

Business and Financial Review

continued



Camping

	2009	2008
Revenue	£111.9m	£101.1m
Headline operating profit**	£12.9m	£13.8m
Operating profit	£12.9m	£13.3m

The Camping Division benefited from strong late bookings. Revenue was up 11% (2% up at constant exchange rates) compared with last year. Pre-sited capacity was reduced by 4%. The division focused on maximising yields and a tight management of costs. The weakness of sterling allowed us to increase the proportion of sales generated outside the UK. Strong demand in July and August from the Netherlands enabled the division to allocate a greater proportion of high season capacity to this market. Going forward, we will continue to monitor and rebalance the geographical mix of capacity and sales accordingly in order to maximise profitability.

The Camping Division's principal activity is the provision of self-catering holidays to customers in the UK and across Europe, in pre-sited mobile-homes and tents on high quality European camp-sites through the market leading Eurocamp and Keycamp brands. The Camping Division also has a number of subsidiary brands including Ecamp (formerly Easycamp) and Eurocamp Independent. The division's customers, predominantly families with school-age children, come from the UK and Ireland, the Netherlands, Germany and six other European countries.

We do not own or operate camp-sites, but our pre-sited brands feature on 195 top quality sites, of which over 80% are in France and Italy. Pitches are reserved on a season-by-season basis, which helps the division to match capacity with demand levels and to deliver profitable levels of site occupancy. For the 2010 season, capacity will be reduced by approximately 8% with mobile-homes continuing to represent approximately 80% of the division's accommodation fleet.



The division continues to develop its product and destination range to attract new customers and to differentiate itself from the camp-sites' own products and other direct competitors. Following a successful trial of tree houses last year, Camping introduced safari tents as an alternative form of accommodation. The division also launched UK Escapes, offering tents on nine camp-sites in the UK countryside, in response to a demand by UK customers for a less expensive and more basic, 'back to nature', holiday experience at home. For the 2010 season, the division is adding higher specification mobile-homes to its fleet and introducing Greece and Denmark to its destination offering. Pitches on these sites have been contracted on an uncommitted basis.

The division's non-UK Ecamp brand, which offers value holidays in camp-site owned mobile-homes, continues to show good growth potential and performed particularly well this year with strong demand by Dutch and German consumers for high season holidays.

The division continues to invest in its online capabilities with nearly half of all bookings for the main brands made online. Plans for 2010 include improving the look and feel of all websites.

Our total capital expenditure in 2009, net of mobile-home sale proceeds, was £8.3m. For 2010, we expect to spend £6.8m net of disposals on replacement mobile-homes and other camping equipment.