

PRESS RELEASE

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DXB Entertainments PJSC Announces Financial Results for First Nine Months of 2018

YTD 2018 EBITDA loss improves by 51% year-on-year
YTD 2018 visits increase 33% year-on-year
Hotel occupancy increases to 59% for the first nine months of 2018

Financial Highlights

	Q3 2017	Q3 2018	YTD 2017	YTD 2018
Visits	478,987	501,394	1,479,799	1,964,871
<i>Growth</i>		<i>5%</i>		<i>33%</i>
Average hotel occupancy	42%	66%	30%	59%
<i>Growth</i>		<i>58%</i>		<i>94%</i>
<i>AED millions</i>				
Revenue	115	103	395	392
<i>Change</i>		<i>(11%)</i>		<i>(1%)</i>
<i>Like-for-like change¹</i>		<i>(3%)</i>		<i>5%</i>
EBITDA loss	(105)	(81)	(353)	(173)
<i>Change</i>		<i>23%</i>		<i>51%</i>

Q3 2018 and YTD 2018 Financial Highlights

- Q3 2018 visits reached 501,394, an increase of 5% compared to same period last year; visits for the first nine months of 2018 reached 1.96 million, an increase of 33% compared to the same period in 2017.
- YTD growth in international visits with international visitors now representing 40% of total visits.
- Q3 2018 revenue reached AED 103 million, compared to AED 115 million in Q3 2017; revenue for the first nine months of 2018 was AED 392 million, compared to AED 395 million for the same period last year. Revenue growth in the first nine months of 2018, is 5% on a like-for-like basis when compared to the same period last year.¹

¹ Reflects like-for-like growth in revenue, compared to the same period last year. This excludes revenues from project management services provided in 2017 (AED 9.3 million in Q3 2017 and AED 20.4 million in the first nine months of 2017).

- Continued EBITDA loss improvement due to operating cost efficiencies. Q3 2018 EBITDA loss improved by 23% compared to Q3 2017. EBITDA loss for the first nine months of 2018 improved by 51% compared to the same period in 2017.
- Lapita™ Hotel average occupancy rose to 66% in the third quarter of 2018, a significant improvement compared to 42% in the same period last year. Average occupancy during the first nine months of 2018 was 59%, compared to 30% for the same period in 2017.

Q3 2018 Operational highlights

- As part of its ongoing enhancement plan BOLLYWOOD PARKS™ Dubai introduced 11 new shows with a new line up of performances from various regions of India.
- With China as a key market for international visitors, DXBE signed a strategic partnership with leading Chinese payment gateway ‘UnionPay’ to provide marketing services and facilitate payments for cardholders visiting the UAE.
- Strategic partnerships with Emirates and Dubai Airports target international tourists.
- Post period, winter season pricing is in effect, focused on encouraging repeat visitation from the resident market, while driving higher yield admissions.

Mohamed Almulla, CEO and Managing Director, DXB Entertainments PJSC, said:

“The third quarter of the year is typically our slowest period, as it is affected by the heat of the summer months, however we are pleased to report 5% growth in visits during the third quarter and 33% growth in the first nine months of the year, when compared to the same respective periods last year.

“The average occupancy at the Lapita™ Hotel has increased to 59% in the first nine months of the year compared with 30% for the same period last year, demonstrating the growing awareness of Dubai Parks and Resorts amongst both residents and international tourists.

“The business continues to focus on reaching EBITDA breakeven and we have achieved 51% improvement during the first nine months of 2018, with an EBITDA loss of AED 173 million compared to AED 353 million for the same period last year.”

Financial summary

In Q3 2018, DXB Entertainments reported total revenues of AED 103 million, of which AED 67 million was generated through the theme parks, AED 19 million through hospitality and AED 5 million through retail.

Within the theme parks, 70% of revenue in Q3 2018 was driven through admissions and 27% through in-park spend.

82% of retail revenue was driven through Riverland™ Dubai. Overall, Q3 2018 retail revenue at AED 5 million was flat compared to the previous quarter, reflecting the

shift to a revenue share model with the tenants and leased GLA slightly decreasing to 78% (compared to 82% in the prior quarter).

Hospitality revenue increased by 26% to AED 19 million in Q3 2018, compared to Q3 2017. Average occupancy was 66% and the average daily rate was AED 426 for the third quarter of 2018.

Our like-for-like growth in revenue for the first nine months of the year is 5%, which reflects the revenue growth from operations and excludes AED 20.4 million in revenues relating to project management services provided last year.

Close management of costs saw operating expenses continue to decline in the third quarter of the year, totalling AED 176 million, compared to AED 188 million in the previous quarter and AED 28 million less when compared to the same period last year.

Operational highlights

Visits during the first nine months of 2018 were up by 33% compared to the same period last year, reaching 1.96 million, while Q3 2018 attracted 501,394 visits, an increase compared to the 478,987 visits for the same period last year.

August saw an increase in visits as the parks benefited from the Eid holidays, whereas September saw a slow down as the new school year started. Q3 2018 visits are in line with, and reflect, the expected impact of seasonality.

Of the 1.96 million visits to the parks during the first nine months of the year, 34% were multi-park tickets, 35% were single park tickets and 26% were annual pass visits. Tour and Travel operators contributed 18% of visits, whilst international visitors made up 40% of visits with the largest contributors coming from the GCC and Indian subcontinent.

Increasing footfall from international tourists is a key growth driver and remains a priority for the Company. During the quarter, DXBE activated strategic partnerships with Emirates and Dubai Airports to target passengers with exclusive campaigns.

With China as a key market for international visitors, DXBE signed a strategic partnership with leading Chinese payment gateway 'UnionPay' to provide marketing services and facilitate payments for cardholders visiting the UAE. Currently, Union Pay is the preferred payment platform for a majority of outbound Chinese travellers. With six billion subscribers globally, the company has the largest cardholder base in the world. DXB Entertainments is also a partner in the 'Hala China' initiative, in collaboration with Dubai Holding and Meraas. 'Hala China' aims to create an annual schedule of experiences and tourism packages, catering to Chinese visitors, hosted at the destinations of these three companies and aimed at showcasing Dubai and the UAE to Chinese tourists.

Strategy Update

Mohamed Almulla, CEO and Managing Director, DXB Entertainments PJSC, said:

“We set a target to focus on increasing footfall to Dubai Parks and Resorts and we have done so successfully through a series of marketing and sales strategies that have led to a 33% increase in our visits. Looking ahead, we are focused on increasing the international tourist visits as the key driver of future growth. We have implemented strategic partnerships with Dubai Airports, Emirates and RTA’s Taxi Corporation, designed to help drive inbound tourists to the parks over the coming quarters. Our direct consumer marketing initiatives will focus on pre-arrival awareness in our key international markets.

“Another area of improvement for the organisation is revenue generation, and ahead of the new winter season, we have revised our pricing structure to increase our admissions yield. Increasing in-park spend is an additional revenue driver which we are focused on through a review of merchandise and F&B options offered in the parks.

“Operationally we have sought to decentralise our structure to make it more efficient and this has resulted in cost efficiencies as demonstrated by our improving EBITDA losses. Remaining areas of focus are Riverland™ Dubai, where we need to ensure the optimal strategy to support our tenants and to increase revenue, as well as Bollywood Parks™ Dubai where we are repositioning the park to provide a more inclusive family experience.”

Bollywood Parks™ Dubai has commenced its enhancement program and has launched 11 new live street entertainment shows, including folk dances, cultural performances and Bollywood-themed acts. All shows are included in the ticket price, the remaining enhancement works are expected to be completed by H1 2019.

As mandated by the Board, management is currently conducting a strategic review of Dubai Parks and Resorts which Six Flags Dubai to determine scope, timeline and potential alternatives in light of existing customer demand. The full results will be presented to the board before the end of the year and may have an impact on the target opening date of Six Flags Dubai.

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DXB Entertainments PJSC

DXB Entertainments PJSC (previously Dubai Parks and Resorts PJSC) is a Dubai-based operator of leisure and entertainment destinations and experiences. The Company is traded on the Dubai Financial Market (DFM) under the trading symbol DXBE. We bring together a diverse portfolio of world-class brands to offer entertainment in the areas of theme parks, family entertainment centres and retail and hospitality.

DXB Entertainments is the owner of Dubai Parks and Resorts, the region's largest integrated theme park destination, with five Theme Parks (Six Flags Dubai under development), two Hotels (LEGOLAND® Hotel under development), and one retail and dining facility all spread over 30.6 million sq.ft of land, with an estimated AED 13.2 billion in development costs.

DXB Entertainments also manages six Dubai-based mid-way attractions in addition to a chain of cinemas, all owned by Meraas.

With a diverse portfolio of 16 leisure and entertainment assets, DXB Entertainments is the largest leisure and entertainment company in the region.

For more information, go to: www.dxbentertainments.com