



Company: Dubai Parks and Resorts
Conference Title: Q1 2015 Results
Presenter: Marwa Gouda
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Operator: Ladies and gentlemen, if we are all ready to begin I would now like to pass the conference over to our host Ms Marwa Gouda, Head of Investor Relations at Dubai Parks and Resorts. Please go ahead.

Marwa Gouda: Thank you. Hello and thank you everyone for joining the Dubai Parks and Resorts' First Quarter Financial Results call for the year. I am joined on this call by Raed Al Nuaimi, our CEO; Sandesh Pandhare, Chief Financial and Investment Officer; and Paul La France, our Chief Projects Officer. In this call we're going to provide an overview of the first quarter of 2015, the key operational achievements as well as discuss how our project is tracking against our plans. We will then open the call for Q&A. Should you not have received the presentation it's also available on our website.

Before we begin, a few necessary disclaimer points if you refer to slide number 2. In the course of today's discussion we may make some forward-looking statements. These will be based on information that is available to us as of today. You should not assume that in the future we will continue to hold these views. We therefore refer you to our public filings for some factors that may cause forward-looking statements to differ from actual future events or results.

So to begin I will now hand over to Raed.

Raed Al Nuaimi: Thank you Marwa and thank you everybody for attending this call. I would like to move to slide number 4. You will see that since our last call we have been very busy with both our construction efforts as well as on the operational side. As you will have seen from the various announcements made during the first quarter of 2015 we have successfully concluded a number of key deals with Lionsgate, Wizcraft and Norman Elder. Paul will discuss the progress made on the project later but most importantly we remain on track to open in October 2016 as



Dubai Parks & Resorts Q1 2015 Results

we promised earlier. We have made significant progress on our project infrastructure and procurement and we have started on the show production elements, which is our second most important milestone to supply the props and animation of all the attractions from the three different theme parks. Our cumulative project expenditure is tracking well with AED 3 billion as at the end of March, a figure which will double by the end of 2015 as we forecasted. Sandesh also will talk to you in more detail about our key financial highlights later in this call. We will also cover some of the deals that we have agreed post-period so you have an up-to-date view of our progress.

We recently also unveiled the plans for the addition of a LEGOLAND® Water Park in Dubai Parks and Resorts and it will be the sixth offering as you can see on slide number 5. As most of you remember from earlier conversations that water park was always part of our plan and financial projection. Now that we have the details available we wanted to share them with the public, the detailed model of our whole destination including the water park launched recently at the Arabian Travel Market, it has few height restrictions. This is the first water park in the region targeting young children. We have got lots of very successful water parks here in Dubai but none of them are targeting only children from ages 2-12 which we will be covering. The park also will have 20 attractions and build on the strong LEGO® brand. This means our multi-themed leisure entertainment destination will have over 100 rides and attractions in total, further increasing the appeal of our resort.

Can we move to slide number 6 please. This will give you a brief overview of the hotel and leisure industry, which despite the recent economic climate, shows long term promise. Not only does Dubai have a growing population but the number of visitors to Dubai grew by 5% in 2014 compared with 2013. Tourism receipts are forecast to reach over \$20 billion this year, an increase of 9.3%. Geographically, Dubai is positioned within a four hour flight of 3 billion people; data released by the Dubai Department of Tourism and Commerce Marketing indicates Dubai's attractiveness as a tourist destination to long haul passengers. US and Chinese tourists are an increasingly important part of Dubai's visitor mix and we are also focusing very much into those two sectors and we have been working closely with the Dubai Tourism Authority here in Dubai since we considered the magnitude of the major leisure entertainment attractions, to achieve to Dubai vision of making Dubai as a family tourism destination. Also the expansion of the Al



Maktoum International Airport will make Dubai even more accessible. The opportunity of course for Dubai Parks and Resorts is very much clear.

I would now like to hand over to Paul, our Chief Projects Officer to take a closer look at what has been achieved in terms of project deliveries. Paul?

Paul La France: Thanks Raed. We now have less than 18 months until we open and our plan has gone smoothly and we are making really visible progress out there. Looking at slide 8, I'm going to just talk up the arrow a little bit and the progress that we've made. From a design point of view we've progressed the design somewhat over the last quarter. What we're working on now is a little bit more of the Shrek show design and How to Train Your Dragon as well as Cloudy with a Chance of Meatballs and of course Lionsgate which is a new addition as well as the facility impact of that show design, so we're making pretty good progress there. If you go up the chart here, procurement, at the end of 2014 we were at 50%, we are now at 67%. Our target was 66% so we exceeded that and we're making real good progress. We're going to make some significant progress in this coming quarter.

Up the chart is ride engineering and manufacturing, we've gone from 31% to 40% with design at 79% and manufacturing at 35%. We have four rides done and ready to ship to Dubai. Again going up the chart from a progress point of view we've made significant progress in infrastructure and facilities and particularly structural works. When we turn the page and look at some of the pictures, it's real visible. We're very vertical everywhere. Our two biggest buildings are almost enclosed. Then you go up the arrow again, you look at resort-wide development. The sub-station is progressing well. We're on target, energisation is targeted for the third week in July, district cooling is well advanced as well as is much of our utilities and roads. We even have trees planted along the resort-wide area which signifies a lot of the road is done. So show production as Raed mentioned earlier, we're in the procurement stage of that, we're into the production of that. So that's turning the corner as well. At the end of 2014 we were at 5,000 workers on site. At the end of this quarter we're 6,500. Today, as we speak we're at 7,300 and we expect to be significantly higher than that by the end of Q2. So if you look at the next slide you'll see what I'm talking about as far as pictures go. On the left is Rajmahal which is going to be enclosed really rapidly. On the right is the DreamWorks building which is a huge building and



that's well on its way as well. There's LEGOLAND® and the hotel is also very vertical, so that shows significant progress since last quarter and so we're expecting a good quarter in the future.

Sandesh please, would you go over the next slide?

Sandesh Pandhare: Thank you Paul. So if we move to slide number 10 we can see an overview of where we are deploying the total spend across the project. You will see a significant uptick in the spend in the first quarter. Cumulative project expenditure to date has been AED 3 billion with most of the significant spend has been done in motiongate™ Dubai as well as on infrastructure. The AED 3 billion is reasonably evenly split between land, hard costs and soft costs and as the year progresses the focus will shift more to the hard costs. We have targeted cumulative project expenditure by the end of the year 2015 of AED 5.9 billion and now I'll hand it back to Raed to talk about our key operational achievements.

Raed Al Nuaimi: Thank you Sandesh. We're going to steer a little bit away from the construction and talk a little bit about the operational update and the corporate updates, so moving to slide number 12, just giving you time to switch to slide number 12. As mentioned earlier we've signed deals with three internationally recognised companies in the first quarter of 2015. Our partnership with Hollywood studio Lionsgate, I personally was following up with Lionsgate to take their best franchise which also made a big box office hit internationally in the US to add more flavour to the park, so we'll bring the Hunger Games and Step Up franchise live and this will be the first Hunger Games themed attraction in the world and we are very of course proud to have a such strong IP as part of our offering. Lionsgate is part of the fifth zone in motiongate™ Dubai and will attract the teenage demographic.

We are also very excited about our partnership with Wizcraft International which will bring world class Bollywood entertainment to the first Broadway-style theatre - the first of its kind in the region. Wizcraft is the leading event management industry that has been involved in events tied to the Indian film and music academies as well as the well-known Kingdom of Dreams show.

Moving to slide number 13, the third partnership we've signed within the first quarter was our corporate marketing partnership programme with Norman Elder which will help connect Dubai



Dubai Parks & Resorts Q1 2015 Results

Parks and Resorts with the global, regional and local sponsorship partners. Led by the marketing guru Norman Elder the programme will position Dubai Parks and Resorts as a premium destination and driver of Dubai's leisure and entertainment sector. A destination management team within Dubai Parks and Resorts in cooperation with Norman Elder has been very active in this first quarter and we look forward to sharing some concrete developments with you in the near future.

I have to include our post period announcement, our first revenue generating deal with Picsolve International which will allow guests to enjoy a seamless photo record of their visit and is one of the world's largest photography integrations. As you know Picsolve will manage photo and video services on rides, on sets and with characters, along with unique computer-generated experiences. The deal is expecting to bring in a minimum of AED 100 million over five years and will act as a cornerstone long term revenue generating facility for our shareholders.

On the corporate front our staff number has swollen to over 100 people and we completed the construction of our headquarters on the site. Key functions have already moved to site and I want to focus and make the team focus on being very close to the projects and see it coming up in front of them.

I'd like now to hand back to Sandesh for more details for a review of our financials. Sandesh.

Sandesh Pandhare: Thank you Raed. So if we move to slide number 15, we continue to see the balance sheet of the company expand reflecting the accelerated growth trajectory of the project. Our total assets stood at AED 6.9 billion. Property and equipment and investment properties increased to AED 2.57 billion and advances to contractors and prepayments increased to AED 424 million and we have cash and other financial assets of AED 3.9 billion, so all put together we have AED 6.9 billion.

If you move to the next slide you will see the consolidated statement of our financial position which captures the key highlights I've discussed. We have share capital of AED 6.3 billion and our total liability increased to AED 648 million from AED 591 million last year as we have engaged with an increasing number of contractors and partners.



So moving on to slide number 17 you will see that we are not yet generating any revenues while we are in the development phase of Dubai Parks and Resorts. Our total loss during the quarter was AED 13 million compared to AED 21 million during full year 2014.

Finally on slide 18 you will see a consolidated statement of cash flows for the period primarily reflecting the increase of AED 382 million in property and equipment.

So that brings us to the end of the update for the first quarter of 2015. I will now hand over to Marwa for a brief shareholder update.

Marwa Gouda: Yes, thank you everyone for the update and I just wanted to before we open up the floor for questions to point everyone to slide 21. We have received a number of queries regarding the AGM and I would like to take this opportunity to explain that as a newly founded company our first financial year ends in December this year and therefore in consultation with ESCA we are exempt from holding an AGM in 2015.

With that I will now hand over to the operator for Q&A.

Operator: Thank you. We will now begin the question and answer session. If you wish to ask a question please press *1 on your telephone and wait for your name to be announced. If you wish to cancel your request please press *1. Once again please press *1 if you have a question.

We will now take our first question from Ayub Ansari from SICO. Please go ahead.

Ayub Ansari: Yes, good evening gentlemen, thank you for hosting the conference call. I had a couple of questions. Firstly regarding the Hunger Games franchise, is this something new and are we going to see more rides added to Dubai Parks after the signing of this franchise? Number two, I have a question regarding the long term debt. I was just wondering if you could share colour on what's the current situation, if you've taken the debt as a drawdown and what are the terms of the debt?



Dubai Parks & Resorts Q1 2015 Results

Raed Al Nuaimi: For the first part of the question, the franchise of Hunger Games, it's new. We have purchased two rides to be added on Zone 5 within Motiongate Park and these two rides will be themed around the Hunger Games franchise and that means that we've added...we had always an intention to have motiongate™ Dubai as our Hollywood based theme park so now we have completed our three gates of motiongate™ Dubai from Sony Pictures to DreamWorks Animation and now Lionsgate - the new addition. We wanted to have our first entry to the industry worldwide, not only in the region, to have the Hunger Games experience as a theme park ride to the public through Dubai Parks and Resorts and through motiongate™ Dubai in particular. So yes the franchise is new and yes we'll have two main rides, two major rides will be seen around the franchise of the Hunger Games (*these rides are not in addition to the 27 rides and attractions announced for motiongate™ Dubai*). Having said that, because we have a 1,000 seat theatre within motiongate™ Dubai, we are producing a permanent show that will be played throughout the day in motiongate™ Dubai, which will be a Step Up franchise and also part of the Lionsgate library. I will hand over the second question to Sandesh to answer about the debts and the loans. Sandesh?

Sandesh Pandhare: Regarding the debt we have AED 4.2 billion of syndicated finance facility which was basically led by Goldman Sachs. It's fully committed, it has projected interest costs of 6.5% and it's a facility with a long term tenure of close to 10 years. We have not yet started drawing down the debt facility. We hope to start drawing down from the end of the second quarter or maybe early third quarter of this year.

Raed Al Nuaimi: With that you basically don't start your interest except at a later stage which is a good thing for the company. Any other questions?

Ayub Ansari: Yes. In the IPO document there was some mention regarding MOU of Meraas and Six Flags and regarding opening of another theme park near Dubai Parks and Resorts. I just want to know if there's any update on that?

Raed Al Nuaimi: In that regard, basically first of all we need to refer back to the relationship agreement between Dubai Parks and Resorts and Meraas. Meraas cannot open any theme parks any place in the world and anything goes through Dubai Parks and Resorts, and any adjacent



Dubai Parks & Resorts Q1 2015 Results

land to Dubai Parks and Resorts we have the first right of refusal to expand. We are always looking at what would be the future of Dubai Parks and Resorts, one of which was an early discussion with the Six Flags franchise, a brand we might think of expanding with in the future. That's in early discussion and Meraas cannot operate it - if we are to expand, it will be through Dubai Parks and Resorts.

Ayub Ansari: So it's safe to assume that right now nothing is happening on the Six Flags front?

Raed Al Nuaimi: Nothing on the ground. It's in early discussions but they are tied up through an MOU with us to explore their facility of expanding in the future.

Ayub Ansari: Yes. I guess I'm taking up too much time but this one last question: I just want to know what's the maximum visitor capacity for Dubai Parks once it's fully operational?

Raed Al Nuaimi: I will give you the annual capacity...the projected visitors number are 6.7 million visits by the full year of operation and that is taking almost 60% of the visitors we can receive in the entire destination, so basically what we did is we have enough room with the same attraction rights to almost double the size of the capacity without expanding. With expanding so let's say after 10, 15 years, we have enough land around each of the parks to expand and to receive the double of, let's say if we receive 10 million today, it will be 10, 12 million within the existing attractions and parks capacity today, I can double that figure within the same land without going outside of the boundary of our park.

Ayub Ansari: Ok, that's very useful. Thank you very much.

Raed Al Nuaimi: Sure, sure.

Operator: As a reminder, if you'd like to ask a question please press *1. Again ladies and gentlemen as a final reminder please press *1 on your telephone keypad. We will now take our next question from Raed Momani from Capital Investment.



Raed Homani: Hi there, thank you for the call. I have two questions about the company strategy. The first one is about as far as we know there's an alignment agreement with Dubai Parks and Resorts and Etisalat as well as Emirates Airlines. Could you please explain to us how the company benefit from such sponsors' agreements? Second question about the summer heat, I'm just wondering what is the company strategy during the summer since temperatures are extremely high?

Raed Al Nuaimi: Thank you Raed for the question. You have the same as my name, right?

Raed Homani: Yes, sort of.

Raed Al Nuaimi: Well, to answer the first part of the question our tie-up with Emirates Airlines and Etisalat, both companies are definitely known and we would benefit from each other's experience and each other's offerings. So Emirates Airlines wanted to, because Dubai is considered for them the biggest market and they now see that there will be a project to pull out the passengers throughout the gates of the airport, today they transport the passengers through Dubai Airport but then to different outbound countries and not necessarily getting out of the airport. So we are now creating, first of all, for us to tap into their destination management, so they have opened all their platforms through destination management, call centres and even their sister company dnata which we recently signed an MOU with them to be our preferred travel tour operator organisation, so what we want to do is first of all we cover our agreement between Emirates Airlines to cover the holistic partnership or agreement with the different elements that Emirates Airlines handling, so whether it was the management call centre loyalty programme, transportation and then we'll sign a particular agreement whenever we find there is a benefit to Dubai Parks and Resorts. We are in a very advanced stage, plus we've signed with dnata our first agreement to become our preferred travel agency, tapping in to their hospitality offering and inventory within Dubai, looking at transportation between the city and Dubai Parks and Resorts and going forward we will be announcing further as we go along.

From Etisalat what we wanted to do is first of all because we have the luxury of the land we wanted to create the first integrated, smart theme park city in the world and with Etisalat



Dubai Parks & Resorts Q1 2015 Results

because we'll have an open door to their technologies, different technologies that will assist the guests and enhance the guest experience as well as our operations team to manage the crowds within the destination. We started now with Etisalat to procure these technologies and we've laid down or we are in the progress of laying down the infrastructure for that and this has been a very successful tie-up.

The second part of the question, the summer and the heat. What we did is that there is two elements that we've covered. One, in our projections we have always projected low seasonality during summer, but at the same time, in our design, we have all the attractions and rides within the destination has 30 minutes of air conditioned queuing areas. At the same time so many of the attractions are indoor and air-conditioned. The fourth element, what we did is when we have designed the destination of the parks, we have designed the attractions to be very close to each other so there's not much of a walking distance between one ride to another and we have also a good cluster shape across the resort around the lagoon. For the year-round attractions and mostly LEGOLAND®, their mini-land which is the main iconic piece of LEGOLAND®, is fully indoor and air-conditioned and this will be the first one in the world to be indoor. Is this clear?

Raed Homani: Definitely, very clear. Thank you so much.

Operator: Ladies and gentlemen, at this point we will be handing the call back over to Marwa Gouda, Head of Investor Relations. Please go ahead.

Marwa Gouda: Alright, I think that concludes the call for today. Thank you everyone who dialled in, we appreciate your interest in Dubai Parks and Resorts and we look forward to informing you of further developments. Bye.

Operator: Thank you. That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.