PRESS RELEASE

9 May 2018

# DXB Entertainments PJSC – Q1 2018 Financial Results

## 45% growth in visits, compared to same period last year - second consecutive quarter of record visitor numbers

## 10% growth in revenue, compared to previous quarter

## 64% improvement in EBITDA losses, compared to the previous quarter

DXB Entertainments PJSC (DFM:DXBE) announced today its financial results for first three months ended 31 March 2018 showing continued progress against its strategic plan and improvement in visitor numbers, revenue and EBITDA loss.

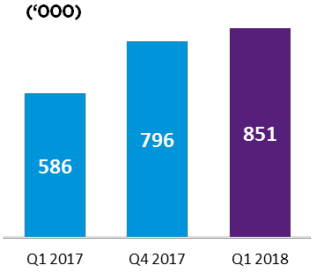
### Financial Highlights

| | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | Q1 2018 |
|---|---|---|---|---|---|
| **Visits** | **586,355** | **414,457** | **478,987** | **795,746** | **851,013** |
| *Growth* | | *(29) %* | *16%* | *66%* | *7%* |
| **Average hotel occupancy** | **22%** | **27%** | **42%** | **48%** | **62%** |
| *Growth* | | *23%* | *56%* | *14%* | *29%* |
| *AED millions* | | | | | |
| **Revenue** | **160** | **120** | **115** | **157** | **173** |
| *Growth* | | *(25) %* | *(4) %* | *37%* | *10%* |
| **EBITDA** | **(137)** | **(110)** | **(105)** | **(70)** | **(25)** |
| *Change* | | *20%* | *5%* | *33%* | *64%* |

**Q1 2018 Visits**

**851,013**

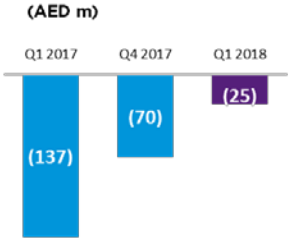
**Up 45% YOY**
**Up 7% QOQ**




**Q1 2018 EBITDA**

**AED (25) m**

**82% improvement YOY**
**64% improvement QOQ**




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**Q1 2018 Highlights**

- Visits reached 851,013 an increase of 45% compared to same period in the previous year and an increase of 55 thousand visits compared to the last quarter of 2017.
- Revenue was AED 173 million, an increase of 10% compared to the previous quarter.
- Continued EBITDA loss improvement due to visitation, revenue growth and cost efficiencies. Q1 2018 EBITDA loss improved by 64% compared to Q4 2017, and by 82% compared to the same period in the previous year.
- Lapita™ Hotel average occupancy rose to 62% in the first quarter of 2018, compared to 22% for the same period last year, and 48% in the fourth quarter of 2017.

**Post period highlights:**

- At the General Assembly held on 25 April 2018, shareholders approved issuing convertible bonds amounting up to AED 1.235 billion to Company's majority shareholder, Meraas.
- The 2nd Annual 'Big Day Out' set a new record in daily visitation, with over 36,000 visits recorded on the 20th of April 2018.
- DXBE announced a strategic partnership with Dubai Airports to promote Dubai Parks and Resorts at all DXB concourses with dedicated sales points and branded family zones.

Mohamed Almulla, CEO and Managing Director, DXB Entertainments PJSC, said:
"We are pleased to announce further growth in our revenue and visitor numbers, a strong signal that our revised pricing and marketing strategy is delivering results. Revenue for the first quarter of the year increased 10% to AED 173 million, compared to the previous quarter and 8% compared to the same period last year. Growth in revenue was stimulated by robust visitor numbers, up 45% in Q1 2018, compared with the same period last year, as well as record occupancy levels at the Lapita™ Hotel, averaging 62% during the quarter.

"At the same time our focus on cost optimization has helped reduce our EBITDA loss to its lowest level to date. EBITDA loss for the quarter was AED 25 million, down from a AED 137 million loss in the same period last year, and a AED 70 million loss in the previous quarter. This is an 82% improvement year-on-year and an 64% improvement compared to the previous quarter. The steady decrease in EBITDA losses over the past quarters, is a promising sign we are getting closer to reaching our EBITDA break-even target.

"We continue to see signs of improvement across the business, in April we hit a new record daily visitation figure, with over 36,000 visits during the 'Big Day Out' festival.

We are also very pleased to have signed an exclusive agreement with Dubai Airports that will give us access to all DXB concourses for targeted activations, marketing campaigns and dedicated sales points, helping us increase our exposure to international tourists."

## Financial summary

For the first three months ended 31 March 2018, DXB Entertainments reported total revenues of AED 173 million, an increase of 8% compared to the same period last year, of which AED 119 million was generated through the theme parks, AED 14 million through retail and AED 27 million through hospitality. Sponsorship revenue has been split out from theme park and retail revenue starting this quarter to provide more consistent performance indicators, and is now reported separately as sponsorship and other revenues which accounted for AED 13 million in Q1 2018.

Within the theme parks, 66% of revenue in Q1 2018 was driven through admissions and 29% through in-park spend.

80% of retail revenue was driven through leasing revenue with 83% of the GLA leased. Riverland™ Dubai continues to focus on driving footfall through regular events "on the River" to position Dubai Parks and Resorts as top of mind in the resident market.

Lapita™ Hotel revenue increased by 10% to AED 27 million in Q1 2018, compared to Q4 2017. Average occupancy reached a record 62% and the average daily rate was AED 720 for the first quarter of 2018.

Operating expenses continue to decline and totalled AED 186 million, an 12% improvement compared to the previous quarter and an 35% improvement compared to the same period last year. Employee expenses account for the largest operational expense, comprising 40% of total operating expenses.

## Operational highlights

Q1 2018 visits reached 851,013 an increase of 45% compared to same period in the previous year and an increase of 55 thousand visits compared to the last quarter of 2017. Post period, the 2nd Annual 'Big Day Out' set a new record in daily visitation, with over 36,000 visits on the 20th of April 2018.

Of the 851,013 visits to the parks during the quarter, 33% were multi-park tickets, 38% were single park tickets and 24% were annual pass visits, demonstrating the increased sales of the annual passes since the launch of the new pricing strategy in September last year. Tour and travel contributed 19% of the visits in first quarter of 2018.

Post period, the Company signed an exclusive agreement with Dubai Airports to promote Dubai Parks and Resorts at all DXB concourses, branded family zones and dedicated retail locations selling Dubai Parks and Resorts products.

The summer season pricing and timing came into effect on 1 May, and includes an 'all you can eat' resident rate starting at AED 180 for Bollywood Parks™ Dubai and AED 235 for the other theme parks, with opening hours starting in the late afternoon. Additionally, visitors will be able to park at the VIP parking at general parking rates, thereby reducing transportation time to and from the parking.

## Fully funded to break-even

Post period, the shareholders of the Company approved issuing convertible bonds for a total amount of up to AED 1.235 billion to the majority shareholder Meraas. The convertible bonds have a maturity date of 30 June 2026, an 8% deferred coupon rate compounded quarterly and a conversion price of AED 1.04 per share.

The previously approved AED 700 million subordinated shareholder loan and related interest thereon will be rolled forward into the convertible facility bringing the total additional financing to AED 500 million. The Company expects it now has the financing required to cover debt service, working capital and routine capital expenditures through to break-even.

## Outlook

Mohamed Almulla, CEO and Managing Director, DXB Entertainments PJSC, said:
"The operational history of the Company is at its infancy, having just completed the last rides and attractions at the end of last year. We implemented a new pricing and marketing strategy in September last year, which is now starting to show results. Therefore, while we saw significant increase in visits and revenue in Q1 2018, we continue to expect further growth.

"Theme parks are seasonal in nature and whilst we expect to deliver year-on-year growth, we anticipate the warmer second quarter to deliver lower visitation than the cooler months of the first quarter.

"We have the support of our majority shareholder, Meraas, and our financing partners, evidenced by our new financing agreements. 2018 is our first full year of operations and we remain optimistic about our ability to deliver growth in 2018 as we focus on driving visits from our key international source markets, through tour and travel operators as well as the recently announced partnership with Dubai Airports."

*ENDS*

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**DXB Entertainments PJSC**

DXB Entertainments PJSC (previously Dubai Parks and Resorts PJSC) is a Dubai-based operator of leisure and entertainment destinations and experiences. The Company is traded on the Dubai Financial Market (DFM) under the trading symbol DXBE. We bring together a diverse portfolio of world-class brands to offer entertainment in the areas of theme parks, family entertainment centres and retail and hospitality.

DXB Entertainments is the owner of Dubai Parks and Resorts, the region's largest integrated theme park destination, with five Theme Parks (Six Flags Dubai under development), two Hotels (LEGOLAND® Hotel under development), and one retail and dining facility all spread over 30.6 million sq.ft of land, with an estimated AED 13.2 billion in development costs.

DXB Entertainments also manages six Dubai-based mid-way attractions in addition to a chain of cinemas, all owned by Meraas.

With a diverse portfolio of 16 leisure and entertainment assets, DXB Entertainments is the largest leisure and entertainment company in the region.

For more information, go to: www.dxbentertainments.com