16.5
Current tax asset	**4.3**	7.4
Cash and cash equivalents	**42.0**	31.9
Derivative financial instruments	**3.2**	1.8
	76.4	62.7
Liabilities		
Current liabilities		
Trade and other payables	**(214.7)**	(207.6)
	(214.7)	(207.6)
Net current liabilities	**(138.3)**	(144.9)
Non-current liabilities		
Borrowings	**(2,190.4)**	(2,112.3)
Lease liabilities	**(42.4)**	(41.4)
Deferred tax liability	**(145.4)**	(129.0)
	(2,378.2)	(2,282.7)
Net liabilities	**(703.2)**	(638.6)
Equity		
Equity share capital	**1.0**	1.0
Share premium	**119.9**	119.9
Other reserve	**(154.0)**	(154.0)
Retained earnings	**(670.1)**	(605.5)
Total equity	**(703.2)**	(638.6)

Current trade and other payables include interest and capital accruals totalling £46.0 million (28 December 2023: £42.3 million) and taxation group relief creditors of £4.7 million (28 December 2023: £2.3 million).

Unaudited cash flow statement for the 36 weeks ended 26 December 2024

	36 weeks ended 26 December 2024 £m	36 weeks ended 28 December 2023 £m	**12 weeks ended 26 December 2024 £m**	12 weeks ended 28 December 2023 £m
Cash flows from operating activities				
Operating profit	**159.1**	162.9	**53.1**	54.4
Depreciation and amortisation	**45.8**	45.8	**15.3**	15.3
Working capital movements	**(49.5)**	(55.8)	**(36.6)**	(34.8)
Profit on sale of property, plant and equipment	**(0.2)**	(0.2)	**(0.1)**	-
Difference between the pension charge and contributions	**(1.5)**	(0.6)	**0.2**	(0.2)
Corporation tax paid	**(2.3)**	(3.0)	**(1.3)**	-
Receipts in respect of taxation group relief	**0.9**	1.8	**0.9**	-
Net cash from operating activities	**152.3**	150.9	**31.5**	34.7
Cash flows used in investing activities				
Purchase of property, plant and equipment	**(61.0)**	(57.2)	**(24.4)**	(22.6)
Sale of property, plant and equipment	**0.2**	0.2	**0.1**	-
Interest received	**2.9**	2.3	**1.1**	0.5
Net cash used in investing activities	**(57.9)**	(54.7)	**(23.2)**	(22.1)
Cash flows used in financing activities				
Repayment of external borrowings	**(590.0)**	(440.0)	**(340.0)**	-
Proceeds from external borrowings	**676.0**	-	**346.0**	-
Issue costs on secured debt	**(9.0)**	(3.5)	**(4.5)**	(0.1)
Break costs on secured debt	**-**	(9.4)	**-**	-
Repayment of lease liabilities	**(0.2)**	(0.1)	**(0.1)**	(0.1)
Interest paid	**(61.3)**	(54.1)	**(3.6)**	(0.1)
Dividends paid	**(102.5)**	(72.0)	**(17.0)**	(19.0)
Net cash used in financing activities	**(87.0)**	(579.1)	**(19.2)**	(19.3)
Net increase/(decrease) in cash and cash equivalents, including restricted cash	**7.4**	(482.9)	**(10.9)**	(6.7)
Cash and cash equivalents at the beginning of the period, including restricted cash	**34.6**	514.8	**52.9**	38.6
Cash and cash equivalents at the end of the period	**42.0**	31.9	**42.0**	31.9
Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash and cash equivalents	**7.4**	(482.9)	**(10.9)**	(6.7)
Cash (in)/outflow from movement in debt	**(86.0)**	440.0	**(6.0)**	-
Change in net debt resulting from cash flows	**(78.6)**	(42.9)	**(16.9)**	(6.7)
Non-cash movements and deferred issue costs	**9.0**	(1.1)	**5.2**	(0.3)
Movement in net debt in the period	**(69.6)**	(44.0)	**(11.7)**	(7.0)
Net debt at the beginning of the period	**(2,078.8)**	(2,036.4)	**(2,136.7)**	(2,073.4)
Net debt at the end of the period	**(2,148.4)**	(2,080.4)	**(2,148.4)**	(2,080.4)

Definitions

EBITDA (Earnings before interest, taxation, depreciation and amortisation) is before adjusted items.

Occupancy is the average number of units of accommodation occupied as a percentage of the total number available.

ADR (Average Daily Rate) is the average daily rent (excluding VAT) achieved based on total accommodation income divided by the total number of lodge nights sold.

RevPAL (Rent per available lodge night) is the average daily rent (excluding VAT) achieved based on the total accommodation income divided by the total available number of lodge nights.

Net debt represents third party borrowings less cash and cash equivalents.