Fosun International Ltd

Club Med pushes winter sports in China with ski schools plan

Fosun-owned resorts group plans expansion ahead of 2022 Olympic Games in Beijing



Skiers at the Genting ski field at Chongli, north of Beijing, one of the venues for the Winter Games in China in 2022. Club Med is capitalising on interest in the event by opening 10 ski schools in China © AFP

Tom Hancock in Shanghai FEBRUARY 22 2019

Club Med, the French resort company owned by China's Fosun Group, will open up to 10 ski schools in China over the next year as it seeks to capitalise on a state-led sports push ahead of the 2022 Winter Olympic Games in Beijing.

The company opened its first school in January in co-operation with French ski training company École du Ski Français. Between five and 10 similar facilities will open by next winter, according to Gino Andreetta, Club Med's China chief executive.

Chinese president Xi Jinping has endorsed plans for 300m Chinese people to take up ice and snow sports by 2022, when China hosts the Winter Games for the first time.

"President Xi's vision of having 300m ice and snow lovers, we can participate in it," Mr Andreetta told the FT, adding the schools would train thousands of skiing teachers in China, where only half of ski instructors were properly certified.

China's 742 ski resorts had about 21m visits last year, according to state media, with 39 new facilities opening last year.

1.36m

Total number of visitors to Club Med resorts worldwide in 2018

China's insurance-to-margarine conglomerate Fosun Group acquired Club Med in 2015 for $1.09bn, in one of the highest-profile Chinese outbound deals to date. It listed the company on Hong Kong's exchange in

December as part of the Fosun Tourism unit, raising $426m.

Fosun Tourism posted an adjusted net loss of Rmb53.32m ($7.9m) for the first half of 2018 on revenue of Rmb6.7bn, of which Club Med contributed 96 per cent.

About 40 per cent of Club Med's 1.36m visitors worldwidewere French and 20 per cent Chinese, Mr Andreetta said.

In addition to ski schools, the company will open at least one Club Med branded resort annually in China over the next few years, he added. The group runs six such facilities in China, split between beach and mountain areas.

China is the second-largest market for the company by revenue and visitor numbers with both showing "strong double-digit growth" according to Mr Andreetta.

Chinese resorts are adapted to local tastes with the addition of ping pong and mah-jong tables, with most visitors "middle or upper middle class" three-person families, said Mr Andreetta. Multi-generation family visits are a fast-growing trend.

"In Europe it's the grandparents inviting their children and grandkids, whereas in China it's the parents that bring the kids and their grandparents," he said.



Guo Guangchang, Fosun's chairman © Reuters

Winter sports are a way for Club Med to distinguish itself from rivals such as France's Center Parcs, which also has expansion plans in China. "The fear of Chinese families is that snow and ice are dangerous. We want to be the ones who will make Chinese ski and snowboard in the safest way," said Mr Andreetta.

But safety has recently been an issue for the company. Fosun Tourism said this month that eight guests had been diagnosed with norovirus, the most common cause of gastroenteritis, which can cause vomiting and diarrhoea, at its Yabuli winter resort in northern China.

After reports of the incident circulated online, Guo Guangchang, Fosun's chairman, vowed the group "would not tolerate any possible management problems" at Yabuli.

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