PRESS RELEASE

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DXB Entertainments PJSC Announces 2018 Full Year Audited Financials and Results of Strategic Review

- **50% year-on-year improvement in EBITDA loss**
- **22% year-on-year increase in visits, approaching 2.8 million in total, with hotel occupancy at 60% up from 35% in the prior year**
- **Strategic Review recommends to shareholders the expansion of both MOTIONGATE™ Dubai and Bollywood Parks™ Dubai to consolidate Dubai Parks and Resorts' position as the Middle East's leading theme park destination**

DXB Entertainments PJSC (DFM:DXBE) announced today its audited financial results for the year ended 31 December 2018 showing a 22% improvement in visitation and a 50% reduction in EBITDA losses compared to the previous year. DXB Entertainments also announced today the results of its strategic review.

Financial Highlights (1 Jan 2018 – 31 Dec 2018)

	Q4 2017	**Q4 2018**	**FY 2017**	**FY 2018**
Visits	**795,746**	**819,178**	**2,275,545**	**2,784,049**
Growth		*3%*		*22%*
Average hotel occupancy	**48%**	**63%**	**35%**	**60%**
Growth		*31%*		*71%*
AED millions				
Revenue	**157**	**149**	**552**	**541**
Change		*(5%)*		*(2%)*
Like-for-like change[1]				*2%*
EBITDA	**(70)**	**(37)**	**(422)**	**(210)**
Change		*46%*		*50%*
Adjusted net loss[2]	**(254)**	**(268)**	**(1,116)**	**(1,001)**
Change		(5%)		10%

[1] Reflects like-for-like growth in revenue compared to last year. This excludes revenue of AED 22 million from project management services provided in 2017.
[2] Excludes one-time non-cash impairment charges of AED 551 million and AED 991 million associated with the Six Flags Dubai project and Phase I development of Dubai Parks and Resorts, respectively.

FY 2018 Highlights

- 50% year-on-year improvement in EBITDA loss due to cost optimisation initiatives
- Revenue of AED 541 million representing like-for-like revenue growth of 2%, when adjusted for one-time prior year project management revenue
- Total visits for the year approached 2.8 million, an increase of 22% compared to the prior year
- Non-cash impairment charge of AED 991 million recognised in respect of the Phase I development of Dubai Parks and Resorts, reflecting the delayed ramp-up of international visitation to the destination
- One-time non-cash charge of AED 551 million recognised in respect of the Six Flags Dubai Project
- Lapita™ Hotel occupancy increased significantly to 60%, up from 35% in the previous year. Occupancy in December reached 72% with certain days over the winter holiday period delivering close to 100% occupancy
- Second annual Dubai Parks and Resorts "Big Day Out" in April delivered record visitation of over 36 thousand
- DreamWorks zone at MOTIONGATE™ Dubai wins prestigious international Themed Entertainment Association Outstanding Achievement award. MOTIONGATE™ Dubai awarded Best UAE Theme Park and Legoland® Waterpark Best UAE Waterpark at the Time Out Kids awards, with Legoland® Dubai highly commended

Post period highlights:

- The syndicated finance facility intended for utilisation as part of the development of the Six Flags branded theme park is no longer available, and the Six Flags Dubai project will not proceed in its current form at this time
- Proposed expansion plan for MOTIONGATE™ Dubai and Bollywood Parks™ Dubai, utilising rides and proceeds originally intended for the Six Flags Dubai Project to be voted on at a general assembly of the shareholders
- Paul Parker appointed Chief Commercial Officer with remit across sales, marketing, digital and strategic partnerships, reflecting continued focus on driving international visitation

Commenting on the 2018 financial results, Mohamed Almulla, CEO and Managing Director, DXB Entertainments PJSC, said: "In our first full year of operations we made good progress in improving the financial and operational performance of DXBE's main asset, Dubai Parks and Resorts. All of our phase one rides and attractions were in place from the start of the year and the Lapita™ Hotel continues to gain traction. Our cost saving initiatives including renegotiation of key supplier contracts and headcount savings have significantly reduced our cost base and our capital structure has been enhanced through our debt re-alignment and the injection

of AED 1.2 billion in the form of convertible bonds from our majority shareholder, Meraas.

"We reported a 22% increase in visits for the year, hotel occupancy reached 60%, up from 35% in the prior year and we delivered a 50% improvement in EBITDA loss.

"I am also pleased to report that the strategy for targeting residents has been successful with 60% of our guests originating from our home market. However, we need to build our international visitation, which delivers higher yields, and is crucial to delivering our target of EBITDA breakeven during the second half of 2020. The focus of 2019 is ramping up our international visitation whilst maintaining our cost base.

"As a result of our revised strategic review, an expansion plan is recommended that will, subject to shareholder approval, see world record rides placed into MOTIONGATE™ Dubai and Bollywood Parks™ Dubai, delivering value to both our customers and shareholders.

"Whilst I feel that it is early to assess the future performance of a market leading asset that is by nature a long-term commercial proposition, we have, on the basis of prudence, recognised a non-cash impairment charge of AED 991 million in respect of the phase one development of Dubai Parks and Resorts. This is in addition to the AED 551 million impairment that has arisen as a consequence of the change in direction of the Six Flags Dubai Project.

"In 2019 we will continue to focus our efforts on increasing international visitation to the parks, while sustaining domestic visits and maintaining a tight grip on operational costs as we work towards our target of EBITDA breakeven during H2 2020."

Financial Summary

For the year ended 31 December 2018, the Group reported total revenue of AED 541 million, a marginal 2% decrease on the prior year. However, on a like-for-like basis and excluding AED 22 million of one-time project management revenue reported in 2017, revenue for the year 2018 increased by 2%.

Of the total Group revenue of AED 541 million, AED 367 million was generated through the theme parks, AED 92 million through hospitality, AED 30 million through retail and AED 52 million through other revenue streams, including sponsorship.

Within the theme parks, 68% of revenue in Q4 2018 was driven through admissions and 32% through in-park spend, with a lower admission yield due to higher annual pass sales and Lapita™ Hotel visits.

Lapita™ Hotel revenue increased by 19% to AED 29 million in Q4 2018, compared to Q4 2017. Average occupancy increased to 63% and the average daily rate was AED 788 for the fourth quarter of 2018, indicating excellent demand for our hospitality offering and driving further footfall to the theme parks.

Overall operating expenses for the year, inclusive of marketing, selling and pre-opening costs but excluding depreciation and amortization were AED 728 million, compared with AED 925 million in the prior year, a year-on-year saving of 21% across multiple cost lines, a positive sign that our cost saving initiatives have taken effect.

A key metric for assessing theme park financial performance is EBITDA. In the year ended 31 December 2018, EBITDA loss was AED 210 million, an improvement of 50% on the AED 422 million EBITDA loss reported for the year ended 31 December 2017. Adjusted EBITDA loss, excluding the impact of pre-opening and one-time expenses and income, was AED 239 million, an improvement of 30% compared to the AED 342 million reported in the year ended 31 December 2017.

Despite strong year-on-year growth, overall visitation, and in particular from tourists, remains in its ramp up phase with a consequent impact on revenue. Whilst it is early to assess the overall valuation of a market leading asset that is by nature a long-term commercial proposition, on the basis of prudence, and in accordance with international accounting standards, an AED 991 million non-cash impairment provision has been recognised in respect of the Group's primary asset Dubai Parks and Resorts. This accounting adjustment does not impact the underlying operations of the Group.

Additionally, as part of the Six Flags Dubai project development, various costs were incurred, some of which were specific to the original development site and therefore are likely now irrecoverable. Accordingly, and as the Six Flags Dubai Project is not proceeding in its current form at this time, a one-time charge of AED 551 million has been recognised in relation to such costs. However, substantial value will be retained in the form of land, rides and other infrastructure assets.

Adjusted net loss for the year ended 31 December 2018, excluding one-time impairment charges was AED 1,001 million. The adjusted net loss includes AED 474 million of depreciation, a non-cash expense and AED 318 million of net finance costs, inclusive of non-cash finance charges of AED 51 million associated with the convertible instrument.

Reported net loss for the year ended 31 December 2018, inclusive of impairment charges, was AED 2,543 million.

Operational Highlights

Total visits during the year approached 2.8 million, an increase of 22% year-on-year. During the year 2018, the second annual Dubai Parks and Resorts "Big Day Out" delivered record daily visitation, attracting over 36,000 visits in a single day.

The fourth quarter delivered over 819,000 visits, an increase of 3% compared to the same quarter in the prior year and an increase of 63% compared to the third quarter of 2018.

Visitation growth was driven by the success of the annual pass program, increased hotel occupancy and therefore visitation from the Lapita™ Hotel and increased footfall from international tourists.

Annual occupancy at the Lapita™ Hotel was 60%, up from 35% in the prior year. Fourth quarter occupancy reached 63%, up from 48% in the same period last year, with occupancy in December reaching 72% with certain days over the winter holiday period delivering close to 100% occupancy.

Dubai Parks and Resorts received a number of awards during the year, recognising its position as the region's largest integrated theme park destination. The DreamWorks zone at MOTIONGATE™ Dubai received the prestigious 2018 Outstanding Achievement Award from the Themed Entertainment Association. MOTIONGATE™ Dubai also won in the Best Theme Park category at the 2018 Time Out Kids Awards, and Legoland® Waterpark won the Best UAE Waterpark at the Time Out Kids awards, with Legoland® Dubai highly commended.

Dubai Parks and Resorts Expansion

In August 2018, the Board of DXBE mandated a strategic review of its future development plans and capital deployment, including the development of Six Flags Dubai.

In the intervening period, actions, including formal notification by Six Flags, resulted in funders' concerns being raised specifically in relation to the revised projections for the Six Flags Dubai Project. As a result, the syndicated finance facility intended for utilisation as part of the development of the Six Flags branded theme park is no longer available, and the Six Flags Dubai project cannot proceed in its current form at this time.

Consequently, the scope of the strategic review was adjusted and the Board of Directors is recommending to utilise a select portfolio of the available rides to further enhance the consumer experience at two of Dubai Parks and Resort's key assets, MOTIONGATE™ Dubai and Bollywood Parks™ Dubai.

Remaining rides will be stored and installed as part of ongoing annual enhancement capex, ensuring that the consumer offering is protected into the future.

The proposed expansion will be funded through existing cash reserves with no additional debt and any remaining surplus funds will be utilised for corporate purposes.

A General Assembly of the shareholders will be held on 24th April 2019 whereby the shareholders will be asked to approve the enhancement plans and repurposing of rights issue proceeds.

Hotels to Support International Visitor Demand, Target New Demographics and Drive Revenue

Growth in international visitation is important to the future success of Dubai Parks and Resorts and our near-term goal to deliver EBITDA breakeven. Whilst we have seen strong growth in 2018, with tourists comprising 40% of our visitation, to deliver on our target of EBITDA breakeven, further growth in international visitation is required.

A central pillar of the strategy to deliver growth in international visitors is our hotel strategy which aims to deliver over 1,300 hotel rooms to the destination by 2020. To support this, the LEGOLAND® Hotel will open at Dubai Parks and Resorts in the first half of 2020, which will add a further 250 family-sized rooms to the existing hospitality offering and is a first-of-its-kind in the region, enabling Dubai Parks and Resorts to attract a greater number of families through bundled hotel package deals.

In addition, the third party owned and operated Rove Hotel will open in 2019, adjacent to Dubai Parks and Resorts. The opening of the Rove Hotel will add over 579 rooms to the destination and broaden the overall hotel offering to appeal to a wider demographic of value focused visitors.

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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.

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