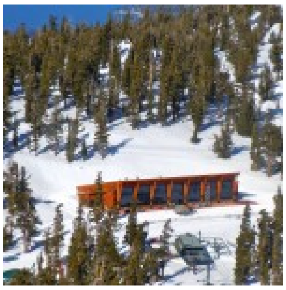
Vail Resorts posts increase in quarterly earnings

Vail Resorts Inc.’s fiscal third-quarter earnings rose 5.6 percent, with resort officials today underlining skier visits were up in Colorado and California, and declaring for the first time a quarterly dividend for stock investors.

For the quarter ended April 30, the only publicly traded ski resort reported a profit of $76.9 million. This is up from $72.8 million a year ago. The latest period included $2.6 million in write-downs and $6.6 million in debt-extinguishment charges. Revenue jumped 18 percent to $414.5 million.



The Tamarack Lodge, which opened this past season at Heavenly, helped boost F+B sales for Vail Resorts. Photo/LTN file

Shares closed Wednesday at $43.41 and are down 17 percent this year.

This is often the most telling of the quarterly reports because it includes February, March and April – all ski months.

Vail is an indicator the travel and tourism sector is on the rebound.

The company bucked a trend in California where overall skier visits were down 12 percent for the 2010-11 season.

"For the 2010-2011 ski season, visits to our Colorado resorts were up 4 percent compared with a gain of 1 percent for the rest of the Rocky Mountain region. Visits to our Tahoe resorts, including Northstar-at-Tahoe in both periods, increased 3.9 percent in contrast to a 7.1 percent decline for the rest of the Pacific Southwest Region (which includes California). Visits to all six of our resorts were up 4 percent, adjusted as if we owned Northstar-at-Tahoe in both periods, compared with 0.1 percent growth for the rest of the U.S. ski industry," CEO Rob Katz said in a statement. "Northstar-at-Tahoe has been a great addition to our company, achieving record visitation and profitability, and helping to drive a 36 percent increase in our Tahoe season pass program for the 2010-2011 season."

Vail owns Heavenly Mountain Resort on the South Shore. In October it acquired Northstar-at-Tahoe in Truckee.

Companywide spring season pass sales for the 2011-12 season were up 19 percent in units and 27 percent in sales dollars through June 5, compared with the prior year period ended June 6, 2010, (adjusted as if Northstar-at Tahoe were owned in both periods).

One-third of Vail's season pass sales come in the spring when the price is at its lowest. Those sales are not part of this quarterly earnings report.

Lodging reported net revenue was $49.8 million for the quarter compared to $44.9 million for the same period last year, for an increase of 11 percent.

Closing of four condominium units at the Ritz-Carlton

Residences at Lion’s Head helped drive a surge in Vail Resorts’ real estate porfolio. Net revenue was $13.2 million for the quarter compared to $3.2 million a year ago.

It was also announced Vail Resorts’ will be issuing its first cash dividend of 15 cents per share of common stock.

– *Kathryn Reed*