



TATRY MOUNTAIN RESORTS, A.S.

NINE-MONTH AND THIRD-QUARTER 2013/14 INTERIM REPORT

(PERIOD FROM 1-11-2013 TO 31-7-2014)

PRELIMINARY STATEMENT ON RESULTS OF THE SECOND HALF OF FISCAL YEAR 2013/14

HIGHLIGHTS

- * Total revenues of TMR for the first nine months of 2013/14 reached EUR 43.162 mil. (43.243), of which EUR 10.364 mil. (10.706) refer to 3Q
- * Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 14.130 mil. (14.661), of which EUR 3.056 mil. (2.521) refer to 3Q
- * For the first nine months of 2013/14 TMR operated with an EBITDA margin of 32.7% (33.9), while the EBITDA margin for 3Q reached 29.5% (23.6)
- * TMR mountain resorts were visited during the nine months of 2013/14 by 1.159 mil. (1.241) visitors, and Aquapark Tatralandia was visited by 403 ths. (432)

COMMENTARY FROM CEO

For the first nine months of the financial year 2013/14 we were able to keep revenues at the level of last, record-breaking year, despite the less-than-ideal conditions during the winter and summer season. The winter season, which was extremely mild and dry, and thus shorter, had a negative impact on the number of skier days at our cableways. In the summer season we had to fight weather that was unfavorable for summer hiking or visits of aquaparks. Despite the negative weather factor, it is safe for me to say that we managed this tough period with success mainly thanks to our hotels that have been posting stable growth in sales as well as in operating profit achieved by more efficient cost management. Moreover, the decline in the number of visitors was not as steep as expected. The visit rate in the mountain resorts during the third quarter even reached the level of last year, which was extremely successful. In order to boost the visit rate, during the summer we organized a number of events and expanded our offer of summer activities in the resorts.

Upon conclusion of the winter season realization works of investments began in the TMR resorts as usually. This year's investments are mainly directed at trail enhancement and at Aquapark Tatralandia with the goal of increasing the quality of our clients' experience. As part of our presence in Poland, in the summer we initiated negotiations about cooperation on modernizing Polish Silesian Amusement Park, which could introduce an interesting opportunity of expanding our business. At the same time, we are working hard on our investment plan in the resort of Szczyrkowski Ośrodek Narciarski, and we are applying for relevant permissions.

By the end of the financial year, favorable fall weather can still surprise us positively, as well as demand of corporate clientele in our hotels. I am optimistic about the winter season 2014/15, still capitalizing on the capital-intensive investments of previous years into our mountain resorts, hotels, and aquapark totaling EUR 190 million. Also, I expect a positive impact from the new airline connection of the Tatras with London and Latvian Riga, which will enable new markets an easier access to the Tatras.

PROFILE OF TMR

Tatry mountain resorts, a.s. (TMR, the Company) is a joint stock company with its headquarters in Liptovský Mikuláš, registered at the Bratislava Stock Exchange (BSSE), the Prague Stock Exchange (PSE), and the Warsaw Stock Exchange (WSE). TMR with its subsidiaries (the Group) is the biggest entity in tourism in Central and Eastern Europe. TMR's operations are divided into three key segments: Mountains & Leisure, Hotels, and Real Estate. The main segment – Mountains & Leisure is further divided into the following subsegments: Mountain Resorts, Aquapark, Dining, and Sports Services & Stores. In Slovakia the Group owns and/or operates in the High Tatras: the Vysoké Tatry resort with the ski areas of Tatranská Lomnica and Starý Smokovec and the ski area of Štrbské Pleso in the High Tatras, which TMR co-manages. In the High Tatras the Group also owns and operates hotels: Grandhotel Praha Tatranská Lomnica****, Grandhotel Starý Smokovec****, and Hotel FIS***. In the Low Tatras TMR owns and operates Aquapark Tatralandia, which includes the lodging facility Holiday Village Tatralandia; then mountain resort Jasná Nízke Tatry; and hotels: Wellness hotel Grand Jasná****, Tri Studničky Hotel****, Hotel Srdiečko**, Chalets Jasná de Luxe****, and Hotel Rotunda. At the same time TMR owns and leases out Hotel Slovakia***, Hotel Liptov**, Hotel Ski & Fun** and Kosodrevina Lodge. TMR owns 19% in Melida, a.s., which since the winter season 2012/13 leases and operates the Špindlerův Mlýn resort in the Czech Republic. In Poland TMR owns the mountain resort Szczyrkowski Ośrodek Narciarski S.A. (SON).

INVESTMENTS DURING 3Q

In the third quarter the Company carried on with the investment plan for the current year, approved by the General Meeting on April 12, 2014 with the total budget of EUR 7.5 mil. During the period a new restaurant, Medrano, was



completed and launched in Aquapark Tatralandia. Furthermore, the Jasná resort opened Rocky Mountain Bike World Jasná with 25 km of cycle trails. Also, downhill trails and start stations of cableways are being enhanced; snowmaking systems in the mountain resorts are getting optimized; and snow and wind barriers are getting added.

EVENTS DURING 3Q

The first summer months in the TMR mountain resorts were busy with events. The summer season in the Low Tatras was kicked off with a downhill riding of mountain bicycles in the new Bike World Jasná. The most memorable moment of the summer days in the Jasná resort was the Dragon Night at Mt. Chopok with nocturnal cableway rides and a family program in the restaurant Rotunda. The summer in the High Tatras was kicked off with Tatra May Adventures with a barbeque at Skalnaté pleso, boat rides at Štrbské pleso, and a downhill ride on mountain carts. With the start of the school summer break visitors of Skalnaté and Štrbské pleso enjoyed 62 days of the Fit & Happy High Tatras program. A concert of a youth international violin orchestra took place below Lomnický Peak. Other events include the third annual Water Battle of celebrities in non-traditional sports disciplines in Tatralandia; an entertainment-educational children's project – Tatra Wilderness; a family outdoor project – Dragon Park at Mt. Chopok; or hosting of Slovak Downhill Cup in the bike park of Jasná.

KEY CHANGES

On July 16, 2014 TMR was granted a new loan of EUR 9 mil. from Tatra banka mainly in order to finance TMR's approved investment projects of this year. The loan maturity is in 2018. The loan is secured with lien on real estate assets that have already been used to secure existing loans by Tatra banka.

TMR showed interest to take part in modernization of Silesian Amusement Park in Poland. On June 30, 2014 the TMR management and the board of the Polish company, WPKiW S.A., the owner of Silesian Amusement Park (Śląskie Wesołe Miasteczko) signed a letter of intent on cooperation. The final consent on the involvement of TMR in the modernization of the park will be under consideration of the Silesian voivodship. As of the publication date of this report, negotiations are still ongoing about the detailed investment plan, terms of financing, and the formal structure of the project.

REVENUES AND INCOME

Third Quarter 2013/14

Total revenues for the last three-month period, which includes the months of May, June, and July, decreased by 3.2% to EUR 10.364 mil. (10.706).

The core segment of Mountains & Leisure decreased in revenues to EUR 7.117 mil. (8.157), whereas Mountain Resorts posted a drop of 20%¹, Aquapark is down by 10.8%, and Sports Services & Stores -25.4%. On the other hand, Dining improved by 5.6%. The declines in revenues are caused by the lower number of visitors, especially in Tatralandia and by lower average revenue per visitor in each subsegment. In comparing to last, extremely successful summer, the number of visitors in Mountain Resorts maintained the level of last year at 259 ths. (262), whilst Tatralandia was visited by 194 ths. (223) visitors. A 10.5% growth in visitors was recorded in the Jasná Nizke Tatry resort, though. The visit rate was negatively impacted by relatively unfavorable summer weather.

In the second core segment – Hotels – revenues grew by 24.9% to EUR 3.144 mil. (2.517), whilst hotels in the High Tatras improved, as well as hotels in the Low Tatras. The increase was boosted by the launch of Hotel Rotunda at the

¹ Mountain Resorts do not include either the results of the Polish SON resort, which is undergoing the integration process, or the results of the resort of Špindlerův Mlýn, which is accounted for as a financial investment.



peak of Mt. Chopok, as well as by increased average occupancy and average rates. The average weighted occupancy of the portfolio increased by 5.6 percentage points, whilst the average daily rate per room (ADR) increased by 22%. The improvement in hotels' revenues and in key performance indicators (KPIs) was achieved with the successful strategy of constant quality improvement of services offered as well as with investments into hotel renovations.

As for Real Estate, revenues of this segment come from lease of accommodation facilities to third parties and from sale of apartments. In the observed period one bungalow of the Holiday Village Tatralandia project was sold, and the segment's total revenues amount to EUR 103 ths. (32).

Earnings before interest, tax, depreciation, and amortization (EBITDA) increased by 21.2% to EUR 3.056 mil. (2.521) mainly thanks to a significant improvement in Hotels' EBITDA – by EUR 564 ths. as a result of an increase in revenues and a more efficient cost management. Despite the decrease in Mountain Resorts' revenues, their EBITDA improved 44%, especially in Jasná. As a result, total operating profitability of TMR improved to 29.5% (23.6).

Nine-month Period 2013/14

For the 2013/14 nine-month period, which includes the whole winter season, a part of the summer season, and the period between the seasons, consolidated revenues stayed unchanged year-over-year at EUR 43.162 mil. (43.243). The winter season was dominated by weather, unfavorable for winter sports, which means extremely dry and mild. At the same time, the season was shorter than the year before, and it ended with Easter due to warm weather and the lack of snow in the resorts. These factors impacted TMR's KPIs, and eventually revenues, too.

The core segment of Mountains & Leisure decreased its revenues year-over-year to reach EUR 30.776 mil. (32.637). Revenues of Mountain Resorts declined by 7.8%², Aquapark was down by 4.2%, Dining improved 3.4%, and revenues of Tatra Motion's Sports Stores & Services were lower by 12.7%. The decreases in the given subsegments were caused by worsened KPIs. Mountain Resorts recorded a total of 1.159 mil. visitors³ (1.241) for nine months and Aquapark's visit rate totaled 403 thousand (432). Average revenue per visitor in the resorts decreased by 15% as a result of the lower visit rate in the resorts, although it improved in Dining by 10.7%. In the branches of Tatra Motion the average revenue decreased by 6.4%.

In the Hotels segment revenues for the observed period increased to EUR 11.831 mil. (10.409), while an increase was reported by all managed hotels.⁴ The revenue growth is supported mainly by an increase in average daily rate per room (ADR) by 13.4%. Occupancy on average improved by 0.4 p.p.

Revenues of the Real Estate segment increased to EUR 554 ths. (197).

Earnings before interest, tax, depreciation, and amortization (EBITDA) for the observed period decreased year-over-year by 3.6% to EUR 14.130 mil. (14.661) with operating profitability (EBITDA margin) of 32.7% (33.9). A notable improvement in EBITDA was observed in the Hotels segment (+71.3%). The highest operating profitability was recorded by Aquapark Tatralandia with 47.1% (44.7).

² Mountain Resorts do not include either the results of the Polish SON resort, which is undergoing the integration process, or the results of the resort of Špindlerův Mlýn, which is accounted for as a financial investment.

³ The visit rate in Mountain Resorts in the winter season is measured in terms of sold skier days, i.e. the number of persons that visited a mountain resort during any part of the day or night for skiing, snowboarding, or other kind of downhill ride. E.g., a 4-day ski pass sold means four skier days.

⁴ Hotel Slovakia has been leased to a third party since June 1, 2013.

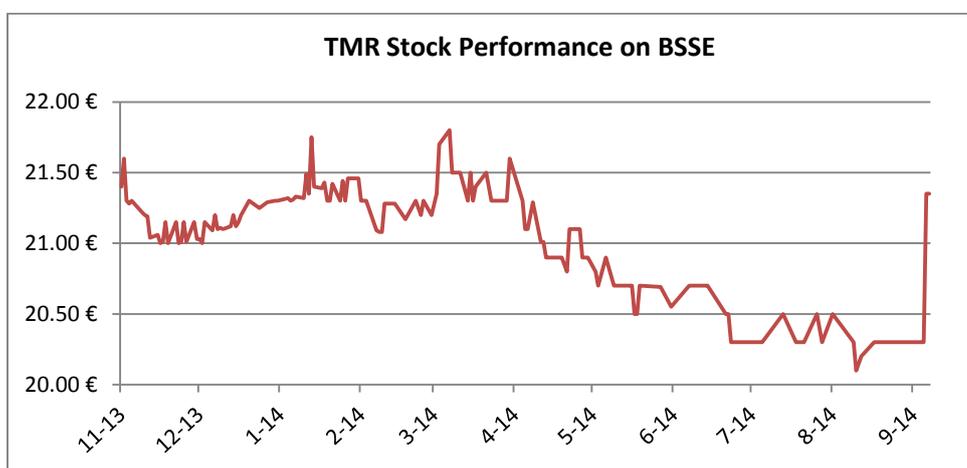
OUTLOOK TILL END OF 2013/14

The last quarter of the financial year – the period from August 1 to October 31 includes the last summer break month of August, which continued with the trend of this summer and was not very favorable, when it comes to weather suitable for hiking and summer activities, so in comparing to last year, which was rather record-breaking, the visit rate at cableways was slightly lower. However, in the first week of September TMR observed improvement and caught up on part of shortfall from the summer break in the visit rate at cableways and in the aquapark. The performance of the resorts and hotels during September and October will depend on weather and the number of corporate events in the hotels, since the last quarter is usually the second strongest in hotel revenues.

OUTLOOK FOR THE WINTER SEASON 2014/15

Management expects that the winter season 2014/15 will be stronger than last year in terms of skier days and ski pass and aqua pass sales. TMR plans to further capitalize on completed investments of prior years, as well as on the current year's investments into the mountain resorts, aquapark, and hotels of the portfolio. Management believes that continuous focus on quality improvement will have impact on growth in the loyal client base, domestic and foreign. New airline connections linking the Tatra region with London and Latvian Riga supported with an efficient regional campaign on target markets should also contribute to growth in visitor numbers in the TMR resorts during the winter season. In Czech Špindlerův Mlýn TMR will launch its loyalty program and e-shop GOPASS. Soon TMR will present its investment plan also in the Polish SON resort, although its realization will take several years. Besides the mountain resorts, Aquapark Tatralandia's attractions, such as Tropical Paradise, will continue to drive revenues of the winter season as they did last year.

Key Results by Segments in €'000	Revenues				EBITDA			
	3Q 2013/14	3Q 2012/13	9M 2013/14	9M 2012/13	3Q 2013/14	3Q 2012/13	9M 2013/14	9M 2012/13
Mountains & Leisure	7 117	8 157	30 776	32 637	2 375	2 409	10 961	12 785
Mountain Resorts	2 897	3 622	18 037	19 567	703	488	6 719	8 076
Aquapark	2 565	2 875	4 956	5 171	1 383	1 597	2 333	2 312
Dining	1 417	1 342	5 699	5 514	328	348	1 419	1 761
Sports Services & Stores	237	318	2 083	2 384	-39	-24	490	636
Hotels	3 144	2 517	11 831	10 409	652	88	2 960	1 729
Real Estate	103	32	554	197	29	24	209	147
Total	10 364	10 706	43 162	43 243	3 056	2 521	14 130	14 661



Closing Price

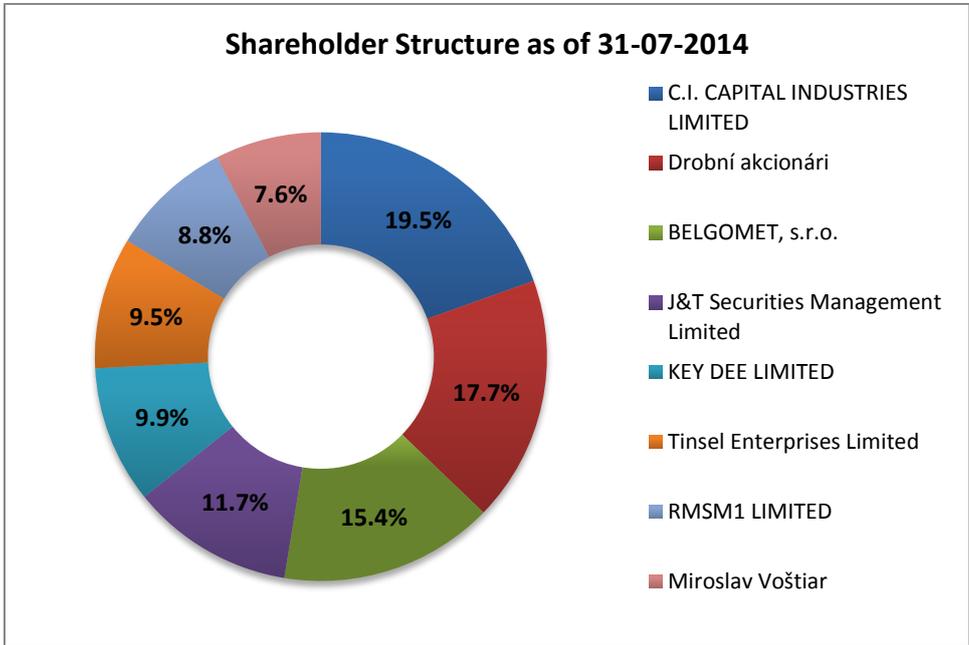
BSSE (EUR)

WSE (PLN)

PSE (CZK)



31.7.2014	20.3	80	565.6
31.7.2013	45.5	199	1240



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19-09-2014

Bohuš Hlavatý, CEO Tatry mountain resorts, a.s.

Used Abbreviations and Explanations

3Q – Third quarter of the financial year of TMR, the period from May 1 to July 31

9M – the period of three quarters of the financial year of TMR, the period from November 1 to July 31

ADR – Average daily rate

BSSE – the Bratislava Stock Exchange

EBITDA – Earnings before interest, taxes, depreciation and amortization; the key financial performance indicator of TMR

FY – Financial year of TMR, the period from November 1 to October 31

KPIs – Key performance indicators. In Mountains & Leisure KPIs include: visit rate and average revenue per visitor for the given

period. In Hotels they include: occupancy and average daily rate per room (ADR).

mil. - millions

Skier days – the measure of visit rate in the mountain resorts of TMR in the winter season, counting the number of persons that visited a mountain resort during any part of the day or night for skiing, snowboarding, or



other kind of downhill ride. E.g., a 4-day ski pass sold means four skier days.

ths. - thousands

p.p. – percentage points

PSE – the Prague Stock Exchange

WSE – the Warsaw Stock Exchange