



Company: Dubai Parks and Resorts
Conference Title: Full Year 2014 Results
Presenter: Marwa Gouda
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Operator: Ladies and gentlemen, if we're all ready to begin, I will now pass the call over to our host today, Ms Marwa Gouda, Head of Investor Relations. Please go ahead.

Marwa Gouda: Hi and welcome everyone to Dubai Parks and Resorts first financial results call. My name is Marwa Gouda and on behalf of the Investor Relations team and Dubai Parks and Resorts we thank you very much for joining this session. Today's presentation will be done by Raed Al Nuaimi, our CEO; Sandesh Pandhare, our Chief Financial and Investment Officer; and Paul La France, Chief Project Officer. In this call we're going to provide you an overview of the year, discuss our results and outlook for 2015. Once we're done we will then open up for Q&A.

Just before we begin please refer to the necessary disclaimer points on slide number 2. In the course of today's discussion we may make some forward-looking statements and as such we refer to the disclaimer to encapsulate what that means.

So to begin I will now hand over to Raed.

Raed Al Nuaimi: Thanks Marwa. Thank you everybody for attending our first investor call. If we go to slide number 4 you will see that it has been a very busy year for Dubai Parks and Resorts. Although the project commenced in 2013, it was in 2014 that the progress really started to escalate. This slide will show you some of the facts of where we are in the critical part of the project. We have nearly completed all our designs for the parks. We are taking time over this so that we get it right on the first time around and so that we don't face construction delays further down the track. As you can see we have completed 88% of the total design. We have also completed 100% procurement of the theme park rides. 64% of the resort-wide utilities are also completed. As you all know we secured 2.5 billion equity through our DFM listing in December and we also secured a 4.2 billion syndicated finance facility.



Moving on to the next slide I'd like to remind you of the opportunity for Dubai Parks and Resorts so let's move to slide number 6. If we look at this slide you can see that the top 10 global theme parks had 377 million visitors in 2013. Globally theme parks are found in North and South America, Europe and Asia but there's no multi-theme destination offer in the Middle East and this gives us a huge opportunity as this is considered an untapped market. For all the intellectual property owners for theme parks, where else would they think to come to in the Middle East except Dubai and that's because we have the right infrastructure, the right hospitality offerings and other sectors that can support this new industry that's coming to the market. We've also to make sure that we create the industry and own it, signed exclusivity agreements across the GCC with our IPs and sometimes we went even beyond into wider Middle East. As you can see there's 3 billion people living within a four hour radius from Dubai and the annual capacity of Dubai's airport is set to grow at nearly 10% CAGR. Dubai is also a growth economy attracting a growing population and we know that despite a decline in the oil price, Dubai has one of the most diversified economies in the Gulf region.

So moving to slide number 7, this is to remind you again about the different components that we have within Dubai Parks and Resorts, so we're not only building theme parks but we're building an entertainment destination that's hosting a hotel and we also have a retail, dining and entertainment space that connects all the theme parks together. This will be the largest multi-themed leisure and entertainment destination for the region, which is a year around destination. We've looked at the design aspect of the project to make sure that we also can cater for the summer months.

We also looked into how to create the master plan so everything is a walkable distance and there will be no vehicle access inside the theme zone because we want to transform the guests from their normal lives into the Dubai Parks colourful, magical life. We will provide both tram and boat transportation.

If we move to slide number 8, I think you know that we have established our vision, mission and goals and you will see – and I think I've outlined what we are attempting to achieve – but briefly we are going to build the largest integrated leisure entertainment destination in the Middle East region.



Moving to slide 9, following that update on Dubai Parks let me now hand over to Paul and he is going to take you through an overview on the project development.

Paul La France: Thank you Raed. I think some of you have met me previously but for those that haven't, I'm Paul La France, I'm the Chief Projects Officer. I started in the theme park business in 1987 so I have been doing this for a long time. I led some of the major theme parks around the world, Euro Disneyland, Universal Studios Japan, Hong Kong. My partner is a guy name Matt Priddy, he's Chief Technical Officer. He's been in charge of show rides for 25 years, so together we lead a team that consists of Samsung, Hill and Cummings of about 250 people, a mixture of theme park people and Dubai local people who have local knowledge. All over we have more than 500 years of experience in the theme park industry. Over the last year we've been pretty successful, the accelerator has been pressed. About two months ago we were talking about 2,000 people on site – we now have over 5,000 and we're rapidly increasing on a weekly basis. If you look at the slide you'll see the first three boxes: major IP agreements, they are all 100% complete, operator agreements are 100% complete. All major government approvals, RTA approval, TIS, master plan approved, that's 100%. From a design point of view the schematic and the concept design is 100% complete. We just have a little bit of detailed design to complete for Shrek and How to Train Your Dragon, so we're pretty good there. The theme park rides as Raed said are 100% ordered. Also from a manufacturing point of view we're 31% complete on ride manufacturing and engineering. We even have a ride that has been delivered to Port of Jebel Ali.

From a resort-wide utilities point of view we're 64% complete, we're starting road formation, even trees are on their way from Spain that we planted this spring. As far as the process goes, the infrastructure is 31% complete and the structures are all 25% complete. We made some huge progress on Raj Mahal in Bollywood park and the DreamWorks building.

So if you look at the next slide, these are just some of the pictures. The rod steel is going up for the DreamWorks building. The progress on the site is proceeding well. When you think about this project you have to look at really about five or six major projects all going up together. It's not one simple project, so that allows us to add lots of people and lots of resources.



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If you turn the page to the next slide you see the substation. That will be operational in July giving us permanent power which is what we need for testing and adjusting the rides. On the right you'll see the Tabreed District Cooling Plant which will be operational in September along with the picture on the bottom is the thermal storage tank. That will be operational like I said in September. That allows us to do finishes inside all our attractions.

If you look at the next slide, slide number 13, you see that we really stepped it up in 2014 and projections are even greater for 2015. It's a breakdown basically of hard costs, soft costs and land, all being pretty equal. So anyway, that's where we are.

Raed Al Nuaimi: Thanks Paul. To give you an idea of what we achieved outside the construction if you can please move to slide number 14 you will see we've launched the Dubai Parks and Resorts brand to begin the process of creating a destination brand targeted at our key markets. The brand has been communicated through an integrated global marketing communication programme led by the destination management team. As part of the marketing plan we've signed a deal earlier in the year with Emirates to partner in our marketing of Dubai Parks and Resorts. Of course we benefit from Emirates' decades' worth of marketing expertise in packaging Dubai Parks and Resorts as a global theme park to Emirates customers base in their global network and as you know Emirates Airlines are one of the largest destination management platforms which we are now allowed to tap into and get their expertise to develop the Dubai Parks and Resorts destination management to create the best packages across the theme parks with the hotels and some of the hotels of the city and that will give us leverage of doing an overall arching destination management packaging for the destination.

We've also announced recently that we've completed the hiring of the senior management team and we have seven highly experienced chiefs driving Dubai Parks and Resorts now for the launch in 2016.

I will hand over to Sandesh who will take you through the financials.

Sandesh Pandhare: Thanks Raed. So on page 16 you will see a summary of our annual audited financial statements, 2014 saw the balance sheet of the company expand significantly reflecting the accelerated growth trajectory of the project during the year. Our total assets



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stood at AED 6.9 billion primarily driven by an increase in property and equipment as well as advances to contractors. We had cash of AED 4.3 billion in cash and other financial assets. We had no operating revenues during the period as we are in the developmental phase of the project and we recorded a loss of AED 21 million for the year.

So on the next slide you'll see a summary of our consolidated financial position which also gives a break-up of the AED 6.9 billion of assets that I mentioned. Our share capital increased to AED 6.3 billion following our December listing on the DFM. Our total liabilities have increased to AED 590 million from AED 356 million last year as we engage with an increasing number of contractors.

Moving on to the next slide, basically it shows an operating loss of AED 21 million compared to AED 13 million for the last year. This equates to a loss per share of AED 0.003.

On the next slide number 19 you will see a summary of our total cash flows. Net cash from investing activities was AED 5.1 billion and we had net cash from financing activities of AED 4.9 billion which was primarily due to the share capital issuance. We are fully funded and we are now focused on the execution of this project.

With that I will hand over to Raed.

Raed Al Nuaimi: If we can move to slide number 21 please I just want to give you some of the corporate focus for 2015, what we've created from a strategic perspective. In order for us to achieve these major projects for this time in the region we have created a business strategy which we call The One Thing and this basically was taken from a leader back in 2006 who created this strategy in Dubai which worked well for delivering some of the mega projects. This is a framework for the entire business, so that every department is tasked and motivated to deliver goals that are coordinated across the projects and of course to ensure their delivery. So our one thing basically for now is to open the project in 2016 as promised and on budget. For the big one thing of the Dubai Parks and Resorts vertically, we have moved these to become one thing for each of the different verticals to contribute on the bigger picture.



As far as the plan as well I have decided to move the team all next to the project so that they can see the development happening in front of their eyes and to also motivate the team and make sure that we look into the detail of the project delivery. So we're moving by hopefully mid of April to the site.

If we move to slide number 22 I just want to give you some of the objectives that I've set for the organisation for 2015 which will help us achieve our main objective of the opening in October 2016, mainly of course achieve 95% of the show production, achieve 72% completion of facilities construction and 65% completion of infrastructure construction including the access bridge on Sheikh Zayed Road and achieve 100% on all the underground utilities, and the substation, the power has to be available and for district cooling planned network and make the chilled water as well available and then award AED 7.5 billion worth of contracts cumulatively, as well as achieve a cumulative project expenditure of AED 5.9 billion. All these objectives that you can see are going to help Dubai Parks & Resorts to achieve the main goal of The One Thing on time so far we are happy that we are meeting targets and the team has been focused on achieving milestones and that's why we've developed these objectives for 2015. For the destination management, park operations and the hospitality we also need to focus on the operational element after opening to generate the revenue we're promising to generate, so basically achieving the completion of supply chain strategy and cumulative spend on the procurement for retail, achieve completion of all technical and operational standards and this is basically to make the entire parks and the destination of principal and benchmark against the world class theme park standard, achieve completion of products and package developments including VIP and also the VVIP destination management and implement signed leasing, tenancy contracts for 75% of land which is our retail, dining and entertainment space.

I think we're done here on the update and I want to pass it to you guys for any Q&A.

Operator: Certainly, thank you Mr. Al Nuaimi. 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 to ask a question.



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Once again ladies and gentlemen to ask a question at this time you can press *1. It appears at this time sir we have no questions from our telephone audience. My apologies for the interruption, we have just received a question from Ashish Jain from NBK Capital. Please go ahead.

Ashish Jain: Hi. Good evening gents. Thank you for hosting this call. I have two questions: one, when do you expect to achieve break-even on a cash basis? Second if I look at your cash flow statement, the cash flow from investing activities excluding the financial assets is just less than AED 1 billion but your project expenditure in 2014 was around AED 2.2 billion, so I was wondering what is that I'm missing here?

Sandesh Pandhare: Sure. On the first question we are looking at net profitability in 2018 which is our second year of operation. With regard to your second question on the break down, we had a total of AED 2.6 billion as at the end of 2014 of which, we had land of AED 896 million. As you rightly said we had about AED 1 billion which was basically the increase in the property, equipment and investment properties and we had roughly AED 370 million towards advances, so that's the break-up which adds up to ballpark AED 2.6 billion.

Ashish Jain: Ok, thank you so much.

Operator: Thank you. Ladies and gentlemen, at this point as we have no further questions I will be handing the call back to Marwa Gouda, Head of Investor Relations. Thank you.

Marwa Gouda: We'd like to thank everyone for joining the call and we will be sending out a transcript of the call in about 48 hours which will be made available on our website. Thank you.

Raed Al Nuaimi: Thank you very much.

Paul La France: Thank you.