DXB ENTERTAINMENTS
DREAMS WITHOUT BOUNDARIES

Detailed analysis of accumulated losses

Date:	14th Nov 2019
Listed Company Name:	DXB Entertainments PJSC
Define the period of the financial statements	Condensed consolidated interim financial statements for the nine-month period ended 30 September 2019
Accumulated losses:	AED 5.02 billion
Accumulated losses to capital ratio:	63%
The main reasons leading to these accumulated losses and their history:	DXB Entertainments PJSC ("DXBE" or the "Group") was launched in a phased manner between October 2016 and October 2017 when the last ride was opened to the public. Therefore, and as is standard for a greenfield development, pre-opening losses amount to AED 0.76 billion or 15% of total accumulated losses. Further, losses to date also comprise non-cash expenses, specifically: - Depreciation of AED 1.29 billion or 26% of total losses. - Impairment losses and other related charges of AED 1.54 billion or 31% of total losses. Cumulative operating losses amount to AED 0.69 billion or 14% whilst annual financing costs (net) on DXBE's syndicated financing facility and convertible instrument amount to AED 0.71 billion or 14%. The operating performance of DXBE has been impacted by delayed ramp up of visitation, in particular international visitation which has impacted revenues. In response DXBE has sought to mitigate the impact by implementing a cost optimisation and efficiency program thereby reducing costs. A breakdown of the accumulated losses can be found at appendix 1.

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Measures to be taken to address accumulated losses:	DXBE has a strategy in place to deliver on EBITDA breakeven during H2 2020. This strategy comprises a number of key pillars: - Growth in international visitation and increased length of stay through the implementation of the Group's hotel strategy that will deliver over 1,300 hotel rooms to Dubai Parks and Resorts in FY2020. - Further enhancement of the ride offering at Motiongate™ Dubai and Bollywood™ Parks Dubai, including the addition of world record thrill rides. The enhancement will broaden the appeal of the destination, increasing dwell times, driving per capita spend and encouraging both new and repeat visitation. - Implementation of further operational efficiencies delivering material reductions in operating costs. Operating costs[1] in 2018 were AED 0.73 billion as compared to AED 0.93 billion in 2017, a reduction of 21% and in the nine-month period to September 2019 have reduced from AED 0.53 billion to AED 0.45 billion, a saving of 15%. As a result, EBITDA losses have reduced by 50% in 2018 in comparison to 2017 with a further reduction of 4% in the nine-month period to September 2019. - Further cost reduction initiatives have been implemented during Q3 2019, for which the full year impact will be realised in FY2020. As at 30 September 2019, DXBE has AED 1.25 billion of cash and cash deposits of which AED 0.17 billion is restricted cash and AED 0.40 billion is ringfenced for enhancement and close-out works. As at 30 September 2019, total assets are AED 9.8 billion and net equity is AED 3.0 billion.

DXB ENTERTAINMENTS
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Chairman of the Board of Directors

[1] Operating costs comprise salaries and other employee benefits, marketing and selling costs and other expenses including but not limited to utilities, operator and intellectual property costs. Operating costs exclude depreciation and amortisation.

Appendix 1 - Breakdown of the accumulated losses

Amounts in AED'm	FY13	FY14	FY15	FY16	FY17	FY18	YTD Sep'19	Total	% of Total
Opening accumulated losses	**(4)**	**(17)**	**(38)**	**(149)**	**(639)**	**(1,769)**	**(4,312)**	**(4)**	
Impairment losses and other related charges	-	-	-	-	-	(1,542)	-	(1,542)	*31%*
Depreciation	-	-	(4)	(37)	(486)	(473)	(294)	(1,294)	*26%*
Finance (costs) / income - net	-	2	31	62	(216)	(318)	(274)	(713)	*14%*
Pre-opening losses	(13)	(23)	(138)	(504)	(83)	(2)	-	(763)	*15%*
Operating losses	-	-	-	(6)	(331)	(208)	(148)	(693)	*14%*
Losses	**(13)**	**(21)**	**(111)**	**(485)**	**(1,116)**	**(2,543)**	**(716)**	**(5,005)**	
Other movements - net	-	-	-	(5)	(14)	-	9	(10)	*0%*
Closing accumulated losses	**(17)**	**(38)**	**(149)**	**(639)**	**(1,769)**	**(4,312)**	**(5,019)**	**(5,019)**	***100%***