



Adventure Travel

	2009	2008
Revenue	£97.9m	£94.6m
Headline operating profit**	£4.2m	£4.8m
Operating (loss) profit	(£6.7m)	£1.9m

The overall performance of the Adventure Travel Division was affected by a reduction in demand, with Explore being the most affected business; however the division benefited from strong late bookings. Revenue was up 3% but 6% down at constant exchange rates compared with last year. To mitigate for the weaker demand and reduced margins, Explore implemented a cost saving programme to reduce fixed costs by approximately £1m per annum and to enable it to trade profitably at lower volumes. Both Explore and Djoser are experiencing a significant shift to later bookings.

We expect trading conditions in the adventure travel market to remain difficult for at least the next 12 months. The division does not take commitments on airline seats or ground capacity and therefore the business model remains flexible.

The Adventure Travel Division comprises four distinct businesses. Explore and Djoser serve the UK and Dutch soft adventure markets, Travelplus (with its two brands TravelWorks and carpe diem) is a German educational tour operator offering language trips and overseas study/work experience and Regaldive is a UK dive operator. The breadth of destination choice, to over 120 countries worldwide, provides the division with a measure of resilience to geopolitical events.

This year, Explore successfully launched a range of value for money overseas and UK adventure tours to provide affordable adventure holidays for customers with lower budgets. Tailormade Explore, which offers bespoke itineraries for adventure travellers, has had a successful first year trading and will be expanded next year.

For 2010, the main Explore worldwide brochure incorporates various specialist programmes - walking and trekking, wildlife experiences, culture and discovery, cycling, short breaks and rail journeys - although the overall number of tours offered has been reduced to be in line with lower demand levels.

Whilst the recession has led to a reduction in demand for Djoser's adventure tours, the business has been successful in leveraging its strong airline and supplier relationships to maximise price and allocation competitiveness. Djoseropmaat, its tailor-made offering for small groups, has performed well in its first year as Dutch consumers seek products that satisfy specific demands. Djoser's 25th anniversary celebrations next year provide the opportunity for a distinctive marketing campaign.

TravelWorks' high margin high school offering, providing German students with one year placements at international high schools, has been expanded to China and India following the successful introduction of Canada, Australia and New Zealand last year. TravelWorks will continue to focus on expanding its high school programme to other destinations worldwide.

In addition to investment in product development, the division has continued to invest in its web capabilities. New reservation systems for Djoser and Regaldive have been developed to provide a more efficient booking process. Explore invested in its IT capabilities to improve the integration between the reservations and support systems. Improvements have also been made to allow updates on tour pricing and availability to be applied online in real time.

