



TATRY MOUNTAIN RESORTS, A.S.

FIRST QUARTER 2013/14 INTERIM REPORT

(PERIOD FROM 1/11/2013 TO 31/1/2014)

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

HIGHLIGHTS

- * Total revenues for the first quarter 2013/14 (1Q) reached EUR 15.235 mil. (13.434)
- * Earnings before interest, taxes, depreciation, and amortization (EBITDA) reached EUR 2.944 mil. EUR (3.370)
- * For the first three months of 2013/14 TMR operated with EBITDA margin 19.3% (25.1)
- * TMR's Mountain Resorts were visited by 347 ths. (365) visitors in 1Q 2013/14 and Aquapark Tatralandia by 100 ths. (75)



COMMENTARY FROM CEO

Despite a slower start of the winter, thanks to our wide modern snowmaking system and the best technical readiness in all our resorts, we were able to launch the winter season on time and provide favorable skiing conditions throughout the whole first quarter 2013/14. At the beginning of the season we launched two new cableways. The new 15-seat gondola in Tatranská Lomnica in Vysoké Tatry replaced the historical cableway to Skalnaté pleso. The launch of the 6-seat cableway in the area of Lúčky in the Jasná Nízke Tatry resort created a new gateway to the resort. At the end of the year we opened the long-awaited iconic viewpoint Rotunda restaurant at the peak of Chopok Mountain in Jasná. As for the Golden week – the period after Christmas till mid-January – despite the mild winter we observed an increased visit rate of Russian-speaking visitors, by 30% more than last year. However, we recorded a total drop of 5% in Mountain Resorts' skier days. On the other hand, Aquapark Tatralandia reported a record visit rate and revenues. Year-over-year in the first three months of the financial year 33% more visitors came mainly thanks to the successful Tropical Paradise. That one boosted total sales, and thus we closed the first quarter with a 13.4% growth.

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). It is the biggest entity in tourism in Slovakia. TMR's operations are divided into three key segments: Mountains & Aquapark, Hotels, and Real Estate. TMR owns and 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 Company 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; the mountain resort Jasná Nízke Tatry; and hotels: Wellness hotel Grand Jasná****, Tri Studničky Hotel****, Hotel Srdiečko**, Chalets Jasná de Luxe****, and Million Star Hotel. At the same time TMR owns and leases out Hotel Liptov**, Hotel Slovakia***, 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.

REVENUES

For 1Q 2013/14 – the period from November 2013 to end of January 2014 covering the first half of the winter season, specifically “First Snow”, “New Year”, and part of Main Season – TMR achieved total revenues EUR 15.235 mil. (13.434), an increase of 13.4%.

Mountains & Leisure

The main segment's revenues increased to EUR 10.899 mil. (10.076) mainly due to a revenue growth of Aquapark (+46.8%) and Dining (+14.7%).

Aquapark capitalized on the successful Tropical Paradise project that eliminated impacts of weather and generates sales mainly in the winter season. 100 ths. visitors came to Aquapark, an increase of 32.9% year-over-year. The average revenue per visitor in this subsegment rose by 15% to EUR 11.40 (9.91).



Mountain Resorts recorded a revenue growth of 3.1%. The subtle increase is a result of an extremely mild winter with positive temperatures that also impacted a drop in skier days¹; the total number of skier days in Mountain Resorts reached 347 ths. (365). The average revenue per visitor increased to EUR 22.27 (20.94) though, because of more expensive ski passes purchased at brick-and-mortar cash registers. However, the ski passes purchased via the new e-shop under the GOPASS program were priced the same as in the previous year.

The revenue increase in Dining (+14.7%) on the slopes, off the slopes, and in Aquapark Tatralandia again confirmed the trend of higher client demand for ancillary services and après-ski activities. Even though ski conditions were not ideal, we recorded higher client spending in this subsegment – up 13.6% at EUR 4.44 (3.90). Again, dining facilities in Tatralandia had the highest turnover.

The subsegment of Sports Services & Stores, which is closely linked to success of Mountain Resorts, reported a slight decrease (-0.8%) mainly due to a drop in skier visitors. The only increase was reported in Tatralandia. The average revenue per visitor dropped to EUR 2.07 (2.12).

Hotels

The second main segment, Hotels, reported a record growth in revenues reaching EUR 4.176 mil. (3.285) or a 27.1% growth. The reason was the period of New Year and Golden Week, during which mainly foreign visitors from Russian- and Polish-speaking countries came to TMR's hotels. These clients planned their vacation well ahead and arrived regardless of the development of snow conditions. During Golden Week even 30% more Russian clients came than in the prior year. The portfolio hotels reported an increase in the average daily rate per room in weighted average of 677 rooms at the level of EUR 74.84 (45.20) also thanks to the fact that in its hotels TMR uses a "flexi system" in its pricing policy, thanks to which it can effectively adjust prices based on current occupancy and demand. As the number of rooms decreased year-over-year to 677 by leasing Hotel Slovakia to third party, the average occupancy in the weighted average lowered to 43.2% (48.4), even though occupancy in most of the hotels during New Year and Golden Week neared maximum.

Real Estate

Revenues from lease of hotels Slovakia, Liptov, Ski & Fun, and Kosodrevina Lodge come to EUR 99 ths. (73). Besides this, TMR reported a revenue from sale of one bungalow in Holiday Village Tatralandia for EUR 61 ths.

EBITDA

Earnings before interest, taxes, depreciation, and amortization (EBITDA), which most effectively indicates operating profitability of TMR, for 1Q reached EUR 2.944 mil. (3.370), a decrease of 12.7% compared to 1Q 2012/13, even though all the segments and subsegments reported a profit at the EBITDA level. The reason for the drop were increased operating expenses for the launch of two new cableways – in the Vysoké Tatry resort, Tatranská Lomnica and in Jasná, Lúčky. The mild winter and temperatures above zero also increased costs for snowmaking. Further cost increases were reported for marketing and for the new loyalty program GOPASS.

¹ The total visit rate in Mountain Resorts is measured by the number of entry passes sold in the aquapark and for cableways in the summer season and by the number of skier days in the winter season, i.e. a person visiting a mountain resort at any time of day or night, for the purpose of skiing, snowboarding or other type of downhill run. For example, one 4-day ticket means four skier days in Mountain Resorts, including Štrbské pleso, co-operated by TMR and the owner of the resort.



Aquapark reported the steepest growth in EBITDA (+398.3%). The second highest increase in EBITDA was recorded in Hotels (+105%), whereas all the hotels were profitable at the EBITDA level, and the loss for Hotel Slovakia was removed as it has been leased to third party since June 2013. Mountain Resorts EBITDA decreased by 31.1% for the reasons mentioned above. Dining EBITDA fell 28%, and EBITDA of Sports Services & Stores by 18.7%. Real Estate reported EBITDA higher by 47.4%.

SIGNIFICANT CHANGES

On 17 December 2013 TMR issued bonds TMR I 4.50%/ 2018 with the principal value of EUR 70 mil. with a semi-annual coupon and face value of EUR 1,000. TMR I bonds are senior, secured by a pledge over certain immovable assets of TMR. The primary purpose of use of the funds raised by the issuance of the bonds is payment to shareholders due to the reduction of the TMR's share capital. After 1Q the bonds were admitted to trading at a free market of the Bratislava Stock Exchange.

EVENTS FOLLOWING 1Q 2013/14

On 4 February 2014 TMR published rules for the pay-out to shareholders from the share capital decrease in the total of EUR 174.4 mil.

On 5 February 2014 TMR issued bonds TMR II 6.0%/ 2021 with the principal value of EUR 110 mil. with an annual coupon and face value of EUR 1,000. TMR II are junior, subordinated bonds. The primary purpose of use of the funds raised by the issuance of the bonds is payment to shareholders due to the reduction of the TMR's share capital. After 1Q the bonds were admitted to trading at a free market of the Bratislava Stock Exchange.

On 5 March 2014 TMR closed a deal to purchase 97% of shares in a Polish ski resort Szczyrk. By entering the Polish market TMR moved to another stage of its growth in mountain resorts operation. The intention is to develop and modernize the resort through capital investments and utilization of its potential. In Szczyrk TMR plans to build several new cableways, snowmaking systems and to develop other infrastructure, for Szczyrk to get to the level of the most developed ski resorts in Poland. In the medium-term horizon TMR plans to invest EUR 30 million in the resort.

OUTLOOK TILL THE END OF FIRST HALF OF 2013/14

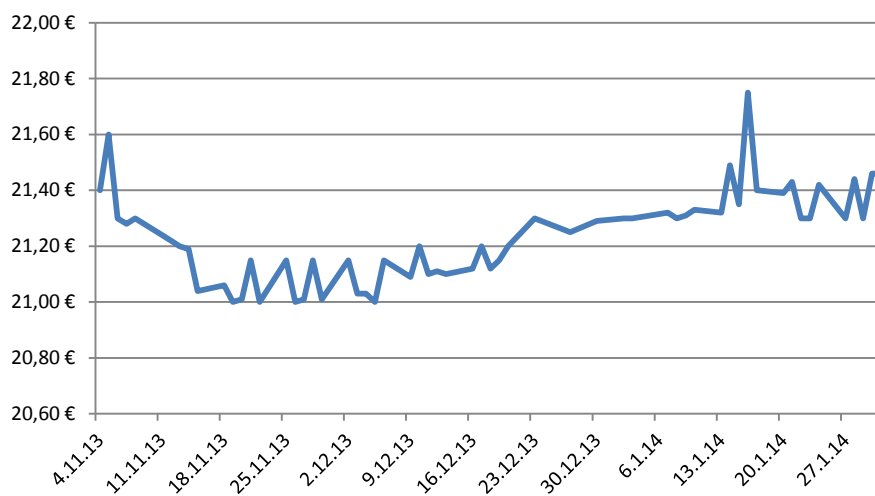
The results of the winter season till the end of the first half of 2013/14 will be impacted by this year's mild winter, as well as by late Easter holidays. Despite the fact that TMR is capitalizing on its competitive advantage based on the premise that TMR resorts are ones of few in the region of Slovakia, Poland, and the Czech Republic able to provide good skiing conditions thanks to the wide coverage of snowmaking. On the other hand, TMR is compensating for unfavorable weather conditions with the successful Aquapark Tatralandia, where Tropical Paradise guarantees profit growth also in the winter season.

Based on development of the winter season so far Management presented the financial plan for 2013/14 as part of the Annual General Meeting's agenda. The AGM will be held on 12 April 2014. Management expects growth, although not as significant as in prior periods. Management expects that TMR will achieve operating revenues for the year EUR 57.560 mil., which would mean a growth of 5.9%. EBITDA is planned at EUR 19.052 mil., which is by EUR 490 ths. more than last year.



Key Operating Results in €'000	Revenues			EBITDA		
	IQ 2013/14	IQ 2012/13	Change yoy (%)	IQ 2013/14	IQ 2012/13	Change yoy (%)
Mountains & Leisure	10 899	10 076	8,2%	1 991	2 890	-31,1%
Mountain Resorts	6 936	6 727	3,1%	1 050	2 066	-49,2%
Aquapark	1 216	828	46,8%	372	75	398,3%
Dining	1 823	1 589	14,7%	308	427	-28,0%
Sports Services & Stores	924	932	-0,8%	261	322	-18,7%
Hotels	4 176	3 285	27,1%	872	426	105,0%
Real Estate	160	73	119,4%	81	55	47,4%
Total	15 235	13 434	13,4%	2 944	3 370	-12,6%

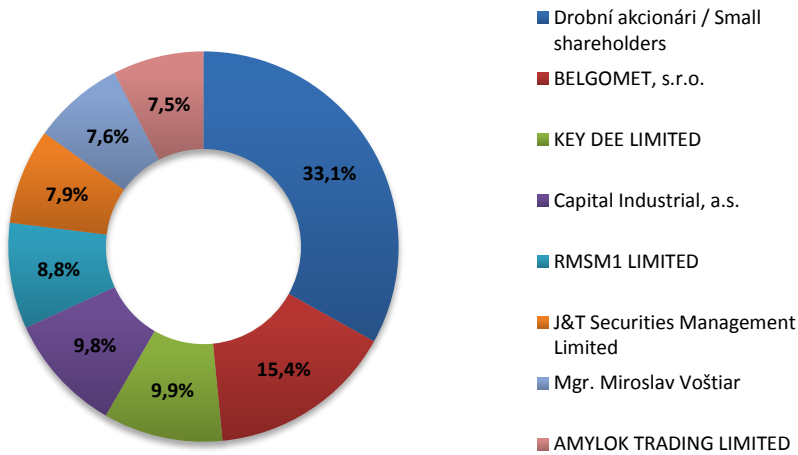
Performance of the TMR Stock at BSSE



Closing Price of TMR Stock	BSSE (EUR)	WSE (PLN)	PSE (CZK)
31/1/2014	21,46	89,50	590
31/1/2013	44,50	185,00	1 140



Shareholder Structure as of 19/3/2014



This interim report has been prepared as of 19/3/2014 and published on the Company website www.tmr.sk.

19/3/2014

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

Used Abbreviations and Explanations

1Q – First quarter of TMR’s financial year, the period from 1 November till 31 January

ADR – Average daily rate per room

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

p.p. – percentage points

PSE – the Prague Stock Exchange

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

WSE – the Warsaw Stock Exchange

Yoy – year-over-year