



Stefan Sjöstrand, CEO, SkiStar

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LOWER OPERATING PROFIT DURING THE THIRD QUARTER CHARACTERISED BY ONE-OFF COSTS

Interim Report September 2022-May 2023

Third Quarter

- Net sales for the third quarter decreased by SEK 127 million (8 percent) to SEK 1,409 (1,536) million compared with the same

period of the previous year.

- Operating profit for the third quarter amounted to SEK 353 (547) million, a decline of SEK 194 million (35 percent) compared with the same period of the previous year.
- The quarter included one-off costs of SEK 48 (0) million.
- Capital gains from exploitation operations included SEK 1 (51) million.
- Operating profit, adjusted for one-off costs and capital gains, amounted to SEK 400 (496) million, a decline of SEK 96 million (19 percent) compared with the same period of the previous year.
- Earnings per share before and after dilution amounted to SEK 3.43 (5.60).

First Nine Months

- Net sales for the nine-month period increased to SEK 3,936 (3,868) million, an increase of SEK 68 million (2 percent) compared with the same period of the previous year.
- Operating profit for the nine-month period amounted to SEK 834 (1,149) million, a decline of SEK 315 million (27 percent) compared with the same period of the previous year.
- Operating profit, adjusted for one-off costs and capital gain, amounted to SEK 870 (1,088) million, which is a decrease of SEK 218 million (20 percent) compared with the same period of the previous year.
- Earnings per share before and after dilution amounted to SEK 7.77 (11.21), a decrease of 31 percent.

Significant events during and after the period

- SkiStar has decided to expand the investment frame and will invest a further SEK 120 million for the winter season 2023/24 in an express lift and a tow lift in southern Lindvallen, Sälen.
- A review of costs is in progress and reorganisation will take place on 1 September with the aim of achieving more efficient working methods for the year-round operations to counteract increased costs and contribute to better profitability.
- Strong demand for mountain holidays ahead of the 2023/24 season with a

booking rate, measured in the number of booked overnight stays in SkiStar's accommodation, of +5 percent compared to the same period of the previous year.

Comments from the CEO Stefan Sjöstrand:

When we summarise the third quarter, we can confirm that we reduced revenue by eight percent, corresponding to SEK -127 million, mainly due to reduced revenue from SkiPass and accommodation, as we had fewer visitors during the final part of the winter season. Operating profit amounted to SEK 353 (547) million. Profit during the quarter was negatively affected by one-off effects of SEK 48 (0) million, mainly attributable to write-downs and costs linked to the reorganisation that will be implemented during the next financial year. Our assessment is that only insignificant restructuring costs will be incurred in the coming quarters. We have chosen to prioritise repairs and maintenance, despite increased purchase costs, to ensure attractive experiences in our facilities for our guests going forward. The increase in fuel prices has also affected us to a greater extent than before, as we now use renewable diesel (HVO100) in all our piste groomers. When compared with the third quarter of the previous year, it is further noted that the comparative year included a capital gain of SEK 51 million from exploitation operations, which is not present this quarter because of when in the year the projects within exploitation operations are realised. Operating profit, adjusted for one-off costs and capital gains, amounted to SEK 400 (496) million.

Looking over the nine-month period, our growth continues and we increased turnover by two percent. The main growth comes from retail (+19 percent). Despite the fact that many have been affected by tougher personal finances, we have had many guests during the winter season, and the number of skiing days totalled 5,658,000, which is the second highest number in the Company's history, after last year's record (6,031,000). Guest satisfaction continues, with 8 out of 10 guests saying that they have had a memorable mountain experience and a pleasing 9 out of 10 feeling better after a stay with us, according to our guest surveys. However, we have had a lower operating profit during the nine-month period driven by increases in repairs, maintenance, fuel and personnel costs. We have also had increased costs for advertising and marketing during the period, which is part of our strategic investment in year-round operations.

Given inflation and uncertainty in the economy, we have placed a lot of focus

on reviewing costs during the year. As part of this, when the net financial year begins, we are implementing a reorganisation to achieve more efficient and long-term sustainable working methods for our year-round operations with adapted costs. Our running costs and our work on purchasing are also areas that we will continue to focus on going forward, as we have identified the potential to reduce costs in these areas.

Investments in renewable energy

Our sustainability work continues at a high pace. During the quarter, we took an important step towards using even more renewable energy and the possibility of producing our own power in collaboration with Jämtkraft. This includes locally produced wind power in Vemdalen, corresponding to 25 percent of our annual electricity consumption and a preliminary study related to a solar park in Sälen. As part of our investment in 'Keep the mountains tidy', we have once again collaborated with the Keep Sweden Tidy and Keep Norway Tidy organisations. Together, we have organised litter picking days in all our destinations to draw attention to the problems caused by littering in the mountains.

Increased interest in the summer season

The transformation into a year-round company continues and, by the Easter break, Stockholm Hammarbybacken had changed its appearance from winter to spring/summer destination. Several destinations are now open again and, for the midsummer weekend, we are opening up a number of new attractions: in Vemdalen, we are investing in summer operations for the first time with a new climbing park and trail cycling, as well as opening the Hovde hotel for the summer. In Sälen and Trysil, we are introducing the new 'Mountain Coaster' and 'Mountain Tube' attractions, as well as 'SummerSki' in Sälen for everyone who wants to enjoy an active holiday in the Scandinavian mountain world. In Trysil, we now have our first SkiStar Lodge Trysil as Radisson Blu Mountain Resort has changed its name. Several major events will also be held at our destinations, e.g. Tjejmilen by EQPE in Sälen and O-ringen in Åre. The summer season is an important part of our transition to a year-round operation, where we will increase the focus in the coming years on encouraging our guests to be more active by offering a wider range of experiences.

Stable demand until winter

We continue to invest in the mountain facilities of the future. It is pleasing that, in addition to two new express lifts in Sälen and Hemsedal for the coming winter season, we have also been able to invest in better and more efficient snow production, as well as business development and year-round operations. We see a continued high demand for mountain holidays in the winter with a booking level, measured in the number of nights booked through SkiStar's accommodation agency, of +5 percent compared to the same period in the previous year. We also have more bookings by our foreign guests from, for example, Denmark, the UK and Germany, driven by changes in exchange rates and an interest in more affordable holidays. In summary, many people continue to prioritise a mountain holiday and value alpine skiing highly, even in more uncertain times. I look forward with confidence to the future of SkiStar as a mountain tourism company that creates memorable mountain experiences all year round.

Stefan Sjöstrand, CEO

Conference call and web presentation

Tuesday 20 June 2023 at 10.00 a.m. CEST.

Web cast: <https://financialhearings.com/event/44266>

For registration and dial-in details, please follow the link above. Please make sure you are connected to the phone conference by calling in and registering a few minutes before the conference begins. The presentation and a recorded version of the web presentation will be available on the same webpage after the presentation.

This information is information that SkiStar AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 20 June 2023, 07.00 a.m. CEST.

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SkiStar in brief

SkiStar AB (publ) is listed on the Mid Cap list of the Nasdaq Stockholm exchange. The Group owns and operates mountain resorts in Sälen, Vemdalen, Åre and Stockholm (Hammarbybacken) in Sweden and in Hemsedal and Trysil in Norway. Operations are divided into three segments: Operation of Mountain Resorts, Property Development & Exploitation and Operation of Hotels. As the leading holiday tour operator for Scandinavia, SkiStar's business concept is to create memorable mountain experiences, develop sustainable destinations, offer accommodation, activities, products and services of the highest quality with our guests in focus. For further information, please visit www.skistar.com/en/corporate.

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Images and videos in SkiStar's Newsroom can be freely used along with information about SkiStar and/or SkiStar's destinations and products.

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