



Company: Dubai Parks and Resorts
Conference Title: Q2 2015 Results
Presenter: Marwa Gouda
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Operator: Ladies and gentlemen, if we are all ready to begin I will pass the conference over to our host Ms Marwa Gouda, Head of Investor Relations at Dubai Parks and Resorts.

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

Before we begin, if I can just point you to slide number 2 and a few disclaimers. In the course of today's discussion we may make some forward-looking statements. These will be based on information available to us 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 with that I will begin and hand over to Raed.

Raed Al Nuaimi: Thank you Marwa and thank you everybody for attending this call. We'll start from slide number 4. Halfway through 2015, we have intensified efforts to build the region's largest leisure and entertainment destination. On the project side some of the key achievements this quarter are the 13% increase in procurement from last quarter as well as significant increase of 29% on the structural works of the individual projects. We have also achieved a 15% increase on resort-wide infrastructure. We remain very strongly on track to open by October '16 and later in the call, Paul will discuss progress in more detail. We have announced some significant partnerships this quarter with well-known brands such as Picsolve – which we spoke to you about in the last update – and dnata, one of the world's



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largest international travel sales networks. In May we announced the start of leasing opportunities with Riverland™ Dubai and we have had a strong response to date which I will speak to you about later in this presentation. Financially, our cumulative project expenditure was AED 3.8 billion, which is in line with our plans. Sandesh will talk to you in more detail about our key financial highlights shortly. We are pleased to have the Government of Dubai's strong support and this quarter the Roads and Transport Authority awarded the contract for construction of the access roads from Sheikh Zayed Road to Dubai Parks and Resorts.

I will now hand over to Paul for a project update.

Paul La France: Thanks, Raed. On slide number 6, I am going to give you an update, going left to right, of the various aspects of the project. If you look at the way it's organised, it's organised by key areas of activity and this is really a look at halfway through 2015, and the whole project team is continuing to focus on all aspect of the project. We have reached a labour force onsite of over 9,000 by the end of Q2. As we speak today, we currently have 10,300 workers onsite. We are also working on manufacturing rides in Europe and we started show elements in Europe, Asia and North America. So if you look at from the design point of view, what we have achieved, we're currently 92% complete. The majority of what's left is to complete the design effort for Lionsgate.

If you go to the right here and talk about procurement, at end of Q2 we're 80% complete and that's 2% more than what our goal was for the end of Q2 so we're feeling pretty good about that.

Ride engineering and production progressed to 52% complete at the end of Q2. Currently – not at the end of Q2 but currently – we have six rides delivered to Dubai and we are erecting the Castle Coaster in LEGOLAND® Dubai.

Overall, if you move to the right a little bit, this quarter we made significant headway with all projects as well as resort-wide development. In particular we really achieved good progress on all structural works, which is now 57% complete, and it's really plainly visible onsite and you'll see in the pictures below, and we're really on target for the end of the year targets.

Resort-wide development is 43% at the end of Q2 and is on track to meet our year end targets. The substation and district cooling plants are almost complete.

In terms of show production, if you look at the last element, we haven't made quite the progress we've planned to at this point in time but we had huge month of show production, so we have most of that work awarded now. So we're doing engineering and shop drawings and so we expect to really move this faster as we go forward in the next couple of months.

If you turn to slide 7, I'm just going to take you through a few photos. The top one is the DreamWorks building. It's progressing rapidly. The work has now started on internal finishes. The MEP is well in advance and we're getting ready to start ride installation. The picture on your left is the Rajmahal Theatre and you can see the central dome is now in place and the external façade is ongoing. We expect to have the theatre substantially complete by Q1 of next year. LEGOLAND® Dubai, on the right side, is also progressing rather well and as I said before that the Castle Coaster is starting to go in. The Lapita™ Hotel is not shown here but you can start to see the shape of the Polynesian village and it looks pretty good as well.

Turning to slide 8, I'll just take you through a few things. As I mentioned, the substation and district cooling plant are almost complete and they will be turned over as planned. As a cost savings measure, the district cooling plant, though this will be complete, we're not going to turn it on until March 1st 2016 just to save some money, and what we'll be doing is using temporary chillers for temporary cooling in some of the back house buildings that we're going to occupy starting in Q1 2016. As Raed mentioned earlier, the Dubai RTA, have awarded the ramps and roads and we expect that to be done in August of 2016. So that will make it real easy to get into the site directly from Dubai.

One more factor I figured it's important to talk about is the nursery. We have, the aerial photo you see there is of the nursery. This quarter we commenced the selection of 1.2 million shrubs, 9,500 trees and 6,600 palms. We currently have 3,000 palms in the nursery acclimating to the Dubai weather. We have planted over 300 palms in the final locations on site.

So I will now hand it over to Sandesh.



Sandesh Pandhare: Thank you Paul. So if we move to slide number 9, we can see an overview of where we are deploying spend across the projects. Our cumulative project expenditure as at the end of June was over AED 3.8 billion compared to AED 2.6 billion as at the end of 2014. We continued to see steady progress on all aspects of the park and we are on track to achieve our AED 5.9 billion of cumulative project expenditure. As you can see, the most significant spend was on infrastructure as well as motiongate™ Dubai, with steady progress on all other workstreams. You can also see a significant shift towards spend on hard costs which will continue as the year progresses.

I will now hand over to Raed, who will discuss our key operational achievements.

Raed Al Nuaimi: Just to give you an idea of what we have achieved outside of the project construction, I will give some more key highlights for the second quarter, so please turn to slide number 11. In May, we signed an MoU with the Middle East's largest international travel sales network dnata as our preferred travel partner, as mentioned earlier. This is an important agreement as it connects Dubai Parks and Resorts with dnata's extensive travel portfolio to promote the sale and distribution of tickets and visitor packages to customers across the globe. Unlike many of our global competitors, with the agreement with both dnata and Emirates Airlines, we are able to benefit from the well-established local tourism infrastructure.

Since the announcement in June that we started leasing Riverland™ Dubai, we have received over 500 concepts for more than 50 dedicated outlets of which we have shortlisted over 60 concepts. At the end of June, we had signed four lease proposals amounting to 7% of our total leasable space of 220,000 square feet. The proposals amount to 13% of our projected lease revenue and this gives us comfort that not only are we on track to achieve our leasing revenue target but these initial figures indicate that we may exceed them for our first full year of operation.

Moving to slide number 12, Dubai Parks and Resorts participated, as you might know, in the Arabian Travel Market in May where we revealed a full-scale model of our destination. This was our first interaction with the global and regional tourism market and the responses were very, very positive. The exhibition attracted – and these are some of the reported



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numbers to give you an indication – the exhibition attracted a reported 20,000 participants, 75% of whom visited our stand. We were pleased to receive the People’s Choice Award and Best Stand Feature and received a huge amount of interest from the public. Later in the year, we are also planning on attending the World Travel Market in London where we expect to start tying up with tour operators.

Finally, all senior management positions for the parks have now been filled and our corporate head office now has 160 people, all of whom are located at the headquarters onsite. This is in addition to the 250 project management team and 125 construction supervision contractors. With the move to our site, all of the teams have been integrated to work seamlessly towards achieving The One Thing goal, with a focus and dedication to deliver this project on time and on budget.

I will hand over back to Sandesh for a more detailed overview of our financials.

Sandesh Pandhare: Thank you Raed. So if we move to slide number 14, you will see that we've continued to see the balance sheet of the company expand, reflecting the accelerated growth trajectory of the project. Our total assets are now slightly over AED 7 billion. I'll take you through some of the key highlights on the next page.

So if you turn over to slide number 15, you will see that our property, equipment and investment properties increased to AED 3.1 billion compared to AED 2.2 billion as at the end of 2014, so that's been an increase of AED 900 million. Advances to contractors and other receivables increased to AED 603 million from AED 370 million. Our cash and other financial assets have reduced to AED 3.3 billion from AED 4.3 billion as at the end of 2014, which reflects the usage of funds for the project. Our total liabilities, primarily comprising trade and other payables, have increased to AED 767 million, which reflects the continued increase in the number of contractor payments and partners that we are seeing.

So onto the next slide 16, you will see a statement of our comprehensive income. Obviously we are not yet generating any operating revenues because we are in the development phase of Dubai Parks and Resorts. Our total loss for the first half year ending June 2015 was AED 29 million. This compares with AED 21 million for the full year of 2014.



Finally on slide 17 you will see our consolidated statement of cash flow for this period, which basically reflects the movement between assets which I've highlighted earlier.

So with that we come to the end of the financials for the second quarter of 2015. I'll now hand over to Marwa.

Marwa Gouda: Thank you Sandesh, thank you Raed, thank you Paul. With that I will now hand over to the operator who will let you know how to ask questions should you have any. Operator, please.

Operator: Thank you, Ms Gouda. 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 *2. Once again please press *1 if you have a question. We will take our second question from Ms Samah Ragab from NBK. Please go ahead.

Samah Ragab: Good evening, gentlemen and Marwa, and thank you for the call. I just have a quick question please. When do you expect to be requiring to raise debt in the future?

Sandesh Pandhare: So as of now we are fully funded on our current project. The total project cost, as you know, is AED 10.5 billion. We have a total debt facility which is AED 4.2 billion which was a Goldman Sachs-led syndicated facility. We are fully funded as of now for this current project.

Samah Ragab: So you don't see any requirement to raise any additional debt?

Sandesh Pandhare: That is correct. As of now we are on time and on budget on this project.

Samah Ragab: Okay, great, thank you.

Operator: We will now take our next question from Ayub Ansari from SICO Bahrain. Please go ahead.



Ayub Ansari: Yes, good evening, gentlemen. Thank you for holding the conference call. I just want to know is there any material change in your revenue or cost estimates to the ones which you have provided in the prospectus last year?

Sandesh Pandhare: So the projections are still valid. We are looking to generate AED 2.4 billion of revenue in our first full year of operation, which is 2017, and we are basically standing by the projections at this point.

Ayub Ansari: Okay, thank you and regarding Riverland™ Dubai, you said that you've been able to do negotiations for 7% of the leasable area. Have the lease rates been similar to the guidance provided in the prospectus?

Sandesh Pandhare: The lease rates have been slightly higher than what has been projected in the prospectus. So as Raed said, we are seeing significant uptake and it leads us to believe that we should be able to beat the projections on the Riverland™ Dubai leasing at this point of time but we haven't revised any projections as of date.

Ayub Ansari: Okay and just one last question, what is exactly "show production"? It's something which I did not understand.

Paul La France: Show production is, well, it's engineering and manufacturing of things like scenery, animated figures, special effects, show action equipment. It's what you, when you go into an attraction or a ride, when you're in a ride it's the things you see – video screens, media, that type of thing. Do you follow me?

Ayub Ansari: Yes, yes, I get it. Thank you. Thank you very much.

Operator: We will now take our next question from Talal Alkhamis from NBK Capital. Please go ahead.

Talal Alkhamis: Hello, thank you for taking the call. I just wanted to get an update on any announcement on the Six Flags deal, if it's still going to be expired. Like I think you had an



agreement that you can open up a Six Flags up until October, if you can give us an update on that.

Raed Al Nuaimi: About Six Flags, yes, as we mentioned, we're trying always through Dubai Parks and Resorts to create the destination and only destination of entertainment of which includes the agreement that was entered with Six Flags and this is still in effect. It's not expired yet. We're still in discussions with them and we're looking, as Dubai Parks and Resorts, we always want to think about the expansion and what's the future plan and that's why they're still in effect with us.

Talal Alkhamis : So is there an agreement that you can extend this contract or this possibility or will it, when it's expired, do you have to renegotiate again?

Raed Al Nuaimi: No, no, it's still in effect with the same terms and conditions, nothing is renegotiated.

Talal Alkhamis : Okay, thank you.

Operator: There are no further questions in the phone queue at this time. At this point we will be handing the call back over to Ms Marwa Gouda, Head of Investor Relations.

Marwa Gouda: Right, thank you everyone for attending this call. A call transcript will be made available on our website shortly and we'll give you further updates next quarter. Thank you.

Operator: Thank you for your participation ladies and gentlemen, you may now disconnect.