



**Company:** Dubai Parks and Resorts  
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**Presenter:** Marwa Gouda  
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**Operator:** Ladies and gentlemen, if we are all ready to begin I will now pass the call over to our host, Ms Marwa Gouda, Head of Investor Relations at Dubai Parks and Resorts.

**Marwa Gouda:** Thank you. Hello and welcome everyone to Dubai Parks and Resorts Financial Year End 2015 Results Call and thank you for taking the time to join us today. I'm Marwa Gouda, I head Investor Relations for Dubai Parks and Resorts and joining me today is Raed Kajoor Al Nuaimi, our CEO; Sandesh Pandhare, our Chief Financial and Investment Officer; as well as Paul La France, our Chief Project Officer. Throughout the course of this call we will provide an overview of the financial year results for 2015, the key operational achievements as well as discuss how our project is tracking against our strategy. We will then open up the call for Q&As. Should you not have received the presentation you will find a copy on our Investor Relations section on the website.

Before we begin I would just refer you to the important disclaimers on page 2. In the course of today's discussion we may make some forward-looking statements. These are based on information available to us as of today. You should not assume that we will continue to hold these views in the future.

With that I will now hand over to Raed.

**Raed Kajoor Al Nuaimi:** Thank you Marwa and thank you everybody for taking the time to attend our year end results call. Let's begin with slide number 4. We are at a very crucial milestone in the construction and development of Dubai Parks and Resorts. We have made significant progress this year as all design works have been completed and approved. 89% of the ride production has been completed and 88% of the overall facility structure works are done. We are also very happy to say that 70% of the overall infrastructure has been completed and the substation has already been handed over to DEWA, the authority of electricity and water.



We did hit a couple of roadblocks as we discussed in the previous call due to the delays in the show production and facilities construction. We have made significant progress on this in January which Paul will discuss later in this call. In terms of consumer facing products which will be sold at the stores within the parks, 88% of design and approvals have been completed for over 1,000 IP products and an additional 3,000 have been designed and developed and our first purchase order is scheduled for this month, so we are tracking according to plan. In addition to this we have achieved the completion of the various products and packages that we will be offering including VIP programmes as well as announcing the new ticket prices. We expect ticket sales to commence in Q2. Our cumulative project expenditure stood at AED 5.8 billion and we have drawn down AED 1.5 billion of our bank facility as at the end of this year. Sandesh will take you through the details later in the call.

Moving on to slide number 5, I would like to give you some update figures on the current tourist numbers in order to demonstrate the positive long term outlook for Dubai tourism and how beneficial this would be to Dubai Parks and Resorts. UAE airports recorded a 17.4% increase in total arrivals. Dubai International Airport by itself recorded over 81 million arrivals; Abu Dhabi International Airport recorded about 24 million and other airports recorded over 9 million arrivals. Despite global adversities, Dubai's international visitors reached 14.2 million in 2015 – that's a 7.5% increase year on year. From the figures as of October for various source markets we can see that visitors from Russia halved, but there was an increase of about 20% in visitation from key markets like Saudi and India and 30% from China. The GCC and MENA together accounted for 36% of visitors to Dubai while visitors from Western Europe and South Asia accounted for nearly 36% as well. To capitalise on this opportunity we have taken the decision to open representative offices in both India and China during this year. This will form an integral part of our marketing efforts to target key source markets.

I will hand over to Paul to take you now through the project updates.

Paul La France: Thanks Raed. If you all turn to slide 7 I will take you through the progress that we've made at the year-end 2015. Overall the manpower at the end of the year reached a level of 13,500 workers on site. Just this month to the end of January we were at 14,500, so



we're still on the upswing. We had finished all design, if you look through the bar chart there, we have finished all design. Procurement is 89% complete. The only items remaining to purchase are about 2% for some show items and sum area development which are the later things that you do on a project; as well as about 3% for furniture, fixtures and equipment which are loose fittings and that's all underway as we speak. The remaining 5% will be purchasing through the variation process and that won't be complete until the summertime, so the big bulk of the purchasing is behind us. In terms of reporting we decided to provide further detail for rides and shows, and further breakout between production, delivery and installation, so if you look at the ride breakdown you'll see that we're done with 85% of the manufacturing, 65% of the rides have been delivered which is a total of like 16 complete rides have now reached Dubai. We have 11 rides installed, structured components of the rides installed, so within the next two quarters we're heavily involved with the completion, testing and commissioning of those. In terms of show we faced some delays last year but we're starting to rebound from that. We are now 32% done with production, 14% of the shows have been delivered. We feel confident that we're back on track. We will be done with this activity at the end of Q2. Just as a way of example, the Sony Pictures zone in motiongate™ Dubai is 70% done with production and we're making similar progress throughout the rest of the parks.

We also decided to consolidate, to report infrastructure facilities and development for the whole destination rather than in separate pieces as we had done previously. This way you can see a comprehensive view of the overall resort. Over 2015 we've made considerable progress in infrastructure and have now completed 70% of all destination infrastructure. That number is a composite of each individual project which is 70% complete and the resort-wide is 68% complete – very good progress has been made. We are currently in the process of energising each of the parcels and that's in respect of electricity as well as water and sanitary, and all the different utilities as well as the cooling. In terms of facilities we are progressing well with the structural works, however we did face some problems with the MEP works at the end of last year but that is behind us. We will have that rectified by the end of Q1. Right now our whole focus is completing facades, completing interior finishes as well as area development. As an example we have 7,100 trees and 4,700 palms in our nursery and the remaining 5,000 trees and 2,000 palms are en route to Dubai. What we're really now focused on, as a project this size we need to turn over incrementally to



operations, so the first component of that will happen this month, the back half facilities for Bollywood Parks™ Dubai will be turned over at the end of February/early March. We have a programme to turn over every piece of these attractions piece by piece so that it's not all done at the last minute.

Turning to slide 8, you'll see in the left hand corner the entry to motiongate™ Dubai which is pretty significant. It's just about done. It's the motion reel. On the right hand side you see the DreamWorks building. This building has two rides already installed. It has Madagascar and Shrek and what we're looking at in that picture is the pre-show of Kung-Fu Panda with the retail shop and the food facility. If you look at the Rajmahal Theatre, the external façade, that's just about done. We're putting in all the show equipment inside and we expect to hand that over to operations in early Q2 to begin rehearsals. If you look inside on the right you will see the inside of the theatre and we're just doing finishes in there, so in really good shape as far as that goes.

If you look at slide 9 you'll see the Lapita™ Hotel on the left hand side. You'll start to see the Polynesian roof lines. We're in good shape on this place. We're putting thatching on as we go. If you look at the bottom you'll see LEGOLAND® Dubai. We've made significant progress there as well. We have already installed a huge red dragon model in the Dragon Coaster attraction and so we're feeling pretty good about that. On the right hand side lower bottom you see the Riverland™ Dubai which is the retail, dining and entertainment area as well as lagoon and we expect to be filling the lagoon just before May.

That's all I have.

Sandesh Pandhare: Thank you Paul. So if you turn to slide number 10, you can see that our cumulative project expenditure stood at AED 5.8 billion. That's a significant increase compared to AED 2.6 billion as at the end of 2014. The expenditure has been deployed into various components of the resort and a break-up is also given on the slide. motiongate™ Dubai and infrastructure accounted for a larger share of the overall spend. Expenditure on other components of the resort is also tracking well against our plans. As you see on the pie chart, over half of our expenditure is on hard costs as is to be expected.



I will turn over to Raed again to highlight our key operational achievements over the year.

Raed Kajor Al Nuaimi: Moving on to slide 12, I will provide some details on key operational highlights and the achievements for 2015. We continue to attract talent and drove recruitment with our career video, leading to an overwhelming influx of impressive applications from people who have wanted to be part of the DPR team. The diverse staff currently stands at 263 and is growing by the day. In 2015 we have launched an Emiratisation campaign and this is basically with the agreement and full supervision of His Highness Sheikh Mohammed because he wanted to create sustainability in this industry and by that we wanted to create this big campaign for the Emiratis to be part of this new industry. In attracting over 1,000 Emiratis to this theme park industry, part of the campaign including selecting ten Emirati graduates who would receive full scholarships to the University of Central Florida at Orlando to study theme park management as part of our Helmi programme. We also held two UAE National Open Days, one in Sharjah and the other one in Dubai as part of the Emiratisation campaign. We recently held one event in Ajman in January and have several more planned for the year ahead.

Our overseas recruitment drive to hire close to 4,000 staff has started with our audition tours. Our Bollywood Parks™ Dubai audition tours successfully completed in Dubai and India and our global audition tours recently started at the end of January in Dubai, MENA and Australia. The auditions are being held to identify performance for the theme parks in Dubai. We expect to continue our recruitment with the implementation of a targeted recruitment drive at the beginning of Q2 across Europe, the Middle East, South Africa and Asia.

Moving to slide number 13, last year we also announced our commitment to sustainability, people and safety as described in our HSE policy. We believe that in order to operate a world class theme park it is essential to integrate sound environmental and health and safety practices. As part of this policy recycling is a key focus in an effort to make DPR go green, therefore we will also have our own TSE plant on site that will recycle water and provide 30% of the required TSE for the resorts. In order to become an efficient and a process-driven organisation we also put robust processes in place over the course of 2015 and I'm pleased to announce that we have achieved three international certificates across environmental management, occupational health and safety management as well as quality management.



Within the theme parks we have finalised our selection of theme park vendors who will provide ancillary services such as locker rentals, stroller rentals and souvenir coins. We have also signed a five year contract with HB Leisure to provide over 45 skill games across theme parks in a revenue share agreement. Our partnership also with Etisalat was solidified last December when we signed an agreement to create the region's first integrated smart theme park resorts. The agreement aims to implement technology that enhances the guest experience through omni-channel customer interaction such as mobile devices, web portals, RFID wristbands and smart kiosks and digital signage.

Moving to slide number 14, we are very pleased with the progress made with our leasing efforts at Riverland™ Dubai, so this is an update of Riverland™ Dubai, the retail and dining entertainment complex. We have received overwhelming responses that gives us confidence that the integrated theme park destination we are building will be a success. In Q3 '15 we announced that we have signed lease proposals for 19% of the total space and 40% of the projected revenue for 2017. By year end we are happy to say that we have signed lease proposals for over 50% of the total space accounting for 100% of our revenue target for 2017. Of course some of these units are prime locations but we are seeing overall higher lease rates than what we had projected in our initial targets. I am confident that the Riverland team will continue delivering on their success in the coming quarters. As you can see from the mix of names we have announced, we are creating a destination that will hopefully be popular not only with our theme park visitors but also the residents of UAE.

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

Sandesh Pandhare: Thank you Raed. So if you turn on to slide number 16 you can see here our financial statements reflect the continued deployment of funds into the overall construction of Dubai Parks and Resorts. Our total assets stood at AED 8.6 billion comprising AED 4.9 billion in property, equipment and investment properties. We had about AED 372 million in advances to various contractors; and AED 3.3 billion in cash and other financial assets.

On the liabilities front we had a total drawdown of AED 1.5 billion of our bank facility as at the end of the year and we have trade and other payables which stood at AED 1.2 billion.



There are no operating revenues during the year and our loss for the year was AED 111 million which I will discuss later on the slide.

If you turn on to slide number 17 you will see a further breakdown of our assets and liabilities and if you really focus on the first three lines you will see that property and equipment, investment properties and advances to contractors stood at a combined AED 5.3 billion. This compares with AED 2.6 billion as at the end of last year reflecting a significant increase of AED 2.7 billion in these assets. Our cash and other financial assets reduced to AED 3.3 billion as I said before from AED 4.3 billion as at the end of last year, thus showing the utilisation of about AED 1 billion from our cash for project expenditure. Our total liabilities comprising primarily of bank facilities and trade and other payables increased to a total of AED 2.4 billion from AED 591 million last year which reflects a source of about AED 1.8 billion.

Our trade and other payables showed a significant increase as a result of the attractive payment terms we were able to negotiate with the various contractors and as Paul highlighted earlier, we now have about 41 contractors on site and a total of 13,500 workers as at the end of the year to create the region's largest leisure and entertainment destination.

Moving on to slide 18, as I mentioned before our total loss for the year ended December 2015 was AED 111 million and this compares with AED 21 million for 2014. This reflects the continued utilisation of funds for our pre-opening expenditure of our resort. Our G&A expenses increased to AED 119 million from AED 22 million last year, primarily due to a continued increase in staff numbers and related costs. Also in 2015 there has been a significant increase in our marketing and selling activities and related costs. We recorded an interest income of AED 46 million, much higher than what we had originally expected. This was a result of our efficient cash management as well as better interest rates on the deposits.

On slide 19 you will see the consolidated statement of our cash flows for the period reflecting the moments in our investing and financing activities which were mentioned earlier. Our cash and cash equivalents as at the end of the year stood at AED 461 million.



That gives a quick summary of our financial highlights. So that brings us to the end of our update for 2015. I will now hand back to Marwa.

Marwa Gouda: Thank you. Thank you very much Raed, Paul and Sandesh for the updates. I will now hand over to the operator who will let you know how to proceed with the question and answer session.

Operator: Thank you. 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 again. Press \*1 if you have a question.

We will now take our next question from Sanyalaksna Manibhandu from National Bank of Abu Dhabi.

Sanyalaksna Manibhandu : Yes, good afternoon. I would like to know what you assess to be the risk of cost overrun or the risk of delay at this stage? That's the first question. The second question is has a deteriorating economy around the world led you to change your forecast for the first year of operation in any way? Thank you.

Sandesh Pandhare: Sure. So there's no cost overrun as at this point of time and as Paul mentioned we are on track to deliver this project as per the planned timelines. We are conscious of the global uncertainties, however the good news is that as you see the tourism trend continues to be positive growing at about between 7-8%. There's no reason for us to revise any of our projections as at this point.

Sanyalaksna Manibhandu : Thank you.

Operator: As a reminder, to ask a question please press \*1 on your telephone keypad. We will now take our next question from Talal Al Khamis from NBK Capital.

Talal Al Khamis: Hello, thank you for the call. I have two questions. First of all in regards to debt, is the company looking for funding? Do you think you will be needing more debt or looking to





increase or issue more debt? The second question is now that you're saying that Saudi is your highest visitors in terms of Dubai, do you think with oil prices dropping that that will be impacted?

Sandesh Pandhare: Right. So on the first question we are not looking for any debt or any financing for the project that we've set out to accomplish and as you'll recall it's a fully funded project. With regards to the oil prices, as I said again we are continuously monitoring. This hasn't impacted the tourism numbers as yet...

Raed Kajor Al Nuaimi: Added to that specifically because you asked about Saudis, Saudis did increase, the tourist number did increase in 2015 despite the oil prices, so we don't foresee especially that they are close by and there's so many packages that have been so attractive for the Saudis to come to Dubai.

Talal Al Khamis: Thank you. How about the land in case you expand? In that case you will need to take funding, right?

Raed Kajor Al Nuaimi: Of course. Any project outside of the four parks that we announced of course will have to go to the market. Today we are focused to open this destination for the public this year which is basically motiongate™ Dubai, Bollywood Parks™ Dubai, LEGOLAND® and the water park with Lapita™ Hotel and Riverland™ Dubai. Anything beyond that of course will have to come back to the market.

Talal Al Khamis: Thank you.

Operator: As a reminder, to ask a question please press \*1 on your telephone keypad. We will now take our next question from Mahmood Akbar. Your line is open. Please go ahead.

Mahmood Akbar: Hello, thank you for taking the call. I just have a quick question on when do you think you will expect to start the Six Flags project and have you basically revised that now that maybe things are looking a bit shaky? Thank you.



Raed Kajoor Al Nuaimi: First of all as we mentioned before we have an agreement from a long time ago with Six Flags, basically Six Flags wanted to be the largest theme park destination management company and they want to stick with us even if we are talking future plans. Again nothing changed, but when we have a full plan we will definitely have to go to the market. Today we don't have much to say about this project. We want to focus with the project development of Dubai Parks and Resorts but I promise everyone that once we have all the documentation, all the plans ready we will come to the market early enough to inform you.

Mahmood Akbar: Alright, thank you very much. Thank you.

Raed Kajoor Al Nuaimi: Sure.

Operator: There are no further questions in the queue at this time. As a reminder to ask a question please press \*1 on your telephone keypad.

We now have a further question from Frances Ames from Ajeej Capital. Your line is open, please go ahead.

Frances Ames: Hello all, thanks very much for this. I just wondered if you could just give us a brief update on where you stand from here in terms of dates of ticket launches? I know you said you'd be launching things towards the end of Q2 I think, but if you can just give us when we should start seeing the major marketing pushes come in both within the UAE and internationally?

Raed Kajoor Al Nuaimi: If I understood the question correctly, you talk about when are we launching the ticket sales, so basically as we mentioned we did not put the right date because what we need to do is that we want to create a good launch, especially that we want the schools, the education parties plus the right moment in terms of holidays and what not across the GCC at least, to be able to sell multiple theme park tickets versus single theme park tickets. We have the plans ready, we just did not really nail down the date, but we know that it's going to happen in Q2.



Frances Ames: Ok, thanks.

Operator: Ladies and gentlemen, there are no further questions in the queue. At this point we will be handing the call back to Marwa Gouda, Head of Investor Relations.

Marwa Gouda: Alright. Since there are no further questions I'd like to thank everyone for dialling in to the call. Obviously we will make a transcript of the call available shortly on our website and should you have any additional questions, please feel free to address them to me. Thank you everyone and have a great weekend.

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