

2009 financial year of Grand Resort Bad Ragaz AG:

- **Repositioning of the Grand Resort Bad Ragaz as the leading wellbeing & medical health resort in Europe**
- **Comprehensive building refurbishment and expansion of the resort to ensure business success the 21st century completed, and new areas successfully opened**
- **Consolidated revenues exceed the CHF 100 million mark for the first time in the company's history**
- **Successful reopening of the totally refurbished and expanded resort. The 22% larger room capacity of 289 suites and rooms already operated at 70% occupancy in the opening year**
- **The well-known Tamina Therme – wellbeing oasis for the general public – was given a new, trendsetting look**
- **Casino Bad Ragaz achieved a new visitor record in 2009, welcoming 167,215 guests**
- **Wolfgang Werlé to succeed Willy Kissling as Chairman of the Board of Directors**

Consolidated business results: for the first time in the company's history, revenues exceeded CHF 100 million, with a positive operating result (EBIT)

The reopening of the resort took place in the middle of the most severe global economic crisis since the end of the 1920s. Although only part of the hotel's capacity was available at the beginning of 2009 and the Tamina Therme did not commence operation until the middle of the year, Grand Resort Bad Ragaz AG reached the CHF 100 million mark for the first time with consolidated revenues of CHF 100.5 million (25% higher than in the previous year).

Consolidated EBITDA amounted to CHF 14.3 million and EBIT to CHF 0.6 million (before CHF 2.2 million exceptional costs in connection with the renovation and construction project). A loss of CHF 6.4 million was recorded for the opening year after exceptional costs, interest charges and taxes.



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High investment, satisfactory cash flow and equity ratio

During the year under review, total investments of CHF 64.8 million were carried out, primarily in connection with the renovation and construction project. These investments were financed through the cash flow from business activity and the existing credit lines. Although the cash flow from business activity fell short of the long-term average in the year under review, at CHF 13.1 million (before exceptional costs) it remains at a respectable level and was even increased by CHF 6.5 million over the previous year. The balance sheet remains strong with an equity ratio of 31% despite considerable investment in the last three financial years.

Grand Hotels: 70% room occupancy, Hotel of the Year 2009 and 45 GaultMillau points

By the end of the opening year, the hotels were already able to report a high rate of regular guests and a gratifying 70.2% occupancy of the 22% larger room capacity (now 289 suites and rooms); bearing in mind the economic crisis, this represents an above-average level compared to others in the sector. Following the opening of the Spa Suites Tower in May 2009, the Grand Hotel Quellenhof & Spa Suites now also features 55 spa suites and spa lofts as well as a penthouse suite, all of which set new standards in the sector. The Grand Hotel Hof Ragaz has been fully operational again since Easter 2009, now with a five-star classification.

Our efforts were already rewarded in the opening year. The resort became the only hotel to receive the coveted “Hotel of the Year” award from GaultMillau Switzerland for a second time, the first occasion having been in 1998. We once again demonstrated our leading position in the culinary area as well. With a grand total of 45 GaultMillau points shared among three restaurants, the resort is now Switzerland’s number one in this respect, too: 17 GaultMillau points were awarded to the gourmet restaurant Äbtestube, 15 to the international spa cuisine in the Bel-Air and 13 to the new Asian restaurant Namun.

“To B. Wellbeing & Medical Health”: the infrastructural foundations are in place

The reopening of all “To B. Wellbeing & Medical Health” sectors focused on taking full advantage of the symbiosis of our own strengths and capabilities. We supplemented our long-established and successful use of thermal spa water and our acknowledged expertise, above all in the fields of wellbeing and conventional medicine, with elements from alternative medicine, thereby creating the basis for novel, holistic offers.

Luxury massages, special treatments and enhanced personal training programmes were added to round off the world of wellbeing created in the “*To B. Wellbeing & Spa*” market segment, a world which offers a new experience following completion of the Andeer Private Spa, the Wellbeing Center, saunas and relaxation rooms.

At the same time, in the *preventive care* market segment, we developed modules and check-ups which will provide health and performance-oriented guests with a holistically conceived opportunity to comprehensively address subjects such as sleep, weight, fitness, performance and beauty as part of a stay lasting several days.

The *revitalisation* market segment recorded an upturn in the first full financial year of the Medical Health Center. Following the opening of the new Therapy Center and specially constructed therapy pool in 2008, as well as the renovation of the Medical Center – particularly



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in the field of radiology – and the reopening of the public Tamina Therme, there was a significant recovery in demand for physiotherapy and medical massages.

Business & Events: positive trend in a volatile environment

It is gratifying to report that despite the economic crisis, the Business & Events area succeeded in achieving a marked increase in capacity utilisation and profitability in the second year since beginning the systematic development of this business sector. The objective is to retain this dynamism and to make use of the extensive additional services within the resort to further increase capacity utilisation in the coming years.

Golf: increase in the number of golf-playing guests

At 93.5%, the 18-hole PGA Championship Course set a capacity utilisation record – attributable no doubt to the gratifying increase in the number of golf-playing guests at the hotels. At the same time, however, the number of rounds of golf played on the Heidiland 9-hole Executive Course failed to meet expectations.

Tamina Therme AG: wellbeing oasis for the general public

The new Tamina Therme opened as scheduled on 12 June 2009. Having made an investment of CHF 40.8 million, we are able to offer the local population a modern wellbeing oasis with saunas, steam baths, relaxation and treatment rooms. The fascinating architecture delights spa guests, and experts have been lavish in their praise. After a slow start, the number of visitors rose upon the arrival of the colder months of the year.

Casino Bad Ragaz AG: successfully holding its own in a saturated market

In 2009, the Casino Bad Ragaz set a new visitor record, welcoming 167,215 guests, and achieved a turnover of CHF 28.8 million, missing the record figure of the previous year by a very small margin. Thanks to its innovative entertainment programme, the Casino Bad Ragaz held its own in the sector and accomplished above-average results. The 2009 financial year was the second-best since the casino opened in 2002. With gross gaming revenues of CHF 26.2 million, the casino achieved an operating result (EBIT) of CHF +6.9 million.

Wolfgang Werlé to succeed Willy Kissling.

Following the completion of renovation and construction work and the repositioning of the resort, Willy Kissling is stepping down after 13 years as Chairman and member of the Board of Directors after the upcoming Annual General Meeting. The Board of Directors has designated Wolfgang Werlé, a Board member since 2005, to succeed him.

Michel M. Favre is also stepping down from the Board of Directors due to reaching the maximum age limit.

Outlook

The economic crisis continues to make its presence felt in 2010. However, the growing importance attached to health by the general public may well help to bring about a further



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increase in demand in the areas of wellbeing, preventive care and revitalisation, even in economically difficult times. Those who have carried out timely, long-term investments are well equipped for the future. This is why we are expecting business results to exceed the sector average once again in 2010.

Against this background, we are very much looking forward to celebrating the 100th Annual General Meeting of our company with you on 16 June 2010.

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Annex

On the resignation of Willy Kissling (66) as Chairman of the Board of Directors

Willy Kissling was elected to the Board of Directors of the newly built Grand Hotel Quellenhof as chairman after its opening in 1997. In addition to this role, he served as Chairman of the Management Board until 2000. The years of his chairmanship were marked by steady growth in revenue and profit by Thermalbäder und Grand Hotels AG.

In an initial phase, the management of the company was raised to strictly professional levels and the strategy oriented to guest segments. Among the developments undertaken in this period were the construction and opening of the Casino Bad Ragaz and the Heidiland 9-hole Executive Golf Course. At the same time, net indebtedness after building the Grand Hotel Quellenhof was successfully reduced by CHF 100 million from approx. CHF 160 million to approx. CHF 60 million by the beginning of 2007.

In a second phase, the financial progress already achieved enabled the initiation and realisation of the extensive renovation and construction work aimed at repositioning the company as the leading five-star wellbeing and medical health resort in Europe. It included the construction of the Spa Suites Tower with 56 new spa suites and spa lofts, the upgrading of the Grand Hotel Hof Ragaz to a five-star establishment, the new Olives d'Or and Namun restaurants, the new Business & Events Center, the construction of the Therapy Center and the renovation of the Medical Center together with the highly acclaimed reconstruction of the Tamina Therme for the local population. Following the successful opening of the new buildings in the course of the past year, Willy Kissling is handing over the chairmanship of the Board of Directors after 13 years to Wolfgang Werlé.



Willy Kissling, Chairman from 1997 - 2010
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Wolfgang Werlé, new Chairman of the Board of Directors of Grand Resort Bad Ragaz AG

Wolfgang Werlé, born in 1948, is a German citizen and grew up near Frankfurt am Main. After graduating in business management at the University of Applied Sciences, Frankfurt am Main, he took on management responsibilities in the catering area with Deutsche Lufthansa AG. Initially Wolfgang Werlé became Deputy Manager of the Cologne catering facility, after which he was responsible for setting up and managing the Nuremburg catering facility. In 1982 he joined the family-owned company Kolata's Spezialitäten GmbH, a leading delicatessen product manufacturer based in Münster/Westphalia, as managing partner. Following the sale of the family business, he rejoined LSG Lufthansa Service GmbH in 1988, where he was responsible for the worldwide expansion and positioning as the leading global airline catering company. In addition, as Director of Customer Service, he was responsible for international VIP airline customers.

In 1992, he joined the Swissair group where, among other things, he expanded the catering area to become a leader in its field in the form of the Gate Gourmet company. From 1996 to May 2001, he was also Chairman of the Board of Directors of Swissôtels, International Hotels & Resorts, a hotel group with 26 hotels in Europe, Asia and the USA. The successful sale of Swissôtels to the Singapore-based Raffles Group was also completed under his leadership.

In 2001 Wolfgang Werlé joined Hiestand Holding AG, a stock-market-quoted company and leading international producer and distributor of deep-frozen bakery products, as Delegate of the Board of Directors and CEO. In 2007, he became Chairman of the company's Board of Directors. Following the merger of Hiestand with its largest shareholder, the Irish IAWS group, and the foundation of Aryzta, Wolfgang Werlé left the company in 2008. Through his companies Quattrum AG and Newcore AG, he takes shares in and advises companies in the food and lifestyle business. He also holds directorships in well-known Swiss companies.

Since 2005, Wolfgang Werlé has been a member of the Board of Directors of Grand Resort Bad Ragaz AG and a member of the Audit Committee. During this period he has been closely involved in the successful development of the Grand Resort Bad Ragaz and has contributed valuable input based on his experience in the food and hotel sector.



Wolfgang Werlé
New Chairman