

strong demand with a rebalancing towards to the Eastern Mediterranean; profit improvement was driven by the RIU brand," Shore Capital said.

"The decline in profitability from the tour operator segment was driven by the UK, which continues to see margin pressure in Spain. Overall, the profit performance was consistent with our expectations although the mix was weighted more towards higher value cruise and hotels."

Foreign exchange headwinds

ShoreCap expects a foreign exchange drag of around €35mIn for the year, up from its previous guidance of €10mIn, largely due to the revaluation of euro loan balances within Turkish entities.

The broker maintained its 'buy' rating on the stock, citing the company's full-year earnings guidance and an "attractive" dividend yield of 4%.

Ian Forrest, an investment research analyst at The Share Centre, was also positive on the stock. "Due to the long-term growth potential, the healthy dividend and reducing competition in the sector, we continue to recommend the shares as a 'Buy' for medium risk investors seeking a mixture of growth and income," he said.

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