

# POSITIVE MID-TERM OUTLOOK



**We ended the year on a high note, attracting close to 2.3 million visits in 2017, with record numbers during the December holiday period. There was a momentum and a buzz around the parks, which translated into greater numbers of visitors and sales of annual passes, with the fourth quarter delivering close to 796 thousand visits.**

It was a year of learning, transitioning from a project delivery-focused organisation to a company that is focused on operational excellence and enhancing the consumer experience across over 50 touch points.

It is clear that we have a great asset in Dubai Parks and Resorts, the largest integrated theme park destination in the region – it is truly a unique destination, on a par with international theme park destinations, and is testament to the project team who delivered the largest theme park destination in the region in record time. Nowhere has an opening like this occurred before; it reflects Dubai's capabilities and could not have been achieved without the support of the Dubai Government and the global hospitality brands that call our city home, such as Emirates, dnata, and Jumeirah.

The scale of this destination is difficult to explain to someone who has not seen it. Over 100 rides and attractions are spread across 25 million sq ft of land, in 3 theme parks and 1 water park. Offering experiences based on the world's most recognised brands and characters from the East to

the West, Dubai Parks and Resorts is a natural fit to the ever-growing leisure and entertainment landscape of the UAE, and especially Dubai.

We are very fortunate to be located in the city of Dubai, which has one of the most extensive leisure and entertainment offerings available in the world. Dubai is the fourth-largest international tourist city destination in the world, with a growing inbound tourism market, attracting over 15.7 million tourists during 2017. We are ideally located in close proximity to half the world's population, and Dubai Parks and Resorts has been built to attract UAE's residents and tourists, enabling us to cross-sell and market to multiple markets and locations.

I was appointed Chief Executive Officer of DXB Entertainments in June 2017. Together with my senior management team, we spent the first few months conducting a thorough analysis of the business and developing a strategy to generate shareholder value, and position the Company in its new operational phase and on the right track for growth.

The new strategy is focused on enhancing the organisation through the alignment of management and organisational structure with P&L responsibility; clustering together similar assets to create operating, revenue, and cost efficiencies; and leveraging the management and operational capabilities of operators and operational teams in a new decentralised structure.

We also moved ahead with our goal to become the largest leisure and entertainment company in the region, and are proud to have reached an agreement with our majority shareholder, Meraas Holding, to manage a select portfolio of their leisure and entertainment assets, thereby creating a larger portfolio of assets under the DXBE umbrella and diversifying our revenue streams. Meraas Holding has been instrumental to our success, and we are very fortunate to have agreed AED 1.2 billion convertible instrument with them to assist us with working capital and debt service requirements through to breakeven. The proposed instrument is being put to the shareholders at the General Assembly in April 2018.

We celebrated the opening of Dubai Parks and Resorts on 18 December 2016 and continued to deliver on the rides and attractions throughout 2017. The whole destination was officially complete when we launched the world's first 'The Hunger Games' ride and attractions on 20 October 2017. The staggered opening of the destination impacted our short-term ability to successfully attract international tourists, which we expect to become a larger segment of our visitor profile in the future.





The core focus of the team is to accelerate our engagement with international visitors through partnerships with tour and travel operators, airlines and holiday companies.



One of our key achievements during 2017 was revising the pricing strategy and ensuring a stable pricing model. We focused on encouraging repeat visitation from the resident market through attractive annual pass pricing, increasing visits from our proximity markets by introducing a GCC resident rate, and a continued push into the key inbound source markets of India, China, Russia, and the UK. Our record fourth-quarter numbers are a promising sign that the strategy is starting to show results.

There is still much to do. While we have made progress in terms of penetrating the GCC resident market with our new pricing strategy, and generated positive word-of-mouth feedback, we need to continue building on this. The core focus of the team is to accelerate our engagement with international visitors through partnerships with tour and travel operators, airlines, and holiday companies.

A theme park destination on the scale of DPR cannot become an overnight sensation. Marketing and advertising campaigns take time to roll out and yield results. Therefore, we continue to focus on driving repeat visitation to help us build the brand and to become embedded in the public consciousness.

Ours is a seasonal business, and our key visitation periods will continue to be the cooler months of the first and fourth quarters of each year.

The summer months will continue to be a challenge, but as Dubai continues to evolve and attract international tourists it could also be a great opportunity. The nature of our business – which is common to theme parks all over the world – leaves us affected by factors out of our control, such as changes in the purchasing power of our customers, currency fluctuations, or weather variations such as rain and sandstorms. Therefore, the management team remains firmly grounded and entirely focused on delivering the ultimate value-for-money customer experience.

There are grounds for optimism. The groundswell of interest we noted in December points to a positive future, with better customer feedback, an energetic and experienced management team, world-class operators, growing inbound tourism numbers, and the support of entities such as the DTCM.

Dubai's ongoing efforts to consolidate its position as one of the world's leading family-friendly destinations will also help to build our profile in the coming years. We are seeing a welcome upturn in tourism from Russia and China – two of our key core markets.

The expected upturn in international tourism from new geographies will also have a positive knock-on effect on DPR.

Further, we believe that the opening of the LEGOLAND® Hotel and the world-renowned Six Flags – our fifth theme park – in 2019 will further enhance our offering and increase our status as a premier leisure destination.

With 2017 focused on the transition of the Company from project delivery to operations, we believe that the coming year will provide the first accurate picture of what we can achieve. We will evolve, much like our home city Dubai does, and we will continue to focus on the softer aspects of our offering, ensuring the consumer experience remains fresh and differentiated.

Finally, I would like to thank His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates, and Ruler of Dubai, the UAE Government, DTCM, Emirates, and numerous other agencies in Dubai, as well as our shareholders and employees, for their continued support.



**MOHAMED ALMULLA**  
Chief Executive Officer

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