

Media release

Bad Ragaz, 16 April 2009

Financial year 2008 Grand Resort Bad Ragaz AG:

**A QUANTUM LEAP ON THE WAY TO BECOMING THE
LEADING WELLBEING AND MEDICAL HEALTH RESORT IN
EUROPE! RECORD OCCUPANCY RATE OF 82%, SUCCESSFUL
CASINO**

- **The forward-looking investment programme amounting to CHF 160 million¹ is about to be completed on schedule**
- **Although the closure of the Grand Hotel Hof Ragaz and the Tamina Therme necessitated by the construction work resulted in an annual loss, this turned out to be lower than expected thanks to the record occupancy rate of 85% in the Grand Hotel Quellenhof and to the success of the casino**
- **Thanks to the gratifying cash flow and successful capital increase, the balance sheet remains strong despite heavy investment**

The forward-looking investment programme amounting to CHF 160 million is about to be completed on schedule

During the 2008 financial year, the **Grand Resort Bad Ragaz** took a further giant step towards the vision of becoming the **leading wellbeing and medical health resort in Europe**. The extensive construction programme carried out by the Resort and **Tamina Therme** business units with investments amounting to around CHF 160¹ million will be completed on schedule in the first half of 2009.

The **Grand Hotel Hof Ragaz**, refurbished and upgraded to a five-star establishment with a new central section and spacious suites, a new reception, lobby, Salon Davidoff and two new restaurants featuring Asian and Mediterranean cuisine, has already been open since the start of April 2009 following a one-year closure (partial opening of 70 rooms in mid-September 08).

¹ *(Building investment CHF 160 million, together with declining balance depreciation, construction interest and other exceptional costs of around CHF 200 million)*



The **Grand Hotel Quellenhof** new building containing 56 exclusive Spa Suites with their own thermal spa water supply as well as a 440m² Penthouse Suite will be ready for guest occupation from May 2009. The almost-complete total renewal and expansion of the Wellbeing and Medical Health areas make the **Grand Resort Bad Ragaz** the largest wellbeing und medical health resort in Europe. On completion of the new buildings, the area available to guests for wellbeing and medical health, including the Tamina Therme facilities, will total 12,800 square metres.

The **Kursaal**, now converted into a modern **business und events center**, which came into full operation in 2008, has developed into an extremely popular venue for business and private events.

The **Tamina Therme** which had deteriorated somewhat over the course of the years was closed and demolished at the beginning of March 2008. Following a 14-month construction time, the new Tamina Therme will reopen on 12 June. Thanks to the fascinating architecture of the white-painted spruce construction, the result is a thermal spa landscape typified by sensuousness, beauty and enduring character. The new thermal baths, with separate sauna landscape, modern wellness and massage programmes, shop and integrated restaurant will provide interesting new stimuli for day visitors and for the region.

Annual loss resulting from the construction work turns out be less than anticipated

In view of the intensive building activity and the closure of the **Grand Hotel Hof Ragaz** and **Tamina Therme** business units, we have succeeded in achieving a satisfying operating result in the financial year under review. Compared to the previous year, consolidated turnover declined from CHF 99.1 million to CHF 80.5 million due to the reduced capacity. Earnings before interest, taxes, depreciation and amortisation (EBITDA) from normal business activities (before exceptional expenditure) amounted to CHF 7.7 million (previous year: CHF 19.9 million). The consolidated EBIT amounts to CHF -7.1 million (previous year: CHF -1.0 million) including exceptional expenditure of CHF 5.5 million (previous year: CHF 11.2 million).

The consolidated annual loss for the **Grand Resort Bad Ragaz AG** after exceptional expenditure amounts to CHF 10.4 million. This is less than the assumptions used as a basis for the planning. The improvement is attributable on the one hand to a better than anticipated occupancy rate of 82% in the reduced room capacity of 157 rooms (previous year: 237 rooms) and to a slightly higher average room rate. On the other hand, we have again succeeded in increasing the turnover and operating result for the **Casino Bad Ragaz AG**.



Thanks to the gratifying cash flow and successful capital increase, the balance sheet remains strong despite heavy investment

Despite the closure of various business units on account of the construction work, it was possible to achieve a positive cash flow from normal business activities of CHF 6.6 million (previous year: CHF 19.5 million) before the exceptional expenditure arising from the rebuilding and new building project.

Investments in the same period amounted to CHF 95.3 million.

The capital increase resulted in a gross underwriting revenue for the company of CHF 41.5 million.

With an equity ratio of 39.6% or CHF 110.6 million, the balance sheet is extremely sound.

Thanks to the available liquidity and credit limits, successful conclusion of the current investment plan is assured.

Outlook

The 2009 financial year is proceeding very successfully to date. Thanks to the demand for the wellbeing and medical health offers, the resort has a good level of advance reservations.

Openings / Diary dates

- 10 April 2009 Opening of the Grand Hotel Hof Ragaz including the restaurants
- 1 May 2009 Opening of the 56 Spa Suites / Spa Lofts
- 10 June 2009 Media conference: Grand opening
- 12 June 2009 Opening of the Tamina Therme public thermal spa
- 27/28 June 2009 Open Day

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