

# Club Med buys Jet Tours amid talk of takeover bid

By Samir Iskandar in Paris  
Club Méditerranée, the French holiday resort operator, yesterday said it had agreed to buy Jet Tours, France's third largest tour operator, for FF485m (€74m/£77m).

The announcement surprised analysts, who had been speculating that Club Med itself was about to become the target of a takeover bid. Several leisure and tourism groups are known to be interested in Club Med, including Accor, the French hotel and business services group, and Germany's Preussag, which said it had already approached Club Med.

Club Med shares closed 0.4 per cent lower at €91.6

after rising more than 10 per cent earlier, this week on takeover speculation. Yesterday's deal, which will raise Club Med's annual sales to more than FF10bn for the first time, does not remove the threat of a bid for the enlarged group.

If anything, the transaction, which is earnings-enhancing from the first year, makes Club Med more attractive, analysts said. However, any potential bidder is likely to face opposition from Italy's Agnelli group, which recently increased to just over 20 per cent the stakes held by its subsidiaries Exor and Ifil.

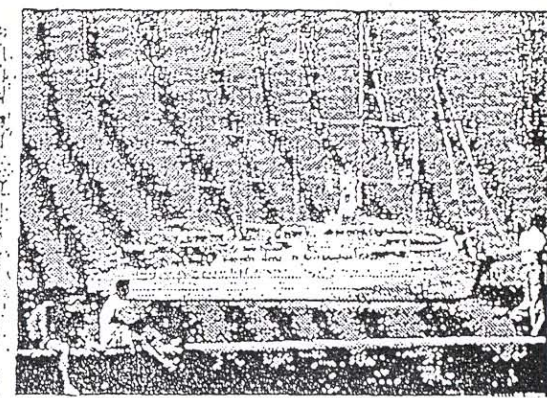
Phillippe Bourguignon, Club Med chairman, said he would welcome an alliance with a foreign partner, but

ruled out a takeover. "If there is a foreign group who can help develop in France, and they can help us expand in their home market, then we are ready to talk," he said. "But it would have to be an alliance of equals."

Club Med and Jet Tours said they had identified synergies of FF30m, notably in purchasing and logistics, to be achieved within two years. The acquisition would have a "slightly positive" effect on earnings per share in 2000, to be followed by "significant improvement" in 2001.

Mr Bourguignon also said the acquisition would result in increased negotiating power in purchasing seats from airlines.

Jet Tours, which had oper-



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ating losses of FF69m in 1997/98 under the management of Air France, the then state-owned airline, has made an impressive comeback in the past year. The company was sold in May 1998 for a symbolic FF1 to its current management (30 per cent), tourism group Teker (34 per cent) and TCR, an investment fund (36 per cent). It had operating prof-

its of FF17m and net profits of FF33.3m on sales of FF1.6bn in the financial year to March 1999.

René-Marc Chikil would remain chairman of Jet Tours. "The existing management has achieved a spectacular turnaround," Mr Bourguignon said. Air France is to receive more than a quarter of the sale's proceeds.