

EURO DISNEY S.C.A.

1997 IN REVIEW





*Happiness is being five!*

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## It was the year **to be here!**

Euro Disney S.C.A. is the operating company of the Disneyland® Paris Resort. Opened in April 1992, Disneyland Paris includes a Theme Park, seven themed hotels with nearly 5,800 rooms, conference facilities, Disney® Village and a 27-hole golf course.

The Group also controls 1,300 hectares (3,200 acres) of undeveloped land around the Resort, 32 km from the centre of Paris and with exceptional transportation facilities and infrastructure systems, recently enhanced by direct high speed train links to London, Brussels and most major French cities.

In 1997, consistently high service quality, a spectacular programme to celebrate Disneyland Paris' 5th anniversary and a healthy tourism environment in France have combined to generate strong growth in Theme Park attendance and hotel occupancy, which reached 12.6 million and 78% respectively. Disneyland Paris is breaking all of its previous records as it establishes itself as not only the leading European tourist destination, but also as a leading international conference centre.

In 1997, growth in overall activity together with ongoing cost control and continued improvements in our organisation, have helped to increase net income by 7.5%, to FF 217 million, despite a significant increase in financial charges.

Management has also been looking to the future: several projects have been completed this year at Disneyland Paris and are already providing increased levels of guest satisfaction. In addition, the development team has been working closely with the public authorities and the Company's financial partners throughout the year, to initiate the development of Val d'Europe, the new town at the gates of Disneyland Paris. This project, due to be completed in the year 2000, includes a 90,000 square metre international shopping mall, housing units and offices as well as additional public infrastructure.

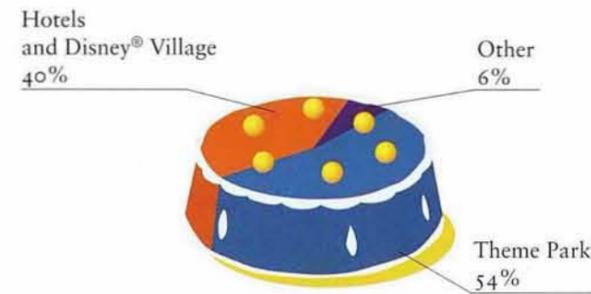
In 1998, the Group will continue to focus on improving the efficiency of its operations, ensuring that the development programme continues to progress and provide entertainment which will, yet again, amuse and amaze our guests. Look out for a Carnival festival from January to March, a new parade themed on the Disney Classics starting in April and many other events throughout the year!



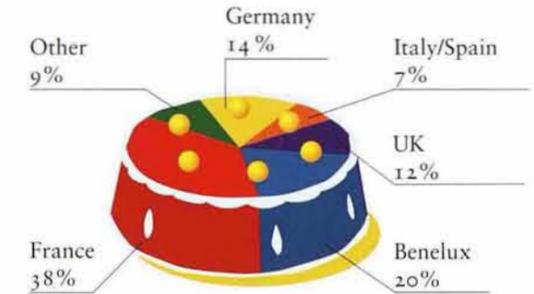
Net income has improved  
 despite  
**higher**  
 financial  
 charges



1997 Breakdown of Revenues by Activity



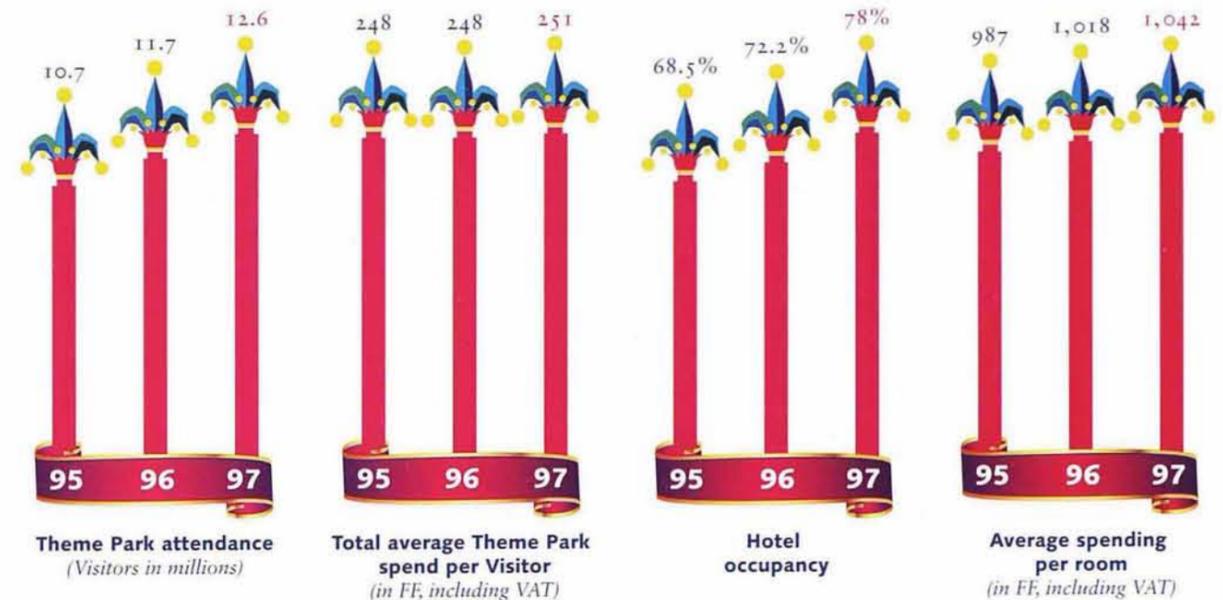
1997 Geographical breakdown of Theme Park visitors



(in FF millions)	1995	Fiscal year 1996	1997
Disneyland® Paris Resort Revenues*	4 572	4 968	5 477
Income before Lease and net Financial Charges	467	724	880
Net Income	114	202	217
Operating Cashflow	308	311	400
Total Debt**	15 118	15 118	15 118
Shareholders' Equity	5 610	5 813	6 038

\* excluding construction sales

\*\* including debt of the unconsolidated phase 1 financing companies





Dear Shareholders,

As you know Disneyland® Paris celebrated its 5<sup>th</sup> anniversary in 1997. These celebrations included a series of special events and new shows which have all been very popular with our visitors. On April 12, with Michael Eisner and Roy Disney, I was proud to become the ambassador of the largest group of actors and dancers ever congregated at Disneyland Paris.

Before telling you about our various development projects, let me first go through the major highlights of this 5<sup>th</sup> anniversary year. We faced a major challenge at the beginning of the year: to continue generating positive results despite the planned increases in our financial charges. Instead of falling, net income has grown by 7.5% compared to 1996, rising to FF 217 million.

The key to our success is in the performance of our marketing and sales strategy. With record attendance of 12.6 million guests and hotel occupancy of 78% in 1997, Disneyland Paris has achieved the best year of its young existence, further confirming its position as the number one tourist destination in Europe.

Whereas our traditionally strong markets – France, Germany and Benelux – remained stable, those which had been lagging – United Kingdom, Italy and Spain – grew strongly. Several factors explain this growth: the integration of transportation into our travel packages combined with the success of the Thalys and Eurostar direct links, a healthy tourism environment and positive movements in exchange rates.

Throughout the year we have kept our marketing strategy focused on our main target group, the European family. But we have also tried to reach out to new markets.

The revamping of Disney® Village, with the opening of the Gaumont multiplex and a wide programme of musical entertainment and other activities, has helped us to attract more young adults and more visitors from the local market.

For our business clients, we inaugurated a second convention centre at the Newport Bay Club Hotel in October 1997. Combined with the current convention centre at the Hotel New York, these new convention facilities are unique in Europe: a prestigious resort, daily capacity for 5,000 conference delegates and all in a unique environment of relaxation and entertainment. Disneyland Paris is now the leading integrated business tourism resort in France. Our objective is to grow our convention activity by 50% in the next three years.

These results are also due to the improved efficiency of our organisation. Before talking of the new structure of our organisation, I would like to highlight the absolutely fundamental role of the men and women who work at Disneyland Paris. Beyond the settings, the unique architecture and all the Disney characters, it is the smiles, the attention and the kindness of our *cast members* that make our guests' experience unforgettable. Therefore we give great importance to the quality of our recruitment, to training and to career planning for our cast members.

To continue to improve the efficiency and coordination of our operations, we changed our operational structure. We went from a geographical organisation on the site – the Park, the hotels and Disney® Village – to a matrix type organisation. This has allowed us to develop our major business lines, such as Merchandise, Food & Beverage or Entertainment, by entrusting one team with the entire chain, from creation to operational management throughout the site.

During 1997, we continued the re-engineering, started in 1996, of our operational and administrative support teams, what we call our “backstage”. The main objectives of this project, called Support 2000, are:

- + to improve working practices ;
- + to upgrade information systems, and ;
- + to increase our purchasing savings.

This project will benefit our margins over the next 3 years and will also allow us to better prepare for our future development projects.

Throughout this fiscal year, we gave a major boost to our real estate development. In the month of December 1997, representatives of the State, the region, the department and the site’s five local communities approved the detailed program for our new development phase.

The major element will be an international shopping centre. Contrary to a traditional shopping centre, it will not be located on the outskirts of an existing city, but set in the heart of a new urban centre. By the second half of the year 2000 this new centre will in turn strengthen the overall tourist destination.

We are very aware of our financial challenges... but the achievements of fiscal year 1997 allow us to face the years to come with confidence.

The 5<sup>th</sup> anniversary celebrations have proved that shows and entertainment, as much as the attractions, play a key role in the experience that we offer to our visitors. 1998 will also be rich in new shows inspired by the great Disney Animated Classics... Yet more emotions and once again our visitors will be entranced by the dreams and the Magic!



GILLES PELISSON  
*Chairman and Chief Executive Officer*



# MANAGEMENT TEAM



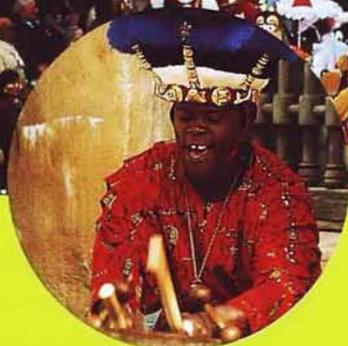
- 1 Gilles Pélisson**  
*Chairman and Chief Executive Officer*
- 2 Jeff Archambault**  
*Special Projects*
- 3 Laurence Clément-Berman**  
*Strategy and Corporate Alliances*
- 4 Dominique Cocquet**  
*Real Estate and General Secretary*

- 5 Bertrand Gaillochet**  
*Marketing & Sales*
- 6 Philippe Misteli**  
*Finance*
- 7 Michel Perchet**  
*Cast Members and Quality*
- 8 Christian Perdrier**  
*Operations*

- 9 Marc Robino**  
*Food & Beverage*
- 10 Jay Smith**  
*Entertainment*
- 11 Philippe Spiette**  
*Merchandise*

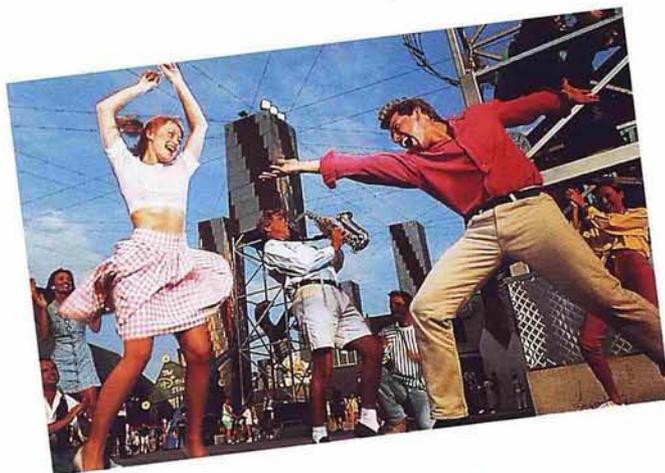


We never forget that  
we too were once *five!*



It is the smiles, the attention and the kindness of our 10,308 "cast members" that make our guests' experience unforgettable. Therefore we depend upon the quality of our recruitment, of our training and of our career planning. We have a rich diversity of cast members from 50 different countries. Today, more than 3,000 cast members are non-French. The organisation of the company into 230 "small worlds", profit centres functioning in a network, allow us to promote autonomy, responsibility and a sense of initiative. Multi-skill training and mobility, across different professions and different teams, is encouraged to both widen cast members' experience and to provide the company with greater flexibility. Disney University provided nearly 50,000 days of training for cast members in 1997 alone. Cast member assessment is being developed in order to ensure that at all levels, progress is measured and appreciated.

5 is an important number,  
but here are some **more...**



**Theme Park.**

To improve guest satisfaction while continuing to cater to the growing Theme Park attendance, the number of shows and special events have not only been increased but also better distributed during the day. As a result, it has been possible to better utilise the existing infrastructures of the Park.

**Hotels.** Changes in the hotel operations have been introduced in 1997 to better accommodate the increase in guests. Hotel reception capacity has been significantly enhanced by the addition of off-site facilities at the Chessy-Marne-la-Vallée station and on the Eurostar and Thalys trains arriving at Disneyland® Paris. A baggage service at the station also allows guests to leave their luggage and go directly into the Park. Their luggage is then taken directly to their hotels.

**Disney® Village.** With an extensive musical entertainment programme throughout the year and the opening of the eight Gaumont cinemas in May 1997, Disney Village is emerging as a wonderful centre for evening entertainment. Meanwhile the Buffalo Bill Wild West Dinner Show continues to attract hotel and Park visitors in its 1,000 seat arena.

**21,000,000**  
products sold  
each year



**Boutiques.** 1997 has also been a record year for our merchandise operations. Park per capita spending and hotel room spending reached the highest levels since Opening. Five boutiques have been completely renovated during the fiscal year, with the opening of a boutique on Main Street, USA dedicated to 101 Dalmatians, and a new sports shop in Discoveryland. The 5th anniversary merchandise line has also been particularly successful.

**78%**  
hotel  
occupancy





### Food & Beverage.

To improve guest flows especially at peak periods, specialised teams for each type of restaurant service, such as table service or counter service have been put in place. Character breakfasts are now being offered to hotel guests at Disney® Village and in the Park in order to reduce peak time pressure in the hotel restaurants. The breakfast menu has also been widened to better cater to the tastes of our guests from Northern Europe. In Disney Village, the opening of the Gaumont cinemas has boosted activity in the restaurants.

# 55,000,000

visitors in 5 years

**Marketing and Sales.** The major marketing theme for 1997 was the 5th anniversary entertainment programme, along with many other special events. The programme has helped to build Park attendance and hotel occupancy throughout the year, especially in the low season. Strong growth in attendance has been achieved from the countries where the cost and the complexity of travel have presented a barrier in the past, such as the UK, Italy and Spain. Travel alliance partnerships with major European transporters have played an important role in providing our guests with good value transportation inclusive packages and a simplified reservation process.



## 5,000,000

BREAKFASTS PER YEAR

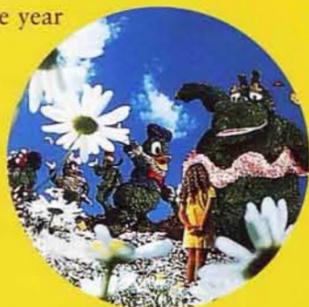


# Our fifth anniversary was full of surprises!

✦ **November 1996 Carnival Parade.** The most extraordinary yet of our daily parades directly inspired by the latest Disney Classic "The Hunchback of Notre-Dame". More than 150 dancers, actors and characters in costume invited the Guests to join the big parade every day.

✦ **January 1997 The anniversary decoration of the Park!** Even Sleeping Beauty's Castle went a little crazy as the Theme Park was decked out in all its finery to celebrate our 5th anniversary. Based on the theme of the medieval carnival, the Castle gained a set of giant multicoloured jester's hats, Central Plaza became Gargoyle Square, and Main Street, USA was covered in 5th anniversary banners. A 5th anniversary song, by the Disneyland® Paris troupe, was launched on CD and played throughout the year in the Park.

✦ **April 1997** On 12th April, a massive European parade including more than 1,000 participants marched or danced down Main Street, USA to celebrate our birthday. Barbara Hendricks sang Happy Birthday, providing us with a spectacular birthday finale.

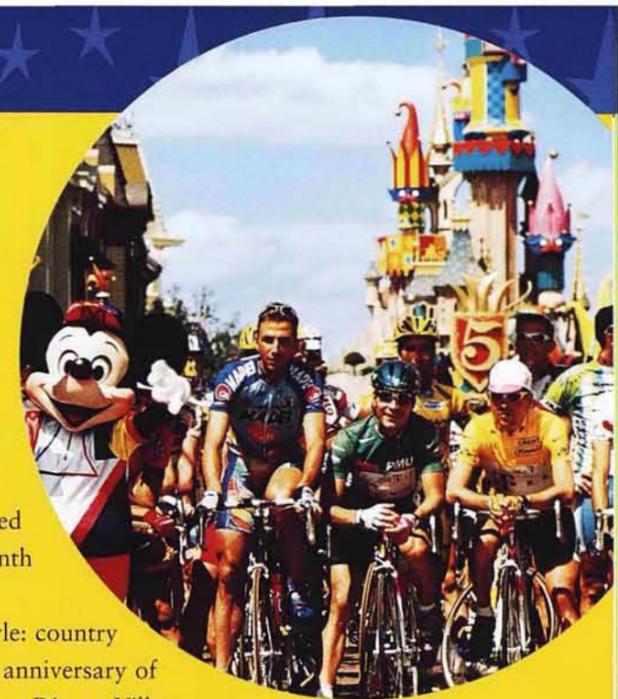


**Festival of Flowers.** Disneyland® Paris came alive in Spring colours with a new Festival of Flowers. Imagine Main Street Train Station covered in fresh flowers... Disney character topiaries dancing around Town Square holding garlands of brilliant blooms...

✦ **May 1997 Disney Classics: The Music and the Magic** is a new musical honouring the great Disney Classics: Peter Pan, Mary Poppins, the Little Mermaid... And for the grand finale, all of the traditional Disney characters come to life before your eyes to greet the newest members of the Walt Disney family, Aladdin, The Lion King and The Hunchback of Notre-Dame.



✦ **June 1997** Music is everywhere in Disney® Village throughout the year. In addition to this, Disney Village celebrated the famous French **Fêtes de la Musique** for the whole month of June, a festival dedicated to music from around the world. In particular, each weekend specialised in a different musical style: country music, flamenco, classical and disco. The 21st June was the 15th anniversary of the "Fête de la Musique" and many bands appeared live on stage at Disney Village, culminating in a giant concert to which guests danced the night away...



✦ **July 1997 The Tour de France** came to Disneyland® Paris... for the second time. Disneyland Paris was the ideal setting for the 20th and penultimate leg of the race, as well as the start of the final sprint to Paris and the Champs-Élysées. Throughout the Summer, morning and evening, Town Square became an attraction in itself as Mickey, Minnie and all their friends congregated to welcome our guests.

✦ **August 1997 Firework's Carnival.** This summer guests were dazzled by a new fireworks show that glittered with a multitude of special effects...

✦ **September 1997 Disney's California Dream** came to Disneyland Paris. You would have seen cool cars, "would-be" stars, roller bladers and beach boys in the daily California Parade. You could have checked out Malibu Beach, grooved to surf tunes, mingled with pom-pom girls and much more!



# A new phase of our development

The first phase of development of the 2,000 hectare site controlled by Euro Disney, was entirely devoted to the construction of the Disneyland® Paris Resort on a site of 600 hectares. Now, based on the strength of the Resort, a new phase has begun. This new development represents the cornerstone for the urban development of Val d'Europe.



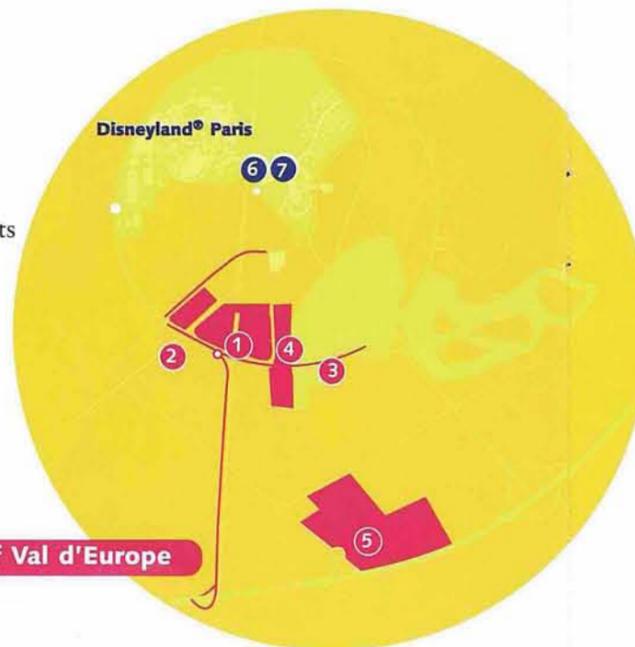
## Launch of the urban development of Val d'Europe.

Val d'Europe will be a place where everything comes together to promote a better quality of life, where a perfect balance is reached between work, leisure and everyday life. The first stage of this development will provide the basic infrastructure on which to build this attractive town and boost the strategic value of the Group's options on the remaining undeveloped land. The first stage includes:

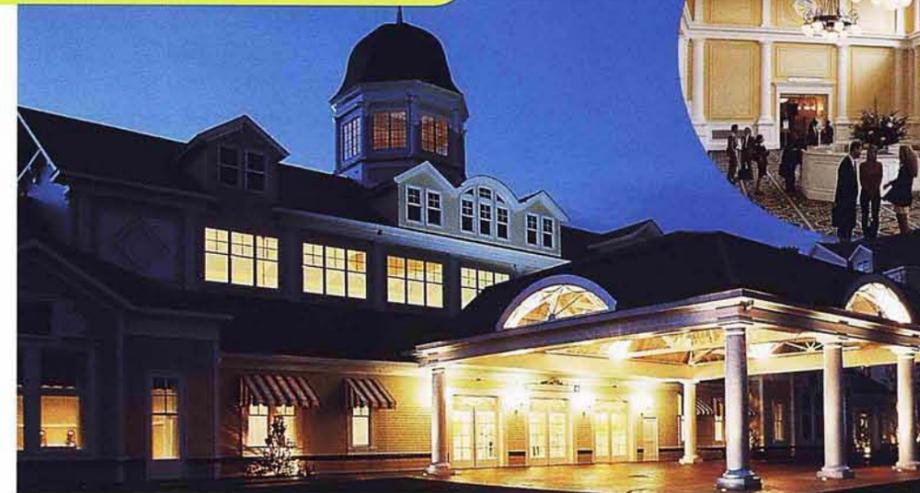
- 1 A large international shopping mall developed by Ségécé, to open in the second half of the year 2000, including:
  - a regional shopping mall of 75,000 sqm, with an Auchan hypermarket, 10 medium-sized stores, 150 boutiques and 25 restaurants
  - The Pavillons de la Mode (Fashion Pavillons), 15,000 sqm of prestigious brand names at discount prices, a truly innovative idea developed by Value Retail
- 2 A second RER station on the site
- 3 The closing of the ring road around the site and other roads
- 4 A highly diversified residential programme of more than 1,610 units
- 5 An international business park strategically positioned at the edge of the A4 motorway, laid out like a garden over 33 hectares.

Construction is due to start in April 1998. The first stage of this development will be financed entirely by third parties.

Development plan of Val d'Europe



## Second Conference Centre



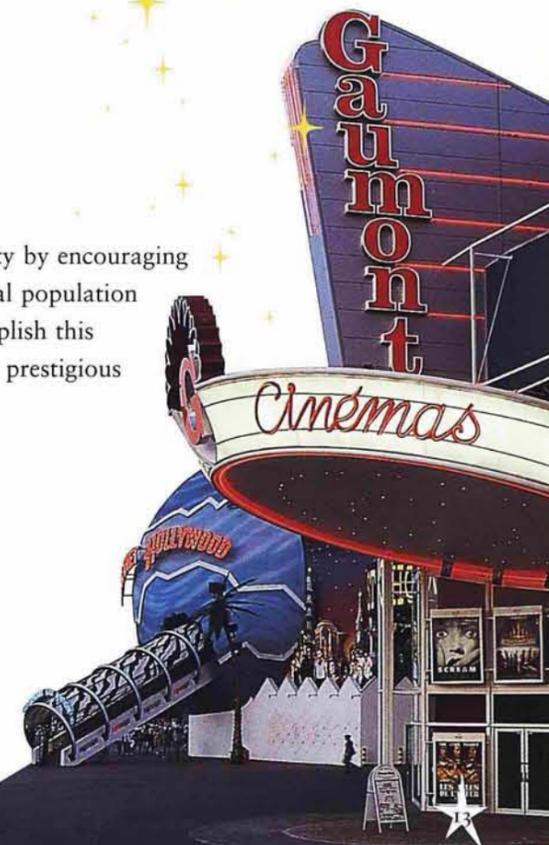
The Newport Bay Club Convention Centre opened its doors at the beginning of October 1997. Already, the Hotel New York Convention Centre generates approximately 6% of all room-nights. This new Centre will help to further build weekday and low season occupancy over the next few years. The 5,500 sqm Centre provides complimentary services to the Hotel New York convention facilities, with a 1,800 sqm ballroom equipped with the most sophisticated theatre facilities, 3,000 sqm of exhibition space and 23 smaller committee rooms.



Disney® Village extension. The objective is to increase activity by encouraging the hotel guests to prolong their stay at Disneyland® Paris, and the local population to come and spend their evenings at Disney Village. We hope to accomplish this by broadening the entertainment and restaurant offering by bringing in prestigious partners with the capacity to invest in superb infrastructures.

- 6 1<sup>st</sup> step: Opening of Planet Hollywood in July 1996
- 7 2<sup>nd</sup> step: Opening of the 8-screen Gaumont Cinemas in May 1997  
A further seven screens are planned to open in 1998

The results are already being seen: Disney Village contributed to the growth in Resort revenues in 1997.





## The Shareholders Club

Established for individual shareholders, the Euro Disney Shareholders Club has now been operating for two years. It provides members with quarterly information letters on the results of the Group. Through its dedicated telephone lines, members are offered a personalised service for additional financial information on the Company, or for assistance in organising their trip to Disneyland® Paris.

## Share Price Performance

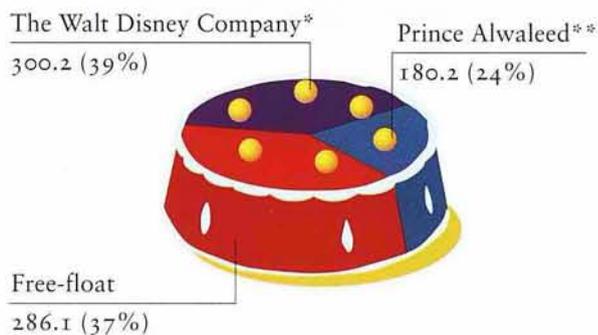


## Market Capitalisation

	Fiscal year		
	1995	1996	1997
Number of shares (million)	765	765	767
Market Capitalisation (FF billion), as at September 30	12.1	8.8	6.3
Share Price: High (FF)	19.90	10.60	11.50
Low (FF)	9.80	7.40	8.00

## Shareholder Breakdown

(at September 30, 1997  
number of shares (million) and %)



\* via its fully-owned subsidiary EDL Holding Company

\*\* via his fully-owned company KINGDOM 5-KR-21, Ltd

## Stock Exchange Information

Euro Disney has several different investment vehicles:

- The most common are the shares (Sicovam code: 12587),
- A 6.75% convertible bond, 2001 (Sicovam code: 8521) issued in 1991,
- A warrant (Sicovam code: 51472), issued free of charge to existing shareholders on record as at 14th June 1994.

Registration facilities have been made available in the UK for British holders of the convertible bond and the warrant.

## Stock exchange activity

		PRICE AS AT SEPTEMBER 30 1997	1997 AVERAGE DAILY VOLUME
Shares	Paris	FF 8.15	430 500
	London: Local	£0.84	11 700
	London: SEAQ International	FF 8.20	270 000
	Brussels	BFR 51.00	101 300
Convertible	Paris	FF 159.50	36 400
Warrant	Paris	FF 0.74	118 400

*For all queries regarding the registration of any of your holdings in Euro Disney S.C.A., please contact:*

**France** Banque Credit Agricole Indosuez, 9 quai du Président Paul Doumer, 92400 Courbevoie  
Tel: 33 (0)1 41 89 31 51

**Belgium** Cera Investment Bank: 14 place Sainte-Gudule, B-1000 Bruxelles

**United Kingdom** Shares and Warrants: Royal Bank of Scotland, PO Box 82, Caxton House, Redcliffe Way,  
Bristol BS99 7NH

Convertible Bond: National Westminster Bank PLC, Centralised Securities Office, PO Box No 10,  
National Westminster House, Station Way, Crawley, West Sussex RH10 1JE

## Corporate Governance

The Euro Disney S.C.A. structure introduces under French law, a clear distinction between the Management Team (the Gerant), responsible for operating the Company, and the Supervisory Board, responsible for overseeing the management of the Company. The Supervisory Board is charged each year with providing to shareholders a report regarding the statutory accounts and management of the Company. The Supervisory Board Member's Charter stipulates that a member of the Board must personally own at least 1,000 shares in the Company and has a moral obligation to dedicate sufficient time and energy to his position and therefore should avoid an excess of directorships.

### Supervisory Board

#### *Chairman of the Supervisory Board*

+ Mr Antoine Jeancourt-Galignani, Président-directeur général, AGF.

#### *Members of the Supervisory Board*

+ The Honourable Lord Grade of Elstree, Chief Executive, Grade Enterprises Ltd.

+ Mr Philippe Labro, Vice-Président, Directeur général, RTL.

+ Mr Sanford M. Litvack, Senior Executive Vice President and Chief of Corporate Operations,  
The Walt Disney Company.

+ Dr. Jens Odewald, Chairman of the Supervisory Board, Bodenverwertungs und -verwaltungs GmbH  
and Eurobike AG

+ Mr Jean Taittinger, Président-directeur général, Société du Louvre ; Président d'honneur, Banque  
du Louvre ; Administrateur, Cie des Cristalleries de Baccarat.

+ Mr Francis Veber, President, EFVE Films, Escape Films Production Co.

Four Supervisory Board meetings were held in fiscal year 1997. The attendance rate of the members of the Board at the meetings was 96%.

During the meeting of November 12, 1997, the Supervisory Board created a Financial Accounts Committee to review financial reporting and external audit issues. Composed of three members, the specialised sub-committee of the Supervisory Board will meet on an ad hoc basis starting in fiscal year 1998 and will report to the full Board. The initial members of the Committee will be Mr. Antoine Jeancourt-Galignani, Mr. Jean Taittinger and Dr. Jens Odewald, subject to renewal by the General Meeting of Mr. Taittinger's appointment as member of the Board.

We would like to thank our corporate partners  
for making the 5th anniversary even more magical!



France Telecom



PHILIPS



IBM



**Hertz**



RENAULT



Euro Disney S.C.A. Service Relations Investisseurs - B.P. 100 - F-77777 Marne-la-Vallée cedex 4  
Tel: 33 (0)1 64 74 58 55 - Fax: 33 (0)1 64 74 56 36 - Internet: <http://www.disneylandparis.com> (rubrique: Institutionnel)  
Minitel: 36 15 EURO DISNEY \* ACTIONS (FF 1.29/min) (France only)



***It was a great party. See you next year!***

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*And don't miss the  
Disney Classics in 1998!*

