

## **TMR posts an 18.1% revenue growth for 2016/17**

**LIPTOVSKÝ MIKULÁŠ** (28 February 2018) – **Tatry mountain resorts, a.s. (TMR) reported an 18.1% revenue growth with the total of EUR 95.9 mil. for the financial year 2016/17.**

TMR, a regional leader in the operation of mountain resorts and in the provision of tourism services, **today released annual results for the financial year 2016/17** – the period from 1 November 2016 to 31 October 2017. Consolidated revenues of TMR grew **18.1% to EUR 95.9 mil.**, whereas operating profit **EBITDA improved 25.5% to 31.5 mil. EUR.**

*“The winter 2016/17 was very strong, with ideal snow conditions throughout most of the season, ending with a solid Easter and skiing also through April in the Tatras, which got reflected in the growth of visit rate. TMR’s hotels were yet again fully occupied during peak periods. Our unique product, Smart Season Pass, used by most of our all-season clients, also helped us. The offer of Grandhotel Praha, which provided its clients with comfort in newly renovated rooms, was the highlight in the High Tatras. In the Low Tatras we broadened our offer with the new Hotel Pošta. In the summer season with a grand style we opened to public the newly renovated Polish park Legendia with numerous rides, new themes, and a new brand. The unique roller coaster, Lech Coaster, was the most popular attraction. Our personalized products and services through the Gopass program also contributed to the results. Thus, we want to continue to motivate our clients to register in our loyalty program. As of the end of the financial year, we had 665 thousand registered clients, a 44% increase, also achieved thanks to our mobile app. Online purchase of ski passes and tickets to the parks via the Gopass e-shop continues the upward trend and last year contributed with 24% to total sales in the Tatras and improved 15% year-over-year. Our cooperation with all lodging providers who used our service of ski passes ‘on the pillow’ was successful, as well as our cooperation with regional district tourism organizations. We regularly supported operations of our resorts and parks with our now regular events and attractions, such as the popular Ice Dome at Hrebienok. In our Real Estate segment we observed a considerable recovery. We were selling bungalows Holiday Village Tatralandia, Chalets Jasná de Luxe at Otupné and in the new Hotel Pošta\*\*\*\* we completely sold out all apartments designated for sale. We also finished the first phase of the Jasná Center project with a two-story building, which houses a complete visitor service center. As for growth investments, last year we invested EUR 65 mil. Out of that EUR 44 mil. were invested into modernization of our Polish projects – the Szczyrk mountain resort and Legendia – Silesian Amusement Park”, Bohuš Hlavatý, TMR’s CEO and Chairman of the Board of Directors, commented on the results.*

We recorded growth in the number of skier days in Mountain Resorts (+7.8%) to 2.286 mil. especially in the winter season. In Leisure Parks the number of visitors increased 9.0% to 855 thousand. The higher visit rate and visitor spending in Mountain Resorts (+3.3%) and in Leisure Parks (+9.6%) were the key drivers of the double digit percentage revenue increase. Moreover, the long-lasting impact of the massive investment projects of development of the Tatra resorts and hotels from prior periods totaling EUR 230 mil. at the end of 2016 was reflected in the

Group's results also in the last year and justified an increase of ticket prices, although the average revenue from online sale of ski passes remained unchanged. Besides higher average revenue per visitor in the mountain resorts and leisure parks, TMR managed to increase visitor spending also on ancillary services such as Dining (+7.1%) and Sports Services & Stores (+11.3%), thus the share of these segments on the Group's total revenues increased again. Lastly, the sale of completed real estate projects also boosted the results.

During the year TMR invested EUR 65.1 mil. In the past year TMR focused its investment activity on the Polish mountain resort Szczyrk and Silesian Amusement Park Legandia, where it invested more than EUR 44 mil. In Slovakia investments flowed mainly into real estate projects and infrastructure.

Selected Consolidated Results (IFRS)	For the Year Ended October 31	
in €'000	2016/17	2015/16
Sales	95 683	80 577
Other Operating Revenues	227	625
<b>Total Revenues</b>	<b>95 910</b>	<b>81 202</b>
Cost of Sales	-16 393	-13 062
Personnel and Operating Costs	-49 063	-43 671
Other Gain/ Loss	1 062	642
<b>EBITDA</b>	<b>31 516</b>	<b>25 111</b>
<i>EBITDA Margin</i>	32,9%	30,9%
Depreciation & Amortization	-13 828	-13 036
<b>EBIT</b>	<b>17 688</b>	<b>12 075</b>
Interest Income	2 058	1 336
Interest Expense	-12 094	-10 958
Income from Financial Instruments, net	169	1 605
<b>Pre-tax Income</b>	<b>7 821</b>	<b>4 058</b>
Income Tax	-831	-1 312
<b>Net Profit</b>	<b>6 990</b>	<b>2 746</b>
<b>Total Comprehensive Income</b>	<b>7 146</b>	<b>2 671</b>
<b>EPS (€)</b>	<b>1,099</b>	<b>0,456</b>

	October 31	
Financial Position in €'000	2016/17	2015/16
Total Assets	437 972	375 701
Non-current Assets	353 128	308 365
Fixed Assets	333 718	283 133
Other Non-current Assets	19 410	25 232
Current Assets	84 844	67 336
Liquid Assets	9 584	7 493
Equity	113 149	106 003
Liabilities	324 823	269 697
Non-current Liabilities	286 277	239 197
Current Liabilities	38 546	30 500
Total Debt	279 320	229 804

## Detailed results by segments:

### **Mountain and Leisure**

Thanks to the high level of the services offered that attracted yet again a higher number of visitors in Mountain Resorts and Leisure Parks, the main segment of Mountains and Leisure, which includes subsegments of Mountain Resorts, Leisure Parks, Dining, and Sports Services & Stores, recorded a 12.1% growth in revenues year-over-year to reach EUR 67.789 mil. (60.449). Thanks to the growing visit rate and average revenue per visitor all the subsegments reported a revenue growth. Mountain Resorts were up 6.1%. Leisure Parks improved revenues by 18.5%; Dining reported a 19.5% growth; whilst Sports Services & Stores improved 24.2%. Operating profit before interest, tax and depreciation (EBITDA) increased by 24.1% to EUR 24.324 mil. (19.593), which means that operating profitability measured by EBITDA margin reached 35.9% (32.4).

### **Mountain Resorts**

Mainly thanks to the successful winter season 2016/17 the Group achieved a 6.1% revenue growth in Mountain Resorts in total of EUR 36.214 mil. (34.120). The successful winter and a stable summer season 2016/17 attracted more visitors with higher spending than the prior year to the resorts, which boosted revenues. Online ski pass sales through the GOPASS program, available in resorts Jasná and Vysoké Tatry, increased year-over-year by 15% in the number of skier days sold, and made up 24% of total ski pass sales in the Tatra resorts. The sale of 7-day ski passes surged the most – by 100% in the number of skier days sold. The upward trend of season passes sale continued, up by 35%, most of which the clients purchased in advance as the Smart Season Pass. Increases were observed also in the sale of 1-day passes (+23%) and 6-day passes (+13%). The Szczyrk resort was closed during the summer. Mountain Resorts' EBITDA increased year-over-year by 23.2% EUR to 15.410 mil. (12.510), and consequently Mountain Resorts reached operating profitability of 42.6% (36.7).

### **Leisure Parks**

The revenues for last year grew by 18.5% to EUR 12.473 mil. (10.527). The revenue growth was achieved by a higher number of visitors and average revenue per visitor. The modernization of Legendia with new attractions also boosted the revenues. EBITDA increased by 26.5% to EUR 4.724 mil. (3.735). Leisure Parks' operating profitability improved to 37.9% (35.5).

### **Dining**

Total revenues of this subsegment reached EUR 13.302 mil. (11.132), which means an increase of 19.5%. The subsegment's annual growth confirms the continuing trend of the clients' rising demand for ancillary services in the resorts. Thus, TMR sees further growth potential in this subsegment and expands and improves its dining operations. Operating profitability of this subsegment reached 23.1% (21.6), with EBITDA growing to EUR 3,071 mil. (2.402). Opening new facilities, the increased visit rate, higher visitor spending, as well as numerous marketing events during the year contributed to the subsegment's positive results.

### ***Sports Services and Stores***

Revenues from this subsegment are closely related to the visit rate in Mountain Resorts and Leisure Parks, so they also followed the upward trend and increased 24.2% to EUR 5.800 mil. (4.670). In the summer season additional stores were opened in the modernized Legendia. EBITDA improved by 18.3% to EUR 1.119 mil. (0.946). Operating profitability reached 19.3% (20.3).

### **Hotels**

Hotels ended the financial year with revenues amounting to EUR 22.265 mil. (19.910) – an 11.8% growth. Besides the stable average occupancy and higher ADR of the hotel portfolio, the increased Hotels revenues are also attributable to added hotel capacities of Hotel Kukučka, Chalets Jasná de Luxe, and the new Hotel Pošta, to synergic effects with Mountain Resorts and Tatralandia, supported by the client relationship management via the Gopass program and effective marketing. The results were also impacted by full occupancy especially during peak periods, such as New Year and the ‘Golden week’ (24/12-6/1) and by a successful summer in the Tatras also thanks to the unfavorable security situation in foreign vacation destinations. EBITDA improved by 10.4% to EUR 4,859 mil. (4.402), corresponding with EBITDA margin of 21.8% (22.1).

### **Real Estate**

Real Estate revenues reached the level of EUR 5.855 mil. (0.843). Revenues from sale of recreational real estate – in the past year from sale of 23 bungalows of Holiday Village Tatralandia, two apartments of Chalets Jasná de Luxe Center, one apartment of Chalets Záhradky, and 16 apartments of Hotel Pošta – reached EUR 5.442 mil. Thus, EBITDA rose to EUR 2.333 mil. (1.116) with EBITDA margin of 39.9% (132.4).

### **Financial position**

The book value of total assets as of the end of the period totaled EUR 437.972 mil. (375.701). Non-current assets increased to EUR 353.128 mil. (308.365) mainly due to completed investments that were added to the fixed assets registry. The book value of equity amounted to 113.149 mil. (106.003). The Group’s total level of debt reached EUR 279.320 mil. (229.805). Out of that issued bonds totaled EUR 184.842 mil. Bank loans of the Group as of the end of the period were valued at EUR 94.478 mil.

### **Outlook**

Management expects continuing positive effects stemming from capital investments of prior periods exceeding EUR 300 mil. with impact on the next financial year and following periods, in terms of increasing the visit rate, client spending in the resorts, and growing occupancy in the hotels, especially in the off-season. The intense activity in the Real Estate segment is expected to continue also in the following periods, which should generate additional revenues and income not only in this segment but also in Hotels and ancillary services through shops and dining facilities. The gradual progress in the projects of modernization of Legendia - Silesian Amusement Park and the Szczyrk resort should bring results in terms of increased visit rate and average spending per visitor in the following periods. Besides continuing in the Polish modernization projects, in the short term the management will keep focusing on inter-segment

synergies, quality management, utilization of innovative information technologies, on increasing the quality of services provided and quality of human capital, and on active sales strategy also through the GOPASS program. In terms of expansion of TMR's operations, the Group will focus on the development and modernization of the leased Ještěd resort in Czechia. In the midterm horizon TMR will attempt to acquire a major alpine mountain resort.

Since 28 February 2018 TMR's Annual Report 2016/17 is available at [www.tmr.sk](http://www.tmr.sk).

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**Tatry mountain resorts, a.s.** (TMR) is the leader in tourism in Central and Eastern Europe; it owns and operates attractive mountain resorts, amusement parks, restaurant facilities, sports services, shops and hotels. In the Low Tatras TMR owns and operates the resort Jasná Nízke Tatry and hotels Wellness hotel Grand Jasná, Boutique Hotel Tri Studničky, Chalets Jasná De Luxe, Hotel Srdiečko, and Hotel Rotunda. TMR is also the owner of Aquapark Tatralandia, the largest Slovak aquapark with year-round operation, which besides water entertainment includes Tropical Paradise, a special tropical indoor hall with sea water, as well as Fun Park, and accommodation in bungalows and apartments of Holiday Village Tatralandia. In the High Tatras TMR owns and operates the resort Vysoké Tatry with mountain areas of Tatranská Lomnica, Starý Smokovec, and Štrbské Pleso, which TMR co-manages. In the High Tatras TMR also owns hotels Grandhotel Praha Tatranská Lomnica, Grandhotel Starý Smokovec, Hotel FIS Štrbské Pleso and Mountain hotel Hrebienok. TMR also owns a 9.5 % share in Melida, a.s., which leases and operates the resort Špindlerův Mlýn in the Czech Republic. TMR also leases and operates the ski resort Ještěd. In Poland TMR owns a 97% share in the mountain resort Szczyrkowski Ośrodek Narciarski S.A. (SON), a 75% share in a company that owns and operates Silesian Amusement Park (Śląskie Wesołe Miasteczko) and a 7.3% share in an amusementeducational project via the Polish company Korona Ziemi Sp. z.o.o. TMR also owns and leases hotels Slovakia, Kosodrevina, Liptov and Ski&Fun Záhradky a Bungalovy to third parties. By the end of 2017 more than EUR 300 mil. had been invested into development and modernisation of TMR's resorts. TMR shares are traded on three European stock exchanges – in Bratislava, Prague, and Warsaw.